



City of  
Wanneroo

SUPPLEMENTARY  
BRIEFING PAPERS  
FOR ELECTED MEMBERS'  
BRIEFING SESSION

Draft Only

to be held at  
the Civic Centre,  
Dundebar Rd, Wanneroo  
on 27 January, 2015 commencing at 6.00PM

**Supplementary Briefing Papers for  
Tuesday 27 January, 2015**

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# L A T E I T E M S A G E N D A

## Item 5 Late Reports

### 5.1 Financial Activity Statement for the Period Ended 30 November 2014

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File Ref:	12606 – 14/349270
Responsible Officer:	Director Corporate Strategy & Performance
Disclosure of Interest:	Nil
Attachments:	4

#### Issue

To consider the Financial Activity Statement for the period ended 30 November 2014.

#### Background

In accordance with the Local Government Regulations, the Financial Activity Statement has been prepared in compliance with the following:

- 1) *Regulation 34(1) of the Local Government (Financial Management) Regulations 1996*, which requires a local government to prepare each month a statement of financial activity, presented according to nature and type, by program, or by business unit. For the 2014/15 financial year Council will present the statement of financial activity by nature and type.
- 2) *Regulation 34(5) of the Local Government (Financial Management) Regulations 1996*, which requires a local government to adopt a percentage or value, calculated in accordance with Australian Accounting Standards, to be used in statements of financial activity for reporting material variances. For the 2014/15 financial year Council will use 10% for the reporting of variances.

#### Detail

The Financial Activity Statement and financial performances of the City for the period ended 30 November 2014 are detailed in **Attachments 1, 2, 3 and 4**.

#### Consultation

The City contacted the Department of Local Government and Communities (DLGC) during November 2014 to discuss the statutory compliance requirements of monthly financial reports to Council, particularly in respect to *Regulation 34(4)(a) of the Local Government (Financial Management) Regulations 1996*. The Manager Sector Monitoring, Local Government Regulation and Support provided verbal and written confirmation of the DLGC's position on this. The details of the confirmation are recorded in the Statutory Compliance section of this report.

#### Comment

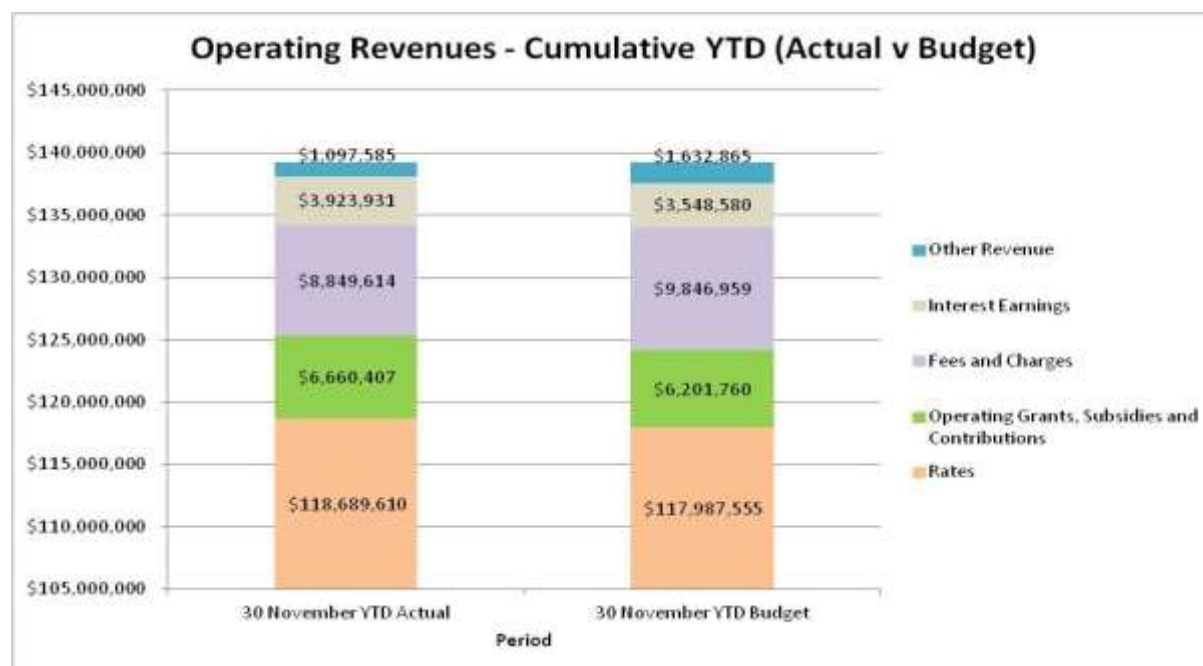
In accordance with the requirement of *Regulation 34(5) of the Local Government (Financial Management) Regulations 1996*, the commentaries on 10% variances to adopted budget in the Financial Activity Statement for the period ended 30 November 2014 are provided below. It should be noted that there are no amendments to the adopted budget year to date.

**Income Statement (Refer to Attachment 1)**

<u>Net Result</u>	<u>\$ million</u>
Year to Date Actual	89.581
Year to Date Budget Estimate	82.223
Year to Date Variance	+7.358 (+9%)
Full Year Adopted Budget	52.938

The following information is provided on key aspects of the year to date financial results:

<u>Revenues</u>	<u>\$ million</u>
Year to Date Actual	139.221
Year to Date Budget Estimate	139.218
Year to Date Variance	0.003 (0%)
Full Year Adopted Budget	167.084

**Fees and Charges**

As at November 2014 Fees and Charges income reflect a -10% (-\$0.997 million) variance against the year to date budget which is mainly related to the Service Fees income.

The Wangara Recycling Centre (WRC) has ceased operation since end of October 2014. In consultation with the other partners of WRC, i.e. Cities of Swan and Joondalup, it was agreed that an exit audit is to be performed prior to finalizing the financials between the three partners. Accordingly, it was also agreed among the partners that the September and October WRC charges to the Cities of Swan and Joondalup of approximately \$0.624 million would be put on hold, pending for the confirmation of final figures.

**Interest Earnings**

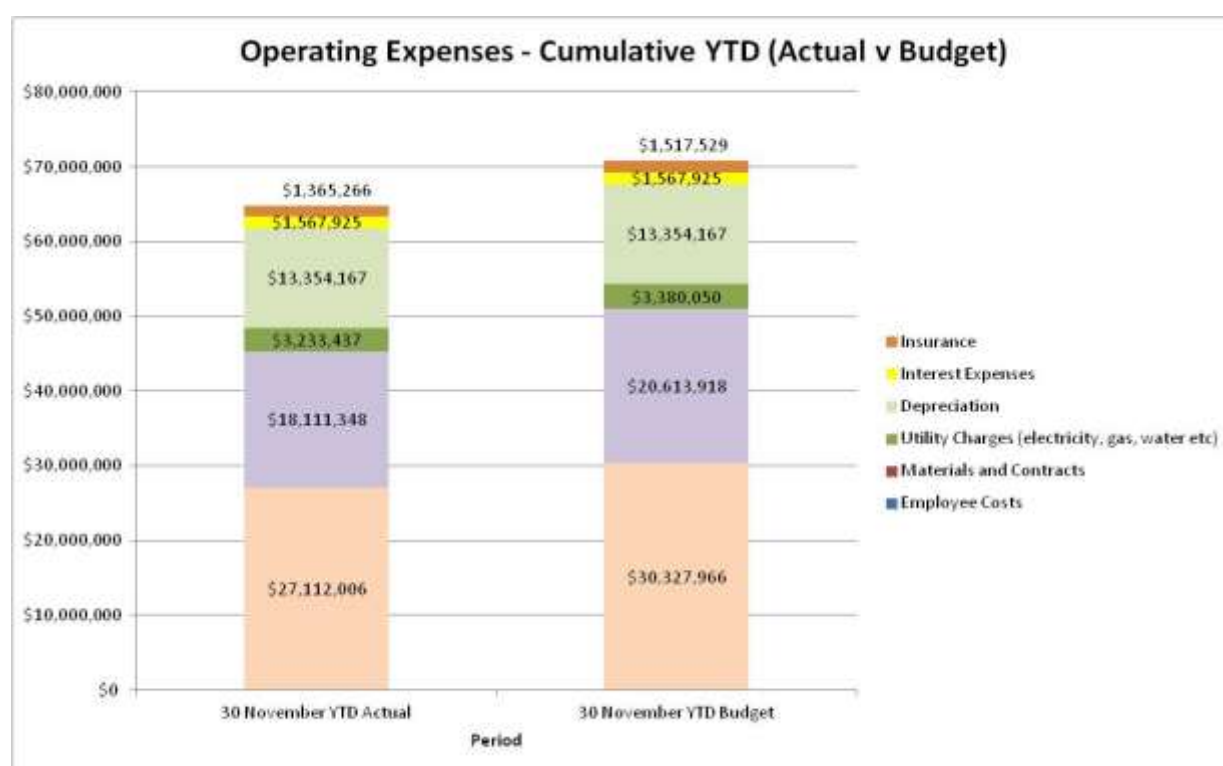
The financial year to November 2014 has produced a positive variance of +11% (+\$0.375 million) for interest earnings. The primary driver for the variance is the higher than anticipated income from Rates Instalment Plans Interest Income (\$0.345 million).

### Other Revenue

The Other Revenue income category represents a year to date variance of -33% (-\$0.535 million) against the year to date budget. The main contributor is the lower than anticipated sales revenue of commodity products from the Wangara Recycling Centre (WRC) which accounts for 77% of this annual adopted budget. Due to ageing plant and capacity limitations there has been a need to divert waste which in turn has reduced income levels. Furthermore the WRC ceased operations in November with services now being outsourced to Cleanaway. As at the end of November \$0.859 million has been received from these sales, out of a year to date budget of \$1.250 million. Subsequent amendments to reflect the change in the delivery of this service will be reported to Council during the mid year review.

### Expenses

	<u>\$ million</u>
Year to Date Actual	64.744
Year to Date Budget Estimate	70.762
Year to Date Variance	+6.017 (+9%)
Full Year Adopted Budget	167.063



### Employee Costs

For the year to November employee costs, year to date is showing a favourable variance of +11% (+\$3.216 million). This is due to a combination of factors mainly being; 1) level of staff vacancies, and 2) difference between payment dates which equates to approximately \$2.000 million. Furthermore, other employee expenses such as conferences, training, uniforms, etc. are overall spending below the year to date budget by a total of approximately \$0.600 million.

### Materials and Contracts

Currently the Materials and Contracts category presents a variance to year to date budget of +\$2.503 million (+12%) which represents a lower than expected level of activities to date. This category captures a large volume of accounts, with the most material being Refuse Removal Expenses and Contract Expenses, with annual adopted budgets of \$13.322 million and \$18.024 million respectively.

To the end of November these areas have incurred expenses of \$4.286 million and \$6.357 million representing 32% and 35% of each annual budget respectively. As the year progresses and activity levels increase within this category, variances are anticipated to be reduced.

### Insurance

The City has recorded \$1.365 million against insurance expenditures to the end of November, which is in excess of the year to date budget by 10%. This cost reflects payments made for most of the annual premiums in October which is less than the annual budget estimate. An excess allowance for potential claims is available over the remainder of the year.

<u>Other Revenue and Expenses</u> (Excluding Contributions of Physical Assets)	<u>\$ million</u>
Revenue in excess of expenses:	
Year to Date Actual	15.104
Year to Date Budget Estimate	13.767
Year to Date Variance	+1.337 (+10%)
Full Year Adopted Budget	22.917

### Town Planning Scheme (TPS) Expenses

TPS Expenses as at November month end reflects a minimal amount of \$0.106 million, being a +96% variance (+\$2.297 million) to year to date budget. These expenditures relate to specific costs and land purchases within the Scheme location and have no impact on municipal accounts.

### Profit/(Loss) on Asset Disposals

The City has not recorded any profits or losses on asset sales to date. Asset sales planned for the 2014/15 financial year relate to the plant and equipment replacement program and also potential land disposals, with scheduled activities expected to occur over coming months.

<u>Contributions of Physical Assets</u>	<u>\$ million</u>
Year to Date Actual	0.000
Year to Date Budget Estimate	0.000
Year to Date Variance	0.000 (0%)
Full Year Adopted Budget	30.000

Each year developers hand over physical assets such as parklands, roads and pathways to the City, for its ongoing management and control. These assets can be of considerable value and are currently being finalised and booked to the accounts. It should be noted that variations on the amounts of contributions of physical assets comparing to budget has no direct impact to the City's current financial year results, but can have a significant impact on future servicing, maintenance and renewal costs needing to be factored into the Long Term Financial Plan. The scale of the value of assets handed over to the City in the past has generally aligned closely to the % increase in the number of new Lots created during the financial year.

## **Balance Sheet (Refer to Attachment 2)**

### Capital Works Program

The current status of the Capital Works Program as of 30 November 2014 is summarised below by Program Category:-

### Capital Works Detail by Program

Program Category Description	Annual Budget \$ million	Year to date Actual \$ million	Commitments \$ million
Community	7.254	1.199	0.774
Corporate	15.378	1.433	1.077
Drainage	1.392	0.552	0.107
Investment	3.533	0.111	0.108
Recreation and Sport	20.410	4.893	1.739
Transport	29.611	7.220	2.907
Waste Management	10.113	3.162	3.619
<b>Total</b>	<b>87.691</b>	<b>18.570</b>	<b>10.331</b>

The table above notes a total Annual Budget for the capital works program as \$87.691 million. As at the end of November \$18.570 million has been spent against capital works. In addition to the actual expenditure, \$10.331 million is recognised as committed. (Note: Commitments are life to date and may also relate to future financial periods).

To further expand on the capital works program information above, key infrastructure projects are selected to be reported on, on a regular basis, which are listed in the following table.

### Major Projects for 2014/15

Project Description	Budget \$ million	YTD Actual \$ million	Committed \$ million	Comments
Flynn Drive Neerabup - construct road stage 2	8.554	1.594	1.175	Stage 1 works suspended, with remobilisation planned for early 2015. Stage 2 design completed with liaison continuing to be undertaken with service providers who have not yet provided comment/quotation for reallocation of services.
Lenore Road Wanneroo - construct carriageway stage 2	7.059	0.073	0.215	Design complete, liaison continuing to be undertaken with service providers and tender documentation being finalised, with the intent to advertise tender before Christmas.
Extension of Civic Centre - stage 1	4.578	0.102	0.166	Tenders awarded for cost planner and architect services, with start-up meeting scheduled for early Decmebr 2014. Design/documentation for associated roadworks finalised, approval for change from two-way traffic flow to one-way traffic flow received, with works schedule for construction during the last quarter of 2014/2015.
Koondoola Community Centre	2.079	0.106	0.121	Detailed design completed, with the construction tender closed and under evaluation - tender award to be considered at the December 2014 meeting of Council.
Kingsway Baseball Clubrooms	1.355	0.061	0.056	Detailed design completed, with the construction tender closed and under evaluation - tender award to be considered at the December 2014 meeting of Council.
Hocking Pearsall Community Centre	0.565	0.001	-	Concept design under development.

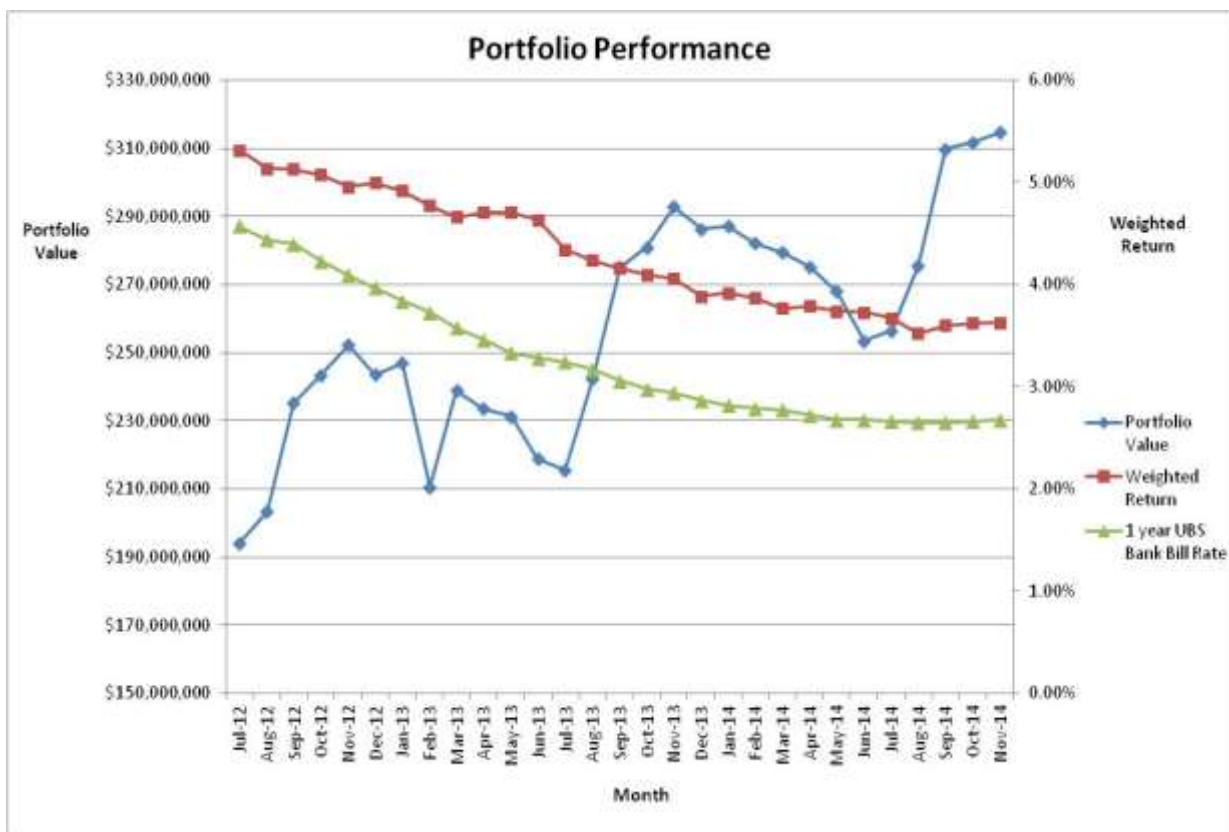
### Investment Portfolio Summary (Refer to Attachment 3)

In accordance with the *Local Government (Financial Management) Regulations 1996*, the City only invests in the following highly secured investments effective from 1 August 2012:

1. Deposits with authorised deposit taking institutions and the Western Australian Treasury Corporation for a term not exceeding 12 months;
2. Bonds that are guaranteed by the Commonwealth Government or a State or Territory for a term not exceeding three years; and
3. Australian currency.

As at 30 November 2014, the City holds an investment portfolio (cash and cash equivalents) of \$310.752 million. Interest earnings were budgeted at 3.50% yield. For the period ending 30 November 2014, Council's investment portfolio return has exceeded the bank bill index benchmark by 0.95% pa (3.63% pa vs. 2.68% pa).

Displayed below are graphical representations of the portfolio performance and earnings:



Note: Interest Earnings = Interest on investments plus Rates Instalment and Penalty Income.

### Rate Setting Statement (Refer to Attachment 4)

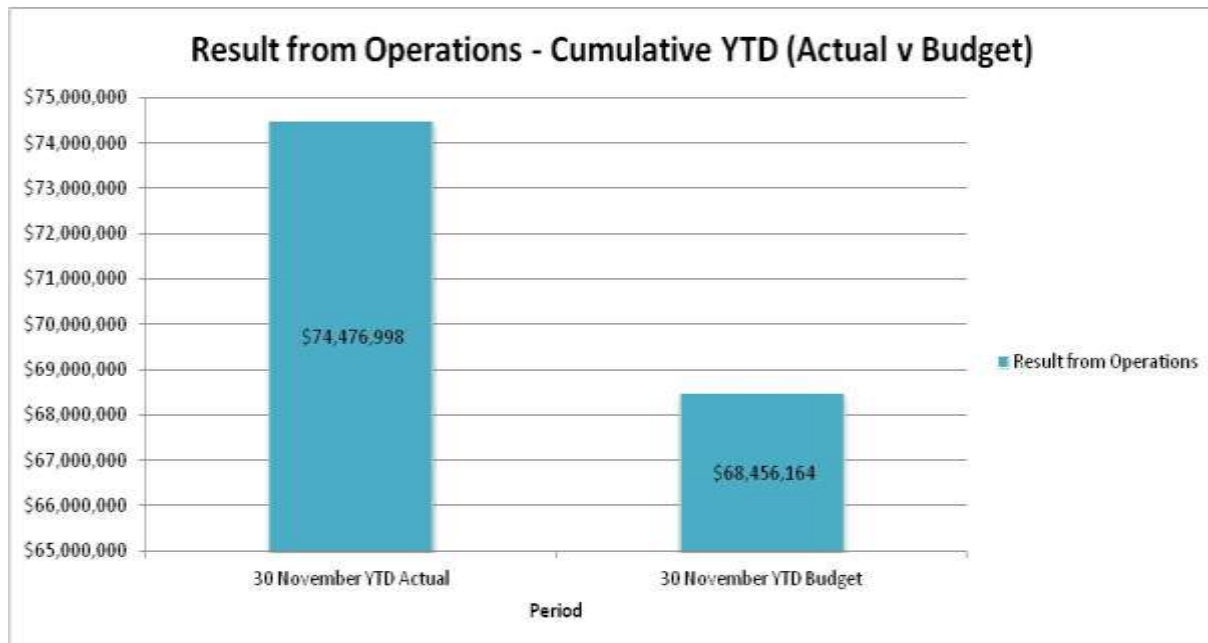
The Rate Setting Statement outlined in Attachment 4 represents a composite view of the finances of the City, identifying the movement in the surplus/(deficit), primarily based on the operations and capital works revenue and expenditure, and resulting rating income required.

### Overall Comment

The Operating Result for the City to November month end presents an overall favourable variance of +\$6.021 million (+9%) to year to date budget.



Operating Income presented a minimum variance to year to date budget whilst Operating Expenditures present a favourable variance to budget of +\$6.017 million (+9%) with the main contributor being Employee Costs (+\$3.216 million) and Materials and Contracts +\$2.503 million (+12%).



Historically, activities within the Capital Works Program tend to reflect lower levels at the beginning of the financial year, due to the timing of budget adoption and scheduling of works. The period ending November 2014 has however reported substantially higher levels of progression when compared to previous years, with \$18.570 million already recorded to account.

### Statutory Compliance

This monthly financial report complies with *Section 6.4 of the Local Government Act 1995 and Regulations 33A and 34 of the Local Government (Financial Management) Regulations 1996*, excluding *Regulation 34(4)(a)* which stipulates that:

*"A statement of financial activity, and the accompanying documents referred to in subregulation (2), are to be –*

- (a) presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates"*

In regard to *Regulation 34(4)(a) of the Local Government (Financial Management) Regulations 1996*, the following is quoted from the Manager Sector Monitoring, Local Government Regulation and Support of the DLGC, in respect to the November 2014 Financial Activity Statement being presented to Council at its first meeting of 2015 on 3 February:

*"it is not a non-compliance issue that DLGC will be concerned with given the timing of the City's meetings with no January 2015 meeting and planned agenda close offs.*

Furthermore, the Manager went on to state;

*"There is at least one regional local government that only meets quarterly. That regional local government can therefore never achieve compliance of a financial report that falls immediately after the Council meeting.*

*This is not a concern for DLGC given that the regional council deals with matters at the next available meeting.*

*Again I confirm that it will not be a concern for Wanneroo given the timing of meetings."*

## **Strategic Implications**

The proposal aligns with the following objective within the Strategic Community Plan 2013 – 2023:

*"4 Civic Leadership - Working with others to ensure the best use of our resources.*

*4.3 A Strong and Progressive Organisation - You will recognise the hard work and professionalism delivered by your council through your interactions and how our community is developing."*

## **Risk Management Considerations**

Nil

## **Policy Implications**

Nil

## **Financial Implications**

As outlined above and detailed in **Attachments 1, 2, 3 and 4.**

## **Voting Requirements**

Simple Majority

## **Recommendation**

**That Council RECEIVES the Financial Activity Statements and commentaries on variances to Year to Date Budget for the period ended 30 November 2014, consisting of:**

- 1. 2014/15 Annual Adopted Budget;**
- 2. November 2014 Year to Date Budget;**
- 3. November 2014 Year to Date Income and Expenditures;**
- 4. November 2014 Year to Date Material Variance Notes; and**
- 5. November 2014 Year to Date Net Current Assets.**

### *Attachments:*

- |                                    |           |
|------------------------------------|-----------|
| 1. November Income Statement       | 14/366335 |
| 2. November Balance Sheet          | 14/366338 |
| 3. November Inv                    | 14/366339 |
| 4. November Rate Setting Statement | 14/366336 |

## CITY OF WANNEROO

## INCOME STATEMENT BY NATURE OR TYPE

FOR THE PERIOD ENDED 30 NOVEMBER 2014

Description	Year to Date				Annual
	Actual \$	Budget \$	Variance		Adopted Budget \$
			\$	%	
Revenues					
Rates	118,689,610	117,987,555	702,055	1	119,719,385
Operating Grants, Subsidies and Contributions	6,660,407	6,201,760	458,647	7	12,370,325
Fees and Charges	8,849,614	9,846,959	(997,345)	(10)	22,537,478
Interest Earnings	3,923,931	3,548,580	375,351	11	8,520,000
Other Revenue	1,097,585	1,632,865	(535,280)	(33)	3,936,884
Total Revenues	139,221,147	139,217,719	3,428	0	167,084,072
Expenses					
Employee Costs	(27,112,006)	(30,327,966)	3,215,960	11	(72,032,208)
Materials and Contracts	(18,111,348)	(20,613,918)	2,502,570	12	(49,657,347)
Utility Charges (electricity, gas, water etc)	(3,233,437)	(3,380,050)	146,613	4	(8,116,720)
Depreciation	(13,354,167)	(13,354,167)	0	0	(32,050,000)
Interest Expenses	(1,567,925)	(1,567,925)	0	0	(3,689,236)
Insurance	(1,365,266)	(1,517,529)	152,263	10	(1,517,528)
Total Expenses	(64,744,149)	(70,761,555)	6,017,406	9	(167,063,039)
Result from Operations	74,476,998	68,456,164	6,020,834	9	21,033
Other Revenue & Expenses (excl. Contr of Physical Assets)					
Non Operating Grants, Subsidies and Contributions	5,809,475	5,404,855	404,620	7	12,972,750
Town Planning Scheme Revenues (including Interest Earnings)	9,400,186	9,557,060	(156,874)	(2)	22,946,125
Town Planning Scheme Expenses	(105,657)	(2,403,035)	2,297,378	96	(15,902,000)
Profit on Asset Disposals	0	1,416,667	(1,416,667)	(100)	3,400,000
Loss on Assets Disposals	0	(208,333)	208,333	100	(500,000)
Total Other Revenue and Expenses	15,104,004	13,767,213	1,336,790	10	22,916,875
Contributions of Physical Assets	0	0	0	0	30,000,000
Net Result	89,581,001	82,223,377	7,357,624	9	52,937,908

## CITY OF WANNEROO

## BALANCE SHEET

FOR THE PERIOD ENDED 30 NOVEMBER 2014

Description	2014/15
	YTD Actual \$
<b>Current Assets</b>	
Cash at Bank	1,036,558
Investments	314,709,224
Receivables	48,350,265
Inventory	350,907
<b>Total Current Assets</b>	<b>364,446,954</b>
<b>Current Liabilities</b>	
Payables	(19,566,947)
Provisions	(11,316,739)
<b>Total Current Liabilities</b>	<b>(30,883,686)</b>
<b>Net Current Assets</b>	<b>333,563,268</b>
<b>Non Current Assets</b>	
Receivables	15,082,722
Land	13,564,088
Buildings	77,433,556
Plant	13,732,334
Equipment	59,750,980
Furniture and Fittings	4,948,385
Infrastructure	1,380,905,189
Work in Progress	26,466,314
<b>Total Non Current Assets</b>	<b>1,591,883,568</b>
<b>Non Current Liabilities</b>	
Interest Bearing Liabilities	(60,778,188)
Provisions	(1,411,746)
<b>Total Non Current Liabilities</b>	<b>(62,189,934)</b>
<b>NET ASSETS</b>	<b>1,863,256,902</b>
<b>Equity</b>	
Accumulated Surplus	(1,744,210,408)
Municipal Reserves	(117,863,646)
Non Cash Reserves	(1,182,848)
<b>TOTAL EQUITY</b>	<b>(1,863,256,902)</b>

## NET CURRENT ASSETS SURPLUS/(DEFICIT) CARRIED FORWARD

Description	2014/15	
	YTD Actual \$	Annual Adopted Budget \$
<b>Current Assets</b>		
Cash - Unrestricted	68,722,282	2,921,575
Cash & Cash Equivalents - Restricted	246,999,300	195,177,349
Receivables	48,350,265	23,092,827
Non-Cash Investments	0	0
Inventory	350,907	358,103
<b>Less Current Liabilities</b>		
Payables and Provisions	(30,883,686)	(30,369,573)
<b>Net Current Assets</b>	<b>333,539,068</b>	<b>191,180,281</b>
Plus Leave Provisions Cash Backed	1,389,519	3,997,068
Less Cash & Cash Equivalents - Restricted	246,999,300	195,177,349
<b>SURPLUS/(DEFICIT) CARRIED FORWARD</b>	<b>87,929,287</b>	<b>0</b>

INVESTMENT SUMMARY - As At 30 November 2014								
Face Value \$	Interest Rate %	Borrower	Rating	Maturity	Purchase price	Purchase Date	Current Value \$	YTD Accrued Interest \$
<b>Corporate Bond Investment Group</b>								
0.00							0.00	
<b>Current Account Investment Group</b>								
1,440,000.00	2.45	Commonwealth Bank of Australia Perth	A1+	N/A		N/A	1,440,000.00	
2,382,447.40	2.90	Commonwealth Bank of Australia Perth	A1+	N/A		N/A	2,382,447.40	
3,822,447.40							3,822,447.40	
<b>Term Investment Group</b>								
12,000,000.00	3.80	National Australia Bank	A1+	03-December-2014	12,000,000.00	03-December-2013	12,453,501.37	191,145.21
20,000,000.00	3.85	ING Bank	A1	18-December-2014	20,000,000.00	19-December-2013	20,732,027.40	322,767.12
10,000,000.00	3.82	Westpac Banking Corporation	A1+	27-March-2015	10,000,000.00	27-March-2014	10,260,597.26	160,126.03
10,000,000.00	3.82	Westpac Banking Corporation	A1+	28-March-2015	10,000,000.00	28-March-2014	10,259,550.68	160,126.03
12,000,000.00	3.82	Westpac Banking Corporation	A1+	28-March-2015	12,000,000.00	28-March-2014	12,311,460.82	192,151.23
4,000,000.00	3.75	Bank of Queensland	A2	06-May-2015	4,000,000.00	06-May-2014	4,085,890.41	62,876.71
3,000,000.00	3.90	Members Equity Bank Melbourne	A2	08-May-2015	3,000,000.00	08-May-2014	3,066,353.42	49,043.84
5,000,000.00	3.60	IMB Limited	A2	12-May-2015	5,000,000.00	13-May-2014	5,099,616.44	75,452.05
17,112,397.26	3.75	Bank of Queensland	A2	12-May-2015	17,112,397.26	18-July-2014	17,351,501.99	239,104.73
10,000,000.00	3.55	Bendigo Bank	A2	27-August-2015	10,000,000.00	27-August-2014	10,093,369.86	93,369.86
7,000,000.00	3.55	ING Bank	A2	26-August-2015	7,000,000.00	26-August-2014	7,065,358.90	65,358.90
15,000,000.00	3.70	National Australia Bank	A1+	20-August-2015	15,000,000.00	20-August-2014	15,156,616.44	156,616.44
28,000,000.00	3.55	National Australia Bank	A1+	01-September-2015	28,000,000.00	01-September-2014	28,245,095.89	245,095.89
30,000,000.00	3.50	National Australia Bank	A1+	09-September-2015	30,000,000.00	09-September-2014	30,235,890.41	235,890.41
14,500,000.00	3.46	National Australia Bank	A1+	18-September-2015	14,500,000.00	19-September-2014	14,600,615.66	100,615.66
20,000,000.00	3.51	ING Bank	A1	18-September-2015	20,000,000.00	19-September-2014	20,140,400.00	140,400.00
30,317,062.15	3.70	Westpac Banking Corporation	A1+	26-September-2015	30,317,062.15	26-September-2014	30,516,822.52	199,760.37
13,000,000.00	3.55	Bank of Queensland	A2	03-October-2015	13,000,000.00	03-October-2014	13,073,334.25	73,334.25
18,000,000.00	3.65	Members Equity Bank Melbourne	A2	19-October-2015	18,000,000.00	17-October-2014	18,079,200.00	79,200.00
8,000,000.00	3.58	ANZ	A1+	13-November-2015	8,000,000.00	13-November-2014	8,013,339.18	13,339.18
10,000,000.00	3.57	Bank of Queensland	A2	14-November-2015	10,000,000.00	14-November-2014	10,015,649.32	15,649.32
10,000,000.00	3.56	Suncorp	A1	24-November-2015	10,000,000.00	24-November-2014	10,005,852.05	5,852.05
306,929,459.41							310,062,044.28	2,877,275.28
	Weighted Return							
310,751,906.81	3.63%	Totals					314,684,491.68	2,877,275.28

2.68% 12 month Bloomberg AusBond Bank Bill Index (Formerly UBS Australian Bank Bill Index) for 30 November 2014

0.95% Differential between Council's Weighted Return and UBSA Bank Bill Index

**Notes:** Face Value - refers to the principal amount invested.

Interest Rate - refers to the annual interest rate applicable to the investment.

Borrower - refers to the institution through which the City's monies are invested.

Rating - refers to the Standard & Poor (S&P) Short Term Rating of the Borrowers.

Current Value - refers to the accumulated value of the investment including accrued interest from time invested to current period.

YTD Accrued Interest - refers to the accrued interest from 1 July 2013 to current period.

YTD Accrued Interest only relates to interest for the specific investments currently in place as at the date of the report (i.e. interest received this financial year on expired investments are not shown).

Investments are listed by purchase date.

INDIVIDUAL LIMITS - As At 30 November 2014						
BORROWER	FACE VALUE \$	INVESTMENT RATING	INVESTMENT POLICY LIMIT %	INVESTMENT POLICY LIMIT \$	INVESTMENT % BALANCE	INVESTMENT POLICY COMPLIANT
Commonwealth Bank of Australia Perth	\$3,822,447.40	A1+	50%	\$155,375,953.41	1.23%	Yes
National Australia Bank	\$99,500,000.00	A1+	50%	\$155,375,953.41	32.02%	Yes
Westpac Banking Corporation	\$62,317,062.15	A1+	50%	\$155,375,953.41	20.05%	Yes
ANZ	\$8,000,000.00	A1+	50%	\$155,375,953.41	2.57%	Yes
ING Bank	\$47,000,000.00	A1	35%	\$108,763,167.38	15.12%	Yes
Suncorp	\$10,000,000.00	A1	35%	\$108,763,167.38	3.22%	Yes
Bank of Queensland	\$44,112,397.26	A2	20%	\$62,150,381.36	14.20%	Yes
Bendigo Bank	\$10,000,000.00	A2	20%	\$62,150,381.36	3.22%	Yes
IMB Limited	\$5,000,000.00	A2	20%	\$62,150,381.36	1.61%	Yes
Members Equity Bank Melbourne	\$21,000,000.00	A2	20%	\$62,150,381.36	6.76%	Yes
<b>Totals</b>	<b>\$310,751,906.81</b>				<b>100.00%</b>	

OVERALL CREDIT PROFILE - As At 30 November 2014						
	FACE VALUE \$	INVESTMENT RATING	INVESTMENT POLICY LIMITS %	INVESTMENT POLICY LIMIT \$	INVESTMENT % BALANCE	INVESTMENT POLICY COMPLIANT
	\$173,639,509.55	A1+	100%	\$310,751,906.81	55.88%	Yes
	\$57,000,000.00	A1	80%	\$248,601,525.45	18.34%	Yes
	\$80,112,397.26	A2	80%	\$248,601,525.45	25.78%	Yes
<b>Totals</b>	<b>\$310,751,906.81</b>				<b>100.00%</b>	

## CITY OF WANNEROO

## RATE SETTING STATEMENT

FOR THE PERIOD ENDED 30 NOVEMBER 2014

Description	Year To Date				Annual
	Actual \$	Budget \$	Variance		Adopted Budget \$
			\$	%	
<b>Revenues</b>					
Operating Grants, Subsidies and Contributions	6,660,407	6,201,760	458,647	7	12,370,325
Fees and Charges	8,849,614	9,846,959	(997,345)	(10)	22,537,478
Interest Earnings	3,923,931	3,548,580	375,351	11	8,520,000
Other Revenue	1,097,585	1,632,865	(535,280)	(33)	3,936,884
<b>Total Revenues</b>	<b>20,531,537</b>	<b>21,230,164</b>	<b>(698,627)</b>	<b>(3)</b>	<b>47,364,687</b>
<b>Expenses</b>					
Employee Costs	(27,112,006)	(30,327,966)	3,215,960	11	(72,032,208)
Materials and Contracts	(18,111,348)	(20,613,918)	2,502,570	12	(49,857,347)
Utility Charges (electricity, gas, water etc)	(3,233,437)	(3,380,050)	146,613	4	(8,116,720)
Depreciation	(13,354,167)	(13,354,167)	0	0	(32,050,000)
Interest Expenses	(1,567,925)	(1,567,925)	0	0	(3,689,236)
Insurance	(1,365,266)	(1,517,529)	152,263	10	(1,517,528)
<b>Total Expenses</b>	<b>(64,744,149)</b>	<b>(70,761,555)</b>	<b>6,017,406</b>	<b>9</b>	<b>(167,063,039)</b>
<b>Other Revenue and Expenses</b>					
Non Operating Grants, Subsidies and Contributions	5,809,475	5,404,855	404,620	7	12,972,750
Town Planning Scheme Revenues (including Interest Earnings)	9,400,186	9,557,060	(156,874)	(2)	22,946,125
Town Planning Scheme Expenses	(105,657)	(2,403,035)	2,297,378	96	(15,902,000)
Profit on Asset Disposals	0	1,416,667	(1,416,667)	(100)	3,400,000
Loss on Assets Disposals	0	(208,333)	208,333	100	(500,000)
Contributions of Physical Assets	0	0	0	0	30,000,000
<b>Total Other Revenue and Expenses</b>	<b>15,104,004</b>	<b>13,767,213</b>	<b>1,336,790</b>	<b>10</b>	<b>52,916,875</b>
<b>Adjustments for Cash Budget Requirements</b>					
(Profit)/Loss on Asset Disposals	0	(1,208,333)	1,208,333	100	(2,900,000)
Depreciation on Assets	13,354,167	13,354,167	0	0	32,050,000
Contributions of Physical Assets	0	0	0	0	(30,000,000)
<b>Total Adjustments for Cash Budget Requirements</b>	<b>13,354,167</b>	<b>12,145,833</b>	<b>1,208,333</b>	<b>10</b>	<b>(850,000)</b>
<b>Adjustments for Non-Operating Revenue &amp; Expenses</b>					
Capital Acquisitions	(18,570,000)	(18,268,836)	(301,164)	(2)	(87,690,411)
Proceeds from Disposal of Assets	0	0	0	0	4,974,921
Movement in Leave Provisions to Reserve	0	0	0	0	50,000
<b>Total Adjustments for Non-Operating Revenue &amp; Expenses</b>	<b>(18,570,000)</b>	<b>(18,268,836)</b>	<b>(301,164)</b>	<b>(2)</b>	<b>(82,665,490)</b>
<b>Transfers</b>					
Movement in Restricted Grants, Contributions and Loans	1,052,747	2,919,104	(1,866,357)	(64)	7,005,850
Transfers to Reserves	0	(16,371,465)	16,371,465	100	(39,291,516)
Transfers from Reserves	2,967,557	21,342,128	(18,374,571)	(86)	51,221,107
Transfers to Schemes	(9,013,984)	(9,557,060)	543,076	6	(22,946,125)
Transfers from Schemes	0	10,846,028	(10,846,028)	(100)	26,030,467
<b>Total Transfers</b>	<b>(4,993,680)</b>	<b>9,178,735</b>	<b>(14,172,415)</b>	<b>(154)</b>	<b>22,019,783</b>
<b>Surplus/(Deficit)</b>					
Surplus/(Deficit) July 1 Brought Forward	8,557,799	8,557,799	0	0	8,557,799
Surplus/(Deficit) Carried Forward	87,929,287	93,836,909	(5,907,622)	(6)	0
<b>Movement in Surplus/(Deficit)</b>	<b>79,371,488</b>	<b>85,279,110</b>	<b>(5,907,622)</b>	<b>(7)</b>	<b>(8,557,799)</b>
<b>Amount Required to be Raised from Rates</b>	<b>(118,689,610)</b>	<b>(117,987,555)</b>	<b>(702,055)</b>	<b>(1)</b>	<b>(119,719,385)</b>

## 5.2 Financial Activity Statement for the Period Ended 31 December 2014

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File Ref: 12606 – 15/13067  
 Responsible Officer: Director Corporate Strategy & Performance  
 Disclosure of Interest: Nil  
 Attachments: 4

### Issue

To consider the Financial Activity Statement for the period ended 31 December 2014.

### Background

In accordance with Local Government Regulations, the Financial Activity Statement has been prepared in compliance with the following:

- 1) *Regulation 34(1) of the Local Government (Financial Management) Regulations 1996*, which requires a local government to prepare each month a statement of financial activity, presented according to nature and type, by program, or by business unit. For the 2014/15 financial year Council will present the statement of financial activity by nature and type.
- 2) *Regulation 34(5) of the Local Government (Financial Management) Regulations 1996*, which requires a local government to adopt a percentage or value, calculated in accordance with Australian Accounting Standards, to be used in statements of financial activity for reporting material variances. For the 2014/15 financial year Council will use 10% for the reporting of variances.

### Detail

The Financial Activity Statement and December 2014 year to date financial performances of the City are detailed in **Attachments 1, 2, 3 and 4**.

### Consultation

Nil

### Comment

In accordance with the requirement of *Regulation 34(5) of the Local Government (Financial Management) Regulations 1996*, the commentaries on 10% variances to adopted budget in the Financial Activity Statement for the period ended 31 December 2014 are provided below. It should be noted that there are no amendments to the adopted budget year to date.

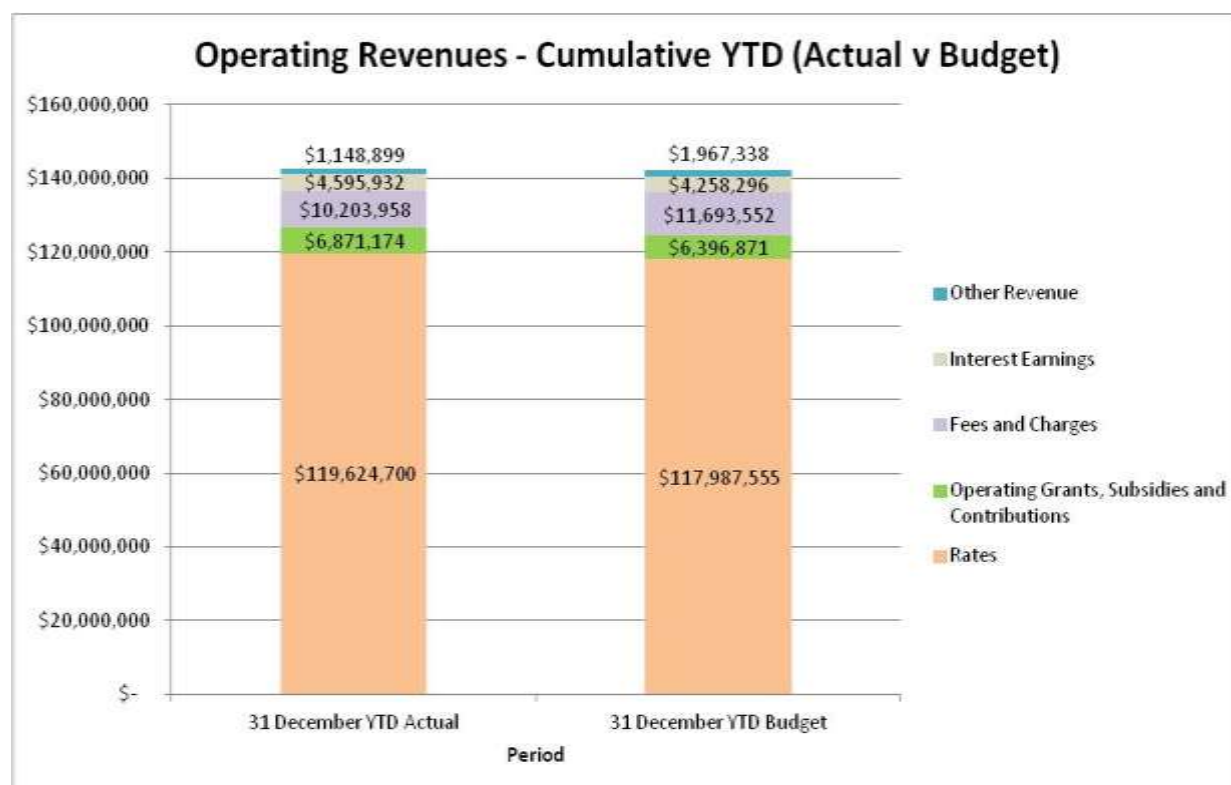
### Income Statement (Refer to Attachment 1)

<u>Net Result</u>	<u>\$ million</u>
Year to Date Actual	85.948
Year to Date Budget Estimate	74.740
Year to Date Variance	+11.209 (+15%)
Full Year Adopted Budget	52.938



The following information is provided on key aspects of the year to date financial results:

<u>Revenues</u>	<u>\$ million</u>
Year to Date Actual	142.445
Year to Date Budget Estimate	142.304
Year to Date Variance	0.141 (0%)
Full Year Adopted Budget	167.084



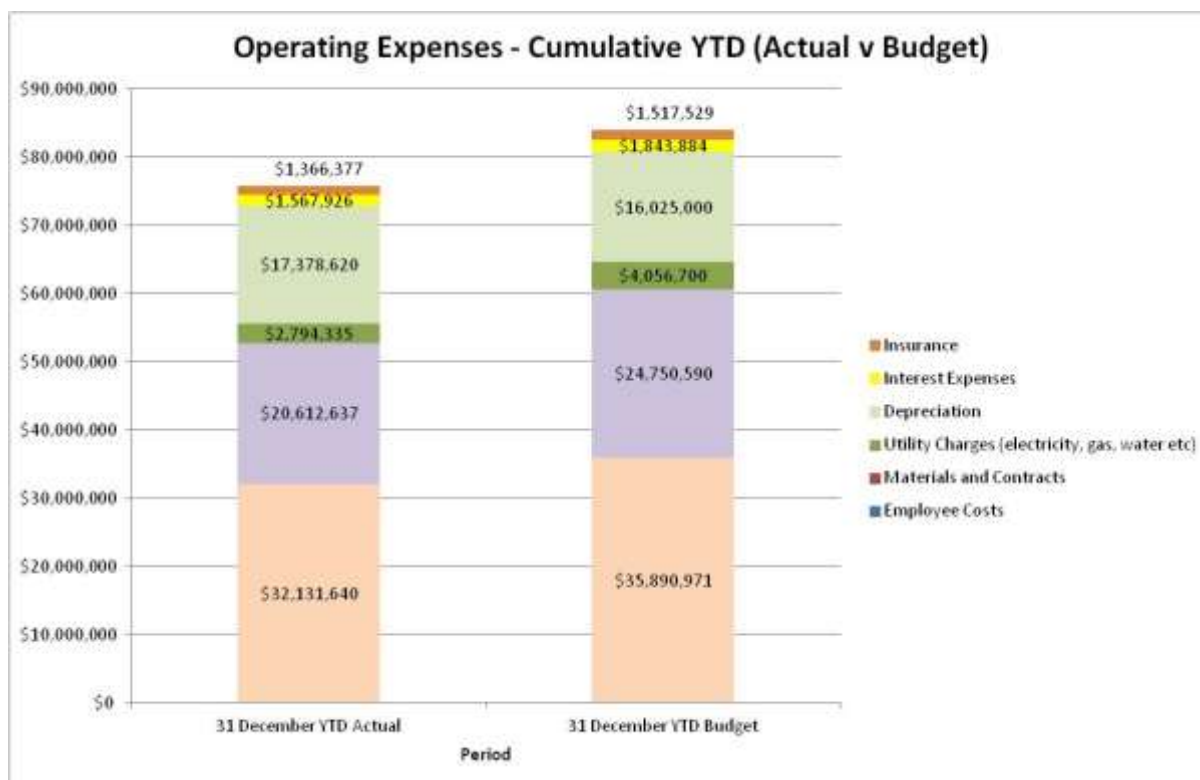
### Fees and Charges

As at December 2014 the variance to year-to-date budget for the Fees and Charges Income category is reported as being -13% (-\$1.490 million). The main contributing factor relates to the change being undertaken in handling of recyclable waste from the Wangara Recycling Facility (WRC). Furthermore, charges to the Cities of Swan and Joondalup from the Wangara Recycling Facility for the months of September and October are still to be raised (estimated at \$0.624 million) pending the outcome of the audit of the facilities operations. During January the mid-year-review will be undertaken and annual budget figures reforecast to reflect the cessation of the WRC operations with resulting adjustments subsequently reported to Council.

### Other Revenue

The Other Revenue income category represents a year to date variance to budget of -42% (-\$0.818 million). As per previous months the main contributor is the lower than anticipated sales revenue of commodity products from the Wangara Recycling Centre (WRC) which represents a major component of the annual adopted budget. Hence with the WRC ceasing production in November this will have a material effect on budgets. As at the end of December \$0.861 million has been received from these sales, out of a year to date budget of \$1.602 million. It is noted that WRC income and expenses for 2014/2015 were budgeted for the full year business as usual operations, hence the related financial and budget implications of the change will be reflected and reported to Council as part of the mid-year review.

<u>Expenses</u>	<u>\$ million</u>
Year to Date Actual	75.852
Year to Date Budget Estimate	84.085
Year to Date Variance	+8.233 (+10%)
Full Year Adopted Budget	167.063



### Employee Costs

For the year to December the employee costs show a variance of 10% (+\$3.759 million) to budget. This is due to vacancies whilst new staff are recruited resulting in lower salary expenditure than budgeted, together with a timing difference between transfers of payroll payments. Close analysis of the salaries, wages and other associated employee costs is currently taking place with resulting amendments to be reporting to Council in the mid-year review report.

### Materials and Contracts

Reflected under the category of Materials and Contracts is a variance to year to date budget of +\$4.138 million (+17%). Whilst this variance is considered material in value, it is not unusual for differing levels of expenditures to be reflected at various times of the year due to seasonal activities, hence higher levels are expected over coming months. Notwithstanding this, a thorough review of all accounts under this category will be undertaken during January to assess the appropriateness of annual budgets. Council will be duly informed of the outcome of this assessment through the mid-year review report early in the new year. With respect to the two largest expense areas of Refuse Removal Expenses and Contract Expenses, as at December month end their year to date expenditures are \$5.098 million and \$7.900 million respectively, reflecting a combined variance to year to date budget of \$2.559 million (+16%).

### Interest Expenses

The year to December presents a variance of +\$0.275 million (+15%). This is explained through the comparison of the monthly phasing of the annual budget vs. the periodical payments scheduled to be made to Western Australia Treasury Corporation (WATC) as per the City's loan agreement.

Interest payments are made in the months of August, November, February and May. Since there is no payment scheduled in December, the budget includes a month's expense which will not be realised until February when the next interest payment is made. Therefore interest expenditure is expected to be in line with budgets in the February financial activity report when the next interest instalment is made.

### Insurance

The City has recorded \$1.366 million against insurance expenditures to the end of December, which is in excess of the year to date budget by 10%. With the majority of the annual premiums having been paid, the remaining budget will be for an excess allowance for potential claims. It is recognised that this allowance is difficult to accurately budget for and phase over the year however through the forthcoming mid-year review an overall budget reduction is likely.

<u>Other Revenue and Expenses</u> (Excluding Contributions of Physical Assets)	<u>\$ million</u>
Revenue in excess of expenses:	
Year to Date Actual	19.355
Year to Date Budget Estimate	16.521
Year to Date Variance	+2.835 (+17%)
Full Year Adopted Budget	22.917

### Town Planning Scheme (TPS) Expenses

TPS Expenses as at December month end continue to reflect low activities being \$0.133 million YTD, representing a +95% variance (+\$2.751 million) to year to date budget. These expenditures relate to specific costs and land purchases within the Scheme location and have no impact on municipal accounts.

<u>Contributions of Physical Assets</u>	<u>\$ million</u>
Year to Date Actual	0.000
Year to Date Budget Estimate	0.000
Year to Date Variance	0.000 (0%)
Full Year Adopted Budget	30.000

Each year developers hand over physical assets such as parklands, roads and pathways to the City, for its ongoing management and control. These assets can be of considerable value and are currently being finalised and booked to the accounts. It should be noted that variations on the amounts of contributions of physical assets comparing to budget has no direct impact to the City's current financial year results, but can have a significant impact on future servicing, maintenance and renewal costs needing to be factored into the Long Term Financial Plan. The scale of the value of assets handed over to the City in the past has generally aligned closely to the % increase in the number of new Lots created during the financial year.

### **Balance Sheet (Refer to Attachment 2)**

#### Capital Works Program

The current status of the Capital Works Program as of 31 December 2014 is summarised below by Program Category:-

## Capital Works Detail by Program

Program Category Description	Annual Budget \$ million	Year to date Actual \$ million	Commitments \$ million
Community	7.254	1.437	0.789
Corporate	15.378	2.358	1.859
Drainage	1.392	0.598	0.221
Investment	3.533	0.127	0.090
Recreation and Sport	20.410	5.688	1.392
Transport	29.611	8.993	2.787
Waste Management	10.113	3.164	3.617
<b>Total</b>	<b>87.691</b>	<b>22.365</b>	<b>10.755</b>

The table above notes a total Annual Budget for the capital works program as \$87.691 million. As at the end of November \$22.365 million has been spent against capital works. In addition to the actual expenditure, \$10.755 million is recognised as committed. (Note: Commitments are life to date and may also relate to future financial periods).

To further expand on the capital works program information above, key infrastructure projects are selected to be reported on, on a regular basis, which are listed in the following table.

Major Projects for 2014/15					
Project No	Project Description	Budget \$ million	YTD Actual \$ million	Committed \$ million	Comments
PR-1494	Flynn Drive Neerabup - construct road stage 2	8.554	1.638	1.213	Stage 1 works impacted by delay due to Western Power relocation works not yet completed. Stage 2 design completed with liaison being undertaken with service provider.
PR-2097	Lenore Road Wanneroo - construct carriageway stage 2	7.059	0.518	0.530	Design complete with liaison being undertaken with service provider.
PR-2332	Extension of Civic Centre - stage 1	4.578	0.158	1.161	Concept design being developed by architect with the cost planner to review budget costs. Roadworks associated conversion of two way road network to one way for Cafaggio Court and Scenario Drive scheduled for completion last quarter of 2014/15
PR-1561	Koondoola Community Centre	2.079	0.151	0.072	Construction tender awarded by council at its meeting on 09/12/14
PR-1283	Kingsway Baseball Clubrooms	1.355	0.062	0.056	Construction tender awarded by council at its meeting on 09/12/14
PR-1046	Hocking Pearsall Community Centre	0.565	0.051	-	Detailed design being advanced

### Investment Portfolio Summary (Refer to Attachment 3)

In accordance with the *Local Government (Financial Management) Regulations 1996*, the City only invests in the following highly secured investments effective from 1 August 2012:

1. Deposits with authorised deposit taking institutions and the Western Australian Treasury Corporation for a term not exceeding 12 months;

2. Bonds that are guaranteed by the Commonwealth Government or a State or Territory for a term not exceeding three years; and
3. Australian currency.

It is also worth noting that at the Ordinary Meeting of Council on 9 December 2014 a revised Investment Policy was endorsed. As a result of the endorsement of the revised Policy, new portfolio limits are used in Attachment 3 to benchmark the level of compliance in relation to the City's investment activities with the various financial institutions.

As at 31 December 2014, the City holds an investment portfolio (cash and cash equivalents) of \$307.097 million. Interest earnings were budgeted at 3.50% yield. For the financial year to date ending December 2014, Council's investment portfolio return has exceeded the bank bill index benchmark by 0.88% pa (3.57% pa vs. 2.69% pa).

Displayed below are graphical representations of the portfolio performance and earnings:



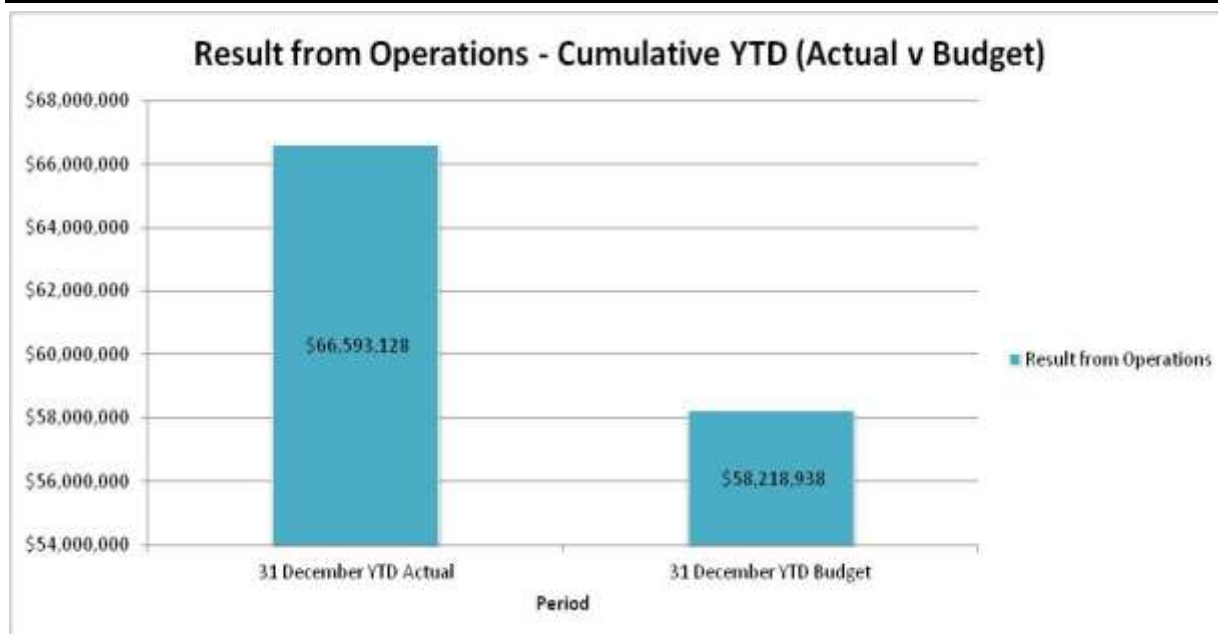
Note: Interest Earnings = Interest on investments plus Rates Instalment and Penalty Income.

#### Rate Setting Statement (Refer to Attachment 4)

The Rate Setting Statement outlined in Attachment 4 represents a composite view of the finances of the City, identifying the movement in the surplus/(deficit), primarily based on the operations and capital works revenue and expenditure, and resulting rating income required.

#### Overall Comment

The Operating Result for the City to December month end presents an overall favourable variance of +\$8.374 million (+14%) to year to date budget. Operating Income presented a marginal favourable variance to year to date budget of 0% (+\$0.141 million). Expenditures from Operations also present a favourable variance to budget of +\$8.233 million (+10%) with the main contributor being Materials and Contracts (+\$4.138 million).



Historically, activities within the Capital Works Program tend to reflect lower levels at the beginning of the financial year, due to the timing of budget adoption and scheduling of works. The period ending December 2014 has however reported substantially higher levels of progression when compared to previous years, with \$22.365 million recorded to account.

### Statutory Compliance

This monthly financial report complies with *Section 6.4 of the Local Government Act 1995* and *Regulations 33A and 34 of the Local Government (Financial Management) Regulations 1996*.

### Strategic Implications

The proposal aligns with the following objective within the Strategic Community Plan 2013 – 2023:

- “4 *Civic Leadership - Working with others to ensure the best use of our resources.*
- 4.3 *A Strong and Progressive Organisation - You will recognise the hard work and professionalism delivered by your council through your interactions and how our community is developing.*”

### Risk Management Considerations

Nil

### Policy Implications

Nil

### Financial Implications

As outlined above and detailed in **Attachments 1, 2, 3 and 4**.

### Voting Requirements

Simple Majority

## Recommendation

That Council RECEIVES the Financial Activity Statements and commentaries on variances to Year to Date Budget for the period ended 31 December 2014, consisting of:

1. 2014/15 Annual Adopted Budget;
2. December 2014 Year to Date Budget;
3. December 2014 Year to Date Income and Expenditures;
4. December 2014 Year to Date Material Variance Notes; and
5. December 2014 Year to Date Net Current Assets.

*Attachments:*

- |    |  |                 |
|----|--|-----------------|
| 1. | <i>December Income Statement</i>       | <i>15/13062</i> |
| 2. | <i>December Balance Sheet</i>          | <i>15/13064</i> |
| 3. | <i>December Inv</i>                    | <i>15/13065</i> |
| 4. | <i>December Rate Setting Statement</i> | <i>15/13063</i> |

## CITY OF WANNEROO

## INCOME STATEMENT BY NATURE OR TYPE

FOR THE PERIOD ENDED 31 DECEMBER 2014

Description	Year to Date				Annual
	Actual \$	Budget \$	Variance		Adopted Budget \$
			\$	%	
Revenues					
Rates	119,624,700	117,987,555	1,637,145	1	119,719,385
Operating Grants, Subsidies and Contributions	6,871,174	6,396,871	474,303	7	12,370,325
Fees and Charges	10,203,958	11,693,552	(1,489,594)	(13)	22,537,478
Interest Earnings	4,595,932	4,258,296	337,636	8	8,520,000
Other Revenue	1,148,899	1,967,338	(818,439)	(42)	3,936,884
Total Revenues	142,444,663	142,303,612	141,051	0	167,084,072
Expenses					
Employee Costs	(32,131,640)	(35,890,971)	3,759,331	10	(72,032,208)
Materials and Contracts	(20,612,637)	(24,750,590)	4,137,953	17	(49,657,347)
Utility Charges (electricity, gas, water etc)	(2,794,335)	(4,056,700)	1,262,365	31	(8,116,720)
Depreciation	(17,378,620)	(16,025,000)	(1,353,620)	(8)	(32,050,000)
Interest Expenses	(1,567,926)	(1,843,884)	275,958	15	(3,689,236)
Insurance	(1,366,377)	(1,517,529)	151,152	10	(1,517,528)
Total Expenses	(75,851,535)	(84,084,674)	8,233,139	10	(167,063,039)
Result from Operations	66,593,128	58,218,938	8,374,190	14	21,033
Other Revenue & Expenses (excl. Contr of Physical Assets)					
Non Operating Grants, Subsidies and Contributions	5,939,159	6,485,826	(546,667)	(8)	12,972,750
Town Planning Scheme Revenues (including Interest Earnings)	12,005,837	11,468,472	537,365	5	22,946,125
Town Planning Scheme Expenses	(132,689)	(2,883,642)	2,750,953	95	(15,902,000)
Profit on Asset Disposals	1,542,855	1,699,998	(157,143)	(9)	3,400,000
Loss on Assets Disposals	0	(249,996)	249,996	100	(500,000)
Total Other Revenue and Expenses	19,355,162	16,520,658	2,834,504	17	22,916,875
Contributions of Physical Assets	0	0	0	0	30,000,000
Net Result	85,948,290	74,739,596	11,208,694	15	52,937,908



## CITY OF WANNEROO

## BALANCE SHEET

FOR THE PERIOD ENDED 31 DECEMBER 2014

Description	2014/15
	YTD Actual \$
<b>Current Assets</b>	
Cash at Bank	4,607,879
Investments	310,713,006
Receivables	40,627,826
Inventory	358,644
<b>Total Current Assets</b>	<b>356,307,355</b>
<b>Current Liabilities</b>	
Payables	(15,817,788)
Provisions	(11,447,304)
<b>Total Current Liabilities</b>	<b>(27,265,092)</b>
<b>Net Current Assets</b>	<b>329,042,263</b>
<b>Non Current Assets</b>	
Receivables	14,283,378
Land	13,865,308
Buildings	76,184,054
Plant	12,584,744
Equipment	56,044,778
Furniture and Fittings	4,643,699
Infrastructure	1,369,633,399
Work in Progress	29,787,628
<b>Total Non Current Assets</b>	<b>1,577,026,988</b>
<b>Non Current Liabilities</b>	
Interest Bearing Liabilities	(60,778,188)
Provisions	(1,411,746)
<b>Total Non Current Liabilities</b>	<b>(62,189,934)</b>
<b>NET ASSETS</b>	<b>1,843,879,317</b>
<b>Equity</b>	
Accumulated Surplus	(1,724,564,267)
Municipal Reserves	(118,132,202)
Non Cash Reserves	(1,182,848)
<b>TOTAL EQUITY</b>	<b>(1,843,879,317)</b>

## NET CURRENT ASSETS SURPLUS/(DEFICIT) CARRIED FORWARD

Description	2014/15	
	YTD Actual \$	Annual Adopted Budget \$
<b>Current Assets</b>		
Cash - Unrestricted	65,374,108	2,921,575
Cash & Cash Equivalents - Restricted	249,946,777	195,177,349
Receivables	40,627,826	23,092,827
Non-Cash Investments	0	0
Inventory	358,644	358,103
<b>Less Current Liabilities</b>		
Payables and Provisions	(27,265,092)	(30,369,573)
<b>Net Current Assets</b>	<b>329,042,263</b>	<b>191,180,281</b>
Plus Leave Provisions Cash Backed	1,389,519	3,997,068
Less Cash & Cash Equivalents - Restricted	249,946,777	195,177,349
<b>SURPLUS/(DEFICIT) CARRIED FORWARD</b>	<b>80,485,005</b>	<b>0</b>

INVESTMENT SUMMARY - As At 31 December 2014								
Face Value \$	Interest Rate %	Borrower	Rating	Maturity	Purchase price	Purchase Date	Current Value \$	YTD Accrued Interest \$
<b>Corporate Bond Investment Group</b>								
0.00							0.00	
<b>Current Account Investment Group</b>								
9,780,000.00	2.45	Commonwealth Bank of Australia Perth	A1	N/A		N/A	9,780,000.00	
2,387,832.39	2.75	Commonwealth Bank of Australia Perth	A1	N/A		N/A	2,387,832.39	
<b>12,167,832.39</b>							<b>12,167,832.39</b>	
<b>Term Investment Group</b>								
10,000,000.00	3.82	Westpac Banking Corporation	A1	27-March-2015	10,000,000.00	27-March-2014	10,293,041.10	192,569.86
10,000,000.00	3.82	Westpac Banking Corporation	A1	28-March-2015	10,000,000.00	28-March-2014	10,291,994.52	192,569.86
12,000,000.00	3.82	Westpac Banking Corporation	A1	28-March-2015	12,000,000.00	28-March-2014	12,350,393.42	231,083.84
4,000,000.00	3.75	Bank of Queensland	A2	06-May-2015	4,000,000.00	06-May-2014	4,098,630.14	75,616.44
3,000,000.00	3.90	Members Equity Bank Melbourne	A2	08-May-2015	3,000,000.00	08-May-2014	3,076,290.41	58,980.82
5,000,000.00	3.60	IMB Limited	A2	12-May-2015	5,000,000.00	13-May-2014	5,114,904.11	90,739.73
17,112,397.26	3.75	Bank of Queensland	A2	12-May-2015	17,112,397.26	18-July-2014	17,406,003.80	293,606.54
10,000,000.00	3.55	Bendigo Bank	A2	27-August-2015	10,000,000.00	27-August-2014	10,123,520.55	123,520.55
7,000,000.00	3.55	ING Bank	A1	26-August-2015	7,000,000.00	26-August-2014	7,086,464.38	86,464.38
15,000,000.00	3.70	National Australia Bank	A1	20-August-2015	15,000,000.00	20-August-2014	15,203,753.42	203,753.42
28,000,000.00	3.55	National Australia Bank	A1	01-September-2015	28,000,000.00	01-September-2014	28,329,517.81	329,517.81
30,000,000.00	3.50	National Australia Bank	A1	09-September-2015	30,000,000.00	09-September-2014	30,325,068.49	325,068.49
14,500,000.00	3.46	National Australia Bank	A1	18-September-2015	14,500,000.00	19-September-2014	14,643,342.86	143,342.86
20,000,000.00	3.51	ING Bank	A1	18-September-2015	20,000,000.00	19-September-2014	20,200,021.92	200,021.92
30,317,062.15	3.70	Westpac Banking Corporation	A1	26-September-2015	30,317,062.15	26-September-2014	30,612,092.85	296,030.70
13,000,000.00	3.55	Bank of Queensland	A2	03-October-2015	13,000,000.00	03-October-2014	13,112,530.14	112,530.14
18,000,000.00	3.65	Members Equity Bank Melbourne	A2	19-October-2015	18,000,000.00	17-October-2014	18,135,000.00	135,000.00
8,000,000.00	3.58	ANZ	A1	13-November-2015	8,000,000.00	13-November-2014	8,037,653.56	37,653.56
10,000,000.00	3.57	Bank of Queensland	A2	14-November-2015	10,000,000.00	14-November-2014	10,045,969.86	45,969.86
10,000,000.00	3.56	Suncorp	A1	24-November-2015	10,000,000.00	24-November-2014	10,036,087.67	36,087.67
20,000,000.00	3.48	National Australia Bank	A1	18-December-2015	20,000,000.00	19-December-2014	20,022,882.19	22,882.19
<b>294,929,459.41</b>							<b>298,545,173.21</b>	<b>3,232,020.65</b>
	<b>Weighted Return</b>							
<b>307,097,291.80</b>	<b>3.57%</b>	<b>Totals</b>					<b>310,713,005.60</b>	<b>3,232,020.65</b>

**2.69%** 12 month Bloomberg AusBond Bank Bill Index (Formerly UBS Australian Bank Bill Index) for 31 December 2014

**0.88%** Differential between Council's Weighted Return and UBSA Bank Bill Index

**Notes:** Face Value - refers to the principal amount invested.

Interest Rate - refers to the annual interest rate applicable to the investment.

Borrower - refers to the institution through which the City's monies are invested.

Rating - refers to the Standard & Poor (S&P) Short Term Rating of the Borrowers.

Current Value - refers to the accumulated value of the investment including accrued interest from time invested to current period.

YTD Accrued Interest - refers to the accrued interest from 1 July 2013 to current period.

YTD Accrued Interest only relates to interest for the specific investments currently in place as at the date of the report (i.e. interest received this financial year on expired investments are not shown).

Investments are listed by purchase date.

INDIVIDUAL LIMITS - As At 31 December 2014						
BORROWER	FACE VALUE \$	INVESTMENT RATING	INVESTMENT POLICY LIMIT %	INVESTMENT POLICY LIMIT \$	INVESTMENT % BALANCE	INVESTMENT POLICY COMPLIANT
Commonwealth Bank of Australia Perth	\$12,167,832.39	A1	50%	\$153,548,645.90	3.96%	Yes
National Australia Bank	\$107,500,000.00	A1	50%	\$153,548,645.90	35.01%	Yes
Westpac Banking Corporation	\$62,317,062.15	A1	50%	\$153,548,645.90	20.29%	Yes
ANZ	\$8,000,000.00	A1	50%	\$153,548,645.90	2.61%	Yes
ING Bank	\$27,000,000.00	A1	50%	\$153,548,645.90	8.79%	Yes
Suncorp	\$10,000,000.00	A1	50%	\$153,548,645.90	3.26%	Yes
Bank of Queensland	\$44,112,397.26	A2	25%	\$76,774,322.95	14.36%	Yes
Bendigo Bank	\$10,000,000.00	A2	25%	\$76,774,322.95	3.26%	Yes
IMB Limited	\$5,000,000.00	A2	25%	\$76,774,322.95	1.63%	Yes
Members Equity Bank Melbourne	\$21,000,000.00	A2	25%	\$76,774,322.95	6.84%	Yes
<b>Totals</b>	<b>\$307,097,291.80</b>				<b>100.00%</b>	

OVERALL CREDIT PROFILE - As At 31 December 2014						
	FACE VALUE \$	INVESTMENT RATING	INVESTMENT POLICY LIMITS %	INVESTMENT POLICY LIMIT \$	INVESTMENT % BALANCE	INVESTMENT POLICY COMPLIANT
	\$226,984,894.54	A1	100%	\$307,097,291.80	73.91%	Yes
	\$80,112,397.26	A2	80%	\$245,677,833.44	26.09%	Yes
<b>Totals</b>	<b>\$307,097,291.80</b>				<b>100.00%</b>	

## CITY OF WANNEROO

## RATE SETTING STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2014

Description	Year To Date				Annual
	Actual \$	Budget \$	Variance		Adopted Budget \$
			\$	%	
Revenues					
Operating Grants, Subsidies and Contributions	6,871,174	6,396,871	474,303	7	12,370,325
Fees and Charges	10,203,958	11,693,552	(1,489,594)	(13)	22,537,478
Interest Earnings	4,595,932	4,258,296	337,636	8	8,520,000
Other Revenue	1,148,899	1,967,338	(818,439)	(42)	3,936,884
Total Revenues	22,819,963	24,316,057	(1,496,094)	(6)	47,364,687
Expenses					
Employee Costs	(32,131,640)	(35,890,971)	3,759,331	10	(72,032,208)
Materials and Contracts	(20,612,637)	(24,750,590)	4,137,953	17	(49,857,347)
Utility Charges (electricity, gas, water etc)	(2,794,335)	(4,056,700)	1,262,365	31	(8,116,720)
Depreciation	(17,378,620)	(16,025,000)	(1,353,620)	(8)	(32,050,000)
Interest Expenses	(1,567,926)	(1,843,884)	275,958	15	(3,689,236)
Insurance	(1,366,377)	(1,517,529)	151,152	10	(1,517,528)
Total Expenses	(75,851,535)	(84,084,674)	8,233,139	10	(167,063,039)
Other Revenue and Expenses					
Non Operating Grants, Subsidies and Contributions	5,939,159	6,485,826	(546,667)	(8)	12,972,750
Town Planning Scheme Revenues (including Interest Earnings)	12,005,837	11,468,472	537,365	5	22,946,125
Town Planning Scheme Expenses	(132,689)	(2,883,642)	2,750,953	95	(15,902,000)
Profit on Asset Disposals	1,542,855	1,699,998	(157,143)	(9)	3,400,000
Loss on Assets Disposals	0	(249,996)	249,996	100	(500,000)
Contributions of Physical Assets	0	0	0	0	30,000,000
Total Other Revenue and Expenses	19,355,162	16,520,658	2,834,504	17	52,916,875
Adjustments for Cash Budget Requirements					
(Profit)/Loss on Asset Disposals	(1,542,855)	(1,450,002)	(92,853)	(6)	(2,900,000)
Depreciation on Assets	17,378,620	16,025,000	1,353,620	8	32,050,000
Contributions of Physical Assets	0	0	0	0	(30,000,000)
Total Adjustments for Cash Budget Requirements	15,835,765	14,574,998	1,260,767	9	(850,000)
Adjustments for Non-Operating Revenue & Expenses					
Capital Acquisitions	(22,365,000)	(21,922,603)	(442,397)	(2)	(87,690,411)
Proceeds from Disposal of Assets	449,182	0	449,182	0	4,974,921
Movement in Leave Provisions to Reserve	0	0	0	0	50,000
Total Adjustments for Non-Operating Revenue & Expenses	(21,915,818)	(21,922,603)	6,785	0	(82,665,490)
Transfers					
Movement in Restricted Grants, Contributions and Loans	1,232,216	3,502,925	(2,270,709)	(65)	7,005,850
Transfers to Reserves		(16,371,465)	16,371,465	100	(39,291,516)
Transfers from Reserves	2,698,996	21,342,128	(18,643,132)	(87)	51,221,107
Transfers to Schemes	(11,872,243)	(11,468,472)	(403,771)	(4)	(22,946,125)
Transfers from Schemes	0	10,846,028	(10,846,028)	(100)	26,030,467
Total Transfers	(7,941,031)	7,851,144	(15,792,175)	(201)	22,019,783
Surplus/(Deficit)					
Surplus/(Deficit) July 1 Brought Forward	8,557,799	8,557,799	0	0	8,557,799
Surplus/(Deficit) Carried Forward	80,485,005	83,800,934	(3,315,929)	(4)	0
Movement in Surplus/(Deficit)	71,927,206	75,243,135	(3,315,929)	(4)	(8,557,799)
Amount Required to be Raised from Rates	(119,624,700)	(117,987,555)	(1,637,145)	(1)	(119,719,385)