

CITY OF WANNEROO

ANNUAL BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015

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CITY OF WANNEROO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDING 30TH JUNE 2015

	NOTE	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
	1			
Revenues				
Rates	9	109,500,000	111,072,165	119,719,385
Operating Grants, Subsidies and Contributions		8,801,083	8,947,193	12,370,325
Fees and Charges	12	20,242,849	22,495,652	22,537,478
Interest Earnings	2(a)(ii)	7,700,000	8,560,162	8,520,000
Other Revenue		3,561,275	4,008,018	3,936,884
		149,805,207	155,083,190	167,084,072
Expenses				
Employee Costs		(64,536,954)	(65,295,003)	(72,032,208)
Materials and Contracts		(43,911,356)	(45,407,952)	(49,657,347)
Utility Charges		(7,910,465)	(7,891,994)	(8,116,720)
Depreciation on Non-Current Assets	2(a)(i)	(29,628,925)	(29,628,925)	(32,050,000)
Interest Expenses	2(a)(i),5(a)	(3,689,236)	(3,689,377)	(3,689,236)
Insurance Expenses		(1,706,655)	(1,456,655)	(1,517,528)
		(151,383,591)	(153,369,906)	(167,063,039)
		(1,578,384)	1,713,284	21,033
Other Revenues and Expenses (excl. Contr. of Physical Assets)				
Non-Operating Grants, Subsidies and Contributions		13,232,516	9,330,662	12,972,750
Profit on Asset Disposals	4	1,833,333	500,000	3,400,000
Loss on Asset Disposals	4	(500,000)	(500,000)	(500,000)
Town Planning Scheme Income	18(b)	12,480,250	22,434,125	22,946,125
Town Planning Scheme Expenses	18(b)	(12,361,000)	(9,660,630)	(15,902,000)
		14,685,099	22,104,157	22,916,875
Net Result (excl. Contr. of Physical Assets)		13,106,715	23,817,441	22,937,908
Contributions of Physical Assets		30,000,000	30,000,000	30,000,000
Net Result		43,106,715	53,817,441	52,937,908
Other Comprehensive Income		-	-	-
Total Comprehensive Income		43,106,715	53,817,441	52,937,908

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

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

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

CITY OF WANNEROO

STATEMENT OF COMPREHENSIVE INCOME

BY PROGRAM

FOR THE YEAR ENDING 30TH JUNE 2015

	NOTE	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
Revenues				
Governance		331,797	297,672	280,814
General Purpose Funding		120,665,053	123,396,905	135,187,685
Law, Order and Public Safety		744,525	1,012,975	924,075
Health		432,371	414,525	452,660
Education and Welfare		4,331,497	4,234,959	4,487,322
Community Amenities		11,828,044	12,833,522	12,507,246
Recreation and Culture		7,819,553	7,931,934	8,231,509
Transport		1,195,838	1,083,547	1,070,538
Economic Services		2,182,906	3,311,716	3,364,006
Other Property and Services		273,623	565,435	578,217
		149,805,207	155,083,190	167,084,072
Expenses (excluding Finance Costs)				
Governance		(7,517,749)	(9,574,003)	(9,284,554)
General Purpose Funding		(1,523,315)	(1,511,417)	(912,021)
Law, Order and Public Safety		(4,835,103)	(5,053,106)	(5,921,531)
Health		(2,133,669)	(2,313,559)	(2,418,267)
Education and Welfare		(8,678,876)	(9,627,004)	(9,983,194)
Community Amenities		(39,400,451)	(40,292,317)	(43,264,157)
Recreation and Culture		(41,501,251)	(39,794,670)	(44,624,578)
Transport		(31,846,914)	(25,904,359)	(30,478,335)
Economic Services		(3,503,782)	(3,381,841)	(4,091,155)
Other Property and Services		(19,114,245)	(21,888,883)	(28,298,011)
		(160,055,355)	(159,341,159)	(179,275,803)
Finance Costs	2(a)(i),5(a)			
General Purpose Funding		(1,432,897)	(1,432,897)	(1,432,894)
Governance		-	(141)	-
Recreation and Culture		(1,882,292)	(1,882,292)	(1,882,292)
Transport		(153,078)	(153,078)	(153,078)
Other Property and Services		(220,969)	(220,969)	(220,972)
		(3,689,236)	(3,689,377)	(3,689,236)
Non-Operating Grants, Subsidies and Contributions				
Governance		1,207,230	1,173,255	1,207,230
Law, Order and Public Safety		-	57,856	-
Education and Welfare		-	27,955	-
Community Amenities		7,929,020	7,968,488	8,303,761
Recreation and Culture		19,059,704	18,605,284	19,632,604
Transport		7,268,714	11,553,921	11,464,211
Other Property and Services		20,248,098	22,378,028	25,311,069
		55,712,766	61,764,787	65,918,875
Profit/(Loss) on Disposal of Assets	4			
Other Property and Services		1,333,333	-	2,900,000
		1,333,333	-	2,900,000
Net Result		43,106,715	53,817,441	52,937,908
Other Comprehensive Income		-	-	-
Total Comprehensive Income		43,106,715	53,817,441	52,937,908

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

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

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

CITY OF WANNEROO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30TH JUNE 2015

	NOTE	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
Cash Flows From Operating Activities				
Receipts				
Rates		109,500,000	111,072,165	119,719,385
Operating Grants, Subsidies and Contributions		8,801,083	8,947,193	12,370,325
Fees and Charges		20,242,849	22,495,652	22,537,478
Interest Earnings		7,700,000	8,560,162	8,520,000
Goods and Services Tax		4,950,000	9,500,000	8,200,000
Other Revenue		3,561,275	4,008,018	3,936,884
		154,755,207	164,583,190	175,284,072
Payments				
Employee Costs		(64,536,954)	(65,295,003)	(72,032,208)
Materials and Contracts		(43,911,356)	(45,407,952)	(49,657,347)
Utility Charges		(7,910,465)	(7,891,994)	(8,116,720)
Interest Expenses		(3,689,236)	(3,689,377)	(3,689,236)
Insurance Expenses		(1,706,655)	(1,456,655)	(1,517,528)
Goods and Services Tax		(5,100,000)	(9,500,000)	(8,200,000)
		(126,854,666)	(133,240,981)	(143,213,039)
Net Cash Provided By (Used In) Operating Activities	16(b)	27,900,541	31,342,209	32,071,033
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(29,513,373)	(7,680,001)	(45,208,607)
Payments for Construction of Infrastructure		(42,797,403)	(31,766,256)	(42,481,804)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		13,232,516	9,330,662	12,972,750
Proceeds from Sale of Plant & Equipment	4	2,783,368	1,450,035	4,974,921
Town Planning Scheme Income	18(b)	12,480,250	22,434,125	22,946,125
Town Planning Scheme Expenses	18(b)	(12,361,000)	(9,660,630)	(15,902,000)
Net Cash Provided By (Used In) Investing Activities		(56,175,642)	(15,892,065)	(62,698,615)
Cash Flows from Financing Activities				
Proceeds from New Loans	5	-	-	-
Net Cash Provided By (Used In) Financing Activities		-	-	-
Net Increase (Decrease) in Cash Held		(28,275,101)	15,450,144	(30,627,582)
Cash at Beginning of Year		173,344,709	213,276,362	228,726,506
Cash and Cash Equivalents at the End of the Year	16(a)	145,069,608	228,726,506	198,098,924

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

CITY OF WANNEROO

RATE SETTING STATEMENT

FOR THE YEAR ENDING 30TH JUNE 2015

	NOTE	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
Revenues				
Fees and Charges	12	20,242,849	22,495,652	22,537,478
Operating Grants, Subsidies and Contributions		8,801,083	8,947,193	12,370,325
Interest Earnings	2(a)(ii)	7,700,000	8,560,162	8,520,000
Other Revenue		3,561,275	4,008,018	3,936,884
		40,305,207	44,011,025	47,364,687
Expenses				
Employee Costs		(64,536,954)	(65,295,003)	(72,032,208)
Materials and Contracts		(43,911,356)	(45,407,952)	(49,657,347)
Utilities (Gas, Electricity, Water etc)		(7,910,465)	(7,891,994)	(8,116,720)
Insurance		(1,706,655)	(1,456,655)	(1,517,528)
Interest Expenses	2(a)(i), 5(a)	(3,689,236)	(3,689,377)	(3,689,236)
Depreciation on Non-Current Assets	2(a)(i)	(29,628,925)	(29,628,925)	(32,050,000)
		(151,383,591)	(153,369,906)	(167,063,039)
Other Revenues and Expenses				
Non-Operating Grants, Subsidies and Contributions		13,232,516	9,330,662	12,972,750
Town Planning Scheme Income (including Interest)	18(b)	12,480,250	22,434,125	22,946,125
Profit on Asset Disposal	4	1,833,333	500,000	3,400,000
Physical Assets Received from Developers		30,000,000	30,000,000	30,000,000
Town Planning Scheme Expenses	18(b)	(12,361,000)	(9,660,630)	(15,902,000)
Loss on Asset Disposal	4	(500,000)	(500,000)	(500,000)
		44,685,099	52,104,157	52,916,875
		(66,393,285)	(57,254,724)	(66,781,477)
Net Operating Result Excluding Rates				
Adjustments for Cash Budget Requirements				
(Profit)/Loss on Asset Disposals	4	(1,333,333)	-	(2,900,000)
Depreciation on Assets	2(a)(i)	29,628,925	29,628,925	32,050,000
Physical Assets Received from Developers		(30,000,000)	(30,000,000)	(30,000,000)
		(1,704,408)	(371,075)	(850,000)
Adjustments for Non-Operating Expenditure and Income				
Capital Acquisitions		(72,310,776)	(39,446,257)	(87,690,411)
Proceeds from Disposal of Assets	4	2,783,368	1,450,035	4,974,921
Movement in Leave Provisions To Reserve		50,000	50,000	50,000
		(69,477,408)	(37,946,222)	(82,665,490)
Transfers				
Transfers to Restricted Grants, Contributions and Loans		-	-	-
Transfers from Restricted Grants, Contributions and Loans		7,746,255	3,311,960	7,005,850
Transfers to Reserves	6	(15,162,050)	(17,232,255)	(39,291,516)
Transfers from Reserves	6	16,954,159	6,628,839	51,221,107
Transfers to Schemes	18(b)	(12,480,250)	(22,434,125)	(22,946,125)
Transfers from Schemes	18(b)	23,171,326	14,937,574	26,030,467
		20,229,440	(14,788,007)	22,019,783
Surplus/(Deficit)				
Estimated Surplus/(Deficit) July 1 Brought Forward		7,845,661	7,845,661	8,557,799
Estimated Surplus/(Deficit) June 30 Carried Forward	8	-	8,557,799	-
Movement in Surplus/(Deficit)		7,845,661	(712,138)	8,557,799
Amount Required to be Raised from Rates	9	(109,500,000)	(111,072,166)	(119,719,385)

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

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. The budget has also been prepared on the accrual basis under the convention of historical cost accounting modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

(b) The Local Government Reporting Entity

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

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

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

(c) 2013/2014 Actual Balances

Balances shown in this budget as 2013/2014 Actual are forecast at the time of budget preparation and are subject to final adjustments.

(d) Rounding Off Figures

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

(e) 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.

(f) Goods and Services Tax

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

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on bank, cash at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities 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 and bank overdrafts.

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

(h) Trade and Other Receivables

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

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

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

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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.

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, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

(j) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

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 by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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 of the asset.

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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 materially from that determined using fair value at reporting date.

Land Under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16 (a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16 (a)(i) prohibits local governments from recognising such land as an asset.

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

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Depreciation of Non-Current Assets

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

Depreciation 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
Information Technology Hardware	3 years
Information Technology Software	2 years
Footpaths	40 years
Furniture and Equipment	10 years
Heavy Vehicles - 1,201 kg to 4,000 kg	6 years/100,000 km's (45% residual)
Heavy Vehicles - 4,001 kg to 9,000 kg	6 years/200,000 km's (40% residual)
Heavy Vehicles - 9,001 kg to 12,000 kg	8 years/500,000 km's (48% residual)
Heavy Vehicles - refuse	5 years (20% residual)
Irrigation	30 years
Light Vehicles	3 years (60% residual)
Other Plant and Equipment	10 years
Parks and Reserves	50 years
Plant	10 years (50% residual)
Public Accessways	40 years
Reserve/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

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

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

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

Capitalisation Threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is expensed.

(l) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

Financial assets 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 and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the City's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which are classified as current assets.

If the City 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

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months of the end of the reporting period (classified as current assets).

(v) Financial liabilities

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

Impairment

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

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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 reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The City uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. 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 City for similar financial instruments.

(n) Impairment

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

Where such an indication exists, an 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 Statement of Comprehensive Income.

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

At the time of adopting the budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2015.

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

(o) Trade and Other Payables

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

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

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

(r) 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; that outflow can be reliably measured. Provisions are not recognised for future operating losses.

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

(s) Superannuation

The City of Wanneroo contributes to a number of Superannuation Funds on behalf of employees.

(t) Current and Non-Current Classification

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

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

2. REVENUES AND EXPENSES

(a) Net Result	Note	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
(i) Charging as Expenses:				
Auditors Remuneration				
Audit		42,710	42,710	45,000
		42,710	42,710	45,000
Depreciation of Non-Current Assets				
<u>By Program</u>				
Governance		1,622,580	1,622,580	1,301,542
Law, Order and Public Safety		11,474	11,474	13,058
Health		8,466	8,466	9,230
Education and Welfare		35,705	35,705	37,915
Community Amenities		447,529	447,529	473,637
Recreation and Culture		4,634,793	4,634,793	5,968,157
Transport		18,569,294	18,569,294	21,635,606
Economic Services		20,148	20,148	20,334
Other Property and Services		4,278,936	4,278,936	2,590,521
		29,628,925	29,628,925	32,050,000
<u>By Class</u>				
Land and Buildings		2,561,341	2,561,341	2,885,644
Furniture and Equipment		3,256,305	3,256,305	3,756,106
Plant and Equipment		4,263,601	4,263,601	2,586,028
Other Infrastructure Assets		19,547,678	19,547,678	22,822,222
		29,628,925	29,628,925	32,050,000
Interest Expenses (Finance Costs)				
- Loan Interest	5(a)	3,689,236	3,689,377	3,689,236
		3,689,236	3,689,377	3,689,236
(ii) Crediting as Revenues:				
Interest Earnings				
Investments				
- Reserve Funds		3,459,880	4,000,000	4,000,000
- Municipal Funds		2,940,120	3,040,742	3,000,000
- Other Interest Revenue	14	1,300,000	1,519,420	1,520,000
Sub-Total		7,700,000	8,560,162	8,520,000
- Town Planning Schemes	18	3,000,000	3,000,000	3,000,000
Total		10,700,000	11,560,162	11,520,000

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

With reference to the City of Wanneroo's Strategic Community Plan 2013/14 - 2022/23:-

Vision

Building a Future Together

Community Aspirations

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

1) *Environment*

- A healthy and sustainable natural and built environment.

2) *Society*

- Healthy, safe, vibrant and active communities.

3) *Economy*

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

4) *Civic Leadership*

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

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

Governance

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

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

General Purpose Funding

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

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

Law, Order and Public Safety

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

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

Health

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

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

Education and Welfare

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

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

Community Amenities

Objectives: Provide services required by the community.

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

Recreation and Culture

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

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

Transport

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

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

Economic Services

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

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

Other Property and Services

Objectives: To accommodate otherwise unclassified activities of the City.

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

3. ACQUISITION OF ASSETS

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

By Program

Governance

Land and Buildings
Infrastructure Assets - Land and Buildings
Furniture and Equipment

Education and Welfare

Furniture and Equipment

Community Amenities

Land and Buildings
Infrastructure Assets - Land and Buildings
Infrastructure Assets - Parks and Ovals
Infrastructure Assets - Drainage
Infrastructure Assets - Pathways
Furniture and Equipment

Recreation and Culture

Land and Buildings
Infrastructure Assets - Land and Buildings
Infrastructure Assets - Parks and Ovals
Infrastructure Assets - Pathways
Furniture and Equipment

Transport

Infrastructure Assets - Pathways
Infrastructure Assets - Roads
Infrastructure Assets - Drainage
Furniture and Equipment

Economic Services

Land and Buildings

Other Property and Services

Land and Buildings
Infrastructure Assets - Land and Buildings
Plant and Equipment

Other Law, Order and Public Safety

Land and Buildings
Furniture and Equipment

Total

By Class

Land and Buildings
Infrastructure Assets - Land and Buildings
Infrastructure Assets - Roads
Infrastructure Assets - Parks and Ovals
Infrastructure Assets - Pathways
Infrastructure Assets - Drainage
Plant and Equipment
Furniture and Equipment

Total

	2013/2014 Budget \$	2014/2015 Budget \$
	2,286,100	5,925,277
	1,502,230	469,000
	1,941,550	1,731,779
	5,729,880	8,126,056
	260,233	1,278,375
	260,233	1,278,375
	1,400,454	-
	7,549,020	1,810,833
	483,000	700,000
	370,911	551,511
	49,000	267,000
	116,700	345,747
	9,969,085	3,675,091
	6,703,656	10,570,012
	2,305,170	-
	23,670,276	18,003,475
		10,000
	3,728,462	3,407,561
	36,407,564	31,991,048
	1,075,546	2,858,732
	33,662,552	44,421,586
	1,129,698	5,070,500
	354,000	955,268
	36,221,796	53,306,086
	1,265,430	500,000
	1,265,430	500,000
	2,776,688	2,932,700
	1,000,000	130,000
	8,570,100	15,746,055
	12,346,788	18,808,755
	60,000	5,000
	50,000	-
	110,000	5,000
	102,310,776	117,690,411
	14,492,328	21,743,822
	12,356,420	599,000
	33,662,552	44,421,586
	24,153,276	18,703,475
	1,124,546	3,135,732
	1,500,609	5,622,011
	8,570,100	15,746,055
	6,450,945	7,718,730
	102,310,776	117,690,411

A detailed breakdown of the Capital Works Program can be found in Attachment 3.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

4. DISPOSAL OF ASSETS

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

	<u>Net Book Value</u>	<u>Sale Proceeds</u>	<u>Profit/(Loss)</u>
	<u>2014/2015</u>	<u>2014/2015</u>	<u>2014/2015</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>By Program</u>			
Other Property and Services	2,074,921	4,974,921	2,900,000
	2,074,921	4,974,921	2,900,000
<u>By Class</u>			
Plant and Equipment	2,074,921	2,074,921	-
Land and Buildings	-	2,900,000	2,900,000
	2,074,921	4,974,921	2,900,000
<u>Summary</u>			
Profit on Asset Disposals			3,400,000
Loss on Asset Disposals			(500,000)
			2,900,000

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

5. INFORMATION ON BORROWINGS

(a) Loan Repayments

Details	Principal	New	Principal		Principal		Interest	
	01-Jul-14	Drawdown	Repayments		Outstanding		Repayments	
	\$	\$	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015
			Actual (Est.)	Budget	Actual (Est.)	Budget	Actual (Est.)	Budget
			\$	\$	\$	\$	\$	\$
Western Australian Treasury Corporation	60,778,188	-	-	-	60,778,188	60,778,188	3,689,377	3,689,236
Total	60,778,188	-	-	-	60,778,188	60,778,188	3,689,377	3,689,236

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

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

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

(b) Unspent Loans

The City is estimated to have \$19,825,492 unspent loans as at 30th June 2014. The purpose of the unspent loans is to provide funding to the City's capital works program. As at 30 June 2015 there will be budgeted loan funds of \$12,819,642 to be available to projects scheduled for completion in future years.

(c) Overdraft

The City established an overdraft facility of \$1,000,000 in 2002 to assist with short term liquidity requirements. The balance of the bank overdraft as at 30 June 2014 is estimated to be NIL. Furthermore, the bank overdraft is expected to remain at a NIL balance for the period ending 30 June 2015.

(d) Purpose of Total Loan Funding

Under Section 6.20(4)(a) of the Local Government Act 1995, a change in purpose of the use of borrowings can be disclosed in the annual budget. As such, the table outlined below indicates the budgeted purpose of borrowings to be adopted in the annual budget for 2014/2015.

Project Description	Approved	Funds Used	Funds to be Used			Approved
	Application		To	2013/14	2014/15	2015/16-19/20
	2013/14	30/6/2013	2013/14	2014/15	2015/16-19/20	2014/15
	\$	\$	\$	\$	\$	\$
Develop Industrial Estate - Neerabup	317,887	317,887	-	-	-	317,887
Wanneroo Regional Museum and Library	10,416,178	10,416,178	-	-	-	10,416,178
Construct Community Centre - Butler	278,000	278,000	-	-	-	278,000
Redevelop Wanneroo Townsite	1,214,615	1,214,615	-	-	-	1,214,615
Redevelop Koondoola Precinct	2,000	2,000	-	-	-	2,000
Develop Accessible and Inclusive Playground	222,000	222,000	-	-	-	222,000
Kingsway Regional Sporting Complex	19,551,752	15,279,468	1,414,450	2,448,943	320,000	19,462,861
Upgrade Aquamotion	7,926,000	7,926,000	-	-	-	7,926,000
Develop Wangara Industrial Area (Lot 257)	-	-	-	530,000	-	530,000
Develop Wangara Industrial Area (Lot 15)	3,074,023	480,752	40,000	1,022,700	1,000,000	2,543,452
Pinjar Road - Wanneroo and Carosa Road	728,849	728,849	-	-	-	728,849
Upgrade Rocca Way Dundobar Road	196,400	8,400	1,880	-	-	10,280
Flynn Drive Neerabup - Construct Road	500,000	386,882	-	500,000	-	886,882
Lot 12 Fowey Loop	1,800	1,800	-	-	-	1,800
Yanchep District Playing Fields	56,460	56,460	-	-	-	56,460
Yanchep District Sports Amenities	-	164,210	-	-	-	164,210
Yanchep Lagoon - Brazier Road Realignment	3,877,072	269,039	1,556,149	2,091,884	-	3,917,072
Yanchep SLSC	6,200,000	127,677	60,000	412,323	5,600,000	6,200,000
Southern Suburbs Library	6,215,152	-	-	-	5,899,642	5,899,642
Totals	60,778,188	37,880,217	3,072,479	7,005,850	12,819,642	60,778,188

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

6. RESERVES	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
(a) Alkimos/Eglinton Coastal Corridor Community Facilities Reserve			
Opening Balance	856,000	2,032,000	3,559,980
Transfer to Reserve	1,483,880	1,527,980	1,558,579
Transfer from Reserve	-	-	-
	2,339,880	3,559,980	5,118,559
(b) Asset Preservation Reserve			
Opening Balance	-	-	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	-	-
	-	-	-
(c) Asset Replacement Reserve			
Opening Balance	6,190,941	5,499,855	5,684,768
Transfer to Reserve	232,160	206,245	3,070,543
Transfer from Reserve	(900,000)	(21,332)	(1,278,668)
	5,523,102	5,684,768	7,476,643
(d) Butler Collaborative Planning Agreement Reserve			
Opening Balance	2,568,415	2,598,160	2,683,591
Transfer to Reserve	96,316	97,431	80,508
Transfer from Reserve	(12,000)	(12,000)	-
	2,652,731	2,683,591	2,764,099
(e) City of Wanneroo Townsite Reserve			
Opening Balance	30,006	37,925	4,347
Transfer to Reserve	-	1,422	130
Transfer from Reserve	(30,006)	(35,000)	(4,477)
	-	4,347	-
(f) Commercial Refuse Reserve			
Opening Balance	1,897,403	1,920,112	1,992,116
Transfer to Reserve	71,153	72,004	59,764
Transfer from Reserve	-	-	-
	1,968,556	1,992,116	2,051,880
(g) Commercial Refuse - Plant Replacement Reserve			
Opening Balance	2,024,068	2,126,419	2,206,160
Transfer to Reserve	506,266	79,741	66,185
Transfer from Reserve	(299,921)	-	(2,272,345)
	2,230,413	2,206,160	-

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

6. RESERVES (Continued)	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
(h) Domestic Refuse Reserve			
Opening Balance	5,365,292	5,472,634	5,577,478
Transfer to Reserve	201,198	205,224	1,241,645
Transfer from Reserve	(879,000)	(100,380)	(3,497,941)
	4,687,490	5,577,478	3,321,182
(i) Domestic Refuse - Plant Replacement Reserve			
Opening Balance	10,207,744	7,689,927	10,789,990
Transfer to Reserve	3,195,870	3,101,452	323,700
Transfer from Reserve	(3,184,185)	(1,389)	(11,113,690)
	10,219,429	10,789,990	-
(j) Fleming Park Lake Reserve			
Opening Balance	189,962	192,248	199,457
Transfer to Reserve	7,124	7,209	5,984
Transfer from Reserve	-	-	-
	197,086	199,457	205,441
(k) Golf Courses Reserve			
Opening Balance	672,575	834,127	875,407
Transfer to Reserve	275,222	331,280	326,262
Transfer from Reserve	(447,139)	(290,000)	(496,792)
	500,658	875,407	704,877
(l) HACC Asset Replacement Reserve			
Opening Balance	383,355	434,536	480,831
Transfer to Reserve	44,375	46,295	44,425
Transfer from Reserve	-	-	-
	427,730	480,831	525,256
(m) Heavy Vehicle Replacement Reserve			
Opening Balance	3,683,068	2,735,952	3,557,855
Transfer to Reserve	1,187,986	1,152,469	106,736
Transfer from Reserve	(1,120,852)	(330,566)	(3,664,591)
	3,750,202	3,557,855	-
(n) Land Acquisition Reserve			
Opening Balance	1,072,665	1,078,900	1,514,359
Transfer to Reserve	540,225	540,459	545,431
Transfer from Reserve	-	(105,000)	-
	1,612,890	1,514,359	2,059,790
(o) Leave Liability Reserve			
Opening Balance	1,759,240	1,779,791	1,896,533
Transfer to Reserve	115,972	116,742	106,896
Transfer from Reserve	-	-	-
	1,875,212	1,896,533	2,003,429

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

6. RESERVES (Continued)	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
(p) Light Vehicle Replacement Reserve			
Opening Balance	2,064,326	2,041,842	2,292,766
Transfer to Reserve	2,011,612	2,035,769	68,783
Transfer from Reserve	(2,326,480)	(1,784,845)	(2,361,549)
	1,749,458	2,292,766	-
(q) Loan Repayment Reserve			
Opening Balance	7,934,969	8,030,144	8,331,274
Transfer to Reserve	1,630,894	301,130	249,939
Transfer from Reserve	-	-	-
	9,565,863	8,331,274	8,581,213
(r) Material Recoveries Facility Upgrade Reserve**			
Opening Balance	71,884	84,650	87,824
Transfer to Reserve	2,695	3,174	2,635
Transfer from Reserve	(50,000)	-	(90,459)
	24,579	87,824	-
(s) Neerabup Development Reserve			
Opening Balance	2,422,508	2,541,386	2,061,688
Transfer to Reserve	90,844	95,302	2,561,851
Transfer from Reserve	(2,200,000)	(575,000)	(3,385,000)
	313,352	2,061,688	1,238,539
(t) Plant Replacement Reserve			
Opening Balance	737,715	130,022	421,296
Transfer to Reserve	894,043	871,255	14,012,804
Transfer from Reserve	(786,661)	(579,981)	(14,283,801)
	845,097	421,296	150,299
(u) Quinns Rock Caravan Park Reserve			
Opening Balance	139,514	139,515	-
Transfer to Reserve	-	-	-
Transfer from Reserve	(139,514)	(139,515)	-
	-	-	-
(v) Resource Recovery Domestic Refuse Reserve			
Opening Balance	1,606,538	1,625,858	1,686,828
Transfer to Reserve	60,245	60,970	50,605
Transfer from Reserve	-	-	(1,737,433)
	1,666,783	1,686,828	-
(w) Section 20A Land Reserve			
Opening Balance	102,358	175,311	181,885
Transfer to Reserve	3,838	6,574	5,457
Transfer from Reserve	-	-	-
	106,196	181,885	187,342

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

6. RESERVES (Continued)	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
(x) Strategic Projects/Initiatives Reserve			
Opening Balance	33,670,005	44,651,834	47,165,913
Transfer to Reserve	1,262,625	5,167,910	13,609,522
Transfer from Reserve	(4,528,401)	(2,653,831)	(6,495,291)
	<u>30,404,229</u>	<u>47,165,913</u>	<u>54,280,144</u>
(y) Sustainability Investment Reserve			
Opening Balance	40,256	43,512	95,144
Transfer to Reserve	51,510	51,632	52,854
Transfer from Reserve	(50,000)	-	(79,070)
	<u>41,766</u>	<u>95,144</u>	<u>68,928</u>
(z) TPS 20 - District Distributor Headworks Reserve			
Opening Balance	5,846,324	5,917,378	6,139,280
Transfer to Reserve	219,237	221,902	184,178
Transfer from Reserve	-	-	-
	<u>6,065,561</u>	<u>6,139,280</u>	<u>6,323,458</u>
(aa) Yanchep Bus Reserve			
Opening Balance	146,869	150,105	160,734
Transfer to Reserve	35,508	10,629	9,822
Transfer from Reserve	-	-	-
	<u>182,377</u>	<u>160,734</u>	<u>170,556</u>
(ab) Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve			
Opening Balance	749,000	183,750	1,103,805
Transfer to Reserve	941,252	920,055	946,278
Transfer from Reserve	-	-	(460,000)
	<u>1,690,252</u>	<u>1,103,805</u>	<u>1,590,083</u>
Total Reserves	<u>90,640,892</u>	<u>110,751,309</u>	<u>98,821,718</u>

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

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

6. RESERVES (Continued)	2013/2014	2013/2014	2014/2015
Summary of Reserve Transfers	Budget	Actual (Est.)	Budget
	\$	\$	\$
Transfers to Reserves			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	1,483,880	1,527,980	1,558,579
Asset Preservation Reserve	-	-	-
Asset Replacement Reserve	232,160	206,245	3,070,543
Butler Collaborative Planning Agreement Reserve	96,316	97,431	80,508
City of Wanneroo Townsite Reserve	-	1,422	130
Commercial Refuse Reserve	71,153	72,004	59,764
Commercial Refuse - Plant Replacement Reserve	506,266	79,741	66,185
Domestic Refuse Reserve	201,198	205,224	1,241,645
Domestic Refuse - Plant Replacement Reserve	3,195,870	3,101,452	323,700
Fleming Park Lake Reserve	7,124	7,209	5,984
Golf Courses Reserve	275,222	331,280	326,262
HACC Asset Replacement Reserve	44,375	46,295	44,425
Heavy Vehicle Replacement Reserve	1,187,986	1,152,469	106,736
Land Acquisition Reserve	540,225	540,459	545,431
Leave Liability Reserve	115,972	116,742	106,896
Light Vehicle Replacement Reserve	2,011,612	2,035,769	68,783
Loan Repayment Reserve	1,630,894	301,130	249,939
Material Recoveries Facility Upgrade Reserve**	2,695	3,174	2,635
Neerabup Development Reserve	90,844	95,302	2,561,851
Plant Replacement Reserve	894,043	871,255	14,012,804
Quinns Rock Caravan Park Reserve	-	-	-
Resource Recovery Domestic Refuse Reserve	60,245	60,970	50,605
Section 20A Land Reserve	3,838	6,574	5,457
Strategic Projects/Initiatives Reserve	1,262,625	5,167,910	13,609,522
Sustainability Investment Reserve	51,510	51,632	52,854
TPS 20 - District Distributor Headworks Reserve	219,237	221,902	184,178
Yanchep Bus Reserve	35,508	10,629	9,822
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserv	941,252	920,055	946,278
	15,162,050	17,232,255	39,291,516
Transfers from Reserves			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	-	-	-
Asset Preservation Reserve	-	-	-
Asset Replacement Reserve	(900,000)	(21,332)	(1,278,668)
Butler Collaborative Planning Agreement Reserve	(12,000)	(12,000)	-
City of Wanneroo Townsite Reserve	(30,006)	(35,000)	(4,477)
Commercial Refuse Reserve	-	-	-
Commercial Refuse - Plant Replacement Reserve	(299,921)	-	(2,272,345)
Domestic Refuse Reserve	(879,000)	(100,380)	(3,497,941)
Domestic Refuse - Plant Replacement Reserve	(3,184,185)	(1,389)	(11,113,690)
Fleming Park Lake Reserve	-	-	-
Golf Courses Reserve	(447,139)	(290,000)	(496,792)
HACC Asset Replacement Reserve	-	-	-
Heavy Vehicle Replacement Reserve	(1,120,852)	(330,566)	(3,664,591)
Land Acquisition Reserve	-	(105,000)	-
Leave Liability Reserve	-	-	-
Light Vehicle Replacement Reserve	(2,326,480)	(1,784,845)	(2,361,549)
Loan Repayment Reserve	-	-	-
Material Recoveries Facility Upgrade Reserve**	(50,000)	-	(90,459)
Neerabup Development Reserve	(2,200,000)	(575,000)	(3,385,000)
Plant Replacement Reserve	(786,661)	(579,981)	(14,283,801)
Quinns Rock Caravan Park Reserve	(139,514)	(139,515)	-
Resource Recovery Domestic Refuse Reserve	-	-	(1,737,433)
Section 20A Land Reserve	-	-	-
Strategic Projects/Initiatives Reserve	(4,528,401)	(2,653,831)	(6,495,291)
Sustainability Investment Reserve	(50,000)	-	(79,070)
TPS 20 - District Distributor Headworks Reserve	-	-	-
Yanchep Bus Reserve	-	-	-
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserv	-	-	(460,000)
	(16,954,159)	(6,628,839)	(51,221,107)
Net Transfer to/(from) Reserves	(1,792,109)	10,603,416	(11,929,591)

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

6. RESERVES (Continued)

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

Alkimos/Eglinton Coastal Corridor Community Facilities Reserve

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

Asset Preservation Reserve

- To be used for the purpose of structural maintenance or other enhancements to the leased building portfolio on a needs basis.
- As at 1 July 2011 this reserve had a NIL balance and is no longer required.

Asset Replacement Reserve

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

Butler Collaborative Planning Agreement Reserve

- For the purpose of meeting future 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 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 Dundobar Road, by reducing the height some 5 metres.

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.

Environmental Initiatives Reserve

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

Fleming Park Lake Reserve

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

Golf Course Reserve

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

HACC Asset Replacement Reserve

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

Heavy Vehicle Replacement Reserve

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

Land Acquisition Reserve

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

Leave Liability Reserve

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

6. RESERVES (Continued)

Light Vehicle Replacement Reserve

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

Loan Repayment Reserve

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

Materials Recovery Facility Upgrade Reserve

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

Neerabup Development Reserve

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

Plant Replacement Reserve

- To be used to replace Council's 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.

Section 20A Land Reserve

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

Strategic Projects/Initiatives Reserve

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

Town Planning Scheme 20 - District Headworks Reserve

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

Yanchep Bus Reserve

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

Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

7. NON-CASH RESERVES

Asset Revaluation Reserve

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

	Note	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
Furniture and Equipment (Artworks and Artefacts)				
Opening Balance		246,090	246,090	246,090
Revaluation Increment		-	-	-
Total Asset Revaluation Reserves		246,090	246,090	246,090

8. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position

Current Assets

Cash - Unrestricted	16(a)	5,594,758	11,715,494	2,921,575
Cash - Restricted	16(a)	139,474,850	217,011,012	195,177,349
Receivables		19,822,434	25,464,256	23,092,827
Non-Cash Investments		1,314,423	-	-
Inventories		328,829	358,103	358,103
		166,535,294	254,548,865	221,549,854
Less: Current Liabilities				
Payables and Provisions		(29,401,954)	(30,369,573)	(30,369,573)
Net Current Asset Position		137,133,340	224,179,292	191,180,281
Plus: Leave Provisions Cash Backed		2,341,510	1,389,519	3,997,068
Less: Cash / Investments - Restricted	16(a)	(139,474,850)	(217,011,012)	(195,177,349)
Estimated Surplus/(Deficiency) Carried Forward		-	8,557,799	0

The estimated surplus/(deficiency) carried forward in the 2013/2014 actual column represents the surplus/(deficit) brought forward as at 1 July 2014. This figure primarily represents unspent municipal requirements in relation to the 2013/2014 carried forward capital works.

The estimated surplus/(deficiency) carried forward in the 2014/2015 budget column represents the surplus/(deficit) carried forward as at 30 June 2015.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

9. RATING INFORMATION

General Rate Category	2013/2014	2014/2015					
	Actual (Est.) Total Revenue \$	Rate in Dollar (Cents)	Number of Properties	Rateable Value \$	Budgeted Rate Revenue \$	Budgeted Interim Rates \$	Budgeted Total Revenue \$
Gross Rental Value - Improved							
Caravan Park and Park Homes	34,909	7.1662	95	570,220	40,863	-	40,863
Commercial	7,423,637	6.5300	506	119,009,822	7,771,341	-	7,771,341
Industrial	7,369,413	5.3700	1,666	142,818,682	7,669,363	-	7,669,363
Residential	64,352,191	7.1662	44,227	938,792,476	67,275,746	3,400,000	70,675,746
Gross Rental Value - Vacant							
Commercial	148,200	5.6640	31	2,726,808	154,446	-	154,446
Industrial	286,649	4.7000	115	8,478,443	398,487	-	398,487
Residential	5,393,511	9.3950	2,856	59,870,065	5,624,793	-	5,624,793
Unimproved Value - Improved							
Commercial	169,927	0.2631	33	69,322,042	182,386	-	182,386
Community Groups - Major	4,922	-	0	-	-	-	-
Industrial	281,785	0.2498	32	117,550,000	293,640	-	293,640
Residential	1,164,154	0.3375	391	359,028,044	1,211,720	-	1,211,720
Rural and Mining	1,840,434	0.3311	365	579,215,467	1,917,782	-	1,917,782
Unimproved Value - Vacant							
Commercial	16,266	0.2873	2	5,900,000	16,951	-	16,951
Industrial	175,376	0.2833	14	64,500,000	182,729	-	182,729
Residential	3,218,842	0.4388	253	764,606,000	3,355,091	-	3,355,091
Rural and Mining	309,816	0.3440	82	93,855,000	322,861	-	322,861
Sub-Totals	92,190,032	n/a	50,668	3,326,243,069	96,418,200	3,400,000	99,818,200
Minimum Rate Category		General Minimum \$					
Gross Rental Value - Improved							
Residential - Lesser Minimum Strata	362	377	0	-	-	-	-
Commercial	103,285	1,183	60	827,545	70,980	-	70,980
Industrial	564,095	1,183	505	8,604,087	597,415	-	597,415
Industrial - Lesser Minimum Strata T	27,216	591	48	138,023	28,368	-	28,368
Residential	16,178,085	1,205	14,437	215,826,894	17,396,585	-	17,396,585
Gross Rental Value - Vacant							
Commercial	9,080	1,183	8	85,490	9,464	-	9,464
Industrial	29,510	1,183	20	388,650	23,660	-	23,660
Residential	1,893,112	630	2,711	14,858,086	1,707,930	-	1,707,930
Unimproved Value - Improved							
Commercial	5,675	1,183	5	1,229,000	5,915	-	5,915
Industrial	1,135	1,183	1	1,000	1,183	-	1,183
Residential	8,085	1,205	8	2,533,113	9,640	-	9,640
Rural and Mining	3,435	1,193	3	941,334	3,579	-	3,579
Unimproved Value - Vacant							
Commercial	-	1,183	0	-	-	-	-
Industrial	-	1,183	0	-	-	-	-
Residential	33,648	630	0	-	-	-	-
Rural and Mining	25,410	802	33	205,065	26,466	-	26,466
Sub-Totals	18,882,133	n/a	17,839	245,638,287	19,881,185	-	19,881,185
Totals	111,072,165	n/a	68,507	3,571,881,356	116,299,385	3,400,000	119,699,385
Ex Gratia Rates	-						20,000
Grand Totals	111,072,165						119,719,385

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

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

9. RATING INFORMATION (Continued)

The general rates detailed above for the 2014/2015 financial year have been determined by the City on the basis of raising the revenue required to meet the efficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

For the 2008/2009 Financial year the City resolved to incorporate the domestic rubbish collection charge within the general rates. The reason for this is to enable eligible pensioners to claim a higher rebate from State Government. This will continue to be in place for the 2014/2015 financial year. In accordance with Section 6.36 of the Local Government Act 1995 the differential general rates and the minimum rates intended to be levied were advertised as follows:

Rate Category	As Advertised - 10 June 2014		Final - 8 July 2014	
	Rate in the Dollar (Cents)	General Minimum Rate \$	Rate in the Dollar (Cents)	General Minimum Rate \$
Gross Rental Value - Improved				
Residential - Lesser Minimum Strata Titled Caravan Parks	n/a	378	n/a	377
Commercial	6.5636	1,186	6.5300	1,183
Industrial	5.4888	1,186	5.3700	1,183
Industrial - Lesser Minimum Storage Units	n/a	593	n/a	591
Residential	7.3436	1,207	7.1662	1,205
Gross Rental Value - Vacant				
Commercial	5.8442	1,186	5.6640	1,183
Industrial	5.0281	1,186	4.7000	1,183
Residential	10.0560	688	9.3950	630
Unimproved Value - Improved				
Commercial	0.2678	1,186	0.2631	1,183
Industrial	0.2515	1,186	0.2498	1,183
Residential	0.3388	1,207	0.3375	1,205
Rural and Mining	0.3321	1,196	0.3311	1,193
Unimproved Value - Vacant				
Commercial	0.2881	1,186	0.2873	1,183
Industrial	0.2841	1,186	0.2833	1,183
Residential	0.4445	688	0.4388	630
Rural and Mining	0.3724	805	0.3440	802
		Service Fee		Service Fee
		\$		\$
Description				
Domestic Refuse Service Charge per year (for additional service or non-rated properties)		395.00		395.00
Establishment Fee (per new or additional domestic refuse service)		102.00		102.00

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

Note: Reductions were made to the advertised figures due to a lower amount required to be raised from Rates (reduced Budget Deficiency).

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

10. SPECIFIED AREA RATES

No specified area rates have been budgeted for the 2014/2015 Financial Year.

11. SERVICE CHARGES

No service charges have been budgeted for the 2014/2015 Financial Year.

12. FEES & CHARGES REVENUE

	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
Governance	39,213	37,432	26,763
General Purpose Funding	460,000	498,052	500,000
Law, Order and Public Safety	357,700	602,700	511,400
Health	248,533	260,687	274,746
Education and Welfare	462,091	382,920	420,261
Community Amenities	8,642,204	9,696,008	9,418,961
Recreation and Culture	7,062,330	7,060,565	7,357,188
Transport	850,000	750,000	768,500
Economic Services	2,109,506	3,196,016	3,248,106
Other Property and Services	11,272	11,272	11,553
	<u>20,242,849</u>	<u>22,495,652</u>	<u>22,537,478</u>

13. RATE PAYMENT DISCOUNTS, WAIVERS & CONCESSIONS

No rates discounts have been budgeted for the 2014/2015 Financial Year.

With regard to waivers, Council has agreed, in accordance with Section 6.47 of the Local Government Act 1995, to waive the 2014/2015 Council Rates (excluding Emergency Services Levy) for land leased by the City to the following community groups:

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

14. INTEREST CHARGES AND INSTALMENTS

An interest rate of 8.45% per annum will be charged on all rates, both current and arrears, that remain unpaid after 35 days from the issue date of the rate notice (1/8/14). It is estimated this will generate income of \$1,000,000. Three option plans will be available to ratepayers for payment of their rates by instalments.

Option 1 (Full Payment)

Full amount of rates and charges, including arrears, to be paid on or before 35 days from the issue date appearing on the rate notice (5/9/14).

Option 2 (Two Instalments)

First instalment to be received on or before 35 days after the issue date appearing on the rate notice, including all arrears and half of the current rates and service charges (5/9/14). The second and final instalment will be due and payable 63 days after the due and payable 63 days after the due date of the first instalment (7/11/14).

Option 3 (Four Instalments)

First instalment to be received on or before 35 days after the issue date appearing on the rate notice, including all arrears and a quarter of the current rates and service charges (5/9/14). The second, third and fourth instalments are to be made at 63 day intervals, thereafter (7/11/14, 9/1/15 and 13/3/15).

Cost of Instalment Options

The cost of the instalment options will comprise of simple interest of 5.5% per annum, calculated from the date the first instalment is due and payable (5/9/14), together with an administration fee of \$5.00 for each instalment.

Special Arrangements and Late Payment Penalty

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

The total revenue from the imposition of the interest and administration fee during the 2014/2015 financial year is estimated at \$1,850,000. This is dissected as follows:

Note	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
Late Payment Interest - Commercial Debtors	-	-	-
Late Payment Penalty Interest - Rates	400,000	519,420	520,000
	900,000	1,000,000	1,000,000
2a(ii)	1,300,000	1,519,420	1,520,000
Administration Charges - Rates	315,000	328,027	330,000
	1,615,000	1,847,447	1,850,000

Commercial Waste Debtors

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

15. ELECTED MEMBERS REMUNERATION

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

Councillor's Meeting Attendance Fees	420,000	390,000	401,700
Mayor's Allowance and Meeting Fees	120,000	130,000	133,900
Deputy Mayor's Allowance and Meeting Fees	30,000	51,250	52,788
ICT Allowance	51,000	51,000	52,500
Other Expense Recoups	75,750	24,000	57,862
Conference Expenses	76,000	31,000	46,000
	772,750	677,250	744,750

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

16. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
Cash - Unrestricted	8	5,594,758	11,715,494	2,921,575
Cash - Restricted	8	139,474,850	217,011,012	195,177,349
Total Cash		145,069,608	228,726,506	198,098,924
Non-Current Financial Instruments - Restricted (TPS)		46,241,648	5,033,788	5,033,788
Total Restricted Monies		185,716,498	222,044,800	200,211,137

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

Alkimos/Eglinton Coastal Corridor Community Facilities Reserv	2,339,880	3,559,980	5,118,559
Asset Preservation Reserve	-	-	-
Asset Replacement Reserve	5,523,102	5,684,768	7,476,643
Butler Collaborative Planning Agreement Reserve	2,652,731	2,683,591	2,764,099
City of Wanneroo Townsite Reserve	-	4,347	-
Commercial Refuse Reserve	1,968,556	1,992,116	2,051,880
Commercial Refuse - Plant Replacement Reserve	2,230,413	2,206,160	-
Domestic Refuse Reserve	4,687,490	5,577,478	3,321,182
Domestic Refuse - Plant Replacement Reserve	10,219,429	10,789,990	-
Sustainability Investment Reserve	41,766	95,144	68,928
Fleming Park Lake Reserve	197,086	199,457	205,441
Golf Courses Reserve	500,658	875,407	704,877
HACC Asset Replacement Reserve	427,730	480,831	525,256
Heavy Vehicle Replacement Reserve	3,750,202	3,557,855	-
Land Acquisition Reserve	1,612,890	1,514,359	2,059,790
Leave Liability Reserve	1,875,212	1,896,533	2,003,429
Light Vehicle Replacement Reserve	1,749,458	2,292,766	-
Loan Repayment Reserve	9,565,863	8,331,274	8,581,213
Material Recoveries Facility Upgrade Reserve**	24,579	87,824	-
Neerabup Development Reserve	313,352	2,061,688	1,238,539
Plant Replacement Reserve	845,097	421,296	150,299
Quinns Rock Caravan Park Reserve	-	-	-
Resource Recovery Domestic Refuse Reserve	1,666,783	1,686,828	-
Section 20A Land Reserve	106,196	181,885	187,342
Strategic Projects/Initiatives Reserve	30,404,229	47,165,913	54,280,144
TPS 20 - District Distributor Headworks Reserve	6,065,561	6,139,280	6,323,458
Yanchep Bus Reserve	182,377	160,734	170,556
Yanchep/Two Rocks Coastal Corridor Community Facilities Re:	1,690,252	1,103,805	1,590,083
Town Planning Schemes	20,142,590	76,878,968	73,794,626
Unspent Grants, Contributions and Loans	28,691,368	29,380,735	22,561,005
	139,474,850	217,011,012	195,177,349

- Balances of Reserves stated above can be referred to in Note 6.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

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

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

		2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
Net Result		43,106,715	53,817,441	52,937,908
Depreciation	2(a)(1)	29,628,925	29,628,925	32,050,000
(Profit)/Loss on Sale of Asset	4	(1,333,333)	-	(2,900,000)
(Increase)/Decrease in Receivables		(150,000)	-	-
(Increase)/Decrease in Inventories		-	29,274	-
Increase/(Decrease) in Payables		(50,000)	(79,274)	(50,000)
Increase/(Decrease) in Employee Provisions		50,000	50,000	50,000
Town Planning Scheme Income	18(b)	(12,480,250)	(22,434,125)	(22,946,125)
Town Planning Scheme Expenses	18(b)	12,361,000	9,660,630	15,902,000
Grants/Contributions for the Development of Assets		(43,232,516)	(39,330,662)	(42,972,750)
Net Cash from Operating Activities		27,900,541	31,342,209	32,071,033

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

Bank Overdraft Limit		1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date		-	-	-
Bank Overdraft Available		1,000,000	1,000,000	1,000,000
Credit Card Limit		52,000	50,000	50,000
Credit Card Balance at Balance Date		-	20,200	-
Credit Card Balance at Balance Date		52,000	29,800	50,000
Total Amount of Credit Unused		1,052,000	1,029,800	1,050,000
Loan Facilities				
Loan Facilities in use at Balance Date		60,778,188	60,778,188	60,778,188
Unused Loan Facilities at Balance Date		-	-	-

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

17. TRUST FUNDS

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

	Actual (Est.) 01-Jul-14	Amounts Received	Amounts Paid	Balance 30-Jun-15
	\$	\$	\$	\$
Unclaimed Money	4,890	-	-	4,890
Trust Fund - Mayor's Christmas Appeal	3,200	2,000	5,200	-
Cash in Lieu of Public Open Space	62,040	50,000	-	112,040
	70,130	52,000	5,200	116,930

18. MAJOR LAND TRANSACTIONS

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, Town of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council. The establishment of the Tamala Park Regional Council was pursuant to Section 3.61 of the Local Government Act. The Tamala Park Regional Council formally came into existence on the 3 February 2006. The Tamala Park Regional Council's activities will centre around the development of Mindarie lot 9504 on Deposit Plan 52070. Lot 9504 (subdivided from Lot 118) was initially purchased in 1981 to provide a refuse landfill site for member councils of the Mindarie Regional Council, this lot is now being developed with a purpose of creating a new urban land development and a new urban community. The City of Wanneroo will contribute one sixth of any funding required for capital or operating costs. There has been no advice received of potential income distributions for 2014/15 however if/when funds are received they will be placed into the City's Loan Repayment Reserve.

Sites identified for potential sale during the 2014/15 financial year include Blackmore Pre-Primary in Girrawheen, Lot 501 Hampton Road in Darch and Lots 545 to 549 Wangara.

Town Planning Schemes

(a) Details

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

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

18. MAJOR LAND TRANSACTIONS (Continued)

Town Planning Schemes (Continued)

(b) Current Year Transactions

	Balance 1-July-14 \$	Transfers To \$	Transfers From - Operating \$	Transfers From - Capital \$	Balance 30-Jun-15 \$
Operating Accounts					
Town Planning Scheme 5 (Landsdale)	627,653	20,855	5,000	-	643,508
Berkley Road Structure Plan Area	2,757,378	108,323	78,000	-	2,787,701
Neerabup Structure Plan	(310,587)	36,676	23,000	3,378,467	(3,675,378)
Sub Total	3,074,444	165,854	106,000	3,378,467	(244,169)
Scheme Accounts					
East Wanneroo Development Area (Cell 1)	25,629,458	1,822,745	628,000	-	26,824,203
East Wanneroo Development Area (Cell 2)	5,688,040	426,756	31,000	-	6,083,796
East Wanneroo Development Area (Cell 3)	1,270,533	75,488	160,000	-	1,186,021
East Wanneroo Development Area (Cell 4)	12,404,643	8,035,289	7,780,000	6,300,000	6,359,932
East Wanneroo Development Area (Cell 5)	5,350,765	1,752,852	3,598,000	-	3,505,617
East Wanneroo Development Area (Cell 6)	22,218,786	2,865,919	32,000	225,000	24,827,705
East Wanneroo Development Area (Cell 7)	2,165,144	1,087,917	2,036,000	225,000	992,061
East Wanneroo Development Area (Cell 8)	(1,699,484)	552,659	1,498,000	-	(2,644,825)
East Wanneroo Development Area (Cell 9)	5,810,427	6,160,646	33,000	-	11,938,073
Sub Total	78,838,312	22,780,271	15,796,000	6,750,000	79,072,583
Total	81,912,756	22,946,125	15,902,000	10,128,467	78,828,414

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

	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
Town Planning Scheme 5 (Landsdale)			
Income			
Interest on Investments	23,506	23,506	20,855
	23,506	23,506	20,855
Expenditure			
Administration Charges	-	-	-
Bank Fees	-	-	-
Legal Fees	5,000	5,000	5,000
Construction Costs - Municipal Transfer			
	5,000	5,000	5,000
Net Result	18,506	18,506	15,855
Surplus/(Deficit) brought forward	608,627	609,147	627,653
Net Result	18,506	18,506	15,855
Surplus/(Deficit) carried forward	627,133	627,653	643,508
Berkley Road Structure Plan Area			
Income			
Contributions	32,250	16,125	16,125
Interest on Investments	104,328	104,328	92,198
	136,578	120,453	108,323
Expenditure			
Administration Charges	-	-	23,000
Bank Fees	-	-	-
Audit Fee	-	-	-
Consulting Fees	5,000	5,000	5,000
Compensation Payments	50,000	50,000	50,000
Construction Costs - Municipal Transfer	-	-	-
	55,000	55,000	78,000
Net Result	81,578	65,453	30,323
Surplus/(Deficit) brought forward	2,716,562	2,691,925	2,757,378
Net Result	81,578	65,453	30,323
Surplus/(Deficit) carried forward	2,798,140	2,757,378	2,787,701

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

18. MAJOR LAND TRANSACTIONS (Continued)

(b) Current Year Transactions (Continued)	2013/2014	2013/2014	2014/2015
	Budget \$	Actual (Est.) \$	Budget \$
Neerabup Structure Plan (Proposed Cell 10)			
Income			
Interest on Investments	42,748	42,748	36,676
	<u>42,748</u>	<u>42,748</u>	<u>36,676</u>
Expenditure			
Administration Charges	23,993	23,993	23,000
Construction Costs - Municipal Transfer	4,965,349	1,400,000	3,378,467
	<u>4,989,342</u>	<u>1,423,993</u>	<u>3,401,467</u>
Net Result	<u>(4,946,594)</u>	<u>(1,381,245)</u>	<u>(3,364,791)</u>
Surplus/(Deficit) brought forward	2,319,373	1,070,658	(310,587)
Net Result	(4,946,594)	(1,381,245)	(3,364,791)
Surplus/(Deficit) carried forward	<u>(2,627,221)</u>	<u>(310,587)</u>	<u>(3,675,378)</u>
East Wanneroo Development Area (Cell 1)			
Income			
Contributions	2,000,000	2,000,000	1,000,000
Interest on Investments	858,723	858,723	822,745
	<u>2,858,723</u>	<u>2,858,723</u>	<u>1,822,745</u>
Expenditure			
Administration Charges	57	57	23,000
Audit Fee Expenses	-	-	-
Consulting Fees	1,000	1,000	1,000
Legal Fees	2,000	2,000	2,000
Bank Fees	-	-	-
Advertising	-	-	-
Compensation Payments	602,000	602,000	602,000
Construction Costs - Municipal Transfer	-	-	-
	<u>605,057</u>	<u>605,057</u>	<u>628,000</u>
Net Result	<u>2,253,666</u>	<u>2,253,666</u>	<u>1,194,745</u>
Surplus/(Deficit) brought forward	23,962,101	23,375,792	25,629,458
Net Result	2,253,666	2,253,666	1,194,745
Surplus/(Deficit) carried forward	<u>26,215,767</u>	<u>25,629,458</u>	<u>26,824,203</u>
East Wanneroo Development Area (Cell 2)			
Income			
Contributions	490,000	490,000	250,000
Interest on Investments	141,405	141,405	176,756
	<u>631,405</u>	<u>631,405</u>	<u>426,756</u>
Expenditure			
Administration Charges	33	33	23,000
Audit Fee Expenses	-	-	-
Legal Fees	1,000	1,000	1,000
Consulting Fees	2,000	2,000	2,000
Bank Fees	-	-	-
Advertising	-	-	-
Compensation Payments	5,000	5,000	5,000
	<u>8,033</u>	<u>8,033</u>	<u>31,000</u>
Net Result	<u>623,372</u>	<u>623,372</u>	<u>395,756</u>
Surplus/(Deficit) brought forward	3,903,160	5,064,668	5,688,040
Net Result	623,372	623,372	395,756
Surplus/(Deficit) carried forward	<u>4,526,532</u>	<u>5,688,040</u>	<u>6,083,796</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

18. MAJOR LAND TRANSACTIONS (Continued)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
East Wanneroo Development Area (Cell 3)			
Income			
Contributions	28,000	28,000	30,000
Interest on Investments	51,472	51,472	45,488
	<u>79,472</u>	<u>79,472</u>	<u>75,488</u>
Expenditure			
Administration Charges	33	33	23,000
Audit Fee Expenses	-	-	-
Consulting	2,000	2,000	2,000
Legal Fees	-	5,000	5,000
Advertising	-	-	-
Compensation Payments	130,000	130,000	130,000
Construction Costs - Municipal Transfer	-	-	-
	<u>132,033</u>	<u>137,033</u>	<u>160,000</u>
Net Result	<u>(52,561)</u>	<u>(57,561)</u>	<u>(84,512)</u>
Surplus/(Deficit) brought forward	1,257,451	1,328,094	1,270,533
Net Result	(52,561)	(57,561)	(84,512)
Surplus/(Deficit) carried forward	<u>1,204,890</u>	<u>1,270,533</u>	<u>1,186,021</u>
East Wanneroo Development Area (Cell 4)			
Income			
Contributions	2,000,000	3,000,000	7,500,000
Interest on Investments	605,162	605,162	535,289
	<u>2,605,162</u>	<u>3,605,162</u>	<u>8,035,289</u>
Expenditure			
Administration Charges	57,704	57,704	23,000
Audit Fee Expenses	-	-	-
Legal Fees	50,000	50,000	50,000
Consulting Fees	2,000	2,000	2,000
Bank Fees	-	-	-
Advertising	-	-	-
Compensation Payments	3,705,000	1,005,000	7,705,000
Construction Costs - Municipal Transfer	5,336,432	5,336,432	6,300,000
	<u>9,151,136</u>	<u>6,451,136</u>	<u>14,080,000</u>
Net Result	<u>(6,545,974)</u>	<u>(2,845,974)</u>	<u>(6,044,711)</u>
Surplus/(Deficit) brought forward	14,863,162	15,250,617	12,404,643
Net Result	(6,545,974)	(2,845,974)	(6,044,711)
Surplus/(Deficit) carried forward	<u>8,317,188</u>	<u>12,404,643</u>	<u>6,359,932</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

18. MAJOR LAND TRANSACTIONS (Continued)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
East Wanneroo Development Area (Cell 5)			
Income			
Contributions	930,000	400,000	1,500,000
Interest on Investments	283,924	283,924	252,852
	<u>1,213,924</u>	<u>683,924</u>	<u>1,752,852</u>
Expenditure			
Administration Charges	5,660	5,660	23,000
Audit Fee Expenses	-	-	-
Legal Fees	50,000	50,000	50,000
Consulting Fees	2,000	20,000	20,000
Bank Fees	-	-	-
Advertising	-	-	-
Compensation Payments	2,505,000	2,505,000	3,505,000
Construction Costs - Municipal Transfer	-	50,000	-
	<u>2,562,660</u>	<u>2,630,660</u>	<u>3,598,000</u>
Net Result	<u>(1,348,736)</u>	<u>(1,946,736)</u>	<u>(1,845,148)</u>
Surplus/(Deficit) brought forward	7,554,232	7,297,501	5,350,765
Net Result	(1,348,736)	(1,946,736)	(1,845,148)
Surplus/(Deficit) carried forward	<u>6,205,496</u>	<u>5,350,765</u>	<u>3,505,617</u>
East Wanneroo Development Area (Cell 6)			
Income			
Contributions	500,000	2,000,000	2,150,000
Interest on Investments	715,813	715,813	715,919
	<u>1,215,813</u>	<u>2,715,813</u>	<u>2,865,919</u>
Expenditure			
Administration Charges	33	33	23,000
Audit Fee Expenses	-	-	-
Consulting Fees	2,000	2,000	2,000
Legal Fees	2,000	2,000	2,000
Bank Fees	-	-	-
Advertising	-	-	-
Compensation Payments	205,000	221,630	5,000
Construction Costs - Municipal Transfer	-	-	225,000
	<u>209,033</u>	<u>225,663</u>	<u>257,000</u>
Net Result	<u>1,006,780</u>	<u>2,490,150</u>	<u>2,608,919</u>
Surplus/(Deficit) brought forward	20,752,937	19,728,636	22,218,786
Net Result	1,006,780	2,490,150	2,608,919
Surplus/(Deficit) carried forward	<u>21,759,717</u>	<u>22,218,786</u>	<u>24,827,705</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

18. MAJOR LAND TRANSACTIONS (Continued)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
East Wanneroo Development Area (Cell 7)			
Income			
Contributions	1,000,000	500,000	1,000,000
Interest on Investments	100,047	100,047	87,917
	<u>1,100,047</u>	<u>600,047</u>	<u>1,087,917</u>
Expenditure			
Administration Charges	36	36	23,000
Audit Fee Expenses	-	-	-
Legal Fees	1,000	1,000	1,000
Consulting	2,000	2,000	2,000
Bank Fees	-	-	-
Advertising	-	-	-
Compensation Payments	1,005,000	1,005,000	2,010,000
Construction Costs - Municipal Transfer	-	-	225,000
	<u>1,008,036</u>	<u>1,008,036</u>	<u>2,261,000</u>
Net Result	<u>92,011</u>	<u>(407,989)</u>	<u>(1,173,083)</u>
Surplus/(Deficit) brought forward	2,864,905	2,573,133	2,165,144
Net Result	92,011	(407,989)	(1,173,083)
Surplus/(Deficit) carried forward	<u>2,956,916</u>	<u>2,165,144</u>	<u>992,061</u>
East Wanneroo Development Area (Cell 8)			
Income			
Contributions	500,000	3,000,000	500,000
Interest on Investments	11,454	11,454	52,659
	<u>511,454</u>	<u>3,011,454</u>	<u>552,659</u>
Expenditure			
Administration Charges	12,451	12,451	23,000
Audit Fee Expenses	-	-	-
Consulting Fees	10,000	20,000	20,000
Legal Fees	100,000	50,000	50,000
Bank Fees	-	-	-
Advertising	-	-	-
Compensation Payments	1,405,000	1,405,000	1,405,000
Construction Costs - Municipal Transfer	137,545	137,545	-
	<u>1,664,996</u>	<u>1,624,996</u>	<u>1,498,000</u>
Net Result	<u>(1,153,542)</u>	<u>1,386,458</u>	<u>(945,341)</u>
Surplus/(Deficit) brought forward	(3,009,557)	(3,085,942)	(1,699,484)
Net Result	(1,153,542)	1,386,458	(945,341)
Surplus/(Deficit) carried forward	<u>(4,163,099)</u>	<u>(1,699,484)</u>	<u>(2,644,825)</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2015

18. MAJOR LAND TRANSACTIONS (Continued)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2013/2014 Budget \$	2013/2014 Actual (Est.) \$	2014/2015 Budget \$
East Wanneroo Development Area (Cell 9)			
Income			
Contributions	2,000,000	7,000,000	6,000,000
Interest on Investments	61,418	61,418	160,646
	2,061,418	7,061,418	6,160,646
Expenditure			
Administration Charges	-	-	23,000
Consulting Fees	-	-	-
Legal Fees	5,000	5,000	5,000
Advertising	-	-	-
Compensation Payments	2,405,000	2,405,000	5,000
Construction Costs - Municipal Transfer	371,000	371,000	-
	2,781,000	2,781,000	33,000
Net Result	(719,582)	4,280,418	6,127,646
Surplus/(Deficit) brought forward	(717,639)	1,530,009	5,810,427
Net Result	(719,582)	4,280,418	6,127,646
Surplus/(Deficit) carried forward	(1,437,221)	5,810,427	11,938,073

19. TRADING UNDERTAKINGS & MAJOR TRADING UNDERTAKINGS

It is not anticipated that any trading undertakings or major trading undertakings will occur in 2014/2015.