

CITY OF WANNEROO
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

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CITY OF WANNEROO

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Wanneroo being the annual financial report and supporting notes and other information for the financial year ended 30th June 2008 are in my opinion properly drawn up to present fairly the financial position of the City of Wanneroo at 30th June 2008 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 6 day of November 2008



Daniel Simms
Chief Executive Officer

CITY OF WANNEROO

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	25	47,290,017	47,352,317	41,541,029
Grants and Subsidies	30	7,080,637	6,445,386	6,391,468
Contributions, Reimbursements and Donations		2,841,168	1,220,069	1,869,581
Fees and Charges	29	27,406,706	26,213,019	26,037,851
Interest Earnings	2 (a) (ii)	6,648,139	3,571,407	4,124,883
Other Revenue		<u>2,261,958</u>	<u>2,819,021</u>	<u>2,303,872</u>
		93,528,625	87,621,219	82,268,684
 EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(37,012,253)	(37,304,977)	(33,980,592)
Materials and Contracts		(28,418,631)	(29,644,760)	(25,913,667)
Utilities		(3,271,166)	(3,475,144)	(2,858,651)
Depreciation	2 (a) (i)	(20,163,763)	(20,401,143)	(18,835,877)
Interest Expenses	2 (a) (i)	(1,252,594)	(1,642,928)	(294,236)
Insurance		(779,875)	(736,627)	(684,316)
		<u>(90,898,282)</u>	<u>(93,205,579)</u>	<u>(82,567,339)</u>
Grants and Subsidies - non-operating	30	9,220,424	13,068,977	9,928,951
Contributions Reimbursements and Donations - non-operating	2 (a) (ii)	29,323,884	35,374,197	40,391,191
Town Planning Scheme Income (Inc Interest)		22,877,351	15,190,030	26,585,990
Town Planning Scheme Expenses		(11,921,855)	(22,709,204)	(11,517,296)
Profit on Asset Disposals	23	911,808	5,741,215	6,244,357
Loss on Asset Disposals	23	<u>(305,716)</u>	<u>(2,203,390)</u>	<u>(698,005)</u>
		50,105,896	44,461,825	70,935,188
NET RESULT		<u><u>52,736,239</u></u>	<u><u>38,877,465</u></u>	<u><u>70,636,533</u></u>

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

CITY OF WANNEROO

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
	2(a)			
Governance		480,849	277,355	459,401
General Purpose Funding		58,328,392	54,911,564	49,720,763
Law, Order, Public Safety		745,395	951,150	614,995
Health		235,216	220,583	125,502
Education and Welfare		3,344,250	3,213,149	3,046,350
Community Amenities		20,616,794	19,617,621	21,195,116
Recreation and Culture		23,537,027	12,545,709	8,262,295
Transport		19,563,378	40,676,001	45,148,931
Economic Services		3,403,094	3,693,578	3,770,857
Other Property and Services		25,607,697	20,888,928	32,684,775
		<u>155,862,092</u>	<u>156,995,638</u>	<u>165,028,985</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
	2(a)			
Governance		(3,481,779)	(2,902,444)	(3,902,898)
General Purpose Funding		(1,160,382)	(1,642,911)	(1,125,885)
Law, Order, Public Safety		(2,903,592)	(2,982,291)	(2,747,854)
Health		(1,605,193)	(1,852,030)	(1,509,658)
Education and Welfare		(6,282,431)	(6,026,991)	(5,128,003)
Community Amenities		(22,404,375)	(20,967,973)	(18,170,001)
Recreation and Culture		(25,498,679)	(26,630,519)	(22,414,586)
Transport		(22,691,932)	(27,126,603)	(24,338,456)
Economic Services		(2,700,514)	(2,839,533)	(2,351,605)
Other Property and Services		(13,144,382)	(23,802,730)	(12,409,270)
		<u>(101,873,259)</u>	<u>(116,774,025)</u>	<u>(94,098,216)</u>
BORROWING COSTS EXPENSE				
	2(a)			
Governance		(11,777)	(11,777)	(961)
Recreation and Culture		(953,097)	(1,044,691)	(293,275)
Transport		(69,853)	(69,853)	-
Other Property and Services		(217,867)	(217,867)	-
		<u>(1,252,594)</u>	<u>(1,344,188)</u>	<u>(294,236)</u>
NET RESULT		<u>52,736,239</u>	<u>38,877,425</u>	<u>70,636,533</u>

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

CITY OF WANNEROO

BALANCE SHEET

AS AT 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	83,503,230	11,673,043
Investments	5	57,591,073	103,299,448
Trade and Other Receivables	6	8,190,142	6,324,227
Inventories	7	<u>272,268</u>	<u>167,535</u>
TOTAL CURRENT ASSETS		<u>149,556,713</u>	<u>121,464,253</u>
NON-CURRENT ASSETS			
Trade and Other Receivables	6	7,604,110	7,348,664
Property, Plant and Equipment	8	101,572,655	78,012,063
Infrastructure	9	<u>579,816,202</u>	<u>549,213,663</u>
TOTAL NON-CURRENT ASSETS		<u>688,992,967</u>	<u>634,574,390</u>
TOTAL ASSETS		<u>838,549,680</u>	<u>756,038,643</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	23,065,389	12,738,427
Short Term Borrowings	11	627,197	-
Provisions	13	<u>5,104,565</u>	<u>4,242,975</u>
TOTAL CURRENT LIABILITIES		<u>28,797,151</u>	<u>16,981,402</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	12	27,006,188	8,555,838
Provisions	13	<u>1,699,115</u>	<u>2,190,416</u>
TOTAL NON-CURRENT LIABILITIES		<u>28,705,303</u>	<u>10,746,254</u>
TOTAL LIABILITIES		<u>57,502,454</u>	<u>27,727,656</u>
NET ASSETS		<u>781,047,226</u>	<u>728,310,987</u>
EQUITY			
Retained Surplus		697,229,639	647,137,770
Reserves - Cash / Investment Backed	14	22,259,643	28,201,187
Reserves - Asset Revaluation	15	246,092	246,092
Town Planning Schemes	16	<u>61,311,852</u>	<u>52,725,938</u>
TOTAL EQUITY		<u>781,047,226</u>	<u>728,310,987</u>

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

CITY OF WANNEROO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
RETAINED SURPLUS			
Balance as at 1 July 2007		647,137,770	598,965,433
Net Result		52,736,239	70,636,533
Transfer from/(to) Town Planning Schemes		(8,585,914)	(14,515,269)
Transfer from/(to) Reserves		5,941,544	(7,948,927)
Balance as at 30 June 2008		<u>697,229,639</u>	<u>647,137,770</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2007		28,201,187	20,252,260
Amount Transferred (to)/from Accumulated Surplus		(5,941,544)	7,948,927
Balance as at 30 June 2008	14	<u>22,259,643</u>	<u>28,201,187</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2007		246,092	246,092
Amount Transferred (to)/from Accumulated Surplus		-	-
Revaluation Increment		-	-
Balance as at 30 June 2008	15	<u>246,092</u>	<u>246,092</u>
TOWN PLANNING SCHEMES			
Balance as at 1 July 2007		52,725,938	38,210,669
Transferred (to)/from Accumulated Surplus		8,585,914	14,515,269
Balance as at 30 June 2008	16	<u>61,311,852</u>	<u>52,725,938</u>
TOTAL EQUITY		<u><u>781,047,226</u></u>	<u><u>728,310,987</u></u>

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

CITY OF WANNEROO
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
Cash Flows From Operating Activities				
Receipts				
Rates		46,570,761	47,202,317	41,595,778
Grants and Subsidies - operating		7,080,637	6,068,689	6,391,468
Contributions, Reimbursements & Donations		2,841,168	1,220,069	1,551,478
Fees and Charges		27,371,763	24,235,509	24,857,738
Interest Earnings		6,648,139	3,571,407	4,020,870
Goods and Services Tax		7,966,985	4,700,000	5,319,793
Other		2,261,958	2,804,340	2,536,518
		<u>100,741,411</u>	<u>89,802,331</u>	<u>86,273,643</u>
Payments				
Employee Costs		(36,223,563)	(36,825,491)	(31,838,123)
Materials and Contracts		(18,614,805)	(32,933,784)	(24,073,949)
Utilities (gas, electricity, water, etc)		(3,271,166)	(3,475,144)	(2,858,651)
Insurance		(779,875)	(685,063)	(684,316)
Interest		(1,252,594)	(1,642,928)	(267,695)
Goods and Services Tax		(9,300,471)	(5,100,000)	(6,151,268)
Other		(69,442,474)	(80,662,410)	(65,874,002)
		<u>(69,442,474)</u>	<u>(80,662,410)</u>	<u>(65,874,002)</u>
Net Cash Provided By Operating Activities	17(b)	<u>31,298,937</u>	<u>9,139,921</u>	<u>20,399,641</u>
Cash Flows from Investing Activities				
Equity Contribution - Mindarie Regional Council		(53,674)	-	-
Equity Contribution - Tamala Regional Council		20,000	-	(2,723,573)
Payments for Purchase of Property, Plant & Equipment		(30,312,545)	(62,480,139)	(16,196,805)
Payments for Construction of Infrastructure		(45,234,141)	(35,179,915)	(8,589,469)
Net movement in Investments		45,708,375	-	(28,550,468)
Repayment of Quinns Bridge Funding		-	3,000,000	-
Grants/Contributions for the Development of Assets		38,544,308	18,443,174	12,895,702
Town Planning Scheme Income (Inc Interest)		22,877,351	15,414,030	26,585,990
Town Planning Scheme Expenses		(11,921,855)	(22,924,755)	(11,517,296)
Proceeds from Sale of Plant & Equipment		1,825,884	5,741,215	7,565,444
		<u>21,453,703</u>	<u>(77,986,390)</u>	<u>(20,530,475)</u>
Net Cash Provided Used In Investing Activities		<u>21,453,703</u>	<u>(77,986,390)</u>	<u>(20,530,475)</u>
Cash Flows from Financing Activities				
Repayment of Loans		-	(160,000)	(214,500)
Proceeds from New Loans	24(a)	18,450,350	20,150,350	8,555,838
		<u>18,450,350</u>	<u>19,990,350</u>	<u>8,341,338</u>
Net Cash Provided By (Used In) Financing Activities		<u>18,450,350</u>	<u>19,990,350</u>	<u>8,341,338</u>
Net Increase (Decrease) in Cash Held		71,202,990	(48,856,119)	8,210,504
Cash at Beginning of Year		11,673,043	115,073,170	3,462,539
Cash at End of Year	17(a)	<u>82,876,033</u>	<u>66,217,051</u>	<u>11,673,043</u>

CITY OF WANNEROO

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2008

		2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
	2(a)			
Governance		480,849	277,355	459,401
General Purpose Funding		11,038,375	7,559,247	8,179,734
Law, Order, Public Safety		745,395	951,150	614,995
Health		235,216	220,583	125,502
Education and Welfare		3,344,250	3,213,149	3,046,350
Community Amenities		20,616,794	19,617,621	21,195,116
Recreation and Culture		23,537,027	12,545,709	8,262,295
Transport		19,563,378	40,676,001	45,148,931
Economic Services		3,403,094	3,693,578	3,770,857
Other Property and Services		25,607,697	20,888,928	32,684,775
		<u>108,572,075</u>	<u>109,643,321</u>	<u>123,487,956</u>
EXPENSES FROM ORDINARY ACTIVITIES				
	2(a)			
Governance		(3,493,556)	(1,654,688)	(1,126,846)
General Purpose Funding		(1,160,382)	(2,902,444)	(3,902,898)
Law, Order, Public Safety		(2,903,592)	(2,982,291)	(2,747,854)
Health		(1,605,193)	(1,852,030)	(1,509,658)
Education and Welfare		(6,282,431)	(6,026,991)	(5,128,003)
Community Amenities		(22,404,375)	(20,967,973)	(18,170,001)
Recreation and Culture		(26,451,776)	(27,675,210)	(22,707,861)
Transport		(22,761,785)	(27,196,456)	(24,338,456)
Economic Services		(2,700,514)	(2,839,533)	(2,351,605)
Other Property and Services		(13,362,249)	(24,020,557)	(12,409,270)
		<u>(103,125,853)</u>	<u>(118,118,173)</u>	<u>(94,392,452)</u>
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals		(606,092)	(3,537,825)	(4,655,952)
Physical Assets Received from Developers		(26,669,904)	(30,000,000)	(37,424,440)
Movement in Non-Current Employee Provisions		(491,301)	-	572,929
Depreciation on Assets		20,163,763	20,401,143	18,835,877
		<u>(7,603,534)</u>	<u>(13,136,682)</u>	<u>(22,671,586)</u>
Capital Expenditure and Revenue				
Equity Contribution - Tamala Regional Council		20,000	-	(2,723,573)
Equity Contribution - Mindarie Regional Council		(53,674)	-	-
Purchase Land and Buildings		(7,860,096)	(47,491,666)	(1,602,953)
Purchase Infrastructure Assets - Engineering		(9,073,417)	(24,767,345)	796,794
Purchase Infrastructure Assets - Parks		(283,901)	(10,412,570)	(2,533,333)
Purchase Plant and Vehicles		(6,887,262)	(9,446,447)	(5,371,885)
Purchase Furniture and Fittings		(321,328)	(95,806)	(368,237)
Purchase Equipment		(4,169,519)	(5,446,220)	(3,197,598)
Movement in Works in progress		(20,281,218)	-	(11,618,662)
Proceeds from Disposal of Assets		1,825,884	5,741,215	6,675,044
Repayment of Quinns Bridge Funding		-	3,000,000	-
Repayment of Loans		-	(160,000)	(214,500)
Proceeds from New Loans		18,450,350	20,150,350	8,555,838
Movement in Pensioner Deferred Rate Debtors		(86,959)	-	(48,250)
Movement in Other Deferred Debtor		11,352	-	-
Increase in deferred Interest Receivable		(134,810)	-	(104,013)
Self-Supporting Loan Principal Income		-	-	34,802
		<u>(28,844,598)</u>	<u>(68,928,489)</u>	<u>(11,720,526)</u>
Transfers				
Transfers to Restricted Grants, Contributions and Unspent Loans		(8,602,025)	-	(12,045,155)
Transfers To Restricted Cash - Current Employee Provisions		-	2,700,000	-
Transfers to Reserves (Restricted Assets)		(11,430,997)	(12,989,832)	(18,757,139)
Transfers from Reserves (Restricted Assets)		17,372,542	26,831,825	10,808,175
Transfers To Schemes		(22,877,220)	(15,190,030)	(27,002,576)
Transfer from Schemes		14,291,427	22,933,204	11,933,887
		<u>(11,246,273)</u>	<u>24,285,167</u>	<u>(35,062,808)</u>
ADD Surplus/(Deficit) July 1 B/Fwd		5,525,774	14,856,923	5,234,561
LESS Surplus/(Deficit) June 30 C/Fwd		10,567,608	(4,045,616)	5,525,774
Amount Req'd to be Raised from Rates	25	<u>(47,290,017)</u>	<u>(47,352,317)</u>	<u>(40,650,629)</u>

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial reports are:

(a) **Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

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

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 22 to this financial report.

(c) **Goods and Services Tax**

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

(d) **Cash and Cash Equivalents**

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

For the purposes of the Cash Flow Statement, 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 balance sheet.

(e) **Trade and Other Receivables**

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectibility of trade 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

(f) **Inventories**

General

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the income statement as at the time of signing a binding of sale.

Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for s:

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Fixed Assets

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed includes the cost of all materials, direct labour and variable and fixed overheads.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

Land under Roads

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

(h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

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 are:

Buildings	40 years
Bus Shelters	50 years
Car Parks - sealed	40 years
Computer Hardware	3 years
Computer Software	2 years
Footpaths	40 years
Furniture & Equipment	10 years
Heavy Vehicles - 1,201 kg to 4,000 kg	6 years/100,000 km's (45% residual)
Heavy Vehicles - 4,001 kg to 9,000 kg	6 years/200,000 km's (40% residual)
Heavy Vehicles - 9,001 kg to 12,000 kg	8 years/500,000 km's (48% residual)
Heavy Vehicles - Refuse	5 years (20% residual)
Light Vehicles	3 years (60% residual)
Other Plant and Equipment	10 years
Parks & Reserves	50 years
Plant	10 years (50% residual)
Public Accessways	40 years
Reserves/Playground Equipment	10 years
Sealed roads and streets - major re-surfacing	15 years
Sealed roads and streets - original surfacing	40 years
Street Lighting	25 years
Tennis/Basketball Courts	40 years
Underpasses	80 years
Water supply piping & drainage systems	80 years

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(j) Estimation of Fair Value

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 based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(k) Impairment

In accordance with Australian Accounting Standards the assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

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

(l) Trade and Other Payables

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) **Employee Benefits**

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

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

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

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

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(n) **Interest-bearing Loans and Borrowings**

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on 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 balance sheet date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

(o) **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the City, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

(p) **Provisions**

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(q) **Joint Venture**

The City has no interests in any joint ventures.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Rates, Grants, Donations and Other Contributions

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

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

(s) Superannuation

The City of Wanneroo contributes to various Superannuation Schemes based on employee's choices and their contribution.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) Current and Non-Current Classification

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2008.

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(i) AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(iii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(iv) AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programmes.
(v) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the
(vi) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prio
(vii) AASB 1049 Whole of Government and General Government Sector Financial Reporting	October 2007	1 July 2008 ⁽²⁾	Nil – The Standard is not applicable to Local Governments.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable ⁽¹⁾	Impact
(viii) AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised into	December 2007	1 July 2008 ⁽²⁾	<ul style="list-style-type: none"> • AASB 2007-09 will have significant impact on Council's financial statements as it has the effect of withdrawing AAS27. AAS27 is effectively replaced by existing topic based standards and new standards as also detailed here. • AASB 1050 is only applicable to Government departments and will have no impact on Council. • AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised. • AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements. • AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

Notes:

⁽¹⁾ - Applicable to reporting periods commencing on or after the given date.

⁽²⁾ - Applicable to not-for-profit and/or public sector entities only.

CITY OF WANNEROO
INCOME STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
2. REVENUES AND EXPENSES		
(a) Result from Ordinary Activities		
The result from ordinary activities includes:		
(i) Charging as Expenses:		
Auditors Remuneration		
- Audit	34,375	29,645
- Other Services	10,153	2,871
Bad and Doubtful Debts		
Sundry Debtors	307,514	366,447
Depreciation		
Buildings	1,494,711	1,495,793
Furniture and Fittings	71,961	21,954
Plant and Vehicles	2,599,223	2,572,993
Equipment	1,366,266	948,560
Roads	11,337,328	10,783,577
Pathways	433,305	305,904
Drainage	1,769,532	1,692,348
Car Parks	240,477	238,121
Reserves	836,654	773,530
Infrastructure Other	14,306	3,097
	<u>20,163,763</u>	<u>18,835,877</u>
Interest Expenses		
- Accrued Interest on Loans	82,453	26,541
- Loans (refer note 25a)	1,170,141	267,695
	<u>1,252,594</u>	<u>294,236</u>
(ii) Crediting as Revenues:		
	2008	2008
	\$	Budget
		\$
Interest Earnings		
Investments		
- Municipal Funds	3,121,769	2,430,000
- Reserve Funds	2,961,421	904,129
- Sinking Funds	-	4,627
- Quinns Bridge Funding	134,810	-
Other Interest Revenue (refer note 30)	430,139	720,940
	<u>6,648,139</u>	<u>4,059,696</u>
		<u>4,566,649</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
2. REVENUES AND EXPENSES (Continued)			
(a) Result from Ordinary Activities (Continued)			
Contributions to Assets			
Non-Cash			
- Infrastructure	-	30,000,000	-
- Carparks	26,758	-	-
- Roadworks	11,921,173	-	29,275,569
- Drainage	2,743,123	-	5,356,571
- Equipment	2,991,338	-	-
- Furniture	150,803	-	-
- Pathways	1,336,751	-	-
- Parks	7,499,958	-	2,792,300
	<u>26,669,904</u>	<u>30,000,000</u>	<u>37,424,440</u>
Cash			
- Roadworks	185,928	3,581,197	401,751
- Equipment	31,854	-	-
- Furniture	4,272	-	-
- Buildings	1,896,999	1,793,000	2,400,000
- Parks	206,651	-	-
- Land	328,276	-	165,000
	<u>2,653,980</u>	<u>5,374,197</u>	<u>2,966,751</u>
	<u>29,323,884</u>	<u>35,374,197</u>	<u>40,391,191</u>

(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 activities/programs.

With reference to the City of Wanneroo Strategic Plan 2006-2021:-

Vision

The centre for creative and sustainable growth, delivering strong, vibrant and connected communities.

Mission

Through strategic partnerships and effective leadership is to provide spaces, places and services that:

- build on the City's natural resources and cultural heritage;
- create distinct and vibrant village communities;
- enhance lifestyle choices;
- foster economic prosperity;
- encourage citizen and stakeholder participation in governance and development decisions.

Quadruple Bottom Line

Within the strategic plan, four pillars are referred to, being:

- Environment - a sustainable natural, built and healthy environment.
- Social - healthy, safe, vibrant and connected communities.
- Economic - a prosperous region achieved through economic growth and employment.
- Governance - leadership and community engagement ensures the best use of our physical, financial and human resources.

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

The City operations as disclosed in this document encompass the following service orientated activities/programs:

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

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

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

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

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

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

EDUCATION AND WELFARE

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

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

COMMUNITY AMENITIES

Objective: Provide services required by the community.

Activities: Rubbish collection services, noise control, Town Planning and Regional Development, Community Services.

RECREATION AND CULTURE

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

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

TRANSPORT

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

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

ECONOMIC SERVICES

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

Activities: Economic Development, the promotion of tourism, area promotion, building control, vermin control.

OTHER PROPERTY & SERVICES

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

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

	2008	2007
	\$	\$
(d) Conditions Over Contributions		
Grants and Contributions which were recognised as revenues during the reporting period and which had not yet been expended in the manner specified by the contributor (Shown as unspent grants and contributions in Note 5).		
Grants - Roads	8,597,127	9,455,725
Grants - Buildings	65,828	35,000
Grants - Family Day Care	44,914	117,667
Grants - Youth Services	8,287	3,710
Grants - Emergency Relief	-	16,706
Grants - Safer WA	11,200	-
Grants - Emergency Services	4,272	66,942
Grants - Environmental Protection	23,668	62,831
Grants - HACC	11,501	20,755
Grants - Economic Development	283,353	283,844
Grants - Other	138,437	199,022
	9,188,587	10,262,202

3. CASH AND CASH EQUIVALENTS

<u>Unrestricted</u>		
Municipal	25,683,697	4,553,031
Cash on Hand	15,445	12,864
	25,699,142	4,565,895
<u>Restricted</u>		
(a) Town Planning Schemes	8,923,954	7,013,062
(b) Reserves - Cash Backed	22,259,643	94,086
(c) Unspent Grants	9,188,587	-
(d) Unspent Loans	17,431,904	-
	57,804,088	7,107,148
Total Cash	83,503,230	11,673,043

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
4. CASH RESTRICTIONS		
The following restrictions have been imposed by regulations or other externally imposed requirements:		
(a) Town Planning Schemes (Cash Positions)	62,927,550	53,290,695
(b) Reserves - Cash Backed		
Asset Preservation Reserve	13,614	6,709
Asset Replacement Reserve	2,249,555	6,859,448
Badgerup/Ocean Reef Road Construction Reserve	4,504	3,590
Butler Collaborative Planning Agreement Reserve	1,801,216	1,618,077
Cash in Lieu of Public Open Space Reserve	-	2,063,606
City of Wanneroo Townsite Reserve	231,330	127,947
City of Wanneroo Establishment Reserve	-	92,934
Commercial Refuse Reserve	662,224	417,434
Commercial Refuse - Plant Replacement Reserve	353,677	485,305
Domestic Refuse Reserve	3,940,250	894,970
Domestic Refuse - Plant Replacement Reserve	2,849,907	3,128,977
Golf Course Reserve	398,862	51,831
Heavy Vehicle Replacement Reserve	1,627,712	1,120,308
Light Vehicle Replacement Reserve	522,559	149,717
Marmion Avenue - Tokyu Contributions Reserve	-	1,120,152
Plant Replacement Reserve	567,211	1,104,014
Quinns Caravan Park Reserve	73,212	196,778
Resource Recovery Domestic Refuse Reserve	1,920,147	1,176,331
Road Maintenance - Northern Quarry Area Reserve	1,856	1,767
Road Maintenance - Southern Quarry Area Reserve	177,256	170,150
Section 20A Land Reserve	118,050	1,271,548
Town Planning Scheme 20 - District Road Headworks Reserve	4,505,402	3,164,245
Materials Recovery Facility Upgrade Reserve	241,099	2,975,349
	<u>22,259,643</u>	<u>28,201,187</u>
(c) Unspent Government Grants & Contributions	<u>9,188,587</u>	<u>10,262,202</u>
(d) Unspent Loans (see Note 24 (c))	<u>17,431,904</u>	<u>7,756,264</u>
	<u>111,807,684</u>	<u>99,510,348</u>
Investments	54,003,595	92,403,200
Cash and Cash Equivalents	57,804,089	7,107,148
	<u>111,807,684</u>	<u>99,510,348</u>
5. INVESTMENTS		
<u>Unrestricted</u>		
Financial assets at fair value through profit and loss	3,587,478	10,896,248
<u>Restricted</u>		
Financial assets at fair value through profit and loss	54,003,595	92,403,200
	<u>57,591,073</u>	<u>103,299,448</u>

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
6. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding (Inclusive of Refuse and Swimming Pool Inspections)	1,406,505	1,506,373
Sundry Debtors	3,020,841	2,353,426
Provision for Doubtful Debts	(307,514)	(366,447)
Prepayments	483,788	233,026
GST Receivable	2,049,113	715,627
Accrued Income	1,537,409	1,882,222
	<u>8,190,142</u>	<u>6,324,227</u>
Non-Current		
Rates Outstanding - Pensioners	1,010,495	923,536
Deferred Debtors	32,601	7,354
Capital Investment Mindarie Regional Council	302,717	274,288
Capital Investment Tamala Regional Council	2,703,573	2,723,573
Loans - Quinns Bridge Funding	3,554,724	3,419,913
	<u>7,604,110</u>	<u>7,348,664</u>
TOTAL RECEIVABLES	<u>15,794,252</u>	<u>13,672,891</u>
7. INVENTORIES		
Current		
Stores and Materials	272,268	167,535
	<u>272,268</u>	<u>167,535</u>

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

8. PROPERTY, PLANT AND EQUIPMENT

	Land at cost	Buildings at cost	Furniture and Fittings at cost	Plant and Vehicles at cost	Equipment at cost	Works in Progress	TOTAL
	\$	\$	\$	\$	\$		\$
Gross Carrying Amount							
Balance at 30 June 2007	5,378,439	60,741,148	1,006,721	25,148,253	10,049,568	4,765,732	107,089,861
Additions	3,737,671	4,122,425	472,131	6,887,262	7,160,857	7,932,199	30,312,545
Disposals	-	(383,873)	(2,617)	(2,579,152)	(127,559)	-	(3,093,201)
Balance at 30 June 2008	9,116,110	64,479,700	1,476,235	29,456,363	17,082,866	12,697,931	134,309,205
Accumulated Depreciation/Amortisation							
Balance at 30 June 2007	-	13,032,365	161,499	9,688,045	6,195,889	-	29,077,798
Disposals	-	(380,159)	(1,116)	(1,368,972)	(123,162)	-	(1,873,409)
Depreciation expense	-	1,494,711	71,961	2,599,223	1,366,266	-	5,532,161
Balance at 30 June 2008	-	14,146,917	232,344	10,918,296	7,438,993	-	32,736,550
Net Book Value							
As at 30 June 2007	5,378,439	47,708,783	845,222	15,460,208	3,853,679	4,765,732	78,012,063
As at 30 June 2008	9,116,110	50,332,783	1,243,891	18,538,067	9,643,873	12,697,931	101,572,655

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

9. INFRASTRUCTURE

	Reserves	Roads	Pathways	Car Parking	Drainage	Other Infrastructure	Works in Progress	Total
Gross Carrying Amount								
Balance at Cost 30 June 2007	40,596,231	461,964,318	16,717,316	9,608,866	141,135,696	634,801	6,852,930	677,510,158
Additions	7,783,859	19,130,933	2,506,455	55,558	3,299,936	108,340	12,349,060	45,234,141
Balance at 30 June 2008	48,380,090	481,095,251	19,223,771	9,664,424	144,435,632	743,141	19,201,990	722,744,299
Accumulated Depreciation								
Balance at 30 June 2007	5,053,944	89,611,132	3,486,075	3,336,546	26,742,966	65,832	-	128,296,495
Depreciation expense	836,654	11,337,328	433,305	240,477	1,769,532	14,306	-	14,631,602
Balance at 30 June 2008	5,890,598	100,948,460	3,919,380	3,577,023	28,512,498	80,138	-	142,928,097
Net Book Value								
As at 30 June 2007	35,542,287	372,353,186	13,231,241	6,272,320	114,392,730	568,969	6,852,930	549,213,663
As at 30 June 2008	42,489,492	380,146,791	15,304,391	6,087,401	115,923,134	663,003	19,201,990	579,816,202

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
10. TRADE AND OTHER PAYABLES		
Current		
Trade Payables	11,578,719	2,409,182
Australian Taxation Office	418,403	-
Bonds	6,040,086	5,810,959
Accrued Expenses	1,838,338	4,292,159
Sundry Payables	3,189,843	226,127
	23,065,389	12,738,427
11. SHORT TERM BORROWINGS		
<u>Unsecured</u>		
Bank Overdraft	627,197	-
	627,197	-
12. LONG-TERM BORROWINGS		
Non-Current		
Loans	27,006,188	8,555,838
	27,006,188	8,555,838
TOTAL INTEREST-BEARING LIABILITIES	27,006,188	8,555,838
Additional detail on borrowings is provided in Note 26.		
13. PROVISIONS		
Current		
Provision for Annual Leave	2,551,953	2,352,918
Provision for Long Service Leave	1,049,159	1,049,368
Provision for Time in Lieu	60,631	41,963
Provision for Sick Leave	161,380	123,884
Provision for Additional Leave Agreement	93,561	43,363
Provision for Workers Compensation	1,187,881	967,318
	5,104,565	4,578,814
Non-Current		
Provision for Long Service Leave	1,699,115	1,854,577
	1,699,115	1,854,577
TOTAL PROVISIONS	6,803,680	6,433,391

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
14. RESERVES - CASH BACKED			
(a) Asset Preservation Reserve			
Opening Balance	6,709	9,089	2,159
Amount Set Aside / Transfer to Reserve	6,905	5,271	4,550
Amount Used / Transfer from Reserve	-	-	-
	<u>13,614</u>	<u>14,360</u>	<u>6,709</u>
(b) Asset Replacement Reserve			
Opening Balance	6,859,448	6,859,448	5,256,761
Amount Set Aside / Transfer to Reserve	266,999	4,404,353	4,759,019
Amount Used / Transfer from Reserve	(4,876,892)	(10,264,821)	(3,156,332)
	<u>2,249,555</u>	<u>998,980</u>	<u>6,859,448</u>
(c) Badgerup/Ocean Reef Rd Construction Reserve			
Opening Balance	3,590	3,589	3,370
Amount Set Aside / Transfer to Reserve	914	107	220
Amount Used / Transfer from Reserve	-	-	-
	<u>4,504</u>	<u>3,696</u>	<u>3,590</u>
(d) Butler Collaborative Planning Agreement Reserve			
Opening Balance	1,618,077	1,618,077	1,897,277
Amount Set Aside / Transfer to Reserve	183,139	158,205	232,800
Amount Used / Transfer from Reserve	-	-	(512,000)
	<u>1,801,216</u>	<u>1,776,282</u>	<u>1,618,077</u>
(e) Cash in Lieu of Public Open Space Reserve			
Opening Balance	2,063,606	2,063,607	1,937,940
Amount Set Aside / Transfer to Reserve	81,974	61,478	125,666
Amount Used / Transfer from Reserve	(2,145,580)	(485,000)	-
	<u>-</u>	<u>1,640,085</u>	<u>2,063,606</u>
(f) City of Wanneroo Townsite Reserve			
Opening Balance	127,947	127,947	120,158
Amount Set Aside / Transfer to Reserve	103,383	99,515	1,527,984
Amount Used / Transfer from Reserve	-	(218,000)	(1,520,195)
	<u>231,330</u>	<u>9,462</u>	<u>127,947</u>
(g) City of Wanneroo Establishment Reserve			
Opening Balance	92,934	92,934	87,272
Amount Set Aside / Transfer to Reserve	4,386	2,769	5,662
Amount Used / Transfer from Reserve	(97,320)	(95,703)	-
	<u>-</u>	<u>-</u>	<u>92,934</u>
(h) Commercial Refuse Reserve			
Opening Balance	417,434	562,520	408,227
Amount Set Aside / Transfer to Reserve	278,960	866,758	264,564
Amount Used / Transfer from Reserve	(34,170)	(664,283)	(255,357)
	<u>662,224</u>	<u>764,995</u>	<u>417,434</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
14. RESERVES - CASH BACKED (Continued)			
(i) Commercial Refuse - Plant Replacement Reserve			
Opening Balance	485,305	485,305	289,354
Amount Set Aside / Transfer to Reserve	199,032	239,458	225,325
Amount Used / Transfer from Reserve	(330,660)	(801,543)	(29,374)
	<u>353,677</u>	<u>(76,780)</u>	<u>485,305</u>
(j) Domestic Refuse Reserve			
Opening Balance	894,970	552,864	633,583
Amount Set Aside / Transfer to Reserve	3,126,463	3,152,220	1,805,429
Amount Used / Transfer from Reserve	(81,183)	(3,550,000)	(1,544,042)
	<u>3,940,250</u>	<u>155,084</u>	<u>894,970</u>
(k) Domestic Refuse - Plant Replacement Reserve			
Opening Balance	3,128,977	3,128,976	3,115,269
Amount Set Aside / Transfer to Reserve	2,414,309	1,093,217	1,347,804
Amount Used / Transfer from Reserve	(2,693,379)	(2,498,240)	(1,334,096)
	<u>2,849,907</u>	<u>1,723,953</u>	<u>3,128,977</u>
(l) Golf Course Reserve			
Opening Balance	51,831	68,704	619,544
Amount Set Aside / Transfer to Reserve	407,031	122,047	222,230
Amount Used / Transfer from Reserve	(60,000)	(120,000)	(789,943)
	<u>398,862</u>	<u>70,751</u>	<u>51,831</u>
(m) Heavy Vehicle Replacement Reserve			
Opening Balance	1,120,308	1,120,308	632,665
Amount Set Aside / Transfer to Reserve	534,693	463,376	582,141
Amount Used / Transfer from Reserve	(27,289)	(400,050)	(94,498)
	<u>1,627,712</u>	<u>1,183,634</u>	<u>1,120,308</u>
(n) Light Vehicle Replacement Reserve			
Opening Balance	149,717	149,717	314,359
Amount Set Aside / Transfer to Reserve	959,346	504,460	551,956
Amount Used / Transfer from Reserve	(586,504)	(618,016)	(716,598)
	<u>522,559</u>	<u>36,161</u>	<u>149,717</u>
(o) Marmion Avenue Tokyu Contribution Reserve			
Opening Balance	1,120,152	1,120,152	1,051,915
Amount Set Aside / Transfer to Reserve	82,957	33,371	68,237
Amount Used / Transfer from Reserve	(1,203,109)	(1,153,523)	-
	<u>-</u>	<u>-</u>	<u>1,120,152</u>
(p) Plant Replacement Reserve			
Opening Balance	1,104,013	1,104,014	542,205
Amount Set Aside / Transfer to Reserve	498,105	582,890	679,716
Amount Used / Transfer from Reserve	(1,034,907)	(657,646)	(117,907)
	<u>567,211</u>	<u>1,029,258</u>	<u>1,104,014</u>
(q) Quinns Rocks Caravan Park Reserve			
Opening Balance	196,777	201,163	66,256
Amount Set Aside / Transfer to Reserve	7,839	55,993	141,755
Amount Used / Transfer from Reserve	(131,404)	(30,000)	(11,233)
	<u>73,212</u>	<u>227,156</u>	<u>196,778</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
14. RESERVES - CASH BACKED (Continued)			
(r) Resource Recovery Domestic Refuse Reserve			
Opening Balance	1,176,331	1,176,331	308,434
Amount Set Aside / Transfer to Reserve	743,816	885,045	867,897
Amount Used / Transfer from Reserve	-	-	-
	<u>1,920,147</u>	<u>2,061,376</u>	<u>1,176,331</u>
(s) Road Maintenance - Northern Quarry Area Reserve			
Opening Balance	1,767	1,767	1,659
Amount Set Aside / Transfer to Reserve	89	53	108
Amount Used / Transfer from Reserve	-	-	-
	<u>1,856</u>	<u>1,820</u>	<u>1,767</u>
(t) Road Maintenance - Southern Quarry Area Reserve			
Opening Balance	170,150	170,150	159,785
Amount Set Aside / Transfer to Reserve	7,106	5,069	10,365
Amount Used / Transfer from Reserve	-	-	-
	<u>177,256</u>	<u>175,219</u>	<u>170,150</u>
(u) Section 20A Land Reserve			
Opening Balance	1,271,548	1,271,548	230,590
Amount Set Aside / Transfer to Reserve	46,502	37,881	1,040,958
Amount Used / Transfer from Reserve	(1,200,000)	(1,200,000)	-
	<u>118,050</u>	<u>109,429</u>	<u>1,271,548</u>
(v) Town Planning Scheme 20 - District Distributor Road Headworks Reserve			
Opening Balance	3,164,248	3,164,246	2,573,478
Amount Set Aside / Transfer to Reserve	1,341,154	97,072	590,767
Amount Used / Transfer from Reserve	-	-	-
	<u>4,505,402</u>	<u>3,261,318</u>	<u>3,164,245</u>
(w) Materials Recovery Facility Upgrade Reserve**			
Opening Balance	2,975,349	4,001,949	-
Amount Set Aside / Transfer to Reserve	135,895	119,224	3,701,949
Amount Used / Transfer from Reserve	(2,870,145)	(4,075,000)	(726,600)
	<u>241,099</u>	<u>46,173</u>	<u>2,975,349</u>
TOTAL CASH BACKED RESERVES	<u>22,259,643</u>	<u>15,212,412</u>	<u>28,201,187</u>

All of the above reserve accounts are to be supported by money held in financial institutions and match those shown under restricted cash and restricted investments in notes 4 and 5. Each reserve receives interest on funds held in investments.

Asset Preservation Reserve

- To be used for the purpose of structural maintenance or other enhancements to the leased building portfolio on a needs basis.

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.

Badgerup/Ocean Reef Road Construction Reserve

- Represents developer contributions towards future roadworks.

Butler Collaborative Planning Agreement Reserve

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

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

14. RESERVES - CASH BACKED (Continued)

Cash in Lieu of Public Open Space Reserve

- To be used to fund future public open space requirements.

City of Wanneroo Townsite Reserve

- To be used for the redevelopment of the new townsite. Purpose included the building of the new Civic Building for the City of Wanneroo as well as landscape works associated with the new Civic Building. In addition the reserve was used to re-construct Dundebur Road, by reducing the height some 5 metres.

City of Wanneroo Establishment Reserve

- To be used for the establishment of the new City of Wanneroo. Establishment included the fit out of the new Civic Building together with all associated furniture and fixtures, IT equipment, office equipment and stationery.

Commercial Refuse Reserve

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

Commercial Refuse - Plant Replacement Reserve

- To be used to provide vehicles, plant and equipment used specifically for the provision of the commercial refuse collection service.

Domestic Refuse Reserve

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

Domestic Refuse - Plant Replacement Reserve

- To be used to provide vehicles, plant and equipment used specifically for the provision of the domestic refuse collection service.

Golf Course Reserve

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

Heavy Vehicle Replacement Reserve

- To be used to replace Council's fleet of heavy vehicles.

Light Vehicle Replacement Reserve

- To be used to replace Council's fleet of light vehicles.

Marmion Avenue - Tokyu Contribution (1997/1998) Reserve

- To be used for the future construction of Marmion Avenue to Yankep.

Plant Replacement Reserve

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

Quinns Rocks Caravan Park Reserve

- To be used to provide improvements to the Quinns Rocks Caravan Park.

Resource Recovery Domestic Refuse Reserve

- For the purpose of off-setting expected increases in domestic refuse charges when the Resource Recovery Facility comes on stream.

Road Maintenance - Northern Quarry Area Reserve

- To be used for repairing and maintaining roads in the immediate area of quarries.

Road Maintenance - Southern Quarry Area Reserve

- To be used for repairing and maintaining roads in the immediate area of quarries.

Section 20A Land Reserve

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

Town Planning Scheme 20 - District Distributor Road Headworks Reserve

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

14. RESERVES - CASH BACKED (Continued)

Materials Recovery Facility Upgrade Reserve

- Funds contributed by the Cities of Swan, Joondalup and Wanneroo set aside for the refitting of the Materials Recovery Facility. This reserve operates under a service agreement between the Cities of Wanneroo, Joondalup and Swan. The deficiency of funding will be contributed by equal share by the three Cities, should budgeted capital projects proceed.

Quinns Road Bridge

Council agreed to pre-fund the construction of a grade separated railway crossing at Quinns Road, Neerabup (Ridgewood). The agreement was to provide up to \$3.0 million during 2003/2004. The City proposed to fund this from the following Reserves, to be re-paid to those Reserves inclusive of interest in accordance with the Agreement with the State Government at a later date. The balances due to be repaid are shown.

	2008
	\$
Domestic Refuse Reserve	2,488,306
Commercial Refuse Reserve	592,455
Commercial Refuse - Plant Replacement Reserve	473,963
	3,554,724

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

15. RESERVES - ASSET REVALUATION

	2008	2007
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Artworks		
Balance as at 1 July 2007	246,092	246,092
Revaluation Increment	-	-
Revaluation Decrement	-	-
Balance as at 30 June 2008	246,092	246,092
TOTAL ASSET REVALUATION RESERVES	246,092	246,092

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16 MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES

The City's major land transactions incorporated in the 2007/2008 Financial Report relate to its role in Town Planning and Regional Development. In addition to its involvement with the Cities of Perth, Stirling & Joondalup and the Towns of Cambridge, Vincent & Victoria Park with Lot 17 Mindarie, the City has Town Planning Schemes and two 'Development Areas' in Operation:-

Town Planning Scheme 5	- Landsdale
East Wanneroo Development Area Cells 1-8	- East Wanneroo
Berkley Road Local Structure Plan	- Marangaroo/Alexander Heights

(a) Town Planning Scheme No 5 - Landsdale

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

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

Revenue and Expenses for the year ended 30 June 2008

	2008	2008	2007
	\$	Budget	\$
		\$	
INCOME			
Contributions	-	-	-
Interest on Investments	18,229	15,000	27,155
	<u>18,229</u>	<u>15,000</u>	<u>27,155</u>
EXPENDITURE			
Administration Fees	266	-	235
Sundries	-	-	26
	<u>266</u>	<u>-</u>	<u>261</u>
NET RESULT	<u>17,963</u>	<u>15,000</u>	<u>26,894</u>
Surplus/(Deficit) B/Forward	445,328	445,328	418,434
Net Result	17,963	15,000	26,894
	<u>463,291</u>	<u>460,328</u>	<u>445,328</u>
Scheme Position			
Represented by:			
Assets			
Cash at Bank	1,050	-	1,414
Investments	457,933	460,328	444,149
Accrued Income	4,493	-	-
Liabilities			
Overdraft	-	-	-
Accrued Expenses	(185)	-	(235)
Equity/(Deficiency)	<u>463,291</u>	<u>460,328</u>	<u>445,328</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16 MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (continued)

East Wanneroo Development Area - Cells 1 - 8

The umbrella concept that is designed to provide for the urban development of the area east of Wanneroo Road between Hepburn Avenue and Flynn Drive. It will provide for residential, industrial, commercial and special rural uses to complement existing pockets of those land uses within the scheme area.

The area is dissected down into eight cells each of which is to be self sustaining. The format, structure and funding aspects are subject of comprehensive reports by independent consultants which are close to completion. Discussions are currently being held with the Minister for Planning and Infrastructure as to the format, structure and method of operation of this development concept.

(b) East Wanneroo Development Area - Cell 1

Revenue and Expenses for the year ended 30 June 2008

	2008	2008	2007
	\$	Budget	\$
		\$	
INCOME			
Headworks Levy	6,761,438	3,672,044	6,728,455
Interest on Investments	713,478	508,900	699,821
	<u>7,474,916</u>	<u>4,180,944</u>	<u>7,428,276</u>
EXPENDITURE			
Advertising	183	261	-
Administration Fees	126,943	-	24,505
Audit Fees	-	500	-
Bank Fees	-	50	-
Legal Fees	-	-	-
Conveyancing Fees	-	-	-
Valuation Fees	-	-	-
Sundries	-	55	-
Construction Costs	30,803	-	-
Compensation Payments - Road Reserves	4,468,322	4,085,670	1,326,075
Compensation Payments - POS	-	-	-
	<u>4,626,251</u>	<u>4,086,536</u>	<u>1,350,580</u>
	<u>2,848,665</u>	<u>94,408</u>	<u>6,077,696</u>
NET RESULT			
Surplus/(Deficit) B/Forward	14,984,223	2,509,660	8,565,539
Correction of prior year inter-cell allocations	-	-	419,345
Correction of Administration Charges to Municipal Fund	-	-	(78,357)
Net Result	2,848,665	94,408	6,077,696
	<u>17,832,888</u>	<u>2,604,068</u>	<u>14,984,223</u>
Scheme Position			
Represented by:			
Assets			
Cash at Bank	3,030,945	-	970,916
Investments	14,940,366	2,604,068	13,696,824
Accrued Income	164,044	-	408,580
Liabilities			
Accrued Expenses	(302,467)	-	(92,097)
Equity/(Deficiency)	<u>17,832,888</u>	<u>2,604,068</u>	<u>14,984,223</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16 MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (continued)

(c) East Wanneroo Development Area - Cell 2	2008	2008	2007
	\$	Budget	\$
		\$	
Revenue and Expenses for the year ended 30 June 2008			
INCOME			
Headworks Levy	3,218,331	2,102,915	1,595,985
Interest on Investments	87,853	108,900	110,053
	<u>3,306,184</u>	<u>2,211,815</u>	<u>1,706,038</u>
EXPENDITURE			
Audit Fees	-	500	-
Administration Fees	74,283	-	14,479
Advertising	183	261	-
Bank Fees	-	105	-
Legal Fees	-	-	-
Conveyancing Fees	-	-	-
Valuation Fees	-	-	192,271
Sundries	-	-	-
Construction Costs	116,260	-	-
Compensation Payments - Road Reserves	1,992,295	1,693,531	3,166,392
Compensation Payments - POS	-	-	-
	<u>2,183,021</u>	<u>1,694,397</u>	<u>3,373,142</u>
NET RESULT	<u>1,123,164</u>	<u>517,418</u>	<u>(1,667,104)</u>
Surplus/(Deficit) B/Forward	(289,829)	1,130,709	1,842,328
Correction of prior year inter-cell allocations	-	-	(419,345)
Correction of Administration Charges to Municipal Fund	-	-	(45,708)
Net Result	1,123,164	517,418	(1,667,104)
Surplus/(Deficit) C/Forward	<u>833,335</u>	<u>1,648,127</u>	<u>(289,829)</u>
Scheme Position			
Represented by:			
Assets			
Cash at Bank	1,776,623	-	450,187
Investments	-	1,648,127	189,516
Accrued Income	16,958	-	-
Liabilities			
Overdraft	(63,180)	-	-
Accrued Expenses	(897,066)	-	(929,532)
Equity/(Deficiency)	<u>833,335</u>	<u>1,648,127</u>	<u>(289,829)</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16 MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (continued)

(d) East Wanneroo Development Area - Cell 3	2008 \$	2008 Budget \$	2007 \$
Revenue and Expenses for the year ended 30 June 2008			
INCOME			
Development Headworks Levy	56,144	-	-
Interest on Investments	18,277	53,000	69,170
	<u>74,421</u>	<u>53,000</u>	<u>69,170</u>
EXPENDITURE			
Advertising	183	261	-
Administration Fees	31,981	-	6,326
Audit Fees	-	500	-
Bank Fees	-	50	-
Compensation Payments - Drainage Sites	-	-	1,156
Legal Fees	-	-	-
Conveyancing Fees	-	-	-
Valuation Fees	-	-	-
Sundries	-	55	-
Contract Expenses	-	135,550	-
	<u>32,164</u>	<u>136,416</u>	<u>7,482</u>
NET RESULT	<u>42,257</u>	<u>(83,416)</u>	<u>61,688</u>
Surplus/(Deficit) B/Forward	988,362	851,297	926,674
Correction of Administration Charges to Municipal Fund	-	-	(19,589)
Net Result	42,257	(83,416)	61,688
	<u>1,030,619</u>	<u>767,881</u>	<u>968,773</u>
Scheme Position			
Represented by:			
Assets			
Cash at Bank	56,794	-	576
Investments	575,084	767,881	563,701
Accrued Income	421,765	-	447,109
Liabilities			
Accrued Expenses	(23,024)	-	(23,024)
Equity/(Deficiency)	<u>1,030,619</u>	<u>767,881</u>	<u>988,362</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16 MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (continued)

(e) East Wanneroo Development Area - Cell 4	2008 \$	2008 Budget \$	2007 \$
Revenue and Expenses for the year ended 30 June 2008			
INCOME			
Development Headworks Levy	3,195,874	(335,794)	2,058,242
Interest on Investments	296,072	301,250	408,478
	<u>3,491,946</u>	<u>(34,544)</u>	<u>2,466,720</u>
EXPENDITURE			
Advertising	183	261	-
Administration Fees	147,420	-	27,952
Audit Fees	-	500	-
Bank Fees	-	50	-
Construction Costs	-	-	-
Compensation Payments - POS	-	-	-
Compensation Payments - Road Reserves	1,941,160	5,447,537	-
Legal Fees	-	-	-
Conveyancing Fees	-	-	13
Valuation Fees	-	-	1,208
Sundries	-	55	-
	<u>2,088,763</u>	<u>5,448,403</u>	<u>29,173</u>
NET RESULT	<u>1,403,183</u>	<u>(5,482,947)</u>	<u>2,437,547</u>
Surplus/(Deficit) B/Forward	7,248,450	2,832,357	4,902,319
Correction of Administration Charges to Municipal Fund	-	-	(91,416)
Net Result	1,403,183	(5,482,947)	2,437,547
Surplus/(Deficit) C/Forward	<u>8,651,633</u>	<u>(2,650,590)</u>	<u>7,248,450</u>
Scheme Position			
Assets			
Cash at Bank	701,821	-	3,570
Investment	8,137,443	(2,650,590)	7,364,248
Accrued Income	77,674	-	-
Liabilities			
Accrued Expenses	(265,305)	-	(119,368)
Equity/(Deficiency)	<u>8,651,633</u>	<u>(2,650,590)</u>	<u>7,248,450</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16 MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (continued)

(f) East Wanneroo Development Area - Cell 5	2008 \$	2008 Budget \$	2007 \$
Revenue and Expenses for the year ended 30 June 2008			
INCOME			
Development Headworks Levy	927,273	2,539,210	5,351,630
Interest on Investments	188,304	199,750	392,184
	<u>1,115,577</u>	<u>2,738,960</u>	<u>5,743,814</u>
 EXPENDITURE			
Audit Fees	-	500	-
Administration Fees	158,048	-	30,034
Bank Fees	-	50	-
Construction Costs	1,762,434	-	-
Compensation Payments - POS	-	-	-
Compensation Payments - Road Reserves	196,724	2,235,309	1,089,263
Advertising	183	261	-
Consultancy Fees	-	-	-
Legal Fees	3,542	-	1,379
Conveyancing Fees	-	-	-
Valuation Fees	-	-	82,618
Sundries	-	-	-
	<u>2,120,931</u>	<u>2,236,120</u>	<u>1,203,294</u>
NET RESULT	<u>(1,005,354)</u>	<u>502,840</u>	<u>4,540,520</u>
Surplus/(Deficit) B/Forward	9,190,959	4,207,337	4,347,596
Correction of prior year inter-cell allocations	-	-	400,788
Correction of Administration Charges to Municipal Fund	-	-	(97,945)
Net Result	(1,005,354)	502,840	4,540,520
Surplus/(Deficit) C/Forward	<u>8,185,605</u>	<u>4,710,177</u>	<u>9,190,959</u>
Scheme Position			
Represented by:			
Assets			
Cash at Bank	464,383	-	1,147,823
Infrastructure assets	-	-	-
Investments	7,607,043	4,710,177	7,346,427
Accrued Income	229,299	-	811,829
Liabilities			
Accrued Expenses	(115,120)	-	(115,120)
Equity/(Deficiency)	<u>8,185,605</u>	<u>4,710,177</u>	<u>9,190,959</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16 MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (continued)

(g) East Wanneroo Development Area - Cell 6	2008 \$	2008 Budget \$	2007 \$
Revenue and Expenses for the year ended 30 June 2008			
INCOME			
Development Headworks Levy	4,195,867	592,205	2,017,186
Interest on Investments	642,025	713,000	868,697
	<u>4,837,892</u>	<u>1,305,205</u>	<u>2,885,883</u>
EXPENDITURE			
Audit Fees	-	500	-
Administration Fees	158,179	-	30,156
Bank Fees	-	100	-
Construction Costs	-	-	-
Compensation Payments - POS	-	-	-
Compensation Payments - Road Reserves	1,384,552	4,597,011	4,824,433
Consultancy Fees	36	-	-
Legal Fees	3,542	-	2,122
Advertising	183	261	-
Sundries	-	-	-
Conveyancing Fees	-	-	357
Valuation Fees	-	-	3,436
	<u>1,546,492</u>	<u>4,597,872</u>	<u>4,860,504</u>
NET RESULT	<u>3,291,400</u>	<u>(3,292,667)</u>	<u>(1,974,621)</u>
Surplus/(Deficit) B/Forward	12,201,345	6,734,294	14,631,087
Correction of prior year inter-cell allocations	-	-	(357,175)
Correction of Administration Charges to Municipal Fund	-	-	(97,946)
Net Result	3,291,400	(3,292,667)	(1,974,621)
Surplus/(Deficit) C/Forward	<u>15,492,745</u>	<u>3,441,627</u>	<u>12,201,345</u>
Scheme Position			
Represented by:			
Assets			
Cash at Bank	1,345,680	-	995,667
Investments	14,804,701	3,441,627	12,072,228
Accrued Income	141,315	-	-
Liabilities			
Accrued Expenses	(798,941)	-	(866,550)
Equity/(Deficiency)	<u>15,492,755</u>	<u>3,441,627</u>	<u>12,201,345</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16 MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (continued)

(h) East Wanneroo Development Area - Cell 7	2008 \$	2008 Budget \$	2007 \$
Revenue and Expenses for the year ended 30 June 2008			
INCOME			
Development Headworks Levy	866,199	577,500	352,150
Interest on Investments	96,046	20,000	61,956
	<u>962,245</u>	<u>597,500</u>	<u>414,106</u>
EXPENDITURE			
Audit Fees	-	500	-
Administration Fees	84,773	-	16,449
Advertising	183	261	-
Bank Fees	-	50	-
Compensation Payments - Road Reserves	61,437	91,113	339,096
Interest	-	8,549	-
Legal Fees	1,629	-	5,311
Conveyancing Fees	-	-	26
Valuation Fees	-	-	1,156
Sundries	-	55	-
	<u>148,022</u>	<u>100,528</u>	<u>362,038</u>
NET RESULT	<u>814,223</u>	<u>496,972</u>	<u>52,068</u>
Surplus/(Deficit) B/Forward	10,149	(81,029)	524,202
Correction of prior year inter-cell allocations	-	-	(513,883)
Correction of Administration Charges to Municipal Fund	-	-	(52,238)
Net Result	814,223	496,972	52,068
Surplus/(Deficit) C/Forward	<u>824,372</u>	<u>415,943</u>	<u>10,149</u>
Scheme Position			
Represented by:			
Assets			
Cash at Bank	1,810,855	-	108,655
Investments	-	415,943	364,998
Accrued Income	17,285	-	-
Liabilities			
Accrued Expenses	(151,475)	-	(463,504)
Overdraft	(852,293)	-	-
Equity/(Deficiency)	<u>824,372</u>	<u>415,943</u>	<u>10,149</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16 MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (continued)

(i) East Wanneroo Development Area - Cell 8	2008 \$	2007 Budget \$	2007 \$
Revenue and Expenses for the year ended 30 June 2008			
INCOME			
Development Headworks Levy	1,105,714	4,043,750	5,503,363
Interest on Investments	343,974	28,400	147,188
	<u>1,449,688</u>	<u>4,072,150</u>	<u>5,650,551</u>
EXPENDITURE			
Audit Fees	-	500	-
Administration Fees	95,337	-	18,475
Advertising	183	261	-
Bank Fees	-	50	-
Compensation Payments - Road Reserves	1,168,588	4,629,700	294,882
Interest	-	-	-
Legal Fees	-	-	12,756
Conveyancing Fees	-	-	295
Valuation Fees	-	-	-
Sundries	26	55	-
	<u>1,264,134</u>	<u>4,630,566</u>	<u>326,408</u>
NET RESULT	<u>185,554</u>	<u>(558,416)</u>	<u>5,324,143</u>
Surplus/(Deficit) B/Forward	6,304,088	62,036	568,442
Correction of prior year inter-cell allocations	-	-	470,270
Correction of Administration Charges to Municipal Fund	-	-	(58,767)
Net Result	185,554	(558,416)	5,324,143
Surplus/(Deficit) C/Forward	<u>6,489,642</u>	<u>(496,380)</u>	<u>6,304,088</u>
Scheme Position			
Represented by:			
Assets			
Cash at Bank	815,596	-	3,316,410
Investments	5,789,205	-	2,594,650
Accrued Income	55,259	-	462,100
Liabilities			
Accrued Expenses	(170,418)	(496,380)	(69,072)
Overdraft	-	-	-
Equity/(Deficiency)	<u>6,489,642</u>	<u>(496,380)</u>	<u>6,304,088</u>

CITY OF WANNEROO

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FOR THE YEAR ENDED 30TH JUNE 2008

16 MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (continued)

(j) Berkley Road Local Structure Plan

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

	2008 \$	2008 Budget \$	2007 \$
Revenue and Expenses for the year ended 30 June 2008			
INCOME			
Development Headworks Levy	112,853	-	96,750
Interest on Investments	33,391	50,000	97,527
	<u>146,244</u>	<u>50,000</u>	<u>194,277</u>
EXPENDITURE			
Audit Fees	-	500	-
Administration Fees	21,645	-	4,417
Advertising	-	261	-
Bank Fees	-	50	-
Construction Costs	(36,000)	-	-
Compensation Payments - Road Reserves	295,751	-	-
Compensation Payments - POS	-	-	-
Legal Fees	-	1,500	-
Conveyancing Costs	-	-	-
Valuation Fees	-	-	-
Interest	-	-	-
Sundries	-	-	-
Materials	-	55	-
	<u>281,396</u>	<u>2,366</u>	<u>4,417</u>
	<u>(135,152)</u>	<u>47,634</u>	<u>189,860</u>
NET RESULT			
Surplus/(Deficit) B/Forward	1,642,863	1,900,371	1,464,338
Correction of Administration Charges to Municipal Fund	-	-	(11,335)
Net Result	(135,152)	47,634	189,860
	<u>1,507,711</u>	<u>1,948,005</u>	<u>1,642,863</u>
Scheme Position			
Represented by:			
Assets			
Cash at Bank	-	-	17,722
Investment	1,691,820	1,948,005	1,640,893
Accrued Income	16,148	-	-
Liabilities			
Accrued Expenses	(35,937)	-	(15,752)
Overdraft	(164,320)	-	-
	<u>1,507,711</u>	<u>1,948,005</u>	<u>1,642,863</u>
Equity/(Deficiency)	<u>1,507,711</u>	<u>1,948,005</u>	<u>1,642,863</u>
Total Equity of Town Planning/ Land Development	<u>61,311,852</u>	<u>12,849,186</u>	<u>52,725,938</u>

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

16 MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (continued)

(k) Investment in Tamala Park Regional Council

The City currently owns a one sixth share in Lot 118 Mindarie, Tamala Park. Part of this land is leased to Mindarie Regional Council for the tip site with the remainder being held for residential land development. As part of this future land development, a new Regional Council is being established, the Tamala Park Regional Council ("TPRC"). In the first part of 2006/2007 some of the land at Lot 118 will be transferred to the WA Planning Commission and the consideration of \$2,647,859 for this transfer will be paid by the City to the TPRC, thereby giving the City a one sixth interest in the new TPRC.

17. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the of cash flow statement, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	2008 \$	2008 Budget \$	2007 \$
Cash Assets	83,503,230	60,180,386	11,673,043
Overdraft	(627,197)	-	-
Total Cash on Hand / Cash Equivalents	<u><u>82,876,033</u></u>	<u><u>60,180,386</u></u>	<u><u>11,673,043</u></u>

(b) Reconciliation of net cash provided by operating activities to changes in net assets resulting from operations

Net Result	52,736,239	38,877,425	70,636,533
Depreciation	20,163,763	20,401,143	18,835,877
(Increase)/Decrease in Receivables	(2,121,361)	(1,060,033)	(4,285,018)
(Profit)/Loss on Sale of Asset	(606,092)	(3,537,825)	(5,546,352)
(Increase)/Decrease in Inventories	(104,733)	13,958	(56,588)
Increase/(Decrease) in Payables	10,326,962	(6,416,067)	2,104,205
Increase/(Decrease) in Provisions	370,289	1,785,320	1,376,245
Contribution - Mindarie Regional Council	53,674	-	-
Contribution - Tamala Regional Council	(20,000)	-	2,723,575
Town Planning Scheme Income (Inc Interest)	(22,877,351)	(15,190,030)	(26,585,990)
Town Planning Scheme Expenses	11,921,855	22,709,204	11,517,296
Grants/Contributions for the Development of Assets	(38,544,308)	(48,443,174)	(50,320,142)
Net Cash from Operating Activities	<u><u>31,298,937</u></u>	<u><u>9,139,921</u></u>	<u><u>20,399,641</u></u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

17. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2008	2008	2007
	\$	Budget	\$
		\$	
(c) Credit Standby Arrangements			
Bank Overdraft limit	1,000,000	1,000,000	1,000,000
Credit Card Limits	28,000	38,000	38,000
Bank Overdraft at Balance Date	(627,197)	-	(330,683)
Credit Card Balances at Balance Date	4,714	-	-
Total Amount of Credit Unused	405,517	1,038,000	707,317
(d) Loan Facilities			
Loan Facilities - Current	-	-	-
Loan Facilities - Non-Current	27,006,188	8,555,838	8,555,838
Total Facilities in Use at Balance Date	27,006,188	8,555,838	8,555,838
Unused Loan Facilities at Balance Date	-	-	-
		2008	2007
		\$	\$

18. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The City had no non-cancellable operating leases.

(b) Capital Expenditure Commitments

Contracted for:		
- Land and Building Works	13,321,631	8,020,423
- Engineering Works	5,303,773	534,607
- Parks Works	1,086,141	306,191
- Plant and Equipment	2,615,472	1,595,940
- Furniture and Equipment	1,349,607	48,080
	23,676,624	10,505,241

19 CONTINGENT ASSETS AND LIABILITIES

The City of Wanneroo currently holds bank guarantees for Planning and Development works of \$6,092,453

No significant contingent liabilities exist for the City of Wanneroo.

The City of Wanneroo has a pre-approved global contingency liability totalling \$1,370,000 with the Commonwealth Bank. Specific approval for \$1,150,000 comprising \$450,000 for Bulk Funds Movements and a \$700,000 Transaction Negotiation Authority has been given.

CITY OF WANNEROO
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FOR THE YEAR ENDED 30TH JUNE 2008

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2008	2007
	\$	\$
Governance	19,040,086	19,398,704
Law, Order, Public Safety	91,914	94,577
Health	142,637	149,883
Education and Welfare	368,905	368,998
Community Amenities	3,768,321	4,110,386
Recreation and Culture	82,169,968	71,169,112
Transport	514,975,164	513,311,579
Economic Services	486,896	286,147
Other Property and Services	20,077,099	18,336,341
Unallocated (Assets other than fixed assets)	197,428,690	128,812,916
	<u>838,549,680</u>	<u>756,038,643</u>

21. FINANCIAL RATIOS	2008	2007	2006
Current Ratio	1.311:1	1.293:1	1.306:1
Untied Cash to Trade Creditors Ratio	2.165:1	1.895:1	0.921:1
Debt Ratio	0.069:1	0.037:1	0.024:1
Debt Service Ratio	0.013:1	0.005:1	0.003:1
Gross Debt to Revenue Ratio	0.230:1	0.100:1	0.004:1
Gross Debt to Economically Realisable Assets	0.104:1	0.042:1	0.003:1
Rate Coverage Ratio	0.299:1	0.474:1	0.466:1
Outstanding Rates Ratio	0.029:1	0.035:1	0.042:1

The above rates are calculated as follows:

Current Ratio equals	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio equals	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio equals	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio equals	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio equals	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

CITY OF WANNEROO
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FOR THE YEAR ENDED 30TH JUNE 2008

22. 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:

	Balance 1-Jul-07 \$	Amounts Received \$	Amounts Paid \$	Balance 30-Jun-08 \$
Miscellaneous / Appeals	18,526	278,645	13,622	283,549
Yanchep Bus	153,846	31,690	16,146	169,390
Public Open Space	-	1,800,648	-	1,800,648
	<u>172,372</u>	<u>2,110,983</u>	<u>29,768</u>	<u>2,253,587</u>

23. DISPOSALS OF ASSETS - 2007/2008 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<u>By Program</u>						
Governance	1,027	-	200	10,000	(827)	10,000
Community Amenities	1,502	-	-	-	(1,502)	-
Recreation and Culture	3,914	-	663,019	3,150	659,105	3,150
Transport	2,094	-	-	-	(2,094)	-
Other Property and Services	1,211,255	2,203,390	1,162,665	5,728,065	(48,590)	3,524,675
	<u>1,219,792</u>	<u>2,203,390</u>	<u>1,825,884</u>	<u>5,741,215</u>	<u>606,092</u>	<u>3,537,825</u>
<u>By Class</u>						
Sale of Land & Building	3,714	-	660,000	4,200,000	656,286	4,200,000
Furniture and Fittings	1,501	-	-	-	(1,501)	-
Equipment	4,397	-	3,219	-	(1,178)	-
Plant	1,210,180	2,203,390	1,162,665	1,541,215	(47,515)	(662,175)
	<u>1,219,792</u>	<u>2,203,390</u>	<u>1,825,884</u>	<u>5,741,215</u>	<u>606,092</u>	<u>3,537,825</u>

CITY OF WANNEROO

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FOR THE YEAR ENDED 30TH JUNE 2008

24. INFORMATION ON BORROWINGS

(a) Loan Repayments

Particulars	Principal 1-Jul-07	New Drawdown	Principal Repayments		30-Jun-08		Principal Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
Loan 1								
Redevelop Koondoola Precint	28,800	262,350	-	-	291,150	291,150	11,002	17,500
Develop Industrial Estate	-	2,270,000	-	-	2,270,000	2,270,000	80,070	151,422
Develop Industrial Estate - Neerabup	-	3,500,000	-	-	3,500,000	5,200,000	123,456	346,871
Construct Regional Museum and Library - Wanneroo	1,000,000	5,600,000	-	-	6,600,000	6,600,000	258,229	373,553
Upgrade Aquatic Centre - Aquamotion	-	4,268,000	-	-	4,268,000	4,268,000	150,546	284,701
Construct Community Centre - Butler	278,000	-	-	-	278,000	278,000	16,875	-
Construct Community Centre - Hocking Pearsall	170,000	-	-	-	170,000	170,000	10,319	-
Construct Accessible and Inclusive Playground	222,000	-	-	-	222,000	222,000	13,475	-
Upgrade Roads - Wanneroo Road	-	1,850,000	-	-	1,850,000	1,850,000	65,255	123,406
Redevelop Wanneroo Townsite	164,000	-	-	-	164,000	164,000	9,955	-
Upgrade Kingsway RSC	6,693,038	700,000	-	-	7,393,038	7,393,038	430,959	46,694
	8,555,838	18,450,350	-	-	27,006,188	28,706,188	1,170,141	1,344,148

All other loan repayments were financed by general purpose income.

CITY OF WANNEROO

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24. INFORMATION ON BORROWINGS (Cont.)

Particulars/Purpose			Type	(Years)	Interest & Charges \$	Rate %			Unspent \$
	Actual \$	Budget \$					Actual \$	Budget \$	
Loan 1									
Redevelop Koondoola Precint	262,350	262,350	WATC	20	303,858	6.07	-	262,350	262,350
Develop Industrial Estate	2,270,000	2,270,000	WATC	20	2,629,163	6.07	146,065	2,270,000	2,123,935
Develop Industrial Estate - Neerabup	3,500,000	3,500,000	WATC	20	4,053,780	6.07	32,282	5,200,000	3,467,718
Construct Regional Museum and Library - Wanneroo	5,600,000	5,600,000	WATC	20	6,486,050	6.07	-	5,600,000	5,600,000
Upgrade Aquatic Centre - Aquamation	4,268,000	4,268,000	WATC	20	4,943,296	6.07	4,268,000	4,268,000	-
Upgrade Roads - Wanneroo Road	1,850,000	1,850,000	WATC	20	2,142,715	6.07	338,939	1,850,000	1,511,061
Upgrade Kingsway RSC	700,000	700,000	WATC	20	810,760	6.07	-	700,000	700,000

(c) Unspent Loans

Particulars	Date Borrowed	Balance 1-Jul-07 \$	Date Borrowed	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-08 \$
Loan 1						
Redevelop Koondoola Precint	1 Dec 2006	26,800	1 Nov 2007	262,350	-	289,150
Develop Industrial Estate	1 Dec 2006	-	1 Nov 2007	2,270,000	146,065	2,123,935
Develop Industrial Estate - Neerabup	1 Dec 2006	170,000	1 Nov 2007	3,500,000	32,282	3,637,718
Construct Regional Museum and Library - Wanneroo	1 Dec 2006	903,888	1 Nov 2007	5,600,000	-	6,503,888
Upgrade Aquatic Centre - Aquamation	1 Dec 2006	-	1 Nov 2007	4,268,000	4,268,000	-
Construct Community Centre - Butler	1 Dec 2006	278,000	1 Nov 2007	-	278,000	-
Construct Accessible and Inclusive Playground	1 Dec 2006	106,606	1 Nov 2007	-	106,606	-
Upgrade Roads - Wanneroo Road	1 Dec 2006	-	1 Nov 2007	1,850,000	338,939	1,511,061
Redevelop Wanneroo Townsite	1 Dec 2006	100,000	1 Nov 2007	-	5,910	94,090
Upgrade Kingsway RSC	1 Dec 2006	6,640,206	1 Nov 2007	700,000	4,068,144	3,272,062
		8,225,500		18,450,350	9,243,946	17,431,904

(d) Overdraft

The former City of Wanneroo, at its May and June 1996 meetings, approved the establishment of separate bank accounts for the eight cells of the East Wanneroo Development Area, with cells 1,2 and 4-8 having overdraft limits. In addition to these bank accounts, the City uses three operating bank accounts, the Municipal Fund, Advance Account and Trust Fund. The grouped total of these limits is \$ 1,000,000. The balance of the overdraft as at 1 July 2008 was \$627,197 and nil as at 1 July 2007.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

25. RATING INFORMATION - 2007/2008 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Rate Revenue \$	Budget Interim Rates \$	Budget Total Rate \$
Differential General Rate									
GRV - Residential	7.9143	38,179	356,972,998	26,047,938	1,386,434	27,434,372	25,783,807	1,378,470	27,162,277
GRV - Commercial	7.9144	400	45,255,845	3,304,780	249,858	3,554,638	3,302,023	83,024	3,385,047
GRV - Industrial	7.9144	1,034	37,684,654	2,857,063	113,558	2,970,621	2,856,285	44,889	2,901,174
GRV - Rural	7.9143	1,058	11,508,066	914,792	1,682	916,474	911,271	(14,667)	896,604
GRV - Caravan and Park Home Parks	7.9142	1,057	866,424	68,571	-	68,571	57,521	-	57,521
UV - Residential	0.2968	110	134,397,000	569,551	-	569,551	662,735	-	662,735
UV - Commercial Improved	0.2969	2	2,960,000	8,788	-	8,788	8,788	-	8,788
UV - Industrial	0.2969	5	6,320,000	18,764	-	18,764	18,764	-	18,764
UV - Rural and Mining	0.2968	1,118	1,724,566,667	5,398,803	(353,927)	5,044,876	5,552,955	8,284	5,561,239
Sub-Totals		42,963	2,320,531,654	39,189,050	1,397,605	40,586,655	39,154,149	1,500,000	40,654,149
Minimum Rates									
	Minimum \$								
GRV - Residential	526	11,816	58,355,046	6,215,216	-	6,215,216	6,178,922	-	6,178,922
GRV - Commercial Improved	847	70	538,232	59,290	-	59,290	59,290	-	59,290
GRV - Industrial	847	464	3,986,384	393,008	-	393,008	393,008	-	393,008
GRV - Rural	526	32	121,344	16,832	-	16,832	16,832	-	16,832
GRV - Caravan and Park Home Parks	247	-	-	-	-	-	-	-	-
UV - Residential	526	-	-	-	-	-	-	-	-
UV - Rural and Mining	526	7	531,330	3,682	-	3,682	47,866	-	47,866
Sub-Totals		12,389	63,532,336	6,688,028	-	6,688,028	6,695,918	-	6,695,918
		55,352	2,384,063,990	45,877,078	1,397,605	47,274,683	45,850,067	1,500,000	47,350,067
EX Gratia Rates				15,334	-	15,334	2,250	-	2,250
Totals				45,892,412	1,397,605	47,290,017	45,852,317	1,500,000	47,352,317

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

26. SERVICE CHARGES - 2007/2008 FINANCIAL YEAR

The City did not budget for, nor did it charge any Service Charges for the 2007/2008 Financial Year.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2007/2008 FINANCIAL YEAR**

	Type	Disc %	Total Value \$	Budget Value \$
Debts Written Off			11,910	-
			11,910	-

Subsidised use is calculated on the scheduled fees that would have been charged for the use of the various City of Wanneroo facilities during the financial year.

28. INTEREST CHARGES AND INSTALMENTS - 2007/2008 FINANCIAL YEAR

An interest rate of 8.45% was charged on all rates, both current and arrears, that remain unpaid after 35 days from the issue date of the rate notice. Three option plans were available to ratepayers for payment of their rates.

Option 1 (Full Payment)

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

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. The second and final instalment becomes due and payable 63 days after the due date of the first instalment.

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. The second, third and fourth instalments are to be made at 63 day intervals, thereafter.

Cost of the instalment Options

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

Special Arrangements and Late Payment Penalty

In addition to the late payment interest of 8.45%, an administration fee of \$20.00 per assessment, will be charged to any ratepayers wishing to enter into special payment agreements with City.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

28 INTEREST CHARGES AND INSTALMENTS - 2007/2008 FINANCIAL YEAR (Continued)

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	8.45	20	430,139	443,926
Charges on Instalment Plan	5.50	5 or 15	300,732	422,888
			730,871	866,814

29. FEES AND CHARGES	2008 \$	2008 Budget \$	2007 \$
Governance	126,750	115,123	591,871
General Purpose Revenue	425,092	152,460	121,261
Law, Order, Public Safety	328,344	374,550	396,036
Health	328,324	107,772	92,305
Education & Welfare	91,038	298,349	276,000
Community Amenities	18,670,378	19,474,288	16,543,505
Recreation & Culture	3,365,875	3,488,714	3,652,583
Transport	410,655	380,250	339,700
Economic Services	3,249,814	3,378,072	3,536,639
Other Property & Services	410,436	480,562	487,951
	<u>27,406,706</u>	<u>28,250,140</u>	<u>26,037,851</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

30. GRANT REVENUE	2008 \$	2008 Budget \$	2007 \$
By Nature and Type:			
Grants and Subsidies - operating	7,080,637	6,445,386	6,391,468
Grants and Subsidies - non-operating	9,220,424	13,068,977	9,928,951
	<u>16,301,061</u>	<u>19,514,363</u>	<u>16,320,419</u>
By Program:			
General Purpose Funding	3,765,188	3,124,128	3,234,704
Governance	10750	11,750	127,548
Law, Order, Public Safety	328,110	430,400	143,158
Education & Welfare	2995747	2,906,574	2,756,158
Community Amenities	11,091	10,600	16,949
Recreation and Culture	6369618	7,195,510	331,303
Transport	2,576,361	184,330	9,399,504
Economic Services	23,250	-	18,122
Other Property & Services	220,946	5,651,071	292,973
	<u>16,301,061</u>	<u>19,514,363</u>	<u>16,320,419</u>

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

31 COUNCILLORS' REMUNERATION	2008	2008	2007
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the mayor.			
Meeting Fees	109,109	112,000	110,333
Mayoral Allowance	60,000	60,000	60,000
Deputy Mayor's Allowance	8,750	15,000	11,250
Conference Expenses	12,212	62,000	4,140
Travel	22,913	29,000	21,397
IT & Telecomm	51,000	51,000	21,244
	<u>190,070</u>	<u>329,000</u>	<u>228,364</u>

32 EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance sheet date	<u>719</u>	<u>679</u>
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33. EMPLOYEES' REMUNERATION

Set out below in bands of \$10,000, is the number of employees in the City entitled to an annual salary of \$100,000 or more.

Salary Range		
120,000 - 130,000	-	5
130,000 - 140,000	5	-
170,000 - 180,000	-	1
220,000 - 230,000	1	-

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City is currently undertaking Service Agreements with the City of Joondalup for Waste Collection and Fleet Maintenance. These Service Agreements are undertaken on a full cost recovery basis. A commercial refuse collection service is undertaken by the City on an annual basis. In addition, the City has operated a Materials Recovery Facility in a cooperative arrangement with the Cities of Joondalup and Swan, to receive and process domestic recycling material. The estimated operating income and expenditure for the 2007/2008 financial year for these undertakings is as follows:

	2008	2008	2007
	Actual	Budget	Actual
	\$	\$	\$
<u>Waste Services</u>			
Operating Income			
- Service charges	3,877,358	3,582,093	3,914,790
Total Income	<u>3,877,358</u>	<u>3,582,093</u>	<u>3,914,790</u>
Operating Expenditure			
- Employee costs	872,690	1,011,953	1,077,814
- Materials and contracts	3,203,428	3,120,775	1,801,298
- Other expenditure	185,997	302,118	16,196
Total Expenditure	<u>4,262,115</u>	<u>4,434,846</u>	<u>2,895,308</u>
Net Operating Position	<u>(384,757)</u>	<u>(852,753)</u>	<u>1,019,482</u>

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (Continued)

	2008 Actual \$	2008 Budget \$	2007 Actual \$
<u>Fleet Maintenance</u>			
Operating Income			
- Service charges	400,640	468,037	486,981
Total Income	<u>400,640</u>	<u>468,037</u>	<u>486,981</u>
<u>Operating Expenditure</u>			
- Employee costs	82,528	143,778	103,634
- Materials and contracts	228,779	259,846	214,662
- Other expenditure	216,956	276,143	235,753
Total Expenditure	<u>528,263</u>	<u>679,767</u>	<u>554,049</u>
Net Operating Position	<u>(127,623)</u>	<u>(211,730)</u>	<u>(67,068)</u>
<u>Commercial Refuse</u>			
Operating Income			
- Fees and charges	2,907,063	2,365,600	2,705,647
Total Income	<u>2,907,063</u>	<u>2,365,600</u>	<u>2,705,647</u>
<u>Operating Expenditure</u>			
- Employee costs	590,147	683,728	541,855
- Materials and contracts	1,660,226	1,676,836	1,452,852
- Depreciation	58,174	63,806	62,449
- Other expenditure	302,345	478,884	447,587
Total Expenditure	<u>2,610,892</u>	<u>2,903,254</u>	<u>2,504,743</u>
Net Operating Position	<u>296,171</u>	<u>(537,654)</u>	<u>200,904</u>
<u>Materials Recovery Facility</u>			
Operating Income			
- Service charges	335,878	361,080	681,824
- Sale of Products	1,670,097	2,339,000	1,374,697
Total Income	<u>2,005,975</u>	<u>2,700,080</u>	<u>2,056,521</u>
<u>Operating Expenditure</u>			
- Employee costs	490,441	6,773	3,140
- Materials and contracts	1,245,463	2,338,138	1,829,772
- Depreciation	38,626	40,075	38,626
- Other expenditure	136,212	225,174	137,743
Total Expenditure	<u>1,910,742</u>	<u>2,610,160</u>	<u>2,009,281</u>
Net Operating Position	<u>95,233</u>	<u>89,920</u>	<u>47,240</u>

36. ADDITIONAL INFORMATION

City of Wanneroo is a local government council operating in Western Australia

Principal Place of Business

Dundebar Road
Wanneroo WA 6065

Tel: (08) 9405 5000

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

37 FINANCIAL RISK MANAGEMENT

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

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

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

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2008 \$	2007 \$	2008 \$	2007 \$
Financial Assets				
Cash and cash equivalents	83,503,230	11,673,043	83,503,230	11,673,043
Receivables	18,800,542	16,670,752	18,800,542	16,670,752
Financial assets at fair value through profit or loss	<u>57,591,073</u>	<u>103,299,448</u>	<u>57,591,073</u>	<u>103,299,448</u>
	<u>159,894,845</u>	<u>131,643,243</u>	<u>159,894,845</u>	<u>131,643,243</u>
Financial Liabilities				
Payables	23,065,389	12,738,427	23,065,389	12,738,427
Borrowings	<u>27,006,188</u>	<u>8,555,838</u>	<u>23,555,554</u>	<u>7,429,167</u>
	<u>50,071,577</u>	<u>21,294,265</u>	<u>46,620,943</u>	<u>20,167,594</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss – based on quoted market prices at the reporting date or independent valuation.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

37 FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit or loss

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

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

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

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

The City manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. The City also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	30-Jun-08	30-Jun-07
	\$	\$
Impact of a 10% (*) movement in price of investments:		
- Equity	5,759,107	10,329,944 (+)
- Income Statement	5,759,107	10,329,944 (+)
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	1,500,000	1,200,000
- Income Statement	1,500,000	1,200,000

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

(+) Maximum impact.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

37 FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The City's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The City is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

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

	30-Jun-08	30-Jun-07
Percentage of Rates and Annual Charges		
- Current	43.03%	42.65%
- Overdue	56.97%	57.35%
Percentage of Other Receivables		
- Current	87.08%	94.17%
- Overdue	12.92%	5.83%

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2008					
Payables	23,065,389	-	-	23,065,389	23,065,389
Borrowings	1,639,276	6,557,102	49,136,409	57,332,787	57,332,787
	<u>24,704,665</u>	<u>6,557,102</u>	<u>49,136,409</u>	<u>80,398,176</u>	<u>80,398,176</u>
2007					
Payables	12,738,427	-	-	12,738,427	12,738,427
Borrowings	519,339	2,077,357	16,086,259	18,682,955	18,682,955
	<u>13,257,766</u>	<u>2,077,357</u>	<u>16,086,259</u>	<u>31,421,382</u>	<u>31,421,382</u>

37. FINANCIAL RISK MANAGEMENT (Continued)
(c) Borrowings (Continued)

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2008								
Borrowings								
Fixed Rate								
Debentures	-	-	-	-	-	27,006,188	27,006,188	6.07%
Weighted Average Effective Interest Rate						6.07%		
Year Ended 30 June 2007								
Borrowings								
Fixed Rate								
Debentures	-	-	-	-	-	8,555,838	8,555,838	6.07%
Weighted Average Effective Interest Rate						6.07%		

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

38. SUMMARY OF ADJUSTMENTS TO COMPARATIVE AMOUNTS

During the year, it was discovered a land transfer in during the year ended 30 June 2007 as part of the Wanneroo Townsite redevelopment was not brought to account. A parcel of land valued at \$890,400 was transferred to the City as part of the consideration for sale of land. This amount was not treated as asset proceeds, hence profit on asset sale and reciprocal asset purchase recorded. The increase of \$890,400 profit on the Asset was adjusted via the Income Statement for the 2007 comparative year, and an increase in the value of land assets within the Balance Sheet.

The City also reviewed capital works in progress as at 30 June 2007 recording \$11,618,662 as such this also resulted in a decrease of \$6,852,930 for Infrastructure and a decrease of \$4,765,732 for Property Plant and Equipment.

The City is entitled to charge administrative costs for the management of Town planning Schemes under it's control, these charges had not been brought to account, \$553,300 related to years prior to June 2006. \$ 97,366 related the to year ending June 2007,

Increase in Property Plant and Equipment (Land Transfer)	890,400
Decrease in Property Plant and Equipment (Transfer to Works in Progre	(4,765,732)
Total Decrease in Property Plant and Equipment	<u>(3,875,332)</u>
Increase in Non-current Works in Progress	11,618,662
Decrease in Infrastructure	(6,852,930)
Movement in Assets	<u>890,400</u>
Profit and asset sale	890,400
Transfer from Town Planning Schemes	650,666

	Financial Report 30 June 2006 \$	Corrected Amount Comparative 30 June 2007 \$	Adjustment \$
INCOME STATEMENT BY NATURE OR TYPE			
Profit on Asset Disposals	5,353,957	6,244,357	890,400
Net Result	69,746,133	70,636,533	890,400
INCOME STATEMENT BY PROGRAM			
Revenues from Ordinary Activities - Other Property and Services	31,794,375	32,684,775	890,400
Net Result	31,794,375	32,684,775	890,400
BALANCE SHEET			
Inventories Works in Progress	-	11,618,662	11,618,662
Property, Plant and Equipment	77,121,663	73,246,331	(3,875,332)
Infrastructure	549,213,663	542,360,733	(6,852,930)
Retained Surplus	626,335,326	627,225,726	890,400
STATEMENT OF CHANGES IN EQUITY			
Retained Surplus:-			
Net Result	69,746,133	70,636,533	890,400
Transfer from/(to) Town Planning Schemes	(15,165,935)	(14,515,269)	650,666
Balance at 30 June 2007	645,596,704	647,137,770	1,541,066

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

38. SUMMARY OF ADJUSTMENTS TO COMPARATIVE AMOUNTS (CONTINUED)

	Financial Report 30 June 2006 \$	Corrected Amount Comparative 30 June 2007 \$	Adjustment \$
NOTE 9. - PROPERTY, PLANT AND EQUIPMENT			
Gross Carrying Cost			
Land at cost	5,752,253	5,378,439	(373,814)
Buildings at cost	61,527,390	60,741,148	(786,242)
Furniture and Fittings at cost	1,190,951	1,006,721	(184,230)
Plant and Vehicles at cost	25,874,853	25,148,253	(726,600)
Equipment at cost	11,854,014	10,049,568	(1,804,446)
Total	106,199,461	102,324,129	(3,875,332)
NOTE 10. - INFRASTRUCTURE			
Gross Carrying Cost			
Reserves	41,696,566	40,596,231	(1,100,335)
Roads	466,229,302	461,964,318	(4,264,984)
Pathways	17,334,020	16,717,316	(616,704)
Car Parking	9,625,801	9,608,866	(16,935)
Drainage	141,554,031	141,135,696	(418,335)
Other Infrastructure	1,070,438	634,801	(435,637)
Total	677,510,158	670,657,228	(6,852,930)
NOTE 14. - MAJOR LAND UNDERTAKINGS			
East Wanneroo Development Area Cell 1			
Correction of Administration Charges to Municipal Fund	-	(78,357)	(78,357)
Administration Fees	10,765	24,505	13,740
Accrued Expenditure	-	(92,097)	(92,097)
Surplus/(Deficit) C/Forward	15,076,320	14,984,223	(92,097)
East Wanneroo Development Area Cell 2			
Correction of Administration Charges to Municipal Fund	-	(45,708)	(45,708)
Administration Fees	6,467	14,479	8,012
Accrued Expenditure	(875,809)	(929,532)	(53,723)
Surplus/(Deficit) C/Forward	(236,106)	(289,829)	(53,723)
East Wanneroo Development Area Cell 3			
Correction of Administration Charges to Municipal Fund	-	(19,589)	(19,589)
Administration Fees	2,891	6,326	3,435
Accrued Expenditure	-	(23,024)	(23,024)
Surplus/(Deficit) C/Forward	1,011,386	988,362	(23,024)
East Wanneroo Development Area Cell 4			
Correction of Administration Charges to Municipal Fund	-	(91,416)	(91,416)
Administration Fees	11,922	27,952	16,030
Accrued Expenditure	(11,922)	(119,368)	(107,446)
Surplus/(Deficit) C/Forward	7,355,896	7,248,450	(107,446)
East Wanneroo Development Area Cell 5			
Correction of Administration Charges to Municipal Fund	-	(97,945)	(97,945)
Administration Fees	12,859	30,034	17,175
Accrued Expenditure	-	(115,120)	(115,120)

Surplus/(Deficit) C/Forward	9,306,079	9,190,959	(115,120)
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CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

38. SUMMARY OF ADJUSTMENTS TO COMPARATIVE AMOUNTS (CONTINUED)

	Financial Report 30 June 2006 \$	Corrected Amount Comparative 30 June 2007 \$	Adjustment \$
East Wanneroo Development Area Cell 6			
Correction of Administration Charges to Municipal Fund	-	(97,946)	(97,946)
Administration Fees	12,982	30,156	17,174
Accrued Expenditure	(751,430)	(866,550)	(115,120)
Surplus/(Deficit) C/Forward	12,316,465	12,201,345	(115,120)
East Wanneroo Development Area Cell 7			
Correction of Administration Charges to Municipal Fund	-	(52,238)	(52,238)
Administration Fees	7,289	16,449	9,160
Accrued Expenditure	(402,106)	(463,504)	(61,398)
Surplus/(Deficit) C/Forward	71,547	10,149	(61,398)
East Wanneroo Development Area Cell 8			
Correction of Administration Charges to Municipal Fund	-	(58,767)	(58,767)
Administration Fees	8,170	18,475	10,305
Accrued Expenditure	-	(69,072)	(69,072)
Surplus/(Deficit) C/Forward	6,373,160	6,304,088	(69,072)
Berkley Rd			
Correction of Administration Charges to Municipal Fund	-	(11,335)	(11,335)
Administration Fees	2,207	4,417	2,210
Accrued Expenditure	-	(15,752)	(15,752)
Surplus/(Deficit) C/Forward	1,656,408	1,642,863	(13,545)
NOTE 17. - NOTES TO THE CASHFLOW STATEMENT			
Net Result	69746133	70,636,533	890,400
Profit / Loss Sale of assets	(4,655,952)	(5,546,352)	(890,400)
Net Cash from Operating Activities			
NOTE 20. - TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY			
Other Property and Services	17,445,941	18,336,341	890,400

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE CITY OF WANNEROO**

Report on the Financial Report

We have audited the accompanying financial report of the City of Wanneroo, which comprises the balance sheet as at 30 June 2008 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement and rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report of the City of Wanneroo is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a. giving a true and fair view of the City's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

UHY Haines Norton - ABN 358 5397 1745

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE CITY OF WANNEROO (continued)**

Other Matters

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the City.
- b) There were no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


DAVID TOMASI
PARTNER

Date: 6 November 2008
Perth, WA