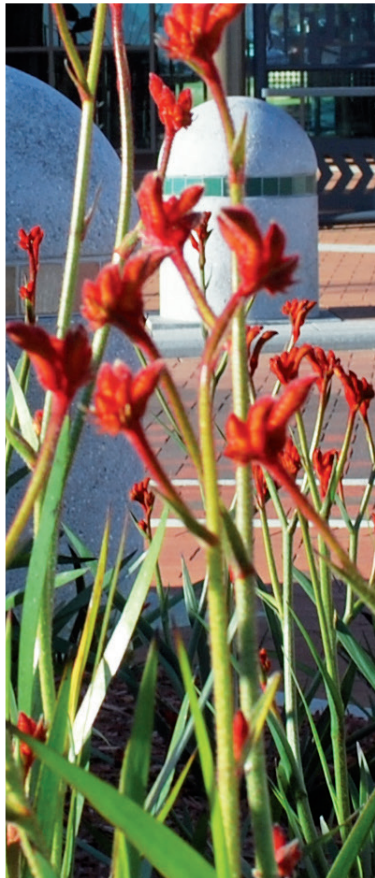
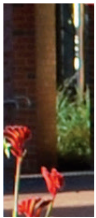




# 2013 | 2014

## FINANCIAL STATEMENTS



**CITY OF WANNEROO**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

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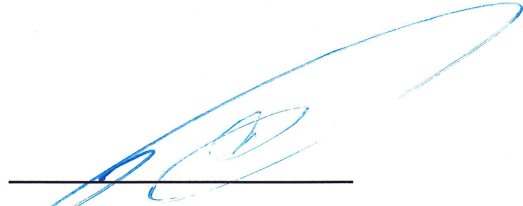
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**CITY OF WANNEROO**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**  
**LOCAL GOVERNMENT ACT 1995**  
**LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Wanneroo being the annual financial report and supporting notes and other information for the financial year ended 30th June 2014 are in my opinion properly drawn up to present fairly the financial position of the City of Wanneroo at 30th June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* and regulations under that Act.

Signed as authorisation of issue on the 23 day of Oct 2014.



Daniel Simms  
**Chief Executive Officer**

**CITY OF WANNEROO**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	Note	2014 \$	2014 Budget \$	Restated* 2013 \$
<b>Revenue</b>				
Rates	25	111,385,232	109,500,000	100,408,108
Operating Grants, Subsidies and Contributions	30	9,416,693	8,801,083	12,262,791
Fees and Charges	29	23,251,923	20,242,849	23,762,665
Interest Earnings	2(a)(ii)	8,814,713	7,700,000	9,616,577
Other Revenue		4,027,107	3,561,275	3,580,130
		<u>156,895,668</u>	<u>149,805,207</u>	<u>149,630,271</u>
<b>Expenses</b>				
Employee Costs		(64,204,146)	(64,536,954)	(60,441,426)
Material and Contracts		(42,796,287)	(43,911,356)	(41,764,746)
Utility Charges		(7,441,514)	(7,910,465)	(7,431,581)
Depreciation of Non-Current Assets	2(a)(i)	(30,094,147)	(29,628,925)	(28,949,502)
Interest Expenses	2(a)(i)	(3,699,483)	(3,689,236)	(3,671,138)
Insurance Expenses		(1,423,915)	(1,706,655)	(1,435,766)
		<u>(149,659,492)</u>	<u>(151,383,591)</u>	<u>(143,694,159)</u>
Non-Operating Grants, Subsidies and Contributions	30	67,234,517	43,232,516	52,807,974
Town Planning Scheme Income (Inc Interest)		25,662,903	12,480,250	13,290,932
Town Planning Scheme Expenses		(3,748,041)	(12,361,000)	(5,347,539)
Fair Value Adjustment to Financial Assets				
at Fair Value Through Profit and Loss	5	(288,260)	0	(688,956)
Loss Upon Revaluation of Assets		0	0	(1,849,772)
Asset Impairment		112,426	0	0
Share of Profit/(Loss) of Associates	8(a)(i) 8(b)(ii)	746,701	0	(265,291)
Profit on Asset Disposals	23	4,780,007	1,833,333	6,351,220
Loss on Asset Disposals	23	(137,351)	(500,000)	(578,895)
		<u>94,362,902</u>	<u>44,685,099</u>	<u>63,719,673</u>
<b>NET RESULT</b>		<u>101,599,078</u>	<u>43,106,715</u>	<u>69,655,785</u>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	10	565,602,448	0	936,561
<b>Total Other Comprehensive Income</b>		<u>565,602,448</u>	<u>0</u>	<u>936,561</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>667,201,526</u></u>	<u><u>43,106,715</u></u>	<u><u>70,592,346</u></u>

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

\* Refer to Note 35

**CITY OF WANNEROO**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	Note	2014 \$	2014 Budget \$	Restated* 2013 \$
<b>Revenue</b>				
Governance		288,112	331,797	300,547
General Purpose Funding		124,464,224	120,665,053	116,230,445
Law, Order, Public Safety		1,257,958	744,525	769,796
Health		457,468	432,371	409,004
Education and Welfare		4,232,175	4,331,497	4,455,660
Community Amenities		13,273,227	11,828,044	14,036,199
Recreation and Culture		8,498,926	7,819,553	8,301,150
Transport		1,203,210	1,195,838	1,384,524
Economic Services		2,866,440	2,182,906	3,299,994
Other Property and Services		26,475,278	273,623	13,468,597
		<u>183,017,018</u>	<u>149,805,207</u>	<u>162,655,916</u>
<b>Expenses</b>				
Governance		(7,717,230)	(7,517,749)	(5,875,892)
General Purpose Funding		(1,241,773)	(1,523,315)	(1,338,403)
Law, Order, Public Safety		(4,872,320)	(4,835,103)	(4,608,552)
Health		(2,241,334)	(2,133,669)	(1,972,889)
Education and Welfare		(8,940,120)	(8,678,876)	(7,780,669)
Community Amenities		(36,928,430)	(39,400,451)	(34,844,459)
Recreation and Culture		(40,366,577)	(41,501,251)	(39,106,675)
Transport		(37,581,050)	(31,846,914)	(35,991,069)
Economic Services		(3,286,111)	(3,503,782)	(3,116,775)
Other Property and Services		(6,132,422)	(19,114,245)	(12,191,893)
		<u>(149,307,367)</u>	<u>(160,055,355)</u>	<u>(146,827,276)</u>
<b>Finance Costs</b>				
General Purpose Funding		(1,464,740)	(1,432,897)	(1,452,836)
Recreation and Culture		(1,864,322)	(1,882,292)	(1,850,482)
Transport		(151,606)	(153,078)	(150,510)
Other Property and Services		(218,817)	(220,969)	(217,310)
	2(a)(i)	<u>(3,699,485)</u>	<u>(3,689,236)</u>	<u>(3,671,138)</u>
<b>Fair Value Adjustment to Financial Assets at Fair Value Through Profit or Loss</b>				
General Purpose Funding		<u>(288,260)</u>	<u>0</u>	<u>(688,956)</u>
<b>Non-Operating Grants, Subsidies and Contributions</b>				
Governance		0	1,207,230	0
Law, Order, Public Safety		0	0	154,292
Education and Welfare		0	0	0
Community Amenities		434,997	7,929,020	123,792
Recreation and Culture		6,362,208	19,059,704	6,999,405
Transport		57,769,881	7,268,714	43,085,647
Other Property and Services		2,667,431	20,248,098	2,051,778
		<u>67,234,517</u>	<u>55,712,766</u>	<u>52,414,914</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		(5,020)	0	(15,688)
Education and Welfare		0	0	0
Community Amenities		(7,073)	0	1,836,364
Recreation and Culture		0	0	(22,763)
Other Property and Services		4,654,748	1,333,333	3,974,412
		<u>4,642,655</u>	<u>1,333,333</u>	<u>5,772,325</u>
<b>NET RESULT</b>		<u>101,599,078</u>	<u>43,106,715</u>	<u>69,655,785</u>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets		565,602,448	0	936,561
<b>Total Other Comprehensive Income</b>		<u>565,602,448</u>	<u>0</u>	<u>936,561</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>667,201,526</u>	<u>43,106,715</u>	<u>70,592,346</u>

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

\* Refer to Note 35

**CITY OF WANNEROO**  
**STATEMENT OF FINANCIAL POSITION**

**AS AT 30TH JUNE 2014**

	Note	2014 \$	Restated* 2013 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	257,579,236	213,276,362
Trade and Other Receivables	6	21,430,381	22,787,641
Inventories	7	<u>341,738</u>	<u>358,103</u>
<b>TOTAL CURRENT ASSETS</b>		<b>279,351,355</b>	<b>236,422,106</b>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	6	1,908,038	1,730,355
Inventories	7	7,648,086	4,565,939
Investments	5	13,181,843	20,309,492
Property, Plant and Equipment	9	126,433,760	126,441,620
Infrastructure	10	<u>1,424,093,901</u>	<u>795,755,991</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,573,265,628</b>	<b>948,803,397</b>
<b>TOTAL ASSETS</b>		<b><u>1,852,616,983</u></b>	<b><u>1,185,225,503</u></b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11	18,810,708	19,384,972
Provisions	13	<u>11,873,536</u>	<u>10,984,601</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b>30,684,244</b>	<b>30,369,573</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	12	60,778,188	60,778,188
Provisions	13	<u>1,411,746</u>	<u>1,536,463</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>62,189,934</b>	<b>62,314,651</b>
<b>TOTAL LIABILITIES</b>		<b><u>92,874,178</u></b>	<b><u>92,684,224</u></b>
<b>NET ASSETS</b>		<b><u>1,759,742,805</u></b>	<b><u>1,092,541,279</u></b>
<b>EQUITY</b>			
Retained Surplus		976,521,760	913,776,493
Reserves - Cash / Investment Backed	14	120,831,196	100,147,894
Revaluation Surplus	15	566,785,101	1,182,653
Town Planning Schemes	16	<u>95,604,748</u>	<u>77,434,239</u>
<b>TOTAL EQUITY</b>		<b><u>1,759,742,805</u></b>	<b><u>1,092,541,279</u></b>

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

\* Refer to Note 35

**CITY OF WANNEROO**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	Note	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOWN PLANNING SCHEMES \$	TOTAL EQUITY \$
<b>Restated Balance as at 30 June 2012*</b>		<b>880,700,712</b>	<b>71,118,221</b>	<b>246,092</b>	<b>69,883,908</b>	<b>1,021,948,933</b>
<b>Comprehensive Income:</b>						
Net Result		69,655,785	0	0	0	69,655,785
<b>Other Comprehensive Income:</b>						
Changes on Revaluation of Non-Current Assets	15	0	0	936,561	0	936,561
<b>Total Comprehensive Income</b>		<b>69,655,785</b>	<b>0</b>	<b>936,561</b>	<b>0</b>	<b>70,592,346</b>
Reserve Transfers		(29,029,673)	29,029,673	0	0	0
Town Planning Scheme Transfers		(7,550,331)	0	0	7,550,331	0
<b>Restated Balance as at 30 June 2013*</b>		<b>913,776,493</b>	<b>100,147,894</b>	<b>1,182,653</b>	<b>77,434,239</b>	<b>1,092,541,279</b>
<b>Comprehensive Income:</b>						
Net Result		101,599,078	0	0	0	101,599,078
<b>Other Comprehensive Income:</b>						
Changes on Revaluation of Non-Current Assets	15	0	0	565,602,448		565,602,448
<b>Total Comprehensive Income</b>		<b>101,599,078</b>	<b>0</b>	<b>565,602,448</b>	<b>0</b>	<b>667,201,526</b>
Reserve Transfers		(20,683,302)	20,683,302	0	0	0
Town Planning Scheme Transfers		(18,170,509)	0	0	18,170,509	0
<b>Balance as at 30 June 2014</b>		<b>976,521,760</b>	<b>120,831,196</b>	<b>566,785,101</b>	<b>95,604,748</b>	<b>1,759,742,805</b>

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

\* Refer to Note 35

**CITY OF WANNEROO**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	<b>Note</b>	<b>2014 \$</b>	<b>2014 Budget \$</b>	<b>2013 \$</b>
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		110,869,617	109,500,000	99,638,042
Operating Grants, Subsidies and Contributions		10,444,904	8,801,083	12,262,791
Fees and Charges		22,552,554	20,242,849	21,303,696
Interest Earnings		8,664,821	7,700,000	8,516,876
Goods and Services Tax		10,394,995	4,950,000	9,806,546
Service Charges		3,276	0	9,745
Other Revenue		5,989,565	3,561,275	1,045,717
		<u>168,919,732</u>	<u>154,755,207</u>	<u>152,583,413</u>
<b>Payments</b>				
Employee Costs		(63,090,084)	(64,536,954)	(59,052,978)
Material and Contracts		(44,682,429)	(43,911,356)	(41,489,740)
Utility Charges		(7,441,514)	(7,910,465)	(7,431,581)
Insurance Expenses		(1,423,915)	(3,689,236)	(1,435,766)
Interest Expenses		(3,689,235)	(1,706,655)	(3,689,236)
Goods and Services Tax		(9,876,336)	(5,100,000)	(10,013,042)
		<u>(130,203,513)</u>	<u>(126,854,666)</u>	<u>(123,112,343)</u>
<b>Net Cash Provided By Operating Activities</b>	17(b)	<u>38,716,219</u>	<u>27,900,541</u>	<u>29,471,070</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of				
Land Held for Resale		(7,057,403)	0	(5,470,387)
Equity Contribution - Mindarie Regional Council		(39,708)	0	(37,424)
Equity Contribution - Tamala Regional Council		(2,628,331)	0	(1,973,999)
Payments for Purchase of Property, Plant & Equipment		(8,686,735)	(29,513,373)	(8,037,703)
Payments for Construction of Infrastructure		(25,701,849)	(42,797,403)	(14,266,954)
Net Movement in Investments		10,000,000	0	37,176,957
Grants/Contributions for the Development of Assets		8,184,419	13,232,516	5,472,705
Town Planning Scheme Income (Inc. Interest)		25,662,903	12,480,250	13,290,932
Town Planning Scheme Expenses		(3,748,041)	(12,361,000)	(5,347,539)
Proceeds from Sale of Assets		9,601,400	2,783,368	12,037,023
<b>Net Cash Used In Investing Activities</b>		<u>5,586,655</u>	<u>(56,175,642)</u>	<u>32,843,611</u>
<b>Cash Flows from Financing Activities</b>				
<b>Net Cash Provided By/(Used In) Financing Activities</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Increase/(Decrease) in Cash Held</b>				
Cash at Beginning of Year		44,302,874	(28,275,101)	62,314,681
		<u>213,276,362</u>	<u>173,344,709</u>	<u>150,961,681</u>
<b>Cash and Cash Equivalents at the End of Year</b>	17(a)	<u>257,579,236</u>	<u>145,069,608</u>	<u>213,276,362</u>

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

**CITY OF WANNEROO**

**RATE SETTING STATEMENT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

	<b>Note</b>	<b>2014 \$</b>	<b>2014 Budget \$</b>	<b>Restated* 2013 \$</b>
<b>Revenue</b>				
Governance		288,112	1,539,027	300,547
General Purpose Funding		13,078,992	11,165,053	15,812,954
Law, Order and Public Safety		1,257,958	744,525	924,088
Health		457,468	432,371	409,004
Education and Welfare		4,232,175	4,331,497	4,455,660
Community Amenities		13,701,151	19,757,064	15,996,355
Recreation and Culture		14,861,134	26,879,257	15,300,555
Transport		58,973,091	8,464,552	44,470,171
Economic Services		2,866,440	2,182,906	3,299,994
Other Property and Services		33,797,457	21,855,054	19,494,787
		<u>143,513,978</u>	<u>97,351,306</u>	<u>120,464,115</u>
<b>Expenses</b>				
Governance		(7,722,250)	(7,517,749)	(6,580,536)
General Purpose Funding		(2,994,773)	(2,956,212)	(2,791,239)
Law, Order and Public Safety		(4,872,320)	(4,835,103)	(4,608,552)
Health		(2,241,334)	(2,133,669)	(1,972,889)
Education and Welfare		(8,940,120)	(8,678,876)	(7,780,669)
Community Amenities		(36,928,430)	(39,400,451)	(34,844,459)
Recreation and Culture		(42,230,899)	(43,383,543)	(40,979,920)
Transport		(37,732,656)	(31,999,992)	(36,141,579)
Economic Services		(3,286,111)	(3,503,782)	(3,116,775)
Other Property and Services		(6,351,239)	(19,335,214)	(12,409,203)
		<u>(153,300,132)</u>	<u>(163,744,591)</u>	<u>(151,225,821)</u>
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	23	(4,642,656)	(1,333,333)	(5,772,325)
Physical Assets Received from Developers		(59,050,006)	(30,000,000)	(47,335,270)
Movement in Non-Current Employee Provisions		(124,717)	0	378,704
Movement in Equity Accounted Investments	8(a)(i),8(b)(i)	(746,701)	0	274,674
Loss Upon Revaluation of Assets		0	0	1,849,772
Movement in Pensioner Deferred Rate Debtors		(177,683)	0	(166,386)
Impairment of Assets		(112,468)	0	0
Depreciation on Assets	2(a)(i)	30,094,147	29,628,925	28,949,502
		<u>(34,760,084)</u>	<u>(1,704,408)</u>	<u>(21,821,329)</u>
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale		(7,253,534)	0	(5,470,387)
Equity Contribution - Tamala Park Regional Council		(2,374,008)	0	(1,973,999)
Equity Contribution - Mindarie Regional Council		(39,708)	0	(37,424)
Purchase Land and Buildings		(1,400,775)	(14,492,328)	(1,988,849)
Purchase Infrastructure Assets		(24,386,778)	(42,797,403)	(13,314,025)
Purchase Plant and Equipment		(4,505,499)	(8,570,100)	(3,696,559)
Purchase Furniture and Equipment		(2,367,467)	(6,450,945)	(2,063,909)
Movement in Works in progress		(1,728,157)	0	(1,241,315)
Proceeds from Disposal of Assets	23	9,579,474	2,783,368	12,037,023
		<u>(34,476,452)</u>	<u>(69,527,408)</u>	<u>(17,749,444)</u>
<b>Transfers</b>				
Movement in Restricted Grants, Contributions & Unspent Loans		7,115,581	7,746,255	6,039,549
Leave Provision Written Back (transferred to Reserve)		124,090	50,000	136,291
Transfers to Reserves (Restricted Assets)		(26,381,795)	(15,162,050)	(38,548,790)
Transfers from Reserves (Restricted Assets)		5,698,493	16,954,159	9,519,117
Transfers to Town Planning Schemes		(25,662,903)	(12,480,250)	(13,290,932)
Transfer from Town Planning Schemes		7,492,394	23,171,326	5,740,601
		<u>(31,614,140)</u>	<u>20,279,440</u>	<u>(30,404,164)</u>
ADD Surplus/(Deficit) July 1 B/Fwd		7,809,396	7,845,661	8,137,931
LESS Surplus/(Deficit) June 30 C/Fwd		8,557,798	0	7,809,396
<b>Amount Required to be Raised from Rates</b>	25	<u>(111,385,232)</u>	<u>(109,500,000)</u>	<u>(100,408,108)</u>

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

\* Refer to Note 35

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

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

**Critical Accounting Estimates**

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

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

**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 financial report.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 22 to these financial statements.

**(b) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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 reported as short term borrowings in current liabilities in the statement of financial position.

**(d) 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 classified as non-current assets.

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

**(e) Inventories**

**General**

Inventories are measured 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 Sale**

Land held for development and sale 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 completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Fixed Assets**

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

**Mandatory Requirement to Revalue Non-Current Assets**

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations 1996* were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government –
  - (i) that are plant and equipment; and
  - (ii) that are -
    - (I) land and buildings; or
    - (II) infrastructure; and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

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

**Land Under Control**

In accordance with *Local Government (Financial Management) Regulations 1996*, Regulation 16(a), the Council was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

**Initial Recognition and Measurement between Mandatory Revaluation Dates**

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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

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

**Revaluation**

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

**Transitional Arrangement**

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the **Initial Recognition** section as detailed above.

Those assets carried at fair value will be carried in accordance with the **Revaluation** section as detailed above.

**Early Adoption of AASB 13 - Fair Value Measurement**

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13 (as allowed for in the standard). Pursuant to the *Local Government (Financial Management) Regulations 1996* the City has revalued Plant and Equipment (June 2013) and Infrastructure (June 2014) all remaining assets will be revalued in the Financial Year Ended 30 June 2015.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Fixed Assets (Continued)

**Early Adoption of AASB 13 - Fair Value Measurement (Continued)**

As a consequence, the principles embodied in AASB 13 – Fair Value Measurement have been applied to the previous reporting period (year ended 30 June 2013).

**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) Regulations 1996*, 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) Regulations 1996*, Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

**Depreciation**

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated by elimination against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

# CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Fixed Assets (Continued)

##### **Depreciation**

All non-current assets having a limited useful life (excluding freehold land) 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.

Depreciation for infrastructure assets is calculated from the end of the year in which the asset was completed and brought into account.

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*	30 - 50 years
Computer Hardware	3 years
Computer Software	2 years
Footpaths*	25 - 70 years
Furniture & Equipment	10 years
Heavy Vehicles - 1,201 kg to 4,000 kg	6 years/100,000 km's (45% residual)
Heavy Vehicles - 4,001 kg to 9,000 kg	6 years/200,000 km's (40% residual)
Heavy Vehicles - 9,001 kg to 12,000 kg	8 years/500,000 km's (48% residual)
Heavy Vehicles - Refuse	5 years (20% residual)
Irrigation Piping	30 years
Light Vehicles	3 years (60% residual)
Other Infrastructure*	15 - 30 Years
Other Plant and Equipment	10 years
Parks & Reserves*	12 - 85 years
Plant	10 years (50% residual)
Reserves/Playground Equipment*	12 - 15 years
Sealed Car Parks - Pavement	85 years
Sealed Roads and Streets - Major Re-Surfacing*	18 - 40 years
Sealed Roads and Streets - Road Pavement*	85 - 100 years
Street Lighting	33 years
Tennis/Basketball Courts (Acrylic)	12 years
Underpasses	100 years
Water Supply Piping & Drainage Systems*	50 - 100 years

\*Due to useful lives of the individual assets within each asset type varying despite being of a similar nature the asset types denoted that have a range of depreciation periods.

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 in the period in which they arise.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

##### **Capitalisation Threshold**

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recognised in Profit and it is recorded on an asset inventory listing.

#### (g) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Fair Value of Assets and Liabilities (Continued)**

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

***Fair Value Hierarchy***

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

***Valuation Techniques***

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

**Market Approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**Income Approach**

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost Approach**

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations 1996* requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

The revalued amounts for Plant and Equipment and Infrastructure Assets have been categorised as Level 2 and Level 3 of the Fair Value Hierarchy respectively.

**(h) Financial Instruments**

***Initial Recognition and Measurement***

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council 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.

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Financial Instruments (Continued)**

***Classification and Subsequent Measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (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.

The effective interest method used is to allocate interest income or interest expense over the relevant period and is equivalent to the rate that 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 are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

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. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

***(iii) Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

***(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.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

***(v) Financial liabilities***

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial Instruments (Continued)

**Impairment**

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of Assets

In accordance with Australian Accounting Standards the Council'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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

(j) Trade and Other Payables

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

(k) Employee Benefits

**Short-Term Employee Benefits**

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other Long-Term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) **Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

(m) **Provisions**

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

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

(n) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(o) **Investments in Associates**

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(p) **Interests in Joint Arrangements**

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

(q) **Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(r) Superannuation**

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

All funds to which the Council contributes are defined contribution plans.

**(s) Current and Non-Current Classification**

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

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

**(v) Budget Comparative Figures**

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

**(w) Prior Period Adjustments**

During the 2013/2014 reporting year the City modified the financial statements to account for prior period adjustments. Comparative amounts were reclassified and restated for consistency. Refer to Note 35.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows.

	New/revised pronouncement	Applicable (*)	Impact
(i)	AASB 9 – Financial Instruments (December 2010)	01 January 2017	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 10 Consolidated Financial Statements	01 January 2014	When this standard is first adopted for the year ending 30 June 2015, there will be no material impact on the transactions and balances recognised in the financial statements.
(iii)	AASB 11 Joint Arrangements	01 January 2014	When this standard is first adopted for the year ended 30 June 2015, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.
(iv)	AASB 12 Disclosure of Interests in Other Entities	01 January 2014	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
(v)	AASB 119 Employee benefits (Amended)	01 July 2014	When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.
	AASB 127 Separate Financial Statements ( revised) AASB 128 Investments in Associates and Joint Ventures	01 January 2014	When these revised standards are adopted for the first time for the financial year ending 30 June 2015, there will be no impact on the financial statements because they introduce no new requirements.
(vii)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	01 January 2017	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(viii)	AASB 2011 – 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 131, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	01 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(ix)	AASB 2012-2 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	01 January 2014	When AASB 2012-2 is first adopted for the year ending 30 June 2015, there will be no impact on the entity as this standard merely clarifies existing requirements in AASB 132.

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

	Title and Topic	Applicable (*)	Impact
(iv)	AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	01 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
(v)	AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	01 January 2014	This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets. It is not expected to have a significant impact on Council.
(vi)	AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	01 January 2014	This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities. It is not expected to have a significant impact on Council.
(vii)	AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	Refer Title column	Part A of this standard makes various editorial corrections to Australian Accounting Standards. Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031. Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.

(\*) Applicable to reporting periods commencing on or after the given date.

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	Note	2014 \$	2013 \$
<b>2. REVENUES AND EXPENSES</b>			
<b>(a) Result from Ordinary Activities</b>			
<b>Significant Expense</b>			
The result from ordinary activities includes:			
(i) Charging as Expenses:			
<b>Auditors Remuneration</b>			
- Audit		48,078	44,730
- Other Services: Review Procurement Policies and Procedures		6,380	6,589
		<u>54,458</u>	<u>51,319</u>
<b>Bad and Doubtful Debts</b>			
Sundry Debtors		<u>641,977</u>	<u>0</u>
<b>Depreciation</b>			
Buildings		2,660,893	2,544,982
Furniture and Equipment		1,603,784	803,052
Plant and Equipment		4,020,406	5,249,210
Roads		15,980,434	14,974,692
Pathways		1,052,793	938,570
Drainage		2,208,814	2,104,033
Car Parks		316,378	288,659
Reserves		1,401,103	1,213,441
Infrastructure Other		<u>849,542</u>	<u>832,863</u>
		<u>30,094,147</u>	<u>28,949,502</u>
<b>Interest Expenses</b>			
- Accrued Interest on Loans		10,248	(18,098)
- Loans	24(a)	<u>3,689,235</u>	<u>3,689,236</u>
		<u>3,699,483</u>	<u>3,671,138</u>
<b>Employee Costs</b>			
Wages, Salaries		56,123,895	51,879,853
Superannuation		5,910,712	5,452,972
Fringe Benefits Tax		340,080	377,470
Conference and Training		561,836	541,870
Employee Rehabilitation Expenses		5,692	8,580
Uniforms and Protective Clothing		435,764	369,995
Staff Amenities (Milk/Tea/Coffee)		52,569	51,551
Workers Compensation Insurance		<u>1,834,605</u>	<u>2,695,537</u>
		65,265,153	61,377,828
Less Capitalised Costs		<u>(1,061,007)</u>	<u>(936,402)</u>
		<u>64,204,146</u>	<u>60,441,426</u>
(ii) Crediting as Revenues:		<b>2014 \$</b>	<b>2014 Budget \$</b>
<b>Interest Earnings</b>			<b>2013 \$</b>
Investments			
- Municipal Funds		3,037,412	3,459,880
- Reserve Funds		4,152,471	2,940,120
Other Interest Revenue	28	<u>1,624,830</u>	<u>1,300,000</u>
		8,814,713	7,700,000
			<u>9,616,577</u>
Town Planning Schemes		3,652,048	3,000,000
		<u>3,652,048</u>	<u>3,889,173</u>
<b>Total</b>		<u>12,466,761</u>	<u>10,700,000</u>
		<u>12,466,761</u>	<u>13,505,750</u>

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**2. REVENUES AND EXPENSES (CONTINUED)**

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, the Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Council's Vision, and for each of 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.

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

**2. REVENUES AND EXPENSES (CONTINUED)**

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

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

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

**GENERAL PURPOSE FUNDING**

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

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

**LAW, ORDER, PUBLIC SAFETY**

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

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

**HEALTH**

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

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

**EDUCATION AND WELFARE**

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

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

**COMMUNITY AMENITIES**

Objective: Provide services required by the community.

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

**RECREATION AND CULTURE**

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

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

**TRANSPORT**

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

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

**ECONOMIC SERVICES**

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

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

**OTHER PROPERTY & SERVICES**

Objectives: To accommodate otherwise unclassified activities of the City.

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (CONTINUED)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Closing Balance (*) 1/07/2012 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30/06/2013 \$	Received (+) 2013/14 \$	Expended (#) 2013/14 \$	Closing Balance 30/06/2014 \$
Emergency Services Levy Grant	Emergency Services	354,900	290,482	224,298	421,084	394,197	733,271	82,010
Commonwealth Financial Counselling Operational Subsidy	Financial Counselling	0	286,225	286,225	0	0	0	0
Wanneroo Financial Counselling Service	Financial Counselling	0	223,481	223,481	0	0	0	0
Federal Emergency Relief	Emergency Relief	49,845	34,632	71,659	12,818	36,574	49,392	0
Emergency Relief Funding Lottery/West	Emergency Relief	0	90,000	70,596	19,404	95,000	95,644	18,760
City of Wanneroo Children's Book Week	Other	1,500	1,500	3,000	0	0	0	0
Clarkson Youth Service Membership Fees	Youth Services	2,103	0	0	2,103	0	2,103	0
Wanneroo Financial Counselling Service Membership Fees	Other	1,060	0	0	1,060	0	1,060	0
Yanchep Community House Membership Fees	Other	631	0	0	631	0	631	0
Yanchep Youth Service Membership Fees	Youth Services	1,725	0	0	1,725	0	1,725	0
Development of Community Safety and Crime Prevention Plan Specific to the Issue of Graffiti - Office of Crime Prevention	Safer WA	5,123	0	5,123	0	0	0	0
Admin Costs for Joint Safety Partnership Agreement-Funded by the Office of Crime Prevention	Safer WA	2,351		2,351	0	0	0	0
CCTV Implementation Plan Wanneroo Town Centre Project - Office of Crime Prevention	Safer WA	20,965	0	0	20,965	0	20,965	0
Wanneroo Graffiti Project Incentive Funding PR-2013 - Office of Crime Prevention	Safer WA	993	4,832	0	5,825		5,825	0
Graffiti Recording Software Upgrade -Office of Crime Prevention	Safer WA	18,000	0	18,000	0	0	0	0
Quinns-Mindarie Beach Disability Equipment		10,128	0	10,128	0	0	0	0
National Youth Week to be held 18/04/2010 - Dept for Communities	Youth Services	47	0	0	47	0	47	0
Healthy Communities Initiative -Obesity & Physical Activity -Department of Health and Ageing	Health & Fitness	227,835	385,685	529,404	84,116	0	84,116	0
2008/2009 RLCIP Relocation of Old Wanneroo School Building	Other	46,837	0	0	46,837	0	46,837	0
2008/2009 RLCIP Refurbishment of Wanneroo Showgrounds Grandstand	Recreation	37,382	0	0	37,382	0	37,382	0
Houghton Park Building Amenities Upgrade-RLCIP-Department of Infrastructure	Buildings	30,973	0	30,973	0	0	0	0
Hands On for our Coastline Mindarie Foreshore Restoration Project 2 Clayton's Beach -DPI	Environmental Protection	1,008	0	0	1,008	0	1,008	0
Wangara Recycling Centre Contributions towards Facility Modifications-O S & H & Operational Improvements One-third partner contributions as per clause 3.14 of the MRF Agreement -City of Joondalup	Buildings	0	13,967	0	13,967	0	13,967	0
Wangara Recycling Centre Contributions towards Facility Modifications-O S & H & Operational Improvements One-third partner contributions as per clause 3.14 of the MRF Agreement -City of Swan	Buildings	61,281	20,373	0	81,654	0	81,654	0
<b>Balance Brought Forward</b>		<b>874,687</b>	<b>1,351,177</b>	<b>1,475,238</b>	<b>750,626</b>	<b>525,771</b>	<b>1,175,627</b>	<b>100,770</b>

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

## 2. REVENUE AND EXPENSES (CONTINUED)

## (c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (*) 1/07/2012 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance (*) 30/06/2013 \$	Received (+) 2013/14 \$	Expended (#) 2013/14 \$	Closing Balance 30/06/2014 \$
<b>Balance Carried Forward</b>		<b>874,687</b>	<b>1,351,177</b>	<b>1,475,238</b>	<b>750,626</b>	<b>525,771</b>	<b>1,175,627</b>	<b>100,770</b>
2006/07 Auslink Strategic Regional Programme - Ocean Reef Road Dual Carriageway Extension - Interest on Ocean Reef Road	Roads	2,468,965	0	2,468,965	0	0	0	0
Koondoola Regional Bushland Interpretive Walk Trail Supply and installation of Speed Cushions for Burnett Drive, Clarkson -MRWA	Roads	1,007,001	0	1,007,001	0	0	0	0
AWARE Program- FESA -2011/2012 Grant Implementation of Emergency Risk Management	Environmental Protection	3,198	0	0	3,198	0	3,198	0
	Roads	8,927	0	0	8,927	0	8,927	0
	Safer WA	9,237	0	9,237	0	0	0	0
2008/09 State Black Spot Projects - Pinjar Rd Construct traffic control signals Wanneroo Rd/Pinjar Rd	Roads	104,705	0	0	104,705	0	104,705	0
2009-2010 Federal Black Spot Nation Building Program Ocean Drive, Quinns Rocks - Staged Reconstruction from Robert Rd to Weymouth Blvd. Includes Street Lighting	Roads	284,780	0	284,780	0	0	0	0
Resurfacing of the Elliot Road Tennis Courts - Wanneroo Tennis Club	Roads	22,156	0	22,156	0	0	0	0
2009/10 Federal Black Spot Program Hester Ave, Neerabup - Install Traffic Treatment.	Roads	154,391	0	50,629	103,762	0	103,762	0
Road Rehabilitation Projects 2007/08 - Templeton St Allison Dr to Marangaroo Dr	Roads	415,165	0	0	415,165	0	415,165	0
Caversham Property Pty Ltd-MOU for the prefunding of the development of Dalvik Park	Roads	46,345	0	0	46,345	0	46,345	0
Lemon Grove Landsdale Supervision Lots 22-24 Kingsway Darch	Roads	7,584	0	0	7,584	0	7,584	0
Mila Properties ATF -Contribution (Wanneroo Road/Lancaster Road)-Lot 33	Roads	23,330	0	0	23,330	0	23,330	0
Patanal Pty Ltd-Contribution	Roads	13,500	0	0	13,500	0	13,500	0
Yanchep Ocean Front Trust-Marmion Avenue Contribution-Yanchep Ocean Lagoon,	Roads	30,318	0	0	30,318	0	30,318	0
Galea Bldg Co-Contribution to subdivisional works relating to Lot 31 Lancaster Road,Wangara	Roads	46,754	0	0	46,754	0	46,754	0
A & J Salamone Unit Trust- Mirrabooka Ave, Lansdale Cont A & J Salamone	Roads	2,400	0	0	2,400	0	2,400	0
Vermont Grove- Upgrade Kingsway	Roads	11,647	0	0	11,647	0	11,647	0
Fermanagh Investments-Bond Future Sump Works	Roads	12,298	0	0	12,298	0	12,298	0
Galea Bldg Co-Contribution to upgrade of Lancaster Rd & Wann Intersection 28 Lancaster Rd								
WAPC118370	Roads	24,797	0	0	24,797	0	24,797	0
Masterkey Prop-Cont L49 Archer St Pearsall WAPC 121755	Roads	41,050	0	0	41,050	0	41,050	0
<b>Balance Brought Forward</b>		<b>5,613,235</b>	<b>1,351,177</b>	<b>5,318,006</b>	<b>1,646,406</b>	<b>525,771</b>	<b>2,071,407</b>	<b>100,770</b>

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

## 2. REVENUE AND EXPENSES (CONTINUED)

## (c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (*) 1/07/2012 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance (*) 30/06/2013 \$	Received (+) 2013/14 \$	Expended (#) 2013/14 \$	Closing Balance 30/06/2014 \$
<b>Balance Carried Forward</b>		5,613,235	1,351,177	5,318,006	1,646,406	525,771	2,071,407	100,770
Subdivisional Contribution Lot 895 Sweep Ridge-Part								
Lot 614 Lagoon Drive, Yanchep	Roads	350	0	0	350	0	350	0
Carine Nominees P/L Jindalee Stage 3B	Roads	27,838	0	0	27,838	0	27,838	0
Watson Property Group Construction of Intersection	Roads	41,120	0	0	41,120	0	41,120	0
Weston Living Pty Ltd Lots 32-34 Kingsway	Roads	23,406	0	0	23,406	0	23,406	0
Miluc P/L Lot 16 Kingsway Darch Roundabout								
Contribution	Roads	11,703	0	0	11,703	0	11,703	0
Bravado Nominees P/L Lot 75 Cooper St Madeley	Roads	10,000	0	0	10,000	0	0	10,000
Lancaster Industrial Park P/L	Roads	76,747	0	0	76,747	0	0	76,747
Galea Bldg Co-Contribution to upgrade of Lancaster								
Rd & Wann Intersection Lot 28 Windsor Rd	Roads	28,867	0	0	28,867	0	28,867	0
Warwick Bus & Charter Contribution for Lot 27 Windsor								
Road	Roads	28,716	0	0	28,716	0	28,716	0
Watson Property Group Woodvale Ltd Cont to Madeley								
Rise Stage 5 Madeley	Roads	42,216	0	0	42,216	0	0	42,216
B Monte Cont to Lot 26 Pinjar Road Ashby	Roads	12,140	0	0	12,140	0	12,140	0
Weston Living Pty Ltd Lots 32-34 Kingsway Stage 2								
Darch	Roads	81,219	0	0	81,219	0	81,219	0
Watson Property Group Cont to Lot 21 Capri Leone								
Way Sinagra	Roads	42,167	0	0	42,167	0	42,167	0
Satterley Property Group Cont to The Grove Stage 7E	Roads	65,795	0	0	65,795	0	65,795	0
Satterley Property Group Cont to The Grove Stage 7c	Roads	63,570	0	0	63,570	0	63,570	0
Lot 257 Badgerup Road Subdivisional Development	Roads	328,275	0	0	328,275	0	328,275	0
Re Ledger Pty Ltd - Curtin Rd Marangaroo	Roads	2,730	0	0	2,730	0	0	2,730
Peet & Co - Yanchep Ocean Lagoon Contributions	Roads	450	0	0	450	0	0	450
Peet & Co - Contributions East Rd/Wann Rd	Roads	12,701	0	0	12,701	0	0	12,701
Civil Technology - East Wann Rd Intersection	Roads	3,050	0	0	3,050	0	0	3,050
AHG - Wann Rd & Lancaster Rd	Roads	77,234	0	0	77,234	0	0	77,234
Geary Ray - Drainage Upgrade- High Road	Roads	11,135	0	0	11,135	0	0	11,135
Silverton Limited - Lots 1000 & 1001 Quinns North	Roads	6,000	0	0	6,000	0	0	6,000
Australand - Contribution for East Rd/Wann Rd								
Upgrade	Roads	14,757	0	0	14,757	0	0	14,757
Stockland WA - Ashdale Gardens Stages 2A & B O/S								
Works Contributions	Roads	36,000	0	0	36,000	0	36,000	0
Stockland WA - Roundabout-Driver Rd & Waterford								
Parade Stage 7 Ashdale Gardens	Roads	18,000	0	0	18,000	0	0	18,000
Sun Valley Investments - Lots 50 & 51 East Rd Stage 2								
Developer Headworks Levy - East	Roads	9,873	0	0	9,873	0	0	9,873
Zebra Properties Pty Ltd - Wann Cell No 6	Roads	16,200	0	0	16,200	0	0	16,200
<b>Balance Brought Forward</b>		6,705,494	1,351,177	5,318,006	2,738,665	525,771	2,862,573	401,863

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (CONTINUED)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (*) 1/07/2012 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance (*) 30/06/2013 \$	Received (+) 2013/14 \$	Expended (#) 2013/14 \$	Closing Balance 30/06/2014 \$
<b>Balance Carried Forward</b>		<b>6,705,494</b>	<b>1,351,177</b>	<b>5,318,006</b>	<b>2,738,665</b>	<b>525,771</b>	<b>2,862,573</b>	<b>401,863</b>
East Wann Scheme Fees & Wann Rd Intersection Lot 238-244 Ashbrook Ave Pearsall	Roads	820	0	0	820	0	0	820
Watson Property Group - Ashby Rise Stage 1 Contribution	Roads	82,500	0	0	82,500	0	82,500	0
Watson Property Group Woodvale Rise Ltd Future Gngara Rd Intersection (Madeley Rise Stage 6)	Roads	31,735	0	0	31,735	0	31,735	0
Watson Property Group Woodvale Rise Ltd Future Gngara Rd Realignment	Roads	43,850	0	0	43,850	0	43,850	0
Aust Holding Ltd Bond Retained Kallista Gardens for Backshall Place Wanneroo South Traffic Management - (Road Structures and Devices)	Roads	45,455	0	0	45,455	0	45,455	0
Wanneroo Central Shopping Centre- Design & Construction fo the Yagan Place Extension and the Right of Way Adjacent to Lot 507	Roads	134,822	0	0	134,822	0	134,822	0
Australand Investments Const of Roundabout Intersection of Librizzi Pde & Basico Ave (Olive Ridge Stage 1 & 2)	Roads	20,265	0	0	20,265	0	0	20,265
Australand Investments Const of Roundabout connecting Messina Dr with Realigned Pinjar Rd (Olive Ridge Stage 1 & 2)	Roads	82,500	0	0	82,500	0	82,500	0
Grantleigh P/L T/A Lancaster Auto Imports - Lot 32 Lancaster Red Wangara Cont towards the upgrade of Wann Rd & Lancaster Rd Wangara	Roads	24,765	0	0	24,765	0	24,765	0
Economic Development Initiatives for 2Rocks	Economic Development	92,000	0	0	92,000	0	0	92,000
Economic Development Initiatives for Lot 12 Marmion Ave Jindalee	Economic Development	76,800	0	0	76,800	0	0	76,800
Sponsorship of Business Grow Centre	Economic Development	10,000	0	0	10,000	0	10,000	0
Economic Development Contributions for Somerly Mendelawitz Morton Quality Settlements - Landsdale	Economic Development	42,200	0	0	42,200	0	0	42,200
Cell 9 Road Construction Repayment	Roads	252,178	0	0	252,178	0	0	252,178
Re-Lot 84 Nicholas Road,Subdivision 06/047 2nd part of a two part \$200000.00 contribution as a condition approving the discharge of stormwater into the City's Ranworth Road Drainage Swale - Marauba P/L	Roads	24,000	0	0	24,000	0	0	24,000
Re-Lot 84 Nicholas Road,Subdivision 06/047 2nd part of a two part \$200000.00 contribution as a condition approving the discharge of stormwater into the City's Ranworth Road Drainage Swale - Mammoth Nominees P/L	Roads	176,000	0	0	176,000	0	0	176,000
Peet Ashton Heights Contribution for future resurfacing of roundabouts in Ashton Heights	Roads	25,000	0	0	25,000	0	0	25,000
Charity Golf Day	Other	8	36,595	36,603	0	0	0	0
<b>Balance Brought Forward</b>		<b>7,870,392</b>	<b>1,387,772</b>	<b>5,354,609</b>	<b>3,903,555</b>	<b>525,771</b>	<b>3,318,200</b>	<b>1,111,126</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (CONTINUED)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (*) 1/07/2012 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance (*) 30/06/2013 \$	Received (+) 2013/14 \$	Expended (#) 2013/14 \$	Closing Balance 30/06/2014 \$
<b>Balance Carried Forward</b>		<b>7,870,392</b>	<b>1,387,772</b>	<b>5,354,609</b>	<b>3,903,555</b>	<b>525,771</b>	<b>3,318,200</b>	<b>1,111,126</b>
Gas Pipeline Easement Compensation Lot 600 Wattle Ave Neerabup - NewGen Neerabup Partnership	Other	3,525,880	0	0	3,525,880	0	0	3,525,880
Rangeview & Landsdale Roads Repayment of Road Construction Advance and Interest - Timescope P/L	Roads	26,503	0	0	26,503	0	26,503	0
Insurance Claim for damages to radio communication Microwave Link PR-1032	Other	19,862	0	19,862	0	0	0	0
Contribution for upgrading existing roads Lot 3 Hainsworth Mews Redevelopment - McCusker Holdings P/L (C/- Cossill & Webley)	Roads	30,892	0	0	30,892	0	30,892	0
Payment towards the modification of Lancaster Road /Windsor Road to accommodate safe entry to Western Power Sub Station, Lot 22 Windsor Road, Madelev Joondalup Drive Banksia Grove -Pedestrian Safety Improvement Works as part of Better Regions Program -Banksia Grove Nominees	Roads	107,727	0	0	107,727	0	107,727	0
Funds for the City to manage Belleville Gardens Park from Mar 2010 to Mar 2011 -Landcorp	Other	58,038	0	58,038	0	0	0	0
Heart Foundation	Health & Fitness	390	0	362	28	0	28	0
Water Corporation - Reimbursement for connection of the sewer to the new Quinns fire station	Buildings	8,000	0	8,000	0	0	0	0
Girrawheen Greening Project	Environmental Protection	1,000	0	0	1,000	0	0	1,000
Miluc Holdingd P/L Lot 17 Tony Martin Way, Darch (Tony Martin Way & Danti) Roundabout Contribution	Roads	11,703	0	0	11,703	0	11,703	0
Main Roads Joondalup Dr Second Carriageway Pavement	Roads	93,281	0	0	93,281	0	93,281	0
Main Roads Black Spot Project Grant - Caporn St/Franklin St	Roads	28,628	74,400	103,028	0	270,416	270,416	0
WRC PR 2279 Capital Project Wangara Recycling Centre - New Plant Purchase (portable lifting platform & powered Hacksaw & Plasma cutter	Buildings	2,198	0	0	2,198	0	2,198	0
OMCF Walls of Honour Bert Togno Park Wanneroo - DLG	Other	3,376	0	1,130	2,246	0	2,246	0
Catalyst Funding Program- Workshops with Artist in Residence Wendy Lugg	Other	9,488	0	8,783	705	0	705	0
MRRG Road Improvement Projects Grants / Capital Grant - Hepburn Ave	Roads	1,091,243	0	721,187	370,056	0	370,056	0
Immunisation - Dept of Health	Health & Fitness	3,492	137,299	140,791	0	0	0	0
Midge Research Program - DEC	Other	67,478	50,922	118,400	0	0	0	0
<b>Balance Brought Forward</b>		<b>12,984,571</b>	<b>1,650,393</b>	<b>6,534,190</b>	<b>8,100,774</b>	<b>796,187</b>	<b>4,258,955</b>	<b>4,638,006</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (CONTINUED)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (*) 1/07/2012 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance (*) 30/06/2013 \$	Received (+) 2013/14 \$	Expended (#) 2013/14 \$	Closing Balance 30/06/2014 \$
<b>Balance Carried Forward</b>		<b>12,984,571</b>	<b>1,650,393</b>	<b>6,534,190</b>	<b>8,100,774</b>	<b>796,187</b>	<b>4,258,955</b>	<b>4,638,006</b>
Conservation of the Yanchep National Park Rowboat - Lotterywest	Other	4,000	0	4,000	0	0	0	0
Immunisation - ACIR	Health & Fitness	1,518	3,168	4,686	0	0	0	0
2011/12 State Black Spot Projects- Hughie Edwards Drive and Marmion Ave Intersection	Roads	45,503	0	0	45,503	0	45,503	0
2011/12 State Black Spot Projects- Sydney Road, Girrawheen Avenue and Marangaroo Drive	Roads	31,210	0	0	31,210	0	31,210	0
South Mindarie Foreshore Dune Stabilisation -WAPC Coastwest Grant	Environmental Protection	11,686	0	11,686	0	0	0	0
Driver Reviver	Other	1,122	1,624	0	2,746	0	2,746	0
TPS - Alkimos/Eglington Community Facilities Monitor Estimated Lot Yields	Town Planning	242,000	1,790,000	2,032,000	0	0	0	0
MCCusker Holdings Pty Ltd & Satterely Property Group New North Subdivision Works Road Contribution at Lot 1321 Pannell Way Girrawheen	Roads	6,300	0	6,300	0	0	0	0
Contribution to the Yanchep Bus Replacement Account	Buildings	3,074	6,529	9,603	0	0	0	0
Wangara MRF - Construct new glass sanding unit	Buildings	0	78,605	0	78,605	0	78,605	0
Perth Bicycle Network LG Grants - Wanneroo Road; Gnangara Road to Wilmont Ave, Madeley	Pathways	0	82,911	57,507	25,404	0	25,404	0
2011/12 MRRG Direct Grants -Road Resurfacing Program	Roads	0	420,409	0	420,409	0	420,409	0
R2R - Construct Traffic Treatments at Lagoon Drive, Yanchep (Marmion Ave to Foreshore Vista)	Roads	0	100,000	0	100,000	325,000	425,000	0
R2R - Construct Traffic Treatments at Brazier Road, Yanchep (Lagoon Dr to Compass Cir)	Roads	0	75,000	11,542	63,458	0	63,458	0
Construct Carriageway - Lenore Road, Wanneroo	Roads	0	453,333	75,477	377,856	453,333	831,189	0
Flynn Drive, Neerabup - Construct Road	Roads	0	400,000	387,521	12,479	0	12,479	0
Design Services for Traffic Signal modifications at Alexander and Marangaroo Drive intersection	Roads	0	80,000	21,949	58,051	0	58,051	0
Marmion/Hester Avenues intersection upgrade roundabout	Roads	0	266,667	185,821	80,846	266,667	347,513	0
Donation of Park Benches for Memorial Park from the Wanneroo Lions Club	Other	0	8,264	5,724	2,540	0	2,540	0
Department of Fire & Emergency Services (Grant Income) Two Rocks Volunteer Bush Fire Brigade Fire Station	Buildings	0	18,697	0	18,697	18,697	37,394	0
Ridgewood Reserve patio extension upgrade	Buildings	0	19,000	0	19,000	0	19,000	0
Wanneroo Road Town Centre, Streetscape improvement, Church Street to Noonan Drive, Wanneroo	Roads	0	400,000	88,371	311,629	0	311,629	0
Kidsport 2012/2013 - DSR	Health & Fitness	0	250,993	219,851	31,142	0	31,142	0
<b>Balance Brought Forward</b>		<b>13,330,984</b>	<b>6,105,593</b>	<b>9,656,228</b>	<b>9,780,349</b>	<b>1,859,884</b>	<b>7,002,227</b>	<b>4,638,006</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (CONTINUED)

(c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (*) 1/07/2012 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance (*) 30/06/2013 \$	Received (+) 2013/14 \$	Expended (#) 2013/14 \$	Closing Balance 30/06/2014 \$
<b>Balance Carried Forward</b>		<b>13,330,984</b>	<b>6,105,593</b>	<b>9,656,228</b>	<b>9,780,349</b>	<b>1,859,884</b>	<b>7,002,227</b>	<b>4,638,006</b>
Department of Health - Purchase of 12 seat HACC Bus	Plant and Equipment	0	71,499	57,124	14,375	0	14,375	0
Department of Health - HACC Bus Funds diverted to My Life My Words Project 2014	Plant and Equipment	0	0	0	0	14,375	4,154	10,221
MRRG - 13/14 State Blackspot Grant - Old Yanchep Road Stage 1	Roads	0	0	0	0	104,000	0	104,000
AWARE Program Agreement 2013/2014 - 100% Grant Automated Fire Danger Rating Signs	Other	0	0	0	0	27,727	1,952	25,775
YSpeak! A face, place and voice - Youth Friendly Communities Project - Department of Local Government & Communities	Other	0	0	0	0	10,000	0	10,000
Compensation for road widening at Lot 600 Wattle Avenue Neerabup	Roads	1,028,120	0	0	0	1,028,120	0	1,028,120
<b>Total</b>		<b>14,359,104</b>	<b>6,177,092</b>	<b>9,713,352</b>	<b>9,794,724</b>	<b>3,044,106</b>	<b>7,022,708</b>	<b>5,816,122</b>

Notes:

In the cases where the expenditure is in excess of the unspent balance of the grant is nil hence the balances brought forward plus receipts less income does not necessarily equal the unspent balances.  
Only Grants and Contributions Unspent as at 30 June 2014 are recorded within this note.

(\*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

	Note	2014 \$	2013 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
<u>Unrestricted</u>			
Municipal		15,550,534	11,038,080
Cash on Hand		<u>15,645</u>	<u>15,275</u>
		<u>15,566,179</u>	<u>11,053,355</u>
<u>Restricted</u>			
Town Planning Schemes		95,604,747	69,382,417
Reserves - Cash Backed		120,831,196	100,147,894
Unspent Grants		5,816,122	9,794,724
Unspent Loans		<u>19,760,992</u>	<u>22,897,972</u>
		<u>242,013,057</u>	<u>202,223,007</u>
<b>Total</b>		<u>257,579,236</u>	<u>213,276,362</u>
<b>4. CASH RESTRICTIONS</b>			
The following restrictions have been imposed by regulations or other externally imposed requirements:			
(a) Town Planning Schemes (Cash Positions)		<u>95,604,747</u>	<u>69,382,417</u>
(b) <b>Reserves - Cash Backed:</b>			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve		4,189,089	2,032,000
Asset Replacement Reserve		5,721,120	5,499,855
Butler Collaborative Planning Agreement Reserve		2,694,317	2,598,160
City of Wanneroo Townsite Reserve		4,356	37,925
Commercial Refuse Reserve		2,000,043	1,920,112
Commercial Refuse - Plant Replacement Reserve		2,214,938	2,126,419
Domestic Refuse Reserve		5,679,060	5,472,634
Domestic Refuse - Plant Replacement Reserve		7,995,707	7,689,927
Environmental Initiative Reserve		118,766	43,512
Fleming Park Lake Reserve		200,251	192,248
Golf Course Reserve		1,112,920	834,127
HACC Asset Replacement Reserve		471,846	434,536
Heavy Vehicle Replacement Reserve		2,651,100	2,735,952
Land Acquisition Reserve		1,517,375	1,078,900
Leave Liability Reserve		1,903,881	1,779,791
Light Vehicle Replacement Reserve		2,950,118	2,041,842
Loan Repayment Reserve		10,042,258	8,030,144
Materials Recovery Facility Upgrade Reserve		88,174	84,650
Neerabup Development Reserve		3,185,547	2,541,386
Plant Replacement Reserve		0	130,022
Quinns Caravan Park Reserve		0	139,515
Resource Recovery Domestic Refuse Reserve		1,693,540	1,625,858
Strategic Projects/Initiatives Reserve		57,262,167	44,651,835
Section 20A Land Reserve		182,609	175,311
Town Planning Scheme 20 - District Road Headworks Reserve		6,163,701	5,917,378
Yanchep Bus Reserve		161,724	150,105
Yanchep/Two Rocks Coastal Community Facilities Reserve		<u>626,589</u>	<u>183,750</u>
		<u>120,831,196</u>	<u>100,147,894</u>
(c) Unspent Grants & Contributions	2(c)	5,816,122	9,794,724
(d) Unspent Loan Funds	24(c)	19,760,993	22,897,972
		<u>242,013,058</u>	<u>202,223,007</u>

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

	<b>Note</b>	<b>2014 \$</b>	<b>Restated 2013 \$</b>
<b>5. INVESTMENTS</b>			
<b>Current</b>			
<b>Financial Assets at Fair Value Through Profit or Loss</b>			
At beginning of the year		0	1,314,423
Additions		0	0
Disposals		<u>0</u>	<u>(1,314,423)</u>
At end of the year		0	0
<b>Non Current</b>			
<b>Financial Assets at Fair Value Through Profit or Loss</b>			
At beginning of the year		10,288,260	46,839,750
Revaluation to Income Statement		(288,260)	(688,956)
Sales		<u>(10,000,000)</u>	<u>(35,862,534)</u>
At end of the year		0	10,288,260
<b>Held For Trading</b>			
- Managed Funds Bond Allocated		<u>0</u>	<u>10,288,260</u>
		0	10,288,260
<b>Equity Accounted Investments</b>			
Tamala Park Regional Council	8 (a) (ii)	7,071,097	4,668,925
Mindarie Regional Council	8 (b) (ii)	<u>6,110,746</u>	<u>5,352,307</u>
		13,181,843	10,021,232
		<u>13,181,843</u>	<u>20,309,492</u>
<b>Total Investments</b>		<u><u>13,181,843</u></u>	<u><u>20,309,492</u></u>
Unrestricted (Municipal Fund)		13,181,843	10,021,232
Restricted (Town Planning Schemes)		<u>0</u>	<u>10,288,260</u>
		<u>13,181,843</u>	<u>20,309,492</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Town Planning Schemes		0	10,288,260
<b>6. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates Outstanding (Inclusive of Refuse & Swimming Pool Insp)		10,716,067	10,381,197
Sundry Debtors		5,268,521	5,073,563
Provision for Doubtful Debts		(770,101)	(1,188,417)
Prepayments		377,310	412,030
GST Receivable		825,172	1,343,831
Accrued Income		<u>5,013,412</u>	<u>6,765,437</u>
		<u>21,430,381</u>	<u>22,787,641</u>
<b>Non-Current</b>			
Rates Outstanding - Pensioners		1,900,683	1,723,000
Deferred Debtors		<u>7,355</u>	<u>7,355</u>
		<u>1,908,038</u>	<u>1,730,355</u>
<b>Total</b>		<u><u>23,338,419</u></u>	<u><u>24,517,996</u></u>

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

	<b>Note</b>	<b>2014 \$</b>	<b>Restated 2013 \$</b>
<b>7. INVENTORIES</b>			
<b>Current</b>			
Stores and Materials (Held at Cost)		341,738	358,103
		<u>341,738</u>	<u>358,103</u>
<b>Non Current</b>			
Land held for resale - Development Costs (Held at Cost)		7,648,086	4,565,939
		<u>7,648,086</u>	<u>4,565,939</u>

**8. Equity Accounted Investments**

**(a) Tamala Park Regional Council**

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council. The establishment of the Tamala Park Regional Council was pursuant to Section 3.61 of the Local Government Act. 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.

	<b>2014 \$</b>	<b>Restated 2013 \$</b>
<b>(i) Retained surplus attributable to equity accounted investments</b>		
Balance at beginning of the financial year	30,543	128,312
Share of Profit/(Loss) from activity after tax	27,970	(97,769)
Distribution to participants	0	0
<b>Balance at end of the financial year</b>	<u>58,513</u>	<u>30,543</u>

**(ii) Carrying amount of equity accounted investments**

Balance at beginning of the financial year	4,668,925	2,518,334
Share of profit/(loss) from activity after tax	27,970	(97,769)
Share of Revaluation of assets	194	1,058
Distribution to participants	(1,666,665)	0
Movement in Capital Contributions	4,040,673	2,247,302
<b>Balance at end of the financial year</b>	<u>7,071,097</u>	<u>4,668,925</u>

**(b) Mindarie Regional Council**

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Mindarie Regional Council. The Mindarie Regional Council's objective is to establish and operate a long term refuse disposal site on Mindarie Lot 9504 on Deposit Plan 52070. The City of Wanneroo has contributed one sixth of the land and establishment costs of the refuse disposal facility. The City uses the refuse disposal facility at Mindarie to deposit all non recyclable waste collected by the City's domestic and commercial waste services. Capital contributions paid during establishment are represented in the accounts of the City of Wanneroo as a Non- Current Asset.

	<b>2014 \$</b>	<b>Restated 2013 \$</b>
<b>(i) Retained surplus attributable to equity accounted investments</b>		
Balance at beginning of the financial year	3,922,102	4,089,624
Share of profit/(loss) from activity after tax	718,731	(167,522)
<b>Balance at end of the financial year</b>	<u>4,640,833</u>	<u>3,922,102</u>

**(ii) Carrying amount of equity accounted investments**

Balance at beginning of the financial year	5,352,307	4,546,903
Share of Profit/(Loss) from activity after tax	718,731	(167,522)
Share of Revaluation of Assets	0	935,503
Movement in Capital Contributions	39,708	37,423
<b>Balance at end of the financial year</b>	<u>6,110,746</u>	<u>5,352,307</u>
<b>Total Carrying Amount</b>	<u>13,181,843</u>	<u>10,021,232</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	Restated 2013 \$
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and Buildings</b>		
Freehold Land at Cost	9,675,060	9,503,130
Buildings at Cost	108,240,052	106,973,173
Less Accumulated Depreciation	(27,978,783)	(25,317,890)
Total Buildings	80,261,269	81,655,283
Total Land and Buildings	89,936,329	91,158,413
Furniture and Equipment - at Cost	22,084,711	19,879,884
Less Accumulated Depreciation	(13,719,196)	(12,305,271)
	8,365,515	7,574,613
Plant and Equipment - at Cost	4,115,179	0
Plant and Equipment - Management Valuation 2013	24,634,105	24,756,824
Less Accumulated Depreciation	(3,955,770)	(17,765)
	24,793,514	24,739,059
Works in Progress	3,338,402	2,969,535
	126,433,760	126,441,620

**Plant and Equipment:**

The City's Plant and Equipment were revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with *Local Government (Financial Management) Regulations 1996 17A (2)* which requires these assets to be shown at fair value.

Plant and Equipment will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**9. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Movements in Carrying Amounts**

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings	Furniture and Equipment	Plant and Equipment (Level 2)	Works in Progress	TOTAL
	\$	\$	\$	\$	\$	\$
<b>Gross Carrying Amount</b>						
<b>Restated Balance at 30 June 2012</b>	<b>9,500,281</b>	<b>82,954,343</b>	<b>6,291,261</b>	<b>29,746,077</b>	<b>2,797,577</b>	<b>131,289,539</b>
Additions	0	1,988,849	2,063,909	3,696,559	288,386	8,037,703
Transfers from Works In Progress	0	91,574	24,854	0	(116,428)	0
Disposals	0	(831,652)	(2,359)	(1,604,595)	0	(2,438,606)
Revaluation Increments / (Decrements)	0	0	0	(1,849,772)	0	(1,849,772)
Depreciation Expense	0	(2,544,982)	(803,052)	(5,249,210)	0	(8,597,244)
<b>Restated Balance at 30 June 2013</b>	<b>9,500,281</b>	<b>81,658,132</b>	<b>7,574,613</b>	<b>24,739,059</b>	<b>2,969,535</b>	<b>126,441,620</b>
Additions	171,930	1,228,845	2,367,467	4,505,499	732,647	9,006,388
Transfers from Works In Progress	0	38,034	34,511	291,235	(363,780)	0
Disposals	0	0	(7,293)	(721,872)	0	(729,165)
Depreciation Expense	0	(2,660,893)	(1,603,784)	(4,020,406)	0	(8,285,083)
<b>Balance at 30 June 2014</b>	<b>9,672,211</b>	<b>80,264,118</b>	<b>8,365,514</b>	<b>24,793,515</b>	<b>3,338,402</b>	<b>126,433,760</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	Restated 2013 \$
<b>10. INFRASTRUCTURE</b>		
Reserves - Management Valuation 2014	145,743,118	0
Reserves - Cost	0	105,257,674
Less Accumulated Depreciation	0	(11,042,147)
	<u>145,743,118</u>	<u>94,215,527</u>
 Roads - Management Valuation 2014	 941,546,322	 0
Roads - Cost	0	669,077,076
Less Accumulated Depreciation	0	(167,557,568)
	<u>941,546,322</u>	<u>501,519,508</u>
 Pathways - Management Valuation 2014	 95,218,417	 0
Pathways - Cost	0	42,967,097
Less Accumulated Depreciation	0	(7,469,466)
	<u>95,218,417</u>	<u>35,497,631</u>
 Car Parking - Management Valuation 2014	 9,681,370	 0
Car Parking - Cost	0	13,080,153
Less Accumulated Depreciation	0	(5,002,846)
	<u>9,681,370</u>	<u>8,077,307</u>
 Drainage - Management Valuation 2014	 181,191,341	 0
Drainage - Cost	0	171,706,515
Less Accumulated Depreciation	0	(38,222,857)
	<u>181,191,341</u>	<u>133,483,658</u>
 Other Infrastructure - Management Valuation 2014	 49,390,650	 0
Other Infrastructure - Cost	0	24,724,672
Less Accumulated Depreciation	0	(3,039,347)
	<u>49,390,650</u>	<u>21,685,325</u>
 Works In Progress	 <u>1,322,683</u>	 <u>1,277,035</u>
	<u><u>1,424,093,901</u></u>	<u><u>795,755,991</u></u>

The City's Infrastructure was revalued as at 30 June 2014 by management. All of the valuations were made on the current cost of construction and development of these assets adjusted for condition.

The revaluation resulted in an overall increase of \$565,602,254 in the net value of the City's Infrastructure. All of this increase was credited to the revaluation surplus in the City's equity (refer Note 15(b) for further details) and was recognised as changes on revaluation of non-current assets in the Statement of Comprehensive Income.

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**10. INFRASTRUCTURE**

**Movements in Carrying Amounts**

Movements in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Reserves \$	Roads \$	Pathways \$	Car Parking \$	Drainage \$	Other Infrastructure \$	Works in Progress \$	Total \$
<b>Gross Carrying Amount</b>								
<b>Restated Balance at 30 June 2012</b>	<b>87,518,806</b>	<b>480,065,214</b>	<b>32,045,079</b>	<b>7,412,492</b>	<b>128,052,660</b>	<b>18,357,012</b>	<b>1,054,762</b>	<b>754,506,025</b>
Additions	7,373,717	36,284,506	4,391,122	953,474	7,528,387	4,118,089	952,929	61,602,224
Transfers from Works In Progress	536,445	144,478	0	0	6,644	43,089	(730,656)	0
Depreciation Expense	(1,213,441)	(14,974,692)	(938,570)	(288,659)	(2,104,033)	(832,863)	0	(20,352,258)
<b>Restated Balance at 30 June 2013</b>	<b>94,215,527</b>	<b>501,519,506</b>	<b>35,497,631</b>	<b>8,077,307</b>	<b>133,483,658</b>	<b>21,685,327</b>	<b>1,277,035</b>	<b>795,755,991</b>
Additions	10,473,066	56,946,178	4,178,984	266,922	8,756,090	2,815,544	995,510	84,432,294
Transfers from Works In Progress	121,123	652,587	165,547	0	0	10,605	(949,862)	0
Impairment of Assets *	0	0	0	0	0	112,426	0	112,426
Depreciation Expense	(1,401,103)	(15,980,434)	(1,052,793)	(316,378)	(2,208,814)	(849,542)	0	(21,809,064)
Revaluation Increments / (Decrements)	42,334,505	398,408,485	56,429,048	1,653,519	41,160,407	25,616,290	0	565,602,254
<b>Balance at 30 June 2014</b>	<b>145,743,118</b>	<b>941,546,322</b>	<b>95,218,417</b>	<b>9,681,370</b>	<b>181,191,341</b>	<b>49,390,650</b>	<b>1,322,683</b>	<b>1,424,093,901</b>

If the cost model had been used the carrying the carrying amount of these assets as at 30 June follows:

Cost Model Carrying Costs 2014	103,408,613	543,137,837	38,789,369	8,027,851	140,030,934	23,774,360	1,322,683	858,491,647
Cost Model Carrying Costs 2013	94,215,527	501,519,506	35,497,631	8,077,307	133,483,658	21,685,327	1,277,035	795,755,991

\* **Impairment of Assets** During 2009/2010 the City completed the construction and installation of the Yanchep Beach Boardwalk. Subsequent to the completion Council resolved to lower the Boardwalk. The Asset concerned has been impaired by cost of the remedial works. The Impairment losses were included in the line item (Impairment of Assets) in the Statement of Comprehensive Income by Nature and Type and in the line item (Expenses - Transport) in the Statement of Comprehensive Income by Program. The required remedial works have been completed and the reversal of this expenditure recognised in the Statements of Comprehensive Income.

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 \$	2013 \$
<b>11. TRADE AND OTHER PAYABLES</b>			
<b>Current</b>			
Trade Payables		14,608,092	15,596,629
Bonds and Security Deposits		4,202,616	3,788,343
		<u>18,810,708</u>	<u>19,384,972</u>
<b>12. LONG-TERM BORROWINGS</b>			
<b>Non-Current</b>			
Loans	24(a)	<u>60,778,188</u>	<u>60,778,188</u>
<b>13. PROVISIONS</b>			
<b>(a) Provision Balances</b>			
<b>Current</b>			
Provision for Annual Leave		4,977,822	4,614,553
Provision for Long Service Leave		4,276,737	3,865,485
Provision for Time in Lieu		84,678	72,905
Provision for Sick Leave		263,618	148,693
Provision for Additional Leave Agreement		109,911	94,995
Provision for Workers Compensation		2,160,770	2,187,970
		<u>11,873,536</u>	<u>10,984,601</u>
<b>Non-Current</b>			
Provision for Long Service Leave		1,411,746	1,536,463
		<u>1,411,746</u>	<u>1,536,463</u>
<b>Total Provisions</b>		<u>13,285,282</u>	<u>12,521,064</u>
<b>(b) Provision Balances</b>			
<b>Annual Leave</b>			
Balance as at 1 July		4,614,553	4,317,348
Additional Provisions		4,537,180	4,179,057
Amount Used		(4,173,911)	(3,881,852)
<b>Balance as at 30 June</b>		<u>4,977,822</u>	<u>4,614,553</u>
<b>Long Service Leave</b>			
Balance as at 1 July		5,401,948	4,706,191
Additional Provisions		1,231,293	1,497,198
Amount Used		(944,758)	(801,441)
<b>Balance as at 30 June</b>		<u>5,688,483</u>	<u>5,401,948</u>
<b>Time in Lieu</b>			
Balance as at 1 July		72,905	72,600
Additional Provisions		153,960	132,441
Amount Used		(142,187)	(132,136)
<b>Balance as at 30 June</b>		<u>84,678</u>	<u>72,905</u>
<b>Sick Leave</b>			
Balance as at 1 July		148,693	226,686
Additional Provisions		450,550	0
Amount Used		(335,625)	(77,993)
<b>Balance as at 30 June</b>		<u>263,618</u>	<u>148,693</u>
<b>Additional Leave Agreement</b>			
Balance as at 1 July		94,995	150,469
Additional Provisions		347,059	236,695
Amount Used		(332,143)	(292,169)
<b>Balance as at 30 June</b>		<u>109,911</u>	<u>94,995</u>
<b>Workers Compensation</b>			
Balance as at 1 July		2,187,970	1,825,060
Additional Provisions		3,231,279	2,695,823
Amount Used		(3,258,479)	(2,332,913)
<b>Balance as at 30 June</b>		<u>2,160,770</u>	<u>2,187,970</u>
<b>Total Provisions</b>		<u>13,285,282</u>	<u>12,521,064</u>

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30TH JUNE 2014

14. RESERVES - CASH/INVESTMENT BACKED	2014 \$	2014 Budget \$	2013 \$
<b>(a) Alkimos/Eglinton Coastal Corridor Community Facilities Reserve</b>			
Opening Balance	2,032,000	856,000	0
Amount Set Aside / Transfer to Reserve	2,157,089	1,483,880	2,032,000
Amount Used / Transfer from Reserve	0	0	0
	<u>4,189,089</u>	<u>2,339,880</u>	<u>2,032,000</u>
<b>(b) Asset Replacement Reserve</b>			
Opening Balance	5,499,855	6,190,941	3,395,136
Amount Set Aside / Transfer to Reserve	242,587	232,160	2,804,018
Amount Used / Transfer from Reserve	(21,322)	(900,000)	(699,299)
	<u>5,721,120</u>	<u>5,523,101</u>	<u>5,499,855</u>
<b>(c) Butler Collaborative Planning Agreement Reserve</b>			
Opening Balance	2,598,160	2,568,415	2,565,784
Amount Set Aside / Transfer to Reserve	108,157	96,316	132,376
Amount Used / Transfer from Reserve	(12,000)	(12,000)	(100,000)
	<u>2,694,317</u>	<u>2,652,731</u>	<u>2,598,160</u>
<b>(d) City of Wanneroo Townsite Reserve</b>			
Opening Balance	37,925	30,006	225,529
Amount Set Aside / Transfer to Reserve	1,431	0	11,832
Amount Used / Transfer from Reserve	(35,000)	(30,006)	(199,436)
	<u>4,356</u>	<u>0</u>	<u>37,925</u>
<b>(e) Commercial Refuse Reserve</b>			
Opening Balance	1,920,112	1,897,403	1,824,426
Amount Set Aside / Transfer to Reserve	79,931	71,153	95,686
Amount Used / Transfer from Reserve	0	0	0
	<u>2,000,043</u>	<u>1,968,556</u>	<u>1,920,112</u>
<b>(f) Commercial Refuse - Plant Replacement Reserve</b>			
Opening Balance	2,126,419	2,024,068	1,913,927
Amount Set Aside / Transfer to Reserve	88,519	506,266	212,492
Amount Used / Transfer from Reserve	0	(299,921)	0
	<u>2,214,938</u>	<u>2,230,413</u>	<u>2,126,419</u>
<b>(g) Domestic Refuse Reserve</b>			
Opening Balance	5,472,634	5,365,292	5,317,141
Amount Set Aside / Transfer to Reserve	227,394	201,198	274,762
Amount Used / Transfer from Reserve	(20,968)	(879,000)	(119,269)
	<u>5,679,060</u>	<u>4,687,490</u>	<u>5,472,634</u>
<b>(h) Domestic Refuse - Plant Replacement Reserve</b>			
Opening Balance	7,689,927	10,207,744	11,890,894
Amount Set Aside / Transfer to Reserve	334,119	3,195,870	1,003,533
Amount Used / Transfer from Reserve	(28,339)	(3,184,185)	(5,204,500)
	<u>7,995,707</u>	<u>10,219,429</u>	<u>7,689,927</u>
<b>(i) Environmental Initiative Reserve</b>			
Opening Balance	43,512	40,256	52,958
Amount Set Aside / Transfer to Reserve	75,254	51,510	52,781
Amount Used / Transfer from Reserve	0	(50,000)	(62,227)
	<u>118,766</u>	<u>41,766</u>	<u>43,512</u>
<b>(j) Fleming Park Lake Reserve</b>			
Opening Balance	192,248	189,962	182,656
Amount Set Aside / Transfer to Reserve	8,003	7,124	9,592
Amount Used / Transfer from Reserve	0	0	0
	<u>200,251</u>	<u>197,086</u>	<u>192,248</u>
<b>(k) Golf Course Reserve</b>			
Opening Balance	834,127	672,575	66,900
Amount Set Aside / Transfer to Reserve	478,586	275,222	982,674
Amount Used / Transfer from Reserve	(199,793)	(447,139)	(215,447)
	<u>1,112,920</u>	<u>500,658</u>	<u>834,127</u>
<b>(l) HACC Asset Replacement Reserve</b>			
Opening Balance	434,536	383,355	339,764
Amount Set Aside / Transfer to Reserve	37,310	44,375	94,772
Amount Used / Transfer from Reserve	0	0	0
	<u>471,846</u>	<u>427,730</u>	<u>434,536</u>
<b>(m) Heavy Vehicle Replacement Reserve</b>			
Opening Balance	2,735,952	3,683,068	2,508,864
Amount Set Aside / Transfer to Reserve	245,714	1,187,986	227,088
Amount Used / Transfer from Reserve	(330,566)	(1,120,852)	0
	<u>2,651,100</u>	<u>3,750,202</u>	<u>2,735,952</u>
<b>(n) Land Acquisition Reserve</b>			
Opening Balance	1,078,900	1,072,665	574,678
Amount Set Aside / Transfer to Reserve	543,475	540,225	529,222
Amount Used / Transfer from Reserve	(105,000)	0	(25,000)
	<u>1,517,375</u>	<u>1,612,890</u>	<u>1,078,900</u>
<b>(o) Leave Liability Reserve</b>			
Opening Balance	1,779,791	1,759,240	1,643,500
Amount Set Aside / Transfer to Reserve	124,090	115,972	136,291
Amount Used / Transfer from Reserve	0	0	0
	<u>1,903,881</u>	<u>1,875,212</u>	<u>1,779,791</u>

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30TH JUNE 2014

14. RESERVES - CASH/INVESTMENT BACKED (CONTINUED)	Note	2014 \$	2014 Budget \$	2013 \$
<b>(p) Light Vehicle Replacement Reserve</b>				
Opening Balance		2,041,842	2,064,326	1,831,005
Amount Set Aside / Transfer to Reserve		2,077,491	2,011,612	2,141,782
Amount Used / Transfer from Reserve		(1,169,215)	(2,326,480)	(1,930,945)
		<u>2,950,118</u>	<u>1,749,458</u>	<u>2,041,842</u>
<b>(q) Loan Repayment Reserve</b>				
Opening Balance		8,030,144	7,934,969	7,629,778
Amount Set Aside / Transfer to Reserve		2,012,114	1,630,894	400,366
Amount Used / Transfer from Reserve		0	0	0
		<u>10,042,258</u>	<u>9,565,863</u>	<u>8,030,144</u>
<b>(r) Materials Recovery Facility Upgrade Reserve</b>				
Opening Balance		84,650	71,884	85,144
Amount Set Aside / Transfer to Reserve		3,524	2,695	4,506
Amount Used / Transfer from Reserve		0	(50,000)	(5,000)
		<u>88,174</u>	<u>24,579</u>	<u>84,650</u>
<b>(s) Neerabup Development Reserve</b>				
Opening Balance		2,541,386	2,422,508	2,425,488
Amount Set Aside / Transfer to Reserve		1,127,743	90,844	126,154
Amount Used / Transfer from Reserve		(483,582)	(2,200,000)	(10,256)
		<u>3,185,547</u>	<u>313,352</u>	<u>2,541,386</u>
<b>(t) Plant Replacement Reserve</b>				
Opening Balance		130,022	737,715	304,408
Amount Set Aside / Transfer to Reserve		73,957	894,043	13,438
Amount Used / Transfer from Reserve		(203,979)	(786,661)	(187,824)
		<u>0</u>	<u>845,097</u>	<u>130,022</u>
<b>(u) Quinns Rocks Caravan Park Reserve</b>				
Opening Balance		139,515	139,514	134,148
Amount Set Aside / Transfer to Reserve		4,543	0	6,731
Amount Used / Transfer from Reserve		(144,058)	(139,514)	(1,364)
		<u>0</u>	<u>0</u>	<u>139,515</u>
<b>(v) Resource Recovery Domestic Refuse Reserve</b>				
Opening Balance		1,625,858	1,606,538	1,544,748
Amount Set Aside / Transfer to Reserve		67,682	60,245	81,110
Amount Used / Transfer from Reserve		0	0	0
		<u>1,693,540</u>	<u>1,666,783</u>	<u>1,625,858</u>
<b>(w) Section 20A Land Reserve</b>				
Opening Balance		175,311	102,358	258,591
Amount Set Aside / Transfer to Reserve		7,298	3,838	77,560
Amount Used / Transfer from Reserve		0	0	(160,840)
		<u>182,609</u>	<u>106,196</u>	<u>175,311</u>
<b>(x) Strategic Projects/Initiatives Reserve</b>				
Opening Balance		44,651,835	33,670,005	18,805,046
Amount Set Aside / Transfer to Reserve		15,555,003	1,262,625	26,444,499
Amount Used / Transfer from Reserve		(2,944,671)	(4,528,401)	(597,710)
		<u>57,262,167</u>	<u>30,404,229</u>	<u>44,651,835</u>
<b>(y) TPS 20 - District Distributor Road Headworks Reserve</b>				
Opening Balance		5,917,378	5,846,324	5,461,295
Amount Set Aside / Transfer to Reserve		246,323	219,237	456,083
Amount Used / Transfer from Reserve		0	0	0
		<u>6,163,701</u>	<u>6,065,561</u>	<u>5,917,378</u>
<b>(z) Yanchep Bus Reserve</b>				
Opening Balance		150,105	146,869	136,413
Amount Set Aside / Transfer to Reserve		11,619	35,508	13,692
Amount Used / Transfer from Reserve		0	0	0
		<u>161,724</u>	<u>182,377</u>	<u>150,105</u>
<b>(aa) Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve</b>				
Opening Balance		183,750	749,000	0
Amount Set Aside / Transfer to Reserve		442,839	941,252	183,750
Amount Used / Transfer from Reserve		0	0	0
		<u>626,589</u>	<u>1,690,252</u>	<u>183,750</u>
<b>Total Cash Backed Reserves</b>		<u>120,831,196</u>	<u>90,640,891</u>	<u>100,147,894</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

14. RESERVES - CASH/INVESTMENT BACKED (CONTINUED)

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

**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 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.

**Environment 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 road and drainage purposes.

**Leave Liability Reserve**

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

**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**

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

**Neerabup Development Reserve**

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

14. RESERVES - CASH/INVESTMENT BACKED (CONTINUED)

**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 which 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 Distributor Road 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.

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

A limit has been placed upon the funds to be transferred to the Domestic and Commercial Waste Reserves. Where a transfer to these Reserves would result in a balance that is greater than the requirements of the first five years of the City's Ten Year Strategic Financial Management Plan no additional funds will be set aside.

	Note	2014 \$	2014 Budget \$	Restated 2013 \$
15. REVALUATION SURPLUS				
Asset revaluation reserves have arisen on revaluation of the following classes of assets:				
(a) Artworks				
Opening Balance		246,092	246,090	246,092
		246,092	246,090	246,092
(b) Infrastructure Assets				
Opening Balance		0	0	0
Revaluation Increment		565,602,254	0	0
		565,602,254	0	0
(c) Equity Accounted Investments				
Opening Balance		936,561	0	0
Revaluation Increment		194	0	936,561
		936,755	0	936,561
<b>TOTAL ASSET REVALUATION RESERVES</b>		<b>566,785,101</b>	<b>246,090</b>	<b>1,182,653</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

16. MAJOR LAND TRANSACTIONS

(1) MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES

The City's major land transactions incorporated in the 2013/2014 Financial Report relate to its role in Town Planning and Regional Development. In addition to its involvement with the Cities of Perth, Stirling and Joondalup and the Towns of Cambridge, Vincent and Victoria Park with Lot 17 Mindarie, the City has Town Planning Schemes and Development Areas in Operation:

Development Area	Locality
- Town Planning Scheme No 5 - Landsdale	- Landsdale
- East Wanneroo Development Area Cells 1-9	- East Wanneroo
- Berkley Road Local Structure Plan	- Marangaroo/Alexander Heights
- Neerabup Development	- Neerabup

(a) Town Planning Scheme No 5 - Landsdale

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

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

	2014 \$	2014 Budget \$	2013 \$
Revenue and Expenses for the year ended 30 June:			
<b>INCOME</b>			
Interest on Investments	25,343	23,506	30,377
	<u>25,343</u>	<u>23,506</u>	<u>30,377</u>
<b>EXPENDITURE</b>			
Legal Fees	0	5,000	0
	<u>0</u>	<u>5,000</u>	<u>0</u>
<b>NET RESULT</b>	<u>25,343</u>	<u>18,506</u>	<u>30,377</u>
Surplus/(Deficit) B/Forward	609,147	608,627	578,770
Net Result	25,343	18,506	30,377
<b>Surplus/(Deficit) C/Forward</b>	<u>634,490</u>	<u>627,133</u>	<u>609,147</u>
Scheme Position Represented by:			
<u>Assets</u>			
Cash at Bank and Cash Equivalents	634,490	627,133	609,147
<b>Equity/(Deficiency)</b>	<u>634,490</u>	<u>627,133</u>	<u>609,147</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

16. MAJOR LAND TRANSACTIONS (CONTINUED)

(1) MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (Continued)

East Wanneroo Development Area - Cells 1 - 9

The east Wanneroo Cells 1-10 provide for the development of the area generally east of Wanneroo Road between Hepburn Avenue and Flynn Drive. It will provide for residential, industrial and commercial subdivision/development to complement existing pockets of those land uses within the scheme area.

The area consists of 10 cells, which provide for regional infrastructure including public open space and regional roads. The format, structure and funding aspects are subject to ongoing review and Cells 1 to 8 are currently subject to an independent review by consultants. The costing mechanisms are yet to be finalised for Cell 9.

	2014 \$	2014 Budget \$	2013 \$
(b) <b>East Wanneroo Development Area - Cell 1</b>			
Revenue and Expenses for the year ended 30 June:			
<b>INCOME</b>			
Headworks Levy	826,737	2,000,000	1,627,639
Interest on Investments	1,000,384	858,723	1,100,344
	<u>1,827,121</u>	<u>2,858,723</u>	<u>2,727,983</u>
<b>EXPENDITURE</b>			
Administration Fees	13,703	57	14,502
Audit Fees	0	0	1,714
Compensation Payments - Public Open Space	0	602,000	0
Consulting Fees	0	1,000	0
Construction Costs	0	0	47,583
Legal Fees	0	2,000	1,745
	<u>13,703</u>	<u>605,057</u>	<u>65,544</u>
<b>NET RESULT</b>	<u>1,813,418</u>	<u>2,253,666</u>	<u>2,662,439</u>
Surplus/(Deficit) B/Forward	23,375,792	23,962,101	20,713,353
Net Result	<u>1,813,418</u>	<u>2,253,666</u>	<u>2,662,439</u>
<b>Surplus/(Deficit) C/Forward</b>	<u>25,189,210</u>	<u>26,215,767</u>	<u>23,375,792</u>
Scheme Position Represented by:			
<b>Assets</b>			
Cash at Bank and Cash Equivalents	25,189,210	26,215,767	13,135,115
Investments	0	0	10,288,260
<b>Liabilities</b>			
Bank Overdraft			
Accrued Expenses	0	0	(47,583)
<b>Equity/(Deficiency)</b>	<u>25,189,210</u>	<u>26,215,767</u>	<u>23,375,792</u>

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30TH JUNE 2014

## 16. MAJOR LAND TRANSACTIONS (CONTINUED)

## (1) MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (Continued)

	2014 \$	2014 Budget \$	2013 \$
(c) <b>East Wanneroo Development Area - Cell 2</b>			
Revenue and Expenses for the year ended 30 June:			
<b>INCOME</b>			
Headworks Levy	219,258	490,000	2,314,386
Interest on Investments	215,173	141,405	166,037
	<u>434,431</u>	<u>631,405</u>	<u>2,480,423</u>
<b>EXPENDITURE</b>			
Administration Fees	6,851	33	7,247
Audit Fees	0	0	1,714
Compensation Payments - Public Open Space	0	5,000	0
Consulting Fees	0	2,000	0
Legal Fees	0	1,000	1,745
	<u>6,851</u>	<u>8,033</u>	<u>10,706</u>
<b>NET RESULT</b>	<u>427,580</u>	<u>623,372</u>	<u>2,469,717</u>
Surplus/(Deficit) B/Forward	5,064,668	3,903,160	2,594,951
Net Result	427,580	623,372	2,469,717
<b>Surplus/(Deficit) C/Forward</b>	<u>5,492,248</u>	<u>4,526,532</u>	<u>5,064,668</u>
Scheme Position Represented by:			
<b>Assets</b>			
Cash at Bank and Cash Equivalents	5,492,248	4,526,532	5,064,668
<b>Equity/(Deficiency)</b>	<u>5,492,248</u>	<u>4,526,532</u>	<u>5,064,668</u>
(d) <b>East Wanneroo Development Area - Cell 3</b>			
Revenue and Expenses for the year ended 30 June:			
<b>INCOME</b>			
Development Headworks Levy	0	28,000	0
Interest on Investments	55,277	51,472	66,573
	<u>55,277</u>	<u>79,472</u>	<u>66,573</u>
<b>EXPENDITURE</b>			
Administration Fees	3,426	33	3,623
Audit Fees	0	0	1,714
Consulting Fees	0	2,000	0
Compensation Payments - Road Reserves	0	130,000	0
Legal Fees	0	0	1,745
	<u>3,426</u>	<u>132,033</u>	<u>7,082</u>
<b>NET RESULT</b>	<u>51,851</u>	<u>(52,561)</u>	<u>59,491</u>
Surplus/(Deficit) B/Forward	1,328,094	1,257,451	1,268,603
Net Result	51,851	(52,561)	59,491
<b>Surplus/(Deficit) C/Forward</b>	<u>1,379,945</u>	<u>1,204,890</u>	<u>1,328,094</u>
Scheme Position Represented by:			
<b>Assets</b>			
Cash at Bank and Cash Equivalents	1,379,945	1,204,890	1,328,094
<b>Equity/(Deficiency)</b>	<u>1,379,945</u>	<u>1,204,890</u>	<u>1,328,094</u>

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30TH JUNE 2014

## 16. MAJOR LAND TRANSACTIONS (CONTINUED)

## (1) MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (Continued)

	2014 \$	2014 Budget \$	2013 \$
<b>(e) East Wannon Development Area - Cell 4</b>			
Revenue and Expenses for the year ended 30 June:			
<b>INCOME</b>			
Development Headworks Levy	3,522,460	2,000,000	3,150,586
Interest on Investments	642,853	605,162	778,563
	<u>4,165,313</u>	<u>2,605,162</u>	<u>3,929,149</u>
<b>EXPENDITURE</b>			
Administration Fees	20,554	57,704	21,750
Audit Fees	0	0	1,714
Compensation Payments - Public Open Space	125,019	3,705,000	3,016,963
Construction Costs	5,164,460	5,336,432	107,807
Consulting Fees	5,327	2,000	1,800
Contract Expenses	8,101	0	8,476
Valuation Costs	0	0	2,124
Legal Fees	34,891	50,000	49,970
	<u>5,358,352</u>	<u>9,151,136</u>	<u>3,210,604</u>
<b>NET RESULT</b>	<u>(1,193,039)</u>	<u>(6,545,974)</u>	<u>718,545</u>
Surplus/(Deficit) B/Forward	15,250,617	14,863,162	14,532,072
Net Result	<u>(1,193,039)</u>	<u>(6,545,974)</u>	<u>718,545</u>
<b>Surplus/(Deficit) C/Forward</b>	<u>14,057,578</u>	<u>8,317,188</u>	<u>15,250,617</u>
Scheme Position Represented by:			
<b>Assets</b>			
Cash at Bank and Cash Equivalents	14,057,578	8,317,188	15,252,513
<b>Liabilities</b>			
Accrued Expenses	0	0	(1,896)
<b>Equity/(Deficiency)</b>	<u>14,057,578</u>	<u>8,317,188</u>	<u>15,250,617</u>
<b>(f) East Wannon Development Area - Cell 5</b>			
Revenue and Expenses for the year ended 30 June:			
<b>INCOME</b>			
Development Headworks Levy	123,636	930,000	0
Construction Costs Reimbursement	29,875	0	0
Interest on Investments	307,284	283,924	372,242
	<u>460,795</u>	<u>1,213,924</u>	<u>372,242</u>
<b>EXPENDITURE</b>			
Administration Fees	25,693	5,660	27,188
Audit Fees	0	0	1,714
Legal Fees	28,999	50,000	47,152
Compensation Payments - Road Reserves	0	2,505,000	240,289
Contract Expenses	1,068	0	19,274
Valuation Costs	0	0	1,875
Consulting Fees	9,295	2,000	15,733
	<u>65,055</u>	<u>2,562,660</u>	<u>353,225</u>
<b>NET RESULT</b>	<u>395,740</u>	<u>(1,348,736)</u>	<u>19,017</u>
Surplus/(Deficit) B/Forward	7,297,501	7,554,232	7,278,484
Net Result	<u>395,740</u>	<u>(1,348,736)</u>	<u>19,017</u>
<b>Surplus/(Deficit) C/Forward</b>	<u>7,693,241</u>	<u>6,205,496</u>	<u>7,297,501</u>
Scheme Position Represented by:			
<b>Assets</b>			
Cash at Bank and Cash Equivalents	7,693,241	6,205,496	7,300,548
<b>Liabilities</b>			
Accrued Expenses	0	0	(3,047)
<b>Equity/(Deficiency)</b>	<u>7,693,241</u>	<u>6,205,496</u>	<u>7,297,501</u>

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30TH JUNE 2014

## 16. MAJOR LAND TRANSACTIONS (CONTINUED)

## (1) MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (Continued)

	2014 \$	2014 Budget \$	2013 \$
<b>(g) East Wannon Development Area - Cell 6</b>			
Revenue and Expenses for the year ended 30 June:			
<b>INCOME</b>			
Development Headworks Levy	1,971,953	500,000	910,926
Interest on Investments	823,040	715,813	927,871
	<u>2,794,993</u>	<u>1,215,813</u>	<u>1,838,797</u>
<b>EXPENDITURE</b>			
Administration Fees	17,128	33	18,119
Audit Fees	0	0	1,714
Compensation Payments - Road Reserves	216,630	205,000	0
Contract Expenses	0	0	12,223
Consultancy Fees	0	2,000	0
Legal Fees	0	2,000	1,745
	<u>233,758</u>	<u>209,033</u>	<u>33,801</u>
<b>NET RESULT</b>	<u>2,561,235</u>	<u>1,006,780</u>	<u>1,804,996</u>
Surplus/(Deficit) B/Forward	19,728,636	20,752,937	17,923,640
Net Result	2,561,235	1,006,780	1,804,996
<b>Surplus/(Deficit) C/Forward</b>	<u>22,289,871</u>	<u>21,759,717</u>	<u>19,728,636</u>
Scheme Position Represented by:			
<b>Assets</b>			
Cash at Bank and Cash Equivalents	22,289,871	21,759,717	18,505,715
<b>Liabilities</b>			
Accrued Expenses	0	0	1,222,921
<b>Equity/(Deficiency)</b>	<u>22,289,871</u>	<u>21,759,717</u>	<u>19,728,636</u>
<b>(h) East Wannon Development Area - Cell 7</b>			
Revenue and Expenses for the year ended 30 June:			
<b>INCOME</b>			
Development Headworks Levy	0	1,000,000	532,322
Interest on Investments	106,813	100,047	119,898
	<u>106,813</u>	<u>1,100,047</u>	<u>652,220</u>
<b>EXPENDITURE</b>			
Audit Fees	0	0	1,714
Administration Fees	23,980	36	25,366
Compensation Payments - Road Reserves	0	1,005,000	0
Contract Expenses	0	0	8,931
Legal Fees	0	1,000	1,887
Consulting Fees	0	2,000	0
	<u>23,980</u>	<u>1,008,036</u>	<u>37,898</u>
<b>NET RESULT</b>	<u>82,833</u>	<u>92,011</u>	<u>614,322</u>
Surplus/(Deficit) B/Forward	2,573,133	2,864,905	1,958,811
Correction of Administration Charges to Municipal Fund			
Net Result	82,833	92,011	614,322
<b>Surplus/(Deficit) C/Forward</b>	<u>2,655,966</u>	<u>2,956,916</u>	<u>2,573,133</u>
Scheme Position Represented by:			
<b>Assets</b>			
Cash at Bank and Cash Equivalents	2,655,966	2,956,916	2,598,499
<b>Liabilities</b>			
Accrued Expenses	0	0	(25,366)
<b>Equity/(Deficiency)</b>	<u>2,655,966</u>	<u>2,956,916</u>	<u>2,573,133</u>

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30TH JUNE 2014

## 16. MAJOR LAND TRANSACTIONS (CONTINUED)

## (1) MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (Continued)

	2014 \$	2014 Budget \$	2013 \$
(i) <b>East Wannon Development Area - Cell 8</b>			
Revenue and Expenses for the year ended 30 June:			
<b>INCOME</b>			
Development Headworks Levy	2,077,644	500,000	659,776
Construction Costs Reimbursement	2,423,154	0	0
Interest on Investments	66,365	11,454	14,119
	<u>4,567,163</u>	<u>511,454</u>	<u>673,895</u>
<b>EXPENDITURE</b>			
Audit Fees	0	0	1,714
Administration Fees	13,703	12,451	14,422
Construction Costs	0	137,545	285,253
Compensation Payments - Road Reserves	0	1,405,000	333,962
Consulting Fees	9,296	10,000	15,733
Legal Fees	39,206	100,000	40,977
Contract Expenses	2,887	0	11,441
Valuation Fees	0	0	3,600
	<u>65,092</u>	<u>1,664,996</u>	<u>707,102</u>
<b>NET RESULT</b>	<u>4,502,071</u>	<u>(1,153,542)</u>	<u>(33,207)</u>
Surplus/(Deficit) B/Forward	(3,085,942)	(3,009,557)	(3,052,735)
Net Result	4,502,071	(1,153,542)	(33,207)
<b>Surplus/(Deficit) C/Forward</b>	<u>1,416,129</u>	<u>(4,163,099)</u>	<u>(3,085,942)</u>
Scheme Position Represented by:			
<b>Assets</b>			
Cash at Bank and Cash Equivalents	1,416,129	(4,163,099)	295,525
<b>Liabilities</b>			
Bank Overdraft			
Accrued Expenses	0	0	(3,381,467)
<b>Equity/(Deficiency)</b>	<u>1,416,129</u>	<u>(4,163,099)</u>	<u>(3,085,942)</u>
(j) <b>East Wannon Development Area - Cell 9</b>			
Revenue and Expenses for the year ended 30 June:			
<b>INCOME</b>			
Development Headworks Levy	13,314,000	2,000,000	190,000
Interest on Investments	208,073	61,418	73,674
	<u>13,522,073</u>	<u>2,061,418</u>	<u>263,674</u>
<b>EXPENDITURE</b>			
Audit Fees	0	0	1,390
Administration Fees	23,980	0	25,366
Contract Fees	2,076	0	0
Legal Fees	0	5,000	0
Construction Costs - Municipal Transfer	1,032,924	371,000	0
Compensation Payments - Road Reserves	3,102,524	2,405,000	0
	<u>4,161,504</u>	<u>2,781,000</u>	<u>26,756</u>
<b>NET RESULT</b>	<u>9,360,569</u>	<u>(719,582)</u>	<u>236,918</u>
Surplus/(Deficit) B/Forward	1,530,009	(717,639)	1,293,091
Net Result	9,360,569	(719,582)	236,918
<b>Surplus/(Deficit) C/Forward</b>	<u>10,890,578</u>	<u>(1,437,221)</u>	<u>1,530,009</u>
Scheme Position Represented by:			
<b>Assets</b>			
Cash at Bank and Cash Equivalents	10,890,578	(1,437,221)	1,530,009
<b>Equity/(Deficiency)</b>	<u>10,890,578</u>	<u>(1,437,221)</u>	<u>1,530,009</u>

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30TH JUNE 2014

## 16. MAJOR LAND TRANSACTIONS (CONTINUED)

## (1) MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (Continued)

(k) Berkley Road Local Structure Plan

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

Revenue and Expenses for the year ended 30 June:	2014 \$	2014 Budget \$	2013 \$
<b>INCOME</b>			
Development Headworks Levy	0	32,250	16,125
Interest on Investments	112,041	104,328	134,174
	<u>112,041</u>	<u>136,578</u>	<u>150,299</u>
<b>EXPENDITURE</b>			
Administration Fees	8,564	0	9,059
Consulting Fees	0	5,000	0
Compensation Payments	0	50,000	0
	<u>8,564</u>	<u>55,000</u>	<u>9,059</u>
<b>NET RESULT</b>	<u>103,477</u>	<u>81,578</u>	<u>141,240</u>
Surplus/(Deficit) B/Forward	2,691,925	2,716,562	2,550,685
Net Result	<u>103,477</u>	<u>81,578</u>	<u>141,240</u>
<b>Surplus/(Deficit) C/Forward</b>	<u>2,795,402</u>	<u>2,798,140</u>	<u>2,691,925</u>
Scheme Position Represented by:			
<b>Assets</b>			
Cash at Bank and Cash Equivalents	2,795,402	2,798,140	2,691,925
<b>Equity/(Deficiency)</b>	<u>2,795,402</u>	<u>2,798,140</u>	<u>2,691,925</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

16. MAJOR LAND TRANSACTIONS (CONTINUED)

(1) MAJOR LAND TRANSACTIONS - TOWN PLANNING SCHEMES (Continued)

(I) Neerabup Development

The Neerabup Industrial Area Structure Plan No 17 is designed to provide for the industrial development contained within an area bounded by Wanneroo Road, Flynn Drive, Old Yanchep Road and Wattle Avenue. This industrial area will be a major employment centre for the North West residential corridor.

The format, structure and environmental aspects are being finalised for the ongoing development of the area. All landowners in the area will pay an infrastructure development contribution to the City for the provision of the shared infrastructure to service the industrial area.

Revenue and Expenses for the year ended 30 June:	2014 \$	2014 Budget \$	2013 \$
<b>INCOME</b>			
Interest on Investments	44,570	42,748	105,298
	<u>44,570</u>	<u>42,748</u>	<u>105,298</u>
<b>EXPENDITURE</b>			
Administration Fees	5,139	23,993	5,435
Compensation Payments - Sump Land	0	0	1,273,386
Construction Costs	0	4,965,349	0
	<u>5,139</u>	<u>4,989,342</u>	<u>1,278,821</u>
<b>NET RESULT</b>	<u>39,431</u>	<u>(4,946,594)</u>	<u>(1,173,523)</u>
Surplus/(Deficit) B/Forward	1,070,659	2,319,373	2,244,182
Net Result	39,431	(4,946,594)	(1,173,523)
<b>Surplus/(Deficit) C/Forward</b>	<u>1,110,090</u>	<u>(2,627,221)</u>	<u>1,070,659</u>
Scheme Position Represented by:			
<u>Assets</u>			
Cash at Bank and Cash Equivalents	1,110,090	(2,627,221)	1,070,659
	<u>1,110,090</u>	<u>(2,627,221)</u>	<u>1,070,659</u>
<b>Equity/(Deficiency)</b>	<u>1,110,090</u>	<u>(2,627,221)</u>	<u>1,070,659</u>
<b>Total Equity of Town Planning/Land Development</b>	<u>95,604,748</u>	<u>66,384,238</u>	<u>77,434,239</u>

(2) The development and subdivision of part Lot 118 Mindarie. (Tamala Park)

The City of Wanneroo, along with the City of Perth, City of Stirling, City of Joondalup and the Town of Cambridge, City of Vincent and Town of Victoria Park is a member of the Tamal Park Regional Council.

The activities on Tamala Park Regional Council center's around the development of part Lot 118 Mindarie. This lot has been developed during the current and previous financial years with the purposes of creating new urban land lots and a new urban community.

The City of Wanneroo will contribute one sixth of any funding required for capital or operating costs and will also be entitled to one sixth of the revenue from the sale of lots of land.

	2014 \$	2013 \$
Income from Sales	8,898,594	7,204,333
Development Expenses	(4,765,948)	(5,561,554)
	<u>4,132,646</u>	<u>1,642,779</u>
Surplus/(Deficit)	<u>4,132,646</u>	<u>1,642,779</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

17. 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. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2014 \$	2014 Budget \$	2013 \$
Cash Assets		257,579,236	145,069,608	213,276,362
<b>Total Cash on Hand / Cash Equivalents</b>		<u>257,579,236</u>	<u>145,069,608</u>	<u>213,276,362</u>

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

Net Result		101,599,078	43,106,715	69,646,402
Depreciation		30,094,147	29,628,925	28,949,502
(Increase)/Decrease in Receivables		761,261	(150,000)	(6,742,312)
(Profit)/Loss on Sale of Asset		(4,642,656)	(1,333,333)	(5,772,325)
(Increase)/Decrease in Inventories		16,365	0	(29,274)
Increase/(Decrease) in Payables		(574,264)	(50,000)	123,613
Increase/(Decrease) in Provisions		764,218	50,000	1,222,710
Loss Upon Revaluation of Assets		0	0	1,849,772
Impairment of Assets		(112,426)	0	0
Fair Value Adjustment to Other Financial Assets at Fair Value		288,260	0	688,956
Share of Profits of Associates		(746,701)	0	274,674
Town Planning Scheme Income (Inc. Interest)		(25,662,903)	(12,480,250)	(13,290,932)
Town Planning Scheme Expenses		3,748,041	12,361,000	5,347,539
Decrease/(Increase) in Provision for Doubtful Debts		418,316	0	10,719
Grants/Contributions for the Development of Assets		(67,234,517)	(43,232,516)	(52,807,974)
<b>Net Cash from Operating Activities</b>		<u>38,716,219</u>	<u>27,900,541</u>	<u>29,471,070</u>

(c) Contributed Assets

During the year the City received Infrastructure assets to the value of \$59,050,006 from Land Developers.

(d) Credit Standby Arrangements

Bank Overdraft Limit		1,000,000	1,000,000	1,000,000
Credit Card Limits		62,000	52,000	52,000
Bank Overdraft at Balance Date		0	0	0
Credit Card Balances at Balance Date		(12,178)	0	(2,403)
<b>Total Amount of Credit Unused</b>		<u>1,049,822</u>	<u>1,052,000</u>	<u>1,049,597</u>

(e) Loan Facilities

Loan Facilities - Non-Current	24 (a)	60,778,188	60,778,188	60,778,188
<b>Total Facilities in Use at Balance Date</b>		<u>60,778,188</u>	<u>60,778,188</u>	<u>60,778,188</u>
<b>Unused Loan Facilities at Balance Date</b>		<u>0</u>	<u>0</u>	<u>0</u>

18. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The City had no non-cancellable operating leases.

	2014 \$	2013 \$
<b>(b) Capital Expenditure Commitments</b>		
Contracted for:		
- Land and Building Works	4,932,923	370,269
- Engineering Works	2,907,876	5,322,403
- Parks Works	122,575	27,454
- Plant and Equipment	3,854,685	245,737
- Furniture and Equipment	0	6,939
	<u>11,818,059</u>	<u>5,972,802</u>

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

**19. CONTINGENT ASSETS AND LIABILITIES**

**(a) Contingent Liabilities**

- (i) In line with the other equity holders in the Mindarie Regional Council (MRC) the City has accepted the contingent liability resulting from the provision of an irrevocable financial guarantee on behalf of Mindarie Regional Council (MRC) for its contractual liability to the Contractor undertaking the development of the Resource Recovery Facility. The extent of the City's contingent liability is proportional and several (not joint and several) and is limited to 1/6 of any subsequent payment to the Contractor. The maximum amount that may be payable by the City under the Guarantee is 1/6 of \$163.9m amounting to \$27.3m. The term of the guarantee is 20 years unless the MRC liability under the agreement with the contractor is fully extinguished earlier. This guarantee expires on 15 July 2019.
- (ii) The City of Wanneroo (City) was in dispute with Cobey Industries (a contractor engaged by the City) in relation to the Kingsway Stage 2 redevelopment as at 30 June 2014. An arbitrator was appointed on a mutually agreed basis to assist in resolving the dispute. The City paid a Final Settlement of \$1,185,057 excluding GST on 18 September 2014. This amount is not included within the financial statements.

**(b) Bank Guarantees**

- (i) The City of Wanneroo currently holds bank guarantees of \$20,334,232 (2013: \$14,804,635) with respect to commercial customers and property developers.

**20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

Note	2014 \$	Restated 2013 \$
Governance	20,331,681	19,697,479
Law, Order, Public Safety	760,031	673,262
Health	170,000	134,870
Education and Welfare	465,639	497,039
Community Amenities	10,140,931	9,256,849
Recreation and Culture	315,408,172	192,346,645
Transport	1,183,232,641	675,424,855
Economic Services	622,108	461,463
Other Property and Services	19,203,295	25,670,622
Unallocated (Assets other than fixed assets)	302,282,485	259,985,149
	<u>1,852,616,983</u>	<u>1,185,225,503</u>

**21. FINANCIAL RATIOS**

	2014	Restated 2013	Restated 2012
Current Ratio	1.297:1	1.196:1	1.226:1
Debt Service Cover Ratio	18.475:1	13.47:1	13.501:1
Operating Surplus Ratio	0.193:1	0.10:1	0.12:1
Asset Sustainability Ratio	0.155:1	0.15:1	0.25:1
Own Source Revenue Coverage Ratio	1.165:1	1.03:1	1.037:1

The above rates are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

**22. TRUST FUNDS**

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

Details	Balance 30-Jun-13 \$	Amounts Received \$	Amounts Paid \$	Balance 30-Jun-14 \$
Miscellaneous/Appeals	58,783	18,247	(15,156)	61,874
Public Open Space	2,360,674	62,078	0	2,422,752
<b>Totals</b>	<b>2,419,457</b>	<b>80,325</b>	<b>(15,156)</b>	<b>2,484,626</b>

**23. DISPOSALS OF ASSETS**

The following assets were disposed of during the year.

Details	Net Book Value		Sale Price		Profit/(Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b><u>By Program</u></b>						
Governance	7,293	0	2,272	0	(5,021)	0
Community Amenities	7,073	0	0	0	(7,073)	0
Other Property and Services	4,922,452	1,450,035	9,577,202	2,783,368	4,654,750	1,333,333
<b>Totals</b>	<b>4,936,818</b>	<b>1,450,035</b>	<b>9,579,474</b>	<b>2,783,368</b>	<b>4,642,656</b>	<b>1,333,333</b>
<b><u>By Class</u></b>						
Land (Held for Resale)	4,207,653	0	8,898,594	1,333,333	4,690,941	1,333,333
Land	0	0	13,636	0	13,636	0
Furniture and Fittings	7,293	0	2,273	0	(5,020)	0
Plant and Equipment	721,872	1,450,035	664,971	1,450,035	(56,901)	0
	<b>4,936,818</b>	<b>1,450,035</b>	<b>9,579,474</b>	<b>2,783,368</b>	<b>4,642,656</b>	<b>1,333,333</b>
<b><u>Summary</u></b>						
Profit on Asset Disposals					4,780,007	1,833,333
Loss on Asset Disposals					(137,351)	(500,000)
					<b>4,642,656</b>	<b>1,333,333</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

24. INFORMATION ON BORROWINGS

(a) Loan Repayments

Details	Restated Principal 01-Jul-13	New Drawdown	Principal Repayments		Principal 30-Jun-14		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
<b>Loan 1</b>								
Develop Industrial Estate - Neerabup	317,887	0	0	0	317,887	317,887	19,296	19,296
Wanneroo Regional Museum and Library	10,416,178	0	0	0	10,416,178	10,416,178	632,262	632,262
Construct Community Centre - Butler	278,000	0	0	0	278,000	278,000	16,875	16,875
Redevelop Wanneroo Townsite	1,214,615	0	0	0	1,214,615	1,214,615	73,726	73,726
Redevelop Koondoola Precinct	2,000	0	0	0	2,000	2,000	121	121
Develop Accessible and Inclusive Playground	222,000	0	0	0	222,000	222,000	13,475	13,475
Kingsway Regional Sporting Complex	19,551,752	0	0	0	19,551,752	19,551,752	1,186,791	1,186,791
Upgrade Aquamotion	7,926,000	0	0	0	7,926,000	7,926,000	481,110	481,110
Develop Wangara Industrial Area (Lot 15)	3,074,023	0	0	0	3,074,023	3,074,023	186,592	186,592
Pinjar Road - Wanneroo and Carosa Road	728,849	0	0	0	728,849	728,849	44,241	44,241
Upgrade Rocca Way Dundobar Road	196,400	0	0	0	196,400	196,400	11,921	11,921
Flynn Drive Neerabup - Construct Road	500,000	0	0	0	500,000	500,000	30,350	30,350
Lot 12 Fowey Loop	1,800	0	0	0	1,800	1,800	109	109
Yanchep District Playing Fields	56,460	0	0	0	56,460	56,460	3,427	3,427
Yanchep Lagoon	3,877,072	0	0	0	3,877,072	3,877,072	235,339	235,339
Yanchep SLSC	6,200,000	0	0	0	6,200,000	6,200,000	376,340	376,340
Southern Suburbs Library	6,215,152	0	0	0	6,215,152	6,215,152	377,260	377,261
<b>Total</b>	<b>60,778,188</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,778,188</b>	<b>60,778,188</b>	<b>3,689,235</b>	<b>3,689,236</b>

(b) New Debenture - 2013/14

Council issued no debentures or increased long term borrowings in the 2013/2014 year.

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

**(c) Unspent Loans**

<b>Details</b>	<b>Date Borrowed</b>	<b>Balance 01-Jul-13 \$</b>	<b>Borrowed During Year \$</b>	<b>Expended During Year \$</b>	<b>Balance 30-Jun-14 \$</b>
<b>Loan 1</b>					
Kingsway Regional Sporting Complex	1 Dec 2006	4,108,074	0	1,426,754	2,681,320
Develop Wangara Industrial Area (Lot 15)	1 Dec 2006	2,593,271	0	42,327	2,550,944
Upgrade Rocca Way Dundobar Road	1 Dec 2006	188,000	0	1,880	186,120
Flynn Drive Neerabup - Construct Road	1 Dec 2006	113,118	0	0	113,118
Kingsway Shopfront Library	1 Dec 2006	6,215,152	0	0	6,215,152
Yanchep Lagoon	1 Nov 2010	3,608,033	0	1,576,259	2,031,774
Yanchep SLSC	1 Nov 2010	6,072,324	0	89,759	5,982,565
<b>Total</b>		<b>22,897,972</b>	<b>0</b>	<b>3,136,979</b>	<b>19,760,993</b>

Under Section 6.20(4)(a) of the *Local Government Act 1995*, a change in purpose of the use of borrowings can be disclosed in the annual budget. This was done so as part of the 2013/2014 Budget. As such, the table above indicates the resulting change in the unspent balance in column "Balance 01-Jul-13" resulting from the change of purpose of borrowings.

**(d) Overdraft**

The City operates separate bank accounts for the each of its Town Planning Schemes and Struture plans as recorded in Note 16. In addition to these bank accounts, the City uses four operating bank accounts, the Municipal Fund, Advance Account, Reserve Account and Trust Fund. The grouped total of these limits is \$1,000,000 and no overdart was required as at 30 June 2013 or 2014.

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

## 25. RATING INFORMATION

Differential General Rate Category	Rate in Dollar (cents)	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rates \$	Budget Total Rate \$
GRV - Residential Improved	7.7574	42,277	796,316,074	61,773,426	3,005,025	64,778,451	61,582,355	2,757,779	64,340,134
GRV - Residential Vacant	10.8424	2,506	39,119,709	4,241,514	1,728,429	5,969,943	4,120,341	0	4,120,341
GRV - Commercial Improved	7.5144	464	86,354,221	6,489,002	639,641	7,128,643	6,489,002	0	6,489,002
GRV - Commercial Vacant	6.4213	36	2,554,306	164,020	(26,546)	137,474	164,020	0	164,020
GRV - Industrial Improved	6.3257	1,564	107,815,632	6,820,094	425,994	7,246,088	6,796,226	0	6,796,226
GRV - Industrial Vacant	4.1348	162	9,279,756	383,699	(32,305)	351,394	382,624	0	382,624
GRV - Rural Improved	8.4819	135	19,760	1,676	(2,059)	(383)	0	0	0
GRV - Rural Vacant	7.9262	14	0	0	0	0	0	0	0
GRV - Caravan and Park Home Parks	7.7564	97	1,561,612	121,125	0	121,125	121,125	0	121,125
GRV - Community Groups Major	8.3111	5	277,925	23,099	0	23,099	23,099	0	23,099
GRV - Community Groups General	3.9269	9	394,650	15,498	913	16,411	15,498	0	15,498
GRV - Community Groups Surf Life Saving	2.0505	2	102,200	2,096	0	2,096	2,096	0	2,096
UV - Residential Improved	0.3304	280	284,316,787	939,383	(85,169)	854,214	982,705	0	982,705
UV - Residential Vacant	0.4296	1,044	987,317,000	4,241,514	(1,476,643)	2,764,871	3,979,229	0	3,979,229
UV - Commercial Improved	0.2597	14	183,860,000	477,484	(223,504)	253,980	466,881	0	466,881
UV - Commercial Vacant	0.2757	1	1,500,000	4,136	0	4,136	2,757	0	2,757
UV - Industrial Improved	0.2420	13	40,280,000	97,478	9,501	106,979	84,005	0	84,005
UV - Industrial Vacant	0.2719	10	29,290,000	79,640	46,210	125,850	75,146	0	75,146
UV - Rural and Mining Improved	0.3211	577	697,682,672	2,240,259	197,710	2,437,969	2,217,569	0	2,217,569
UV - Rural and Mining Vacant	0.3410	139	271,425,000	925,559	734	926,293	977,374	0	977,374
UV - Community Groups Major	0.2550	1	1,930,000	4,922	0	4,922	4,922	0	4,922
UV - Community Groups General	0.1237	5	3,730,000	4,614	0	4,614	4,612	0	4,612
<b>Sub-Totals</b>		<b>49,355</b>	<b>3,545,127,304</b>	<b>89,050,238</b>	<b>4,207,931</b>	<b>93,258,169</b>	<b>88,491,586</b>	<b>2,757,779</b>	<b>91,249,365</b>
<b>Minimum Rate Category</b>	<b>Minimum \$</b>								
GRV - Residential Improved	1,155	13,760	184,118,476	15,892,800	0	15,892,800	15,902,040	0	15,902,040
GRV - Residential Vacant	668	2,011	9,714,875	1,343,348	0	1,343,348	1,456,240	0	1,456,240
GRV - Commercial Improved	1,135	90	1,031,070	102,150	0	102,150	102,150	0	102,150
GRV - Commercial Vacant	1,135	8	85,050	9,080	0	9,080	9,080	0	9,080
GRV - Industrial Improved	1,135	476	6,425,106	540,260	0	540,260	540,260	0	540,260
GRV - Industrial Improved - Storage Units	567	48	169,050	27,216	0	27,216	27,216	0	27,216
GRV - Industrial Vacant	1,135	38	861,031	43,130	0	43,130	40,860	0	40,860
GRV - Rural Improved	1,145	0	0	0	0	0	0	0	0
GRV - Rural Vacant	770	0	0	0	0	0	0	0	0
GRV - Caravan and Park Home Parks	362	1	4,056	362	0	362	362	0	362
GRV - Community Groups Major	240	0	0	0	0	0	0	0	0
GRV - Community Groups General	240	1	20	240	0	240	240	0	240
GRV - Community Groups Surf Life Saving	240	0	0	0	0	0	0	0	0
UV - Residential Improved	1,155	62	13,309,255	71,610	0	71,610	71,610	0	71,610
UV - Residential Vacant	701	49	7,185,000	34,349	0	34,349	36,452	0	36,452
UV - Commercial Improved	1,135	2	224,000	2,270	0	2,270	2,270	0	2,270
UV - Commercial Vacant	1,135	0	0	0	0	0	0	0	0
UV - Industrial Improved	1,135	0	0	0	0	0	0	0	0
UV - Industrial Vacant	1,135	0	0	0	0	0	0	0	0
UV - Rural and Mining Improved	1,145	11	3,275,286	12,595	0	12,595	12,595	0	12,595
UV - Rural and Mining Vacant	770	37	214,184	28,490	0	28,490	29,260	0	29,260
UV - Community Groups Major	240	0	0	0	0	0	0	0	0
UV - Community Groups Minor	240	0	0	0	0	0	0	0	0
<b>Sub-Totals</b>		<b>16,594</b>	<b>226,616,459</b>	<b>18,107,900</b>	<b>0</b>	<b>18,107,900</b>	<b>18,230,635</b>	<b>0</b>	<b>18,230,635</b>
<b>Totals</b>		<b>65,949</b>	<b>3,771,743,763</b>	<b>107,158,138</b>	<b>4,207,931</b>	<b>111,366,069</b>	<b>106,722,221</b>	<b>2,757,779</b>	<b>109,480,000</b>
<b>EX Gratia Rates</b>				<b>19,163</b>		<b>19,163</b>		<b>0</b>	<b>20,000</b>
<b>Grand Totals</b>				<b>107,177,301</b>	<b>4,207,931</b>	<b>111,385,232</b>	<b>106,722,221</b>	<b>2,757,779</b>	<b>109,500,000</b>

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

**26. SERVICE CHARGES - 2013/14 FINANCIAL YEAR**

The City did not budget for, nor did it charge any Service Charges for the 2013/2014 Financial Year.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**

Details	Type	Disc %	Total Value \$	Budget Value \$
Debts Written Off	W/Off	-	49,502	-
Community Groups Rates Waiver	Waiver	-	43,557	43,560

With regard to waivers, Council agreed, in accordance with Section 6.47 of the Local Government Act 1995, to waive the 2013/2014 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
- Quinns Mindarie Surf Lifesaving Club Inc.
- Quinns Rocks Sports Club
- Tiger Kart Club Inc.
- Wanneroo Agricultural Society
- 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
- Pinjar Motorcycle Park Inc.
- Wanneroo Racing Pigeon Club
- Wanneroo Shooting Complex Inc.
- Wanneroo Sports & Social Club
- Wanneroo Tennis
- Wanneroo Trotting & Training Club Inc.
- Yanchep Golf Club
- Yanchep Sports Club Inc.
- Yanchep Surf Lifesaving Club Inc.

The circumstances in which the waiver is granted to sporting clubs is when Council believes financial support is warranted. The objective is improving the clubs' financial viability in order to assist with the fostering of good health in the community.

**28. INTEREST CHARGES AND INSTALMENTS**

An interest rate of 8.45% (2013: 8.45%) was charged on all rates, both current and arrears, that remain unpaid after 35 days from the issue date of the rate notice. Three option plans were available to ratepayers for payment of their rates.

Option 1 (Full Payment)

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

Option 2 (Two instalments)

First instalment to be received on or before 35 days after the issue date appearing on the rate notice, including all arrears and half of the current rates and service charges. The second and final instalment becomes due and payable 63 days after the due date of the first instalment.

Option 3 (Four instalments)

First instalment to be received on or before 35 days after the issue date appearing on the rate notice, including all arrears and a quarter of the current rates and service charges. The second, third and fourth instalments are to be made at 63 day intervals, thereafter.

Cost of the instalment Options

The cost of the instalment options will comprise simple interest of 5.5% (2013: 5.5%) per annum, calculated from the date of the first instalment is due and payable, together with an administration fee of \$5.00 (2013: \$5.00) for each instalment, excluding the first.

Special Arrangements and Late Payment Penalty

In addition to the late payment interest of 8.45%, an administration fee of \$25.00 (2013: \$25.00) per assessment is charged to any ratepayers wishing to enter into special payment agreements with the City.

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

**28. INTEREST CHARGES AND INSTALMENTS (CONTINUED)**

Details	Note	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates		8.45		1,104,678	900,000
Interest on Rate Instalments		5.50		520,152	400,000
	2a(ii)			1,624,830	1,300,000
Charges on Instalment Plan			5 or 15	328,077	315,000
<b>Total</b>				<b>1,952,907</b>	<b>1,615,000</b>

**29. FEES AND CHARGES**

	2014 \$	2014 Budget \$	2013 \$
Governance	14,430	39,213	36,582
General Purpose Revenue	532,003	460,000	500,378
Law, Order, Public Safety	722,976	357,700	370,796
Health	246,105	248,533	215,176
Education & Welfare	341,889	462,091	384,989
Community Amenities	10,411,909	8,642,204	10,775,415
Recreation & Culture	7,332,910	7,062,330	7,272,710
Transport	900,985	850,000	1,007,918
Economic Services	2,743,008	2,109,506	3,193,137
Other Property & Services	5,708	11,272	5,564
	<u>23,251,923</u>	<u>20,242,849</u>	<u>23,762,665</u>

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

**30. GRANT AND CONTRIBUTION REVENUE**

	Note	2014 \$	2014 Budget \$	2013 \$
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income.				
<u>By Nature and Type:</u>				
Grants and Subsidies - operating		9,416,693	8,801,083	12,262,791
Grants and Subsidies - non-operating		67,234,517	43,232,516	52,807,974
		<u>76,651,210</u>	<u>52,033,599</u>	<u>65,070,765</u>

Comprises

By Program:

Governance	232,315	1,500,971	237,276
General Purpose Funding	3,273,834	3,005,053	5,970,675
Law, Order, Public Safety	409,518	357,275	446,905
Health	211,363	183,838	193,829
Education & Welfare	3,885,784	3,898,397	4,069,637
Community Amenities	516,140	8,334,601	227,248
Recreation and Culture	7,397,262	19,963,468	7,938,491
Transport	58,026,440	12,327,890	43,854,592
Economic Services	10,603	8,400	14,368
Other Property & Services	2,687,951	2,453,706	2,117,744
	<u>76,651,210</u>	<u>52,033,599</u>	<u>65,070,765</u>

**31. RELATED PARTY TRANSACTIONS**

The City's related parties include its Elected Members and related entities as described below.

**Tamala Park Regional Council**

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council. The establishment of the Tamala Park Regional Council was pursuant to Section 3.61 of the Local Government Act 1995. The Tamala Park Regional Council formally came into existence on the 3 February 2006. The Tamala Park Regional Council's activities 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.

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

**31. RELATED PARTY TRANSACTIONS (Continued)**

**Mindarie Regional Council**

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Mindarie Regional Council. The Mindarie Regional Council's objective is to establish and operate a long term refuse disposal site on Mindarie Lot 9504 on Deposit Plan 52070. The City of Wanneroo has contributed one sixth of the land and establishment costs of the refuse disposal facility. The City uses the refuse disposal facility at Mindarie to deposit all non recyclable waste collected by the City's domestic and commercial waste services. Capital contributions paid during establishment are represented in the accounts of the City of Wanneroo as a Non Current Asset.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

**Transactions with Key Management Personnel (Elected Members Remuneration)**

Key Management of the City are the Elected Members of the City.

The following fees, expenses and allowances were paid to Council Members and the Mayor.

	<b>2014</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	441,965	420,000	105,000
Mayoral Allowance	84,012	120,000	60,000
Deputy Mayor's Allowance	21,003	30,000	15,000
Other including Travel	25,958	151,750	25,022
ICT Allowance	52,920	51,000	47,600
	<u>625,858</u>	<u>772,750</u>	<u>252,622</u>
	<b>2014</b>		<b>2013</b>

**32. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date.	<u>848</u>	<u>839</u>
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**33. ADDITIONAL INFORMATION**

City of Wanneroo is a local government council operating in Western Australia  
Principal Place of Business: Dundobar Road, Wanneroo, W.A., 6065  
Telephone: (08) 9405 5000

**34. POST REPORTING DATE EVENT**

On 18 September 2014 the City paid the sum of \$1,185,057 excluding GST to Cobey Industries as final settlement for a dispute in relation to the Kingsway Stage 2 redevelopment. Refer Note 19 (a) (ii)

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

**35. PRIOR PERIOD RESTATEMENTS**

During the 2013/2014 reporting year the below items were reviewed indicating the amounts reported in previous annual financial reports were incorrect:

Compensation payments for road widening and a pipeline easement receipt of \$1,028,120 was not recognised as income when received in the 2010/2011 Financial Year. A compensating error occurred at the same time by understating the movement in doubtful debts reported in profit or loss. As these errors were offsetting there was no impact on the comparative figures for 2013.

A revaluation of the City's Infrastructure Assets was conducted during 2013/2014. During this review of the City's asset register it was noted that some assets were incorrectly classified.

	<b>Amount \$</b>
<b>Previous Classification</b>	
Other Infrastructure (Infrastructure)	3,543,904
Land (Property Plant and Equipment)	1,384,823
<b>Reviewed Classification</b>	
Land (Property Plant and Equipment)	21,386
Buildings (Property Plant and Equipment)	2,716,126
Furniture and Equipment (Property Plant and Equipment)	667,883
Plant and Equipment (Property Plant and Equipment)	104,954
Reserves (Infrastructure)	1,109,998
Transport (Infrastructure)	284,479
Drainage (Infrastructure)	6,432
Carparks (Infrastructure)	17,469

Due to the final financial reports of the associates in which the City holds equity for the 2012/2013 financial year not being available at the time the City prepared its financial statements for 2012/2013 on the information available at the time. Subsequent to this the associates issued their financial statements for the 2012/2013 financial year. This information was different to what was the basis of the City's 2012/2013 financial report. The Share of Loss of Associates was decreased by \$9,383 and Changes on Revaluation of Non-Current Assets increased by \$936,561. The retained surplus attributable to this item was increased by \$131,326

The resulting amendments are as shown below:

	<b>Original Balance 2013 \$</b>	<b>Amount of Adjustment 2013 \$</b>	<b>Adjusted Balance 2013 \$</b>
<b>STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE</b>			
Share of Loss of Associates	(274,674)	9,383	(265,291)
<b>Other Comprehensive Income</b>			
Changes on Revaluation of Non-Current Assets	0	936,561	936,561
<b>STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM</b>			
<b>REVENUE</b>			
General Purpose Funding	116,221,062	9,383	116,230,445
<b>Other Comprehensive Income</b>			
Changes on Revaluation of Non-Current Assets	0	936,561	936,561
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>NON-CURRENT ASSETS</b>			
Inventories	4,384,145	181,794	4,565,939
Investments	19,414,016	895,476	20,309,492
Property, Plant and Equipment	124,316,094	2,125,526	126,441,620
Infrastructure	797,881,517	(2,125,526)	795,755,991
<b>EQUITY</b>			
Retained Surplus	913,635,784	140,709	913,776,493
Revaluation Surplus	246,092	936,561	1,182,653

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

35. PRIOR PERIOD ADJUSTMENTS (Continued)

STATEMENT OF CHANGES IN EQUITY

**Retained Surplus**

Balance as at 30 June 2012	880,569,386	131,326	880,700,712
Net Result	69,646,402	9,383	69,655,785
Balance as at 30 June 2013	913,635,784	140,709	913,776,493

**Revaluation Surplus**

Changes on Revaluation of Non-Current Assets	0	936,561	936,561
Balance as at 30 June 2013	246,092	936,561	1,182,653

**Total Equity**

Balance as at 30 June 2012	1,021,817,607	131,326	1,021,948,933
Net Result	69,646,402	9,383	69,655,785
Changes on Revaluation of Non-Current Assets	0	936,561	936,561
Balance as at 30 June 2013	1,091,464,009	1,077,270	1,092,541,279

**Rates Setting Statement**

Surplus/(Deficit) July 1 B/Fwd	8,174,196	(36,265)	8,137,931
Surplus/(Deficit) June 30 C/Fwd	7,845,661	(36,265)	7,809,396

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**36. FINANCIAL RISK MANAGEMENT**

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

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

Financial risk management is carried out by the Finance Service Unit under policies approved by the Council.

The City held the following financial instruments at balance date:

Details	Note	Carrying Value		Fair Value	
		2014 \$	2013 \$	2014 \$	2013 \$
<b>Financial Assets</b>					
Cash and cash equivalents*		257,579,236	213,276,362	257,579,236	213,276,362
Receivables*		23,338,419	24,517,996	23,338,419	24,517,996
Financial assets at fair value through profit or loss		0	10,288,260	0	10,288,260
<b>Total Financial Assets</b>		<u>280,917,655</u>	<u>248,082,618</u>	<u>280,917,655</u>	<u>248,082,618</u>
<b>Financial Liabilities</b>					
Payables*		18,810,708	19,384,972	18,810,708	19,384,972
Borrowings	24	60,778,188	60,778,188	60,778,188	60,778,188
<b>Total Financial Liabilities</b>		<u>79,588,896</u>	<u>80,163,160</u>	<u>79,588,896</u>	<u>80,163,160</u>

Fair value is determined as follows:

\* Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2014**

**36. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Cash and Cash Equivalents**

**Financial Assets at Fair Value through Profit or Loss**

**Available-For-Sale Financial Assets**

**Held-to-Maturity Investments**

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

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

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

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

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

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% (*) movement in price of investments:		
- Equity	0	1,028,826
- Statement of Comprehensive Income	0	1,028,826
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	2,575,792	2,132,764
- Statement of Comprehensive Income	2,575,792	2,132,764

**Notes:**

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

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

(+) Maximum impact.

**(b) Receivables**

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

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

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

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	89.58%	90.19%
- Overdue	10.42%	9.81%

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014

## 36. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Payables

## Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total Contractual Cash Flows \$	Carrying values \$
<b>2014</b>					
Payables	18,810,708	0	0	18,810,708	18,810,708
Borrowings	3,689,236	14,756,944	92,136,694	110,582,874	60,778,188
	<u>22,499,944</u>	<u>14,756,944</u>	<u>92,136,694</u>	<u>129,393,582</u>	<u>79,588,896</u>
<b>2013</b>					
Payables	19,384,972	0	0	19,384,972	19,384,972
Borrowings	3,689,236	14,756,944	92,136,694	110,582,874	60,778,188
	<u>23,074,208</u>	<u>14,756,944</u>	<u>92,136,694</u>	<u>129,967,846</u>	<u>80,163,160</u>

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

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

Details	<1 year \$	1-2 \$	2-3 \$	3-4 \$	4-5 \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b><u>Year Ended 30 June 2014</u></b>								
Debentures	-	-	-	-	-	60,778,188	60,778,188	6.07%
Weighted Average Effective Interest Rate						6.07%		
<b><u>Year Ended 30 June 2013</u></b>								
Debentures	-	-	-	-	-	60,778,188	60,778,188	6.07%
Weighted Average Effective Interest Rate						6.07%		

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## **Independent Auditor's Report To the Ratepayers of the City of Wanneroo**

We have audited the accompanying financial report of the City of Wanneroo (the "City"), which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Chief Executive Officer.

### **Responsibility of the Council for the financial report**

The Council of the City are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act 1995 Part 6. This responsibility includes such internal controls as the Council determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

**Independence**

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

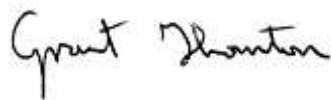
**Auditor's Opinion**

In our opinion, the financial report of the City of Wanneroo:

- i presents fairly, in all material respects, the City's financial position as at 30 June 2014 and of its performance and cash flows for the year then ended;
- ii complies with Australian Accounting Standards and;
- iii is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

**Statutory Compliance**

I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to financial statements.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 23 October 2014

**CITY OF WANNEROO**  
**SUPPLEMENTARY RATIO INFORMATION (UNAUDITED)**  
**FOR THE YEAR ENDED 30TH JUNE 2014**

**Ratio Information**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the annual financial report.

	<b>2014</b>	<b>Restated 2013</b>	<b>Restated 2012</b>
Asset Consumption Ratio	0.82:1	0.82:1	N/A
Asset Renewal Funding	0.76:1	0.82:1	N/A

"N/A – In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for 2011 have not been reported as financial information is not available."

Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$