



2017 | 2018

FINANCIAL STATEMENTS

# City of Wanneroo

## General Purpose Financial Statements for the year ended 30 June 2018

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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 27 November 2018.  
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 2018

## 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 2018.

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" statements:

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

A summary of the City'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 the City'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 the City's financial position listing its assets and liabilities.

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

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

#### 5. A Statement of Cash Flows

Indicates where the City'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 raised during the year to fund the Council's 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 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 2018

Statement by Chief Executive Officer

The attached financial report of the City of Wanneroo for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the City of Wanneroo at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 14<sup>th</sup> day of NOVEMBER 2018



Noelene Jennings

**ACTING CHIEF EXECUTIVE OFFICER**





## City of Wanneroo

Statement of Comprehensive Income (by Nature or Type)  
for the year ended 30 June 2018

\$	Notes	2018 Actual	2018 Budget	2017 Actual
<b>Revenue</b>				
Rates	24	151,662,858	151,980,546	143,090,395
Operating Grants, Subsidies & Contributions	28(a)	12,866,706	8,912,445	16,575,517
Fees & Charges	27	14,020,843	15,916,164	15,993,918
Interest Earnings	2(a)	9,127,900	7,954,156	8,199,375
Other Revenue		689,554	693,708	982,018
		<u>188,367,861</u>	<u>185,457,019</u>	<u>184,841,223</u>
<b>Expenses</b>				
Employee Costs	29	(68,497,915)	(70,171,359)	(72,692,362)
Materials & Contracts		(54,332,071)	(58,319,654)	(49,429,584)
Utilities		(9,103,058)	(9,478,651)	(8,592,081)
Depreciation of Non-Current Assets	2(a)	(38,955,873)	(45,000,000)	(40,650,505)
Interest Expenses (Municipal)	2(a)	(4,113,518)	(4,114,682)	(4,118,180)
Insurance		(1,228,734)	(1,584,844)	(1,428,067)
		<u>(176,231,169)</u>	<u>(188,669,190)</u>	<u>(176,910,779)</u>
<b>Operating Result from Continuing Operations</b>		<u>12,136,692</u>	<u>(3,212,171)</u>	<u>7,930,444</u>
<b>Non-Operating Grants, Subsidies &amp; Contributions</b>				
Non-Operating Grants, Subsidies & Contributions	28(a)	33,541,640	66,116,328	83,706,469
Town Planning Scheme Income (Inc Interest)		20,487,522	9,888,811	14,663,820
Town Planning Scheme Expenses (Inc Interest)		(12,526,286)	(11,355,740)	(7,090,210)
Loss on Revaluation of Furniture and Equipment	13	(364,975)	-	-
Net Share of Interests in Controlled Entities, Associated Entities & Joint Ventures	17	306,412	-	53,258
Profit on Asset Disposals	21	2,823,890	1,000,000	2,136,186
Loss on Asset Disposals	21	(731,299)	(500,000)	(223,184)
		<u>43,536,904</u>	<u>65,149,399</u>	<u>93,246,339</u>
<b>Net Result</b>		<u>55,673,596</u>	<u>61,937,228</u>	<u>101,176,783</u>
<b>Other Comprehensive (Loss) / Income</b>				
Changes on Revaluation of Non-Current Assets (net)	13	(232,738,165)	-	321,759,689
<b>Total Other Comprehensive (Loss) / Income</b>		<u>(232,738,165)</u>	<u>-</u>	<u>321,759,689</u>
<b>Total Comprehensive (Loss) / Income</b>		<u>(177,064,569)</u>	<u>61,937,228</u>	<u>422,936,472</u>



## City of Wanneroo

Statement of Comprehensive Income (by Program)  
for the year ended 30 June 2018

\$	Notes	2018 Actual	2018 Budget	2017 Actual
<b>Revenue</b>				
Governance		583,651	275,678	377,817
General Purpose Funding		169,114,618	163,454,035	162,089,508
Law, Order, Public Safety		1,355,281	1,387,970	1,372,995
Health		484,581	639,500	611,724
Education & Welfare		3,271,462	3,975,391	3,915,384
Community Amenities		2,255,550	2,636,929	3,454,103
Recreation & Culture		8,068,141	8,417,078	8,692,858
Transport		1,451,656	1,803,575	1,496,878
Economic Services		2,176,567	2,674,900	2,558,011
Other Property & Services		20,400,288	9,797,214	14,989,023
		<u>209,161,795</u>	<u>195,062,270</u>	<u>199,558,301</u>
<b>Expenses (excl. Finance Costs)</b>				
Governance		(8,138,084)	(8,369,258)	(9,637,432)
General Purpose Funding		(1,785,909)	(1,131,845)	(1,621,024)
Law, Order, Public Safety		(8,112,145)	(9,042,825)	(8,257,036)
Health		(2,388,699)	(2,779,759)	(2,418,104)
Education & Welfare		(8,386,282)	(10,523,686)	(9,911,771)
Community Amenities		(35,002,525)	(39,645,891)	(36,914,170)
Recreation & Culture		(53,859,118)	(59,060,625)	(55,060,539)
Transport		(50,335,265)	(49,328,318)	(44,346,962)
Economic Services		(4,484,331)	(4,441,599)	(3,792,791)
Other Property & Services		(12,240,783)	(11,312,127)	(7,852,772)
		<u>(184,733,141)</u>	<u>(195,635,933)</u>	<u>(179,812,601)</u>
<b>Finance Costs</b>				
General Purpose Funding		(613,190)	(720,526)	(704,630)
Recreation & Culture		(3,233,694)	(3,148,145)	(3,162,129)
Transport		(156,853)	(138,388)	(143,398)
Other Property & Services		(385,552)	(381,938)	(178,231)
		<u>(4,389,289)</u>	<u>(4,389,997)</u>	<u>(4,188,388)</u>
	2(a)	<u>20,039,365</u>	<u>(4,962,660)</u>	<u>15,557,312</u>
<b>Non-Operating Grants, Subsidies, Contributions</b>				
Governance		30,000	-	150,000
Law, Order, Public Safety		59,994	-	-
Education & Welfare		278,000	-	-
Community Amenities		106,325	-	57,826
Recreation & Culture		8,680,953	9,110,262	8,543,674
Transport		24,328,010	54,799,050	74,822,894
Other Property & Services		58,358	2,490,576	132,075
	28	<u>33,541,640</u>	<u>66,399,888</u>	<u>83,706,469</u>



City of Wanneroo

Statement of Comprehensive Income (by Program) (continued)  
for the year ended 30 June 2018

\$	Notes	2018 Actual	2018 Budget	2017 Actual
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		-	-	(5,205)
Health		(2,240)	-	-
Recreation & Culture		(108,930)	-	-
Other Property & Services		2,203,761	500,000	1,918,207
	21	<u>2,092,591</u>	<u>500,000</u>	<u>1,913,002</u>
<b>Net Result</b>		<u>55,673,596</u>	<u>61,937,228</u>	<u>101,176,783</u>
<b>Other Comprehensive (Loss) / Income</b>				
Changes on Revaluation of Non-Current Assets	13	(232,738,165)	-	321,759,689
<b>Total Other Comprehensive (Loss) / Income</b>		<u>(232,738,165)</u>	<u>-</u>	<u>321,759,689</u>
<b>Total Comprehensive (Loss) / Income</b>		<u>(177,064,569)</u>	<u>61,937,228</u>	<u>422,936,472</u>



## City of Wanneroo

## Statement of Financial Position

as at 30 June 2018

\$	Notes	2018 Actual	2017 Actual
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	374,458,602	359,431,307
Trade and Other Receivables	5	21,624,523	19,218,020
Inventories	6	316,384	355,123
<b>Total Current Assets</b>		<u>396,399,509</u>	<u>379,004,450</u>
<b>Non-Current Assets</b>			
Investments	4	19,017,143	17,801,403
Trade and Other Receivables	5	3,060,808	2,650,278
Inventories	6	21,396,956	19,612,517
Property, Plant and Equipment	7	337,607,107	554,632,142
Infrastructure Assets	8	1,954,343,934	1,937,817,466
<b>Total Non-Current Assets</b>		<u>2,335,425,948</u>	<u>2,532,513,806</u>
<b>TOTAL ASSETS</b>	19	<u>2,731,825,457</u>	<u>2,911,518,256</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	9	23,446,151	28,012,349
Provisions	11	15,465,129	16,620,016
<b>Total Current Liabilities</b>		<u>38,911,280</u>	<u>44,632,365</u>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	10	69,078,188	66,378,188
Provisions	11	1,647,152	1,619,272
<b>Total Non-Current Liabilities</b>		<u>70,725,340</u>	<u>67,997,460</u>
<b>TOTAL LIABILITIES</b>		<u>109,636,620</u>	<u>112,629,825</u>
<b>Net Assets</b>		<u>2,622,188,837</u>	<u>2,798,888,431</u>
<b>EQUITY</b>			
Retained Surplus		1,240,359,977	1,209,474,073
Reserves - Cash/Investment Backed	12	199,336,903	179,140,478
Reserves - Asset Revaluation	13	1,064,267,358	1,296,640,548
Town Planning Schemes		118,224,599	113,633,332
<b>Total Equity</b>		<u>2,622,188,837</u>	<u>2,798,888,431</u>





## City of Wanneroo

Statement of Changes in Equity  
for the year ended 30 June 2018

\$	Notes	Reserves			Town Planning Schemes	Total Equity
		Retained Surplus	Cash / Investment Backed	Asset Revaluation Reserve		
<b>Balance as at 1 July 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
Other Comprehensive Income	35	-	-	321,759,689	-	321,759,689
Reserve Transfers	12	(7,859,400)	7,859,400	-	-	-
Town Planning Scheme Transfers	31	(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
Net Result		55,673,596	-	-	-	55,673,596
Other Comprehensive Loss	13	-	-	(232,373,190)	-	(232,373,190)
Reserve Transfers	12	(20,196,425)	20,196,425	-	-	-
Town Planning Scheme Transfers	31	(4,501,287)	-	-	4,501,287	-
<b>Balance as at 30 June 2018</b>		1,240,359,977	199,336,903	1,064,267,358	118,224,599	2,622,188,837



## City of Wanneroo

## Statement of Cash Flows

for the year ended 30 June 2018

\$	Notes	2018 Actual	2018 Budget	2017 Actual
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
Rates		149,765,196	151,980,546	141,965,045
Operating Grants, Subsidies and Contributions		12,866,706	8,912,445	16,575,517
Fees and Charges		14,463,447	15,916,164	15,776,382
Interest Earnings		9,702,688	7,954,156	8,774,163
Goods and Services Tax		11,333,236	10,200,000	12,323,929
Other Revenue		251,805	693,708	2,722,039
		<u>198,383,078</u>	<u>195,657,019</u>	<u>198,137,075</u>
<b>Payments:</b>				
Employee Costs		(70,384,304)	(70,171,359)	(70,359,892)
Materials and Contracts		(58,604,512)	(58,319,654)	(48,341,387)
Utilities		(9,103,058)	(9,478,651)	(8,592,081)
Insurance		(1,228,734)	(4,114,682)	(1,428,067)
Interest		(4,302,056)	(1,584,844)	(3,884,821)
Goods and Services Tax		(12,139,348)	(10,200,000)	(11,266,600)
		<u>(155,762,012)</u>	<u>(153,869,190)</u>	<u>(143,872,848)</u>
Net Cash provided (or used in) Operating Activities	14(b)	<u>42,621,066</u>	<u>41,787,829</u>	<u>54,264,227</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
Non-Operating Grants, Subsidies and Contributions		12,097,668	16,116,328	37,037,918
Proceeds from Sale of Assets		5,164,637	1,453,365	4,442,197
Town Planning Scheme Income (Inc. Interest)		20,487,522	9,605,251	14,663,820
<b>Payments:</b>				
Payments for Development of Land Held for Resale		(2,805,364)	-	(3,519,137)
Payments for Purchase of Property, Plant & Equipment		(26,610,965)	(54,187,284)	(30,695,149)
Payments for Construction of Infrastructure		(25,359,951)	(29,056,380)	(36,236,326)
Town Planning Scheme Expenses		(12,526,286)	(11,081,425)	(7,090,210)
<b>Movement in Equity Investments</b>				
Equity Contribution - Mindarie Regional Council		(12,304)	-	(47,441)
Equity Contributions - Tamala Regional Council		(728,728)	-	1,384,539
Net Cash provided (or used in) Investing Activities		<u>(30,293,771)</u>	<u>(67,150,145)</u>	<u>(20,059,789)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
Proceeds from New Loans		2,700,000	3,262,653	5,600,000
<b>Payments:</b>				
Nil				
Net Cash provided (or used in) Financing Activities		<u>2,700,000</u>	<u>3,262,653</u>	<u>5,600,000</u>
Net Increase/(Decrease) in Cash & Cash Equivalents		15,027,295	(22,099,663)	39,804,438
Cash at the beginning of the year		359,431,307	323,605,059	319,626,869
Cash & Cash Equivalents - End of the Year	14(a)	<u>374,458,602</u>	<u>301,505,396</u>	<u>359,431,307</u>
Additional Information:				
Plus: Investments on hand - end of year	4	19,017,143	-	17,801,403
<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>393,475,745</u>	<u>301,505,396</u>	<u>377,232,710</u>



## City of Wanneroo

Rate Setting Statement (by Program)  
for the year ended 30 June 2018

\$	Notes	2018 Actual	2018 Budget	2017 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		613,651	275,678	527,817
General Purpose Funding (Excl. Rates)		17,451,760	11,473,489	18,999,113
Law, Order, Public Safety		1,415,275	1,387,970	1,372,995
Health		484,581	639,500	611,724
Education and Welfare		3,549,462	3,975,391	3,915,384
Community Amenities		2,361,875	2,636,929	3,511,929
Recreation and Culture		16,749,094	17,527,340	17,236,532
Transport		25,779,666	56,602,625	76,319,772
Economic Services		2,176,567	2,674,900	2,558,011
Other Property and Services		22,662,407	12,787,790	16,907,206
		<u>93,244,338</u>	<u>109,981,612</u>	<u>141,960,483</u>
<b>Expenses from operating activities</b>				
Governance		(8,138,084)	(8,369,258)	(9,642,637)
General Purpose Funding		(2,399,099)	(1,852,371)	(2,325,654)
Law, Order, Public Safety		(8,112,145)	(9,042,825)	(8,257,036)
Health		(2,390,939)	(2,779,759)	(2,418,104)
Education and Welfare		(8,386,282)	(10,523,686)	(9,911,771)
Community Amenities		(35,002,525)	(39,645,891)	(36,914,170)
Recreation and Culture		(57,201,742)	(62,208,770)	(58,222,668)
Transport		(50,492,118)	(49,466,706)	(44,490,360)
Economic Services		(4,484,331)	(4,441,599)	(3,792,791)
Other Property and Services		(12,626,335)	(11,694,065)	(7,898,904)
		<u>(189,233,600)</u>	<u>(200,024,930)</u>	<u>(183,874,095)</u>
<b>Operating activities excluded from budget</b>				
(Profit)/Loss on Asset Disposal	21	(2,092,591)	(500,000)	(1,913,002)
Movement in Non-Current Debtors		(410,527)	-	(289,691)
Movement in Non-Current Employee Benefit Provisions		27,880	-	198,046
Depreciation and Amortisation on Assets	2(a)	38,955,873	45,000,000	40,650,505
Movement in Equity Accounted Investments		(306,412)	-	(53,258)
Loss on Revaluation of Furniture and Equipment		364,975	-	-
<b>Amount attributable to operating activities</b>		<u>36,539,198</u>	<u>44,500,000</u>	<u>38,592,600</u>
<b>INVESTING ACTIVITIES</b>				
Purchase and Development of Land Held for Resale		(2,805,364)	-	(3,519,137)
Physical Assets Received from Developers		(21,443,972)	(50,000,000)	(46,668,551)
Purchase Land and Buildings		(35,103,795)	(37,139,982)	(8,744,802)
Purchase Plant and Equipment		(3,031,916)	(7,915,328)	(3,040,041)
Purchase Furniture and Equipment		(4,214,012)	(9,131,974)	(2,224,685)
Infrastructure Assets		(26,396,925)	(29,056,380)	(27,499,654)
Equity Contribution - Tamala Park Regional Council		(728,728)	-	1,384,540
Equity Contribution - Mindarie Regional Council		(12,304)	-	(47,442)
Movement in Works in progress		16,775,732	-	(25,422,292)
Proceeds from Disposal of Assets	21	5,164,637	1,453,365	4,442,197
<b>Amount attributable to investing activities</b>		<u>(71,796,647)</u>	<u>(131,790,299)</u>	<u>(111,339,867)</u>

## City of Wanneroo

Rate Setting Statement (by Program) (continued)  
for the year ended 30 June 2018

\$	Notes	2018 Actual	2018 Budget	2017 Actual
<b>FINANCING ACTIVITIES</b>				
Transfers to Reserves (Restricted Assets)	12	(52,449,883)	(27,360,228)	(45,014,887)
Transfers from Reserves (Restricted Assets)	12	32,253,458	46,479,857	37,155,487
Proceeds from New Loans		2,700,000	3,262,653	5,600,000
Movement in Restricted Grants, Contributions & Unspent Loans		1,834,821	2,930,424	(22,625,593)
Leave Provision Written Back (Transferred to Reserve)		(163,273)	-	248,308
Transfers to Town Planning Schemes (excludes DCPs)		(18,750,905)	(9,605,251)	(12,031,705)
Transfers from Town Planning Schemes (excludes DCPs)		14,159,638	11,098,981	8,238,874
<b>Amount attributable to financing activities</b>		<b>(20,416,144)</b>	<b>26,806,436</b>	<b>(28,429,516)</b>
Surplus/(deficiency) before general rates		<u>(151,662,855)</u>	<u>(150,527,181)</u>	<u>(143,090,395)</u>
Total amount raised from general rates		<u>151,662,858</u>	<u>151,980,546</u>	<u>143,090,395</u>
<b>Net current assets as at June 30 c/fwd - surplus/(deficit)</b>		<b><u>3</u></b>	<b><u>1,453,365</u></b>	<b><u>-</u></b>



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

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## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2018

#### 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 years presented, unless otherwise stated.

##### (a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations.

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

Accounting policies which have been adopted in the preparation of this financial report 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 is in conformity with Australian Accounting Standards that 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 City of Wanneroo ("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. 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 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

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

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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

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

#### (f) Inventories

##### 1) 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 or 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 completion and the estimated costs necessary to make the sale.

##### 2) Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost or 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

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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 revaluation date in accordance with the mandatory measurement framework detailed above.

##### Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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 control

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

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

##### 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, the City elected not to recognise any value for land under roads acquired. This accords with the treatment available in *Local Government (Financial Management) Regulation*

16(a)(i), which prohibits local governments from recognising such land as an asset.

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

Consequently, any land under roads 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
Land	Not Applicable



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

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

Light Vehicles	3 years (60% residual)
Other Infrastructure*	15 - 80 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	40 - 80 years
Road - Kerb	40 years
Road - Seal*	15 - 40 years
Road Pavement *	40 years
Underpasses	40 years
Water Supply Piping & Drainage Systems*	40 - 80 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 included in the Statement of Comprehensive Income.

##### 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 value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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
- 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.

#### (1) 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.

#### (2) 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

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

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

trade and other receivables in the Statement of Financial Position.

##### (3) 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.

##### (4) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments; and management intends to hold them for the medium to long term.

##### (5) 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 are objective evidence that financial instruments have 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 sheet 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 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

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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.

##### (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.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2018

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

##### (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 sheet 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 its 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.

##### (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



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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.

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 have 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

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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 for reporting periods on or after 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 for reporting periods beginning on or after 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 for reporting periods beginning on or after 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.

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 2018

## Note 2. Operating Revenues and Expenses

\$	Notes	2018 Actual	2018 Budget	2017 Actual
<b>(a) Net Result</b>				
The Result includes:				
<b>(i) Charging as an Expense:</b>				
<b>Auditors Remuneration</b>				
- Audit		49,524	29,000	47,010
<b>Bad &amp; Doubtful Debts</b>				
Sundry Debtors		24,184	-	159,952
<b>Depreciation &amp; Amortisation</b>				
<i>Property, Plant &amp; Equipment</i>				
	7(b)			
- Buildings		3,406,470	3,567,729	3,210,824
- Furniture and Equipment		1,925,087	9,454,539	1,276,317
- Plant and Equipment		3,346,861	4,719,244	4,369,691
<i>Infrastructure Assets</i>				
	8(b)			
- Roads		14,246,183	16,308,608	15,268,034
- Drainage		3,396,061	2,973,803	2,676,769
- Other Infrastructure		3,554,599	103,519	3,950,419
- Pathways		2,530,332	2,279,602	2,053,788
- Car Parks		325,687	384,122	420,295
- Reserves		6,224,593	5,208,834	7,424,368
		<b>38,955,873</b>	<b>45,000,000</b>	<b>40,650,505</b>
<b>Interest Expenses (Finance Costs)</b>				
Accrued Interest on Loans		22,437	42,543	22,384
Loan interest paid	23(a)	4,366,852	4,346,454	4,166,004
		<b>4,389,289</b>	<b>4,388,997</b>	<b>4,188,388</b>
- Municipal Fund		4,113,518	4,114,682	4,118,180
- Developer Contribution Schemes		275,771	274,315	70,208
<b>Interest Expenses (Finance Costs)</b>		<b>4,389,289</b>	<b>4,388,997</b>	<b>4,188,388</b>
<b>(ii) Crediting as Revenue:</b>				
<b>Interest Earnings</b>				
Investments - Municipal Funds		2,592,167	2,730,974	1,985,263
Investments - Reserve Funds		4,199,735	3,501,868	4,160,979
Other Interest Revenue	26	2,335,998	1,721,314	2,053,133
		<b>9,127,900</b>	<b>7,954,156</b>	<b>8,199,375</b>
Town Planning Schemes		3,580,884	2,939,561	3,688,841
<b>Total</b>		<b>12,708,784</b>	<b>10,893,717</b>	<b>11,888,216</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

#### 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 2018

#### 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 2018

#### 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 overhead 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

###### **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. 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 2018

#### 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 2017 and 30 June 2018.

###### **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 (if any).

#### **EXPENDITURE**

##### **Employee Costs**

All costs associated with the employment of persons such as salaries, wages, allowances, benefits, superannuation, employment 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 2018

#### 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 2018

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

	Opening Balance <sup>1</sup> 01-Jul-16	Received <sup>2</sup> 2017	Expended <sup>3</sup> 2017	Closing Balance <sup>1</sup> 30-Jun-17	Received <sup>2</sup> 2018	Expended <sup>3</sup> 2018	Closing Balance 30-Jun-18
irr							
\$							
<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	76,185	437,058	(432,193)	<b>81,050</b>	323,131	(319,915)	<b>84,266</b>
Emergency Services - Two Rocks Bushfire Brigade	-	-	-	-	204,360	(204,360)	-
Emergency Relief Funding LotteryWest	40,747	(18,147) <sup>4</sup>	(22,600)	-	-	-	-
Coast Protection Works Quinns Rocks Long Term Coastal Management	65,000	-	(65,000)	-	-	-	-
Girrawheen Greening Project	1,000	-	-	<b>1,000</b>	-	-	<b>1,000</b>
<b><u>Health &amp; Fitness</u></b>							
Age Friendly Grant 2017 - Department of Local Government & Communities	10,000	-	(7,696)	<b>2,304</b>	-	(2,304)	-
Volunteer Grant 2017 - Department of Social Services	3,750	-	(3,750)	-	-	-	-
Kidsport 2017/2018 - Department of Sports and Recreation	-	-	-	-	581,270	(581,270)	-
Your Move Project 2015/2016	44,041	(1,156) <sup>4</sup>	(42,885)	-	-	-	-
Abbeville Park Fitness Equipment - Department of Sports and Recreation	-	10,000	-	<b>10,000</b>	-	(3,713)	<b>6,287</b>
Tauranga Park Fitness Equipment - Department of Sports and Recreation	-	17,000	-	<b>17,000</b>	-	(17,000)	-
Floodlighting Leatherback Park	-	140,000	-	<b>140,000</b>	-	(140,000)	-
Eco Floodlighting John Moloney Park	-	-	-	-	20,000	(16,196)	<b>3,804</b>
Gumblossom Park conversion of cricket nets to softball batting cages	-	-	-	-	13,500	(3,955)	<b>9,545</b>

(continued on next page)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

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

	Opening Balance <sup>1</sup> 01-Jul-16	Received <sup>2</sup> 2017	Expended <sup>3</sup> 2017	Closing Balance <sup>1</sup> 30-Jun-17	Received <sup>2</sup> 2018	Expended <sup>3</sup> 2018	Closing Balance 30-Jun-18
\$							
<b>(d) Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
<b>Youth Services</b>							
North Zone Youth Services - Department of Child Protection & Family Services		147,933	(144,839)	<b>3,094</b>	149,131	(152,225)	-
Clarkson Youth Centre Updates		-	-	-	10,000	(846)	<b>9,154</b>
<b>Buildings</b>							
Gumblossom Community Centre Storage Room Construction - Quinns Football Club Contribution	2,519	-	(2,519)	-	-	-	-
Changerooms & Floodlighting at Banksia Grove Sports Ground	-	-	-	-	666,250	-	<b>666,250</b>
Sport Amenities Building & Carpark Riverlinks Park	-	-	-	-	300,000	(159,503)	<b>140,497</b>
Quinns Beach Patrol Tower	-	-	-	-	70,000	(5,023)	<b>64,977</b>
Warradale Park Universal Access Toilet	-	-	-	-	20,000	-	<b>20,000</b>
Alexander Heights Day Club Construction - Department of Health		550,000		<b>550,000</b>	-	-	<b>550,000</b>
Girrawheen Seniors Community Hall		-		-	278,000	(73,307)	<b>204,693</b>
<b>Recreation &amp; Culture</b>							
Community Garden Roseworth	-	-	-	-	50,000	-	<b>50,000</b>
Girrawheen Multicultural Community Office & Senior Hall	-	-	-	-	100,000	(21,539)	<b>78,461</b>
Story Telling at Alkimos	-	-	-	-	5,000	(3,283)	<b>1,717</b>
Banksia Grove Dog Exercise Area	-	-	-	-	200,000	(9,094)	<b>190,906</b>
Scenic Park Construction of Petanque Pitch	-	-	-	-	13,500	(2,140)	<b>11,360</b>
Department of Health - HACC Bus Funds diverted to My Life My Words Project 2014	5,209	-	-	<b>5,209</b>	-	-	<b>5,209</b>

(continued on next page)



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

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

	Opening Balance <sup>1</sup> 01-Jul-16	Received <sup>2</sup> 2017	Expended <sup>3</sup> 2017	Closing Balance <sup>1</sup> 30-Jun-17	Received <sup>2</sup> 2018	Expended <sup>3</sup> 2018	Closing Balance 30-Jun-18
\$							
<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	54,254	-	(54,254)	-	-	-	-
Project Management Cost - Road Resurfacing Program 2015/2016	272,078	-	(272,078)	-	-	-	-
Design Consultancy & Construction Marmion Avenue Duplication - Lukin Drive to Butler Boulevard - Main Roads WA	1,123,126	1,333,333	(2,392,360)	<b>64,099</b>	-	(64,099)	-
Mirrabooka Avenue Road Improvement Grant Funding - Main Roads WA	1,466,667	-	(213,617)	<b>1,253,050</b>	513,600	(1,717,930)	<b>48,720</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>	-	(2,730)	-
Peet & Co - Yanchep Ocean Lagoon Contributions	450	-	-	<b>450</b>	-	(450)	-
Peet & Co - Contributions East Road/Wanneroo Road	12,701	-	-	<b>12,701</b>	-	(12,701)	-
Civil Technology - East Wanneroo Road Intersection	3,050	-	-	<b>3,050</b>	-	(3,050)	-
AHG - Wanneroo Road & Lancaster Road	77,234	-	-	<b>77,234</b>	-	(77,234)	-
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>	-	(6,000)	-
Australand - Contribution for East Road/Wanneroo Road Upgrade	14,757	-	-	<b>14,757</b>	-	(14,757)	-
Stockland WA - Round-a-bout - 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>	-	(16,200)	-
Australand Investments Const of Round-a-bout Intersection of Librizzi Parade & Basico Avenue (Olive Ridge Stage 1 & 2)	20,265	-	-	<b>20,265</b>	-	-	<b>20,265</b>

(continued on next page)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## 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-16	2017	2017	30-Jun-17	2018	2018	30-Jun-18
<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>	-	(24,000)	-
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>	-	(176,000)	-
Peet Ashton Heights Contribution for future resurfacing of round-a-bouts 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 Yancheb Beach Road Jindowie	121,875	-	(121,875)	-	-	-	-
Contribution for round-a-bout at Shiraz & Cabernet Loop Pearsall	55,571	-	-	<b>55,571</b>	-	-	<b>55,571</b>
Construction of Neerabup Road duplication (Connolly Drive to Bunnings access)		1,670,195	(1,088,148)	<b>582,047</b>	-	(582,047)	-
Mendelawitz Morton Quality Settlements - Landsdale Cell 9 Road Construction	252,178	-	-	<b>252,178</b>	-	(252,178)	-
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 2018

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

	Opening Balance <sup>1</sup> 01-Jul-16	Received <sup>2</sup> 2017	Expended <sup>3</sup> 2017	Closing Balance <sup>1</sup> 30-Jun-17	Received <sup>2</sup> 2018	Expended <sup>3</sup> 2018	Closing Balance 30-Jun-18
\$							
(d) Conditions Over Grants, Subsidies & Contributions (continued)							
Grant/Subsidy/Contribution (continued)							
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>	-	(272,251)	-
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>	-	(540,050)	<b>22,459,950</b>
Road resurfacing 2016-2017 Carramar Road Carramar		30,000	-	<b>30,000</b>	60,000	(8,955)	<b>81,045</b>
Public Transport Authority Bus Shelter Maintenance Subsidy		38,400	(27,880)	<b>10,520</b>	44,000	(54,520)	-
Wanneroo Road/Prindiville Drive Intersection WAPC 152199		39,578	(30,344)	<b>9,234</b>	-	(9,234)	-
Road resurfacing 2018-2019 Wonambi Way Wanneroo		-	-	-	26,561	(26,561)	-
Road resurfacing 2018-2019 Mudalla Way Wanneroo		-	-	-	42,223	-	<b>42,223</b>
Road resurfacing 2018-2019 Waldup Way Wanneroo		-	-	-	257,500	-	<b>257,500</b>
Road resurfacing 2018-2019 Woonan St Wanneroo		-	-	-	82,500	-	<b>82,500</b>
Road resurfacing 2018-2019 Neaves Rd & Timely Mariginiup		-	-	-	55,000	-	<b>55,000</b>
Road resurfacing 2018-2019 Gngangara Road/Hartman & RAB		-	-	-	40,000	-	<b>40,000</b>
Road resurfacing 2018-2019 Hartman Dr outer lane		-	-	-	42,500	-	<b>42,500</b>
Road resurfacing 2018-2019 Hartman Dr North bound shoulder		-	-	-	48,959	-	<b>48,959</b>
Road resurfacing 2018-2019 Paramount Dr/Achievement Bvd RAB		-	-	-	17,665	-	<b>17,665</b>
Road resurfacing 2018-2019 Motivation Bvd/Challenge Way/Excellence Bvd		-	-	-	43,500	-	<b>43,500</b>
Road resurfacing 2018-2019 Arrigo St Wangara		-	-	-	30,000	-	<b>30,000</b>
Road resurfacing 2018-2019 Dobbins St Wangara		-	-	-	30,000	-	<b>30,000</b>
Road resurfacing 2018-2019 Mega St Wanneroo		-	-	-	72,500	-	<b>72,500</b>
East Landdale		-	-	-	60,000	-	<b>60,000</b>
Wanneroo Road Service Road/flynn Drive to Hall Road		-	-	-	70,000	-	<b>70,000</b>
		-	-	-	85,101	-	<b>85,101</b>
		-	-	-	36,066	-	<b>36,066</b>

(continued on next page)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## 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-16	2017	2017	30-Jun-17	2018	2018	30-Jun-18

## (d) Conditions Over Grants, Subsidies &amp; Contributions (continued)

## Grant/Subsidy/Contribution (continued)

**Safer WA**

Upgrade Graffiti Management and Reporting System Project	77	-	(77)	-	-	-	-
Aware Grant Funding 2017-2018	-	-	-	-	8,000	(8,000)	-
CCTV Hub Kingsway Sporting Complex - Department of Attorney General	-	150,000	-	<b>150,000</b>	30,000	(180,000)	-
<b>Total Unspent Grants, Subsidies &amp; Contributions</b>	<u>9,388,228</u>	<u>28,008,064</u>	<u>(5,113,734)</u>	<u>32,282,558</u>	<u>4,699,817</u>	<u>(5,764,620)</u>	<u>31,217,755</u>

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.

**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 received throughout the financial year and were fully expended are not disclosed in the above note.
- (4) - Unspent funds returned to grantor.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Cash and Cash Equivalents

\$	Notes	2018 Actual	2017 Actual
<b>Unrestricted</b>			
Cash Municipal		11,098,638	18,589,233
Cash on Hand		15,016	16,196
		<u>11,113,654</u>	<u>18,605,429</u>
<b>Restricted</b>			
Reserves - Cash Backed		199,336,903	179,140,478
Town Planning Schemes		122,536,318	118,378,852
Unspent Grants		31,217,755	32,282,558
Unspent Loans		10,253,972	11,023,990
		<u>363,344,948</u>	<u>340,825,878</u>
<b>Total Cash and Cash Equivalents</b>	14(a)	<u>374,458,602</u>	<u>359,431,307</u>
<b>The following items have been restricted:</b>			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	12	12,545,298	11,341,202
Asset Renewal Reserve	12	12,333,455	11,250,050
Asset Replacement Reserve	12	5,995,469	4,786,149
Butler Collaborative Planning Agreement Reserve	12	3,040,272	2,960,483
Carried Forward Capital Projects Reserve	12	4,667,264	5,524,685
Coastal Infrastructure Management Reserve	12	10,692,264	7,490,388
Domestic Refuse Reserve	12	8,706,177	8,571,718
Fleming Park Lake Reserve	12	225,964	220,034
Golf Course Reserve	12	1,632,824	1,593,554
Home and Community Care Asset Replacement Reserve	12	-	619,126
Land Acquisition Reserve	12	2,740,167	2,178,175
Leave Liability Reserve	12	1,545,239	1,708,512
Loan Repayment Reserve	12	22,168,923	20,937,950
Neerabup Development Reserve	12	5,215,877	4,524,110
Plant Replacement Reserve	12	9,019,502	10,090,454
Regional Open Space Reserve	12	8,292,852	5,155,485
Section 152 Reserve (formerly Section 20A Land Reserve)	12	1,583,665	1,589,909
Strategic Projects/Initiatives Reserve	12	81,553,562	71,307,498
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	12	-	127,540
TPS 20 - District Distributor Road Headworks Reserve	12	6,955,091	6,772,576
Yanchep Bus Reserve	12	103,337	98,397
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	12	319,701	292,483
<b>Total Reserves</b>		<u>199,336,903</u>	<u>179,140,478</u>
Unspent Grants and Contributions	2(d)	31,217,755	32,282,558
Unspent Loan Funds	23(c)	10,253,972	11,023,990
<b>Total Unspent Grants and Loans</b>		<u>41,471,727</u>	<u>43,306,548</u>
Town Planning Schemes		<u>122,536,318</u>	<u>118,378,852</u>
<b>Total Town Planning Schemes</b>		<u>122,536,318</u>	<u>118,378,852</u>
<b>Total Restricted Cash</b>		<u>363,344,948</u>	<u>340,825,878</u>



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Investments

\$	Notes	2018 Actual	2017 Actual
<b>Non Current</b>			
<b>Equity Accounted Investments</b>			
Tamala Park Regional Council	17(a)(ii)	7,622,058	6,865,580
Mindarie Regional Council	17(b)(ii)	11,317,751	10,935,823
Local Government House Trust	17(c)(ii)	77,334	-
		<u>19,017,143</u>	<u>17,801,403</u>
<b>Total Investments</b>		<u><u>19,017,143</u></u>	<u><u>17,801,403</u></u>
<b>Classified as:</b>			
Unrestricted (Municipal Fund)		19,017,143	17,801,403
<b>Total Investments</b>		<u><u>19,017,143</u></u>	<u><u>17,801,403</u></u>

## Note 5. Trade &amp; Other Receivables

\$	Notes	2018 Actual	2017 Actual
<b>Current</b>			
Rates Outstanding (Inclusive of Refuse and Swimming Pool Inspection)	32(b)	14,478,509	12,797,340
Prepayments		484,893	688,777
GST Receivable		887,653	81,542
Accrued Income		5,319,733	4,712,012
Sundry Debtors	32(b)	1,230,465	1,690,895
Provision for Doubtful Debts		(776,730)	(752,546)
<b>Total Current Trade &amp; Other Receivables</b>		<u><u>21,624,523</u></u>	<u><u>19,218,020</u></u>
<b>Non-Current</b>			
Rates Outstanding - Pensioners		3,060,808	2,642,923
Deferred Debtors		-	7,355
<b>Total Non-Current Trade &amp; Other Receivables</b>		<u><u>3,060,808</u></u>	<u><u>2,650,278</u></u>
<b>Total Current and Non-Current Trade &amp; Other Receivables</b>		<u><u>24,685,331</u></u>	<u><u>21,868,298</u></u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 6. Inventories

\$	2018 Actual	2017 Actual
<b>Current</b>		
Stores and Materials (Held at Cost)	316,384	355,123
<b>Total Current Inventories</b>	<b>316,384</b>	<b>355,123</b>
<b>Non-Current</b>		
Land Held for Resale - Development Costs	21,396,956	19,612,517
<b>Total Non-Current Inventories</b>	<b>21,396,956</b>	<b>19,612,517</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 7. Property, Plant and Equipment

\$	Notes	2018 Actual	2017 Actual
<b>(a) Carrying Amounts</b>			
Land - Fair Value *		137,603,333	331,318,059
Land - Cost		-	713,546
		<u>137,603,333</u>	<u>332,031,605</u>
Buildings - Fair Value		171,147,700	163,570,386
Buildings - Cost		-	20,149,659
less: Accumulated Depreciation		-	(6,181,473)
		<u>171,147,700</u>	<u>177,538,572</u>
Furniture and Equipment - Fair Value		8,237,638	5,109,671
Furniture and Equipment - Cost		-	4,017,618
less: Accumulated Depreciation		-	(2,567,509)
		<u>8,237,638</u>	<u>6,559,780</u>
Plant and Equipment - Fair Value		17,083,308	19,187,014
Plant and Equipment - Additions after Revaluation - Cost		5,769,702	2,865,762
less: Accumulated Depreciation		(7,140,637)	(4,195,412)
		<u>15,712,373</u>	<u>17,857,364</u>
Works in Progress - Cost		4,906,063	20,644,821
		<u>4,906,063</u>	<u>20,644,821</u>
<b>Total Property, Plant &amp; Equipment</b>	7(b)	<u><u>337,607,107</u></u>	<u><u>554,632,142</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 at 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.

\* Land and Building were first revalued in Financial Year 2014/15. In Financial Year 2014/15, vested Crown lands with restricted use (with regional significance) were valued using "Cost approach" in determining fair value. These vested lands were revalued at 30 June 2018 using "Leasehold Interest approach" in determining fair value.

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2018

## 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 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		-	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		-	-	(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>
<b>Balance as 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>
Additions	20	10,433	15,224,141	4,158,741	3,031,854	4,185,796	<b>26,610,965</b>
Transfers from Works in Progress		9,228	19,859,993	55,271	62	(19,924,554)	-
Disposals - Excluding Revaluations	21	(109,848)	(111,227)	-	(1,830,046)	-	<b>(2,051,121)</b>
Revaluation - Decrements	13	(194,338,085)	(37,957,309)	(611,067)	-	-	<b>(232,906,461)</b>
Depreciation	2(a)	-	(3,406,470)	(1,925,087)	(3,346,861)	-	<b>(8,678,418)</b>
<b>Property, Plant &amp; Equipment at 30 June 2018</b>	7(a)	<b>137,603,333</b>	<b>171,147,700</b>	<b>8,237,638</b>	<b>15,712,373</b>	<b>4,906,063</b>	<b>337,607,107</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 8 Infrastructure Assets

\$	Notes	2018 Actual	2017 Actual
<b>(a) Carrying Amounts</b>			
Roads - Fair Value		1,121,814,763	1,121,814,763
Roads - Additions after Valuation - Cost		27,851,556	-
less: Accumulated Depreciation		<u>(14,246,183)</u>	<u>-</u>
		1,135,420,136	1,121,814,763
Drainage - Fair Value		372,823,358	372,823,358
Drainage - Additions after Valuation - Cost		3,154,166	-
less: Accumulated Depreciation		<u>(3,396,061)</u>	<u>-</u>
		372,581,463	372,823,358
Other Infrastructure - Fair Value		59,965,094	59,965,094
Other Infrastructure - Cost		2,870,236	-
less: Accumulated Depreciation		<u>(3,554,599)</u>	<u>-</u>
		59,280,731	59,965,094
Pathways - Fair Value		135,514,683	135,514,683
Pathways - Additions after Valuation - Cost		2,015,648	-
less: Accumulated Depreciation		<u>(2,530,332)</u>	<u>-</u>
		134,999,999	135,514,683
Car Parks - Fair Value		42,021,070	42,021,070
Car Parks - Additions after Valuation - Cost		937,731	-
less: Accumulated Depreciation		<u>(325,687)</u>	<u>-</u>
		42,633,114	42,021,070
Reserves - Fair Value		194,698,376	194,698,376
Reserves - Additions after Valuation - Cost		11,011,560	-
less: Accumulated Depreciation		<u>(6,224,593)</u>	<u>-</u>
		199,485,343	194,698,376
Works in Progress		<u>9,943,148</u>	<u>10,980,122</u>
		9,943,148	10,980,122
<b>Total Infrastructure</b>	8(b)	<u><u>1,954,343,934</u></u>	<u><u>1,937,817,466</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 at 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 2018

## 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 2016</b>		1,023,114,549	199,973,017	49,197,249	103,528,680	10,595,454	176,338,953	2,243,450	<b>1,564,991,352</b>
Additions		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)	-
Revaluations - 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>
<b>Restated Balance as 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>
Additions	20	21,976,569	3,032,737	2,311,232	2,005,548	640,436	10,813,283	6,024,118	<b>46,803,923</b>
Transfers from Works in Progress		5,874,987	121,429	559,004	10,100	297,295	198,277	(7,061,092)	-
Depreciation	2(a)	(14,246,183)	(3,396,061)	(3,554,599)	(2,530,332)	(325,687)	(6,224,593)	-	<b>(30,277,455)</b>
<b>Infrastructure at 30 June 2018</b>	8(a)	<b>1,135,420,136</b>	<b>372,581,463</b>	<b>59,280,731</b>	<b>134,999,999</b>	<b>42,633,114</b>	<b>199,485,343</b>	<b>9,943,148</b>	<b>1,954,343,934</b>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 9. Trade and Other Payables

\$		2018 Actual	2017 Actual
<b>Current Trade and Other Payables</b>			
Trade Payables		17,316,915	22,466,183
Bonds and Security Deposits		6,129,236	5,546,166
<b>Total Current Trade and Other Payables</b>		<u>23,446,151</u>	<u>28,012,349</u>

## Note 10. Long Term Borrowings

\$	Notes	2018 Actual	2017 Actual
<b>Non-Current Borrowings</b>			
Secured by Floating Charge - Loans	14 (c), 23(a)	69,078,188	66,378,188
<b>Total Non-Current Borrowings</b>		<u>69,078,188</u>	<u>66,378,188</u>

Additional detail on borrowings is provided in Note 23.

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 11. Provisions

\$	2018 Actual	2017 Actual
<b>Current Provisions</b>		
Provision for Annual Leave	5,719,280	5,828,433
Provision for Long Service Leave	5,765,709	5,784,339
Provision for Time in Lieu	99,677	98,942
Provision for Sick Leave	335,410	319,063
Provision for Purchased Leave	102,558	71,001
Provision for Workers Compensation	3,442,495	4,518,238
<b>Total Current Provisions</b>	<b>15,465,129</b>	<b>16,620,016</b>

Based on current trends it is expected that approximately \$8,054,000 will be paid with respect to Current Provisions in the next Financial Year

## Non-Current Provisions

Provision for Long Service Leave	1,647,152	1,619,272
<b>Total Non-Current Provisions</b>	<b>1,647,152</b>	<b>1,619,272</b>

## Movements in Provisions

Class of Provision	2017		2018		Closing Balance as at 30/6/18	
	Opening Balance as at 1/7/17	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting		
Provision for Annual Leave	5,828,433	5,349,422	(5,458,575)	-	5,719,280	
Provision for Long Service Leave	7,403,611	1,128,632	(1,154,623)	35,241	7,412,861	
Provision for Time in Lieu	98,942	180,699	(179,964)	-	99,677	
Provision for Sick Leave	319,063	37,897	(21,550)	-	335,410	
Provision for Additional Leave Agreement	71,001	303,024	(271,467)	-	102,558	
Provision for Workers Compensation	4,518,238	(209,694)	(866,049)	-	3,442,495	
<b>TOTAL</b>	<b>-</b>	<b>18,239,288</b>	<b>6,789,980</b>	<b>(7,952,228)</b>	<b>35,241</b>	<b>17,112,281</b>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 12. Reserves - Cash/Investment Backed

\$	2018 Actual	2018 Budget	2017 Actual
<b>(a) Alkimos/Eglinton Coastal Corridor Community Facilities Reserve</b>			
Opening Balance	11,341,202	11,563,922	10,225,362
Amount Set Aside/Transfer to Reserve	1,257,829	2,634,595	1,186,783
Amount Used/Transfer from Reserve	(53,733)	(79,200)	(70,943)
	<u>12,545,298</u>	<u>14,119,317</u>	<u>11,341,202</u>
<b>(b) Asset Renewal Reserve</b>			
Opening Balance	11,250,050	13,222,432	7,012,070
Amount Set Aside/Transfer to Reserve	2,301,643	2,297,505	4,237,980
Amount Used / Transfer from Reserve	(1,218,238)	(2,000,000)	-
	<u>12,333,455</u>	<u>13,519,937</u>	<u>11,250,050</u>
<b>(c) Asset Replacement Reserve</b>			
Opening Balance	4,786,149	4,796,572	4,498,742
Amount Set Aside/Transfer to Reserve	2,135,245	2,107,923	2,124,540
Amount Used/Transfer from Reserve	(925,925)	(2,358,750)	(1,837,133)
	<u>5,995,469</u>	<u>4,545,745</u>	<u>4,786,149</u>
<b>(d) Butler Collaborative Planning Agreement Reserve</b>			
Opening Balance	2,960,483	2,964,471	2,878,128
Amount Set Aside/Transfer to Reserve	79,789	66,701	82,355
	<u>3,040,272</u>	<u>3,031,172</u>	<u>2,960,483</u>
<b>(e) Carried Forward Capital Projects Reserve</b>			
Opening Balance	5,524,685	5,524,685	9,515,574
Amount Set Aside/Transfer to Reserve	4,667,264	-	5,524,685
Amount Used/Transfer from Reserve	(5,524,685)	(5,524,685)	(9,515,574)
	<u>4,667,264</u>	<u>-</u>	<u>5,524,685</u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2018

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

\$	2018 Actual	2018 Budget	2017 Actual
<b>(f) Coastal Infrastructure Management Reserve</b>			
Opening Balance	7,490,388	7,223,311	6,042,049
Amount Set Aside/Transfer to Reserve	3,201,876	3,162,524	1,448,339
	<u>10,692,264</u>	<u>10,385,835</u>	<u>7,490,388</u>
<b>(g) Domestic Refuse Reserve</b>			
Opening Balance	8,571,718	8,531,554	8,346,169
Amount Set Aside/Transfer to Reserve	230,312	191,960	238,507
Amount Used/Transfer from Reserve	(95,853)	(1,212,000)	(12,958)
	<u>8,706,177</u>	<u>7,511,514</u>	<u>8,571,718</u>
<b>(h) Fleming Park Lake Reserve</b>			
Opening Balance	220,034	220,331	213,913
Amount Set Aside/Transfer to Reserve	5,930	4,957	6,121
	<u>225,964</u>	<u>225,288</u>	<u>220,034</u>
<b>(i) Golf Course Reserve</b>			
Opening Balance	1,593,554	1,447,005	1,465,539
Amount Set Aside/Transfer to Reserve	387,508	382,558	469,933
Amount Used/Transfer from Reserve	(348,238)	(1,292,500)	(341,918)
	<u>1,632,824</u>	<u>537,063</u>	<u>1,593,554</u>
<b>(j) Home and Community Care Asset Replacement Reserve</b>			
Opening Balance	619,126	587,752	541,505
Amount Set Aside/Transfer to Reserve	38,154	43,224	77,621
Amount Used/Transfer from Reserve	(657,280)	-	-
	<u>-</u>	<u>630,976</u>	<u>619,126</u>
<b>(k) Land Acquisition Reserve</b>			
Opening Balance	2,178,175	2,671,278	2,117,746
Amount Set Aside/Transfer to Reserve	561,992	560,104	60,595
Amount Used/Transfer from Reserve	-	-	(166)
	<u>2,740,167</u>	<u>3,231,382</u>	<u>2,178,175</u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2018

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

\$	2018 Actual	2018 Budget	2017 Actual
<b>(l) Leave Liability Reserve</b>			
Opening Balance	1,708,512	1,554,010	1,460,204
Amount Set Aside/Transfer to Reserve	46,047	84,965	248,308
Amount Used/Transfer from Reserve	(209,320)	-	-
	<u>1,545,239</u>	<u>1,638,975</u>	<u>1,708,512</u>
<b>(m) Loan Repayment Reserve</b>			
Opening Balance	20,937,950	20,959,824	18,569,409
Amount Set Aside/Transfer to Reserve	1,230,973	971,596	2,368,541
	<u>22,168,923</u>	<u>21,931,420</u>	<u>20,937,950</u>
<b>(n) Materials Recovery Facility Upgrade Reserve</b>			
Opening Balance	-	-	94,189
Amount Set Aside/Transfer to Reserve	-	-	2,695
Amount Used / Transfer from Reserve	-	-	(96,884)
* Land and Building were first revalued in Financial Year 2014/15	-	-	-
<b>(o) Neerabup Development Reserve</b>			
Opening Balance	4,524,110	4,549,749	4,694,253
Amount Set Aside/Transfer to Reserve	1,122,039	1,102,369	132,270
Amount Used/Transfer from Reserve	(430,272)	(2,354,668)	(302,413)
	<u>5,215,877</u>	<u>3,297,450</u>	<u>4,524,110</u>
<b>(p) Plant Replacement Reserve</b>			
Opening Balance	10,090,454	9,090,490	5,684,841
Amount Set Aside/Transfer to Reserve	849,904	6,163,011	6,084,225
Amount Used/Transfer from Reserve	(1,920,856)	(7,535,328)	(1,678,612)
	<u>9,019,502</u>	<u>7,718,173</u>	<u>10,090,454</u>
<b>(q) Regional Open Space Reserve</b>			
Opening Balance	5,155,485	5,162,432	5,012,070
Amount Set Aside/Transfer to Reserve	3,137,367	3,116,155	143,415
Amount Used / Transfer from Reserve	-	-	-
	<u>8,292,852</u>	<u>8,278,587</u>	<u>5,155,485</u>



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$	2018 Actual	2018 Budget	2017 Actual
<b>(r) Section 152 Reserve</b> (formerly Section 20A Land Reserve)			
Opening Balance	1,589,909	1,592,052	1,545,681
Amount Set Aside/Transfer to Reserve	42,850	35,821	44,228
Amount Used / Transfer from Reserve	(49,094)	(351,125)	-
	<u>1,583,665</u>	<u>1,276,748</u>	<u>1,589,909</u>
<b>(s) Strategic Projects/Initiatives Reserve</b>			
Opening Balance	71,307,498	64,102,418	74,443,227
Amount Set Aside/Transfer to Reserve	30,483,480	1,442,304	18,845,128
Amount Used/Transfer from Reserve	(20,237,416)	(23,684,101)	(21,980,857)
	<u>81,553,562</u>	<u>41,860,621</u>	<u>71,307,498</u>
<b>(t) Sustainability Investment Reserve</b> (formerly Environmental Initiatives Reserve)			
Opening Balance	127,540	77,644	75,383
Amount Set Aside/Transfer to Reserve	3,437	1,747	52,157
Amount Used/Transfer from Reserve	(130,977)	(50,000)	-
	<u>-</u>	<u>29,391</u>	<u>127,540</u>
<b>(u) TPS 20 - District Distributor Road Headworks Reserve</b>			
Opening Balance	6,772,576	6,781,711	6,584,185
Amount Set Aside/Transfer to Reserve	182,515	152,588	188,391
	<u>6,955,091</u>	<u>6,934,299</u>	<u>6,772,576</u>
<b>(v) Yanchep Bus Reserve</b>			
Opening Balance	98,397	103,530	95,660
Amount Set Aside/Transfer to Reserve	4,940	7,329	2,737
	<u>103,337</u>	<u>110,859</u>	<u>98,397</u>
<b>(w) Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve</b>			
Opening Balance	292,483	1,038,752	165,179
Amount Set Aside/Transfer to Reserve	478,789	2,830,292	1,445,333
Amount Used/Transfer from Reserve	(451,571)	(37,500)	(1,318,029)
	<u>319,701</u>	<u>3,831,544</u>	<u>292,483</u>
<b>Total Reserves</b>	<u><u>199,336,903</u></u>	<u><u>154,646,296</u></u>	<u><u>179,140,478</u></u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$	2018 Actual	2018 Budget	2017 Actual
<b>Summary of Reserve Transfers</b>			
<b>Transfers to Reserves</b>			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	1,257,829	2,634,595	1,186,783
Asset Renewal Reserve	2,301,643	2,297,505	4,237,980
Asset Replacement Reserve	2,135,245	2,107,923	2,124,540
Butler Collaborative Planning Agreement Reserve	79,789	66,701	82,355
Carried Forward Capital Projects Reserve	4,667,264	-	5,524,685
Coastal Infrastructure Management Reserve	3,201,876	3,162,524	1,448,339
Domestic Refuse Reserve	230,312	191,960	238,507
Fleming Park Lake Reserve	5,930	4,957	6,121
Golf Course Reserve	387,508	382,558	469,933
Home and Community Care Asset Replacement Reserve	38,154	43,224	77,621
Land Acquisition Reserve	561,992	560,104	60,595
Leave Liability Reserve	46,047	84,965	248,308
Loan Repayment Reserve	1,230,973	971,596	2,368,541
Materials Recovery Facility Upgrade Reserve	-	-	2,695
Neerabup Development Reserve	1,122,039	1,102,369	132,270
Plant Replacement Reserve	849,904	6,163,011	6,084,225
Regional Open Space Reserve	3,137,367	3,116,155	143,415
Section 152 Reserve (formerly Section 20A Land Reserve)	42,850	35,821	44,228
Strategic Projects/Initiatives Reserve	30,483,480	1,442,304	18,845,128
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	3,437	1,747	52,157
Town Planning Scheme 20 - District Distributor Road Headworks Reserve	182,515	152,588	188,391
Yanchep Bus Reserve	4,940	7,329	2,737
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	478,789	2,830,292	1,445,333
<b>Total Transfers to Reserves</b>	<b>52,449,883</b>	<b>27,360,228</b>	<b>45,014,887</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$	2018 Actual	2018 Budget	2017 Actual
<b>Transfers from Reserves</b>			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	(53,733)	(79,200)	(70,943)
Asset Renewal Reserve	(1,218,238)	(2,000,000)	-
Asset Replacement Reserve	(925,925)	(2,358,750)	(1,837,133)
Carried Forward Capital Projects Reserve	(5,524,685)	(5,524,685)	(9,515,574)
Domestic Refuse Reserve	(95,853)	(1,212,000)	(12,958)
Golf Course Reserve	(348,238)	(1,292,500)	(341,918)
Home and Community Care Asset Replacement Reserve	(657,280)	-	-
Land Acquisition Reserve	-	-	(166)
Leave Liability Reserve	(209,320)	-	-
Materials Recovery Facility Upgrade Reserve	-	-	(96,884)
Neerabup Development Reserve	(430,272)	(2,354,668)	(302,413)
Plant Replacement Reserve	(1,920,856)	(7,535,328)	(1,678,612)
Regional Open Space Reserve	-	-	-
Section 152 Reserve (formerly Section 20A Land Reserve)	(49,094)	(351,125)	-
Strategic Projects/Initiatives Reserve	(20,237,416)	(23,684,101)	(21,980,857)
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	(130,977)	(50,000)	-
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	(451,571)	(37,500)	(1,318,029)
<b>Total Transfers from Reserves</b>	<b>(32,253,458)</b>	<b>(46,479,857)</b>	<b>(37,155,487)</b>
<b>Total Net Transfer to/(from) Reserves</b>	<b>20,196,425</b>	<b>(19,119,629)</b>	<b>7,859,400</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 2018

#### 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.

**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**

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 [now closed].

**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 Plans Debt Management Policy.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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

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)**

Used for the provision of funding future costs associated with environmental needs and initiatives [now closed].

##### **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 2018

## Note 13. Reserves - Asset Revaluation

\$	Notes	2018 Actual	2017 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 Decrement	7(b)	(194,338,085)	-
		<u>127,090,088</u>	<u>321,428,173</u>
<b>(b) Buildings</b>			
Opening Balance		82,686,540	82,686,540
Revaluation Decrement	7(b)	(37,957,309)	-
		<u>44,729,231</u>	<u>82,686,540</u>
<b>(c) Furniture and Equipment</b>			
Opening Balance		246,092	246,092
Revaluation Decrement	7(b)	(611,067)	-
Transferred to Comprehensive Income		364,975	
		<u>-</u>	<u>246,092</u>
<b>(d) Equity Accounted Investments</b>			
Opening Balance		4,962,476	4,917,697
Revaluation Increment	17(b)(ii)	168,296	44,779
		<u>5,130,772</u>	<u>4,962,476</u>
<b>(e) Infrastructure Assets</b>			
Opening Balance		887,317,267	565,602,357
Revaluation Increment	8(b)	-	321,714,910
		<u>887,317,267</u>	<u>887,317,267</u>
<b>Total Asset Revaluation Reserves</b>		<u><u>1,064,267,358</u></u>	<u><u>1,296,640,548</u></u>



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

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

\$	Notes	2018 Actual	2018 Budget	2017 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>374,458,602</u>	<u>301,505,396</u>	<u>359,431,307</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>				
Net Result		55,673,596	61,937,228	101,176,783
Depreciation		38,955,873	45,000,000	40,650,505
(Profit)/Loss on Sale of Assets		(2,092,591)	(500,000)	(1,913,002)
Share of Net (Profits) of Associates		(306,412)	-	(53,258)
Loss on revaluation of plant and equipment		364,975	-	-
Town Planning Scheme Income (Inc. Interest)		(20,487,522)	(9,605,251)	(14,663,820)
Town Planning Scheme Expenses		12,526,286	11,081,425	7,090,210
Decrease/(Increase) in Receivables		(2,841,215)	(455,915)	699,242
Decrease/(Increase) in Provision for Doubtful Debts		24,182	-	(159,952)
Decrease/(Increase) in Inventories		38,739	(15,000)	29,933
Increase/(Decrease) in Payables & Accruals		(4,566,198)	376,704	3,074,811
Increase/(Decrease) in Employee Leave Entitlements		(770,964)	84,966	586,216
Increase/(Decrease) in Other Provisions		(356,043)	-	1,453,028
Grants/Contributions for the Development of Assets		(33,541,640)	(66,116,328)	(83,706,469)
<b>Net Cash from Operating Activities</b>		<u>42,621,066</u>	<u>41,787,829</u>	<u>54,264,227</u>
<b>(c) Undrawn Borrowing Facilities Credit Standby Arrangements</b>				
Bank Overdraft Limit		1,000,000	1,000,000	1,000,000
Credit Card Limit*		550,000	321,500	550,000
Credit Card Balance at Balance Date		(51,130)	(20,000)	(17,323)
<b>Total Amount of Credit Unused</b>		<u>1,498,870</u>	<u>1,301,500</u>	<u>1,532,677</u>
* The City of Wanneroo currently has the facility credit limit of \$550,000 (2017: \$550,000) with total amount of credit cards currently in use is \$308,500 (2017: \$298,500).				
<b>Loan Facilities</b>				
Loan Facilities - Non-Current	10	<u>69,078,188</u>	<u>69,640,841</u>	<u>66,378,188</u>
<b>Total Facilities in Use at Balance Date</b>		<u>69,078,188</u>	<u>69,640,841</u>	<u>66,378,188</u>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

#### 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 \$95.4M amounting to \$15.9M; 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 \$1.04M 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 2029.

##### (b) Bank Guarantees

The City of Wanneroo currently holds bank guarantees of \$136,170,089 (2017: \$125,330,460) 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. Further the City could also be liable to pay legal fees and charges if the Supreme Court made the decision in the claimants favour.
- (ii) 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. The appeal was heard by the full bench of the Supreme Court on 19 May 2018. On 12 October 2018 the Court of Appeal determined in favour of the Claimant's appeal and determined the Claimant's land was injuriously affected as a result of the City refusing a development application due to the allocation of public open space under the structure plan. Notwithstanding the Court of Appeal judgement, Main Roads WA has recently acquired the entirety of the subject land. Subsequently the Claimant has withdrawn their application for commercial arbitration for compensation from the City and at this stage there are no claims against the City in respect of this matter.
- (iii) The City compulsorily acquired a portion of land at Lot 6 (359) Gnangara 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 paid the claimant the difference between what the City had already paid and the amount the Supreme Court awarded plus the applicable interest amounting to \$464,061. The Claimant has further appealed the judgement and the hearing is expected to be in the first half of 2019. Further the City could also be liable to pay legal fees and charges if the Supreme Court decides in the claimants favour.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## 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

\$	2018 Actual	2017 Actual
<b>Capital Expenditure Commitments</b>		
<b>Contracted for:</b>		
- Land and Building Works	2,509,180	8,881,800
- Engineering Works	3,686,215	1,559,185
- Parks Works	1,397,794	1,219,172
- Plant & Equipment Purchases	3,031,521	1,203,617
<b>Total Capital Expenditure Commitments</b>	<b>10,624,710</b>	<b>12,863,774</b>
<b>Payable:</b>		
- Not later than one year	10,624,710	12,863,774
<b>Total Capital Expenditure Commitments</b>	<b>10,624,710</b>	<b>12,863,774</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## 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.

\$	2018 Actual	2017 Actual
<b>(i) Retained Surplus Attributable to Equity Accounted Investments</b>		
Balance at beginning of the financial year	272,790	226,100
Share of Profit from activity after tax	27,750	46,690
<b>Balance at end of the Financial Year</b>	<b>300,540</b>	<b>272,790</b>
<b>(ii) Carrying Amount of Equity Accounted Investments</b>		
Balance at beginning of the financial year	6,865,580	8,203,429
Share of profit/(loss) from activity after tax	27,750	46,690
Share of Revaluation of Assets	-	-
Distribution to participants	(666,666)	(1,833,333)
Movement in Capital Contributions	1,395,394	448,794
<b>Balance at end of the Financial Year</b>	<b>7,622,058</b>	<b>6,865,580</b>
The City's interest in the Tamala Park Regional Council as at 30 June 2018 and 30 June 2017 is as follows:		
<b>Interest in Tamala Park Regional Council</b>	<b>7,622,058</b>	<b>6,865,580</b>
Current Assets	7,349,644	6,587,378
Non-Current Assets	321,622	324,981
<b>Total Assets</b>	<b>7,671,266</b>	<b>6,912,359</b>
Current Liabilities	(48,350)	(46,346)
Non-Current Liabilities	(858)	(433)
<b>Total Liabilities</b>	<b>(49,208)</b>	<b>(46,779)</b>
<b>Net Assets</b>	<b>7,622,058</b>	<b>6,865,580</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## 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.

\$	2018 Actual	2017 Actual
<b>(i) Retained Surplus Attributable to Equity Accounted Investments</b>		
Balance at beginning of the financial year	5,305,753	5,299,185
Share of (Loss)/Profit from activity after tax	201,328	(3,354)
Adjustment on Asset Disposal	-	9,922
<b>Balance at end of the Financial Year</b>	<b>5,507,081</b>	<b>5,305,753</b>
<b>(ii) Carrying Amount of Equity Accounted Investments</b>		
Balance at beginning of the financial year	10,935,823	10,837,035
Share of profit/(loss) from activity after tax	201,328	(3,354)
Adjustment on Asset Disposal	-	9,922
Share of Revaluation of assets	168,296	44,779
Movement in Capital Contributions	12,304	47,441
<b>Balance at end of the Financial Year</b>	<b>11,317,751</b>	<b>10,935,823</b>
The City's interest in Mindarie Regional Council as at 30 June 2018 and 30 June 2017 is as follows:		
<b>Interest in Mindarie Regional Council</b>	<b>11,317,751</b>	<b>10,935,823</b>
Current Assets	5,673,999	4,863,624
Non-Current Assets	9,686,624	9,995,588
<b>Total Assets</b>	<b>15,360,623</b>	<b>14,859,212</b>
Current Liabilities	(1,218,966)	(1,159,909)
Non-Current Liabilities	(2,823,906)	(2,763,480)
<b>Total Liabilities</b>	<b>(4,042,872)</b>	<b>(3,923,389)</b>
<b>Net Assets</b>	<b>11,317,751</b>	<b>10,935,823</b>

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 17. Equity Accounted Investments (continued)

## (c) Local Government House Trust

The Local Government House Trust is an agreement between the Western Australian Local Government Association and the vast majority of Councils in the State for the provision of an office for the Western Australian Government Association.

No movement for the year ended 30 June 2018 has been included as financial information is not readily available at the date of this report. The movement is not expected to have a material impact on the financial statements as a whole.

\$	2018 Actual	2017 Actual
<b>(i) Retained Surplus Attributable to Equity Accounted Investments</b>		
Balance at beginning of the financial year	-	-
Share of (Loss)/Profit from activity after tax	77,334	-
<b>Balance at end of the Financial Year</b>	<b>77,334</b>	<b>-</b>
<b>(ii) Carrying Amount of Equity Accounted Investments</b>		
Balance at beginning of the financial year	-	-
Share of profit/(loss) from activity after tax	77,334	-
<b>Balance at end of the Financial Year</b>	<b>77,334</b>	<b>-</b>
The City's interest in Local Government House Trust as at 30 June 2018 and 30 June 2017 is as follows:		
<b>Interest in Local Government House Trust</b>	<b>77,334</b>	<b>-</b>
Current Assets	10,919	-
Non-Current Assets	206,232	-
<b>Total Assets</b>	<b>217,151</b>	<b>-</b>
Current Liabilities	-	-
Non-Current Liabilities	(139,817)	-
<b>Total Liabilities</b>	<b>(139,817)</b>	<b>-</b>
<b>Net Assets</b>	<b>77,334</b>	<b>-</b>
<b>Total Carry Amount - Equity Accounted Investments</b>	<b>19,017,143</b>	<b>17,801,403</b>



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Trust Funds

\$	Balance 01-Jul-17	Amounts Received	Amounts Paid	Balance 30-Jun-18
Funds held at balance date over which the Municipality has no control and which are not included in the financial statements are as follows:				
Miscellaneous/Appeals	31,919	3,206	(8,420)	26,705
Public Open Space	3,093,893	528,562	-	3,622,455
	<u>3,125,812</u>	<u>531,768</u>	<u>(8,420)</u>	<u>3,649,160</u>

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

\$	2018 Actual	2017 Actual
Governance	57,590,442	55,466,515
Law, Order, Public Safety	1,867,142	1,949,607
Health	1,917,627	2,512,190
Education & Welfare	1,929,929	3,064,653
Community Amenities	47,546,459	58,767,466
Recreation & Culture	441,427,696	634,333,899
Transport	1,684,639,262	1,672,203,885
Economic Services	3,588,274	1,715,923
Other Property & Services	73,321,945	82,047,987
Unallocated (Assets other than Fixed Assets)	417,996,681	399,456,131
	<u>2,731,825,457</u>	<u>2,911,518,256</u>

## Note 20. Acquisition of Assets

\$	2018 Actual	2018 Budget
<b>By Class</b>		
<i>Property, Plant &amp; Equipment</i>	7(b)	
- Land	10,433	-
- Buildings	15,224,141	37,139,982
- Furniture and Equipment	4,158,741	9,131,974
- Plant and Equipment	3,031,854	7,915,328
- Works in Progress	4,185,796	-
<i>Infrastructure</i>	8(b)	
- Roads	21,976,569	54,905,130
- Drainage	3,032,737	7,006,823
- Parks & Gardens	-	12,774,131
- Other Infrastructure	2,311,232	175,000
- Pathways	2,005,548	4,195,296
- Car Parks	640,436	-
- Reserves	10,813,283	-
- Works in Progress	6,024,118	-
	<u>73,414,888</u>	<u>133,243,664</u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 20. Acquisition of Assets (continued)

\$	2018 Actual	2018 Budget
The City received assets to the value of \$21,443,971 from developers. The value of these assets is included in total value of Acquisition of Assets \$73,414,888 in Note 20. The value of the assets by Class are as follows:		
<i>Infrastructure</i>		
- Roads	12,028,041	37,907,987
- Drainage	3,041,842	6,600,207
- Parks & Gardens	4,388,064	2,627,380
- Other Infrastructure	590,000	251,750
- Pathways	1,396,024	2,612,676
	<b>21,443,971</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. Amounts disclosed are net by Program and by Class.							
<b>By Program</b>							
Governance			953,365		500,000	-	(453,365)
Recreation and Culture		108,929	-	-	-	(108,929)	-
Health		2,240	-	-	-	(2,240)	-
Other Property and Services		2,960,877	-	5,164,637	953,365	2,203,760	953,365
		<b>3,072,046</b>	<b>953,365</b>	<b>5,164,637</b>	<b>1,453,365</b>	<b>2,092,591</b>	<b>500,000</b>
<b>By Class</b>							
<i>Land Held for Resale</i>		1,020,925	-	3,711,667	500,000	2,690,742	500,000
<i>Property, Plant &amp; Equipment</i> 7(b)							
Land		109,848	-	-	-	(109,848)	-
Buildings		111,227	-	-	-	(111,227)	-
Plant and Equipment		1,830,046	953,365	1,452,970	953,365	(377,076)	-
<b>Total</b>		<b>3,072,046</b>	<b>953,365</b>	<b>5,164,637</b>	<b>1,453,365</b>	<b>2,092,591</b>	<b>500,000</b>

The net book value disclosed above is net of any asset revaluation reserve amount applicable to particular assets disposed.

\$	2018 Actual	2018 Budget	2017 Actual
<b>Summary</b>			
Profit on Asset Disposals	2,823,890	500,000	2,136,186
Loss on Asset Disposals	(731,299)	-	(223,184)
<b>Net Profit/(Loss) on Disposal of Assets</b>	<b>2,092,591</b>	<b>500,000</b>	<b>1,913,002</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 22. Financial Ratios

The City undertook a comprehensive review of the methodology utilised when calculating the Financial Ratios during 2017/2018. The published ratios in previous year's Financial Reports were as follows :

			2017 Published Amount	2016 Published Amount
Asset Consumption Ratio			0.73:1	0.73:1
Asset Sustainability Ratio			0.23:1	0.28:1
Asset Renewal Funding Ratio			0.74:1	0.72:1
	<b>Benchmark</b>	<b>2018</b>	<b>Restated 2017</b>	<b>Restated 2016</b>
<i>Liquidity Ratio</i>				
<b>1. Current Ratio</b> <sup>(1)</sup>				
<u>Current Assets less Restricted Current Assets</u>	1.00 : 1	<b>0.85 : 1</b>	0.86:1	0.88:1
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>	2.00 : 1	<b>14.92 : 1</b>	14.86 : 1	13.75 : 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>	0.40 : 1	<b>1.05 : 1</b>	1.00 : 1	1.04 : 1
Operating Expense				
<i>Financial Performance Ratio</i>				
<b>4. Operating Surplus Ratio</b> <sup>(4)</sup>				
<u>Operating Revenue less Operating Expense</u>	0.01 : 1	<b>0.11 : 1</b>	0.09 : 1	0.09 : 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>	0.50 : 1	<b>0.72 : 1</b>	0.72 : 1	0.74 : 1
Current Replacement Cost of Depreciable Assets				
<b>6. Asset Sustainability Ratio</b> <sup>(6)</sup>				
<u>Capital Renewal and Replacement Expenditure</u>	0.90 : 1	<b>0.34 : 1</b>	0.32 : 1	0.45 : 1
Depreciation Expense				
<b>7. Asset Renewal Funding Ratio</b> <sup>(7)</sup>				
<u>NPV of Planned Capital Renewals over 10 years</u>	0.75 : 1	<b>0.91 : 1</b>	1.10 : 1	1.01 : 1
NPV of Required Capital Expenditure over 10 years				

#### Notes

<sup>(1)</sup> This ratio is designed to focus on the liquidity position of the Council that has arisen from past year's transactions.

<sup>(2)</sup> This ratio is the measurement of Council's ability to repay its debt including lease payments.

<sup>(3)</sup> This ratio is the measurement of Council's ability to cover its costs through its own revenue efforts.

<sup>(4)</sup> This ratio is a measure of Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.

<sup>(5)</sup> This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

<sup>(6)</sup> 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. The City's Asset Sustainability Ratio is below the benchmark published by Department of Local Government, Sport and Cultural Industries as the City has relatively new asset base which does not require to incur large asset renewal and asset replacement expenditure at this point in time.

<sup>(7)</sup> 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 2018

## Note 23. Information on Borrowings

\$	Principal	Interest		Principal	
	01-Jul-17	Repayments		30-Jun-18	
	Actual	Actual	Budget	Actual	Budget
<b>(a) Loan Repayments</b>					
<b>Loan 1</b>					
<b>Recreation &amp; Culture</b>					
- Wanneroo Regional Museum and Library	10,416,178	705,175	705,175	10,416,178	10,416,178
- Construct Community Centre - Butler	278,000	18,821	18,821	278,000	278,000
- Develop Accessible and Inclusive Playground	222,000	15,029	15,029	222,000	222,000
- Kingsway Regional Sporting Complex	20,840,902	1,385,621	1,385,620	20,840,902	20,840,902
- Upgrade Aquamotion	7,926,000	536,590	536,590	7,926,000	7,926,000
- Yanchep Active Open Space	56,460	3,822	3,822	56,460	56,460
- Kingsway Regional Playground	650,000	44,005	44,005	650,000	650,000
- Yanchep Lagoon - Brazier Road Realignmen	3,859,181	265,186	265,186	3,859,181	3,859,181
- Yanchep Surf Life Saving Club	1,157,500	140,207	140,207	1,157,500	1,157,500
- Southern Suburbs Library	5,800,000	373,612	373,612	5,800,000	5,800,000
<b>Transport</b>					
- Pinjar Road - Wanneroo and Carosa Road	728,849	49,343	49,343	728,849	728,849
- Upgrade Rocca Way Dundobar Road	54,715	696	696	54,715	54,715
- Flynn Drive Neerabup - Construct Road	3,367,220	175,132	175,132	3,367,220	3,367,220
<b>Other Property &amp; Services</b>					
- Develop Industrial Estate - Neerabup	317,887	21,521	21,521	317,887	317,887
- Redevelop Wanneroo Townsite	1,214,615	82,229	82,229	1,214,615	1,214,615
- Redevelop Koondoola Precinct	1,293,000	87,536	87,536	1,293,000	1,293,000
- Develop Wangara Industrial Area (Lot 257)	43,857	35,881	35,881	43,857	43,857
- Develop Wangara Industrial Area (Lot 15)	2,550,024	174,155	174,155	2,550,024	2,550,024
- Lot 12 Fowey Loop	1,800	122	122	1,800	1,800

(continued on next page)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 23. Information on Borrowings (continued)

\$	Principal 01-Jul-17 Actual	Interest Repayments		Principal 30-Jun-18	
		Actual	Budget	Actual	Budget
<b>(a) Loan Repayments (continued)</b>					
<b>Loan 2</b>					
<b>Recreation &amp; Culture</b>					
- Yancheop Active Open Space Oval Ground Works	-		274,315	11,100,000	
- Yancheop District Playing Fields	1,037,331	33,657	-	1,107,781	-
- Yancheop District Sports Amenities Building Stage 1	2,328,272	65,491	-	2,167,396	-
- Yancheop Surf Life Saving Club	439,828	35,945	-	1,171,312	-
	1,794,569	117,076	-	3,853,511	-
	<b>66,378,188</b>	<b>4,366,852</b>	<b>4,388,997</b>	<b>69,078,188</b>	<b>71,878,188</b>

Interest on unspent loans funds is recorded as an expense to General Purpose Funding. The interest amounts by each program will not necessarily equal the amounts shown within each program in the Statement of Comprehensive Income by Program. The funding percentage has been amended during the financial year.

**(b) New Loans****Loan 2****Recreation & Culture**

- Yancheop Active Open Space Oval Ground Works	-		89,236	3,262,653	
- Yancheop District Playing Fields	-	63,065	-	1,898,066	-
- Yancheop District Sports Amenities Building Stage 1	-	-	-	-	-
- Yancheop Surf Life Saving Club	-	24,304	-	731,484	-
	-	2,341	-	70,450	-
	<b>-</b>	<b>89,710</b>	<b>89,236</b>	<b>2,700,000</b>	<b>3,262,653</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 23. Information on Borrowings (continued)

	Date Borrowed	Balance 01-Jul-17	Borrowed During Year	Expended During Year	Balance 30-Jun-18
\$					
<b>(c) Unspent Loans</b>					
<b>Loan 1</b>					
<b>Recreation &amp; Culture</b>					
Kingsway Regional Sporting Complex	1 Dec 2006	1,898,232		(421,013)	1,477,219
Yanchep Lagoon	1 Nov 2010				
Yanchep SLSC	1 Nov 2010				
Southern Suburbs Library	1 Dec 2006	5,800,000	-	-	5,800,000
<b>Transport</b>					
Upgrade Rocca Way Dundobar Road	1 Dec 2006	-	-		-
Flynn Drive Neerabup - Construct Road	1 Dec 2006	1,811,340	-	(67,418)	1,743,922
<b>Other Property &amp; Services</b>					
Develop Wangara Industrial Area (Lot 15)	1 Dec 2006	1,353,542	-	(120,711)	1,232,831
<b>Loan 2</b>					
<b>Yanchep Development Area Projects</b>					
Yanchep Active Open Space Oval Ground Works		-	1,898,066	(1,898,066)	-
Yanchep District Playing Fields		160,876	-	(160,876)	-
Yanchep District Sports Amenities Building Stage 1		-	731,484	(731,484)	-
Yanchep Surf Life Saving Club		-	70,450	(70,450)	-
		<b>11,023,990</b>	<b>2,700,000</b>	<b>(3,470,018)</b>	<b>10,253,972</b>



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 23. Information on Borrowings (continued)

\* 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 2017/18 Budget. As such, the table above indicates the resulting change in the unspent balance in column "Balance 01-Jul-17" resulting from the change of purpose of borrowings.

#### (d) Overdraft

The City operates separate bank accounts for the each of its Town Planning Schemes and Structure plans as recorded in Notes 3 and 33 . 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 2017 or 30 June 2018.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 24. Rating Information (2017/18 Financial Year)

	Rate in \$ in Cents	Number of Properties	Value	Rate Revenue	Interim Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Total Revenue
\$									
<b>Rate Type</b>									
<b>Differential General Rate</b>									
GRV - Residential Improved	8.1645	55,654	1,144,109,657	93,925,201	2,640,036	96,565,237	93,438,351	2,500,000	95,938,351
GRV - Residential Vacant	12.2300	2,756	59,414,250	7,266,368	(1,183,138)	6,083,230	7,298,743	-	7,298,743
GRV - Commercial/Industrial Improved	6.6120	2,707	319,607,813	21,132,469	938,617	22,071,086	21,047,062	480,000	21,527,062
GRV - Commercial/Industrial Vacant	6.1160	162	13,232,416	809,295	(52,774)	756,521	808,254	-	808,254
UV - Residential Improved	0.3851	183	152,750,920	588,243	9,176	597,419	584,276	-	584,276
UV - Residential Vacant	0.5387	151	677,713,000	3,650,840	(195,373)	3,455,467	3,686,328	-	3,686,328
UV - Commercial/Industrial Improved	0.2857	36	70,289,025	200,816	(146)	200,670	199,730	-	199,730
UV - Commercial/Industrial Vacant	0.3081	21	37,500,000	115,537	(22,437)	93,100	115,538	-	115,538
UV - Rural and Mining Improved	0.3736	400	599,773,092	2,240,752	(10,519)	2,230,233	2,244,599	-	2,244,599
UV - Rural and Mining Vacant	0.4081	85	86,544,015	353,186	(7,581)	345,605	353,152	-	353,152
<b>Sub-Total</b>		<b>62,155</b>	<b>3,160,934,188</b>	<b>130,282,707</b>	<b>2,115,861</b>	<b>132,398,568</b>	<b>129,776,033</b>	<b>2,980,000</b>	<b>132,756,033</b>

\* GRV = Gross Rental Value  
UV = Unimproved Value

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 24. Rating Information (2017/18 Financial Year) (continued)

		<b>Number of Properties</b>	<b>Rateable Value</b>	<b>Rate Revenue</b>	<b>Total Revenue</b>	<b>Budget Rate Revenue</b>	<b>Budget Total Revenue</b>
\$							
<b>Minimum Rates</b>	Minimum						
GRV - Residential Improved	1,337	12,428	183,882,202	16,616,236	<b>16,616,236</b>	16,618,909	<b>16,618,909</b>
GRV - Residential Vacant	875	2,017	11,415,960	1,764,875	<b>1,764,875</b>	1,755,249	<b>1,755,249</b>
GRV - Commercial/Industrial Improved	1,318	530	8,303,074	698,540	<b>698,540</b>	686,552	<b>686,552</b>
GRV - Commercial/Industrial Vacant	1,318	47	766,065	61,946	<b>61,946</b>	47,439	<b>47,439</b>
GRV - Commercial/Industrial Improved - Lesser Minimum Strata	659	68	414,939	44,812	<b>44,812</b>	46,122	<b>46,122</b>
UV - Residential Improved	1,337	3	865,055	4,011	<b>4,011</b>	4,011	<b>4,011</b>
UV - Residential Vacant	875	5	513,000	4,375	<b>4,375</b>	4,375	<b>4,375</b>
UV - Commercial/Industrial Improved	1,318	7	1,630,000	9,226	<b>9,226</b>	7,907	<b>7,907</b>
UV - Rural and Mining Improved	1,330	2	586,908	2,660	<b>2,660</b>	2,660	<b>2,660</b>
UV - Rural and Mining Vacant	894	36	182,623	32,184	<b>32,184</b>	31,277	<b>31,277</b>
<b>Sub-Total</b>		<b>15,143</b>	<b>208,559,826</b>	<b>19,238,865</b>	<b>19,238,865</b>	<b>19,204,501</b>	<b>19,204,501</b>
Ex Gratia Rates					<b>25,425</b>		<b>20,000</b>
<b>Totals</b>					<b>151,662,858</b>		<b>151,980,534</b>

\* GRV = Gross Rental Value  
UV = Unimproved Value

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 25. Discounts, Incentives, Concessions & Write-offs (2017/18 Financial Year)

\$	Type	Total Cost / Value	Budget Cost / Value
<b>Details</b>			
Debts Written Off	Write Off	87,063	87,051
Community Groups Rates Waiver	Waiver	87,051	90,000
		<u>174,114</u>	<u>177,051</u>

No rates discounts have been budgeted for the 2017/2018 Financial year.

Council has agreed, in accordance with Section 6.47 of the *Local Government Act 1995*, to waive the 2017/2018 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 Junior 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.
- West Australian Rifle Association Inc.
- Yanchep Golf Club
- Yanchep Sports Club Inc.
- Yanchep 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 2018

#### Note 26. Interest Charges and Instalments (2017/18 Financial Year)

\$	Interest Rate %	Admin. Charge	Revenue	Budgeted Revenue
Interest on Overdue Rates	8.45%	-	1,619,033	997,100
Interest on Instalments Plan	5.50%	-	716,965	724,214
			<b>2,335,998</b>	<b>1,721,314</b>
Administration Charges on Instalment Plan			379,592	403,250
			<b>2,715,590</b>	<b>2,124,564</b>

An interest rate of 8.45% (2017: 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 2017). 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 2017).

##### 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 2017). The second and final instalment becomes due and payable 63 days after the due date of the first instalment (7 November 2017).

##### 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 2017). The second, third and fourth instalments are to be made at 63 day intervals, thereafter (7 November 2017, 9 January 2018 and 13 March 2018).

##### Cost of the instalment Options

The cost of the instalment options will comprise simple interest of 5.5% (2017: 5.5%) per annum, calculated from the date of the first instalment is due and payable, together with an administration fee of \$5.00 (2017: \$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 (2017: \$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 2018

## Note 27. Fees &amp; Charges

\$	2018 Actual	2018 Budget	2017 Actual
Governance	17,395	8,375	21,391
General Purpose Funding	487,242	518,150	485,178
Law, Order, Public Safety	712,156	898,000	758,032
Health	336,443	330,000	432,935
Education and Welfare	415,524	358,344	339,668
Community Amenities	2,191,675	2,580,842	3,383,458
Recreation and Culture	6,740,444	7,251,954	7,113,483
Transport	1,059,952	1,225,000	1,042,439
Economic Services	2,053,232	2,539,400	2,411,383
Other Property and Services	6,780	206,099	5,951
	<b><u>14,020,843</u></b>	<b><u>15,916,164</u></b>	<b><u>15,993,918</u></b>

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

\$	2018 Actual	2017 Actual
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Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

## (a) By Nature &amp; Type

Operating Grants, Subsidies and Contributions	12,866,706	16,575,517
Non-Operating Grants, Subsidies and Contributions	33,541,640	83,706,469
	<b><u>46,408,346</u></b>	<b><u>100,281,986</u></b>

## (b) By Program

Governance	566,670	383,579
General Purpose Funding	7,180,451	10,204,805
Law, Order, Public Safety	589,233	439,143
Health	147,855	178,790
Education & Welfare	3,253,771	3,574,109
Community Amenities	135,737	87,370
Recreation & Culture	9,901,595	10,052,313
Transport	24,565,825	75,213,274
Economic Services	4,128	4,030
Other Property & Services	63,081	144,573
	<b><u>46,408,346</u></b>	<b><u>100,281,986</u></b>

## City of Wanneroo

## Notes to the Financial Statements

\* Land and Building were first revalued in Financial Year 2014/15. In Financial Year 2014/15, vested Crown lands with

## Note 29. Employee Costs

\$	2018 Actual	2017 Actual
Wages and Salaries	62,922,536	63,331,629
Superannuation	7,058,481	6,806,213
Fringe Benefits Tax	315,453	344,820
Conference and Training	600,941	579,474
Workers' Compensation Insurance <sup>1</sup>	(364,026)	1,991,746
External Labour Hire	1,158,513	3,276,527
Protective Clothing & Uniforms	259,798	236,676
Staff Amenities (Milk/Tea/Coffee)	48,896	48,449
Vehicle Usage Reimbursements	3,278	18,075
<b>Total Employee Costs</b>	<b>72,003,870</b>	<b>76,633,609</b>
less: Capitalised Costs	(3,505,955)	(3,941,247)
	<b>68,497,915</b>	<b>72,692,362</b>

<sup>1</sup> In 2018 the City reduced its Workers Compensation Insurance Provision due to improved claims history.



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 30. Related Party Transactions

\$

##### Related Parties

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.

##### Councillor Remuneration and Allowances

\$	2018 Actual	2018 Budget	2017 Actual
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	473,328	482,642	479,137
Mayor's Allowance	88,864	88,864	88,856
Deputy Mayor's Allowance	22,742	25,716	22,214
Travelling & Other Expenses	23,028	110,800	13,129
Telecommunications Allowance	52,500	52,500	52,500
	<u>660,462</u>	<u>760,522</u>	<u>655,836</u>

##### 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	1,604,648	1,504,743
Post-employment benefits	171,137	162,771
Other long-term benefits	33,748	34,716
	<u>1,809,533</u>	<u>1,702,230</u>

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

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP.

##### **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.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 30. Related Party Transactions (continued)

\$	2018 Actual	2017 Actual
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##### Transactions with related parties

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:

##### **Associated companies/individuals:**

Sale of goods and services	175,000	53,736
Commercial Lease Agreements	43,427	4,567

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

### Note 31. Town Planning Schemes

#### (a) Town Planning Schemes

The City's major land transactions incorporated in the 2017/2018 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.

\$	2018 Actual	2018 Budget	2017 Actual
Operating Income			
Interest on Investments	18,782	16,944	19,378
	<u>18,782</u>	<u>16,944</u>	<u>19,378</u>
<b>Net Result</b>	<b><u>18,782</u></b>	<b><u>16,944</u></b>	<b><u>19,378</u></b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 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	715,914	715,984	697,132
Total Current Assets	<u>715,914</u>	<u>715,984</u>	<u>697,132</u>
<b>TOTAL ASSETS</b>	<u>715,914</u>	<u>715,984</u>	<u>697,132</u>
<b>Net Assets</b>	<u><b>715,914</b></u>	<u><b>715,984</b></u>	<u><b>697,132</b></u>
<b>EQUITY</b>			
Accumulated Surplus	715,914	715,984	697,132
<b>Total Equity</b>	<u><b>715,914</b></u>	<u><b>715,984</b></u>	<u><b>697,132</b></u>

**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**

\$	2018 Actual	2018 Budget	2017 Actual
Operating Income			
Headworks Levy	1,085,093	2,531,883	259,549
Interest on Investments	<u>782,010</u>	<u>714,653</u>	<u>802,916</u>
	1,867,103	3,246,536	1,062,465
Operating Expense			
Advertising	-	(100)	-
Compensation Payments - Public Open Space	(757,875)	(757,875)	-
Consulting Fees	-	(2,000)	(44,170)
Legal Fees	-	-	(1,202)
Administration Allocation	(49,476)	(17,563)	(193,000)
Audit Fees	-	-	(2,560)
Valuation Fees	<u>(1,333)</u>	<u>-</u>	<u>-</u>
	<u>(808,684)</u>	<u>(777,538)</u>	<u>(240,932)</u>
<b>Net Result</b>	<u><b>1,058,419</b></u>	<u><b>2,468,998</b></u>	<u><b>821,533</b></u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 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	29,775,005	31,518,017	28,716,586
Total Current Assets	<u>29,775,005</u>	<u>31,518,017</u>	<u>28,716,586</u>
<b>TOTAL ASSETS</b>	<u>29,775,005</u>	<u>31,518,017</u>	<u>28,716,586</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><u>29,775,005</u></u>	<u><u>31,518,017</u></u>	<u><u>28,716,586</u></u>
<b>EQUITY</b>			
Accumulated Surplus	29,775,005	31,518,017	28,716,586
<b>Total Equity</b>	<u><u>29,775,005</u></u>	<u><u>31,518,017</u></u>	<u><u>28,716,586</u></u>

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

\$	2018 Actual	2018 Budget	2017 Actual
Operating Income			
Headworks Levy	-	609,049	1,778,423
Interest on Investments	230,972	184,220	207,328
	<u>230,972</u>	<u>793,269</u>	<u>1,985,751</u>
<b>Operating Expense</b>			
Advertising	-	(100)	-
Consulting Fees	-	(2,000)	(1,500)
Legal Fees	(1,850)	-	(1,202)
Valuation Fees	(1,333)	-	(206)
Administration Allocation	(34,245)	(17,563)	(72,743)
Audit Fees	(1,850)	-	-
	<u>(39,278)</u>	<u>(19,663)</u>	<u>(75,651)</u>
<b>Net Result</b>	<u><u>191,694</u></u>	<u><u>773,606</u></u>	<u><u>1,910,100</u></u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 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	8,742,342	8,604,235	8,550,648
Total Current Assets	<u>8,742,342</u>	<u>8,604,235</u>	<u>8,550,648</u>
<b>TOTAL ASSETS</b>	<u>8,742,342</u>	<u>8,604,235</u>	<u>8,550,648</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><b>8,742,342</b></u>	<u><b>8,604,235</b></u>	<u><b>8,550,648</b></u>
<b>EQUITY</b>			
Accumulated Surplus	8,742,342	8,604,235	8,550,648
<b>Total Equity</b>	<u><b>8,742,342</b></u>	<u><b>8,604,235</b></u>	<u><b>8,550,648</b></u>

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

\$	2018 Actual	2018 Budget	2017 Actual
Operating Income			
Interest on Investments	39,215	37,267	41,930
	<u>39,215</u>	<u>37,267</u>	<u>41,930</u>
Operating Expense			
Advertising	-	(100)	-
Consulting Fees	(1,750)	(2,000)	(1,500)
Legal Fees	-	-	(1,202)
Administration Allocation	(18,810)	(17,563)	(48,672)
Valuation Fees	(1,333)	-	-
	<u>(21,893)</u>	<u>(19,663)</u>	<u>(51,374)</u>
<b>Net Result</b>	<u><b>17,322</b></u>	<u><b>17,604</b></u>	<u><b>(9,444)</b></u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 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	1,473,755	1,502,566	1,456,433
Total Current Assets	<u>1,473,755</u>	<u>1,502,566</u>	<u>1,456,433</u>
<b>TOTAL ASSETS</b>	<u>1,473,755</u>	<u>1,502,566</u>	<u>1,456,433</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u>1,473,755</u>	<u>1,502,566</u>	<u>1,456,433</u>
<b>EQUITY</b>			
Accumulated Surplus	1,473,755	1,502,566	1,456,433
<b>Total Equity</b>	<u>1,473,755</u>	<u>1,502,566</u>	<u>1,456,433</u>

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

\$	2018 Actual	2018 Budget	2017 Actual
Operating Income			
Development Headworks Levy	5,406,846	489,879	1,492,963
Interest on Investments	348,001	382,075	423,326
	<u>5,754,847</u>	<u>871,954</u>	<u>1,916,289</u>
Operating Expense			
Advertising	-	(100)	-
Audit Fees	-	(3,000)	(23,328)
Compensation Payments - Public Open Space	(7,112,177)	-	-
Construction Costs	-	-	(131,324)
Consulting Fees	-	(2,000)	(1,500)
Legal Fees	(171,825)	-	(138,136)
Administration Allocation	(23,509)	(35,125)	(106,476)
Valuation Fees	(1,333)	-	-
	<u>(7,308,844)</u>	<u>(40,225)</u>	<u>(400,764)</u>
<b>Net Result</b>	<u>(1,553,997)</u>	<u>831,729</u>	<u>1,515,525</u>



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 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	13,085,021	13,001,664	14,639,018
Total Current Assets	<u>13,085,021</u>	<u>13,001,664</u>	<u>14,639,018</u>
<b>TOTAL ASSETS</b>	<u>13,085,021</u>	<u>13,001,664</u>	<u>14,639,018</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><b>13,085,021</b></u>	<u><b>13,001,664</b></u>	<u><b>14,639,018</b></u>
<b>EQUITY</b>			
Accumulated Surplus	13,085,021	13,001,664	14,639,018
<b>Total Equity</b>	<u><b>13,085,021</b></u>	<u><b>13,001,664</b></u>	<u><b>14,639,018</b></u>

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

\$	2018 Actual	2018 Budget	2017 Actual
Operating Income			
Development Headworks Levy	216,364	494,000	1,714,564
Interest on Investments	245,860	226,323	253,309
	<u>462,224</u>	<u>720,323</u>	<u>1,967,873</u>
Operating Expense			
Advertising	-	(100)	-
Compensation Payments - Public Open Space	(299,199)	(1,800,000)	(433,673)
Legal Fees	(57,288)	-	(14,857)
Consulting Fees	-	(2,000)	-
Administration Allocation	(23,508)	(35,125)	(63,391)
Audit Fees	(9,968)	(3,000)	-
Valuation Fees	(1,333)	-	-
Construction Costs	(762,694)	-	-
	<u>(1,153,990)</u>	<u>(1,840,225)</u>	<u>(511,921)</u>
<b>Net Result</b>	<u><b>(691,766)</b></u>	<u><b>(1,119,902)</b></u>	<u><b>1,455,952</b></u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 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	8,461,938	6,361,483	9,153,704
Total Current Assets	8,461,938	6,361,483	9,153,704
<b>TOTAL ASSETS</b>	<b>8,461,938</b>	<b>6,361,483</b>	<b>9,153,704</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>8,461,938</b>	<b>6,361,483</b>	<b>9,153,704</b>
<b>EQUITY</b>			
Accumulated Surplus	8,461,938	6,361,483	9,153,704
<b>Total Equity</b>	<b>8,461,938</b>	<b>6,361,483</b>	<b>9,153,704</b>

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

\$	2018 Actual	2018 Budget	2017 Actual
<b>Operating Income</b>			
Development Headworks Levy	1,431,362	197,429	1,399,820
Interest on Investments	752,159	723,603	783,945
	2,183,521	921,032	2,183,765
<b>Operating Expense</b>			
Advertising	-	(100)	-
Legal Fees	(182)	-	(1,202)
Construction Costs	(280,124)	(8,778)	(4,279)
Consulting Fees	-	(2,000)	(3,361)
Compensation Payments - Road Reserves	(430,544)	-	(536,250)
Administration Allocation	(47,220)	(35,125)	(69,635)
Compensation Payments - Public Open Space	-	-	(1,739,159)
Audit Fees	(9,966)	(3,000)	-
Survey Fees	(5,184)	-	-
Valuation Fees	(1,346)	-	-
	(774,566)	(49,003)	(2,353,886)
<b>Net Result</b>	<b>1,408,955</b>	<b>872,029</b>	<b>(170,121)</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 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	28,514,615	28,132,704	27,105,660
Total Current Assets	<u>28,514,615</u>	<u>28,132,704</u>	<u>27,105,660</u>
<b>TOTAL ASSETS</b>	<u>28,514,615</u>	<u>28,132,704</u>	<u>27,105,660</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u>28,514,615</u>	<u>28,132,704</u>	<u>27,105,660</u>
<b>EQUITY</b>			
Accumulated Surplus	28,514,615	28,132,704	27,105,660
<b>Total Equity</b>	<u>28,514,615</u>	<u>28,132,704</u>	<u>27,105,660</u>

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

\$	2018 Actual	2018 Budget	2017 Actual
Operating Income			
Development Headworks Levy	130,422	-	-
Interest on Investments	83,683	92,899	122,813
	<u>214,105</u>	<u>92,899</u>	<u>122,813</u>
Operating Expense			
Advertising	-	(100)	-
Compensation Payments - Road Reserves	(430,544)	-	-
Legal Fees	(3,240)	-	(3,231)
Construction Costs	(3,574)	(8,778)	-
Contract Expenses	-	-	(1,745,905)
Consulting Fees	(1,500)	(2,000)	(7,835)
Administration Allocation	(59,461)	(17,563)	(109,916)
Survey Fees	(7,397)	-	-
Valuation Fees	(1,346)	-	-
	<u>(507,062)</u>	<u>(28,441)</u>	<u>(1,866,887)</u>
<b>Net Result</b>	<u>(292,957)</u>	<u>64,458</u>	<u>(1,744,074)</u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 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	2,927,170	3,454,137	3,220,127
Total Current Assets	<u>2,927,170</u>	<u>3,454,137</u>	<u>3,220,127</u>
<b>TOTAL ASSETS</b>	<u>2,927,170</u>	<u>3,454,137</u>	<u>3,220,127</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><u>2,927,170</u></u>	<u><u>3,454,137</u></u>	<u><u>3,220,127</u></u>
<b>EQUITY</b>			
Accumulated Surplus	2,927,170	-	3,220,127
<b>Total Equity</b>	<u><u>2,927,170</u></u>	<u><u>3,454,137</u></u>	<u><u>3,220,127</u></u>
<b>(ix) East Wanneroo Development Area - Cell 8</b>			
\$	2018 Actual	2018 Budget	2017 Actual
Operating Income			
Development Headworks Levy	2,217,539	733,200	653,990
Interest on Investments	125,877	48,289	101,792
	<u>2,343,416</u>	<u>781,489</u>	<u>755,782</u>
Operating Expense			
Construction Costs	-	-	(39,886)
Advertising	-	(100)	-
Compensation Payments - Road Reserves	(913,436)	(1,800,000)	(36,022)
Legal Fees	(93,914)	-	(14,857)
Consulting Fees	(9,967)	(2,000)	-
Administration Allocation	(43,866)	(35,125)	(96,125)
Audit Fees	(2,240)	(3,000)	-
Valuation Fees	(1,333)	-	-
Demolition Fees	(24,700)	-	-
	<u>(1,089,456)</u>	<u>(1,840,225)</u>	<u>(186,890)</u>
<b>Net Result</b>	<u><u>1,253,960</u></u>	<u><u>(1,058,736)</u></u>	<u><u>568,892</u></u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 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	4,873,631	1,291,329	3,619,671
Total Current Assets	4,873,631	1,291,329	3,619,671
<b>TOTAL ASSETS</b>	<b>4,873,631</b>	<b>1,291,329</b>	<b>3,619,671</b>
<b>Net Assets</b>	<b>4,873,631</b>	<b>1,291,329</b>	<b>3,619,671</b>
<b>EQUITY</b>			
Accumulated Surplus	4,873,631	1,291,329	3,619,671
<b>Total Equity</b>	<b>4,873,631</b>	<b>1,291,329</b>	<b>3,619,671</b>
<b>(x) East Wanneroo Development Area - Cell 9</b>			
\$	2018 Actual	2018 Budget	2017 Actual
Operating Income			
Development Headworks Levy	5,032,150	1,610,250	1,384,815
Interest on Investments	527,283	443,580	511,081
	5,559,433	2,053,830	1,895,896
Operating Expense			
Advertising	-	(100)	-
Legal Fees	-	-	(13,278)
Consulting Fees	(990)	(852,000)	(864,276)
Construction Costs	(176,888)	-	-
Compensation Payments - Public Open Space	(1,972,174)	(5,596,773)	(697,915)
Compensation Payments - Road Reserves	(245,183)	-	(532,418)
Administration Allocation	(59,297)	(35,125)	(96,202)
Reimbursement Expenses - Other	-	-	(346,314)
Valuation Fees	(1,333)	-	-
	(2,455,865)	(6,483,998)	(2,550,403)
<b>Net Result</b>	<b>3,103,568</b>	<b>(4,430,168)</b>	<b>(654,507)</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 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	21,021,738	16,005,740	18,351,969
Total Current Assets	<u>21,021,738</u>	<u>16,005,740</u>	<u>18,351,969</u>
<b>TOTAL ASSETS</b>	<u>21,021,738</u>	<u>16,005,740</u>	<u>18,351,969</u>
<b>LIABILITIES</b>			
Current Liabilities			
Trade and Other Payables	(862,776)	-	(1,296,576)
Total Current Liabilities	<u>(862,776)</u>	<u>-</u>	<u>(1,296,576)</u>
<b>TOTAL LIABILITIES</b>	<u>(862,776)</u>	<u>-</u>	<u>(1,296,576)</u>
<b>Net Assets</b>	<u><b>20,158,962</b></u>	<u><b>16,005,740</b></u>	<u><b>17,055,393</b></u>
<b>EQUITY</b>			
Accumulated Surplus	20,158,962	16,005,740	17,055,393
<b>Total Equity</b>	<u><b>20,158,962</b></u>	<u><b>16,005,740</b></u>	<u><b>17,055,393</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.

\$	2018 Actual	2018 Budget	2017 Actual
Operating Income			
Interest on Investments	77,286	69,708	79,763
	<u>77,286</u>	<u>69,708</u>	<u>79,763</u>
Operating Expense			
Administration Allocation	-	-	(166)
	<u>-</u>	<u>-</u>	<u>(166)</u>
<b>Net Result</b>	<u><b>77,286</b></u>	<u><b>69,708</b></u>	<u><b>79,597</b></u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 Actual
<b>(xi) Berkley Road Local Structure Plan (continued)</b>			
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	2,945,189	2,949,622	2,867,903
Total Current Assets	<u>2,945,189</u>	<u>2,949,622</u>	<u>2,867,903</u>
<b>TOTAL ASSETS</b>	<u>2,945,189</u>	<u>2,949,622</u>	<u>2,867,903</u>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<u><u>2,945,189</u></u>	<u><u>2,949,622</u></u>	<u><u>2,867,903</u></u>
<b>EQUITY</b>			
Accumulated Surplus	2,945,189	2,949,622	2,867,903
<b>Total Equity</b>	<u><u>2,945,189</u></u>	<u><u>2,949,622</u></u>	<u><u>2,867,903</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 transactions either in financial year 2016/2017 or 2017/2018.



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 31. Town Planning Schemes (continued)

\$	2018 Actual	2018 Budget	2017 Actual
<b>(xii) Neerabup Industrial Area Structure Plan (continued)</b>			
<b>Financial Position</b>			
<b>LIABILITIES</b>			
Trade and Other Payables	(3,448,943)	-	(3,448,943)
Total Current Liabilities	(3,448,943)	-	(3,448,943)
<b>TOTAL LIABILITIES</b>	<b>(3,448,943)</b>	<b>-</b>	<b>(3,448,943)</b>
<b>Net Assets</b>	<b>(3,448,943)</b>	<b>-</b>	<b>(3,448,943)</b>
<b>EQUITY</b>			
Accumulated Surplus	(3,448,943)	-	(3,448,943)
<b>Total Equity/(Deficiency)</b>	<b>(3,448,943)</b>	<b>-</b>	<b>(3,448,943)</b>
<b>Total Equity of Planning/Land Development</b>	<b>118,224,599</b>	<b>113,537,481</b>	<b>113,633,332</b>

**(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.

\$	2018 Actual	2017 Actual
Income from Sales	3,711,667	3,322,186
Development Expenses	(3,670,315)	(2,825,965)
Surplus/(Deficit)	<b>41,352</b>	<b>496,221</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

### Note 32. Financial Risk Management

\$

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

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

The City does not engage in transactions expressed in foreign currencies in the normal course of business and is therefore not subject to foreign currency risk.

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

The City held the following financial instruments at balance date:

	Notes	Carrying Value		Fair Value	
		2018	2017	2018	2017
<b>Financial Assets</b>					
Cash and Cash Equivalents	3	374,458,602	359,431,307	374,458,602	359,431,307
Receivables (Current & Non-Current)	5	24,685,331	21,868,298	24,685,331	21,868,298
		<u>399,143,933</u>	<u>381,299,605</u>	<u>399,143,933</u>	<u>381,299,605</u>
<b>Financial Liabilities</b>					
Payables (Current & Non-Current)	9	23,446,151	28,012,349	23,446,151	28,012,349
Borrowings (Current & Non-Current)	10	69,078,188	66,378,188	69,078,188	66,378,188
		<u>92,524,339</u>	<u>94,390,537</u>	<u>92,524,339</u>	<u>94,390,537</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 2018

#### Note 32. 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

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

The City has an Investment Policy which complies with the relevant legislations. 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 the City - be it of a capital or income nature.

The City 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-18	30-Jun-17
<b>Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments</b>		
Equity	3,744,586	3,812,996
Statement of Comprehensive Income	3,744,586	3,812,996

#### 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 2018

#### Note 32. Financial Risk Management (continued)

##### (b) Receivables

The City'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 the City may not be paid.

The City 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 the City to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. The City is also able to charge interest on overdue Rates and annual charges, 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.

The City 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 the City's current debtors credit risk at balance date is as follows:

	30-Jun-18	30-Jun-17
<b>Rates and Annual Charges Outstanding</b>		
0 - 30 Days	84,943	75,080
30 - 60 Days	110,704	97,850
60 - 90 Days	171,287	151,398
Over 90 Days	14,111,575	12,473,012
	<u><b>14,478,509</b></u>	<u><b>12,797,340</b></u>
<b>Sundry Debtors Outstanding</b>		
0 - 30 Days	115,064	158,120
30 - 60 Days	320,915	440,999
60 - 90 Days	25,382	34,880
Over 90 Days	769,104	1,056,896
	<u><b>1,230,465</b></u>	<u><b>1,690,895</b></u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 32. Financial Risk Management (continued)

## (c) Payables &amp; 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.

The City 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 the City'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>2018</b>					
Payables	23,446,151	-	-	23,446,151	23,446,151
Borrowings	-	17,538,510	92,613,208	110,151,718	69,078,188
	<b>23,446,151</b>	<b>17,538,510</b>	<b>92,613,208</b>	<b>133,597,869</b>	<b>92,524,339</b>
<b>2017</b>					
Payables	27,531,570	-	-	27,531,570	28,012,349
Borrowings	4,166,005	17,538,510	92,613,208	114,317,723	66,378,537
	<b>31,697,575</b>	<b>17,538,510</b>	<b>92,613,208</b>	<b>141,849,293</b>	<b>94,390,886</b>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. The City manages this risk by borrowing long term and fixing the interest rate on a basis that is most suitable for the circumstance. The City 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 the City's Borrowings at balance date:

	30-Jun-18		30-Jun-17	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed	6.77%	60,778,188	6.77%	60,778,537
Bank Loans - Variable	3.60%	8,300,000	3.29%	5,600,000
		<b>69,078,188</b>		<b>66,378,537</b>

**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 2018

## Note 33. Fair Value Measurements

\$

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:**

2018	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	30/06/18	-	56,798,333	80,805,000	137,603,333
- Buildings	30/06/18	-	-	171,147,700	171,147,700
- Furniture and Equipment	30/06/18	-	7,102,134	1,135,504	8,237,638
- Plant and Equipment	30/06/16	-	15,712,373	-	15,712,373
<b>Total Property, Plant &amp; Equipment</b>		-	<b>79,612,840</b>	<b>253,088,204</b>	<b>332,701,044</b>
<b>Infrastructure</b>					
- Reserves	30/06/17	-	-	199,485,343	199,485,343
- Roads	30/06/17	-	-	1,135,420,136	1,135,420,136
- Pathways	30/06/17	-	-	134,999,999	134,999,999
- Car Parking	30/06/17	-	-	42,633,114	42,633,114
- Drainage	30/06/17	-	-	372,581,463	372,581,463
- Other Infrastructure	30/06/17	-	-	59,280,731	59,280,731
<b>Total Infrastructure</b>		-	-	<b>1,944,400,786</b>	<b>1,944,400,786</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 33. Fair Value Measurements (continued)

\$

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

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	-	332,031,605	-	332,031,605
- Buildings	30/06/15	-	-	177,538,572	177,538,572
- Furniture and Equipment	30/06/15	-	-	6,559,780	6,559,780
- Plant and Equipment	30/06/16	-	17,857,364	-	17,857,364
<b>Total Property, Plant &amp; Equipment</b>		-	349,888,969	184,098,352	533,987,321
<b>Infrastructure</b>					
- Reserves	30/06/14	-	-	194,698,376	194,698,376
- Roads	30/06/14	-	-	1,121,814,763	1,121,814,763
- Pathways	30/06/14	-	-	135,514,683	135,514,683
- Car Parking	30/06/14	-	-	42,021,070	42,021,070
- Drainage	30/06/14	-	-	372,823,358	372,823,358
- Other Infrastructure	30/06/14	-	-	59,965,094	59,965,094
<b>Total Infrastructure</b>		-	-	1,926,837,344	1,926,837,344

## (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 2018

#### Note 33. Fair Value Measurements (continued)

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

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

The fair valuation techniques the City 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.

###### Level 3 Valuation Inputs

**Income Approach with Public Sector Restrictions (Crown Land subject to Management Order in City's Favour)** - The valuation of some restricted or otherwise non-saleable land has been valued using this approach. The approach in valuing this land is firstly to recognise that the City does not own the land in fee simple (freehold) and to acknowledge that under the definition of Fair Value, it is the value of the leasehold interest of the asset. As a lessee of the head lease, the City only has the right to manage the asset and the capabilities to sub lease it for the purpose for which it is vested.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 33. Fair Value Measurements (continued)

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

**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 sub-division 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 2018

#### Note 33. 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

The City's Furniture and Fittings have been valued by independent professional valuers in accordance with applicable Australian Standards.

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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. In this method assets current replacement cost less accumulated depreciation calculated on the basis of such cost to reflect potential of the asset that 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 2018

## Note 33. Fair Value Measurements (continued)

\$

**(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 2017</b>	177,538,572	194,698,376	1,121,814,763	135,514,683	1,629,566,394
Purchases (GBV)	35,084,134	11,011,560	27,851,556	2,015,648	75,962,898
Disposals (WDV)	(111,227)	-	-	-	(111,227)
Depreciation & Impairment	(3,406,470)	(6,224,593)	(14,246,183)	(2,530,332)	(26,407,578)
FV Loss - Other Comprehensive Income	(37,957,309)	-	-	-	(37,957,309)
<b>Closing Balance - 30 June 2018</b>	<u>171,147,700</u>	<u>199,485,343</u>	<u>1,135,420,136</u>	<u>134,999,999</u>	<u>1,641,053,178</u>

	Furniture & Equipment	Drainage	Car Parking	Other Infrastructure	Total
<b>Closing Balance - 30 June 2017</b>	6,559,780	372,823,358	42,021,070	59,965,094	481,369,302
Transfers from/(to) Level 2 FV hierarchy	(7,102,134)	-	-	-	(7,102,134)
Purchases (GBV)	4,214,012	3,154,166	937,731	2,870,236	11,176,145
Depreciation & Impairment	(1,925,087)	(3,396,061)	(325,687)	(3,554,599)	(9,201,434)
FV Loss - Other Comprehensive Income	(246,092)	-	-	-	(246,092)
FV Loss - Income Statement <sup>1</sup>	(364,975)	-	-	-	(364,975)
<b>Closing Balance - 30 June 2018</b>	<u>1,135,504</u>	<u>372,581,463</u>	<u>42,633,114</u>	<u>59,280,731</u>	<u>475,630,812</u>

	Land	Total
<b>Closing Balance - 30 June 2017</b>	-	-
Transfers from/(to) Level 2 FV hierarchy	80,805,000	80,805,000
<b>Closing Balance - 30 June 2018</b>	<u>80,805,000</u>	<u>80,805,000</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 2018

## Note 34. 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.

\$	2018 Actual	2018 Budget	2017 Actual
<b>Operating Income</b>			
Development Contributions	442,020	821,330	1,407,697
Interest on Investments	36,769	(33,372)	37,636
	<u>478,789</u>	<u>787,958</u>	<u>1,445,333</u>
<b>Operating Expense</b>			
Audit Fees	-	(2,000)	-
Advertising Expenses	-	(100)	-
Interest Expenses	(275,773)	(274,315)	(70,208)
Construction Costs	(3,007,581)	(2,860,876)	(6,587,998)
Consulting Fees	-	(6,000)	(3,900)
Administration Allocation	(71,582)	(52,688)	(95,046)
	<u>(3,354,936)</u>	<u>(3,195,979)</u>	<u>(6,757,152)</u>
<b>Total</b>	<b><u>(2,876,147)</u></b>	<b><u>(2,408,021)</u></b>	<b><u>(5,311,819)</u></b>
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	319,701	3,831,544	453,359
Total Current Assets	<u>319,701</u>	<u>3,831,544</u>	<u>453,359</u>
<b>TOTAL ASSETS</b>	<u>319,701</u>	<u>3,831,544</u>	<u>453,359</u>
<b>LIABILITIES</b>			
Loan	(8,300,000)	(8,862,653)	(5,600,000)
Accrued Interest	(42,489)	-	-
Total Current Liabilities	<u>(8,342,489)</u>	<u>(8,862,653)</u>	<u>(5,600,000)</u>
<b>Net Assets</b>	<b><u>(8,022,788)</u></b>	<b><u>(5,031,109)</u></b>	<b><u>(5,146,641)</u></b>
<b>EQUITY</b>			
Accumulated (Deficit)/Surplus	(8,022,788)	5,031,109	(5,146,641)
<b>Total Equity</b>	<b><u>(8,022,788)</u></b>	<b><u>5,031,109</u></b>	<b><u>(5,146,641)</u></b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 34. 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.

\$	2018 Actual	2018 Budget	2017 Actual
Operating Income			
Development Contributions	944,842	577,986	883,159
Interest on Investments	312,986	260,188	303,624
	<u>1,257,828</u>	<u>838,174</u>	<u>1,186,783</u>
Operating Expense			
Audit Fees	-	(2,000)	-
Advertising Expenses	-	(100)	-
Construction Costs	-	-	(5,550)
Consulting Fees	-	(6,000)	-
Administration Allocation	(53,683)	(52,688)	(65,443)
	<u>(53,683)</u>	<u>(60,788)</u>	<u>(70,993)</u>
<b>Total</b>	<b><u>1,204,145</u></b>	<b><u>777,386</u></b>	<b><u>1,115,790</u></b>
<b>Financial Position</b>			
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent Assets	12,545,297	14,119,317	11,341,201
Total Current Assets	<u>12,545,297</u>	<u>14,119,317</u>	<u>11,341,201</u>
TOTAL ASSETS	<u>12,545,297</u>	<u>14,119,317</u>	<u>11,341,201</u>
<b>Net Assets</b>	<b><u>12,545,297</u></b>	<b><u>14,119,317</u></b>	<b><u>11,341,201</u></b>
<b>EQUITY</b>			
Accumulated Surplus	12,545,297	14,119,317	11,341,201
<b>Total Equity</b>	<b><u>12,545,297</u></b>	<b><u>14,119,317</u></b>	<b><u>11,341,201</u></b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 35. Events occurring after the Reporting Period

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Events that occur between the end of the reporting period (ending 30 June 2018) 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 2018.

**(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 2018 and which are only indicative of conditions that arose after 30 June 2018.

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





## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Council of the City of Wanneroo

#### Report on the Audit of the Financial Report

##### **Opinion**

I have audited the annual financial report of the City of Wanneroo which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the City of Wanneroo:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

##### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant 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 my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Emphasis of Matter – Basis of Accounting**

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

##### **Responsibilities of the Chief Executive Officer and Council for the Financial Report**

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the City.



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

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

The objectives of my audit 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position or the financial management practices of the City:
  - a. The Current Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past 3 years.
  - b. The Asset Sustainability Ratio has been below the DLGSCI standard for the past 3 years.

The financial ratios are reported in Note 22 of the financial report.

- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**Other Matter**

The financial report of the City for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 22 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

**Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the annual financial report of the City of Wanneroo for the year ended 30 June 2018 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



SANDRA LABUSCHAGNE  
ACTING DEPUTY AUDITOR GENERAL  
FOR WESTERN AUSTRALIA  
Perth, Western Australia  
15 November 2018