

CITY OF WANNEROO

ANNUAL BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

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CITY OF WANNEROO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Revenues	1			
Rates*	9	131,005,140	130,904,912	135,581,907
Operating Grants, Subsidies & Contributions		9,091,698	9,927,188	10,860,681
Fees & Charges	12	44,153,664	44,263,897	46,787,670
Interest Revenue	2(a)(ii)	8,922,995	9,475,226	8,715,234
Other Revenue		714,795	614,975	627,194
		193,888,292	195,186,198	202,572,686
Expenses				
Employee Costs		(72,888,729)	(74,213,463)	(76,825,787)
Materials & Contracts		(60,390,801)	(62,249,440)	(68,528,997)
Utility Charges		(9,720,952)	(9,510,694)	(9,695,193)
Depreciation	2(a)(i)	(40,430,000)	(40,430,000)	(40,947,313)
Insurance		(1,476,858)	(1,473,185)	(1,510,000)
Interest Expense	2(a)(i),5(a)	(4,114,682)	(4,114,682)	(4,111,186)
		(189,022,022)	(191,991,464)	(201,618,476)
OPERATING RESULT FROM CONTINUING OPERATIONS		4,866,270	3,194,734	954,210
Other Revenues & Expenses (excludes Contributions of Physical Assets)				
Non-Operating Grants, Subsidies & Contributions*		13,112,216	12,087,565	28,798,613
Profit on Asset Disposals	4	1,666,667	874,268	585,217
Loss on Asset Disposals	4	(500,000)	(500,000)	(14,110,346)
Town Planning Scheme (TPS) & Developer Contribution Plan (DCP) Revenue		11,619,251	12,035,620	15,288,167
TPS & DCP Expense		(8,015,217)	(5,743,561)	(8,031,975)
		17,882,917	18,753,892	22,529,676
Net Result (excludes Contributions of Physical Assets)		22,749,187	21,948,626	23,483,886
Contributions of Physical Assets		40,000,000	11,551,608	16,274,500
Net Result		62,749,187	33,500,234	39,758,386
Other Comprehensive Income		-	-	-
TOTAL COMPREHENSIVE INCOME		62,749,187	33,500,234	39,758,386

Note:

- i) Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.
- ii) It is anticipated in all instances, any Other Comprehensive Income will relate to non-cash transactions and as such, have no impact on this budget document.
- iii) Due to the reclassification of some accounts there may be differences when comparing figures adopted for the previous financial year.
- iv) This statement is to be read in conjunction with the accompanying notes.
- v)* As per revised AASB 15, which is effective from 1 July 2019, a change in the accounting treatment of income received in advance is required between the 2018/19 and 2019/20 financial years. As such, income received in advance in 2018/19 is required to be reflected as income in 2019/20 (to match with its use).

CITY OF WANNEROO

STATEMENT OF COMPREHENSIVE INCOME

BY PROGRAM

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
	1,2(b)			
Revenues				
Community Amenities		31,298,523	31,501,523	32,372,015
Economic Services		2,234,250	2,216,832	2,256,136
Education & Welfare		373,750	372,881	165,222
General Purpose Funding		147,222,298	148,090,593	152,604,553
Governance		878,640	603,849	822,226
Health		535,476	587,976	563,348
Law, Order & Public Safety		1,347,005	1,286,005	1,125,120
Other Property & Services		9,458,336	9,841,645	12,576,682
Recreation & Culture		7,977,437	8,863,336	10,898,560
Transport		1,825,200	1,375,950	1,495,150
		203,150,915	204,740,590	214,879,012
Expenses (excludes Finance Costs)				
Community Amenities		(40,785,902)	(39,875,642)	(40,968,245)
Economic Services		(5,180,461)	(5,207,121)	(5,666,218)
Education & Welfare		(7,418,004)	(6,904,747)	(6,571,042)
General Purpose Funding		(1,816,165)	(2,071,493)	(3,080,833)
Governance		(5,939,310)	(7,832,049)	(8,194,212)
Health		(2,679,685)	(2,621,489)	(2,787,791)
Law, Order & Public Safety		(9,517,554)	(9,531,301)	(9,657,654)
Other Property & Services		(5,767,761)	(5,270,664)	(8,855,735)
Recreation & Culture		(58,940,079)	(60,189,563)	(64,325,717)
Transport		(54,576,747)	(53,815,381)	(54,983,818)
		(192,621,668)	(193,319,450)	(205,091,265)
Finance Costs	5(a)			
General Purpose Funding		(720,526)	(720,526)	(661,807)
Other Property & Services		(408,516)	(408,516)	(572,891)
Recreation & Culture		(3,148,145)	(3,148,145)	(3,169,960)
Transport		(138,388)	(138,388)	(154,528)
		(4,415,575)	(4,415,575)	(4,559,186)
Non-Operating Grants, Subsidies & Contributions				
Community Amenities		129,230	129,230	65,500
Education & Welfare		217,700	217,700	-
Law, Order & Public Safety		182,740	182,740	-
Other Property & Services		2,556,632	3,093,160	2,981,840
Recreation & Culture		7,092,973	6,715,101	9,006,734
Transport		45,289,573	15,782,470	36,000,880
		55,468,848	26,120,401	48,054,954
Profit/(Loss) on Disposal of Assets	4			
Other Property & Services		1,166,667	374,268	173,936
Transport		-	-	(13,699,065)
		1,166,667	374,268	(13,525,129)
Net Result		62,749,187	33,500,234	39,758,386
Other Comprehensive Income		-	-	-
TOTAL COMPREHENSIVE INCOME		62,749,187	33,500,234	39,758,386

Note:

- i) Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.
- ii) It is anticipated in all instances, any Other Comprehensive Income will relate to non-cash transactions and as such, have no impact on this budget document.
- iii) Due to the reclassification of some accounts there may be differences when comparing figures adopted for the previous financial year.
- iv) This statement is to be read in conjunction with the accompanying notes.

CITY OF WANNEROO

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		131,005,140	130,904,912	132,200,939
Operating Grants, Subsidies & Contributions		9,091,698	9,927,188	10,860,681
Fees & Charges	12	44,153,664	44,263,897	46,787,670
Interest Revenue	2(a)(ii)	8,922,995	9,475,226	8,715,234
Other Revenue		714,795	614,975	627,194
Goods & Services Tax (GST) Revenue		12,696,420	11,414,554	11,642,845
		206,584,712	206,600,752	210,834,563
Payments				
Employee Costs		(72,888,729)	(74,213,463)	(76,825,787)
Materials & Contracts		(60,390,801)	(62,249,440)	(68,528,997)
Utility Charges		(9,720,952)	(9,510,694)	(9,695,193)
Insurance		(1,476,858)	(1,473,185)	(1,510,000)
Interest Expense	2(a)(i),5(a)	(4,114,682)	(4,114,682)	(4,111,186)
GST Expense		(11,607,133)	(10,624,375)	(10,836,863)
		(160,199,155)	(162,185,839)	(171,508,026)
	16(b)	46,385,557	44,414,913	39,326,537
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Non-Operating Grants, Subsidies & Contributions		13,112,216	12,087,565	12,593,914
TPS & DCP Revenue		11,619,251	12,035,620	15,288,167
Proceeds from Disposal of Assets	4	2,090,757	1,590,757	1,484,250
		26,822,224	25,713,942	29,366,331
Payments				
TPS & DCP Expense		(8,015,217)	(24,151,081)	(12,250,030)
Payments for Construction of Infrastructure		(41,048,860)	(42,850,130)	(46,801,109)
Payments for Purchase of Property, Plant & Equipment		(42,340,589)	(19,378,818)	(44,286,278)
		(91,404,666)	(86,380,029)	(103,337,417)
		(64,582,442)	(60,666,087)	(73,971,086)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from New Loans	5	-	-	7,263,200
		-	-	7,263,200
NET INCREASE/(DECREASE) IN CASH HELD				
		(18,196,885)	(16,251,174)	(27,381,349)
Cash at Beginning of Year		367,269,529	374,458,602	358,207,428
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	16(a)	349,072,644	358,207,428	330,826,079

Note:

i) Due to the reclassification of some accounts there may be differences when comparing figures adopted for the previous financial year.

ii) This statement is to be read in conjunction with the accompanying Notes.

CITY OF WANNEROO

RATE SETTING STATEMENT

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
OPENING SURPLUS/(DEFICIT)	8	-	3	(19,585,667)
OPERATING ACTIVITIES				
Revenues (excludes Rates)				
Fees & Charges	12	44,153,664	44,263,897	46,787,670
Operating Grants, Subsidies & Contributions		9,091,698	9,927,188	10,860,681
Interest Revenue	2(a)(ii)	8,922,995	9,475,226	8,715,234
Other Revenue		714,795	614,975	627,194
Profit on Asset Disposal	4	1,666,667	874,268	585,217
Non-Operating Grants, Subsidies & Contributions*		13,112,216	12,087,565	28,798,613
Contributions of Physical Assets		40,000,000	11,551,608	16,274,500
TPS & DCP Revenue		11,619,251	12,035,620	15,288,167
		129,281,286	100,830,347	127,937,276
Expenses				
Employee Costs		(72,888,729)	(74,213,463)	(76,825,787)
Materials & Contracts		(60,390,801)	(62,249,440)	(68,528,997)
Utility Charges		(9,720,952)	(9,510,694)	(9,695,193)
Depreciation	2(a)(i)	(40,430,000)	(40,430,000)	(40,947,313)
Insurance		(1,476,858)	(1,473,185)	(1,510,000)
Interest Expense	2(a)(i),5(a)	(4,114,682)	(4,114,682)	(4,111,186)
Loss on Asset Disposal	4	(500,000)	(500,000)	(14,110,346)
TPS & DCP Expense		(8,015,217)	(5,743,561)	(8,031,975)
		(197,537,239)	(198,235,025)	(223,760,797)
Non-Cash Amounts Excluded				
Contributions of Physical Assets		(40,000,000)	(11,551,608)	(16,274,500)
Profit on Asset Disposal	4	(1,666,667)	(874,268)	(585,217)
Loss on Asset Disposal	4	500,000	500,000	14,110,346
Depreciation	2(a)(i)	40,430,000	40,430,000	40,947,313
		(736,667)	28,504,124	38,197,942
		(68,992,620)	(68,900,554)	(57,625,579)
INVESTING ACTIVITIES				
Revenues				
Proceeds from Disposal of Assets	4	2,090,757	1,590,757	1,484,250
		2,090,757	1,590,757	1,484,250
Expenses				
Capital Expenditure		(83,389,449)	(62,228,948)	(91,087,387)
Contributions of Physical Assets		(40,000,000)	(11,551,608)	(16,274,500)
		(123,389,449)	(73,780,556)	(107,361,887)
Non-Cash Amounts Excluded				
Contributions of Physical Assets		40,000,000	11,551,608	16,274,500
		(81,298,692)	(60,638,191)	(89,603,137)
FINANCING ACTIVITIES				
Revenues				
Contributions from New Loans	5	-	-	7,263,200
Transfers from Restricted Grants, Contributions & Loans*		15,523,251	8,337,778	21,836,335
Transfers from Reserves	6	33,971,565	29,037,153	35,094,989
Transfers from TPS's		7,436,316	5,078,160	20,847,432
		56,931,132	42,453,091	85,041,956
Expenses				
Transfers to Restricted Grants, Contributions & Loans		-	(1,566,803)	-
Transfers to Reserves	6	(28,382,341)	(32,608,470)	(41,382,138)
Transfers to TPS's	18(b)	(9,262,619)	(9,643,988)	(12,427,342)
		(37,644,960)	(43,819,261)	(53,809,480)
		19,286,172	(1,366,170)	31,232,476
BUDGET DEFICIENCY		(131,005,140)	(130,904,912)	(135,581,907)
Amount to be Raised from Rates*	9	131,005,140	130,904,912	135,581,907
CLOSING SURPLUS/(DEFICIT)	8	-	-	-

Note:

- i) Due to the reclassification of some accounts there may be differences when comparing figures adopted for the previous financial year.
- ii) This statement is to be read in conjunction with the accompanying notes.
- iii)* As per revised AASB 15, which is effective from 1 July 2019, a change in the accounting treatment of income received in advance is required between the 2018/19 and 2019/20 financial years. As such income received in advance in 2018/19 is required to be reflected as income received in 2019/20 (to match with its use). Additionally, the 2019/20 Opening Balance differs from the 2018/19 Closing Balance due to the adherence to this change.

CITY OF WANNEROO

NOTES TO & FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The budget comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local government and not-for-profit entities), the Interpretations of the Australian Accounting Standards Board (AASB), the Local Government Act 1995 and accompanying Regulations. Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise.

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

The Local Government Reporting Entity

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

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

(b) 2018/19 Estimate Balances

Balances shown in this budget as 2018/19 Estimate are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations & Other Contributions

All rates levied under the Local Government Act 1995. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. In line with the AASB 15 Revenue from contracts with customers - Rates are recognised when the relevant rateable year commences.

Grants, donations and other contributions are recognised as revenues in line with AASB 1058 - Income for Not For Profit Entities - when the City has performed the obligation, liability or contribution by owners. If there are no conditions attached to the Grants or Contributions, the revenue is recognised on receipt of funds.

(e) GST

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable.

(f) Superannuation

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.

(g) Cash & Cash Equivalents

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

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

(h) Trade & Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Raw Materials & Stores, Work-in-Progress & 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.

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is to be stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are to be 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 to be recognised as expenses.

Revenue arising from the sale of property is recognised in the Statement of Comprehensive Income as at the time when conditions of a binding contract of sale are met. 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.

(j) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

Each asset class must be revalued in accordance with the Local Government (Financial Management) Regulations and the Australian

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

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

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

Revaluation

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 in accordance with Local Government (Financial Management) Regulation 17(a) which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation reserve. Decreases in the carrying amount that offset previous increases of the same asset classes are recognised against revaluation reserve, all other decreases are recognised in the Statement of Comprehensive Income.

Land Under Control

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Fixed Assets (Continued)

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 on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and Local Government (Financial Management) Regulation 16(a)(i), which prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 105, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

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

Gains & Losses on Disposal of Non-Current Assets

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.

Depreciation

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.

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

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

Buildings	40 years
Bus Shelters*	30 - 50 years
Computer Hardware	3 years
Computer Software	2 years
Furniture & Equipment (excluding Artwork & Artefacts**)	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
Light Vehicles	3 years (60% residual)
Other Infrastructure*	10 - 80 Years
Other Plant & Equipment	10 years
Parks & Reserves*	10 - 85 years
Pathways*	25 - 70 years
Plant	10 years (50% residual)
Reserves/Playground Equipment*	10 - 15 years
Road - Kerb	40 years
Road - Seal*	15 - 40 years
Road Pavement - Seal	40 years
Sealed Car Parks - Pavement*	40 - 80 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.

**Land, Artwork and Artefacts are not considered depreciable asset classes.

- Certain elements of a non-current asset useful life can be shorter than the particular asset and this will be depreciated faster than the parent asset.

- Residual value, useful lives and residual values of individual assets are reviewed every three years as part of the revaluation process. Subsequent depreciation is recorded based on assets fair value and residual life.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Fixed Assets (Continued)

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 are not capitalised but are placed on an "Attractive and Portable Device Register" for reference and maintenance.

(k) Fair Value of Assets & Liabilities

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 various valuation techniques. The City will use valuation methods and make assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments will be used for long-term debt instruments. Other techniques, such as estimated discounted cash flows, will be 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 fair values. The fair value of financial liabilities for disclosure purposes will be estimated by discounting future contractual cash flows at the current market interest rate that is available to the City for similar financial instruments.

(l) Financial Instruments

Recognition & Measurement

As per AASB 9 Financial Instruments, financial assets and financial liabilities are recognised when the City becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification & Initial Measurement of Financial Assets

Except for those trade receivables that do not contain a significant financing component and measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the City's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items; except for impairment of trade receivables which is presented within other expenses.

Subsequent Measurement of Financial Assets

Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The City's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit and loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial Instruments (Continued)

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are accounted for at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is hold to collect the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in Other Comprehensive Income will be recycled upon derecognition of the asset. This category includes listed securities and debentures.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the City designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'.

The City considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(m) Impairment of Assets

The City's Assets, other than inventories, are tested annually for impairment. Where impairment 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.

At the time of adopting this budget it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2020.

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

(n) Trade & Other Payables

Trade and other payables reflect obligations to make future payments in respect of the purchase of goods and services and are carried at amortised cost.

(o) Employee Benefits

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 Employee 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 the balance date. The provision has been calculated at nominal amounts based on remuneration rates the City expects to pay and includes related on-costs.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(o) Employee Benefits (Continued)*****Long Service Leave (Long-Term Employee Benefits)***

The liability for long service leave is recognised as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, 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 state 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.

(p) Interest-Bearing Loans & 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 end of reporting period. Borrowing costs are recognised as an expense when incurred, except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

(q) Provisions

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

(r) Leases

As per AASB 16, the classification of leases as either finance leases or operating leases is eliminated. Leases will be recognised in the Balance Sheet as a liability by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as depreciation on the 'right-of-use' asset, and the interest will be charged on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

(s) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City's interests in the assets, liabilities, revenue and expenses are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 18.

(t) 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.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Investments in Associates (Continued)

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 generates a profit, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(u) Current & Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months. 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) Comparative Figures

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

(w) Budget Comparative Figures

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

(z) 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.

aa) Non-Current Assets (or Disposal Groups) "held For Sale" & Discontinued Operations

Non-current assets (or disposal groups) that are "held for sale" 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.

The exception to this is plant and motor vehicles, which are sold 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 balance date and the replacement assets were already purchased and accounted for as at balance date.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss will be recognised 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" will be 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". A discontinued operation 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 to be shown separately in the Statement of Comprehensive Income.

ab) Intangible Assets

The City is not expected to classify any assets as Intangible.

ac) New Accounting Standards and Interpretations for Application in Future Periods

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory, will not be early adopted by the City. The City will adopt new Accounting Standards and Interpretations for the accounting periods on or after the effective date of the respective standard.

ad) Provision of Financial Guarantees and Lending Money

In certain circumstances the City may consider pre-funding selected community projects or the provision of guarantees, with special approval from Council. The interest is charged at the borrowing cost to the City.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

2. REVENUES & EXPENSES

(a) Net Result

(i) Charging as Expenses:

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Auditors Remuneration				
Audit		100,000	66,325	90,000
		100,000	66,325	90,000
Depreciation				
<u>By Class</u>				
Furniture & Equipment		6,207,393	6,207,393	6,301,570
Land & Buildings		4,090,173	4,090,173	5,222,372
Other Infrastructure Assets		27,218,439	27,218,439	26,529,787
Plant & Equipment		2,913,995	2,913,995	2,893,584
		40,430,000	40,430,000	40,947,313
<u>By Program</u>				
Community Amenities		415,048	415,048	355,037
Economic Services		13,074	13,074	12,643
Education & Welfare		145,394	145,394	149,231
Governance		1,820,232	1,820,232	2,241,141
Health		40,675	40,675	33,309
Law, Order & Public Safety		29,958	29,958	46,911
Other Property & Services		3,904,833	3,904,833	3,844,477
Recreation & Culture		12,646,513	12,646,513	13,319,298
Transport		21,414,273	21,414,273	20,945,266
		40,430,000	40,430,000	40,947,313
Interest Expenses (Finance Costs)				
- Loan Interest (DCP's)	5(a)	300,893	300,893	448,000
- Loan Interest (Municipal)	5(a)	4,114,682	4,114,682	4,111,186
		4,415,575	4,415,575	4,559,186

(ii) Crediting as Revenues:

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Interest Revenue				
Investments				
- Municipal Funds		2,399,703	2,845,486	2,892,128
- Reserve Funds		4,537,792	4,568,958	4,156,600
- Other Interest Revenue	14	1,985,500	2,060,782	1,666,506
		8,922,995	9,475,226	8,715,234
- DCP's		331,032	366,032	324,641
- TPS's	18	3,157,459	3,472,459	2,284,650
		12,411,486	13,313,717	11,324,525

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

(b) Statement of Objective

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

With reference to the City of Wanneroo's Strategic Community Plan 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.

Council Aspirations

The council aspirations developed under the four themes of the Strategic Community Plan 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.*

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

Community Amenities

Objectives: 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.

Economic Services

Objectives: 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.

Education & Welfare

Objectives: 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.

General Purpose Funding

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

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

Governance

Objectives: 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.

Health

Objectives: 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.

Law, Order & Public Safety

Objectives: 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.

Other Property & Services

Objectives: To monitor and control council's overhead operating accounts.

Activities: Plant repair, operational costs and engineering costs.

Recreation & Culture

Objectives: 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

Objectives: 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 AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

3. ACQUISITION OF ASSETS

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

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
<u>By Class</u>				
Drainage		9,315,040	2,842,902	2,947,000
Furniture & Equipment		15,965,428	10,345,837	11,623,572
Land & Buildings		21,388,389	5,266,944	26,088,364
Parks & Ovals		12,875,390	16,137,118	21,024,557
Pathways		5,032,630	2,751,325	2,082,000
Plant & Equipment		4,986,772	3,766,037	6,574,342
Roads		53,825,800	32,670,393	37,022,052
		123,389,449	73,780,556	107,361,887
<u>By Program</u>				
Community Amenities				
Furniture & Equipment		38,650	2,893	42,320
Land & Buildings		550,100	118,000	556,600
Parks & Ovals		170,980	578,643	96,000
Pathways		414,210	386,775	22,000
		1,173,940	1,086,311	716,920
Economic Services				
Land & Buildings		77,775	57,304	110,000
		77,775	57,304	110,000
Education & Welfare				
Furniture & Equipment		227,700	267,017	-
Land & Buildings			25,000	-
		227,700	292,017	-
Governance				
Furniture & Equipment		7,560,907	3,180,484	7,290,089
Land & Buildings		1,681,690	187,654	355,000
		9,242,597	3,368,138	7,645,089
Law, Order & Public Safety				
Land & Buildings		182,740	62,130	50,600
		182,740	62,130	50,600
Other Property & Services				
Land & Buildings		1,569,426	603,898	1,268,065
Plant & Equipment		4,986,772	3,766,037	6,574,342
		6,556,198	4,369,935	7,842,407
Recreation & Culture				
Furniture & Equipment		6,890,820	6,506,520	4,161,763
Land & Buildings		17,326,658	4,212,958	23,748,099
Parks & Ovals		12,704,410	15,558,475	20,928,557
Pathways		40,000	80,000	-
		36,961,888	26,357,953	48,838,419
Transport				
Drainage		9,315,040	2,842,902	2,947,000
Furniture & Equipment		1,247,351	388,923	129,400
Pathways		4,578,420	2,284,550	2,060,000
Roads		53,825,800	32,670,393	37,022,052
		68,966,611	38,186,768	42,158,452
		123,389,449	73,780,556	107,361,887

Note:

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

4. DISPOSAL OF ASSETS

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

	Note	Net Book Value	Sale Proceeds	Profit/(Loss)
		2019/20	2019/20	2019/20
		Budget	Budget	Budget
		\$	\$	\$
By Class				
Land & Buildings		13,699,065	500,000	(13,199,065)
Plant & Equipment		1,310,314	984,250	(326,064)
		15,009,379	1,484,250	(13,525,129)
By Program				
Other Property & Services		1,310,314	1,484,250	173,936
Transport		13,699,065	-	(13,699,065)
		15,009,379	1,484,250	(13,525,129)
Summary				
Profit on Asset Disposals		96,083	681,300	585,217
Loss on Asset Disposals		14,913,296	802,950	(14,110,346)
		15,009,379	1,484,250	(13,525,129)

Note:

i) It is noted that a significant loss will be incurred due to a requirement for the City to transfer the ownership of a section of road to the State Government at no cost.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020**

5. BORROWINGS**(a) Loan Repayments**

Details	Principal	New Drawdown	Principal Repayments		Principal Outstanding		Interest Repayments	
	01-Jul-19 Estimate \$	2019/20 Budget \$	2018/19 Estimate \$	2019/20 Budget \$	2018/19 Estimate \$	2019/20 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Western Australian Treasury Corporation	60,778,188	-	-	-	60,778,188	60,778,188	4,114,682	4,111,186
Commonwealth Bank of Australia	8,300,000	2,700,000	-	-	8,300,000	11,000,000	300,893	300,893
New Loan Facility	-	4,563,200	-	-	-	4,563,200	-	147,107
Total	69,078,188	7,263,200	-	-	69,078,188	76,341,388	4,415,575	4,559,186

Western Australian Treasury Corporation Loan Notes:

- i) The loan repayments are to be financed by general purpose revenue.
- ii) The interest rate for the duration of the loan is 6.07% (fixed).
- iii) The maturity date of the loan is 1st December 2026.
- iv) The principal will be paid from the Loan Repayment Reserve upon maturity.

Commonwealth Bank of Australia Loan Notes:

- i) The loan repayments are to be financed by the Yanchep/Two Rocks DCP.
- ii) The interest rate for the duration of the loan is the 90 day Bank Bill Swap Rate (mid) plus a margin of 1.54% (variable).
- iii) The maturity date of the loan is 8th September 2024.
- iv) The principal will be paid from the Yanchep/Two Rocks District Community Facilities Reserve upon maturity.

New Loan Facility Notes:

- i) The loan repayments are to be financed by the Yanchep/Two Rocks DCP.
- ii) The interest rate for the duration of the loan is to be determined.
- iii) The maturity date of the loan is to be determined.
- iv) The principal will be paid from the Yanchep/Two Rocks District Community Facilities Reserve upon maturity.

(b) Unspent Loans**Western Australian Treasury Corporation:**

The City is estimated to have \$7,894,668 unspent as at 30 June 2019. The purpose of the unspent loan is to provide funding to the City's capital program. As at 30 June 2020 there will be budgeted loan funds of \$5,644,000 to be available to projects scheduled for completion in future years.

Commonwealth Bank of Australia:

In the 2016/17 budget Council approved borrowings of up to \$11,100,000. As at 30 June 2018 \$8,300,000 had been drawn down and a further \$2,700,000 is planned to be drawn in 2019/20 to match works pre-funded as at 30 June 2018.

New Loan Facility:

A new loan facility to provide funding of up to \$4,600,000 is sought to be endorsed through the 2019/20 Budget. Of these funds \$4,563,200 is budgeted to be used during the 2019/20 financial year relating to the Yanchep District Playing Fields capital project, with no additional funds anticipated to be required.

(c) Overdraft

The City established an overdraft facility of \$1,000,000 in 2002 to assist with short term liquidity requirements. This facility was cancelled during the 2018/19 financial year.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

5. BORROWINGS (CONTINUED)

(d) Purpose of Total Loan Funding

Under Section 6.20(4)(a) of the Local Government Act 1995, a change in purpose of the use of borrowings can be disclosed in the Annual Budget. As such, the table outlined below indicates the budgeted purpose of borrowings to be adopted in the Annual Budget for 2019/20.

Details per Loan	Approved Application	Approved Application (Re-stated)*	Funds Applied/ Drawn	Funds to be Applied/Drawn			Approved Funds Applied/ Drawn
	2018/19 \$	2018/19 \$	At 30/6/18 \$	2018/19 \$	2019/20 \$	2020/21+ \$	2019/20 \$
Western Australian Treasury Corporation							
Construct Community Centre - Butler	278,000	278,000	278,000	-	-	-	278,000
Develop Accessible & Inclusive Playground	222,000	222,000	222,000	-	-	-	222,000
Develop Industrial Estate - Neerabup	317,887	317,887	317,887	-	-	-	317,887
Develop Wangara Industrial Area (Lot 15)	2,550,024	2,550,024	1,317,193	442,831	190,000	-	1,950,024
Develop Wangara Industrial Area (Lot 257)	43,857	43,857	43,857	-	-	-	43,857
Flynn Drive Neerabup - Construct Road	3,367,220	3,367,220	1,623,298	-	-	-	1,623,298
Kingsway Regional Playground	650,000	650,000	650,000	-	-	-	650,000
Kingsway Regional Sporting Complex	20,840,902	20,840,902	19,363,683	1,916,473	2,060,668	-	23,340,824
Lot 12 Fowey Loop	1,800	1,800	1,800	-	-	-	1,800
Pinjar Road - Wanneroo & Carosa Road	728,849	728,849	728,849	-	-	-	728,849
Redevelop Koondoola Precinct	1,293,000	1,293,000	1,293,000	-	-	-	1,293,000
Redevelop Wanneroo Townsite	1,214,615	1,214,615	1,214,615	-	-	-	1,214,615
Southern Suburbs Library	5,800,000	5,800,000	-	-	-	5,644,000	5,644,000
Upgrade Aquamotion	7,926,000	7,926,000	7,926,000	-	-	-	7,926,000
Upgrade Rocca Way Dundobar Road	54,715	54,715	54,715	-	-	-	54,715
Wanneroo Regional Museum & Library	10,416,178	10,416,178	10,416,178	-	-	-	10,416,178
Yanchep Active Open Space	56,460	56,460	56,460	-	-	-	56,460
Yanchep Lagoon - Brazier Road Realignment	3,859,181	3,859,181	3,859,181	-	-	-	3,859,181
Yanchep Surf Life Saving Club	1,157,500	1,157,500	1,157,500	-	-	-	1,157,500
	60,778,188	60,778,188	50,524,216	2,359,304	2,250,668	5,644,000	60,778,188
Commonwealth Bank of Australia*							
Yanchep Active Open Space Oval Ground Works	1,037,331	3,005,847	2,268,048	-	737,799	-	3,005,847
Yanchep District Playing Fields	2,667,966	2,167,396	1,635,399	-	531,997	-	2,167,396
Yanchep District Sports Amenities Building Stage 1	1,378,592	1,902,796	1,435,746	-	467,050	-	1,902,796
Yanchep Surf Life Saving Club	4,020,287	3,923,961	2,960,807	-	963,154	-	3,923,961
	9,104,176	11,000,000	8,300,000	-	2,700,000	-	11,000,000
New Loan Facility							
Yanchep District Playing Fields	-	-	-	-	4,563,200	-	4,563,200
	-	-	-	-	4,563,200	-	4,563,200
Total	69,882,364	71,778,188	58,824,216	2,359,304	9,513,868	5,644,000	76,341,388

*The application of funds for 2018/19 has been re-stated to reflect the correct funds utilised.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

6. RESERVES

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
	16(a)			
(a) Alkimos/Eglinton District Community Facilities Reserve				
Opening Balance		12,118,588	12,545,298	13,795,101
Transfer to Reserve		1,300,857	1,335,857	1,529,320
Transfer from Reserve		(98,554)	(86,054)	(43,270)
Closing Balance		13,320,891	13,795,101	15,281,151
(b) Asset Renewal Reserve				
Opening Balance		12,297,707	12,333,455	11,238,120
Transfer to Reserve		2,307,443	2,307,443	2,252,858
Transfer from Reserve		(3,520,047)	(3,402,778)	(3,093,500)
Closing Balance		11,085,103	11,238,120	10,397,478
(c) Asset Replacement Reserve				
Opening Balance		6,022,311	5,995,469	4,180,204
Transfer to Reserve		2,150,558	2,223,558	2,094,055
Transfer from Reserve		(4,424,849)	(4,038,823)	(1,937,434)
Closing Balance		3,748,020	4,180,204	4,336,825
(d) Butler Collaborative Planning Agreement Reserve				
Opening Balance		3,027,094	3,040,272	-
Transfer to Reserve		-	-	-
Transfer from Reserve		(3,027,094)	(3,040,272)	-
Closing Balance		-	-	-
(e) Carry Forward Capital Projects Reserve				
Opening Balance		4,667,264	4,667,264	3,741,959
Transfer to Reserve		-	3,741,959	-
Transfer from Reserve		(4,667,264)	(4,667,264)	(3,741,959)
Closing Balance		-	3,741,959	-
(f) Coastal Infrastructure Management Reserve				
Opening Balance		10,658,922	10,692,264	13,850,015
Transfer to Reserve		3,266,473	3,266,473	2,311,625
Transfer from Reserve		(300,000)	(108,722)	(191,278)
Closing Balance		13,625,395	13,850,015	15,970,362
(g) Domestic Refuse Reserve				
Opening Balance		8,602,582	8,706,177	8,871,242
Transfer to Reserve		215,065	215,065	1,399,603
Transfer from Reserve		(50,000)	(50,000)	(50,000)
Closing Balance		8,767,647	8,871,242	10,220,845
(h) Fleming Park Lake Reserve				
Opening Balance		224,985	225,964	-
Transfer to Reserve		-	-	-
Transfer from Reserve		(224,985)	(225,964)	-
Closing Balance		-	-	-
(i) Golf Courses Reserve				
Opening Balance		1,303,676	1,632,824	621,829
Transfer to Reserve		382,592	382,592	363,991
Transfer from Reserve		(1,066,093)	(1,393,587)	-
Closing Balance		620,175	621,829	985,820

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

6. RESERVES (CONTINUED)

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
	16(a)			
(j) HACC Asset Replacement Reserve				
Opening Balance		663,056	-	-
Transfer to Reserve		-	-	-
Transfer from Reserve		(663,056)	-	-
Closing Balance		-	-	-
(k) Land Acquisition Reserve				
Opening Balance		2,727,184	2,740,167	3,308,347
Transfer to Reserve		568,180	568,180	1,074,438
Transfer from Reserve		-	-	-
Closing Balance		3,295,364	3,308,347	4,382,785
(l) Leave Liability Reserve				
Opening Balance		1,796,954	1,545,239	1,640,163
Transfer to Reserve		94,924	94,924	86,904
Transfer from Reserve		-	-	-
Closing Balance		1,891,878	1,640,163	1,727,067
(m) Loan Repayment Reserve				
Opening Balance		21,909,054	22,168,923	23,090,917
Transfer to Reserve		1,714,393	921,994	1,019,546
Transfer from Reserve		-	-	-
Closing Balance		23,623,447	23,090,917	24,110,463
(n) Neerabup Development Reserve				
Opening Balance		5,027,309	5,215,877	4,802,720
Transfer to Reserve		125,683	125,683	108,061
Transfer from Reserve		(1,049,994)	(538,840)	(1,258,475)
Closing Balance		4,102,998	4,802,720	3,652,306
(o) Plant Replacement Reserve				
Opening Balance		12,176,313	9,019,502	12,104,620
Transfer to Reserve		6,469,575	6,469,575	6,497,681
Transfer from Reserve		(4,886,772)	(3,384,457)	(6,174,342)
Closing Balance		13,759,116	12,104,620	12,427,959
(p) Regional Open Space Reserve				
Opening Balance		8,271,483	8,292,852	11,499,639
Transfer to Reserve		3,206,787	3,206,787	2,758,742
Transfer from Reserve		-	-	-
Closing Balance		11,478,270	11,499,639	14,258,381
(q) Section 152 Reserve (formerly Section 20A Land Reserve)				
Opening Balance		1,553,070	1,583,665	1,364,335
Transfer to Reserve		38,827	38,827	30,698
Transfer from Reserve		(278,513)	(258,157)	(550,076)
Closing Balance		1,313,384	1,364,335	844,957
(r) Strategic Projects/Initiatives Reserve				
Opening Balance		59,654,116	81,553,563	80,926,416
Transfer to Reserve		5,304,445	6,473,014	18,355,228
Transfer from Reserve		(9,364,897)	(7,100,161)	(17,550,083)
Closing Balance		55,593,664	80,926,416	81,731,561

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

6. RESERVES (CONTINUED)

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
	16(a)			
(s) TPS 20 - District Distributor Headworks Reserve				
Opening Balance		6,924,959	6,955,091	7,128,215
Transfer to Reserve		173,124	173,124	160,385
Transfer from Reserve		-	-	-
Closing Balance		7,098,083	7,128,215	7,288,600
(t) Yanchep Bus Reserve				
Opening Balance		105,611	103,337	110,977
Transfer to Reserve		7,640	7,640	7,497
Transfer from Reserve		-	-	-
Closing Balance		113,251	110,977	118,474
(u) Yanchep/Two Rocks District Community Facilities Reserve				
Opening Balance		812,083	319,702	633,403
Transfer to Reserve		1,055,775	1,055,775	1,331,506
Transfer from Reserve		(349,447)	(742,074)	(504,572)
Closing Balance		1,518,411	633,403	1,460,337
		174,955,097	202,908,222	209,195,371

Note:

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

6. RESERVES (CONTINUED)

Summary of Reserve Transfers

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Transfers to Reserves				
Alkimos/Eglinton District Community Facilities Reserve		1,300,857	1,335,857	1,529,320
Asset Renewal Reserve		2,307,443	2,307,443	2,252,858
Asset Replacement Reserve		2,150,558	2,223,558	2,094,055
Butler Collaborative Planning Agreement Reserve		-	-	-
Carry Forward Capital Projects Reserve		-	3,741,959	-
Coastal Infrastructure Management Reserve		3,266,473	3,266,473	2,311,625
Domestic Refuse Reserve		215,065	215,065	1,399,603
Fleming Park Lake Reserve		-	-	-
Golf Courses Reserve		382,592	382,592	363,991
HACC Asset Replacement Reserve		-	-	-
Land Acquisition Reserve		568,180	568,180	1,074,438
Leave Liability Reserve		94,924	94,924	86,904
Loan Repayment Reserve		1,714,393	921,994	1,019,546
Neerabup Development Reserve		125,683	125,683	108,061
Plant Replacement Reserve		6,469,575	6,469,575	6,497,681
Regional Open Space Reserve		3,206,787	3,206,787	2,758,742
Section 152 Reserve (formerly Section 20A Land Reserve)		38,827	38,827	30,698
Strategic Projects/Initiatives Reserve		5,304,445	6,473,014	18,355,228
TPS 20 - District Distributor Headworks Reserve		173,124	173,124	160,385
Yanchep Bus Reserve		7,640	7,640	7,497
Yanchep/Two Rocks District Community Facilities Reserve		1,055,775	1,055,775	1,331,506
		28,382,341	32,608,470	41,382,138
Transfers from Reserves				
Alkimos/Eglinton District Community Facilities Reserve		(98,554)	(86,054)	(43,270)
Asset Renewal Reserve		(3,520,047)	(3,402,778)	(3,093,500)
Asset Replacement Reserve		(4,424,849)	(4,038,823)	(1,937,434)
Butler Collaborative Planning Agreement Reserve		(3,027,094)	(3,040,272)	-
Carry Forward Capital Projects Reserve		(4,667,264)	(4,667,264)	(3,741,959)
Coastal Infrastructure Management Reserve		(300,000)	(108,722)	(191,278)
Domestic Refuse Reserve		(50,000)	(50,000)	(50,000)
Fleming Park Lake Reserve		(224,985)	(225,964)	-
Golf Courses Reserve		(1,066,093)	(1,393,587)	-
HACC Asset Replacement Reserve		(663,056)	-	-
Land Acquisition Reserve		-	-	-
Leave Liability Reserve		-	-	-
Loan Repayment Reserve		-	-	-
Neerabup Development Reserve		(1,049,994)	(538,840)	(1,258,475)
Plant Replacement Reserve		(4,886,772)	(3,384,457)	(6,174,342)
Regional Open Space Reserve		-	-	-
Section 152 Reserve (formerly Section 20A Land Reserve)		(278,513)	(258,157)	(550,076)
Strategic Projects/Initiatives Reserve		(9,364,897)	(7,100,161)	(17,550,083)
TPS 20 - District Distributor Headworks Reserve		-	-	-
Yanchep Bus Reserve		-	-	-
Yanchep/Two Rocks District Community Facilities Reserve		(349,447)	(742,074)	(504,572)
		(33,971,565)	(29,037,153)	(35,094,989)
Net Transfer to/(from) Reserves		(5,589,224)	3,571,317	6,287,149

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

6. RESERVES (CONTINUED)

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

(a) Alkimos/Eglinton District Community Facilities Reserve

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

(b) Asset Renewal Reserve

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

(c) Asset Replacement Reserve

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

(d) Butler Collaborative Planning Agreement Reserve

For the purpose of meeting future increased maintenance costs of infrastructure in Stage 1, Brighton Estate, Butler as established in the Butler Collaborative Planning Agreement and any such other related expenditure, as from time to time be approved by an absolute majority of Council, provided such expenditure shall be within the Brighton Estate. This reserve was agreed by Council to be closed during the 2018/19 financial year.

(e) Carry Forward Capital Projects Reserve

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

(f) Coastal Infrastructure Management Reserve

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

(g) Domestic Refuse Reserve

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

(h) Fleming Park Lake Reserve

For the purpose of holding funds provided by developer for the upkeep and maintenance of the Fleming Park Lake. This reserve was agreed by Council to be closed during the 2018/19 financial year.

(i) Golf Courses Reserve

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

(j) HACC Asset Replacement Reserve

To be used to replace Council's assets where the funding of the original asset was from Home and Community Care program (HACC). This is a requirement of the operating funding agreement with HACC. This reserve was agreed by Council to be closed during the 2018/19 financial year.

(k) Land Acquisition Reserve

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

(l) Leave Liability Reserve

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

(m) Loan Repayment Reserve

To set aside adequate funds over time to repay loan commitments per the City's Long Term Financial Plan.

(n) Neerabup Development Reserve

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

(o) Plant Replacement Reserve

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

6. RESERVES (CONTINUED)

(p) Regional Open Space Reserve

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

(q) Section 152 Reserve (formerly Section 20A Land Reserve)

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

(r) Strategic Projects/Initiatives Reserve

For the purpose of accumulating funds to be used for the introduction of new or upgrade of existing services, maintenance, renewal, upgrade of existing assets and purchase of new assets or project works, per the City's Long Term Financial Plan. The annual funds transfer is derived from the rate setting surplus less municipal funding of capital works carried forward.

(s) TPS 20 - District Distributor Headworks Reserve

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

(t) Yanchep Bus Reserve

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

(u) Yanchep/Two Rocks District Community Facilities Reserve

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

7. NON-CASH RESERVES

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

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
(a) Buildings				
Opening Balance		85,960,325	44,729,231	44,729,231
Revaluation Increment		-	-	-
Revaluation Decrement		-	-	-
Closing Balance		<u>85,960,325</u>	<u>44,729,231</u>	<u>44,729,231</u>
(b) Equity Accounted Investments				
Opening Balance		4,962,476	5,130,772	5,130,772
Revaluation Increment		-	-	-
Revaluation Decrement		-	-	-
Closing Balance		<u>4,962,476</u>	<u>5,130,772</u>	<u>5,130,772</u>
(c) Furniture & Equipment				
Opening Balance		246,092	-	-
Revaluation Increment		-	-	-
Revaluation Decrement		-	-	-
Closing Balance		<u>246,092</u>	<u>-</u>	<u>-</u>
(d) Infrastructure Assets				
Opening Balance		887,317,267	887,317,267	887,317,267
Revaluation Increment		-	-	-
Revaluation Decrement		-	-	-
Closing Balance		<u>887,317,267</u>	<u>887,317,267</u>	<u>887,317,267</u>
(e) Land				
Opening Balance		334,154,388	127,090,088	123,162,588
Revaluation Increment		-	-	-
Revaluation Decrement		-	(3,927,500)	-
Closing Balance		<u>334,154,388</u>	<u>123,162,588</u>	<u>123,162,588</u>
		<u>1,312,640,548</u>	<u>1,060,339,858</u>	<u>1,060,339,858</u>

Note:

i) The 2018/19 Estimate opening balances for Land and Buildings reflects a significantly lower amount than budgeted. The main reason is that in 2014/15 vested crown lands with restricted use (of regional significance) was valued using the "best approach" in determining the fair value. These vested lands were subsequently revalued at 30 June 2018 using "leasehold interest approach" in determining fair value.

ii) At the time of preparing the 2019/20 Budget, the planned revaluation exercise for Plant & Equipment had not yet occurred.

iii) The revaluation exercise has no impact on the determination of the Rates Deficiency that the City requires.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

8. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position:

	Note	2018/19 Budget 30 June 2019 \$	2018/19 Estimate 30 June 2019 \$	2019/20 Budget 1 July 2019* \$	2019/20 Budget 30 June 2020 \$
Current Assets					
Cash - Unrestricted	16(a)	25,173,134	25,125,742	25,125,742	22,376,948
Cash - Restricted	16(a)	323,899,510	333,081,686	333,081,686	308,449,131
Receivables		18,550,509	21,958,747	21,958,747	25,595,130
Inventories		365,857	328,664	328,664	335,237
		367,989,010	380,494,839	380,494,839	356,756,446
Less: Current Liabilities					
Payables & Provisions		(45,981,378)	(49,053,316)	(49,053,316)	(50,034,382)
Net Current Asset Position		322,007,632	331,441,523	331,441,523	306,722,064
Plus: Leave Provisions Cash Backed	6(l)	1,891,878	1,640,163	1,640,163	1,727,067
Less: Cash - Restricted	16(a)	(323,899,510)	(333,081,686)	(333,081,686)	(308,449,131)
Plus: Current Liabilities Associated with Restricted Assets					
Pre-paid Rates		-	-	(3,380,968)	-
Non-Operating Grants		-	-	(15,181,699)	-
Non-Operating Contributions		-	-	(1,023,000)	-
Estimated Surplus/(Deficit) Carried Forward		-	-	(19,585,667)	-

Note:

i) The estimated surplus/(deficit), if any, carried forward in the 2018/19 Estimate column represents the surplus/(deficit) brought forward as at 1 July 2019.

ii) The estimated surplus/(deficit), if any, carried forward in the 2019/20 budget column represents the surplus/(deficit) carried forward as at 30 June 2020.

iii)* As per revised AASB 15, which is effective from 1 July 2019, a change in the accounting treatment of income received in advance is required between the 2018/19 and 2019/20 financial years. As such, an additional column has been included in this Note to display the re-stated figures as at 1 July 2019 (compared to Estimate 30 June 2019).

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

9. RATES

General Rate Category	2018/19		2019/20					
	Budgeted Total Revenue \$	Estimate Total Revenue \$	Rate-in- Dollar Cents	Number of Properties	Rateable Value \$	Budgeted Rate Revenue \$	Budgeted Interim Rates \$	Budgeted Total Revenue \$
Gross Rental Value - Improved								
Residential	81,665,505	85,403,956	6.6132	65,686	1,314,653,796	86,940,685	1,923,347	88,864,032
Commercial/Industrial	22,610,679	23,182,652	6.8655	2,911	344,275,392	23,636,227	422,638	24,058,865
Gross Rental Value - Vacant								
Residential	6,388,478	5,924,157	13.2238	1,975	46,123,020	6,099,216	-	6,099,216
Commercial/Industrial	879,192	959,786	6.8256	199	14,454,481	986,605	-	986,605
Unimproved Value - Improved								
Residential	632,118	560,986	0.3847	188	148,440,000	571,049	-	571,049
Commercial/Industrial	218,288	205,368	0.2824	36	74,080,000	209,202	-	209,202
Rural & Mining	2,140,111	2,000,785	0.3726	382	546,715,000	2,037,060	-	2,037,060
Unimproved Value - Vacant								
Residential	3,868,497	3,766,829	0.4838	50	792,590,000	3,834,550	-	3,834,550
Commercial/Industrial	90,725	97,613	0.3345	10	29,710,000	99,380	-	99,380
Rural & Mining	400,201	431,500	0.4977	89	88,267,136	439,306	-	439,306
Sub-Totals	118,893,794	122,533,632	n/a	71,526	3,399,308,825	124,853,279	2,345,985	127,199,264
Minimum Rate Category			General Minimum \$					
Gross Rental Value - Improved								
Residential	9,248,775	5,621,119	988	5,789	79,699,908	5,719,532	-	5,719,532
Lesser Minimum Strata Titled Caravan Parks	-	-	144	-	-	-	-	-
Commercial/Industrial	733,824	772,800	1,344	548	8,466,996	736,512	-	736,512
Lesser Minimum Strata Titled Storage Units	56,448	75,264	672	112	696,150	75,264	-	75,264
Gross Rental Value - Vacant								
Residential	1,962,675	1,769,625	991	1,746	9,969,530	1,730,286	-	1,730,286
Commercial/Industrial	43,008	65,856	1,344	40	558,640	53,760	-	53,760
Unimproved Value - Improved								
Residential	971	971	988	1	189,652	988	-	988
Commercial/Industrial	8,064	8,064	1,344	6	1,723,348	8,064	-	8,064
Rural & Mining	-	-	980	-	-	-	-	-
Unimproved Value - Vacant								
Residential	2,925	2,925	991	3	221,500	2,973	-	2,973
Commercial/Industrial	-	-	1,344	-	-	-	-	-
Rural & Mining	34,656	34,656	928	38	224,692	35,264	-	35,264
Sub-Totals	12,091,346	8,351,280	n/a	8,283	101,750,416	8,362,643	-	8,362,643
Totals	130,985,140	130,884,912	n/a	79,809	3,501,059,241	133,215,922	2,345,985	135,561,907
Ex Gratia Rates (Rates in Lieu)	20,000	20,000						20,000
Grand Totals	131,005,140	130,904,912						135,581,907

Note:

i) Refer to the Objects and Reasons for Rates within this Note in determining how the City raises its Rates.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

9. RATES (CONTINUED)

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

The City introduced a Waste Fee in 2018/19. Waste was separated from Rates and no longer incorporated within the General Rates as in previous years. In accordance with Section 6.36 of the Local Government Act 1995 the Differential General Rates and Minimum Rates intended to be levied were advertised as follows:

Rating Category	Final 26 June 2018		Advertised 8 May 2019		Final 28 June 2019	
	Rate- in-the- Dollar (Cents)	General Minimum Rate \$	Rate- in-the- Dollar (Cents)	General Minimum Rate \$	Rate- in-the- Dollar (Cents)	General Minimum Rate \$
Gross Rental Value - Improved						
Residential	6.4963	971	6.6132	988	6.6132	988
Lesser Minimum Strata Titled Caravan Parks	6.4963	141	6.6132	144	6.6132	144
Commercial/Industrial	6.7442	1,344	6.8655	1,344	6.8655	1,344
Lesser Minimum Strata Titled Storage Units	6.7442	672	6.8655	675	6.8655	672
Gross Rental Value - Vacant						
Residential	12.9900	975	13.2238	991	13.2238	991
Commercial/Industrial	6.7050	1,344	6.8256	1,344	6.8256	1,344
Unimproved Value - Improved						
Residential*	0.3774	971	0.3842	988	0.3847	988
Commercial/Industrial	0.2773	1,344	0.2824	1,344	0.2824	1,344
Rural & Mining*	0.3745	963	0.3812	980	0.3726	980
Unimproved Value - Vacant						
Residential*	0.5545	975	0.5645	991	0.4838	991
Commercial/Industrial*	0.3280	1,344	0.3339	1,344	0.3345	1,344
Rural & Mining*	0.4898	912	0.4986	928	0.4977	928

Note:

- i) The Minimum Rates have been determined by the City on the basis that all ratepayers must make a reasonable contribution to the cost of the local government services/facilities.
- ii) Adjustments to the Rates-in-the-Dollar advertised have been identified with an asterisk (*) above. The reason for the changes are due to the late receipt of UV revaluations from the Office of the Valuer General.

Objects and Reason for Rates

The overall objective of the Rates in the 2019/20 Budget is to provide for the net funding requirements of the City's various programs, services and facilities.

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

The Objects and Reasons that have been proposed are:

Gross Rental Value & Unimproved Value - Residential Improved

The Rate-in-the-Dollar and Minimum Rate have been set on the basis that ratepayers make a reasonable contribution to the cost of local government services and facilities available to residents. Residential Improved properties receive a greater level of services than those in the Commercial/Industrial and Rural & Mining categories.

The Lesser Minimum for Strata Titled Caravan Parks is set recognising the unique purpose of these properties while still ensuring a reasonable contribution to the cost of local government services and facilities available to residents.

Gross Rental Value & Unimproved Value - Residential Vacant

The Rate-in-the-Dollar and Minimum Rate have been set in an effort to promote development of these properties thereby stimulating growth and development in the community.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

9. RATES (CONTINUED)

Gross Rental Value & Unimproved Value - Commercial/Industrial Improved

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

The Lesser Minimum for Strata Titled Storage Units is set recognising the unique purpose of these properties.

Gross Rental Value & Unimproved Value - Commercial/Industrial Vacant

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

Unimproved Value - Rural & Mining Improved

The Rate-in-the-Dollar and Minimum Rate have been set with an intention to foster and encourage farming and horticultural activities in the City, thereby stimulating growth and development in the community.

Unimproved Value - Rural & Mining Vacant

The Rate-in-the-Dollar and Minimum Rate have been set with an intention to encourage the development of vacant land thereby stimulating growth and development in the community.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

10. SPECIFIED AREA RATES

No Specified Area Rates have been budgeted for the 2019/20 Financial Year.

11. SERVICE CHARGES

No Service Charges have been budgeted for the 2019/20 Financial Year.

12. FEES & CHARGES

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Community Amenities		31,226,704	31,412,204	31,803,858
Economic Services		2,085,700	2,089,625	2,125,000
Education & Welfare		92,150	83,182	81,780
General Purpose Funding		512,000	503,363	501,100
Governance		333,800	16,300	107,890
Health		366,311	351,311	410,622
Law, Order & Public Safety		837,000	806,000	663,800
Other Property & Services		6,100	5,500	6,365
Recreation & Culture		7,243,899	7,996,412	9,987,255
Transport		1,450,000	1,000,000	1,100,000
		44,153,664	44,263,897	46,787,670

13. RATE PAYMENT DISCOUNTS, WAIVERS, CONCESSIONS & INCENTIVES

No rates discounts have been budgeted for the 2019/20 Financial Year.

With regard to waivers, Council has agreed, in accordance with Section 6.47 of the Local Government Act 1995, to waive the 2019/20 Council Rates (excluding Emergency Services Levy) for land leased by the City to the following community groups (totalling approximately \$98,041):

- a) AJS Motorcycle Club of WA Inc.;
- b) Kingsway Football & Sporting Club Inc.;
- c) Olympic Kingsway Sports Club Inc.;
- d) Pinjar Motorcycle Park Inc.;
- e) Quinns Mindarie Surf Lifesaving Club Inc.;
- f) Quinns Rocks Sports Club Inc.;
- g) The Badminton Association of WA Inc.;
- h) Tiger Kart Club Inc.;
- i) Vikings Softball Club Inc & The Wanneroo Giants Baseball Club Inc.;
- j) Wanneroo Agricultural Society Inc.;
- k) Wanneroo Amateur Boxing Club Inc.;
- l) Wanneroo Amateur Football Club Inc., Wanneroo Cricket Club Inc., Wanneroo Junior Cricket Club Inc. and Wanneroo Junior Football Club Inc. (Wanneroo Showgrounds Clubrooms);
- m) Wanneroo BMX Club Inc.;
- n) Wanneroo City Soccer Club Inc.;
- o) Wanneroo Districts Cricket Club Inc. (Indoor Facility);
- p) Wanneroo Districts Cricket Club Inc. & Wanneroo Districts Hockey Association Inc.;
- q) Wanneroo Districts Netball Association Inc.;
- r) Wanneroo Districts Rugby Union Football Club Inc.;
- s) Wanneroo Horse & Pony Club;
- t) Wanneroo Shooting Complex Inc.;
- u) Wanneroo Sports & Social Club Inc.;
- v) Wanneroo Tennis Club Inc.;
- w) Wanneroo Trotting Training Club Inc.;
- x) West Australian Rifle Association Inc.;
- y) Yanchep Golf Club Inc.;
- z) Yanchep Sports & Social Club Inc.; and
- aa) Yanchep Surf Lifesaving Club Inc.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

13. RATE PAYMENT DISCOUNTS, WAIVERS, CONCESSIONS & INCENTIVES (CONTINUED)

In accordance with the provisions of Section 6.46 of the Local Government Act 1995, a Local Government is empowered to offer a discount or other incentive for the early payment of rates.

The City will provide the following prizes for Ratepayers who pay in full or by instalment:

- i) One \$5,000 Flight Centre Voucher
- ii) Two \$1,000 Coles/Myer Vouchers
- iii) Four \$500 Coles/Myer Vouchers

The City as a new initiative will provide the following prizes for Ratepayers who register for eRates by 6 September 2019.

- i) Four iPad Minis. An allowance of \$11,000 for the purchase of the above prizes has been included in the Annual Budget.

14. INTEREST CHARGES & INSTALMENTS

An interest rate of 8.45% per annum will be charged on all Rates, both current and arrears, that remain unpaid after 35 days from the issue date of the Rate notice (2 August 2019). It is estimated this will generate income of \$1,014,000. Three option plans will be available to Ratepayers for payment of their Rates by instalments.

Option 1 (Full Payment)

Full amount of Rates and Service Charges, including arrears, to be paid on or before 35 days from the issue date appearing on the Rate notice (6 September 2019).

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 (6 September 2019). The second and final instalment will be due and payable 63 days after the due date of the first instalment (8 November 2019).

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 (6 September 2019). The second, third and fourth instalments are to be made at 63 day intervals, thereafter (8 November 2019, 10 January 2020 and 13 March 2020).

Cost of Instalment Options

The cost of the instalment options will comprise of simple interest of 5.5% per annum, calculated from the date the first instalment is due and payable (6 September 2019), together with an Administration Fee of \$5.00 for each instalment.

Special Arrangements & Late Payment Penalty

In addition to the Late Payment Interest of 8.45% per annum an Administration Fee of \$30.00 per assessment will be charged to any Ratepayers wishing to enter into special payment agreements with the City.

The total revenue from the imposition of the Interest and Administration Fee during the 2019/20 financial year is estimated at \$2,061,006. This is dissected as follows:

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Instalment Interest Charges - Rates		718,000	635,282	652,506
Late Payment Penalty Interest - Rates		1,267,500	1,425,500	1,014,000
	2a(ii)	1,985,500	2,060,782	1,666,506
Administration Charges - Rates		402,000	393,363	394,500
		2,387,500	2,454,145	2,061,006

15. ELECTED MEMBERS REMUNERATION

The following fees, expenses & allowances relate to Elected Members:

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Mayor's Allowance & Meeting Fees		139,410	139,410	140,769
Deputy Mayor's Allowance & Meeting Fees		57,080	57,080	57,616
Councillor's Meeting Attendance Fees		439,096	397,096	403,895
Information, Communications & Technology Allowance		49,000	42,000	45,500
Conference Expenses		80,000	80,000	80,000
Other Expense Reimbursements		82,000	82,000	75,000
		846,586	797,586	802,780

Note:

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

16. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Cash				
Unrestricted	8	25,173,134	25,125,742	22,376,948
Restricted	8	323,899,510	333,081,686	308,449,131
		349,072,644	358,207,428	330,826,079
Restricted Monies				
Cash	8	323,899,510	333,081,686	308,449,131
Non-Current Financial Instruments - Restricted (TPS)		-	-	-
		323,899,510	333,081,686	308,449,131

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

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Alkimos/Eglinton District Community Facilities Reserve	6(a)	13,320,891	13,795,101	15,281,151
Asset Renewal Reserve	6(b)	11,085,103	11,238,120	10,397,478
Asset Replacement Reserve	6(c)	3,748,020	4,180,204	4,336,825
Butler Collaborative Planning Agreement Reserve	6(d)	-	-	-
Carry Forward Capital Projects Reserve	6(e)	-	3,741,959	-
Coastal Infrastructure Management Reserve	6(f)	13,625,395	13,850,015	15,970,362
Domestic Refuse Reserve	6(g)	8,767,647	8,871,242	10,220,845
Fleming Park Lake Reserve	6(h)	-	-	-
Golf Courses Reserve	6(i)	620,175	621,829	985,820
HACC Asset Replacement Reserve	6(j)	-	-	-
Land Acquisition Reserve	6(k)	3,295,364	3,308,347	4,382,785
Leave Liability Reserve	6(l)	1,891,878	1,640,163	1,727,067
Loan Repayment Reserve	6(m)	23,623,447	23,090,917	24,110,463
Neerabup Development Reserve	6(n)	4,102,998	4,802,720	3,652,306
Plant Replacement Reserve	6(o)	13,759,116	12,104,620	12,427,959
Regional Open Space Reserve	6(p)	11,478,270	11,499,639	14,258,381
Section 152 Reserve (formerly Section 20A Land Reserve)	6(q)	1,313,384	1,364,335	844,957
Strategic Projects/Initiatives Reserve	6(r)	55,593,664	80,926,416	81,731,561
TPS 20 - District Distributor Headworks Reserve	6(s)	7,098,083	7,128,215	7,288,600
Yanchep Bus Reserve	6(t)	113,251	110,977	118,474
Yanchep/Two Rocks District Community Facilities Reserve	6(u)	1,518,411	633,403	1,460,337
Town Planning Schemes	18	121,654,057	104,382,907	91,744,762
Unspent Grants, Contributions & Loans		27,290,356	25,790,557	7,508,998
		323,899,510	333,081,686	308,449,131

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

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

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

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Net Result		62,749,187	33,500,234	39,758,386
Depreciation	2(a)(i)	40,430,000	40,430,000	40,947,313
(Profit)/Loss on Sale of Asset	4	(1,166,667)	(374,268)	13,525,129
(Increase)/Decrease in Receivables	8	320,241	(3,087,997)	(3,636,383)
(Increase)/Decrease in Inventories	8	(5,407)	31,786	(6,573)
Increase/(Decrease) in Payables		679,528	3,751,466	981,066
Increase/(Decrease) in Employee Provisions	6(l)	94,924	94,924	86,904
TPS & DCP Revenue		(11,619,251)	(12,035,620)	(15,288,167)
TPS & DCP Expense		8,015,217	5,743,561	8,031,975
Grants/Contributions for the Development of Assets		(53,112,216)	(23,639,173)	(45,073,113)
Net Cash from Operating Activities		46,385,556	44,414,913	39,326,537

(c) Undrawn Borrowing Facilities & Credit Standby Arrangements

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
Bank Overdraft				
Limit		1,000,000	-	-
Balance at Balance Date		-	-	-
		1,000,000	-	-
Credit Card				
Limit		321,500	550,000	550,000
Balance at Balance Date		20,000	51,560	50,000
		301,500	498,440	500,000
Total Amount of Credit Unused		1,301,500	498,440	500,000
Loan Facilities	5			
Principal Outstanding		69,882,364	69,078,188	76,341,388
Used Loan Facilities		2,800,000	2,800,000	100,000

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

17. TRUST FUNDS

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

	01-Jul-19 Estimate \$	Budgeted Receipts \$	Budgeted Payments \$	30-Jun-20 Balance \$
Public Open Space	3,709,665	71,550	(529,720)	3,251,495
Miscellaneous/Appeals	33,064	4,613	(9,805)	27,872
	3,742,729	76,163	(539,525)	3,279,367

18. MAJOR LAND TRANSACTIONS

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 (TPRC). The establishment of the TPRC was pursuant to Section 3.61 of the Local Government Act. The TPRC formally came into existence on the 3 February 2006. The TPRC'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. It is likely that income distributions will be received from the TPRC in 2019/20 which if received will be placed into the City's Loan Repayment Reserve.

Town Planning Schemes

(a) Details

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

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

Noted in the details below are entries of material value relating to the partial return of estimated excess funds and adjustments resulting from a transactional audit.

(b) Current Year Transactions

	1-Jul-19 Estimate \$	Transfers To Operating \$	Transfers From Operating \$	Transfers To/From Capital/ Adjustments \$	30-Jun-20 Balance \$
Operating Accounts					
Berkley Road Structure Plan Area	3,020,258	77,792	(2,000)	-	3,096,050
Neerabup Structure Plan	(3,451,085)	-	-	-	(3,451,085)
Town Planning Scheme 5 (Landsdale)	732,543	18,910	(2,000)	-	749,453
	301,716	96,702	(4,000)	-	394,418
Scheme Accounts					
East Wanneroo Development Area (Cell 1)	12,473,261	1,522,452	(44,289)	(8,000,002)	5,951,422
East Wanneroo Development Area (Cell 2)	8,940,405	734,101	(36,251)	(722,926)	8,915,329
East Wanneroo Development Area (Cell 3)	1,603,943	26,197	(20,176)	-	1,609,964
East Wanneroo Development Area (Cell 4)	13,443,354	411,255	(195,289)	(985,567)	12,673,753
East Wanneroo Development Area (Cell 5)	9,922,486	777,856	(375,589)	(4,668,268)	5,656,485
East Wanneroo Development Area (Cell 6)	28,863,345	1,145,147	(354,289)	(4,171,853)	25,482,350
East Wanneroo Development Area (Cell 7)	2,962,861	69,358	(44,289)	(128,621)	2,859,309
East Wanneroo Development Area (Cell 8)	5,060,949	525,893	(690,577)	551,516	5,447,781
East Wanneroo Development Area (Cell 9)	20,810,587	7,118,381	(4,577,289)	(597,728)	22,753,951
	104,081,191	12,330,640	(6,338,038)	(18,723,449)	91,350,344
Total	104,382,907	12,427,342	(6,342,038)	(18,723,449)	91,744,762

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
<u>Berkley Road Structure Plan Area</u>				
Income				
Interest on Investments		77,223	77,223	77,792
		77,223	77,223	77,792
Expenditure				
Administration Charges		-	-	-
Audit Fee Expenses		(2,154)	(2,154)	(2,000)
Construction Costs		-	-	-
		(2,154)	(2,154)	(2,000)
Net Result		75,069	75,069	75,792
Surplus/(Deficit) Brought Forward				
Net Result		2,937,611	2,945,189	3,020,258
Adjustments from transactional audit		75,069	75,069	75,792
		-	-	-
Surplus/(Deficit) Carried Forward		3,012,680	3,020,258	3,096,050
<u>East Wanneroo Development Area (Cell 1)</u>				
Income				
Contributions		878,408	439,204	1,366,407
Interest on Investments		780,280	805,280	156,045
		1,658,688	1,244,484	1,522,452
Expenditure				
Administration Charges		(42,569)	(42,569)	(40,189)
Advertising		(100)	(100)	(100)
Audit Fee Expenses		(2,142)	(2,142)	(2,000)
Consulting Fees		(2,000)	(2,000)	(2,000)
Construction Costs		(91,897)	(91,897)	(601,011)
		(138,708)	(138,708)	(645,300)
Net Result		1,519,980	1,105,776	877,152
Surplus/(Deficit) Brought Forward				
Net Result		29,738,794	29,775,005	12,473,261
Partial Return of Estimated Excess Funds		1,519,980	1,105,776	877,152
Adjustments from Transactional Audit		-	(18,407,520)	(4,218,055)
		-	-	(3,180,936)
Surplus/(Deficit) Carried Forward		31,258,774	12,473,261	5,951,422
<u>East Wanneroo Development Area (Cell 2)</u>				
Income				
Contributions		194,888	48,724	536,000
Interest on Investments		230,239	230,239	198,101
		425,127	278,963	734,101
Expenditure				
Administration Charges		(34,055)	(34,055)	(32,151)
Advertising		(100)	(100)	(100)
Audit Fee Expenses		(2,142)	(2,142)	(2,000)
Consulting Fees		(2,000)	(11,000)	(2,000)
Construction Costs		(33,603)	(33,603)	-
		(71,900)	(80,900)	(36,251)
Net Result		353,227	198,063	697,850
Surplus/(Deficit) Brought Forward				
Net Result		8,765,205	8,742,342	8,940,405
Adjustments from Transactional Audit		353,227	198,063	697,850
		-	-	(722,926)
Surplus/(Deficit) Carried Forward		9,118,432	8,940,405	8,915,329

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
East Wannon Development Area (Cell 3)				
Income				
Contributions		-	112,288	-
Interest on Investments		39,170	39,170	26,197
		39,170	151,458	26,197
Expenditure				
Administration Charges		(17,028)	(17,028)	(16,076)
Advertising		(100)	(100)	(100)
Audit Fee Expenses		(2,142)	(2,142)	(2,000)
Consulting		(2,000)	(2,000)	(2,000)
Construction Costs		-	-	-
		(21,270)	(21,270)	(20,176)
Net Result		17,900	130,188	6,021
Surplus/(Deficit) Brought Forward				
Net Result		1,472,287	1,473,755	1,603,943
Adjustments from Transactional Audit		17,900	130,188	6,021
		-	-	-
Surplus/(Deficit) Carried Forward		1,490,187	1,603,943	1,609,964
East Wannon Development Area (Cell 4)				
Income				
Contributions		209,943	163,289	109,285
Interest on Investments		328,146	353,146	301,970
		538,089	516,435	411,255
Expenditure				
Administration Charges		(89,860)	(89,860)	(40,189)
Advertising		(100)	(100)	(100)
Audit Fee Expenses		(5,142)	(5,142)	(3,000)
Consulting Fees		(2,000)	(2,000)	(2,000)
Legal Fees		(100,000)	(61,000)	(150,000)
Construction Costs		-	-	-
		(197,102)	(158,102)	(195,289)
Net Result		340,987	358,333	215,966
Surplus/(Deficit) Brought Forward				
Net Result		13,003,570	13,085,021	13,443,354
Adjustments from Transactional Audit		340,987	358,333	215,966
		-	-	(985,567)
Surplus/(Deficit) Carried Forward		13,344,557	13,443,354	12,673,753
East Wannon Development Area (Cell 5)				
Income				
Contributions		247,272	2,843,636	217,000
Interest on Investments		244,180	444,180	160,856
Miscellaneous Income		-	-	400,000
		491,452	3,287,816	777,856
Expenditure				
Administration Charges		(112,326)	(112,326)	(40,189)
Advertising		(100)	(100)	(100)
Audit Fee Expenses		(5,142)	(5,142)	(2,000)
Consulting Fees		(2,000)	(2,000)	(2,000)
Contracts		(861,740)	(1,612,700)	(298,800)
Legal Fees		(50,000)	(95,000)	(32,500)
Construction Costs		-	-	-
		(1,031,308)	(1,827,268)	(375,589)
Net Result		(539,856)	1,460,548	402,267
Surplus/(Deficit) Brought Forward				
Net Result		11,037,842	8,461,938	9,922,486
Adjustments from Transactional Audit		(539,856)	1,460,548	402,267
		-	-	(4,668,268)
Surplus/(Deficit) Carried Forward		10,497,986	9,922,486	5,656,485

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
East Wanneroo Development Area (Cell 6)				
Income				
Contributions		394,864	789,728	120,000
Interest on Investments		750,208	750,208	625,147
Miscellaneous Income		-	-	400,000
		1,145,072	1,539,936	1,145,147
Expenditure				
Administration Charges		(65,035)	(65,035)	(40,189)
Advertising		(100)	(100)	(100)
Audit Fee Expenses		(2,142)	(2,142)	(2,000)
Consulting Fees		(2,000)	(2,000)	(2,000)
Contract Expenses		(1,833,741)	(1,085,329)	(310,000)
Construction Costs		(36,600)	(36,600)	-
		(1,939,618)	(1,191,206)	(354,289)
Net Result		(794,546)	348,730	790,858
Surplus/(Deficit) Brought Forward				
Net Result		29,176,694	28,514,615	28,863,345
Adjustments from Transactional Audit		(794,546)	348,730	790,858
Surplus/(Deficit) Carried Forward		-	-	(4,171,853)
		28,382,148	28,863,345	25,482,350
East Wanneroo Development Area (Cell 7)				
Income				
Contributions		176,210	176,210	-
Interest on Investments		86,378	86,378	69,358
		262,588	262,588	69,358
Expenditure				
Administration Charges		(42,569)	(42,569)	(40,189)
Advertising		(100)	(100)	(100)
Audit Fee Expenses		(2,142)	(2,142)	(2,000)
Consulting		(5,000)	(5,000)	(2,000)
Contract Expenses		-	(170,086)	-
Construction Costs		(7,000)	(7,000)	-
		(56,811)	(226,897)	(44,289)
Net Result		205,777	35,691	25,069
Surplus/(Deficit) Brought Forward				
Net Result		3,100,085	2,927,170	2,962,861
Adjustments from Transactional Audit		205,777	35,691	25,069
Surplus/(Deficit) Carried Forward		-	-	(128,621)
		3,305,862	2,962,861	2,859,309
East Wanneroo Development Area (Cell 8)				
Income				
Contributions		300,000	300,000	400,000
Interest on Investments		107,129	132,129	125,893
		407,129	432,129	525,893
Expenditure				
Administration Charges		(42,569)	(42,569)	(40,189)
Advertising		(100)	(100)	(100)
Audit Fee Expenses		(2,142)	(2,142)	(2,000)
Consulting Fees		(5,000)	(5,000)	(2,000)
Contract Expenses		-	-	(578,788)
Legal Fees		(50,000)	(195,000)	(67,500)
Construction Costs		-	-	-
		(99,811)	(244,811)	(690,577)
Net Result		307,318	187,318	(164,684)
Surplus/(Deficit) Brought Forward				
Net Result		4,927,935	4,873,631	5,060,949
Adjustments from Transactional Audit		307,318	187,318	(164,684)
Surplus/(Deficit) Carried Forward		-	-	551,516
		5,235,253	5,060,949	5,447,781

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FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	Note	2018/19 Budget \$	2018/19 Estimate \$	2019/20 Budget \$
East Wanneroo Development Area (Cell 9)				
Income				
Contributions		3,703,575	1,298,450	6,594,000
Interest on Investments		495,735	535,735	524,381
		4,199,310	1,834,185	7,118,381
Expenditure				
Administration Charges		(83,104)	(83,104)	(40,189)
Advertising		(100)	(100)	(100)
Audit Fee Expenses		(2,142)	(2,142)	(2,000)
Compensation Payments		(3,688,004)	(997,214)	(4,535,000)
Construction Costs		(100,000)	(100,000)	(70,000)
		(3,873,350)	(1,182,560)	(4,647,289)
Net Result		325,960	651,625	2,471,092
Surplus/(Deficit) Brought Forward				
Net Result		325,960	651,625	2,471,092
Adjustments from Transactional Audit		-	-	(527,728)
Surplus/(Deficit) Carried Forward		18,728,558	20,810,587	22,753,951
Neerabup Structure Plan				
Income				
Interest on Investments		-	-	-
		-	-	-
Expenditure				
Administration Charges		-	-	-
Audit Fee Expenses		(2,142)	(2,142)	-
Construction Costs		-	-	-
		(2,142)	(2,142)	-
Net Result		(2,142)	(2,142)	-
Surplus/(Deficit) Brought Forward				
Net Result		(3,448,943)	(3,448,943)	(3,451,085)
Adjustments from transactional audit		(2,142)	(2,142)	-
		-	-	-
Surplus/(Deficit) Carried Forward		(3,451,085)	(3,451,085)	(3,451,085)
Town Planning Scheme 5 (Landsdale)				
Income				
Interest on Investments		18,771	18,771	18,910
		18,771	18,771	18,910
Expenditure				
Administration Charges		-	-	-
Audit Fee Expenses		(2,142)	(2,142)	(2,000)
Construction Costs		-	-	-
		(2,142)	(2,142)	(2,000)
Net Result		16,629	16,629	16,910
Surplus/(Deficit) Brought Forward				
Net Result		714,076	715,914	732,543
Adjustments from Transactional Audit		16,629	16,629	16,910
		-	-	-
Surplus/(Deficit) Carried Forward		730,705	732,543	749,453
Grand Total				
		121,654,057	104,382,907	91,744,762

19. TRADING UNDERTAKINGS & MAJOR TRADING UNDERTAKINGS

Council accepted the Neerabup Industrial Area Lot 9003 resource extraction tender at the 4 June 2019 Ordinary Council meeting. The resource extraction contract is intended to be awarded at the beginning of the 2019/20 financial year. The project will incur costs during the 2019/20 financial year, with incomes generated from extracted resource sales into future financial periods and reported accordingly.

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20. FINANCIAL RATIOS

	2018/19 Budget Ratio to 1	2018/19 Estimate Ratio to 1	2019/20 Budget Ratio to 1
a) Asset Consumption Ratio:			
<u>Depreciated Replacement Cost of Depreciable Assets</u> Current Replacement Cost of Depreciable Assets	0.72	0.94	0.93
*Standard is met >0.50 **Standard is advanced >0.75			
b) Asset Renewal Funding Ratio:			
<u>NPV of Planned Capital Renewals over 10 years</u> NPV of Required Capital Expenditure over 10 years	0.62	0.62	0.62
*Standard is met >0.75 **Standard is advanced >1.05			
c) Asset Sustainability Ratio:			
<u>Capital Renewal & Replacement Expenditure</u> Depreciation Expense	0.55	0.50	0.48
*Standard is met >0.90 **Standard is advanced >1.10			
d) Current Ratio:			
<u>Current Assets - Restricted Current Assets</u> Current Liabilities - Liabilities Associated With Restricted Assets	0.96	0.97	0.97
*Standard is met >1.00			
e) Debt Service Cover Ratio:			
<u>Annual Operating Surplus Before Interest & Depreciation</u> Principal & Interest	12.34	12.39	8.82
*Standard is met >2.00 **Standard is advanced >5.00			
f) Operating Surplus Ratio:			
<u>Operating Revenue - Operating Expense</u> Own Source Operating Revenue	0.05	0.05	(0.03)
*Standard is met >0.01 **Standard is advanced >0.15			
g) Own Source Revenue Coverage Ratio:			
<u>Own Source Operating Revenue</u> Operating Expense	1.00	1.00	0.93
*Standard is met >0.40 **Standard is advanced >0.90			

Note:

1) Due to the reclassification of some accounts there may be differences when comparing figures adopted for the previous financial year.

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21. LEASES

On adoption of AASB 16, for leases which had previously been classified as an 'operating lease' when applying AASB 117, the City is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A(5)*.

It is anticipated that the City will not have any leases of material value to report for 2019/20.