



2016 | 2017

FINANCIAL STATEMENTS

# City of Wanneroo

## General Purpose Financial Statements for the year ended 30 June 2017

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for the City of Wanneroo.
  - (ii) All figures presented in these financial statements are presented in Australian Currency.
  - (iii) These financial statements were adopted by Council on 5 Dec 2017.  
Council has the power to amend and reissue the financial statements.
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## City of Wanneroo

### General Purpose Financial Statements

for the year ended 30 June 2017

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across Western Australia are required to present a set of audited Financial Statements to their Council and Community in accordance with the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

### About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer as (i) presenting fairly the Council's financial results for the year and (ii) complying with Australian Accounting Standards and the *Local Government Act 1995*.

### What you will find in the Financial Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2017.

The format of the Financial Statements is standard across all Western Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the Western Australian Local Government Accounting Manual.

The Financial Statements incorporate six "primary" financial statements:

#### 1. A Statement of Comprehensive Income (by Nature or Type)

A summary of Council's financial performance for the year, listing all income and expenses by their "nature or type". This allows users of the financial statements to identify a break up of operating revenues and expenses for the year.

#### 2. A Statement of Comprehensive Income (by Program)

A summary of Council's financial performance for the year, listing all income and expenses by "program". This allows users of the financial statements to identify the cost relating to each Council Program and whether or not these costs were recovered from Program revenues.

#### 3. A Statement of Financial Position

A 30 June snapshot of Council's financial position listing its assets and liabilities.

#### 4. A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

#### 5. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent across operating, investing and financing activities.

#### 6. A Rate Setting Statement

A Statement showing the amount of rates was raised during the year to fund the Council's proposed Programs (and any budget surplus/deficit from prior years).

### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the six Primary Financial Statements.

### About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialise in Local Government).

In Western Australia, the Auditor provides an audit report that provides an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

### Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Department of Local Government, Sport and Cultural Industries, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1995* the Financial Statements must be made available at the office of the Council.

## City of Wanneroo

### General Purpose Financial Statements for the year ended 30 June 2017

#### Statement by Chief Executive Officer

The attached financial report of the City of Wanneroo, being the annual financial report and supporting notes and other information, for the financial year ended 30 June 2017 are, in my opinion, properly drawn up to present fairly the financial position of the City of Wanneroo at 30 June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.

Signed on the 28th day of November 2017



Daniel Simms

**CHIEF EXECUTIVE OFFICER**



## City of Wanneroo

Statement of Comprehensive Income (by Nature or Type)  
for the year ended 30 June 2017

\$	Notes	2017 Actual	2017 Budget	2016 Actual
<b>Revenue</b>				
Rates	24	143,090,395	142,127,655	133,367,040
Operating Grants, Subsidies & Contributions	28(a)	16,575,517	12,583,297	10,324,953
Fees & Charges	27	15,993,918	19,763,958	17,786,913
Interest Earnings	2(a)	8,199,375	8,546,744	8,129,355
Other Revenue		982,018	644,420	983,887
		<u>184,841,223</u>	<u>183,666,074</u>	<u>170,592,148</u>
<b>Expenses</b>				
Employee Costs	31	(72,692,362)	(71,194,905)	(69,828,973)
Materials & Contracts		(49,429,584)	(55,833,956)	(42,234,148)
Utilities		(8,592,081)	(8,852,923)	(8,646,255)
Depreciation of Non-Current Assets	2(a)	(40,650,505)	(40,054,948)	(36,710,312)
Interest Expenses (Municipal)	2(a)	(4,118,180)	(4,114,682)	(4,132,557)
Insurance		(1,428,067)	(1,584,844)	(1,419,709)
		<u>(176,910,779)</u>	<u>(181,636,258)</u>	<u>(162,971,954)</u>
<b>Operating Result from Continuing Operations</b>		<u>7,930,444</u>	<u>2,029,816</u>	<u>7,620,194</u>
Non-Operating Grants, Subsidies & Contributions	28(a)	83,706,469	67,492,373	88,709,347
Town Planning Scheme Income (Inc Interest)		14,663,820	24,301,911	19,275,110
Town Planning Scheme Expenses (Inc Interest)		(7,090,210)	(18,928,500)	(15,010,923)
Loss on revaluation of plant and equipment	7(b)	-	-	(660,445)
Net Share of Interests in Controlled Entities, Associated Entities & Joint Ventures	17	53,258	-	509,291
Profit on Asset Disposals	21	2,136,186	3,806,662	4,708,829
Loss on Asset Disposals	21	(223,184)	(500,000)	(480,362)
		<u>93,246,339</u>	<u>76,172,446</u>	<u>97,050,847</u>
<b>Net Result</b>		<u>101,176,783</u>	<u>78,202,262</u>	<u>104,671,041</u>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets (net)	13	321,759,689	-	3,980,942
<b>Total Other Comprehensive Income</b>		<u>321,759,689</u>	<u>-</u>	<u>3,980,942</u>
<b>Total Comprehensive Income</b>		<u>422,936,472</u>	<u>78,202,262</u>	<u>108,651,983</u>

## City of Wanneroo

Statement of Comprehensive Income (by Program)  
for the year ended 30 June 2017

\$	Notes	2017 Actual	2017 Budget	2016 Actual
<b>Revenue</b>				
Governance		377,817	268,434	1,282,391
General Purpose Funding		162,089,508	157,756,818	145,835,002
Law, Order, Public Safety		1,372,995	1,408,015	1,438,453
Health		611,724	630,360	369,477
Education & Welfare		3,915,384	4,234,687	4,180,683
Community Amenities		3,454,103	6,154,233	4,849,997
Recreation & Culture		8,692,858	8,636,991	8,573,710
Transport		1,496,878	1,343,160	1,307,840
Economic Services		2,558,011	3,020,000	3,033,540
Other Property & Services		14,856,924	24,515,275	19,544,284
		<u>199,426,202</u>	<u>207,967,973</u>	<u>190,415,377</u>
<b>Expenses (excl. Finance Costs)</b>				
Governance		(9,637,432)	(10,454,478)	(9,919,442)
General Purpose Funding		(1,621,024)	(1,662,260)	(972,343)
Law, Order, Public Safety		(8,257,036)	(7,255,573)	(6,510,635)
Health		(2,418,104)	(2,705,457)	(2,810,117)
Education & Welfare		(9,911,771)	(9,556,939)	(9,087,896)
Community Amenities		(36,914,170)	(37,600,605)	(34,065,465)
Recreation & Culture		(55,060,539)	(56,212,810)	(49,637,547)
Transport		(44,346,962)	(41,612,040)	(41,207,979)
Economic Services		(3,792,791)	(5,903,375)	(4,518,181)
Other Property & Services		(7,720,673)	(22,986,507)	(15,819,988)
		<u>(179,680,502)</u>	<u>(195,950,044)</u>	<u>(174,549,593)</u>
<b>Finance Costs</b>				
General Purpose Funding		(704,630)	(686,276)	(1,053,666)
Recreation & Culture		(3,162,129)	(2,898,751)	(2,898,816)
Transport		(143,398)	(411,321)	(102,280)
Other Property & Services		(178,231)	(618,334)	(77,795)
	2(a)	<u>(4,188,388)</u>	<u>(4,614,682)</u>	<u>(4,132,557)</u>
		<u>15,557,312</u>	<u>7,403,247</u>	<u>11,733,227</u>
<b>Non-Operating Grants, Subsidies, Contributions</b>				
Governance		150,000	-	19,845
Law, Order, Public Safety		-	-	10,705
Community Amenities		57,826	13,000,000	153,377
Recreation & Culture		8,543,674	-	15,094,854
Transport		74,822,894	54,492,353	72,261,007
Other Property & Services		132,075	-	1,169,559
	28	<u>83,706,469</u>	<u>67,492,353</u>	<u>88,709,347</u>

## City of Wanneroo

Statement of Comprehensive Income (by Program) (continued)  
for the year ended 30 June 2017

\$	Notes	2017 Actual	2017 Budget	2016 Actual
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		(5,205)	-	(2,392)
Education & Welfare		-	-	(13,318)
Community Amenities		-	-	1,641
Recreation & Culture		-	-	(2,952)
Other Property & Services		1,918,207	3,306,662	4,245,488
	21	<u>1,913,002</u>	<u>3,306,662</u>	<u>4,228,467</u>
<b>Net Result</b>		<u><u>101,176,783</u></u>	<u><u>78,202,262</u></u>	<u><u>104,671,041</u></u>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	13	321,759,689	-	3,980,942
<b>Total Other Comprehensive Income</b>		<u>321,759,689</u>	<u>-</u>	<u>3,980,942</u>
<b>Total Comprehensive Income</b>		<u><u>422,936,472</u></u>	<u><u>78,202,262</u></u>	<u><u>108,651,983</u></u>

## City of Wanneroo

## Statement of Financial Position

as at 30 June 2017

\$	Notes	2017 Actual	2016 Actual
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	359,431,307	319,626,869
Trade and Other Receivables	5	19,218,020	20,047,001
Inventories	6	355,123	385,056
<b>Total Current Assets</b>		<u>379,004,450</u>	<u>340,058,926</u>
<b>Non-Current Assets</b>			
Investments	4	17,801,403	19,040,464
Trade and Other Receivables	5	2,650,278	2,360,587
Inventories	6	19,612,517	17,432,679
Property, Plant and Equipment	7	554,632,142	533,983,721
Infrastructure	8	1,937,817,466	1,564,991,352
<b>Total Non-Current Assets</b>		<u>2,532,513,806</u>	<u>2,137,808,803</u>
<b>TOTAL ASSETS</b>	19	<u>2,911,518,256</u>	<u>2,477,867,729</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	9	28,012,349	24,937,538
Provisions	11	16,620,016	14,778,818
<b>Total Current Liabilities</b>		<u>44,632,365</u>	<u>39,716,356</u>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	10	66,378,188	60,778,188
Provisions	11	1,619,272	1,421,226
<b>Total Non-Current Liabilities</b>		<u>67,997,460</u>	<u>62,199,414</u>
<b>TOTAL LIABILITIES</b>		<u>112,629,825</u>	<u>101,915,770</u>
<b>Net Assets</b>		<u>2,798,888,431</u>	<u>2,375,951,959</u>
<b>EQUITY</b>			
Retained Surplus		1,209,474,073	1,119,949,524
Reserves - Cash/Investment Backed	12	179,140,478	171,281,078
Reserves - Asset Revaluation	13	1,296,640,548	974,880,859
Town Planning Schemes		113,633,332	109,840,498
<b>Total Equity</b>		<u>2,798,888,431</u>	<u>2,375,951,959</u>



## City of Wanneroo

Statement of Changes in Equity  
for the year ended 30 June 2017

\$	Notes	Retained Surplus	Reserves Cash / Investment Backed	Asset Revaluation Reserve	Town Planning Schemes	Total Equity
<b>Balance as at 1 July 2015</b>		1,029,442,415	153,516,686	970,899,917	113,440,958	2,267,299,976
Net Result		104,671,041	-	-	-	104,671,041
Asset Revaluation (net)	13	-	-	3,980,942	-	3,980,942
Reserve Transfers	12	(17,764,392)	17,764,392	-	-	-
Town Planning Scheme Transfers	33	3,600,460	-	-	(3,600,460)	-
<b>Balance as at 30 June 2016</b>		1,119,949,524	171,281,078	974,880,859	109,840,498	2,375,951,959
Net Result		101,176,783	-	-	-	101,176,783
Asset Revaluation (net)	13	-	-	321,759,689	-	321,759,689
Reserve Transfers	12	(7,859,400)	7,859,400	-	-	-
Town Planning Scheme Transfers	33	(3,792,834)	-	-	3,792,834	-
<b>Balance as at 30 June 2017</b>		1,209,474,073	179,140,478	1,296,640,548	113,633,332	2,798,888,431

## City of Wanneroo

## Statement of Cash Flows

for the year ended 30 June 2017

\$	Notes	2017 Actual	2017 Budget	2016 Actual
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
Rates		141,965,045	142,127,655	132,784,375
Operating Grants, Subsidies and Contributions		16,575,517	12,583,297	10,324,956
Fees and Charges		15,776,382	19,763,958	18,324,629
Interest Earnings		8,774,163	8,546,744	9,773,396
Goods and Services Tax		12,323,929	9,700,000	10,907,405
Other Revenue		2,722,039	644,408	199,643
		<u>198,137,075</u>	<u>193,366,062</u>	<u>182,314,404</u>
<b>Payments:</b>				
Employee Costs		(70,359,892)	(71,299,429)	(67,614,101)
Materials and Contracts		(48,341,387)	(55,557,400)	(40,402,433)
Utilities		(8,592,081)	(8,852,923)	(8,646,255)
Insurance		(1,428,067)	(1,584,844)	(1,419,709)
Interest		(3,884,821)	(4,614,682)	(3,814,873)
Goods and Services Tax		(11,266,600)	(9,700,000)	(10,762,926)
		<u>(143,872,848)</u>	<u>(151,609,278)</u>	<u>(132,660,297)</u>
<b>Net Cash provided (or used in) Operating Activities</b>	14(b)	<u>54,264,227</u>	<u>41,756,784</u>	<u>49,654,107</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
Non-Operating Grants, Subsidies and Contributions		37,037,918	19,224,353	13,544,947
Proceeds from Sale of Assets		4,442,197	5,481,043	7,947,934
Town Planning Scheme Income (Inc. Interest)		14,663,820	22,569,911	16,957,469
<b>Payments:</b>				
Payments for Development of Land Held for Resale		(3,519,137)	-	(6,671,831)
Payments for Purchase of Property, Plant & Equipment		(30,695,149)	(62,271,797)	(19,483,278)
Payments for Construction of Infrastructure		(36,236,326)	(30,156,590)	(29,690,236)
Town Planning Scheme Expenses		(7,090,210)	(18,600,500)	(15,012,347)
<b>Movement in Equity Investments</b>				
Equity Contribution - Mindarie Regional Council		(47,441)	-	(44,674)
Equity Contributions - Tamala Regional Council		1,384,539	-	(104,603)
		<u>(20,059,789)</u>	<u>(63,753,580)</u>	<u>(32,556,619)</u>
<b>Net Cash provided (or used in) Investing Activities</b>		<u>(20,059,789)</u>	<u>(63,753,580)</u>	<u>(32,556,619)</u>
<b>Cash Flows from Financing Activities</b>				
Proceeds from New Loans		5,600,000	11,100,000	-
<b>Net Cash provided (or used in) Financing Activities</b>		<u>5,600,000</u>	<u>11,100,000</u>	<u>-</u>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		39,804,438	(10,896,796)	17,097,488
Cash at the beginning of the year	3	319,626,869	281,200,317	302,529,381
<b>Cash &amp; Cash Equivalents - End of the Year</b>	14(a)	<u>359,431,307</u>	<u>270,303,521</u>	<u>319,626,869</u>
Additional Information:				
Plus: Investments on hand - end of year	4	17,801,403	19,040,464	19,040,464
<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>377,232,710</u>	<u>289,343,985</u>	<u>338,667,333</u>

## City of Wanneroo

Rate Setting Statement (by Program)  
for the year ended 30 June 2017

\$	Notes	2017 Actual	2017 Budget	2016 Actual
<b>Net current assets at start of financial year - surplus/(deficit)</b>		-	-	-
		-	-	-
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities (excluding rates)</b>				
Governance		527,817	268,434	1,302,236
General Purpose Funding (Excl. Rates)		18,999,113	15,629,163	12,467,962
Law, Order, Public Safety		1,372,995	1,408,015	1,449,158
Health		611,724	630,360	369,477
Education and Welfare		3,915,384	4,234,687	4,180,683
Community Amenities		3,511,929	19,154,233	5,005,015
Recreation and Culture		17,236,532	8,636,991	23,668,564
Transport		76,319,772	55,835,513	73,530,022
Economic Services		2,558,011	3,020,000	3,033,540
Other Property and Services		16,907,206	27,821,937	24,959,327
		<u>141,960,483</u>	<u>136,639,333</u>	<u>149,965,984</u>
<b>Expenses from operating activities</b>				
Governance		(9,642,637)	(10,454,478)	(10,007,143)
General Purpose Funding		(2,325,654)	(2,348,536)	(2,026,009)
Law, Order, Public Safety		(8,257,036)	(7,255,573)	(6,510,635)
Health		(2,418,104)	(2,705,457)	(2,823,435)
Education and Welfare		(9,911,771)	(9,556,939)	(9,087,896)
Community Amenities		(36,914,170)	(37,600,605)	(34,065,465)
Recreation and Culture		(58,222,668)	(57,406,057)	(52,539,315)
Transport		(44,490,360)	(42,023,361)	(41,310,259)
Economic Services		(3,792,791)	(5,903,375)	(4,518,181)
Other Property and Services		(7,898,904)	(23,604,841)	(15,773,645)
		<u>(183,874,095)</u>	<u>(198,859,222)</u>	<u>(178,661,983)</u>
<b>Operating activities excluded from budget</b>				
(Profit)/Loss on Asset Disposal	21	(1,913,002)	(3,306,662)	(4,228,467)
Movement in Non-Current Deferred Pensioner Rates		(289,691)	-	(265,018)
Movement in Non-Current Employee Benefit Provisions		198,046	-	90,649
Depreciation & Amortisation on Assets	2(a)	40,650,505	40,054,948	36,710,312
Movement in Equity Accounted Investments		(53,258)	-	(509,291)
Loss on revaluation of plant and equipment		-	-	660,445
<b>Amount attributable to operating activities</b>		<u>38,592,600</u>	<u>36,748,286</u>	<u>32,458,630</u>
<b>INVESTING ACTIVITIES</b>				
Purchase and Development of Land Held for Resale		(3,519,137)	-	(6,671,842)
Physical Assets Received from Developers		(46,668,551)	(50,000,000)	(77,174,162)
Purchase Land and Buildings		(8,744,802)	(51,162,468)	(12,131,721)
Purchase Plant and Equipment		(3,040,041)	(5,799,358)	(5,368,846)
Purchase Furniture and Equipment		(2,224,685)	(5,309,971)	(1,794,780)
Infrastructure Assets		(27,499,654)	(30,156,590)	(26,589,351)
Equity Contribution - Tamala Park Regional Council		1,384,540	-	(104,603)
Equity Contribution - Mindarie Regional Council		(47,442)	-	(44,674)
Movement in Works in progress		(25,422,292)	-	(3,288,816)
Proceeds from New Loans		5,600,000	11,100,000	-
Proceeds from Disposal of Assets	21	4,442,197	5,481,043	7,947,934
<b>Amount attributable to investing activities</b>		<u>(105,739,867)</u>	<u>(125,847,344)</u>	<u>(125,220,861)</u>

## City of Wanneroo

Rate Setting Statement (by Program) (continued)  
for the year ended 30 June 2017

\$	Notes	2017 Actual	2017 Budget	2016 Actual
<b>FINANCING ACTIVITIES</b>				
Transfers to Reserves (Restricted Assets)	12	(45,014,887)	(25,761,433)	(60,684,844)
Transfers from Reserves (Restricted Assets)	12	37,155,487	37,681,298	42,920,452
Movement in Restricted Grants, Contributions & Unspent Loans		(22,625,593)	510,838	2,192,514
Leave Provision Written Back (Transferred to Reserve)		248,308	-	62,605
Transfers to Town Planning Schemes		(18,456,651)	(22,569,911)	(16,957,469)
Transfers from Town Planning Schemes		14,663,820	19,330,500	20,557,932
<b>Amount attributable to financing activities</b>		<b>(34,029,516)</b>	<b>9,191,292</b>	<b>(11,908,810)</b>
Surplus/(deficiency) before general rates		<u>(143,090,395)</u>	<u>(142,127,655)</u>	<u>(133,367,040)</u>
Total amount raised from general rates		<u>143,090,395</u>	<u>142,127,655</u>	<u>133,367,040</u>
<b>Net current assets as at June 30 c/fwd - surplus/(deficit)</b>		<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

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## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) Basis of Preparation

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

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

##### Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

##### (b) The Local Government Reporting Entity

All Funds through which the City controls resources to carry on its functions, have been included in the financial statements forming part of this financial report. In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 18 to this financial report.

##### (c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

##### (d) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Statement of Financial Position.

##### (e) Trade and Other Receivables

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 the debt will not be collectible.

##### (f) Inventories

##### (i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the established selling price in the ordinary course of business less the estimated costs of



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies (continued)

completion and the estimated costs necessary to make the sale.

##### (ii) Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale. Land held for resale is classified as current except where it is held as non-current based on the City's intentions to release for sale.

##### (g) Fixed Assets

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

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

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

During the year ended 30 June 2013, the City commenced the process of adopting Fair Value in accordance with the Regulations. Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework

established and the City revalues its asset classes in accordance with this mandatory timetable.

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

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

##### Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation reserve in equity. Decreases in the carrying amount that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

##### Land under Roads

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

Effective as at 1 July 2008, City elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies (continued)

treatment available in Australian Accounting Standard AASB 1051 *Land Under Roads* and *Local Government (Financial Management) Regulation 16(a)(i)*, which prohibits local governments from recognising such land as an asset.

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

#### (h) Depreciation of Non-Current Assets

All non-current assets that have a limited useful life are separately and systematically depreciated over their useful lives in a manner that reflects the consumption of the future economic benefits embodied in those assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation for infrastructure assets is calculated from the end of the year in which the asset was completed and brought into account.

Expenditure on items of equipment under \$1,000 are not capitalised but are placed on an "Attractive Items" list for reference and maintenance.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	40 years
Bus Shelters*	30 - 50 years
Computer Hardware	3 years
Computer Software	2 years
Pathways*	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
Road - Kerb	55 years
Road - Seal*	18 - 40 years

Road Pavement - Seal*	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 have a range of depreciation periods.

The assets residual value and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### (i) Financial Instruments

##### Initial Recognition and Measurement

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

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

##### Classification and Subsequent Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Available quoted prices in an active market are used to determine fair

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies (continued)

value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (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; and
- (d) less any reduction for impairment.

The effective interest method used is to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums of 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 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 or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date that are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the City's management has the positive intention and ability to hold to maturity. If the City was to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

#### (iv) Financial liabilities

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

#### Impairment

At the end of each reporting period, the City assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

#### (j) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is determined using valuation techniques. The City uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies (continued)

current market interest rate that is available to the City for similar financial instruments.

##### (k) Provisions

Provisions are recognised when the City has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow, with respect to any one item included in the same class of obligations, may be small.

##### (l) Leases

Leases of property, plant and equipment, where the City has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception recorded at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Income, over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Lease payments under 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.

##### (m) Investments in Associates

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby

the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associates. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

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

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

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

##### (n) Impairment

In accordance with Australian Accounting Standards the City's assets, other than inventories, are tested annually for impairment. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with *AASB 136 Impairment of Assets* and appropriate adjustments made. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the Statement of Comprehensive Income.

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



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (o) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

##### (p) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid for the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the City has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. 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.

##### (q) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

##### **Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)**

The provision for employees' benefits wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the City has a present obligation to pay resulting from employee's services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the City expects to pay and includes related on-costs.

##### **Long Service Leave (Long-term Benefits)**

The liability for long service leave is recognised in the provision for employee benefits. It is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity, and currency, that match as closely as possible, the estimated future cash outflows.

Where the City does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

##### (r) Superannuation

The City contributes to a number of Superannuation Funds on behalf of their employees. Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### (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. Refer to Note 1(m) for a description of the equity method of accounting.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **(t) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

##### **(u) 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 operation 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. An exception exists for land held for resale, where it is held as non-current based on the City's intentions to release for sale.

##### **(v) Rounding Off Figures**

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

##### **(w) Comparative Figures**

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

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

##### **(x) Budget Comparative Figures**

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

##### **(y) Investment Property**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields. Investment property is carried at fair value, representing open-market value determined annually by external users.

##### **(z) Non-Current Assets (or Disposal Groups) "Held for Sale" and Discontinued Operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount, or **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles, which are turned over on a regular basis. Plant and motor vehicles are retained in Non-Current Assets under the classification of Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies (continued)

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of the City's operations that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

##### (aa) Intangible Assets

The City has not classified any assets as Intangible.

##### (ab) New Accounting Standards and Interpretations for Application in Future Periods

In the current year, the City adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to the City's accounting policies.

AASB 9 *Financial Instruments* (incorporating AASB 2014-7 and AASB 2014-8), which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost. Financial assets will only be able to be measured at amortised cost where specific conditions are met.

AASB 15 *Revenue from Contracts with Customers* is effective from 1 January 2019 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.

AASB 16 *Leases* is effective from 1 January 2019 and will replace AASB 117 *Leases*. Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 *Leases* which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.

Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.

AASB 1058 *Income of Non-for-Profit Entities* (incorporating AASB 2016-7 and AASB 2016-8) is effective from 1 January 2019. Under this standard, it is likely to have a significant impact on the income recognition for Not-for-Profit Entities. Key areas for consideration are: assets received below fair value, transfers received to acquire or construct non-financial assets, grants received, prepaid rates, leases entered into at below market rates and volunteer services.

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.

From 1 July 2016 AASB 124 *Related Party Disclosures* became applicable to the City, which means that the City has disclosed more information about related parties and transactions with those related parties.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies (continued)

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Other amended Australian Accounting Standards and Interpretations, which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

The City does not expect to adopt the new standards before their operative date and before the standards become applicable to the City.

#### **Not applicable to Local Government per se;**

There are no other standards that are “not yet effective” and expected to have a material impact on the City in the current or future reporting periods and on foreseeable future transactions.

#### **(ac) Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 2. Operating Revenues and Expenses

\$	Notes	2017 Actual	2017 Budget	2016 Actual
<b>(a) Net Result</b>				
The Result includes:				
<b>(i) Charging as an Expense:</b>				
<b>Auditors Remuneration</b>				
- Audit		47,010	32,350	58,339
<b>Bad &amp; Doubtful Debts</b>				
Sundry Debtors		159,952	-	13,071
<b>Depreciation &amp; Amortisation</b>				
<i>Property, Plant &amp; Equipment</i>				
	7(b)			
- Buildings		3,210,824	-	2,970,649
- Furniture and Equipment		1,276,317	-	1,292,562
- Plant and Equipment		4,369,691	-	2,623,572
<i>Infrastructure</i>				
	8(b)			
- Roads		15,268,034	-	14,681,520
- Drainage		2,676,769	-	2,473,161
- Other Infrastructure		3,950,419	-	3,847,581
- Pathways		2,053,788	-	1,957,759
- Car Parks		420,295	-	455,847
- Reserves		7,424,368	-	6,407,661
		<b>40,650,505</b>	<b>-</b>	<b>36,710,312</b>
<b>Interest Expenses (Finance Costs)</b>				
Accrued Interest on Loans		22,384	-	16,709
Loans	23(a)	4,166,004	4,614,682	4,115,848
		<b>4,188,388</b>	<b>4,614,682</b>	<b>4,132,557</b>
- Municipal Fund		4,118,180	4,114,682	4,132,557
- Developer Contribution Schemes		70,208	500,000	-
		<b>4,188,388</b>	<b>4,614,682</b>	<b>4,132,557</b>
<b>(ii) Crediting as Revenue:</b>				
<b>Interest Earnings</b>				
Investments - Municipal Funds		1,985,263	2,480,370	2,235,912
Investments - Reserve Funds		4,160,979	4,516,874	4,037,533
Other Interest Revenue	26	2,053,133	1,549,500	1,855,910
		<b>8,199,375</b>	<b>8,546,744</b>	<b>8,129,355</b>
Town Planning Schemes		3,688,841	3,150,000	3,907,189
<b>Total</b>		<b>11,888,216</b>	<b>11,696,744</b>	<b>12,036,544</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 2. Operating Revenues and Expenses (continued)

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##### (b) Statement of Objectives, Reporting Programs and Nature or Type

###### Statement of Objective

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

With reference to the City of Wanneroo's Strategic Community Plan 2017/18 - 2026/27:

###### Vision

Inspired by our past, working to create a vibrant, progressive City, providing opportunity and investment to enable our growing communities to prosper.

###### Community Aspirations

The Community aspirations, developed under the four pillars of the community priorities are:

- 1) Society  
Healthy, safe, vibrant and connected communities.
- 2) Economy  
Progressive, connected communities that enable economic growth and employment.
- 3) Environment  
A healthy and sustainable natural and built environment.
- 4) Civic Leadership  
Working with others to ensure the best use of our resources.

###### REPORTING PROGRAM DESCRIPTIONS

Council operations that are disclosed encompass the following service orientated activities/programs:

###### GOVERNANCE

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

**Activities:** Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters that do not concern specific Council services.

###### GENERAL PURPOSE FUNDING

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

**Activities:** Collection of rates, general purpose government grants and interest revenue.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 2. Operating Revenues and Expenses (continued)

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##### (b) Statement of Objectives, Reporting Programs and Nature or Type (continued)

###### LAW, ORDER, PUBLIC SAFETY

**Objective:** To provide services to help ensure a safer and environmentally conscious Community.

**Activities:** Supervision and enforcement of various local laws relating to fire prevention, animal control and protection of the environment and other aspects of public safety including emergency services.

###### HEALTH

**Objective:** To provide services to achieve community and environmental health.

**Activities:** Maternal and infant health facilities, immunisation, meat inspection services, inspection of food outlets, noise control and pest control services.

###### EDUCATION AND WELFARE

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

**Activities:** Pre-school and other education services, child minding facilities, playgroups, senior citizens centres, meals on wheels and home care services.

###### COMMUNITY AMENITIES

**Objective:** To provide services required by the Community.

**Activities:** Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment, administration of town planning schemes and public conveniences.

###### RECREATION AND CULTURE

**Objective:** To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

**Activities:** Maintenance of public halls, civic centre, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

###### TRANSPORT

**Objective:** To provide safe, effective and efficient transport services to the Community.

**Activities:** Construction (if not capitalised) and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Water transport facilities, cleaning of streets, maintenance of street trees and street lighting.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 2. Operating Revenues and Expenses (continued)

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##### (b) Statement of Objectives, Reporting Programs and Nature or Type (continued)

###### **ECONOMIC SERVICES**

**Objective:** To help promote the City and its economic wellbeing.

**Activities:** Tourism and provision of rural services including weed control, vermin control and standpipes.  
Building control services.

###### **OTHER PROPERTY AND SERVICES**

**Objective:** To monitor and control council's overheads operating accounts.

**Activities:** Plant repair, operational costs and engineering costs.

##### (c) Nature or Type Classifications

In accordance with Australian Accounting Standards, the City of Wanneroo is required to disclose revenue and expenditure according to its nature or type classification. Additionally, the following nature or function descriptions are required by State Government regulations.

###### **REVENUE**

###### **Rates**

All rates levied under the *Local Government Act 1995*. This includes general, differential, specific area rates, minimum rates, interim rates, back rates and ex-gratia rates, less discounts offered. This excludes administration fees, interest on instalments, interest on arrears, service charges and waste and sewerage rates.

###### **Operating Grants, Subsidies and Contributions**

This refers to all amounts received as grants, subsidies and contributions that are not classified as non-operating grants.

###### **Non-Operating Grants, Subsidies and Contributions**

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



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 2. Operating Revenues and Expenses (continued)

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##### (c) Nature or Type Classifications (continued)

###### **Profit on Asset Disposal**

Profit on the disposal of fixed assets.

###### **Fees and Charges**

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

###### **Service Charges**

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations* identifies the charges which can be raised. These charges are television and radio rebroadcasting, underground electricity, property surveillance and security and water services. This excludes rubbish removal and charges for the provision of waste services. The City has not levied service charges for the years ended 30 June 2016 and 30 June 2017.

###### **Interest Earnings**

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

###### **Other Revenue**

Other revenue, which cannot be classified under the above headings. This includes dividends, discounts and rebates.

#### **EXPENDITURE**

###### **Employee Costs**

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

###### **Material and Contracts**

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

###### **Utilities (Gas, Electricity, Water and Telephones)**

Expenditures made to respective agencies for the provision of power, gas, water or telephones. This excludes expenditure incurred for the re-instatement of services after road works on behalf of these agencies.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 2. Operating Revenues and Expenses (continued)

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##### (c) Nature or Type Classifications (continued)

###### **Depreciation and Amortisation on Non-Current Assets**

Depreciation and amortisation expense raised on all classes of assets except land.

###### **Loss on Asset Disposal**

Loss on the disposal of fixed assets. Losses are disclosed under the expenditure classifications

###### **Interest Expenses**

Interest and other costs of finance paid, including costs of finance for loans, overdraft accommodation and re-financing expenses.

###### **Insurance**

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

###### **Other Expenditure**

Statutory fees, taxes and provision of bad debts. Donations and subsidies made to community groups and expenditure not otherwise classified.

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 01-Jul-15	Received <sup>2</sup> 2016	Expended <sup>3</sup> 2016	Closing Balance <sup>1</sup> 30-Jun-16	Received <sup>2</sup> 2017	Expended <sup>3</sup> 2017	Closing Balance 30-Jun-17
\$							
<b>(d) Conditions Over Grants, Subsidies &amp; Contributions</b>							
<b>Grant/Subsidy/Contribution</b>							
<b><u>Economic Development</u></b>							
Economic Development Initiatives for Two Rocks	92,000	-	-	<b>92,000</b>	-	-	<b>92,000</b>
Economic Development Initiatives for Lot 12 Marmion Ave Jindalee	76,800	-	-	<b>76,800</b>	-	-	<b>76,800</b>
Economic Development Contributions for Somerly	42,200	-	-	<b>42,200</b>	-	-	<b>42,200</b>
<b><u>Emergency Services &amp; Environmental Protection</u></b>							
Emergency Services Levy Grant	-	475,242	(399,057)	<b>76,185</b>	437,058	(432,193)	<b>81,050</b>
Emergency Relief Funding LotteryWest	25,082	96,000	(80,335)	<b>40,747</b>	(18,147)	(22,600)	-
Coast Protection Works Quinns Rocks Long Term Coastal Management	-	65,000	-	<b>65,000</b>	-	(65,000)	-
Girrawheen Greening Project	1,000	-	-	<b>1,000</b>	-	-	<b>1,000</b>
Coast Protection Quinns - Department of Transport	138,394	-	(138,394)	-	-	-	-
<b><u>Health &amp; Fitness</u></b>							
Age Friendly Grant 2017 - Department of Local Government & Communities	-	10,000	-	<b>10,000</b>	-	(7,696)	<b>2,304</b>
Volunteer Grant 2017 - Department of Social Services	-	3,750	-	<b>3,750</b>	-	(3,750)	-
Kidsport 2015/2016 - Department of Sports and Recreation	-	425,000	(425,000)	-	-	-	-
Your Move Project 2014/2015	20,785	100,000	(76,744)	<b>44,041</b>	(1,156)	(42,885)	-
Abbeville Park Fitness Equipment - Department of Sports and Recreation	-	-	-	-	10,000	-	<b>10,000</b>
Tauranga Park Fitness Equipment - Department of Sports and Recreation	-	-	-	-	17,000	-	<b>17,000</b>
Floodlighting Shelvock Park Koondoola	-	-	-	-	140,000	-	<b>140,000</b>

(continued on next page)

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 01-Jul-15	Received <sup>2</sup> 2016	Expended <sup>3</sup> 2016	Closing Balance <sup>1</sup> 30-Jun-16	Received <sup>2</sup> 2017	Expended <sup>3</sup> 2017	Closing Balance 30-Jun-17
\$							
<b>(d) Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
<b>Youth Services</b>							
YSpeak! A face, place and voice - Youth Friendly Communities Project - Department of Local Government & Communities	1,931	-	(1,931)	-	-	-	-
North Zone Youth Services - Department of Child Protection & Family Services				-	147,933	(144,839)	<b>3,094</b>
Carramar Youth Project - Community Crime Prevention Fund	18,041	-	(18,041)	-	-	-	-
<b>Buildings</b>							
Gumblossom Community Centre Storage Room Construction - Quinns Football Club Contribution	-	43,850	(41,331)	<b>2,519</b>	-	(2,519)	-
Alexander Heights Day Club Construction - Department of Health				-	550,000	-	<b>550,000</b>
<b>Recreation &amp; Culture</b>							
Anzac Last Post Grant - Department of Veterans Affairs	11,963	-	(11,963)	-	-	-	-
Department of Health - HACC Bus Funds diverted to My Life My Words Project 2014	5,438	-	(229)	<b>5,209</b>	-	-	<b>5,209</b>
<b>Roads</b>							
Prindiville Road Intersection Upgrade Contribution - Clifford Rocke Scott Langdon & John Buback as Managers & Receivers of Watson Property	-	112,645	-	<b>112,645</b>	-	-	<b>112,645</b>
Prindiville Road Intersection Upgrade Contribution - Endeavor Properties Pty	-	87,229	-	<b>87,229</b>	-	-	<b>87,229</b>
Prindiville Road Intersection Upgrade Contribution - Watson Property	-	77,325	-	<b>77,325</b>	-	-	<b>77,325</b>
Prindiville Road Intersection Upgrade Contribution - ABN Group	-	215,267	-	<b>215,267</b>	-	-	<b>215,267</b>
Traffic Management Scheme Landsdale Road Darch - Department of Infrastructure	-	221,400	(167,146)	<b>54,254</b>	-	(54,254)	-
Project Management Cost - Road Resurfacing Program 2015/2016	-	407,818	(135,740)	<b>272,078</b>	-	(272,078)	-

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## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance
\$	01-Jul-15	2016	2016	30-Jun-16	2017	2017	30-Jun-17
<b>(d) Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
<b>Roads (continued)</b>							
Design Consultancy & Construction Marmion Avenue Duplication							
- Lukin Drive to Butler Boulevard - Main Roads WA	-	1,333,333	(210,207)	<b>1,123,126</b>	1,333,333	(2,392,360)	<b>64,099</b>
Mirrabooka Avenue Road Improvement Grant Funding - Main Roads WA	-	1,466,667	-	<b>1,466,667</b>	-	(213,617)	<b>1,253,050</b>
Bravado Nominees P/L Lot 75 Cooper Street Madeley	10,000	-	-	<b>10,000</b>	-	-	<b>10,000</b>
Lancaster Industrial Park P/L	76,747	-	-	<b>76,747</b>	-	-	<b>76,747</b>
Watson Property Group Woodvale Ltd Cont to Madeley Rise							
Stage 5 Madeley	42,216	-	-	<b>42,216</b>	-	-	<b>42,216</b>
Re Ledger Pty Ltd - Curtin Road Marangaroo	2,730	-	-	<b>2,730</b>	-	-	<b>2,730</b>
Peet & Co - Yanchep Ocean Lagoon Contributions	450	-	-	<b>450</b>	-	-	<b>450</b>
Peet & Co - Contributions East Road/Wanneroo Road	12,701	-	-	<b>12,701</b>	-	-	<b>12,701</b>
Civil Technology - East Wanneroo Road Intersection	3,050	-	-	<b>3,050</b>	-	-	<b>3,050</b>
AHG - Wanneroo Road & Lancaster Road	77,234	-	-	<b>77,234</b>	-	-	<b>77,234</b>
Geary Ray - Drainage Upgrade- High Road	11,135	-	-	<b>11,135</b>	-	-	<b>11,135</b>
Silverton Limited - Lots 1000 & 1001 Quinns North	6,000	-	-	<b>6,000</b>	-	-	<b>6,000</b>
Australand - Contribution for East Road/Wanneroo Road Upgrade	14,757	-	-	<b>14,757</b>	-	-	<b>14,757</b>
Stockland WA - Roundabout - Driver Road & Waterford Parade							
Stage 7 Ashdale Gardens	18,000	-	-	<b>18,000</b>	-	-	<b>18,000</b>
Zebra Properties Pty Ltd - Wanneroo Cell No 6	16,200	-	-	<b>16,200</b>	-	-	<b>16,200</b>
Australand Investments Const of Roundabout Intersection of							
Librizzi Parade & Basico Avenue (Olive Ridge Stage 1 & 2)	20,265	-	-	<b>20,265</b>	-	-	<b>20,265</b>
Mendelawitz Morton Quality Settlements - Landsdale Cell 9 Road							
Construction Repayment	252,178	-	-	<b>252,178</b>	-	-	<b>252,178</b>

(continued on next page)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance <sup>1</sup>	Received <sup>2</sup>	Expended <sup>3</sup>	Closing Balance
\$	01-Jul-15	2016	2016	30-Jun-16	2017	2017	30-Jun-17
<b>(d) Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
<b>Roads (continued)</b>							
Re-Lot 84 Nicholas Road, Subdivision 06/047 second part of a two part \$200,000 contribution as a condition approving the discharge of stormwater into the City's Ranworth Road Drainage Swale - Marauba P/L	24,000	-	-	<b>24,000</b>	-	-	<b>24,000</b>
Re-Lot 84 Nicholas Road, Subdivision 06/047 second part of a two part \$200,000 contribution as a condition approving the discharge of stormwater into the City's Ranworth rd Drainage Swale - Mammoth Nominees P/L	176,000	-	-	<b>176,000</b>	-	-	<b>176,000</b>
Peet Ashton Heights Contribution for future resurfacing of roundabouts in Ashton Heights	25,000	-	-	<b>25,000</b>	-	-	<b>25,000</b>
Compensation for road widening at Lot 600 Wattle Avenue Neerabup	1,028,120	-	-	<b>1,028,120</b>	-	-	<b>1,028,120</b>
Signalised intersection contribution Stage 11 for Yanchep Beach Road Jindowie	121,875	-	-	<b>121,875</b>	-	(121,875)	-
Contribution for roundabout at Shiraz & Cabernet Loop Pearsall	55,571	-	-	<b>55,571</b>	-	-	<b>55,571</b>
Construction of Connolly Drive dual carriageway Neerabup Road to Hester Avenue, Clarkson	1,219,601	-	(1,219,601)	-	-	-	-
Construction of Neerabup Road duplication (Connolly Drive to Bunnings access)	-	-	-	-	1,670,195	(1,088,148)	<b>582,047</b>
Construction of Connolly Drive dual carriageway Hester Avenue to Lukin Drive Merriwa	838,569	-	(838,569)	-	-	-	-
Contribution for Subdivision of Lot 507 Pederick Road, Neerabup (Road Deed No 2)	2,022,077	-	-	<b>2,022,077</b>	-	-	<b>2,022,077</b>

(continued on next page)



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 01-Jul-15	Received <sup>2</sup> 2016	Expended <sup>3</sup> 2016	Closing Balance <sup>1</sup> 30-Jun-16	Received <sup>2</sup> 2017	Expended <sup>3</sup> 2017	Closing Balance 30-Jun-17
\$							
<b>(d) Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
Contribution for Subdivision of Lot 507 Pederick Road, Neerabup (Road Deed No 1)	1,503,803	-	-	<b>1,503,803</b>	-	-	<b>1,503,803</b>
Intersection upgrade at Caporn Street Sinagra - Department of Infrastructure Design Consultancy & Construction Marmion Avenue Duplication - Butler Boulevard to Yanchep Beach Road - Main Roads WA	-	-	-	-	463,870	(191,619)	<b>272,251</b>
Blackmore Avenue Traffic calming - Department of Transport Installation of Anti-skid treatment on North and South intersection of Mirrabooka Drive/Marangaroo Drive Girrawheen	-	-	-	-	23,000,000	-	<b>23,000,000</b>
Road resurfacing 2016-2017 Carramar Road Carramar	-	-	-	-	30,000	-	<b>30,000</b>
					38,400	(27,880)	<b>10,520</b>
					39,578	(30,344)	<b>9,234</b>
<b>Safer WA</b>							
Upgrade Graffiti Management and Reporting System Project	-	19,845	(19,768)	<b>77</b>	-	(77)	-
CCTV Hub Kingsway Sporting Complex - Department of Attorney General	-	-	-	-	150,000	-	<b>150,000</b>
<b>Other Property and Services</b>							
Development of play and park facilities at Hardcastle Park	36,364	-	(36,364)	-	-	-	-
<b>Total Unspent Grants, Subsidies &amp; Contributions</b>	<b>8,048,277</b>	<b>5,160,371</b>	<b>(3,820,420)</b>	<b>9,388,228</b>	<b>28,008,064</b>	<b>(5,113,734)</b>	<b>32,282,558</b>

**Notes:**

- (1) - Grants/contributions recognised as revenue in a previous reporting period that were not expended at the close of the previous period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and that had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and that were expended in the current reporting period in the manner specified by the contributor.

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 3. Cash and Cash Equivalents

\$	Notes	2017 Actual	2016 Actual
<b>Unrestricted</b>			
Cash Municipal		18,589,233	14,346,438
Cash on Hand		16,196	17,296
		<u>18,605,429</u>	<u>14,363,734</u>
<b>Restricted</b>			
Reserves - Cash Backed		179,140,478	171,281,078
Town Planning Schemes		118,378,852	113,301,102
Unspent Grants		32,282,558	9,388,228
Unspent Loans		11,023,990	11,292,727
		<u>340,825,878</u>	<u>305,263,135</u>
<b>Total Cash and Cash Equivalents</b>	14(a)	<u>359,431,307</u>	<u>319,626,869</u>
<b>The following restrictions have been imposed by regulations or other externally imposed requirements:</b>			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	12	11,341,202	10,225,362
Asset Renewal Reserve	12	11,250,050	7,012,070
Asset Replacement Reserve	12	4,786,149	4,498,742
Butler Collaborative Planning Agreement Reserve	12	2,960,483	2,878,128
Carried Forward Capital Projects Reserve	12	5,524,685	9,515,574
Coastal Infrastructure Management Reserve	12	7,490,388	6,042,049
Domestic Refuse Reserve	12	8,571,718	8,346,169
Fleming Park Lake Reserve	12	220,034	213,913
Golf Course Reserve	12	1,593,554	1,465,539
Home and Community Care Asset Replacement Reserve	12	619,126	541,505
Land Acquisition Reserve	12	2,178,175	2,117,746
Leave Liability Reserve	12	1,708,512	1,460,204
Loan Repayment Reserve	12	20,937,950	18,569,409
Materials Recovery Facility Upgrade Reserve	12	-	94,189
Neerabup Development Reserve	12	4,524,110	4,694,253
Plant Replacement Reserve	12	10,090,454	5,684,841
Regional Open Space Reserve	12	5,155,485	5,012,070
Section 152 Reserve (formerly Section 20A Land Reserve)	12	1,589,909	1,545,681
Strategic Projects/Initiatives Reserve	12	71,307,498	74,443,227
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	12	127,540	75,383
TPS 20 - District Distributor Road Headworks Reserve	12	6,772,576	6,584,185
Yanchep Bus Reserve	12	98,397	95,660
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	12	292,483	165,179
<b>Total Reserves</b>		<u>179,140,478</u>	<u>171,281,078</u>
Unspent Grants and Contributions	2(d)	32,282,558	9,388,228
Unspent Loan Funds	23(c)	11,023,990	11,292,727
<b>Total Unspent Grants and Loans</b>		<u>43,306,548</u>	<u>20,680,955</u>
Town Planning Schemes		<u>118,378,852</u>	<u>113,301,102</u>
<b>Other Restrictions</b>		<u>118,378,852</u>	<u>113,301,102</u>
<b>Total Restricted Cash</b>		<u>340,825,878</u>	<u>305,263,135</u>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 4. Investments

\$	Notes	2017 Actual	2016 Actual
<b>Non Current</b>			
<b>Equity Accounted Investments</b>			
Tamala Park Regional Council	17(a)	6,865,580	8,203,429
Mindarie Regional Council	17(b)	10,935,823	10,837,035
		<u>17,801,403</u>	<u>19,040,464</u>
<b>Total Investments</b>		<u>17,801,403</u>	<u>19,040,464</u>
<b>Classified as:</b>			
Unrestricted (Municipal Fund)		17,801,403	19,040,464
<b>Total Investments</b>		<u>17,801,403</u>	<u>19,040,464</u>

#### Note 5. Trade & Other Receivables

\$	Notes	2017 Actual	2016 Actual
<b>Current</b>			
Rates Outstanding (Inclusive of Refuse and Swimming Pool Inspection)		12,797,340	12,734,353
Prepayments		688,777	341,294
GST Receivable		81,542	1,138,872
Accrued Income		4,712,012	5,256,855
Sundry Debtors		1,690,895	1,168,221
Provision for Doubtful Debts		(752,546)	(592,594)
<b>Total Current Trade &amp; Other Receivables</b>		<u>19,218,020</u>	<u>20,047,001</u>
<b>Non-Current</b>			
Rates Outstanding - Pensioners		2,642,923	2,353,232
Deferred Debtors		7,355	7,355
<b>Total Non-Current Trade &amp; Other Receivables</b>		<u>2,650,278</u>	<u>2,360,587</u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 6. Inventories

\$	2017 Actual	2016 Actual
<b>Current</b>		
Stores and Materials (Held at Cost)	355,123	385,056
<b>Total Current Inventories</b>	<b>355,123</b>	<b>385,056</b>
<b>Non-Current</b>		
Land Held for Resale - Development Costs	19,612,517	17,432,679
<b>Total Non-Current Inventories</b>	<b>19,612,517</b>	<b>17,432,679</b>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 7. Property, Plant and Equipment

\$	Notes	2017 Actual	2016 Actual
<b>(a) Carrying Amounts</b>			
Land - Fair Value		331,318,082	331,318,059
Land - Cost		<u>713,523</u>	<u>713,546</u>
		332,031,605	332,031,605
Buildings - Fair Value		163,570,386	163,570,386
Buildings - Cost		20,149,659	11,427,916
less: Accumulated Depreciation		<u>(6,181,473)</u>	<u>(2,993,708)</u>
		177,538,572	172,004,594
Furniture and Equipment - Fair Value		5,109,671	5,114,876
Furniture and Equipment - Cost		4,017,618	1,794,555
less: Accumulated Depreciation		<u>(2,567,509)</u>	<u>(1,292,814)</u>
		6,559,780	5,616,617
Plant and Equipment - Fair Value		19,187,014	20,371,705
Plant and Equipment - Additions after Revaluation - Cost		2,865,762	-
less: Accumulated Depreciation		<u>(4,195,412)</u>	<u>-</u>
		17,857,364	20,371,705
Works in Progress - Cost		<u>20,644,821</u>	<u>3,959,200</u>
		20,644,821	3,959,200
<b>Total Property, Plant &amp; Equipment</b>	7(b)	<u><u>554,632,142</u></u>	<u><u>533,983,721</u></u>

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

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 7 Property, Plant and Equipment (continued)

## (b) Movements in Carrying Amounts

		Land	Buildings	Furniture and Equipment	Plant and Equipment	Works in Progress	Total
\$	Notes	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
<b>Balance as at 1 July 2015</b>		331,318,059	163,570,386	5,119,744	19,851,209	1,931,226	<b>521,790,624</b>
Additions		704,963	9,922,427	1,769,766	5,368,846	1,717,276	<b>19,483,278</b>
Transfers from Works in Progress		8,583	1,495,748	25,014	-	(1,529,345)	-
Disposals		-	(13,318)	(5,345)	(1,564,333)	-	<b>(1,582,996)</b>
Revaluation - Increments/(Decrements)		-	-	-	(660,445)	-	<b>(660,445)</b>
Depreciation	2(a)	-	(2,970,649)	(1,292,562)	(2,623,572)	-	<b>(6,886,783)</b>
<b>Property, Plant &amp; Equipment at 30 June 2016</b>		<b>332,031,605</b>	<b>172,004,594</b>	<b>5,616,617</b>	<b>20,371,705</b>	<b>2,119,157</b>	<b>532,143,678</b>
Reclassification	37	-	-	-	-	1,840,043	<b>1,840,043</b>
<b>Restated Balance as at 30 June 2016</b>		<b>332,031,605</b>	<b>172,004,594</b>	<b>5,616,617</b>	<b>20,371,705</b>	<b>3,959,200</b>	<b>533,983,721</b>
Additions	20		5,450,238	2,140,322	3,030,040	20,074,549	<b>30,695,149</b>
Transfers from Works in Progress			3,294,564	84,363	10,001	(3,388,928)	-
Disposals	21	-	-	(5,205)	(1,184,691)	-	<b>(1,189,896)</b>
Depreciation	2(a)	-	(3,210,824)	(1,276,317)	(4,369,691)	-	<b>(8,856,832)</b>
<b>Property, Plant &amp; Equipment at 30 June 2017</b>		<b>332,031,605</b>	<b>177,538,572</b>	<b>6,559,780</b>	<b>17,857,364</b>	<b>20,644,821</b>	<b>554,632,142</b>



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 8 Infrastructure Assets

\$	Notes	2017 Actual	2016 Actual
<b>(a) Carrying Amounts</b>			
Roads - Fair Value		1,121,814,763	941,546,284
Roads - Additions after Valuation - Cost		-	109,697,104
less: Accumulated Depreciation		-	(28,128,839)
		<u>1,121,814,763</u>	<u>1,023,114,549</u>
Drainage - Fair Value		372,823,358	181,191,341
Drainage - Additions after Valuation - Cost		-	23,635,933
less: Accumulated Depreciation		-	(4,854,257)
		<u>372,823,358</u>	<u>199,973,017</u>
Other Infrastructure - Fair Value		59,965,094	49,390,650
Other Infrastructure - Cost		-	7,563,271
less: Accumulated Depreciation		-	(7,756,672)
		<u>59,965,094</u>	<u>49,197,249</u>
Pathways - Fair Value		135,514,683	95,218,417
Pathways - Additions after Valuation - Cost		-	12,091,492
less: Accumulated Depreciation		-	(3,781,229)
		<u>135,514,683</u>	<u>103,528,680</u>
Car Parks - Fair Value		42,021,070	10,020,026
Car Parks - Additions after Valuation - Cost		-	1,863,916
less: Accumulated Depreciation		-	(1,288,488)
		<u>42,021,070</u>	<u>10,595,454</u>
Reserves - Fair Value		194,698,376	155,383,907
Reserves - Additions after Valuation - Cost		-	34,499,955
less: Accumulated Depreciation		-	(13,544,909)
		<u>194,698,376</u>	<u>176,338,953</u>
Works in Progress		<u>10,980,122</u>	<u>2,243,450</u>
		10,980,122	2,243,450
<b>Total Infrastructure</b>	8(b)	<u><u>1,937,817,466</u></u>	<u><u>1,564,991,352</u></u>

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

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 8 Infrastructure Assets (continued)

## (b) Movements in Carrying Amounts

		Roads	Drainage	Other Infrastructure	Pathways	Car Parks	Reserves	Works in Progress	Total
\$	Notes	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
<b>Balance as at 1 July 2015</b>		978,381,792	186,207,183	49,386,480	98,726,452	10,627,997	165,478,014	982,608	<b>1,489,790,526</b>
Additions		59,119,870	16,238,433	3,654,600	6,756,341	298,304	17,229,756	3,567,094	<b>106,864,398</b>
Transfers from Works in Progress		294,407	562	3,750	3,646	125,000	38,844	(466,209)	-
Depreciation	2(a)	(14,681,520)	(2,473,161)	(3,847,581)	(1,957,759)	(455,847)	(6,407,661)	-	<b>(29,823,529)</b>
<b>Infrastructure at 30 June 2016</b>		1,023,114,549	199,973,017	49,197,249	103,528,680	10,595,454	176,338,953	4,083,493	<b>1,566,831,395</b>
Reclassification		-	-	-	-	-	-	(1,840,043)	<b>(1,840,043)</b>
<b>Restated Balance as at 30 June 2016</b>		<b>1,023,114,549</b>	<b>199,973,017</b>	<b>49,197,249</b>	<b>103,528,680</b>	<b>10,595,454</b>	<b>176,338,953</b>	<b>2,243,450</b>	<b>1,564,991,352</b>
Additions	20	43,773,456	5,126,773	2,699,940	5,103,455	188,694	16,178,868	9,833,691	<b>82,904,877</b>
Transfers from Works in Progress		434,165	21,265	27,741	141,668	291,604	180,576	(1,097,019)	-
Revaluation - Increments	13	69,760,627	170,379,072	11,990,583	28,794,668	31,365,613	9,424,347	-	<b>321,714,910</b>
Depreciation	2(a)	(15,268,034)	(2,676,769)	(3,950,419)	(2,053,788)	(420,295)	(7,424,368)	-	<b>(31,793,673)</b>
<b>Infrastructure at 30 June 2017</b>		<b>1,121,814,763</b>	<b>372,823,358</b>	<b>59,965,094</b>	<b>135,514,683</b>	<b>42,021,070</b>	<b>194,698,376</b>	<b>10,980,122</b>	<b>1,937,817,466</b>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 9. Trade and Other Payables

\$	2017 Actual	2016 Actual
<b>Current Trade and Other Payables</b>		
Trade Payables	22,466,183	20,537,802
Bonds and Security Deposits	5,546,166	4,399,736
<b>Total Current Trade and Other Payables</b>	<b><u>28,012,349</u></b>	<b><u>24,937,538</u></b>

#### Note 10. Long Term Borrowings

\$	Notes	2017 Actual	2016 Actual
<b>Non-Current Borrowings</b>			
Secured by Floating Charge - Loans	23(a)	66,378,188	60,778,188
<b>Total Non-Current Borrowings</b>		<b><u>66,378,188</u></b>	<b><u>60,778,188</u></b>

Additional detail on borrowings is provided in Note 23.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 11. Provisions

\$	2017 Actual	2016 Actual
<b>Current Provisions</b>		
Provision for Annual Leave	5,828,433	5,390,128
Provision for Long Service Leave	5,784,339	5,163,413
Provision for Time in Lieu	98,942	107,824
Provision for Sick Leave	319,063	283,587
Provision for Additional Leave Agreement	71,001	97,175
Provision for Workers Compensation	4,518,238	3,736,691
<b>Total Current Provisions</b>	<b>16,620,016</b>	<b>14,778,818</b>
<b>Non-Current Provisions</b>		
Provision for Long Service Leave	1,619,272	1,421,226
<b>Total Non-Current Provisions</b>	<b>1,619,272</b>	<b>1,421,226</b>

## Movements in Provisions

Class of Provision	2016		2017			
	Opening Balance as at 1/7/16	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/17
Provision for Annual Leave	5,390,128	5,624,372	(5,186,067)		-	5,828,433
Provision for Long Service Leave	6,584,639	1,544,986	(636,774)	(89,240)	-	7,403,611
Provision for Time in Lieu	107,824	166,251	(175,133)		-	98,942
Provision for Sick Leave	283,587	50,310	(14,834)		-	319,063
Provision for Additional Leave Agreement	97,175	307,482	(333,656)		-	71,001
Provision for Workers Compensation	3,736,691	2,286,992	(1,505,445)		-	4,518,238
<b>TOTAL</b>	<b>16,200,044</b>	<b>9,980,393</b>	<b>(7,851,909)</b>	<b>(89,240)</b>	<b>-</b>	<b>18,239,288</b>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 12. Reserves - Cash/Investment Backed

\$	2017 Actual	2017 Budget	2016 Actual
<b>(a) Alkimos/Eglinton Coastal Corridor Community Facilities Reserve</b>			
Opening Balance	10,225,362	10,395,200	8,393,577
Amount Set Aside/Transfer to Reserve	1,186,783	1,422,856	1,921,701
Amount Used/Transfer from Reserve	<u>(70,943)</u>	<u>(79,200)</u>	<u>(89,916)</u>
	<u>11,341,202</u>	<u>11,738,856</u>	<u>10,225,362</u>
<b>(b) Asset Renewal Reserve</b>			
Opening Balance	7,012,070	7,000,000	-
Amount Set Aside/Transfer to Reserve	<u>4,237,980</u>	<u>4,210,000</u>	<u>7,012,070</u>
	<u>11,250,050</u>	<u>11,210,000</u>	<u>7,012,070</u>
<b>(c) Asset Replacement Reserve</b>			
Opening Balance	4,498,742	4,378,227	4,719,983
Amount Set Aside/Transfer to Reserve	2,124,540	4,531,347	915,898
Amount Used/Transfer from Reserve	<u>(1,837,133)</u>	<u>(1,889,660)</u>	<u>(1,137,139)</u>
	<u>4,786,149</u>	<u>7,019,914</u>	<u>4,498,742</u>
<b>(d) Butler Collaborative Planning Agreement Reserve</b>			
Opening Balance	2,878,128	2,868,983	2,792,198
Amount Set Aside/Transfer to Reserve	<u>82,355</u>	<u>86,070</u>	<u>85,930</u>
	<u>2,960,483</u>	<u>2,955,053</u>	<u>2,878,128</u>
<b>(e) Carried Forward Capital Projects Reserve</b>			
Opening Balance	9,515,574	9,515,574	10,011,748
Amount Set Aside/Transfer to Reserve	5,524,685	-	9,515,574
Amount Used/Transfer from Reserve	<u>(9,515,574)</u>	<u>(9,515,574)</u>	<u>(10,011,748)</u>
	<u>5,524,685</u>	<u>-</u>	<u>9,515,574</u>
<b>(f) Commercial Refuse Reserve</b>			
Opening Balance	-	-	2,072,690
Amount Set Aside/Transfer to Reserve	-	-	58,053
Amount Used/Transfer from Reserve	<u>-</u>	<u>-</u>	<u>(2,130,743)</u>
	<u>-</u>	<u>-</u>	<u>-</u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(g) Coastal Infrastructure Management Reserve</b>			
Opening Balance	6,042,049	6,019,955	-
Amount Set Aside/Transfer to Reserve	1,448,339	1,180,599	6,042,049
	<u>7,490,388</u>	<u>7,200,554</u>	<u>6,042,049</u>
<b>(h) Domestic Refuse Reserve</b>			
Opening Balance	8,346,169	7,348,734	5,343,797
Amount Set Aside/Transfer to Reserve	238,507	220,462	3,136,336
Amount Used/Transfer from Reserve	(12,958)	(1,092,000)	(133,964)
	<u>8,571,718</u>	<u>6,477,196</u>	<u>8,346,169</u>
<b>(i) Fleming Park Lake Reserve</b>			
Opening Balance	213,913	213,233	207,526
Amount Set Aside/Transfer to Reserve	6,121	6,397	6,387
	<u>220,034</u>	<u>219,630</u>	<u>213,913</u>
<b>(j) Golf Course Reserve</b>			
Opening Balance	1,465,539	1,398,113	1,261,734
Amount Set Aside/Transfer to Reserve	469,933	391,943	452,124
Amount Used/Transfer from Reserve	(341,918)	(412,500)	(248,319)
	<u>1,593,554</u>	<u>1,377,556</u>	<u>1,465,539</u>
<b>(k) Home and Community Care Asset Replacement Reserve</b>			
Opening Balance	541,505	550,912	506,970
Amount Set Aside/Transfer to Reserve	77,621	46,527	34,535
	<u>619,126</u>	<u>597,439</u>	<u>541,505</u>
<b>(l) Land Acquisition Reserve</b>			
Opening Balance	2,117,746	2,070,743	1,572,499
Amount Set Aside/Transfer to Reserve	60,595	562,122	547,956
Amount Used/Transfer from Reserve	(166)	-	(2,709)
	<u>2,178,175</u>	<u>2,632,865</u>	<u>2,117,746</u>



## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(m) Leave Liability Reserve</b>			
Opening Balance	1,460,204	1,486,033	1,397,599
Amount Set Aside/Transfer to Reserve	248,308	94,581	62,605
	<u>1,708,512</u>	<u>1,580,614</u>	<u>1,460,204</u>
<b>(n) Loan Repayment Reserve</b>			
Opening Balance	18,569,409	19,668,690	15,573,746
Amount Set Aside/Transfer to Reserve	2,368,541	2,423,394	2,995,663
	<u>20,937,950</u>	<u>22,092,084</u>	<u>18,569,409</u>
<b>(o) Materials Recovery Facility Upgrade Reserve</b>			
Opening Balance	94,189	-	91,377
Amount Set Aside/Transfer to Reserve	2,695	-	2,812
Amount Used / Transfer from Reserve	(96,884)	-	-
	<u>-</u>	<u>-</u>	<u>94,189</u>
<b>(p) Neerabup Development Reserve</b>			
Opening Balance	4,694,253	4,620,594	5,645,389
Amount Set Aside/Transfer to Reserve	132,270	138,618	173,086
Amount Used/Transfer from Reserve	(302,413)	(1,448,750)	(1,124,222)
	<u>4,524,110</u>	<u>3,310,462</u>	<u>4,694,253</u>
<b>(q) Plant Replacement Reserve</b>			
Opening Balance	5,684,841	5,282,490	3,562,426
Amount Set Aside/Transfer to Reserve	6,084,225	6,500,330	6,697,708
Amount Used/Transfer from Reserve	(1,678,612)	(7,244,559)	(4,575,293)
	<u>10,090,454</u>	<u>4,538,261</u>	<u>5,684,841</u>
<b>(r) Regional Open Space Reserve</b>			
Opening Balance	5,012,070	5,000,000	-
Amount Set Aside/Transfer to Reserve	143,415	150,000	5,012,070
	<u>5,155,485</u>	<u>5,150,000</u>	<u>5,012,070</u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(s) Section 152 Reserve</b> (formerly Section 20A Land Reserve)			
Opening Balance	1,545,681	1,540,770	1,499,533
Amount Set Aside/Transfer to Reserve	44,228	46,223	46,148
	<u>1,589,909</u>	<u>1,586,993</u>	<u>1,545,681</u>
<b>(t) Strategic Projects/Initiatives Reserve</b>			
Opening Balance	74,443,227	62,352,417	81,160,162
Amount Set Aside/Transfer to Reserve	18,845,128	2,838,428	15,281,995
Amount Used/Transfer from Reserve	(21,980,857)	(13,782,244)	(21,998,930)
	<u>71,307,498</u>	<u>51,408,601</u>	<u>74,443,227</u>
<b>(u) Sustainability Investment Reserve</b> (formerly Environmental Initiatives Reserve)			
Opening Balance	75,383	91,164	120,732
Amount Set Aside/Transfer to Reserve	52,157	52,735	53,515
Amount Used/Transfer from Reserve	-	(50,000)	(98,864)
	<u>127,540</u>	<u>93,899</u>	<u>75,383</u>
<b>(v) TPS 20 - District Distributor Road Headworks Reserve</b>			
Opening Balance	6,584,185	6,563,272	6,387,614
Amount Set Aside/Transfer to Reserve	188,391	196,899	196,571
	<u>6,772,576</u>	<u>6,760,171</u>	<u>6,584,185</u>
<b>(w) Yanchep Bus Reserve</b>			
Opening Balance	95,660	93,799	172,405
Amount Set Aside/Transfer to Reserve	2,737	7,814	44,329
Amount Used/Transfer from Reserve	-	-	(121,074)
	<u>98,397</u>	<u>101,613</u>	<u>95,660</u>
<b>(x) Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve</b>			
Opening Balance	165,179	1,102,932	1,022,981
Amount Set Aside/Transfer to Reserve	1,445,333	654,088	389,729
Amount Used/Transfer from Reserve	(1,318,029)	(2,166,811)	(1,247,531)
	<u>292,483</u>	<u>(409,791)</u>	<u>165,179</u>
<b>Total Reserves</b>	<u><u>179,140,478</u></u>	<u><u>147,641,970</u></u>	<u><u>171,281,078</u></u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>Summary of Reserve Transfers</b>			
<b>Transfers to Reserves</b>			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	1,186,783	1,422,856	1,921,701
Asset Renewal Reserve	4,237,980	4,210,000	7,012,070
Asset Replacement Reserve	2,124,540	4,531,347	915,898
Butler Collaborative Planning Agreement Reserve	82,355	86,070	85,930
Carried Forward Capital Projects Reserve	5,524,685	-	9,515,574
Commercial Refuse Reserve	-	-	58,053
Coastal Infrastructure Management Reserve	1,448,339	1,180,599	6,042,049
Domestic Refuse Reserve	238,507	220,462	3,136,336
Fleming Park Lake Reserve	6,121	6,397	6,387
Golf Course Reserve	469,933	391,943	452,124
Home and Community Care Asset Replacement Reserve	77,621	46,527	34,535
Land Acquisition Reserve	60,595	562,122	547,956
Leave Liability Reserve	248,308	94,581	62,605
Loan Repayment Reserve	2,368,541	2,423,394	2,995,663
Materials Recovery Facility Upgrade Reserve	2,695	-	2,812
Neerabup Development Reserve	132,270	138,618	173,086
Plant Replacement Reserve	6,084,225	6,500,330	6,697,708
Regional Open Space Reserve	143,415	150,000	5,012,070
Section 152 Reserve (formerly Section 20A Land Reserve)	44,228	46,223	46,148
Strategic Projects/Initiatives Reserve	18,845,128	2,838,428	15,281,995
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	52,157	52,735	53,515
Town Planning Scheme 20 - District Distributor Road Headworks Reserve	188,391	196,899	196,571
Yanchep Bus Reserve	2,737	7,814	44,329
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	1,445,333	654,088	389,729
<b>Total Transfers to Reserves</b>	<b>45,014,887</b>	<b>25,761,433</b>	<b>60,684,844</b>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 12. Reserves - Cash/Investment Backed (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>Transfers from Reserves</b>			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	(70,943)	(79,200)	(89,916)
Asset Replacement Reserve	(1,837,133)	(1,889,660)	(1,137,139)
Carried Forward Capital Projects Reserve	(9,515,574)	(9,515,574)	(10,011,748)
Commercial Refuse Reserve	-	-	(2,130,743)
Domestic Refuse Reserve	(12,958)	(1,092,000)	(133,964)
Golf Course Reserve	(341,918)	(412,500)	(248,319)
Land Acquisition Reserve	(166)	-	(2,709)
Materials Recovery Facility Upgrade Reserve	(96,884)	-	-
Neerabup Development Reserve	(302,413)	(1,448,750)	(1,124,222)
Plant Replacement Reserve	(1,678,612)	(7,244,559)	(4,575,293)
Strategic Projects/Initiatives Reserve	(21,980,857)	(13,782,244)	(21,998,930)
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	-	(50,000)	(98,864)
Yanchep Bus Reserve	-	-	(121,074)
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	(1,318,029)	(2,166,811)	(1,247,531)
<b>Total Transfers from Reserves</b>	<b>(37,155,487)</b>	<b>(37,681,298)</b>	<b>(42,920,452)</b>
<b>Total Net Transfer to/(from) Reserves</b>	<b>7,859,400</b>	<b>(11,919,865)</b>	<b>17,764,392</b>

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

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

#### **Alkimos/Eglinton Coastal Corridor Community Facilities Reserve**

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

#### **Asset Replacement Reserve**

To be used for 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**

To be used for meeting future maintenance costs of infrastructure in Stage 1, Brighton Estate, Butler as established in the Butler Collaborative Planning Agreement and any such other related expenditure provided such expenditure shall be within the Brighton Estate.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 12. Reserves - Cash/Investment Backed (continued)

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##### **Carried Forward Capital Projects Reserve**

To be used for accumulating funds to support the municipally funded carried forward capital works.

##### **Commercial Refuse Reserve**

To be used for additional requirements, specifically needed for the provision of the commercial refuse collection service. Now closed.

##### **Coastal Infrastructure Management Reserve**

To be used for accumulating funds to support Coastal Infrastructure capital works.

##### **Domestic Refuse Reserve**

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

##### **Fleming Park Lake Reserve**

To be used for holding funds provided by the 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.

##### **Home and Community Care Asset Replacement Reserve**

To be used for replacing Council's assets where the funding of the original asset was from HACC. This is a requirement of the operating funding agreement with HACC.

##### **Land Acquisition Reserve**

To be used for purchasing municipal land for road and drainage purposes.

##### **Leave Liability Reserve**

To be used for cashing back the liability of the City for long service leave and annual leave.

##### **Loan Repayment Reserve**

To be used for setting aside adequate funds over time to repay loan commitments per the City's Long Term Financial Management Plans Debt Management Policy.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 12. Reserves - Cash/Investment Backed (continued)

##### **Materials Recovery Facility Upgrade Reserve**

To be used for setting aside funds (contributed by the Cities of Swan, Joondalup and Wanneroo) for the refitting of the Materials Recovery Facility. This reserve operates under a service agreement between the Cities of Wanneroo, Joondalup and Swan. The deficiency of funding will be contributed by equal share by the three Cities, should budgeted capital projects proceed. Now closed.

##### **Neerabup Development Reserve**

To be used for meeting the associated cost of developing the City's investment land in Neerabup.

##### **Plant Replacement Reserve**

To be used for replacing Council's plant and equipment.

##### **Regional Open Space Reserve**

To be used for accumulating funds to support regional open space capital works.

##### **Section 152 Reserve (formerly Section 20A Land Reserve)**

To be used for capital improvements on recreation reserves in the general locality from which funds were sourced.

##### **Strategic Projects/Initiatives Reserve**

To be used for 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 Reserve (formerly Environmental Initiatives Reserve)**

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

##### **TPS 20 - District Distributor Road Headworks Reserve**

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

##### **Yanchep Bus Reserve**

To be used for accumulating funds from the Yanchep Community for the costs associated with the replacement of the community bus.

##### **Yanchep/Two Rocks Coastal Corridor 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.

The majority of these reserves are not expected to be used within a set period. Further transfers to the reserve accounts are expected to occur as funds are utilised.



## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 13. Reserves - Asset Revaluation

\$	Notes	2017 Actual	2016 Actual
Asset revaluation reserves have arisen on revaluation of the following classes of assets:			
<b>(a) Land</b>			
Opening Balance		321,428,173	321,428,173
Revaluation Increment	7(b)	-	-
Revaluation Decrement	7(b)	-	-
		<b>321,428,173</b>	<b>321,428,173</b>
<b>(b) Buildings</b>			
Opening Balance		82,686,540	82,686,540
Revaluation Increment	7(b)	-	-
Revaluation Decrement	7(b)	-	-
		<b>82,686,540</b>	<b>82,686,540</b>
<b>(c) Artworks</b>			
Opening Balance		246,092	246,092
Revaluation Increment	7(b)	-	-
Revaluation Decrement	7(b)	-	-
		<b>246,092</b>	<b>246,092</b>
<b>(d) Equity Accounted Investments</b>			
Opening Balance		4,917,697	936,755
Revaluation Increment	17(b)(ii)	44,779	3,981,136
Revaluation Decrement	17(a)(ii)	-	(194)
		<b>4,962,476</b>	<b>4,917,697</b>
<b>(e) Infrastructure Assets</b>			
Opening Balance		565,602,357	565,602,357
Revaluation Increment	8(b)	321,714,910	-
Revaluation Decrement	8(b)	-	-
		<b>887,317,267</b>	<b>565,602,357</b>
<b>Total Asset Revaluation Reserves</b>		<b>1,296,640,548</b>	<b>974,880,859</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 14. Notes to the Statement of Cash flows

\$	Notes	2017 Actual	2017 Budget	2016 Actual
<b>(a) Reconciliation of Cash</b>				
For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:				
Cash and Cash Equivalents	3	<u>359,431,307</u>	<u>270,303,521</u>	<u>319,626,869</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>				
Net Result		101,176,783	78,202,262	104,671,041
Depreciation		40,650,505	40,054,948	36,710,312
(Profit)/Loss on Sale of Assets		(1,913,002)	(3,306,662)	(4,228,467)
Share of Net (Profits) of Associates		(53,258)	-	(509,291)
Loss on revaluation of plant and equipment		-	-	660,445
Town Planning Scheme Income (Inc. Interest)		(14,663,820)	(22,569,911)	(16,957,469)
Town Planning Scheme Expenses		7,090,210	18,600,500	15,012,347
Decrease/(Increase) in Receivables		699,242	(94,581)	512,974
Decrease/(Increase) in Provision for Doubtful Debts		(159,952)	-	(13,071)
Decrease/(Increase) in Inventories		29,933	-	(15,448)
Increase/(Decrease) in Payables & Accruals		3,074,811	-	3,077,733
Increase/(Decrease) in Employee Leave Entitlements		586,216	-	(33,660)
Increase/(Decrease) in Other Provisions		1,453,028	94,581	1,485,772
Grants/Contributions for the Development of Assets		<u>(83,706,469)</u>	<u>(69,224,353)</u>	<u>(90,719,111)</u>
<b>Net Cash from Operating Activities</b>		<u><b>54,264,227</b></u>	<u><b>41,756,784</b></u>	<u><b>49,654,107</b></u>
<b>(c) Undrawn Borrowing Facilities Credit Standby Arrangements</b>				
Bank Overdraft Limit		1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date		-	-	-
Credit Card Limit*		550,000	305,500	550,000
Credit Card Balance at Balance Date		<u>(17,323)</u>	<u>(150,000)</u>	<u>(22,274)</u>
<b>Total Amount of Credit Unused</b>		<u><b>1,532,677</b></u>	<u><b>1,155,500</b></u>	<u><b>1,527,726</b></u>
* The City of Wanneroo currently has the facility credit limit of \$550,000 (2016: \$550,000) with total amount of credit cards currently in use is \$298,500 (2016: \$355,500).				
<b>Loan Facilities</b>				
Loan Facilities - Non-Current	10	<u>66,378,188</u>	<u>71,878,188</u>	<u>60,778,188</u>
<b>Total Facilities in Use at Balance Date</b>		<u><b>66,378,188</b></u>	<u><b>71,878,188</b></u>	<u><b>60,778,188</b></u>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 15. Contingent Liabilities and Contingent Assets

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but disclosure of existence is considered relevant to the users of Council's Financial Report.

##### Liabilities not recognised:

##### (a) Guarantees

- (i) In line with the other equity holders in the Mindarie Regional Council (MRC) the City has accepted the contingent liability resulting from the provision of an irrevocable financial guarantee on behalf of MRC for its contractual liability to the Contractor undertaking the operation of the Resource Recovery Facility. The extent of the City's contingent liability is contingent on the type of default and whilst proportional and several (not joint and several) and is either limited to:
- (1) in case of termination, one sixth of any subsequent payment to the Contractor and the maximum amount that may be payable by the City under the Guarantee is one sixth of \$101.5M amounting to \$16.91M; and
  - (2) in case of the MRC has failed to pay its normal operating obligations under the Resource Recovery Facility Agreement, the maximum amount that may be payable by the City under the Guarantee is \$1.13M per month.
- The term of the guarantee is 20 years unless the MRC liability under the agreement with the contractor is fully extinguished earlier. This guarantee expires on 15 July 2027.

##### (b) Bank Guarantees

The City of Wanneroo currently holds bank guarantees of \$125,330,460 (2016: \$23,202,090) with respect to commercial customers and property developers.

##### (c) Other

- (i) The City compulsorily acquired a portion of land at Lot 3 (185) Mary Street Wanneroo under the Land Administration Act 1997 (WA). The City's valuation (expert and legal advice) is in the vicinity of \$1,239,000. However, the claimants' compensation claim is \$2,150,000. The City paid \$1,156,850 on 24 August 2012 and the claimant is pursuing their claim. The matter has been mediated without resolution and will be scheduled for hearing in the Supreme Court. Subject to the decision of the Supreme Court, the City could be liable to pay the claimant the difference between what the City has already paid and the amount the claimant has claimed.
- (ii) The City compulsorily acquired a portion of land at Lot 6 (359) Gngangara Road Wangara under the Land Administration Act 1997 (WA). The City's valuation (expert and legal advice) is in the vicinity of \$1,623,300 however the claimants' compensation claim is \$9,093,574. The City paid \$1,460,970 on 29 July 2011 however the claimant pursued their claim in the Supreme Court. The matter was heard in the Supreme Court in late 2016 with judgement handed down on 26 October 2017 awarding the claimant the amount of \$1,916,937 plus applicable interest. The City is required to pay the claimant the difference between what the City has already paid and the amount the Supreme Court awarded plus the applicable interest amounting to \$457,742.
- (iii) The City is currently in dispute in relation to parcel of land at Lot 1 and 8 Wanneroo Road Wanneroo. The landowner has lodged a claim for compensation for injurious affection against the City and the Western Australian Planning Commission for the amount of \$14,085,000. The City's exposure is the amount of \$12,490,500. The landowner claims \$12,490,500 compensation for injurious affection to a land area of 1.1266 hectares. On the current Cell value, the area would attract \$1,950,000 per hectare acquisition value, totalling \$2,196,870. The matter was heard both in the State Administrative Tribunal (SAT) and then on appeal to the Supreme Court in which the City was successful on both occasions. The claimant has further appealed to the full bench of the Supreme Court with the matter to be heard in 2017. The City has not yet acquired this land.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 15. Contingent Liabilities and Contingent Assets (continued)

(iv) In accordance with District Planning Scheme No. 2, contributions have been collected to undertake infrastructure and capital works in respect of East Wanneroo (Cells 1 to 9). Excess contributions (after all infrastructure and capital works, and all other deductions) are required to be distributed back to the parties that made the contributions. The unspent funds at any time is recorded with the Town Planning Schemes Equity section of the Statement of Financial Position.

#### Note 16. Capital and Leasing Commitments

\$	2017 Actual	2016 Actual
<b>Capital Expenditure Commitments</b>		
<b>Contracted for:</b>		
- Land and Building Works	8,881,800	21,967,128
- Engineering Works	1,559,185	5,871,145
- Parks Works	1,219,172	1,732,854
- Plant & Equipment Purchases	1,203,617	361,870
<b>Total Capital Expenditure Commitments</b>	<b>12,863,774</b>	<b>29,932,997</b>
<b>Payable:</b>		
- Not later than one year	12,863,774	29,932,997
<b>Total Capital Expenditure Commitments</b>	<b>12,863,774</b>	<b>29,932,997</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 17 Equity Accounted Investments

##### (a) Tamala Park Regional Council

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council. The establishment of the Tamala Park Regional Council was pursuant to Section 3.61 of the *Local Government Act 1995*. The Tamala Park Regional Council formally came into existence on the 3 February 2006. The Tamala Park Regional Council's activities 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 and also receive one sixth of net proceeds.

\$	2017 Actual	2016 Actual
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##### (i) Retained Surplus Attributable to Equity Accounted Investments

Balance at beginning of the financial year	226,100	142,792
Share of Profit from activity after tax	46,690	83,308
<b>Balance at end of the Financial Year</b>	<b>272,790</b>	<b>226,100</b>

##### (ii) Carrying Amount of Equity Accounted Investments

Balance at beginning of the financial year	8,203,429	8,015,712
Share of profit/(loss) from activity after tax	46,690	83,308
Share of Revaluation of Assets	-	(194)
Distribution to participants	(1,833,333)	(2,500,001)
Movement in Capital Contributions	448,794	2,604,604
<b>Balance at end of the Financial Year</b>	<b>6,865,580</b>	<b>8,203,429</b>

The City's interest in the Regional Council as at 30 June 2017 and 30 June 2016 is as follows:

<b>Interest in Regional Council</b>	<b>6,865,580</b>	<b>8,203,429</b>
Current Assets	6,587,378	7,923,410
Non-Current Assets	324,981	321,895
<b>Total Assets</b>	<b>6,912,359</b>	<b>8,245,305</b>
Current Liabilities	(46,346)	(32,434)
Non-Current Liabilities	(433)	(9,442)
<b>Total Liabilities</b>	<b>(46,779)</b>	<b>(41,876)</b>
<b>Net Assets</b>	<b>6,865,580</b>	<b>8,203,429</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 17. Equity Accounted Investments (continued)

##### (b) Mindarie Regional Council

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Mindarie Regional Council. The Mindarie Regional Council's objective is to establish and operate a long term refuse disposal site on Mindarie Lot 9504 on Deposit Plan 52070. The City of Wanneroo has contributed one sixth of the land and establishment costs of the refuse disposal facility. The City uses the refuse disposal facility at Mindarie to deposit all non recyclable waste collected by the City's domestic waste services. Capital contributions paid during establishment are represented in the accounts of the City of Wanneroo as a Non-Current Asset.

\$	2017 Actual	2016 Actual
<b>(i) Retained Surplus Attributable to Equity Accounted Investments</b>		
Balance at beginning of the financial year	5,299,185	4,873,202
Share of (Loss)/Profit from activity after tax	(3,354)	425,983
Adjustment on Asset Disposal	9,922	-
<b>Balance at end of the Financial Year</b>	<b>5,305,753</b>	<b>5,299,185</b>
<b>(ii) Carrying Amount of Equity Accounted Investments</b>		
Balance at beginning of the financial year	10,837,035	6,385,241
Share of profit/(loss) from activity after tax	(3,354)	425,983
Adjustment on Asset Disposal	9,922	-
Share of Revaluation of assets	44,779	3,981,136
Movement in Capital Contributions	47,441	44,675
<b>Balance at end of the Financial Year</b>	<b>10,935,823</b>	<b>10,837,035</b>
The City's interest in the regional council as at 30 June 2017 and 30 June 2016 is as follows:		
<b>Interest in Regional Council</b>	<b>10,935,823</b>	<b>10,837,035</b>
Current Assets	4,863,624	4,760,650
Non-Current Assets	9,995,588	10,564,436
<b>Total Assets</b>	<b>14,859,212</b>	<b>15,325,086</b>
Current Liabilities	(1,159,909)	(1,776,583)
Non-Current Liabilities	(2,763,480)	(2,711,468)
<b>Total Liabilities</b>	<b>(3,923,389)</b>	<b>(4,488,051)</b>
<b>Net Assets</b>	<b>10,935,823</b>	<b>10,837,035</b>
<b>Total Carry Amount - Equity Accounted Investments</b>	<b>17,801,403</b>	<b>19,040,464</b>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 18. Trust Funds

\$	Balance 01-Jul-16	Amounts Received	Amounts Paid	Balance 30-Jun-17
Miscellaneous/Appeals	34,832	5,748	(8,661)	31,919
Public Open Space	2,864,948	228,945	-	3,093,893
	<b>2,899,780</b>	<b>234,693</b>	<b>(8,661)</b>	<b>3,125,812</b>

#### Note 19. Total Assets Classified by Function and Activity

\$	2017 Actual	2016 Actual
Governance	55,466,515	38,923,282
Law, Order, Public Safety	1,949,607	1,743,809
Health	2,512,190	2,525,018
Education & Welfare	3,064,653	3,564,672
Community Amenities	58,767,466	55,654,885
Recreation & Culture	634,333,899	581,592,298
Transport	1,672,203,885	1,342,763,242
Economic Services	1,715,923	1,985,632
Other Property & Services	82,047,987	81,452,285
Unallocated (Assets other than Fixed Assets)	399,456,131	367,662,606
	<b>2,911,518,256</b>	<b>2,477,867,729</b>

#### Note 20. Acquisition of Assets

\$	2017 Actual	2017 Budget
<b>By Class</b>		
<i>Property, Plant &amp; Equipment</i>	7(b)	
- Buildings	5,450,238	51,162,468
- Furniture and Equipment	2,140,322	5,309,971
- Plant and Equipment	3,030,040	5,799,358
- Works in Progress	20,074,549	-
<i>Infrastructure</i>	8(b)	
- Roads	43,773,456	59,222,982
- Drainage	5,126,773	6,295,000
- Other Infrastructure	2,699,940	-
- Pathways	5,103,455	3,695,000
- Car Parks	188,694	-
- Reserves	16,178,868	10,943,608
- Works in Progress	9,833,691	-
	<b>113,600,026</b>	<b>142,428,387</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 20. Acquisition of Assets (continued)

\$	2017 Actual	2017 Budget
The City received assets to the value of \$46,668,551 from developers. The value of these assets is included in total value of Acquisition of Assets \$113,600,025 on page 55. The value of the assets by Class are as follows:		
<i>Infrastructure</i>		
- Roads	30,280,800	41,000,000
- Drainage	5,071,199	6,000,000
- Parks & Gardens	6,531,388	3,000,000
- Pathways	4,785,164	-
	<b>46,668,551</b>	<b>50,000,000</b>

## Note 21. Disposal of Assets

\$	Notes	Net Book Value		Sale Price		Profit/(Loss)	
		Actual	Budget	Actual	Budget	Actual	Budget
The following assets were disposed of during the year.							
<b>By Program</b>							
Governance		5,205		-		(5,205)	-
Other Property and Services		2,523,990	2,174,381	4,442,197	5,481,043	1,918,207	3,306,662
		<b>2,529,195</b>	<b>2,174,381</b>	<b>4,442,197</b>	<b>5,481,043</b>	<b>1,913,002</b>	<b>3,306,662</b>
<b>By Class</b>							
<i>Land Held for Resale</i>		1,339,299	926,671	3,322,186	4,233,333	1,982,887	3,306,662
<i>Property, Plant &amp; Equipment</i>	7(b)						
Furniture and Equipment		5,205		-		(5,205)	-
Plant and Equipment		1,184,691	1,247,710	1,120,011	1,247,710	(64,680)	-
<b>Total</b>		<b>2,529,195</b>	<b>2,174,381</b>	<b>4,442,197</b>	<b>5,481,043</b>	<b>1,913,002</b>	<b>3,306,662</b>

\$	2017 Actual	2017 Budget	2016 Actual
<b>Summary</b>			
Profit on Asset Disposals	2,136,186	3,806,662	4,708,829
Loss on Asset Disposals	(223,184)	(500,000)	(480,362)
<b>Net Profit/(Loss) on Disposal of Assets</b>	<b>1,913,002</b>	<b>3,306,662</b>	<b>4,228,467</b>



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 22. Financial Ratios

	2017	2016	2015
<i>Liquidity Ratio</i>			
<b>1. Current Ratio</b> <sup>(1)</sup>			
<u>Current Assets less Restricted Current Assets</u>	<b>0.86 : 1</b>	0.88 : 1	0.85 : 1
Current Liabilities less Liabilities Associated with Restricted Assets			
<i>Debt Ratio</i>			
<b>2. Debt Service Cover Ratio</b> <sup>(2)</sup>			
<u>Operating Surplus before Interest and Depreciation Expense</u>	<b>14.86 : 1</b>	13.26 : 1	21.74 : 1
Principal and Interest Repayments			
<i>Coverage Ratio</i>			
<b>3. Own Source Revenue Coverage Ratio</b> <sup>(3)</sup>			
<u>Own Source Operating Revenue</u>	<b>1.00 : 1</b>	1.02 : 1	1.14 : 1
Operating Expense			
<i>Financial Performance Ratio</i>			
<b>4. Operating Surplus Ratio</b> <sup>(4)</sup>			
<u>Operating Revenue less Operating Expense</u>	<b>0.09 : 1</b>	0.08 : 1	0.21 : 1
Own Source Operating Revenue			
<i>Asset Management Ratios</i>			
<b>5. Asset Consumption Ratio</b> <sup>(5)</sup>			
<u>Depreciated Replacement Cost of Depreciable Assets</u>	<b>0.73 : 1</b>	0.73 : 1	0.84 : 1
Current Replacement Cost of Depreciable Assets			
<b>6. Asset Sustainability Ratio</b> <sup>(6)</sup>			
<u>Capital Renewal and Replacement Expenditure</u>	<b>0.23 : 1</b>	0.28 : 1	0.31 : 1
Depreciation Expense			
<b>7. Asset Renewal Funding Ratio</b> <sup>(7)</sup>			
<u>NPV of Planned Capital Renewals over 10 years</u>	<b>0.74 : 1</b>	0.72 : 1	0.74 : 1
NPV of Required Capital Expenditure over 10 years			

#### Notes

- (1) This ratio is designed to focus on the liquidity position of the Council that has arisen from past year's transactions.
- (2) This ratio is the measurement of Council's ability to repay its debt including lease payments.
- (3) This ratio is the measurement of Council's ability to cover its costs through its own revenue efforts.
- (4) This ratio is a measure of Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.
- (5) This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.
- (6) This ratio indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.
- (7) This ratio is a measure of the ability of Council to fund its projected asset renewal/replacements in the future.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 23. Information on Borrowings

\$	Principal 01-Jul-16 Actual	Interest Repayments Actual	Budget	Principal 30-Jun-17 Actual	Budget
<b>(a) Loan Repayments</b>					
<b>Loan 1</b>					
<b>Recreation &amp; Culture</b>					
- Wanneroo Regional Museum and Library	10,416,178	705,375	705,175	10,416,178	10,416,178
- Construct Community Centre - Butler	278,000	18,826	18,821	278,000	278,000
- Develop Accessible and Inclusive Playgrounc	222,000	15,034	15,029	222,000	222,000
- Kingsway Regional Sporting Complex	20,840,902	1,411,329	1,413,040	20,840,902	20,840,902
- Upgrade Aquamotion	7,926,000	536,742	536,590	7,926,000	7,926,000
- Yanchep Active Open Space	56,460	3,823	3,822	56,460	56,460
- Kingsway Regional Playground	650,000	44,017	44,005	650,000	650,000
- Yanchep Lagoon - Brazier Road Realignmen	3,859,181	261,341	260,743	3,859,181	3,859,181
- Yanchep Surf Life Saving Club	1,157,500	78,385	103,581	1,157,500	1,157,500
- Southern Suburbs Library	5,800,000	392,771	392,660	5,800,000	5,800,000
<b>Transport</b>					
- Pinjar Road - Wanneroo and Carosa Road	728,849	49,357	49,343	728,849	728,849
- Upgrade Rocca Way Dundobar Road	54,715	3,705	3,704	54,715	54,715
- Flynn Drive Neerabup - Construct Road	3,367,220	228,025	175,132	3,367,220	3,367,220
<b>Other Property &amp; Services</b>					
- Develop Industrial Estate - Neerabup	317,887	21,527	21,521	317,887	317,887
- Redevelop Wanneroo Townsite	1,214,615	82,253	82,229	1,214,615	1,214,615
- Redevelop Koondoola Precinct	1,293,000	87,561	87,536	1,293,000	1,293,000
- Develop Wangara Industrial Area (Lot 257)	43,857	2,970	33,647	43,857	43,857
- Develop Wangara Industrial Area (Lot 15)	2,550,024	172,685	167,982	2,550,024	2,550,024
- Lot 12 Fowey Loop	1,800	(1,043)	122	1,800	1,800

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 23. Information on Borrowings (continued)

\$	Principal 01-Jul-16 Actual	Interest Repayments		Principal 30-Jun-17	
		Actual	Budget	Actual	Budget
<b>(a) Loan Repayments (continued)</b>					
<b>Loan 2</b>					
<b>Recreation &amp; Culture</b>					
			500,000	11,100,000	
- Yancheper Active Open Space Oval Ground Works	-	9,507	-	1,037,331	-
- Yancheper District Playing Fields	-	21,338	-	2,328,272	-
- Yancheper District Sports Amenities Building Stage 1	-	4,030	-	439,828	-
- Yancheper Surf Life Saving Club	-	16,446	-	1,794,569	-
	<b>60,778,188</b>	<b>4,166,004</b>	<b>4,614,682</b>	<b>66,378,188</b>	<b>71,878,188</b>
<b>(b) New Loans</b>					
<b>Loan 2</b>					
<b>Recreation &amp; Culture</b>					
			500,000	11,100,000	
- Yancheper Active Open Space Oval Ground Works	-	9,507	-	1,037,331	-
- Yancheper District Playing Fields	-	21,338	-	2,328,272	-
- Yancheper District Sports Amenities Building Stage 1	-	4,030	-	439,828	-
- Yancheper Surf Life Saving Club	-	16,446	-	1,794,569	-
	<b>-</b>	<b>51,321</b>	<b>500,000</b>	<b>5,600,000</b>	<b>11,100,000</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 23. Information on Borrowings (continued)

	Date Borrowed	Balance* 01-Jul-16	Borrowed During Year	Expended During Year	Balance 30-Jun-17
\$					
<b>(c) Unspent Loans</b>					
<b>Loan 1</b>					
<b>Recreation &amp; Culture</b>					
Kingsway Regional Sporting Complex	1 Dec 2006	1,950,832	-	(52,600)	1,898,232
Southern Suburbs Library	1 Dec 2006	5,800,000	-	-	5,800,000
<b>Transport</b>					
Flynn Drive Neerabup - Construct Road	1 Dec 2006	2,152,895	-	(341,555)	1,811,340
<b>Other Property &amp; Services</b>					
Develop Wangara Industrial Area (Lot 15)	1 Dec 2006	1,389,000	-	(35,458)	1,353,542
<b>Loan 2</b>					
<b>Yanchep Development Area Projects</b>					
Yanchep Active Open Space Oval Ground Works		-	1,037,331	(1,037,331)	-
Yanchep District Playing Fields		-	2,328,272	(2,167,396)	160,876
Yanchep District Sports Amenities Building Stage 1		-	439,828	(439,828)	-
Yanchep Surf Life Saving Club		-	1,794,569	(1,794,569)	-
		<b>11,292,727</b>	<b>5,600,000</b>	<b>(5,868,737)</b>	<b>11,023,990</b>

\* 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. This was done so as part of the 2016/17 Budget. As such, the table above indicates the resulting change in the unspent balance in column "Balance 01-Jul-16" resulting from the change of purpose of borrowings.

**(d) Overdraft**

The City operates separate bank accounts for each of its Town Planning Schemes and Structure plans as recorded in Note 14. In addition to these bank accounts, the City uses four operating bank accounts, the Municipal Fund, Advance Account, Reserve Account and Trust Fund. The grouped total of these limits is \$1,000,000 and no overdraft was required as at 30 June 2016 or 30 June 2017.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 24. Rating Information (2016/17 Financial Year)

	Rate in \$	Number of Properties	Rateable Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
\$	Notes										
<b>Rate Type</b>											
<b>Differential General Rate</b>											
GRV - Residential Improved	7.7581	50,353	1,064,161,232	82,558,688	3,631,480	-	<b>86,190,168</b>	82,511,129	1,820,925		<b>84,332,054</b>
GRV - Residential Vacant	11.8820	3,129	60,033,460	7,133,177	(940,474)	-	<b>6,192,703</b>	7,134,085			<b>7,134,085</b>
GRV - Commercial/Industrial Improved	6.3874	2,612	311,169,944	19,875,669	626,774	-	<b>20,502,443</b>	19,783,829	436,606		<b>20,220,435</b>
GRV - Commercial/Industrial Vacant	5.9420	176	14,353,250	852,870	(112,762)	-	<b>740,108</b>	869,627			<b>869,627</b>
UV - Residential Improved	0.3568	187	163,124,845	582,029	(2,621)	-	<b>579,408</b>	582,029	12,845		<b>594,874</b>
UV - Residential Vacant	0.5283	98	675,330,000	3,567,768	(20,030)	-	<b>3,547,738</b>	3,567,768			<b>3,567,768</b>
UV - Commercial/Industrial Improved	0.2697	38	78,232,042	210,992	(17,367)	-	<b>193,625</b>	209,508	4,624		<b>214,132</b>
UV - Commercial/Industrial Vacant	0.2957	9	26,320,000	77,828	19,541	-	<b>97,369</b>	77,828			<b>77,828</b>
UV - Rural and Mining Improved	0.3500	404	647,985,467	2,267,949	(88,269)	-	<b>2,179,680</b>	2,267,949			<b>2,267,949</b>
UV - Rural and Mining Vacant	0.3809	84	90,060,000	343,039	(2,399)	-	<b>340,640</b>	343,039			<b>343,039</b>
<b>Sub-Total</b>		<b>57,090</b>	<b>3,130,770,240</b>	<b>117,470,009</b>	<b>3,093,873</b>	<b>-</b>	<b>120,563,882</b>	<b>117,346,791</b>	<b>2,275,000</b>	<b>-</b>	<b>119,621,791</b>

\* GRV = Gross Rental Value

UV = Unimproved Value

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 24. Rating Information (2016/17 Financial Year) (continued)

\$	Notes	Number of Properties	Rateable Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
<b>Minimum Rates</b>											
	Minimum										
	GRV - Residential Improved	1,305	15,141	228,818,144	19,759,005		19,759,005	19,760,311	-	-	19,760,311
	GRV - Residential Vacant	745	2,637	13,000,301	1,964,565		1,964,565	1,957,860	-	-	1,957,860
	GRV - Commercial/Industrial Improved	1,280	499	7,628,827	638,720		638,720	629,760	-	-	629,760
	GRV - Commercial/Industrial Vacant	1,280	32	487,155	40,960		40,960	39,680	-	-	39,680
	GRV - Commercial/Industrial Improved - Lesser Minimum Strata	640	77	247,999	49,280		49,280	49,280	-	-	49,280
	UV - Residential Improved	1,305	6	1,953,113	7,830		7,830	7,830	-	-	7,830
	UV - Residential Vacant	745	3	30,700	2,235		2,235	2,235	-	-	2,235
	UV - Commercial/Industrial Improved	1,280	7	1,630,000	8,960		8,960	7,680	-	-	7,680
	UV - Rural and Mining Improved	1,292	2	614,533	2,584		2,584	2,584	-	-	2,584
	UV - Rural and Mining Vacant	868	33	345,256	28,644		28,644	28,644	-	-	28,644
	<b>Sub-Total</b>	<b>18,437</b>	<b>254,756,028</b>	<b>22,502,783</b>	-	-	<b>22,502,783</b>	<b>22,485,864</b>	-	-	<b>22,485,864</b>
	Ex Gratia Rates						23,730				20,000
	<b>Totals</b>						<b>143,090,395</b>				<b>142,127,655</b>

\* GRV = Gross Rental Value

UV = Unimproved Value

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 25. Discounts, Incentives, Concessions & Write-offs (2016/17 Financial Year)

\$	Type	Total Cost / Value	Budget Cost / Value
<b>Details</b>			
Debts Written Off	Write Off	55	-
Community Groups Rates Waiver	Waiver	78,051	80,000
		<u>78,106</u>	<u>80,000</u>

No rates discounts have been budgeted for the 2016/2017 Financial year.

Council Rates (excluding Emergency Services Levy) for land leased by the City to the following community groups):

- 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
- 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 Ju Football Club
- Wanneroo BMX Club
- Wanneroo City Soccer 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
- Wanneroo Tennis Club
- Wanneroo Trotting & Training Club Inc.
- Yancheper Golf Club
- Yancheper Sports Club Inc.
- Yancheper Surf Lifesaving Club Inc.
- Youth Futures WA (inc).

The circumstances in which the waiver is granted to sporting clubs is when Council believes financial support is warranted. The objective is improving these clubs financial viability in order to assist with the fostering of good health in the community.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 26. Interest Charges and Instalments (2016/17 Financial Year)

\$	Interest Rate %	Admin. Charge	Revenue	Budgeted Revenue
Interest on Unpaid Rates	8.45%	-	1,376,674	929,500
Interest on Instalments Plan	5.50%	-	676,459	620,000
			<b>2,053,133</b>	<b>1,549,500</b>
Charges on Instalment Plan			375,156	379,100
			<b>2,428,289</b>	<b>1,928,600</b>

An interest rate of 8.45% (2016: 8.45%) was 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). Three option plans were 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 becomes 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, 9 January 2017 and 13 March 2017).

##### Cost of the instalment Options

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

##### Special Arrangements and Late Payment Penalty

In addition to the late payment interest of 8.45%, an administration fee of \$25.00 (2016: \$25.00) per assessment is charged to any ratepayers wishing to enter into special payment agreements with the City.



## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 27. Fees & Charges

\$	2017 Actual	2017 Budget	2016 Actual
Governance	21,391	29,408	28,112
General Purpose Funding	485,178	548,900	493,275
Law, Order, Public Safety	758,032	929,000	809,800
Health	432,935	319,860	309,593
Education and Welfare	339,668	375,282	362,581
Community Amenities	3,383,458	6,095,907	4,623,309
Recreation and Culture	7,113,483	7,547,598	7,315,292
Transport	1,042,439	1,010,000	960,638
Economic Services	2,411,383	2,902,000	2,878,392
Other Property and Services	5,951	6,003	5,921
	<b>15,993,918</b>	<b>19,763,958</b>	<b>17,786,913</b>

#### Note 28. Grants, Subsidies & Contributions

\$	2017 Actual	2016 Actual
----	----------------	----------------

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

##### (a) By Nature & Type

Operating Grants, Subsidies and Contributions	16,575,517	10,324,953
Non-Operating Grants, Subsidies and Contributions	83,706,469	88,709,347
	<b>100,281,986</b>	<b>99,034,300</b>

##### (b) By Program

Governance	383,579	1,192,381
General Purpose Funding	10,204,805	3,336,040
Law, Order, Public Safety	439,143	487,563
Health	178,790	59,884
Education & Welfare	3,574,109	3,817,472
Community Amenities	87,370	179,389
Recreation & Culture	10,052,313	16,268,012
Transport	75,213,274	72,472,510
Economic Services	4,030	7,916
Other Property & Services	144,573	1,213,133
	<b>100,281,986</b>	<b>99,034,300</b>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 29. Employee Numbers

\$	2017 Actual	2016 Actual	2015 Actual
The number of full-time equivalent employees at balance date	849	854	853

#### Note 30. Councillor Remuneration

\$	2017 Actual	2017 Budget	2016 Actual
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	479,137	469,530	478,950
Mayor's Allowance	88,856	88,864	87,550
Deputy Mayor's Allowance	22,214	22,216	21,887
Travelling & Other Expenses	13,129	132,105	18,296
Telecommunications Allowance	52,500	52,500	52,500
	<u>655,836</u>	<u>765,215</u>	<u>659,183</u>

#### Note 31. Employee Costs

\$	2017 Actual	2016 Actual
Wages and Salaries	63,331,629	60,386,890
Superannuation	6,806,213	6,572,538
Fringe Benefits Tax	344,820	460,920
Conference and Training	579,474	585,069
Workers' Compensation Insurance	1,991,746	2,430,446
External Labour Hire	3,276,527	2,756,042
Protective Clothing & Uniforms	236,676	334,754
Staff Amenities (Milk/Tea/Coffee)	48,449	49,159
Vehicle Usage Reimbursements	18,075	23,560
<b>Total Employee Costs</b>	<u>76,633,609</u>	<u>73,599,378</u>
less: Capitalised Costs	<u>(3,941,247)</u>	<u>(3,770,405)</u>
	<u>72,692,362</u>	<u>69,828,973</u>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 32. Related Party Transactions

\$	2017 Actual
----	----------------

##### Key Management Personnel (KMP) Compensation Disclosures

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

Short-term employee benefits	1,504,743
Post-employment benefits	162,771
Other long-term benefits	34,716
	<u>1,702,230</u>

##### **Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP. Details in respect to fees and benefits paid to elected members may be found at Note 30.

##### **Post-employee benefits**

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

##### **Other long-term benefits**

These amounts represent long service benefits accruing during the year.

##### Related Party

The City's main related parties are as follows:

##### **(a) Key Management Personnel**

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

##### **(b) Entities subject to significant influence by the City**

An entity that has the power to participate in the financial and operating policy decisions of an entity but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

##### **(c) Joint Venture Agreement accounted for under the equity method**

The City has one sixth interest in two regional councils. These interest are accounted for in these financial statements using the equity method of accounting. Refer to Note 17 for details of these interests.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 32. Related Party Transactions (continued)

\$	2017 Actual
<b><u>Transactions with related parties</u></b>	
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.	
The following transactions occurred with related parties:	
<b>Associated companies/individuals:</b>	
Sale of goods and services	53,736
Post-employment benefits	-
<b>Joint venture entities:</b>	
Distributions received from joint venture entities	-
<b>Amounts outstanding from related parties:</b>	
Trade and other receivables	4,567
Loans to associated entities	-
Loans to key management personnel	-
<b>Amounts payable to related parties:</b>	
Trade and other payables	-
Loans from associated entities	-

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 33. Major Land Transactions

##### (a) Town Planning Schemes

The City's major land transactions incorporated in the 2016/2017 Financial Report relate to its role in Town Planning and Regional Development. In addition to its involvement with the Cities of Perth, Stirling and Joondalup and the Towns of Cambridge, Vincent and Victoria Park with Lot 17 Mindarie, the City has Town Planning Schemes and Development Areas in Operation:

Development Area	Locality
- Town Planning Scheme No 5 - Landsdale	- Landsdale
- East Wanneroo Development Area Cells 1-9	- East Wanneroo
- Berkley Road Local Structure Plan	- Marangaroo/Alexander Heights
- Neerabup Development	- Neerabup

The Development Contribution Plans for Yanchep/Two Rocks Community Facilities and Alkimos/Eglington Community Facilities are not disclosed in this note but they are disclosed in Note 36.

##### (i) Town Planning Scheme No 5 - Landsdale

An industrial zone guided development which was gazetted in June 1973. The total area of the scheme is approximately 100 hectares (ha). The western sectors comprising 47 ha is identified as Stage 1 and it was fully subdivided and developed in accordance with the scheme map several years ago.

The eastern sector of 53 ha known as Stage 2 is either low lying land comprising 2 ha parcels along Gnangara Road or an operating sand pit on two larger lots. Subdivision and development of this sector is entirely at the discretion of the individual land owners. It appears unlikely that there will be any subdivision or development undertaken in this sector in the short term.

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Interest on Investments	19,378	21,286	20,224
	19,378	21,286	20,224
<b>Net Result</b>	<b>19,378</b>	<b>21,286</b>	<b>20,224</b>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(i) Town Planning Scheme No 5 - Landsdale (continued)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	697,132	695,834	677,754
Total Current Assets	697,132	695,834	677,754
<b>TOTAL ASSETS</b>	<b>697,132</b>	<b>695,834</b>	<b>677,754</b>
<b>Net Assets</b>	<b>697,132</b>	<b>695,834</b>	<b>677,754</b>
<b>EQUITY</b>			
Accumulated Surplus	697,132	695,834	677,754
<b>Total Equity</b>	<b>697,132</b>	<b>695,834</b>	<b>677,754</b>

**East Wanneroo Development Area - Cells 1 - 9**

The East Wanneroo Cells 1-9 provide for the development of the area generally east of Wanneroo Road between Hepburn Avenue and Flynn Drive. It will provide for residential, industrial and commercial subdivision/development to complement existing pockets of those land uses within the scheme area.

The area consists of 10 cells, which provide for regional infrastructure including public open space and regional roads. The format, structure and funding aspects are subject to ongoing review. The costing mechanisms are yet to be finalised for Cell 9.

**(ii) East Wanneroo Development Area - Cell 1**

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Headworks Levy	259,549	1,110,929	-
Interest on Investments	802,916	878,012	833,851
	1,062,465	1,988,941	833,851
Operating Expense			
Advertising	-	(100)	(325)
Compensation Payments - Public Open Space	-	(1,317,000)	-
Consulting Fees	(44,170)	(2,000)	-
Legal Fees	(1,202)	-	(936)
Administration Allocation	(193,000)	(25,000)	(22,965)
Audit Fees	(2,560)	-	-
	(240,932)	(1,344,100)	(24,226)
<b>Net Result</b>	<b>821,533</b>	<b>644,841</b>	<b>809,625</b>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(ii) East Wanneroo Development Area - Cell 1 (continued)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	28,716,586	28,008,325	27,895,053
Total Current Assets	<u>28,716,586</u>	<u>28,008,325</u>	<u>27,895,053</u>
<b>TOTAL ASSETS</b>	<u>28,716,586</u>	<u>28,008,325</u>	<u>27,895,053</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><u>28,716,586</u></u>	<u><u>28,008,325</u></u>	<u><u>27,895,053</u></u>
<b>EQUITY</b>			
Accumulated Surplus	28,716,586	28,008,325	27,895,053
<b>Total Equity</b>	<u><u>28,716,586</u></u>	<u><u>28,008,325</u></u>	<u><u>27,895,053</u></u>

**(iii) East Wanneroo Development Area - Cell 2**

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Headworks Levy	1,778,423	1,705,337	609,049
Interest on Investments	207,328	196,979	190,394
	<u>1,985,751</u>	<u>1,902,316</u>	<u>799,443</u>
<b>Operating Expense</b>			
Advertising	-	(100)	(325)
Construction Costs	-	-	(38,825)
Compensation Payments - Public Open Space	-	-	(63,368)
Consulting Fees	(1,500)	(2,000)	-
Legal Fees	(1,202)	-	(936)
Valuation Fees	(206)	-	-
Administration Allocation	(72,743)	(20,000)	(5,300)
	<u>(75,651)</u>	<u>(22,100)</u>	<u>(108,754)</u>
<b>Net Result</b>	<u><u>1,910,100</u></u>	<u><u>1,880,216</u></u>	<u><u>690,689</u></u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(iii) East Wanneroo Development Area - Cell 2 (continued)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	8,550,648	8,439,035	6,640,548
Total Current Assets	<u>8,550,648</u>	<u>8,439,035</u>	<u>6,640,548</u>
<b>TOTAL ASSETS</b>	<u>8,550,648</u>	<u>8,439,035</u>	<u>6,640,548</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><b>8,550,648</b></u>	<u><b>8,439,035</b></u>	<u><b>6,640,548</b></u>
<b>EQUITY</b>			
Accumulated Surplus	8,550,648	8,439,035	6,640,548
<b>Total Equity</b>	<u><b>8,550,648</b></u>	<u><b>8,439,035</b></u>	<u><b>6,640,548</b></u>

**(iv) East Wanneroo Development Area - Cell 3**

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Interest on Investments	41,930	46,185	43,844
	<u>41,930</u>	<u>46,185</u>	<u>43,844</u>
Operating Expense			
Advertising	-	(100)	(325)
Consulting Fees	(1,500)	(2,000)	-
Legal Fees	(1,202)	-	(936)
Administration Allocation	(48,672)	(20,000)	(1,767)
	<u>(51,374)</u>	<u>(22,100)</u>	<u>(3,028)</u>
<b>Net Result</b>	<u><b>(9,444)</b></u>	<u><b>24,085</b></u>	<u><b>40,816</b></u>



## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(iv) East Wanneroo Development Area - Cell 3 (continued)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	1,456,433	1,471,823	1,465,877
Total Current Assets	<u>1,456,433</u>	<u>1,471,823</u>	<u>1,465,877</u>
<b>TOTAL ASSETS</b>	<u>1,456,433</u>	<u>1,471,823</u>	<u>1,465,877</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><b>1,456,433</b></u>	<u><b>1,471,823</b></u>	<u><b>1,465,877</b></u>
<b>EQUITY</b>			
Accumulated Surplus	1,456,433	1,471,823	1,465,877
<b>Total Equity</b>	<u><b>1,456,433</b></u>	<u><b>1,471,823</b></u>	<u><b>1,465,877</b></u>

**(v) East Wanneroo Development Area - Cell 4**

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Development Headworks Levy	1,492,963	6,998,265	2,751,092
Interest on Investments	423,326	493,802	448,607
	<u>1,916,289</u>	<u>7,492,067</u>	<u>3,199,699</u>
Operating Expense			
Advertising	-	(100)	(325)
Audit Fees	(23,328)	-	-
Compensation Payments - Public Open Space	-	(8,564,600)	-
Construction Costs	(131,324)	(650,000)	(4,522,101)
Consulting Fees	(1,500)	(2,000)	-
Legal Fees	(138,136)	-	(163,954)
Administration Allocation	(106,476)	(25,000)	(12,366)
	<u>(400,764)</u>	<u>(9,241,700)</u>	<u>(4,698,746)</u>
<b>Net Result</b>	<u><b>1,515,525</b></u>	<u><b>(1,749,633)</b></u>	<u><b>(1,499,047)</b></u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(v) East Wanneroo Development Area - Cell 4 (continued)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	14,639,018	4,983,324	13,123,491
Total Current Assets	<u>14,639,018</u>	<u>4,983,324</u>	<u>13,123,491</u>
<b>TOTAL ASSETS</b>	<u>14,639,018</u>	<u>4,983,324</u>	<u>13,123,491</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><u>14,639,018</u></u>	<u><u>4,983,324</u></u>	<u><u>13,123,491</u></u>
<b>EQUITY</b>			
Accumulated Surplus	14,639,018	4,983,324	13,123,491
<b>Total Equity</b>	<u><u>14,639,018</u></u>	<u><u>4,983,324</u></u>	<u><u>13,123,491</u></u>

**(vi) East Wanneroo Development Area - Cell 5**

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Development Headworks Levy	1,714,564	1,576,364	34,429
Interest on Investments	253,309	343,734	325,760
	<u>1,967,873</u>	<u>1,920,098</u>	<u>360,189</u>
Operating Expense			
Advertising	-	(100)	(325)
Compensation Payments - Public Open Space	(433,673)	(1,800,000)	(3,585,986)
Legal Fees	(14,857)	-	(205,239)
Consulting Fees	-	(2,000)	(119,720)
Administration Allocation	(63,391)	(20,000)	(12,366)
	<u>(511,921)</u>	<u>(1,822,100)</u>	<u>(3,923,636)</u>
<b>Net Result</b>	<u><u>1,455,952</u></u>	<u><u>97,998</u></u>	<u><u>(3,563,447)</u></u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(vi) East Wanneroo Development Area - Cell 5 (continued)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	9,153,704	7,056,986	7,703,578
Total Current Assets	9,153,704	7,056,986	7,703,578
<b>TOTAL ASSETS</b>	<b>9,153,704</b>	<b>7,056,986</b>	<b>7,703,578</b>
<b>LIABILITIES</b>			
Current Liabilities			
Trade and Other Payables		-	(5,827)
Total Current Liabilities	-	-	(5,827)
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>(5,827)</b>
<b>Net Assets</b>	<b>9,153,704</b>	<b>7,056,986</b>	<b>7,697,751</b>
<b>EQUITY</b>			
Accumulated Surplus	9,153,704	7,056,986	7,697,751
<b>Total Equity</b>	<b>9,153,704</b>	<b>7,056,986</b>	<b>7,697,751</b>

**(vii) East Wanneroo Development Area - Cell 6**

\$	2017 Actual	2017 Budget	2016 Actual
<b>Operating Income</b>			
Development Headworks Levy	1,399,820	1,480,720	1,709,691
Interest on Investments	783,945	852,247	811,355
	2,183,765	2,332,967	2,521,046
<b>Operating Expense</b>			
Advertising	-	(100)	(326)
Legal Fees	(1,202)	-	(936)
Contract Expenses	-	-	(8,890)
Construction Costs	(4,279)	(15,000)	(10,000)
Consulting Fees	(3,361)	(6,000)	-
Compensation Payments - Road Reserves	(536,250)	-	(248,706)
Compensation Payments - Sump Land	-	(2,000,000)	-
Administration Allocation	(69,635)	(22,000)	(14,132)
Compensation Payments - Public Open Space	(1,739,159)	-	(819,340)
	(2,353,886)	(2,043,100)	(1,102,330)
<b>Net Result</b>	<b>(170,121)</b>	<b>289,867</b>	<b>1,418,716</b>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(vii) East Wanneroo Development Area - Cell 6 (continued)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	27,105,660	27,286,048	27,275,780
Total Current Assets	<u>27,105,660</u>	<u>27,286,048</u>	<u>27,275,780</u>
<b>TOTAL ASSETS</b>	<u>27,105,660</u>	<u>27,286,048</u>	<u>27,275,780</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><b>27,105,660</b></u>	<u><b>27,286,048</b></u>	<u><b>27,275,780</b></u>
<b>EQUITY</b>			
Accumulated Surplus	27,105,660	27,286,048	27,275,780
<b>Total Equity</b>	<u><b>27,105,660</b></u>	<u><b>27,286,048</b></u>	<u><b>27,275,780</b></u>

**(viii) East Wanneroo Development Area - Cell 7**

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Development Headworks Levy	-	526,000	223,221
Interest on Investments	122,813	152,300	146,071
	<u>122,813</u>	<u>678,300</u>	<u>369,292</u>
Operating Expense			
Advertising	-	(100)	(325)
Compensation Payments - Road Reserves	-	(2,000,000)	-
Legal Fees	(3,231)	-	(936)
Construction Costs	-	(15,000)	(10,000)
Contract Expenses	(1,745,905)	-	(9,047)
Consulting Fees	(7,835)	(6,000)	-
Administration Allocation	(109,916)	(25,000)	(14,132)
	<u>(1,866,887)</u>	<u>(2,046,100)</u>	<u>(34,440)</u>
<b>Net Result</b>	<u><b>(1,744,074)</b></u>	<u><b>(1,367,800)</b></u>	<u><b>334,852</b></u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(viii) East Wanneroo Development Area - Cell 7 (continued)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	3,220,127	2,097,884	4,964,201
Total Current Assets	<u>3,220,127</u>	<u>2,097,884</u>	<u>4,964,201</u>
<b>TOTAL ASSETS</b>	<u>3,220,127</u>	<u>2,097,884</u>	<u>4,964,201</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><b>3,220,127</b></u>	<u><b>2,097,884</b></u>	<u><b>4,964,201</b></u>
<b>EQUITY</b>			
Accumulated Surplus	3,220,127	2,097,884	4,964,201
<b>Total Equity</b>	<u><b>3,220,127</b></u>	<u><b>2,097,884</b></u>	<u><b>4,964,201</b></u>

**(ix) East Wanneroo Development Area - Cell 8**

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Development Headworks Levy	653,990	488,800	170,248
Interest on Investments	101,792	102,195	97,141
	<u>755,782</u>	<u>590,995</u>	<u>267,389</u>
Operating Expense			
Construction Costs	(39,886)	(50,000)	-
Advertising	-	-	(325)
Compensation Payments - Road Reserves	(36,022)	(1,820,000)	-
Legal Fees	(14,857)	-	(202,337)
Consulting Fees	-	(2,000)	(125,515)
Administration Allocation	(96,125)	(25,000)	(22,965)
	<u>(186,890)</u>	<u>(1,897,000)</u>	<u>(351,142)</u>
<b>Net Result</b>	<u><b>568,892</b></u>	<u><b>(1,306,005)</b></u>	<u><b>(83,753)</b></u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(ix) East Wanneroo Development Area - Cell 8 (continued)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	3,619,671	2,957,470	3,056,608
Total Current Assets	3,619,671	2,957,470	3,056,608
<b>TOTAL ASSETS</b>	<b>3,619,671</b>	<b>2,957,470</b>	<b>3,056,608</b>
<b>LIABILITIES</b>			
Current Liabilities			
Trade and Other Payables	-	-	(5,828)
Total Current Liabilities	-	-	(5,828)
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>(5,828)</b>
<b>Net Assets</b>	<b>3,619,671</b>	<b>2,957,470</b>	<b>3,050,780</b>
<b>EQUITY</b>			
Accumulated Surplus	3,619,671	2,957,470	3,050,780
<b>Total Equity</b>	<b>3,619,671</b>	<b>2,957,470</b>	<b>3,050,780</b>

**(x) East Wanneroo Development Area - Cell 9**

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Development Headworks Levy	1,384,815	4,861,950	7,860,426
Interest on Investments	511,081	643,198	596,106
	1,895,896	5,505,148	8,456,532
Operating Expense			
Advertising	-	(100)	-
Legal Fees	(13,278)	-	-
Consulting Fees	(864,276)	(2,000)	-
Construction Costs	-	-	(964,655)
Compensation Payments - Public Open Space	(697,915)	(865,000)	(7,691,002)
Compensation Payments - Road Reserves	(532,418)	-	(370,739)
Administration Allocation	(96,202)	(25,000)	(26,498)
Reimbursement Expenses - Other	(346,314)	-	(1,051,641)
	(2,550,403)	(892,100)	(10,104,535)
<b>Net Result</b>	<b>(654,507)</b>	<b>4,613,048</b>	<b>(1,648,003)</b>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(x) East Wanneroo Development Area - Cell 9 (continue)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	18,351,969	20,544,539	17,709,900
Total Current Assets	<u>18,351,969</u>	<u>20,544,539</u>	<u>17,709,900</u>
<b>TOTAL ASSETS</b>	<u>18,351,969</u>	<u>20,544,539</u>	<u>17,709,900</u>
<b>LIABILITIES</b>			
Current Liabilities			
Trade and Other Payables	(1,296,576)	-	-
Total Current Liabilities	<u>(1,296,576)</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>(1,296,576)</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<u><b>17,055,393</b></u>	<u><b>20,544,539</b></u>	<u><b>17,709,900</b></u>
<b>EQUITY</b>			
Accumulated Surplus	17,055,393	20,544,539	17,709,900
<b>Total Equity</b>	<u><b>17,055,393</b></u>	<u><b>20,544,539</b></u>	<u><b>17,709,900</b></u>

**(xi) Berkley Road Local Structure Plan**

The Berkley Road Local Structure Plan rationalises the drainage sumps, road system and open space requirements for the residential development of the area. All subdividing landowners in the area pay a development headworks levy to the City and those funds are used to compensate those owners who actually provide the drainage, regional road and open space sites.

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Interest on Investments	79,763	91,608	85,960
	<u>79,763</u>	<u>91,608</u>	<u>85,960</u>
Operating Expense			
Compensation Payments - Road Reserves	-	-	(207,092)
Administration Allocation	(166)	-	-
	<u>(166)</u>	<u>-</u>	<u>(207,092)</u>
<b>Net Result</b>	<u><b>79,597</b></u>	<u><b>91,608</b></u>	<u><b>(121,132)</b></u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(xi) Berkley Road Local Structure Plan (continued)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	2,867,903	2,857,844	2,788,306
Total Current Assets	<u>2,867,903</u>	<u>2,857,844</u>	<u>2,788,306</u>
TOTAL ASSETS	<u>2,867,903</u>	<u>2,857,844</u>	<u>2,788,306</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><u>2,867,903</u></u>	<u><u>2,857,844</u></u>	<u><u>2,788,306</u></u>
<b>EQUITY</b>			
Accumulated Surplus	2,867,903	2,857,844	2,788,306
<b>Total Equity</b>	<u><u>2,867,903</u></u>	<u><u>2,857,844</u></u>	<u><u>2,788,306</u></u>

**(xii) Neerabup Industrial Area Structure Plan**

The Neerabup Industrial Area Structure Plan No 17 is designed to provide for the industrial development contained within an area bounded by Wanneroo Road, Flynn Drive, Old Yanchep Road and Wattle Avenue. This industrial area will be a major employment centre for the North West residential corridor.

The format, structure and environmental aspects are being finalised for the ongoing development of the area. All landowners in the area will pay an infrastructure development contribution to the City for the provision of the shared infrastructure to service the industrial area.

The Neerabup Industrial Area Structure Plan has no operating transaction either in financial year 2015/2016 or 2016/2017.



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 33. Major Land Transactions (continued)

\$	2017 Actual	2017 Budget	2016 Actual
<b>(xii) Neerabup Industrial Area Structure Plan (continued)</b>			
<b>Financial Position</b>			
<b>LIABILITIES</b>			
Trade and Other Payables	(3,448,943)	(3,410,582)	(3,448,943)
Total Current Liabilities	<u>(3,448,943)</u>	<u>(3,410,582)</u>	<u>(3,448,943)</u>
<b>TOTAL LIABILITIES</b>	<u>(3,448,943)</u>	<u>(3,410,582)</u>	<u>(3,448,943)</u>
<b>Net Assets</b>	<u><b>(3,448,943)</b></u>	<u><b>(3,410,582)</b></u>	<u><b>(3,448,943)</b></u>
<b>EQUITY</b>			
Accumulated Surplus	(3,448,943)	(3,410,582)	(3,448,943)
<b>Total Equity/(Deficiency)</b>	<u><b>(3,448,943)</b></u>	<u><b>(3,410,582)</b></u>	<u><b>(3,448,943)</b></u>
<b>Total Equity of Planning/Land Development</b>	<u><b>113,633,332</b></u>	<u><b>102,988,530</b></u>	<u><b>109,840,498</b></u>

**(b) The development and subdivision of part Lot 118 Mindarie. (Tamala Park)**

The City of Wanneroo, along with the City of Perth, City of Stirling, City of Joondalup and the Town of Cambridge, City of Vincent and Town of Victoria Park is a member of the Tamala Park Regional Council.

The activities on Tamala Park Regional Council centers around the development of part Lot 118 Mindarie. This lot has been developed during the current and previous financial years with the purposes of creating new urban land lots and a new urban community.

The City of Wanneroo will contribute one sixth of any funding required for capital or operating costs and will also be entitled to one sixth of the net revenue from the sale of lots of land.

\$	2017 Actual	2016 Actual
Income from Sales	3,322,186	6,423,391
Development Expenses	<u>(2,825,965)</u>	<u>(3,767,111)</u>
Surplus/(Deficit)	<u><b>496,221</b></u>	<u><b>2,656,280</b></u>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 34. Financial Risk Management

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Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

Financial risk management is carried out by Council's Finance Department under policies approved by the Council.

The City held the following financial instruments at balance date:

	Notes	Carrying Value		Fair Value	
		2017	2016	2017	2016
<b>Financial Assets</b>					
Cash and Cash Equivalents	3	359,431,307	319,626,869	359,431,307	319,626,869
Receivables (Current & Non-Current)	5	21,868,298	22,407,588	21,868,298	22,407,588
		<u>381,299,605</u>	<u>342,034,457</u>	<u>381,299,605</u>	<u>342,034,457</u>
<b>Financial Liabilities</b>					
Payables (Current & Non-Current)	9	28,012,349	24,937,538	28,012,349	24,937,538
Borrowings (Current & Non-Current)	10	66,378,188	60,778,188	66,378,188	60,778,188
		<u>94,390,537</u>	<u>85,715,726</u>	<u>94,390,537</u>	<u>85,715,726</u>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates market value.
- **Borrowings & Held to Maturity Investments** - are estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - based on quoted market prices at the reporting date or independent valuation.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 34. Financial Risk Management (continued)

##### (a) Cash & Cash Equivalents, Financial Assets "at Fair Value through Profit & Loss", "Available-for-Sale Financial Assets" and "Held-to-Maturity" Investments

Council's objective is to maximise its return on cash and investments, whilst maintaining an adequate level of liquidity and preserving capital.

Council has an Investment Policy which complies with the relevant legislation. The policy is regularly reviewed by Council and an Investment Report is tabled before Council on a monthly basis setting out the make-up and performance of the portfolio.

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

A further risk associated with cash and investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees in accordance with investment restrictions prescribed in the Local Government (Financial Management) Regulations 1996.

	30-Jun-17	30-Jun-16
<b>Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments</b>		
Equity	3,812,996	3,420,345
Statement of Comprehensive Income	3,812,996	3,420,345

#### Notes:

(1) Sensitivity percentages based on management's expectations of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents and managed funds.)

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 34. Financial Risk Management (continued)

##### (b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges, which further encourages the payment of debt.

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

Council makes suitable provision for doubtful receivables, as required, and carries out credit checks on most non-rate debtors.

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

A profile of Council's current receivables credit risk at balance date follows:

	30-Jun-17	30-Jun-16
	%	%
<b>Percentage of Rates and Annual Charges</b>		
Current	0.00%	0.00%
Overdue	100.00%	100.00%
<b>Percentage of Other Receivables</b>		
Current	91.27%	97.94%
Overdue	8.73%	2.06%

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 34. Financial Risk Management (continued)

##### (c) Payables & Borrowings

Payables and Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

The contractual undiscounted cash outflows (i.e. principal and interest) of Council's payables and borrowings are set out in the Liquidity Table below:

\$	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<b>2017</b>					
Payables	28,012,349	-	-	28,012,349	28,012,349
Borrowings	4,166,005	17,538,510	92,613,208	114,317,723	66,378,188
	<u>32,178,354</u>	<u>17,538,510</u>	<u>92,613,208</u>	<u>142,330,072</u>	<u>94,390,537</u>
<b>2016</b>					
Payables	24,937,538	-	-	24,937,538	24,937,538
Borrowings	4,114,683	16,458,733	87,523,630	108,097,046	60,778,188
	<u>29,052,221</u>	<u>16,458,733</u>	<u>87,523,630</u>	<u>133,034,584</u>	<u>85,715,726</u>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a basis that is most suitable for the circumstance. Council Officers regularly review interest rate movements to determine if it would be advantageous to refinance or renegotiate part, or all, of the loan portfolio.

The following interest rates were applicable to the Council's Borrowings at balance date:

	30-Jun-17		30-Jun-16	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed	6.77%	60,778,188	6.77%	60,778,188
Bank Loans - Variable	3.29%	5,600,000	-	-
		<u>66,378,188</u>		<u>60,778,188</u>

##### Notes:

1. The interest rate risk applicable to variable rate bank loan is not considered significant.
2. Inclusive of 0.7% (Government Guarantee Fee) in the fixed interest rate of 6.77%.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 35. Fair Value Measurements

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The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:**

2017	Date of latest Valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Property, Plant &amp; Equipment</b>					
- Land	30/06/15	-	331,318,082	-	331,318,082
- Buildings	30/06/15	-	-	163,570,386	163,570,386
- Furniture and Equipment	30/06/15	-	-	5,109,671	5,109,671
- Plant and Equipment	30/06/16	-	19,187,014	-	19,187,014
<b>Total Property, Plant &amp; Equipment</b>		-	<b>350,505,096</b>	<b>168,680,057</b>	<b>519,185,153</b>
<b>Infrastructure</b>					
- Reserves	30/06/17	-	-	194,698,376	194,698,376
- Roads	30/06/17	-	-	1,121,814,763	1,121,814,763
- Pathways	30/06/17	-	-	135,514,683	135,514,683
- Car Parking	30/06/17	-	-	42,021,070	42,021,070
- Drainage	30/06/17	-	-	372,823,358	372,823,358
- Other Infrastructure	30/06/17	-	-	59,965,094	59,965,094
<b>Total Infrastructure</b>		-	-	<b>1,926,837,344</b>	<b>1,926,837,344</b>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 35. Fair Value Measurements (continued)

\$

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values (continued):

2016	Date of latest Valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Property, Plant &amp; Equipment</b>					
- Land	30/06/15	-	331,318,059	-	331,318,059
- Buildings	30/06/15	-	-	163,570,386	163,570,386
- Furniture and Equipment	30/06/15	-	-	5,114,876	5,114,876
- Plant and Equipment	30/06/16	-	20,371,705	-	20,371,705
<b>Total Property, Plant &amp; Equipment</b>		-	<b>351,689,764</b>	<b>168,685,262</b>	<b>520,375,026</b>
<b>Infrastructure</b>					
- Reserves	30/06/14	-	-	155,383,907	155,383,907
- Roads	30/06/14	-	-	941,546,284	941,546,284
- Pathways	30/06/14	-	-	95,218,417	95,218,417
- Car Parking	30/06/14	-	-	10,020,026	10,020,026
- Drainage	30/06/14	-	-	181,191,341	181,191,341
- Other Infrastructure	30/06/14	-	-	49,390,650	49,390,650
<b>Total Infrastructure</b>		-	-	<b>1,432,750,625</b>	<b>1,432,750,625</b>

## (2) Transfers between Level 1 and Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 fair value hierarchies for recurring fair value measurements.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 35. Fair Value Measurements (continued)

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##### (3) Valuation Techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The fair valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

##### Property, Plant & Equipment

###### Land

The City's land was valued by independent valuers. Except in the circumstance of any assets being held for sale (valued in accordance with *AASB 5 Assets Held for Sale*) or in accordance with specific accounting standards (such as Investment Properties) the balance of the portfolio is valued in accordance with *AASB 116 Property Plant and Equipment* at fair value.

Depending upon the unique circumstances of each lot, land has been valued using a range of approaches. Where there is an active market the 'market approach' has been adopted. If its value is primarily dependent on its income generating capability the income approach was used. For other types of land the 'cost approach' was adopted. Details of each approach are detailed below.

###### Level 2 Valuation Inputs

**Market (Direct Comparison)** – This has been applied to land held in freehold title and has been assessed on the basis of the estimated amount which the interest in each property being valued might reasonably be expected to realise on the date of valuation in an exchange between market participants given highest and best use or highest and best alternative use. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as Level 2.

**Cost (Direct Comparison)** - The valuation of some restricted or otherwise non-saleable land has been valued using the cost approach. This approach was used where, assuming if City of Wanneroo Council need to purchase the land or acquire additional land from an adjoining neighbour, the value of that land could be determined based on known zoning and town planning restrictions. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as Level 2.



## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 35. Fair Value Measurements (continued)

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##### (3) Valuation Techniques used to derive Level 2 and Level 3 Fair Values (continued)

###### Level 3 Valuation Inputs

**Cost (Hypothetical Analysis)** – These were determining the cost approach. However the determination of the replacement cost involved detailed analysis of a hypothetical highest alternative land use. Typically this included estimating the number of potential residential or commercial lots that could be developed on the site. These are observable based on existing Town Planning rules and have been classified as Level 2. The third input is the developer's interest which effectively is the rate of return the developer requires based on the existing market conditions. This requires the valuers to exercise professional judgement and accordingly has been classified as level 3.

**Cost (Complex Analysis)** – These relate to land which is unique and requires consideration of a range of alternative uses that could be used to maximise the value. Typically these include sites which would enable subdivision into lots with different zonings and uses. They require the extensive exercise of professional judgement and require determination of a range of assumptions.

###### **Buildings**

The City's buildings were valued by independent valuers. The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and fire fighting equipment, and general lighting etc).

Excluded from this report are all items of plant, machinery, equipment, cranes, tools, furniture or chattels.

###### Level 3 Valuation Inputs

**Cost (Depreciated)** – These buildings were valued using the cost approach using professionally qualified Registered Valuers.

Under this approach, the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The Valuer disaggregated the building into different components and for each component determined a value based on the inter-relationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value and the pattern of consumption of the future economic benefit.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 35. Fair Value Measurements (continued)

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##### (3) Valuation Techniques used to derive Level 2 and Level 3 Fair Values (continued)

###### Plant and Equipment

The City's plant and equipment was valued by Management as at 30 June 2016. Subsequent to the 2016 revaluation the assets are reviewed to ensure that the carry amount does not vary significantly from that determination using fair value at the reporting date.

Valuations were undertaken utilising in-house professional staff, referencing market conditions, and the availability of sales evidence.

Level 2 valuation inputs have been applied having regard to the condition and the useful life of the asset class.

###### Furniture and Equipment

It was deemed by Management that no material variance exists between the fair value of furniture and equipment using Level 3 inputs and the carrying cost of this class. It is considered that the value disclosed is fairly stated.

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###### Infrastructure

All the City's infrastructure has been valued at fair value utilising in-house qualified and experienced Asset Management staff.

All of the City's infrastructure assets were valued using a depreciated cost valuation technique. This method used assets current replacement cost less accumulated depreciation calculated on the basis of such cost to reflect potential of the asset was established then adjusted to take into account the expired service potential of the asset.

The current replacement cost was measured by referencing the lowest cost at which the asset could be obtained in the normal course of business.

The total cost values have been calculated using unit cost rate based on current tender and general market rates.

Level 2 and Level 3 valuation inputs have been applied to all infrastructure asset classes. Level 2 inputs being construction cost and current condition and Level 3 inputs being residual values and remaining useful life assessments.

The above techniques and inputs were utilised for all of the following classes:

- Roads
- Drainage
- Pathways
- Car Parks
- Reserves
- Other Infrastructure

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 35. Fair Value Measurements (continued)

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**(4). Fair Value Measurements using Significant Unobservable Inputs (Level 3)**

The following tables present the changes in Level 3 fair value asset classes.

	Buildings	Reserves	Roads	Pathways	Total
<b>Closing Balance - 30 June 2016</b>	172,004,594	176,338,953	1,023,114,549	103,528,680	<b>1,474,986,776</b>
Purchases (GBV)	8,744,802	16,359,444	44,207,621	5,245,123	<b>74,556,990</b>
Disposals (WDV)	-	-	-	-	-
Depreciation & Impairment	(3,210,824)	(7,424,368)	(15,268,034)	(2,053,788)	<b>(27,957,014)</b>
<b>Closing Balance - 30 June 2017</b>	<u>177,538,572</u>	<u>185,274,029</u>	<u>1,052,054,136</u>	<u>106,720,015</u>	<u><b>1,521,586,752</b></u>

	Furniture & Equipment	Drainage	Car Parking	Other Infrastructure	Total
<b>Closing Balance - 30 June 2016</b>	5,616,617	199,973,017	10,595,454	49,197,249	<b>265,382,337</b>
Purchases (GBV)	2,224,685	5,148,038	480,298	2,727,681	<b>10,580,702</b>
Disposals (WDV)	(5,205)	-	-	-	<b>(5,205)</b>
Depreciation & Impairment	(1,276,317)	(2,676,769)	(420,295)	(3,950,419)	<b>(8,323,800)</b>
<b>Closing Balance - 30 June 2017</b>	<u>6,559,780</u>	<u>202,444,286</u>	<u>10,655,457</u>	<u>47,974,511</u>	<u><b>267,634,034</b></u>

\* GBV = Gross Book Value  
WDV = Witten Down Value

**(5) Highest and best use**

All of Council's non-financial assets are considered to be utilised for their highest and best use.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 36. Development Contribution Plans

##### Development Contribution Plans

All Town Planning Schemes are disclosed in Note 33(a). They are: Town Planning Scheme No 5 - Landsdale, East Wanneroo Development Area Cells 1 to 9, Berkley Road Local Structure Plan and Neerabup Development.

##### (a) Yanchep/Two Rocks Community Facilities

The Yanchep/Two Rocks Development Contribution Plan (YTRDCP) was gazetted on 9 September 2014 to collect contributions from developing landowners in Yanchep and Two Rocks towards the cost of providing district level community facilities. The YTRDCP will ultimately provide for the delivery of three district level facilities over a period of 10 years, including the Yanchep Surf Life Saving Club, Yanchep District Open Space and the Capricorn Coastal node facilities.

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Development Contributions	1,407,697	621,000	356,040
Interest on Investments	37,636	20,000	33,689
	<u>1,445,333</u>	<u>641,000</u>	<u>389,729</u>
Operating Expense			
Advertising Expenses	-	(500)	-
Interest Expenses	(70,208)	-	-
Construction Costs	(6,587,998)	(11,052,386)	-
Consulting Fees	(3,900)	(12,000)	(52,601)
Administration Allocation	(95,046)	(20,000)	(1,194,930)
	<u>(6,757,152)</u>	<u>(11,084,886)</u>	<u>(1,247,531)</u>
<b>Total</b>	<b><u>(5,311,819)</u></b>	<b><u>(10,443,886)</u></b>	<b><u>(857,802)</u></b>
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	453,359	409,791	165,179
Total Current Assets	<u>453,359</u>	<u>409,791</u>	<u>165,179</u>
TOTAL ASSETS	<u>453,359</u>	<u>409,791</u>	<u>165,179</u>
<b>LIABILITIES</b>			
Loan	(5,600,000)	-	-
<b>Net Assets</b>	<b><u>(5,146,641)</u></b>	<b><u>409,791</u></b>	<b><u>165,179</u></b>
<b>EQUITY</b>			
Accumulated (Deficit)/Surplus	(5,146,641)	409,791	165,179
<b>Total Equity</b>	<b><u>(5,146,641)</u></b>	<b><u>409,791</u></b>	<b><u>165,179</u></b>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 36. Development Contribution Plans (continued)

**(b) Alkimos/Eglinton Community Facilities**

The Alkimos/Eglinton Development Contribution Plan (AEDCP) was gazetted on 9 September 2014 to collect contributions from developing landowners in Alkimos and Eglinton towards the cost of providing district level community facilities. The AEDCP will ultimately provide for the delivery of 11 district level facilities over a period of 25 years, including libraries, community centres, indoor recreation facilities, sporting precincts and a surf life saving club.

\$	2017 Actual	2017 Budget	2016 Actual
Operating Income			
Development Contributions	883,159	1,111,000	1,647,514
Interest on Investments	303,624	300,000	274,187
	<u>1,186,783</u>	<u>1,411,000</u>	<u>1,921,701</u>
Operating Expense			
Advertising Expenses	-	(500)	-
Construction Costs	(5,550)	-	-
Consulting Fees	-	(12,000)	(72,251)
Administration Allocation	(65,443)	(20,000)	(17,666)
	<u>(70,993)</u>	<u>(32,500)</u>	<u>(89,917)</u>
<b>Total</b>	<b><u>1,115,790</u></b>	<b><u>1,378,500</u></b>	<b><u>1,831,784</u></b>
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	11,341,201	11,738,856	10,225,361
Total Current Assets	<u>11,341,201</u>	<u>11,738,856</u>	<u>10,225,361</u>
TOTAL ASSETS	<u>11,341,201</u>	<u>11,738,856</u>	<u>10,225,361</u>
<b>Net Assets</b>	<b><u>11,341,201</u></b>	<b><u>11,738,856</u></b>	<b><u>10,225,361</u></b>
<b>EQUITY</b>			
Accumulated Surplus	11,341,201	11,738,856	10,225,361
<b>Total Equity</b>	<b><u>11,341,201</u></b>	<b><u>11,738,856</u></b>	<b><u>10,225,361</u></b>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 37. Reclassification of Assets

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To facilitate the management of the City's labour costs labour service provided by external parties and Project Management Charges Recovered have been reclassified from Material and Contracts to Employee Costs. Developer Contribution Schemes for Alkimos/Eglington and Yanchep/Two Rocks operating expenses and revenue have been reclassified as Town Planning Scheme expenses and revenue to assist in the interpretation of the Financial Report by users. These items were previous classified with several Nature and Type Classifications. Furthermore, Work in Progress has been reviewed and reclassified between Infrastructure and Property Plant and Equipment.

	<b>Amount</b>
<b>Employee Costs and Town Planning Schemes</b>	
<b>Previous Classification</b>	
Interest Earnings	8,437,231
Non-Operating Grants, Subsidies & Contributions	90,719,111
Town Planning Scheme Income (inc Interest)	16,957,469
Employee Costs	(69,864,610)
Materials and Contracts	(42,197,086)
Town Planning Scheme Expenses	(15,012,347)
	<u><u>(10,960,232)</u></u>
<b>Reviewed Classification</b>	
Interest Earnings	8,129,355
Non-Operating Grants, Subsidies & Contributions	88,709,347
Town Planning Scheme Income (inc Interest)	19,275,110
Employee Costs	(69,828,973)
Materials and Contracts	(42,234,148)
Town Planning Scheme Expenses	(15,010,923)
	<u><u>(10,960,232)</u></u>
<b>Work in Progress</b>	
<b>Previous Classification</b>	
Infrastructure Works in Progress	4,083,493
Property Plant and Equipment Works in Progress	2,119,157
	<u><u>6,202,650</u></u>
<b>Reviewed Classification</b>	
Infrastructure Works in Progress	2,243,450
Property Plant and Equipment Works in Progress	3,959,200
	<u><u>6,202,650</u></u>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 38. Events occurring after the Reporting Period

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Events that occur between the end of the reporting period (ending 30 June 2017) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

The date of receipt of the Auditors' Report is the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Events that occur after the Reporting Period represent one of two types:

##### **(i) Events that provide evidence of conditions that existed at the Reporting Period**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2017.

##### **(ii) Events that provide evidence of conditions that arose after the Reporting Period**

These financial statements (and figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

**There has not been any material or significant "non-adjusting events" that should be disclosed.**

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## Independent Auditor's Report to the Rate Payers of City of Wanneroo

### Auditor's Opinion

We have audited the financial report of City of Wanneroo, which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income by nature or type and statement of comprehensive income by program, statement of changes in equity and statement of cash flows for the year then ended, and comprising notes to the financial statements, including a summary of significant accounting policies and the Chief Executive Officer's statement.

In our opinion, the accompanying financial report of City of Wanneroo:

- a presents fairly, in all material respects, the City of Wanneroo's financial position as at 30 June 2017 and of its performance and cash flows for the year then ended; and
- b complies with Australian Accounting Standards (including the Australian Accounting Interpretations),
- c are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under the Act.

### Basis for Auditor's Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the City of Wanneroo in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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### **Statutory compliance**

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

### **Responsibility of the Chief Executive Officer for the Financial Report**

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

The Council is responsible for overseeing the City of Wanneroo's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf).

This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 28 November 2017