

CITY OF WANNEROO

ANNUAL BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2016

TABLE OF CONTENTS

| | |
|--|---------|
| Statement of Comprehensive Income - By Nature or Type | 3 |
| Statement of Comprehensive Income - By Program | 4 |
| Statement of Cash Flows | 5 |
| Rate Setting Statement | 6 |
| Notes to and Forming Part of the Budget: | 7 - 41 |
| 1 - Significant Accounting Policies | 7 - 14 |
| 2 - Revenues and Expenses | 15 - 17 |
| 3 - Acquisition of Assets | 18 |
| 4 - Disposal of Assets | 19 |
| 5 - Information on Borrowings | 20 |
| 6 - Reserves | 21 - 27 |
| 7 - Non-Cash Reserves | 28 |
| 8 - Net Current Assets | 28 |
| 9 - Rating Information | 29 - 30 |
| 10 - Specified Area Rates | 31 |
| 11 - Service Charges | 31 |
| 12 - Fees & Charges Revenue | 31 |
| 13 - Rate Payment Discounts, Waivers & Concessions | 31 |
| 14 - Interest Charges and Instalments | 32 |
| 15 - Elected Members Remuneration | 32 |
| 16 - Notes to the Statement of Cash Flows | 33 - 34 |
| 17 - Trust Funds | 35 |
| 18 - Major Land Transactions | 35 - 41 |
| 19 - Trading Undertakings & Major Trading Undertakings | 41 |
| 20 - Financial Ratios | 42 |

CITY OF WANNEROO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDING 30TH JUNE 2016

| | NOTE | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|--|--------------|---------------------------|----------------------------------|---------------------------|
| Revenues | | | | |
| Rates | 9 | 119,719,385 | 120,554,105 | 130,605,729 |
| Operating Grants, Subsidies and Contributions | | 12,370,325 | 12,788,732 | 12,572,765 |
| Fees and Charges | 12 | 22,537,478 | 19,865,500 | 18,982,500 |
| Interest Earnings | 2(a)(ii) | 8,520,000 | 8,562,396 | 8,065,000 |
| Other Revenue | | 3,936,884 | 1,536,622 | 669,894 |
| | | 167,084,072 | 163,307,355 | 170,895,888 |
| Expenses | | | | |
| Employee Costs | | (72,032,208) | (68,950,804) | (75,110,527) |
| Materials and Contracts | | (49,657,347) | (45,300,683) | (51,034,070) |
| Utility Charges | | (8,116,720) | (7,474,494) | (8,280,784) |
| Depreciation on Non-Current Assets | 2(a)(i) | (32,050,000) | (35,999,932) | (38,000,000) |
| Interest Expenses | 2(a)(i),5(a) | (3,689,236) | (3,689,088) | (3,689,236) |
| Insurance Expenses | | (1,517,528) | (1,457,529) | (1,505,416) |
| | | (167,063,039) | (162,872,530) | (177,620,033) |
| | | 21,033 | 434,825 | (6,724,145) |
| Other Revenues and Expenses (excl. Contr. of Physical Assets) | | | | |
| Non-Operating Grants, Subsidies and Contributions | | 12,972,750 | 7,426,707 | 14,337,583 |
| Profit on Asset Disposals | 4 | 3,400,000 | 4,000,000 | 8,266,666 |
| Loss on Asset Disposals | 4 | (500,000) | (350,000) | (500,000) |
| Town Planning Scheme Income | 18(b) | 22,946,125 | 23,627,500 | 19,342,646 |
| Town Planning Scheme Expenses | 18(b) | (15,902,000) | (3,138,025) | (21,653,740) |
| | | 22,916,875 | 31,566,182 | 19,793,155 |
| Net Result (excluding Contributions of Physical Assets) | | 22,937,908 | 32,001,007 | 13,069,010 |
| Contributions of Physical Assets | | 30,000,000 | 65,000,000 | 67,000,000 |
| Net Result | | 52,937,908 | 97,001,007 | 80,069,010 |
| Other Comprehensive Income | | - | - | - |
| Total Comprehensive Income | | 52,937,908 | 97,001,007 | 80,069,010 |

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

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

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

CITY OF WANNEROO

STATEMENT OF COMPREHENSIVE INCOME

BY PROGRAM

FOR THE YEAR ENDING 30TH JUNE 2016

| | NOTE | 2014/2015 Budget | 2014/2015 Actual (Est.) | 2015/2016 Budget |
|--|--------------|----------------------|----------------------------|----------------------|
| | 1, 2(b) | \$ | \$ | \$ |
| Revenues | | | | |
| Governance | | 280,814 | 339,477 | 261,807 |
| General Purpose Funding | | 135,187,685 | 136,484,065 | 145,705,730 |
| Law, Order and Public Safety | | 924,075 | 1,079,079 | 1,249,075 |
| Health | | 452,660 | 433,976 | 636,330 |
| Education and Welfare | | 4,487,322 | 4,527,174 | 4,354,597 |
| Community Amenities | | 12,507,246 | 7,425,940 | 5,031,946 |
| Recreation and Culture | | 8,231,509 | 8,065,174 | 8,690,693 |
| Transport | | 1,070,538 | 1,316,039 | 1,289,193 |
| Economic Services | | 3,364,006 | 3,363,322 | 3,444,857 |
| Other Property and Services | | 578,217 | 273,109 | 231,660 |
| | | 167,084,072 | 163,307,355 | 170,895,888 |
| Expenses (excluding Finance Costs) | | | | |
| Governance | | (9,284,554) | (11,953,902) | (10,682,308) |
| General Purpose Funding | | (912,021) | (936,012) | (1,009,354) |
| Law, Order and Public Safety | | (5,921,531) | (5,970,575) | (6,423,719) |
| Health | | (2,418,267) | (2,156,515) | (2,512,731) |
| Education and Welfare | | (9,983,194) | (9,998,137) | (10,883,392) |
| Community Amenities | | (43,264,157) | (40,457,418) | (39,756,798) |
| Recreation and Culture | | (44,624,578) | (43,847,094) | (54,577,503) |
| Transport | | (30,478,335) | (36,258,933) | (39,372,642) |
| Economic Services | | (4,091,155) | (4,093,705) | (4,205,882) |
| Other Property and Services | | (28,298,011) | (16,231,450) | (26,160,219) |
| | | (179,275,803) | (171,903,741) | (195,584,548) |
| Finance Costs | | | | |
| | 2(a)(i),5(a) | | | |
| General Purpose Funding | | (1,432,894) | (1,432,894) | (1,432,894) |
| Recreation and Culture | | (1,882,292) | (1,882,292) | (1,882,292) |
| Transport | | (153,078) | (153,074) | (153,074) |
| Other Property and Services | | (220,972) | (220,972) | (220,972) |
| | | (3,689,236) | (3,689,232) | (3,689,232) |
| Non-Operating Grants, Subsidies and Contributions | | | | |
| Governance | | 1,207,230 | - | - |
| Community Amenities | | 8,303,761 | 17,860,968 | 13,405,129 |
| Recreation and Culture | | 19,632,604 | 6,675,461 | 2,857,125 |
| Transport | | 11,464,211 | 46,907,743 | 59,868,429 |
| Other Property and Services | | 25,311,069 | 34,192,453 | 24,549,546 |
| | | 65,918,875 | 105,636,625 | 100,680,229 |
| Profit/(Loss) on Disposal of Assets | | | | |
| | 4 | | | |
| Other Property and Services | | 2,900,000 | 3,650,000 | 7,766,666 |
| | | 2,900,000 | 3,650,000 | 7,766,666 |
| Net Result | | 52,937,908 | 97,001,007 | 80,069,003 |
| Other Comprehensive Income | | - | - | - |
| Total Comprehensive Income | | 52,937,908 | 97,001,007 | 80,069,003 |

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

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

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

CITY OF WANNEROO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 30TH JUNE 2016

| | NOTE | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|--|--------------|---------------------------|----------------------------------|---------------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Rates | | 119,719,385 | 120,554,105 | 130,605,729 |
| Operating Grants, Subsidies and Contributions | | 12,370,325 | 12,788,732 | 12,572,765 |
| Fees and Charges | | 22,537,478 | 19,865,500 | 18,982,500 |
| Interest Earnings | | 8,520,000 | 8,562,396 | 8,065,000 |
| Goods and Services Tax | | 8,200,000 | 8,200,000 | 8,200,000 |
| Other Revenue | | 3,936,884 | 1,536,622 | 669,894 |
| | | 175,284,072 | 171,507,355 | 179,095,888 |
| Payments | | | | |
| Employee Costs | | (72,032,208) | (68,950,804) | (75,110,527) |
| Materials and Contracts | | (49,657,347) | (45,300,683) | (51,034,070) |
| Utility Charges | | (8,116,720) | (7,474,494) | (8,280,784) |
| Interest Expenses | | (3,689,236) | (3,689,088) | (3,689,236) |
| Insurance Expenses | | (1,517,528) | (1,457,529) | (1,505,416) |
| Goods and Services Tax | | (8,200,000) | (8,200,000) | (8,200,000) |
| | | (143,213,039) | (135,072,598) | (147,820,033) |
| Net Cash Provided By (Used In) Operating Activities | 16(b) | 32,071,033 | 36,434,757 | 31,275,855 |
| Cash Flows from Investing Activities | | | | |
| Payments for Purchase of Property, Plant & Equipment | | (45,208,607) | (17,802,746) | (47,673,855) |
| Payments for Construction of Infrastructure | | (42,481,804) | (31,766,256) | (33,926,249) |
| Non-Operating Grants, Subsidies and Contributions used for the Development of Assets | | 12,972,750 | 7,426,707 | 14,337,583 |
| Proceeds from Sale of Plant & Equipment | 4 | 4,974,921 | 4,974,921 | 8,925,806 |
| Town Planning Scheme Income | 18(b) | 22,946,125 | 23,627,500 | 19,342,646 |
| Town Planning Scheme Expenses | 18(b) | (15,902,000) | (3,138,025) | (21,653,740) |
| Net Cash Provided By (Used In) Investing Activities | | (62,698,615) | (16,677,899) | (60,647,809) |
| Cash Flows from Financing Activities | | | | |
| Proceeds from New Loans | 5 | - | - | - |
| Net Cash Provided By (Used In) Financing Activities | | - | - | - |
| Net Increase (Decrease) in Cash Held | | (30,627,582) | 19,756,858 | (29,371,954) |
| Cash at Beginning of Year | | 228,726,506 | 257,579,236 | 277,336,094 |
| Cash and Cash Equivalents at the End of the Year | 16(a) | 198,098,924 | 277,336,094 | 247,964,140 |

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

CITY OF WANNEROO

RATE SETTING STATEMENT

FOR THE YEAR ENDING 30TH JUNE 2016

| | NOTE | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|--|---------------|---------------------------|----------------------------------|---------------------------|
| Revenues | | | | |
| Fees and Charges | 12 | 22,537,478 | 19,865,500 | 18,982,500 |
| Operating Grants, Subsidies and Contributions | | 12,370,325 | 12,788,732 | 12,572,765 |
| Interest Earnings | 2(a)(ii) | 8,520,000 | 8,562,396 | 8,065,000 |
| Other Revenue | | 3,936,884 | 1,536,622 | 669,894 |
| | | 47,364,687 | 42,753,250 | 40,290,159 |
| Expenses | | | | |
| Employee Costs | | (72,032,208) | (68,950,804) | (75,110,527) |
| Materials and Contracts | | (49,657,347) | (45,300,683) | (51,034,070) |
| Utilities (Gas, Electricity, Water etc) | | (8,116,720) | (7,474,494) | (8,280,784) |
| Insurance | | (1,517,528) | (1,457,529) | (1,505,416) |
| Interest Expenses | 2(a)(i), 5(a) | (3,689,236) | (3,689,088) | (3,689,236) |
| Depreciation on Non-Current Assets | 2(a)(i) | (32,050,000) | (35,999,932) | (38,000,000) |
| | | (167,063,039) | (162,872,530) | (177,620,033) |
| Other Revenues and Expenses | | | | |
| Non-Operating Grants, Subsidies and Contributions | | 12,972,750 | 7,426,707 | 14,337,583 |
| Town Planning Scheme Income (including Interest) | 18(b) | 22,946,125 | 23,627,500 | 19,342,646 |
| Profit on Asset Disposal | 4 | 3,400,000 | 4,000,000 | 8,266,666 |
| Physical Assets Received from Developers | | 30,000,000 | 65,000,000 | 67,000,000 |
| Town Planning Scheme Expenses | 18(b) | (15,902,000) | (3,138,025) | (21,653,740) |
| Financial Asset Value Movement | | - | - | - |
| Loss on Asset Disposal | 4 | (500,000) | (350,000) | (500,000) |
| | | 52,916,875 | 96,566,182 | 86,793,155 |
| | | (66,781,477) | (23,553,098) | (50,536,719) |
| Net Operating Result Excluding Rates | | | | |
| Adjustments for Cash Budget Requirements | | | | |
| (Profit)/Loss on Asset Disposals | 4 | (2,900,000) | (3,650,000) | (7,766,666) |
| Depreciation on Assets | 2(a)(i) | 32,050,000 | 35,999,932 | 38,000,000 |
| Physical Assets Received from Developers | | (30,000,000) | (65,000,000) | (67,000,000) |
| | | (850,000) | (32,650,068) | (36,766,666) |
| Adjustments for Non-Operating Expenditure and Income | | | | |
| Capital Acquisitions | | (87,690,411) | (49,569,002) | (81,600,104) |
| Proceeds from Disposal of Assets | 4 | 4,974,921 | 4,974,921 | 8,925,806 |
| Movement in Leave Provisions To Reserve | | 50,000 | 50,000 | 50,000 |
| | | (82,665,490) | (44,544,081) | (72,624,298) |
| Transfers | | | | |
| Transfers to/from Restricted Grants, Contributions and Loans | | 7,005,850 | 5,433,861 | 10,958,528 |
| Transfers to Reserves | 6 | (39,291,516) | (67,085,330) | (24,442,681) |
| Transfers from Reserves | 6 | 51,221,107 | 48,499,344 | 33,884,310 |
| Transfers to Schemes | 18(b) | (22,946,125) | (23,627,500) | (19,342,646) |
| Transfers from Schemes | 18(b) | 26,030,467 | 8,414,969 | 28,264,443 |
| | | 22,019,783 | (28,364,656) | 29,321,954 |
| Surplus/(Deficit) | | | | |
| Estimated Surplus/(Deficit) July 1 Brought Forward | | 8,557,799 | 8,557,798 | - |
| Estimated Surplus/(Deficit) June 30 Carried Forward | 8 | - | - | - |
| Movement in Surplus/(Deficit) | | 8,557,799 | 8,557,798 | - |
| Amount Required to be Raised from Rates | 9 | (119,719,385) | (120,554,105) | (130,605,729) |

Footnote

- An estimated unallocated surplus of \$7,138,991 has been transferred to the Strategic Initiatives Reserve for 2014/15 per the City's policy.

- An unallocated surplus of \$1,721,637 has been budgeted to be transferred to the Strategic Initiatives Reserve for 2015/16 per the City's policy.

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

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

Except for cash flow and rate setting information, the budget 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.

The Local Government Reporting Entity

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

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

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

(b) 2014/2015 Actual Balances

Balances shown in this budget as 2014/15 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

(c) Rounding Off Figures

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

(d) Rates, Grants, Donations 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.

(e) 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.

(f) 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.

(g) Cash and Cash Equivalents

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

(h) Trade and Other Receivables

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

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Trade and Other Receivables (Continued)

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.

(i) 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 Resale

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.

(j) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations 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

(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 budget as necessary.

Land Under Control

In accordance with Local Government (Financial Management) 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 (being fair value at the date of acquisition (deemed cost) as per AASB 116) they were revalued along with other items of Land and Buildings at 30 June 2014.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Fixed Assets (Continued)

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 of 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** Methodology 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.

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

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

Whilst 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 eliminating it 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 BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Fixed Assets (Continued)

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

| | |
|--|-------------------------------------|
| Buildings | 40 years |
| Bus Shelters* | 30 - 50 years |
| Computer Hardware | 3 years |
| Computer Software | 2 years |
| 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 profit or loss in the period which they arise.

When revalued assets are sold, 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 recorded on an asset inventory listing.

(k) 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.

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.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Fair Value of Assets and Liabilities (Continued)

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 (ie 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 requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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 (ie trade date accounting is adopted).

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments 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 is used 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. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(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's management 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 (excl. financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

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

(m) 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 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.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2016.

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

(n) 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.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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 of 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.

(p) 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.

(q) Provisions

Provisions are recognised when the Council has a 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.

(r) 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.

(s) Comparative Figures

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

(t) Budget Comparative Figures

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

2. REVENUES AND EXPENSES

| (a) Net Result | Note | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|---|------|---------------------------|----------------------------------|---------------------------|
| (i) Charging as Expenses: | | | | |
| Auditors Remuneration | | | | |
| Audit | | 45,000 | 45,000 | 45,000 |
| | | 45,000 | 45,000 | 45,000 |
| Depreciation of Non-Current Assets | | | | |
| <u>By Program</u> | | | | |
| Governance | | 1,301,542 | 2,614,066 | 2,947,946 |
| Law, Order and Public Safety | | 13,058 | 21,038 | 21,061 |
| Health | | 9,230 | 10,310 | 10,327 |
| Education and Welfare | | 37,915 | 30,811 | 30,840 |
| Community Amenities | | 473,637 | 2,200,437 | 2,203,624 |
| Recreation and Culture | | 5,968,157 | 11,425,841 | 12,866,995 |
| Transport | | 21,635,606 | 16,242,470 | 16,261,870 |
| Economic Services | | 20,334 | 17,202 | 17,219 |
| Other Property and Services | | 2,590,521 | 3,437,757 | 3,640,118 |
| | | 32,050,000 | 35,999,932 | 38,000,000 |
| <u>By Class</u> | | | | |
| Land and Buildings | | 2,885,644 | 2,607,040 | 2,610,806 |
| Furniture and Equipment | | 3,756,106 | 7,960,306 | 9,727,980 |
| Plant and Equipment | | 2,586,028 | 3,438,052 | 3,640,407 |
| Other Infrastructure Assets | | 22,822,222 | 21,994,534 | 22,020,807 |
| | | 32,050,000 | 35,999,932 | 38,000,000 |
| Interest Expenses (Finance Costs) | | | | |
| - Loan Interest | 5(a) | 3,689,236 | 3,689,088 | 3,689,236 |
| | | 3,689,236 | 3,689,088 | 3,689,236 |
| (ii) Crediting as Revenues: | | | | |
| Interest Earnings | | | | |
| Investments | | | | |
| - Reserve Funds | | 4,000,000 | 4,399,996 | 3,637,650 |
| - Municipal Funds | | 3,000,000 | 2,600,004 | 2,862,350 |
| - Other Interest Revenue | 14 | 1,520,000 | 1,562,396 | 1,565,000 |
| Sub-Total | | 8,520,000 | 8,562,396 | 8,065,000 |
| - Town Planning Schemes | 18 | 3,000,000 | 3,627,504 | 3,150,000 |
| Total | | 11,520,000 | 12,189,900 | 11,215,000 |

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

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

Vision

Building a Future Together

Community Aspirations

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

1) *Environment*

- A healthy and sustainable natural and built environment.

2) *Society*

- Healthy, safe, vibrant and active communities.

3) *Economy*

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

4) *Civic Leadership*

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

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

Governance

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

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

General Purpose Funding

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

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

Law, Order and Public Safety

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

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

Health

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

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

Education and Welfare

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

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

Community Amenities

Objectives: Provide services required by the community.

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

Recreation and Culture

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

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

Transport

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

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

Economic Services

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

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

Other Property and Services

Objectives: To accommodate otherwise unclassified activities of the City.

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

3. ACQUISITION OF ASSETS

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

By Program

Governance

Land and Buildings

Infrastructure Assets - Land and Buildings

Furniture and Equipment

Education and Welfare

Furniture and Equipment

Community Amenities

Land and Buildings

Infrastructure Assets - Land and Buildings

Infrastructure Assets - Parks and Ovals

Infrastructure Assets - Drainage

Infrastructure Assets - Pathways

Furniture and Equipment

Recreation and Culture

Land and Buildings

Infrastructure Assets - Land and Buildings

Infrastructure Assets - Parks and Ovals

Infrastructure Assets - Pathways

Furniture and Equipment

Transport

Infrastructure Assets - Pathways

Infrastructure Assets - Roads

Infrastructure Assets - Drainage

Furniture and Equipment

Economic Services

Land and Buildings

Other Property and Services

Land and Buildings

Infrastructure Assets - Land and Buildings

Plant and Equipment

Other Law, Order and Public Safety

Land and Buildings

Furniture and Equipment

Total

By Class

Land and Buildings

Infrastructure Assets - Land and Buildings

Infrastructure Assets - Roads

Infrastructure Assets - Parks and Ovals

Infrastructure Assets - Pathways

Infrastructure Assets - Drainage

Plant and Equipment

Furniture and Equipment

Total

| | 2014/2015 Budget \$ | 2015/2016 Budget \$ |
|--|---------------------------|---------------------------|
| | 5,925,277 | 4,879,142 |
| | 469,000 | 150,000 |
| | 1,731,779 | 1,966,300 |
| | 8,126,056 | 6,995,442 |
| | 1,278,375 | 1,136,970 |
| | 1,278,375 | 1,136,970 |
| | - | 792,273 |
| | 1,810,833 | - |
| | 700,000 | 489,710 |
| | 551,511 | - |
| | 267,000 | 45,000 |
| | 345,747 | 76,000 |
| | 3,675,091 | 1,402,983 |
| | 10,570,012 | 19,786,846 |
| | - | 40,674,886 |
| | 18,003,475 | 21,556,436 |
| | 10,000 | - |
| | 3,407,561 | 4,389,547 |
| | 31,991,048 | 86,407,715 |
| | 2,858,732 | 5,519,977 |
| | 44,421,586 | 23,609,125 |
| | 5,070,500 | 8,881,115 |
| | 955,268 | 1,988,200 |
| | 53,306,086 | 39,998,417 |
| | 500,000 | 400,000 |
| | 500,000 | 400,000 |
| | 2,932,700 | 2,864,650 |
| | 130,000 | - |
| | 15,746,055 | 8,764,653 |
| | 18,808,755 | 11,629,303 |
| | 5,000 | 479,274 |
| | - | 150,000 |
| | 5,000 | 629,274 |
| | 117,690,411 | 148,600,104 |
| | 21,743,822 | 29,202,185 |
| | 599,000 | 40,824,886 |
| | 44,421,586 | 23,609,125 |
| | 18,703,475 | 22,046,146 |
| | 3,135,732 | 5,564,977 |
| | 5,622,011 | 8,881,115 |
| | 15,746,055 | 8,764,653 |
| | 7,718,730 | 9,707,017 |
| | 117,690,411 | 148,600,104 |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

4. DISPOSAL OF ASSETS

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

| | <u>Net Book Value</u> 2015/2016 Budget \$ | <u>Sale Proceeds</u> 2015/2016 Budget \$ | <u>Profit/(Loss)</u> 2015/2016 Budget \$ |
|-----------------------------|--|---|---|
| <u>By Program</u> | | | |
| Other Property and Services | 1,159,140 | 8,925,806 | 7,766,666 |
| | 1,159,140 | 8,925,806 | 7,766,666 |
| <u>By Class</u> | | | |
| Plant and Equipment | 1,159,140 | 1,159,140 | - |
| Land and Buildings | - | 7,766,666 | 7,766,666 |
| | 1,159,140 | 8,925,806 | 7,766,666 |
| <u>Summary</u> | | | |
| Profit on Asset Disposals | | | 8,266,666 |
| Loss on Asset Disposals | | | (500,000) |
| | | | 7,766,666 |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

5. INFORMATION ON BORROWINGS

(a) Loan Repayments

| Details | Principal | New | Principal | | Principal | | Interest | |
|---|-------------------|----------|---------------|-----------|-------------------|-------------------|------------------|------------------|
| | 01-Jul-15 | Drawdown | Repayments | | Outstanding | | Repayments | |
| | \$ | \$ | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| | | | Actual (Est.) | Budget | Actual (Est.) | Budget | Actual (Est.) | Budget |
| | | | \$ | \$ | \$ | \$ | \$ | \$ |
| Western Australian Treasury Corporation | 60,778,188 | - | - | - | 60,778,188 | 60,778,188 | 3,689,088 | 3,689,236 |
| Total | 60,778,188 | - | - | - | 60,778,188 | 60,778,188 | 3,689,088 | 3,689,236 |

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

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

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

(b) Unspent Loan Funds

The City is estimated to have \$14,969,549 unspent loan funds as at 30th June 2015. The purpose of the unspent loan funds is to provide funding to the City's capital works program. As at 30 June 2016 there will be budgeted loan funds of \$9,990,642 to be available to projects scheduled for completion in future years.

(c) Overdraft

The City established an overdraft facility of \$1,000,000 in 2002 to assist with short term liquidity requirements. The balance of the bank overdraft as at 30 June 2015 is estimated to be NIL. Furthermore, the bank overdraft is expected to remain at a NIL balance for the period ending 30 June 2016.

(d) Purpose of Total Loan Funding

Under Section 6.20(4)(a) of the Local Government Act 1995, a change in purpose of the use of borrowings can be disclosed in the annual budget. As such, the table outlined below indicates the budgeted purpose of borrowings to be adopted in the annual budget for 2015/2016.

| Project Description | Approved | Funds Used | Funds to be Used | | | Approved |
|---|-------------------|-------------------|------------------|------------------|------------------|-------------------|
| | Application | | To | 2014/15 | 2015/16 | 2016/17-19/20 |
| | | 2014/15 | 30/6/2014 | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Develop Industrial Estate - Neerabup | 317,887 | 317,887 | - | - | - | 317,887 |
| Wanneroo Regional Museum and Library | 10,416,178 | 10,416,178 | - | - | - | 10,416,178 |
| Construct Community Centre - Butler | 278,000 | 278,000 | - | - | - | 278,000 |
| Redevelop Wanneroo Townsite | 1,214,615 | 1,214,615 | - | - | - | 1,214,615 |
| Redevelop Koondoola Precinct | 2,000 | 2,000 | - | 1,291,000 | - | 1,293,000 |
| Develop Accessible and Inclusive Playground | 222,000 | 222,000 | - | - | - | 222,000 |
| Kingsway Regional Sporting Complex | 19,462,861 | 16,220,432 | 1,961,339 | 1,144,300 | 1,141,000 | 20,467,071 |
| Upgrade Aquamotion | 7,926,000 | 7,926,000 | - | - | - | 7,926,000 |
| Develop Wangara Industrial Area (Lot 257) | 530,000 | - | 33,000 | 497,000 | - | 530,000 |
| Develop Wangara Industrial Area (Lot 15) | 2,543,452 | 523,079 | 120,373 | 339,000 | 1,590,000 | 2,572,452 |
| Pinjar Road - Wanneroo and Carosa Road | 728,849 | 728,849 | - | - | - | 728,849 |
| Upgrade Rocca Way Dundeebar Road | 10,280 | 10,280 | - | - | - | 10,280 |
| Flynn Drive Neerabup - Construct Road | 886,882 | 386,882 | 500,000 | 500,000 | 1,200,000 | 2,586,882 |
| Lot 12 Fowey Loop | 1,800 | 1,800 | - | - | - | 1,800 |
| Yanchep Active Open Space | 56,460 | 56,460 | - | - | - | 56,460 |
| Kingsway Regional Playground | 164,210 | 650,000 | - | - | - | 650,000 |
| Yanchep Lagoon - Brazier Road Realignmer | 3,917,072 | 1,845,298 | 1,794,167 | 277,607 | - | 3,917,072 |
| Yanchep SLSC | 6,200,000 | 217,436 | 382,564 | 930,000 | 541,000 | 2,071,000 |
| Southern Suburbs Library | 5,899,642 | - | - | - | 5,518,642 | 5,518,642 |
| Totals | 60,778,188 | 41,017,196 | 4,791,443 | 4,978,907 | 9,990,642 | 60,778,188 |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

| 6. RESERVES | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|---|---------------------------|----------------------------------|---------------------------|
| (a) Alkimos/Eglinton Coastal Corridor Community Facilities Reserve | | | |
| Opening Balance | 3,559,980 | 4,189,089 | 5,766,542 |
| Transfer to Reserve | 1,558,579 | 1,577,453 | 1,623,928 |
| Transfer from Reserve | - | - | (106,000) |
| | <u>5,118,559</u> | <u>5,766,542</u> | <u>7,284,470</u> |
| (b) Asset Replacement Reserve | | | |
| Opening Balance | 5,684,768 | 5,721,121 | 5,457,639 |
| Transfer to Reserve | 3,070,543 | 371,634 | 4,250,085 |
| Transfer from Reserve | (1,278,668) | (635,116) | (1,926,562) |
| | <u>7,476,643</u> | <u>5,457,639</u> | <u>7,781,162</u> |
| (c) Butler Collaborative Planning Agreement Reserve | | | |
| Opening Balance | 2,683,591 | 2,694,317 | 2,775,147 |
| Transfer to Reserve | 80,508 | 80,830 | 76,317 |
| Transfer from Reserve | - | - | - |
| | <u>2,764,099</u> | <u>2,775,147</u> | <u>2,851,464</u> |
| (d) Carry Forward Capital Projects Reserve | | | |
| Opening Balance | - | - | 10,011,748 |
| Transfer to Reserve | - | 10,011,748 | 275,323 |
| Transfer from Reserve | - | - | (10,011,748) |
| | <u>-</u> | <u>10,011,748</u> | <u>275,323</u> |
| (e) City of Wanneroo Townsite Reserve | | | |
| Opening Balance | 4,347 | 4,356 | - |
| Transfer to Reserve | 130 | 131 | - |
| Transfer from Reserve | (4,477) | (4,487) | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| (f) Commercial Refuse Reserve | | | |
| Opening Balance | 1,992,116 | 2,000,043 | 2,060,044 |
| Transfer to Reserve | 59,764 | 60,001 | 56,651 |
| Transfer from Reserve | - | - | - |
| | <u>2,051,880</u> | <u>2,060,044</u> | <u>2,116,695</u> |
| (g) Commercial Refuse - Plant Replacement Reserve | | | |
| Opening Balance | 2,206,160 | 2,214,938 | - |
| Transfer to Reserve | 66,185 | 66,448 | - |
| Transfer from Reserve | (2,272,345) | (2,281,386) | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

| 6. RESERVES (Continued) | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|--|---------------------------|----------------------------------|---------------------------|
| (h) Domestic Refuse Reserve | | | |
| Opening Balance | 5,577,478 | 5,679,060 | 3,725,812 |
| Transfer to Reserve | 1,241,645 | 1,244,693 | 102,460 |
| Transfer from Reserve | (3,497,941) | (3,197,941) | (1,165,000) |
| | 3,321,182 | 3,725,812 | 2,663,272 |
| (i) Domestic Refuse - Plant Replacement Reserve | | | |
| Opening Balance | 10,789,990 | 7,995,707 | - |
| Transfer to Reserve | 323,700 | 239,871 | - |
| Transfer from Reserve | (11,113,690) | (8,235,578) | - |
| | - | - | - |
| (j) Fleming Park Lake Reserve | | | |
| Opening Balance | 199,457 | 200,251 | 206,259 |
| Transfer to Reserve | 5,984 | 6,008 | 5,672 |
| Transfer from Reserve | - | - | - |
| | 205,441 | 206,259 | 211,931 |
| (k) Golf Courses Reserve | | | |
| Opening Balance | 875,407 | 1,112,920 | 1,105,071 |
| Transfer to Reserve | 326,262 | 333,388 | 330,389 |
| Transfer from Reserve | (496,792) | (341,237) | (485,555) |
| | 704,877 | 1,105,071 | 949,905 |
| (l) HACC Asset Replacement Reserve | | | |
| Opening Balance | 480,831 | 471,846 | 512,973 |
| Transfer to Reserve | 44,425 | 44,155 | 44,107 |
| Transfer from Reserve | - | (3,028) | - |
| | 525,256 | 512,973 | 557,080 |
| (m) Heavy Vehicle Replacement Reserve | | | |
| Opening Balance | 3,557,855 | 2,651,100 | - |
| Transfer to Reserve | 106,736 | 79,533 | - |
| Transfer from Reserve | (3,664,591) | (2,730,633) | - |
| | - | - | - |
| (n) Land Acquisition Reserve | | | |
| Opening Balance | 1,514,359 | 1,517,375 | 2,062,896 |
| Transfer to Reserve | 545,431 | 545,521 | 556,730 |
| Transfer from Reserve | - | - | - |
| | 2,059,790 | 2,062,896 | 2,619,626 |
| (o) Leave Liability Reserve | | | |
| Opening Balance | 1,896,533 | 1,903,881 | 2,010,997 |
| Transfer to Reserve | 106,896 | 107,116 | 105,302 |
| Transfer from Reserve | - | - | - |
| | 2,003,429 | 2,010,997 | 2,116,299 |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

| 6. RESERVES (Continued) | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|---|---------------------------|----------------------------------|---------------------------|
| (p) Light Vehicle Replacement Reserve | | | |
| Opening Balance | 2,292,766 | 2,950,119 | - |
| Transfer to Reserve | 68,783 | 88,504 | - |
| Transfer from Reserve | (2,361,549) | (3,038,623) | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| (q) Loan Repayment Reserve | | | |
| Opening Balance | 8,331,274 | 10,042,258 | 15,510,193 |
| Transfer to Reserve | 249,939 | 5,467,935 | 4,093,197 |
| Transfer from Reserve | - | - | - |
| | <u>8,581,213</u> | <u>15,510,193</u> | <u>19,603,390</u> |
| (r) Material Recoveries Facility Upgrade Reserve** | | | |
| Opening Balance | 87,824 | 88,174 | - |
| Transfer to Reserve | 2,635 | 2,645 | - |
| Transfer from Reserve | (90,459) | (90,819) | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| (s) Neerabup Development Reserve | | | |
| Opening Balance | 2,061,688 | 3,185,547 | 3,046,220 |
| Transfer to Reserve | 2,561,851 | 2,595,566 | 83,771 |
| Transfer from Reserve | (3,385,000) | (2,734,893) | (1,121,650) |
| | <u>1,238,539</u> | <u>3,046,220</u> | <u>2,008,341</u> |
| (t) Plant Replacement Reserve | | | |
| Opening Balance | 421,296 | - | 5,692,302 |
| Transfer to Reserve | 14,012,804 | 15,500,165 | 7,060,877 |
| Transfer from Reserve | (14,283,801) | (9,807,863) | (7,719,653) |
| | <u>150,299</u> | <u>5,692,302</u> | <u>5,033,526</u> |
| (u) Resource Recovery Domestic Refuse Reserve | | | |
| Opening Balance | 1,686,828 | 1,693,540 | - |
| Transfer to Reserve | 50,605 | 50,806 | - |
| Transfer from Reserve | (1,737,433) | (1,744,346) | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| (v) Section 20A Land Reserve | | | |
| Opening Balance | 181,885 | 182,609 | 188,087 |
| Transfer to Reserve | 5,457 | 5,478 | 5,172 |
| Transfer from Reserve | - | - | - |
| | <u>187,342</u> | <u>188,087</u> | <u>193,259</u> |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

| 6. RESERVES (Continued) | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|---|---------------------------|----------------------------------|---------------------------|
| (w) Strategic Projects/Initiatives Reserve | | | |
| Opening Balance | 47,165,913 | 57,262,165 | 70,935,568 |
| Transfer to Reserve | 13,609,522 | 26,982,727 | 3,476,043 |
| Transfer from Reserve | (6,495,291) | (13,309,324) | (7,377,142) |
| | 54,280,144 | 70,935,568 | 67,034,469 |
| (x) Sustainability Investment Reserve | | | |
| Opening Balance | 95,144 | 118,766 | 93,259 |
| Transfer to Reserve | 52,854 | 53,563 | 52,565 |
| Transfer from Reserve | (79,070) | (79,070) | (50,000) |
| | 68,928 | 93,259 | 95,824 |
| (y) TPS 20 - District Distributor Headworks Reserve | | | |
| Opening Balance | 6,139,280 | 6,163,700 | 6,348,611 |
| Transfer to Reserve | 184,178 | 184,911 | 174,587 |
| Transfer from Reserve | - | - | - |
| | 6,323,458 | 6,348,611 | 6,523,198 |
| (z) Yanchep Bus Reserve | | | |
| Opening Balance | 160,734 | 161,725 | 171,577 |
| Transfer to Reserve | 9,822 | 9,852 | 9,718 |
| Transfer from Reserve | - | - | - |
| | 170,556 | 171,577 | 181,295 |
| (aa) Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve | | | |
| Opening Balance | 1,103,805 | 626,589 | 1,736,237 |
| Transfer to Reserve | 946,278 | 1,374,648 | 2,059,787 |
| Transfer from Reserve | (460,000) | (265,000) | (3,921,000) |
| | 1,590,083 | 1,736,237 | (124,976) |
| Total Reserves | 98,821,718 | 139,417,182 | 129,975,553 |

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

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

6. RESERVES (Continued)
Summary of Reserve Transfers

| | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|---|---------------------------|----------------------------------|---------------------------|
| Transfers to Reserves | | | |
| Alkimos/Eglinton Coastal Corridor Community Facilities Reserve | 1,558,579 | 1,577,453 | 1,623,928 |
| Asset Replacement Reserve | 3,070,543 | 371,634 | 4,250,085 |
| Butler Collaborative Planning Agreement Reserve | 80,508 | 80,830 | 76,317 |
| Carry Forward Capital Projects Reserve | - | 10,011,748 | 275,323 |
| City of Wanneroo Townsite Reserve | 130 | 131 | - |
| Commercial Refuse Reserve | 59,764 | 60,001 | 56,651 |
| Commercial Refuse - Plant Replacement Reserve | 66,185 | 66,448 | - |
| Domestic Refuse Reserve | 1,241,645 | 1,244,693 | 102,460 |
| Domestic Refuse - Plant Replacement Reserve | 323,700 | 239,871 | - |
| Fleming Park Lake Reserve | 5,984 | 6,008 | 5,672 |
| Golf Courses Reserve | 326,262 | 333,388 | 330,389 |
| HACC Asset Replacement Reserve | 44,425 | 44,155 | 44,107 |
| Heavy Vehicle Replacement Reserve | 106,736 | 79,533 | - |
| Land Acquisition Reserve | 545,431 | 545,521 | 556,730 |
| Leave Liability Reserve | 106,896 | 107,116 | 105,302 |
| Light Vehicle Replacement Reserve | 68,783 | 88,504 | - |
| Loan Repayment Reserve | 249,939 | 5,467,935 | 4,093,197 |
| Material Recoveries Facility Upgrade Reserve** | 2,635 | 2,645 | - |
| Neerabup Development Reserve | 2,561,851 | 2,595,566 | 83,771 |
| Plant Replacement Reserve | 14,012,804 | 15,500,165 | 7,060,877 |
| Resource Recovery Domestic Refuse Reserve | 50,605 | 50,806 | - |
| Section 20A Land Reserve | 5,457 | 5,478 | 5,172 |
| Strategic Projects/Initiatives Reserve | 13,609,522 | 26,982,727 | 3,476,043 |
| Sustainability Investment Reserve | 52,854 | 53,563 | 52,565 |
| TPS 20 - District Distributor Headworks Reserve | 184,178 | 184,911 | 174,587 |
| Yanchep Bus Reserve | 9,822 | 9,852 | 9,718 |
| Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve | 946,278 | 1,374,648 | 2,059,787 |
| | 39,291,516 | 67,085,330 | 24,442,681 |
| Transfers from Reserves | | | |
| Alkimos/Eglinton Coastal Corridor Community Facilities Reserve | - | - | (106,000) |
| Asset Replacement Reserve | (1,278,668) | (635,116) | (1,926,562) |
| Butler Collaborative Planning Agreement Reserve | - | - | - |
| Carry Forward Capital Projects Reserve | - | - | (10,011,748) |
| City of Wanneroo Townsite Reserve | (4,477) | (4,487) | - |
| Commercial Refuse Reserve | - | - | - |
| Commercial Refuse - Plant Replacement Reserve | (2,272,345) | (2,281,386) | - |
| Domestic Refuse Reserve | (3,497,941) | (3,197,941) | (1,165,000) |
| Domestic Refuse - Plant Replacement Reserve | (11,113,690) | (8,235,578) | - |
| Fleming Park Lake Reserve | - | - | - |
| Golf Courses Reserve | (496,792) | (341,237) | (485,555) |
| HACC Asset Replacement Reserve | - | (3,028) | - |
| Heavy Vehicle Replacement Reserve | (3,664,591) | (2,730,633) | - |
| Land Acquisition Reserve | - | - | - |
| Leave Liability Reserve | - | - | - |
| Light Vehicle Replacement Reserve | (2,361,549) | (3,038,623) | - |
| Loan Repayment Reserve | - | - | - |
| Material Recoveries Facility Upgrade Reserve** | (90,459) | (90,819) | - |
| Neerabup Development Reserve | (3,385,000) | (2,734,893) | (1,121,650) |
| Plant Replacement Reserve | (14,283,801) | (9,807,863) | (7,719,653) |
| Resource Recovery Domestic Refuse Reserve | (1,737,433) | (1,744,346) | - |
| Section 20A Land Reserve | - | - | - |
| Strategic Projects/Initiatives Reserve | (6,495,291) | (13,309,324) | (7,377,142) |
| Sustainability Investment Reserve | (79,070) | (79,070) | (50,000) |
| TPS 20 - District Distributor Headworks Reserve | - | - | - |
| Yanchep Bus Reserve | - | - | - |
| Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve | (460,000) | (265,000) | (3,921,000) |
| | (51,221,107) | (48,499,344) | (33,884,310) |
| Net Transfer to/(from) Reserves | (11,929,591) | 18,585,986 | (9,441,629) |

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

6. RESERVES (Continued)

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

Alkimos/Eglinton Coastal Corridor Community Facilities Reserve

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

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

Carry Forward Capital Projects Reserve

For the accumulation of funds to support the Municipally funded carried forward capital works.

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.

Coastal Infrastructure Management Reserve

For the accumulation of funds to support Coastal Infrastructure capital works.

Commercial Refuse Reserve

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

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.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

6. RESERVES (Continued)

Heavy Vehicle Replacement Reserve

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

Land Acquisition Reserve

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

Leave Liability Reserve

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

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 Long Term Financial Plan.

Materials Recovery Facility Upgrade Reserve

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

Neerabup Development Reserve

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

Plant Replacement Reserve

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

Regional Open Space Reserve

For the accumulation of funds to support Regional Open Space capital works.

Resource Recovery Domestic Refuse Reserve

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

Section 20A Land Reserve

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

Strategic Projects/Initiatives Reserve

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

Town Planning Scheme 20 - District Headworks Reserve

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

Yanchep Bus Reserve

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

Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

7. NON-CASH RESERVES

Asset Revaluation Reserve

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

| | Note | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|---|------|---------------------------|----------------------------------|---------------------------|
| Furniture and Equipment (Artworks and Artefacts) | | | | |
| Opening Balance | | 246,090 | 246,090 | 246,090 |
| Revaluation Increment | | - | - | - |
| | | 246,090 | 246,090 | 246,090 |
| Infrastructure Assets | | | | |
| Opening Balance | | 565,602,254 | 565,602,254 | 565,602,254 |
| Revaluation Increment | | - | - | - |
| | | 565,602,254 | 565,602,254 | 565,602,254 |
| Equity Accounted Investments | | | | |
| Opening Balance | | 936,755 | 936,755 | 936,755 |
| Revaluation Increment | | - | - | - |
| | | 936,755 | 936,755 | 936,755 |
| Total Asset Revaluation Reserves | | 566,785,099 | 566,785,099 | 566,785,099 |

8. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position

Current Assets

| | | | | |
|---|-------|--------------------|--------------------|--------------------|
| Cash - Unrestricted | 16(a) | 2,921,575 | (1,564,314) | (5,753,112) |
| Cash - Restricted | 16(a) | 195,177,349 | 278,900,408 | 253,717,252 |
| Receivables | | 23,092,827 | 21,703,317 | 31,276,813 |
| Non-Cash Investments | | - | - | - |
| Inventories | | 358,103 | 350,000 | 360,000 |
| | | 221,549,854 | 299,389,411 | 279,600,953 |
| Less: Current Liabilities | | | | |
| Payables and Provisions | | (30,369,573) | (22,500,000) | (28,000,000) |
| Net Current Asset Position | | 191,180,281 | 276,889,411 | 251,600,953 |
| Plus: Leave Provisions Cash Backed | | 3,997,068 | 2,010,997 | 2,116,299 |
| Less: Cash / Investments - Restricted | 16(a) | (195,177,349) | (278,900,408) | (253,717,252) |
| Estimated Surplus/(Deficiency) Carried Forward | | 0 | 0 | 0 |

The estimated surplus/(deficiency) carried forward in the 2014/2015 actual column represents the surplus/(deficit) brought forward as at 1 July 2015.

The estimated surplus/(deficiency) carried forward in the 2015/2016 budget column represents the surplus/(deficit) carried forward as at 30 June 2016.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

9. RATING INFORMATION

| General Rate Category | 2014/2015 | 2015/2016 | | | | | |
|---------------------------------------|---|-----------------------------------|----------------------------|-------------------------|-----------------------------------|------------------------------------|------------------------------------|
| | Actual (Est.) Total Revenue \$ | Rate in Dollar (Cents) | Number of Properties | Rateable Value \$ | Budgeted Rate Revenue \$ | Budgeted Interim Rates \$ | Budgeted Total Revenue \$ |
| Gross Rental Value - Improved | | | | | | | |
| Caravan Park and Park Homes | 40,863 | 7.4958 | 95 | 570,220 | 42,743 | - | 42,743 |
| Commercial | 8,159,980 | 6.8304 | 516 | 124,961,407 | 8,535,364 | 357,820 | 8,893,184 |
| Industrial | 8,315,016 | 6.0214 | 1,902 | 157,341,767 | 9,474,177 | 450,895 | 9,925,072 |
| Residential | 70,406,141 | 7.4958 | 46,971 | 995,123,026 | 74,592,432 | 2,117,918 | 76,710,350 |
| Gross Rental Value - Vacant | | | | | | | |
| Commercial | 227,112 | 5.9245 | 27 | 4,009,750 | 237,558 | - | 237,558 |
| Industrial | 425,618 | 5.2523 | 139 | 9,250,450 | 485,861 | - | 485,861 |
| Residential | 5,556,017 | 9.5400 | 2,999 | 61,034,175 | 5,822,660 | - | 5,822,660 |
| Unimproved Value - Improved | | | | | | | |
| Commercial | 178,045 | 0.2590 | 31 | 72,122,042 | 186,796 | 51,237 | 238,033 |
| Industrial | 276,853 | 0.2589 | 30 | 111,640,000 | 289,036 | - | 289,036 |
| Residential | 1,119,886 | 0.3450 | 355 | 338,903,044 | 1,169,216 | 194,933 | 1,364,149 |
| Rural and Mining | 2,015,258 | 0.3415 | 390 | 617,365,467 | 2,108,303 | - | 2,108,303 |
| Unimproved Value - Vacant | | | | | | | |
| Commercial | 21,030 | 0.2906 | 3 | 7,570,000 | 21,998 | - | 21,998 |
| Industrial | 144,341 | 0.2891 | 14 | 52,350,000 | 151,344 | - | 151,344 |
| Residential | 2,944,945 | 0.4355 | 242 | 709,322,000 | 3,089,097 | - | 3,089,097 |
| Rural and Mining | 329,019 | 0.3699 | 86 | 93,035,000 | 344,136 | - | 344,136 |
| Sub-Totals | 100,160,124 | n/a | 53,800 | 3,354,598,348 | 106,550,721 | 3,172,803 | 109,723,524 |
| Minimum Rate Category | | General Minimum \$ | | | | | |
| Gross Rental Value - Improved | | | | | | | |
| Residential - Lesser Minimum Strata | - | 394 | 0 | - | - | - | - |
| Commercial | 68,614 | 1,237 | 59 | 797,684 | 72,983 | - | 72,983 |
| Industrial | 598,598 | 1,237 | 388 | 6,049,213 | 479,956 | - | 479,956 |
| Industrial - Lesser Minimum Strata Ti | 41,370 | 618 | 70 | 220,957 | 43,260 | - | 43,260 |
| Residential | 17,636,380 | 1,261 | 14,636 | 221,000,344 | 18,455,996 | - | 18,455,996 |
| Gross Rental Value - Vacant | | | | | | | |
| Commercial | 9,464 | 1,237 | 8 | 85,490 | 9,896 | - | 9,896 |
| Industrial | 47,320 | 1,237 | 32 | 603,250 | 39,584 | - | 39,584 |
| Residential | 1,934,730 | 615 | 2,780 | 14,345,666 | 1,709,700 | - | 1,709,700 |
| Unimproved Value - Improved | | | | | | | |
| Commercial | 5,915 | 1,237 | 5 | 1,269,000 | 6,185 | - | 6,185 |
| Industrial | 1,183 | 1,237 | 1 | 1,000 | 1,237 | - | 1,237 |
| Residential | 10,845 | 1,261 | 10 | 3,289,914 | 12,610 | - | 12,610 |
| Rural and Mining | 2,386 | 1,248 | 2 | 614,533 | 2,496 | - | 2,496 |
| Unimproved Value - Vacant | | | | | | | |
| Commercial | - | 1,237 | 0 | - | - | - | - |
| Industrial | - | 1,237 | 0 | - | - | - | - |
| Residential | 10,710 | 615 | 1 | 30,500 | 615 | - | 615 |
| Rural and Mining | 26,466 | 839 | 33 | 190,326 | 27,687 | - | 27,687 |
| Sub-Totals | 20,393,981 | n/a | 18,025 | 248,497,877 | 20,862,205 | - | 20,862,205 |
| Totals | 120,554,105 | n/a | 71,825 | 3,603,096,225 | 127,412,926 | 3,172,803 | 130,585,729 |
| Ex Gratia Rates | - | | | | | | 20,000 |
| Grand Totals | 120,554,105 | | | | | | 130,605,729 |

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

9. RATING INFORMATION (Continued)

The general rates detailed above for the 2015/2016 financial year have been determined by the City on the basis of raising the revenue required to meet the efficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

For the 2008/2009 Financial year the City resolved to incorporate the domestic rubbish collection charge within the general rates. The reason for this is to enable eligible pensioners to claim a higher rebate from State Government. This will continue to be in place for the 2015/2016 financial year. In accordance with Section 6.36 of the Local Government Act 1995 the differential general rates and the minimum rates intended to be levied were advertised as follows:

| Rate Category | As Advertised - 12 May 2015 | | Final - 9 June 2015 | |
|---|-------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| | Rate in the Dollar (Cents) | General Minimum Rate \$ | Rate in the Dollar (Cents) | General Minimum Rate \$ |
| Gross Rental Value - Improved | | | | |
| Residential - Lesser Minimum Strata Titled Caravan Parks | 7.4958 | 394 | n/a | 394 |
| Commercial | 6.8304 | 1,237 | 6.8304 | 1,237 |
| Industrial | 6.0214 | 1,237 | 6.0214 | 1,237 |
| Industrial - Lesser Minimum Storage Units | 6.0214 | 618 | n/a | 618 |
| Residential | 7.4958 | 1,260 | 7.4958 | 1,261 |
| Gross Rental Value - Vacant | | | | |
| Commercial | 5.9245 | 1,237 | 5.9245 | 1,237 |
| Industrial | 5.2523 | 1,237 | 5.2523 | 1,237 |
| Residential | 9.5700 | 617 | 9.5400 | 615 |
| Unimproved Value - Improved | | | | |
| Commercial | 0.2752 | 1,237 | 0.2590 | 1,237 |
| Industrial | 0.2659 | 1,237 | 0.2589 | 1,237 |
| Residential | 0.3530 | 1,260 | 0.3450 | 1,261 |
| Rural and Mining | 0.3463 | 1,248 | 0.3415 | 1,248 |
| Unimproved Value - Vacant | | | | |
| Commercial | 0.3005 | 1,237 | 0.2906 | 1,237 |
| Industrial | 0.2977 | 1,237 | 0.2891 | 1,237 |
| Residential | 0.4590 | 617 | 0.4355 | 615 |
| Rural and Mining | 0.3598 | 839 | 0.3699 | 839 |
| | | Service Fee | | Service Fee |
| | | \$ | | \$ |
| Domestic Refuse Service Charge per year (for additional service or non-rated properties) | | 404.90 | | 405.00 |
| Establishment Fee (per new or additional domestic refuse service) | | 104.55 | | 105.00 |

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

Note: Adjustments were made to the advertised figures to recognise updated valuations data provided by the Valuer General.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

10. SPECIFIED AREA RATES

No specified area rates have been budgeted for the 2015/2016 Financial Year.

11. SERVICE CHARGES

No service charges have been budgeted for the 2015/2016 Financial Year.

12. FEES & CHARGES REVENUE

| | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|------------------------------|------------------------------------|---|------------------------------------|
| Governance | 26,763 | 26,763 | 28,142 |
| General Purpose Funding | 500,000 | 510,848 | 515,000 |
| Law, Order and Public Safety | 511,400 | 656,408 | 826,400 |
| Health | 274,746 | 280,746 | 329,860 |
| Education and Welfare | 420,261 | 408,981 | 392,980 |
| Community Amenities | 9,418,961 | 6,461,389 | 4,912,664 |
| Recreation and Culture | 7,357,188 | 7,345,038 | 7,724,565 |
| Transport | 768,500 | 939,992 | 940,000 |
| Economic Services | 3,248,106 | 3,229,482 | 3,306,857 |
| Other Property and Services | 11,553 | 5,853 | 6,032 |
| | <u>22,537,478</u> | <u>19,865,500</u> | <u>18,982,500</u> |

13. RATE PAYMENT DISCOUNTS, WAIVERS & CONCESSIONS

No rates discounts have been budgeted for the 2015/2016 Financial Year.

With regard to waivers, Council has agreed, in accordance with Section 6.47 of the Local Government Act 1995, to waive the 2015/2016 Council Rates (excluding Emergency Services Levy) for land leased by the City to the following community

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

14. INTEREST CHARGES AND INSTALMENTS

An interest rate of 8.45% per annum will be charged on all rates, both current and arrears, that remain unpaid after 35 days from the issue date of the rate notice (3/8/15). It is estimated this will generate income of \$1,000,000. Three option plans will be available to ratepayers for payment of their rates by instalments.

Option 1 (Full Payment)

Full amount of rates and charges, including arrears, to be paid on or before 35 days from the issue date appearing on the rate notice (7/9/15).

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 (7/9/15). The second and final instalment will be due and payable 63 days after the due and payable 63 days after the due date of the first instalment (9/11/15).

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 (7/9/15). The second, third and fourth instalments are to be made at 63 day intervals, thereafter (9/11/15, 11/1/16 and 14/3/16).

Cost of Instalment Options

The cost of the instalment options will comprise of simple interest of 5.5% per annum, calculated from the date the first instalment is due and payable (7/9/15), together with an administration fee of \$5.00 for each instalment.

Special Arrangements and Late Payment Penalty

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

The total revenue from the imposition of the interest and administration fee during the 2015/2016 financial year is estimated at \$1,910,000. This is dissected as follows:

| | Note | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|--|--------|---------------------------|----------------------------------|---------------------------|
| Late Payment Interest - Commercial Debtors | | - | - | - |
| Instalment Interest Charges - Rates | | 520,000 | 562,396 | 565,000 |
| Late Payment Penalty Interest - Rates | | 1,000,000 | 1,000,000 | 1,000,000 |
| | 2a(ii) | 1,520,000 | 1,562,396 | 1,565,000 |
| Administration Charges - Rates | | 330,000 | 340,848 | 345,000 |
| | | 1,850,000 | 1,903,244 | 1,910,000 |

Commercial Waste Debtors

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

15. ELECTED MEMBERS REMUNERATION

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

| | | | |
|---|----------------|----------------|----------------|
| Councillor's Meeting Attendance Fees | 401,700 | 379,500 | 379,500 |
| Mayor's Allowance and Meeting Fees | 133,900 | 133,500 | 133,500 |
| Deputy Mayor's Allowance and Meeting Fees | 52,788 | 54,750 | 54,750 |
| ICT Allowance | 52,500 | 56,000 | 56,000 |
| Other Expense Recoups | 57,862 | 76,996 | 90,000 |
| Conference Expenses | 46,000 | 46,000 | 46,000 |
| | 744,750 | 746,746 | 759,750 |

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

16. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | Note | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|--|------|---------------------------|----------------------------------|---------------------------|
| Cash - Unrestricted | 8 | 2,921,575 | (1,564,314) | (5,753,112) |
| Cash - Restricted | 8 | 195,177,349 | 278,900,408 | 253,717,252 |
| Total Cash | | 198,098,924 | 277,336,094 | 247,964,140 |
| Non-Current Financial Instruments - Restricted (TPS) | | 5,033,788 | - | - |
| Total Restricted Monies | | 200,211,137 | 278,900,408 | 253,717,252 |

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

| | | | |
|---|--------------------|--------------------|--------------------|
| Alkimos/Eglinton Coastal Corridor Community Facilities Reserv | 5,118,559 | 5,766,542 | 7,284,470 |
| Asset Replacement Reserve | 7,476,643 | 5,457,639 | 7,781,162 |
| Butler Collaborative Planning Agreement Reserve | 2,764,099 | 2,775,147 | 2,851,464 |
| Carry Forward Capital Projects Reserve | - | 10,011,748 | 275,323 |
| City of Wanneroo Townsite Reserve | - | - | - |
| Commercial Refuse Reserve | 2,051,880 | 2,060,044 | 2,116,695 |
| Commercial Refuse - Plant Replacement Reserve | - | - | - |
| Domestic Refuse Reserve | 3,321,182 | 3,725,812 | 2,663,272 |
| Domestic Refuse - Plant Replacement Reserve | - | - | - |
| Sustainability Investment Reserve | 68,928 | 93,259 | 95,824 |
| Fleming Park Lake Reserve | 205,441 | 206,259 | 211,931 |
| Golf Courses Reserve | 704,877 | 1,105,071 | 949,905 |
| HACC Asset Replacement Reserve | 525,256 | 512,973 | 557,080 |
| Heavy Vehicle Replacement Reserve | - | - | - |
| Land Acquisition Reserve | 2,059,790 | 2,062,896 | 2,619,626 |
| Leave Liability Reserve | 2,003,429 | 2,010,997 | 2,116,299 |
| Light Vehicle Replacement Reserve | - | - | - |
| Loan Repayment Reserve | 8,581,213 | 15,510,193 | 19,603,390 |
| Material Recoveries Facility Upgrade Reserve** | - | - | - |
| Neerabup Development Reserve | 1,238,539 | 3,046,220 | 2,008,341 |
| Plant Replacement Reserve | 150,299 | 5,692,302 | 5,033,526 |
| Resource Recovery Domestic Refuse Reserve | - | - | - |
| Section 20A Land Reserve | 187,342 | 188,087 | 193,259 |
| Strategic Projects/Initiatives Reserve | 54,280,144 | 70,935,568 | 67,034,469 |
| TPS 20 - District Distributor Headworks Reserve | 6,323,458 | 6,348,611 | 6,523,198 |
| Yanchep Bus Reserve | 170,556 | 171,577 | 181,295 |
| Yanchep/Two Rocks Coastal Corridor Community Facilities Re | 1,590,083 | 1,736,237 | (124,976) |
| Town Planning Schemes | 73,794,626 | 110,102,491 | 101,180,694 |
| Unspent Grants, Contributions and Loans | 22,561,005 | 29,380,735 | 22,561,005 |
| | 195,177,349 | 278,900,408 | 253,717,252 |

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

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

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

| | | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|--|---------|---------------------------|----------------------------------|---------------------------|
| Net Result | | 52,937,908 | 97,001,007 | 80,069,010 |
| Depreciation | 2(a)(i) | 32,050,000 | 35,999,932 | 38,000,000 |
| (Profit)/Loss on Sale of Asset | 4 | (2,900,000) | (3,650,000) | (7,766,666) |
| (Increase)/Decrease in Receivables | | - | - | - |
| (Increase)/Decrease in Inventories | | - | (8,103) | 10,000 |
| Increase/(Decrease) in Payables | | (50,000) | (41,897) | (60,000) |
| Increase/(Decrease) in Employee Provisions | | 50,000 | 50,000 | 50,000 |
| Town Planning Scheme Income | 18(b) | (22,946,125) | (23,627,500) | (19,342,646) |
| Town Planning Scheme Expenses | 18(b) | 15,902,000 | 3,138,025 | 21,653,740 |
| Grants/Contributions for the Development of Assets | | (42,972,750) | (72,426,707) | (81,337,583) |
| Net Cash from Operating Activities | | 32,071,033 | 36,434,757 | 31,275,855 |

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

| | | | | |
|--|--|-------------------|-------------------|-------------------|
| Bank Overdraft Limit | | 1,000,000 | 1,000,000 | 1,000,000 |
| Bank Overdraft at Balance Date | | - | - | - |
| Bank Overdraft Available | | 1,000,000 | 1,000,000 | 1,000,000 |
| Credit Card Limit | | 50,000 | 55,000 | 55,000 |
| Credit Card Balance at Balance Date | | - | 20,000 | - |
| Credit Card Balance at Balance Date | | 50,000 | 35,000 | 55,000 |
| Total Amount of Credit Unused | | 1,050,000 | 1,035,000 | 1,055,000 |
| Loan Facilities | | | | |
| Loan Facilities in use at Balance Date | | 60,778,188 | 60,778,188 | 60,778,188 |
| Unused Loan Facilities at Balance Date | | - | - | - |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

17. TRUST FUNDS

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

| | Actual (Est.) 01-Jul-15 | Amounts Received | Amounts Paid | Balance 30-Jun-16 |
|-----------------------|------------------------------------|-----------------------------|-------------------------|------------------------------|
| | \$ | \$ | \$ | \$ |
| Miscellaneous/Appeals | 54,931 | 20,000 | 20,000 | 54,931 |
| Public Open Space | 2,732,025 | 100,000 | 100,000 | 2,732,025 |
| | 2,786,956 | 120,000 | 120,000 | 2,786,956 |

18. MAJOR LAND TRANSACTIONS

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, Town of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council (TPRC). 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. It is likely that some income distributions will be received from the TPRC in 2015/16 which if received will be placed into the City's Loan Repayment Reserve.

Sites identified for potential sale during the 2015/16 financial year include 44 Mullingar Way Darch, Lots 545 - 549 Wangara and Lots 550 & 551 of the Materials Recovery Facility.

Town Planning Schemes

(a) Details

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

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

18. MAJOR LAND TRANSACTIONS (Continued)

Town Planning Schemes (Continued)

(b) Current Year Transactions

| | Balance 1-July-15 \$ | Transfers To \$ | Transfers From - Operating \$ | Transfers From - Capital \$ | Balance 30-Jun-16 \$ |
|---|----------------------------|-----------------------|-------------------------------------|-----------------------------------|----------------------------|
| Operating Accounts | | | | | |
| Town Planning Scheme 5 (Landsdale) | 654,845 | 22,018 | 5,000 | - | 671,863 |
| Berkley Road Structure Plan Area | 2,878,596 | 96,561 | 33,000 | - | 2,942,157 |
| Neerabup Structure Plan | (247,202) | 38,361 | 23,000 | 2,000,000 | (2,231,841) |
| Sub Total | 3,286,239 | 156,939 | 61,000 | 2,000,000 | 1,382,178 |
| Scheme Accounts | | | | | |
| East Wanneroo Development Area (Cell 1) | 27,358,455 | 2,749,799 | 1,360,740 | - | 28,747,514 |
| East Wanneroo Development Area (Cell 2) | 6,280,504 | 672,859 | 25,000 | - | 6,928,363 |
| East Wanneroo Development Area (Cell 3) | 1,409,937 | 47,750 | 243,000 | - | 1,214,687 |
| East Wanneroo Development Area (Cell 4) | 15,237,566 | 2,894,839 | 8,595,000 | 4,510,703 | 5,026,702 |
| East Wanneroo Development Area (Cell 5) | 6,871,097 | 2,120,138 | 5,875,000 | - | 3,116,235 |
| East Wanneroo Development Area (Cell 6) | 25,297,786 | 5,617,446 | 1,027,000 | 50,000 | 29,838,232 |
| East Wanneroo Development Area (Cell 7) | 3,012,387 | 881,409 | 1,027,000 | 50,000 | 2,816,796 |
| East Wanneroo Development Area (Cell 8) | 2,336,792 | 1,032,879 | 1,905,000 | - | 1,464,671 |
| East Wanneroo Development Area (Cell 9) | 19,011,728 | 3,168,589 | 1,535,000 | - | 20,645,317 |
| Sub Total | 106,816,252 | 19,185,707 | 21,592,740 | 4,610,703 | 99,798,516 |
| Total | 110,102,491 | 19,342,646 | 21,653,740 | 6,610,703 | 101,180,694 |

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

| | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|---|---------------------------|----------------------------------|---------------------------|
| Town Planning Scheme 5 (Landsdale) | | | |
| Income | | | |
| Interest on Investments | 20,855 | 25,355 | 22,018 |
| | 20,855 | 25,355 | 22,018 |
| Expenditure | | | |
| Administration Charges | - | - | - |
| Bank Fees | - | - | - |
| Legal Fees | 5,000 | 5,000 | 5,000 |
| Construction Costs - Municipal Transfer | - | - | - |
| | 5,000 | 5,000 | 5,000 |
| Net Result | 15,855 | 20,355 | 17,018 |
| Surplus/(Deficit) brought forward | 627,653 | 634,490 | 654,845 |
| Net Result | 15,855 | 20,355 | 17,018 |
| Surplus/(Deficit) carried forward | 643,508 | 654,845 | 671,863 |
| Berkley Road Structure Plan Area | | | |
| Income | | | |
| Contributions | 16,125 | - | - |
| Interest on Investments | 92,198 | 111,194 | 96,561 |
| | 108,323 | 111,194 | 96,561 |
| Expenditure | | | |
| Administration Charges | 23,000 | 23,000 | 23,000 |
| Bank Fees | - | - | - |
| Audit Fee | - | - | - |
| Consulting Fees | 5,000 | 5,000 | - |
| Compensation Payments | 50,000 | - | 10,000 |
| Construction Costs - Municipal Transfer | - | - | - |
| | 78,000 | 28,000 | 33,000 |
| Net Result | 30,323 | 83,194 | 63,561 |
| Surplus/(Deficit) brought forward | 2,757,378 | 2,795,402 | 2,878,596 |
| Net Result | 30,323 | 83,194 | 63,561 |
| Surplus/(Deficit) carried forward | 2,787,701 | 2,878,596 | 2,942,157 |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

18. MAJOR LAND TRANSACTIONS (Continued)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

| | 2014/2015 | 2014/2015 | 2015/2016 |
|---|--------------------|--------------------|--------------------|
| | Budget | Actual (Est.) | Budget |
| | \$ | \$ | \$ |
| Neerabup Structure Plan (Proposed Cell 10) | | | |
| Income | | | |
| Interest on Investments | 36,676 | 44,176 | 38,361 |
| | 36,676 | 44,176 | 38,361 |
| Expenditure | | | |
| Administration Charges | 23,000 | 23,000 | 23,000 |
| Construction Costs - Municipal Transfer | 3,378,467 | 1,378,468 | 2,000,000 |
| | 3,401,467 | 1,401,468 | 2,023,000 |
| Net Result | (3,364,791) | (1,357,292) | (1,984,639) |
| Surplus/(Deficit) brought forward | | | |
| Net Result | (3,364,791) | (1,357,292) | (1,984,639) |
| Surplus/(Deficit) carried forward | (3,675,378) | (247,202) | (2,231,841) |
| East Wanneroo Development Area (Cell 1) | | | |
| Income | | | |
| Contributions | 1,000,000 | 1,200,004 | 1,885,995 |
| Interest on Investments | 822,745 | 994,741 | 863,804 |
| | 1,822,745 | 2,194,745 | 2,749,799 |
| Expenditure | | | |
| Administration Charges | 23,000 | 23,000 | 23,000 |
| Audit Fee Expenses | - | - | - |
| Consulting Fees | 1,000 | 2,000 | 2,000 |
| Legal Fees | 2,000 | - | 10,000 |
| Bank Fees | - | - | - |
| Advertising | - | - | - |
| Compensation Payments | 602,000 | 500 | 1,325,740 |
| Construction Costs - Municipal Transfer | - | - | - |
| | 628,000 | 25,500 | 1,360,740 |
| Net Result | 1,194,745 | 2,169,245 | 1,389,059 |
| Surplus/(Deficit) brought forward | | | |
| Net Result | 1,194,745 | 2,169,245 | 1,389,059 |
| Surplus/(Deficit) carried forward | 26,824,203 | 27,358,455 | 28,747,514 |
| East Wanneroo Development Area (Cell 2) | | | |
| Income | | | |
| Contributions | 250,000 | 600,004 | 487,240 |
| Interest on Investments | 176,756 | 213,752 | 185,619 |
| | 426,756 | 813,756 | 672,859 |
| Expenditure | | | |
| Administration Charges | 23,000 | 23,000 | 23,000 |
| Audit Fee Expenses | - | - | - |
| Legal Fees | 1,000 | - | - |
| Consulting Fees | 2,000 | 2,000 | 2,000 |
| Bank Fees | - | - | - |
| Advertising | - | - | - |
| Compensation Payments | 5,000 | 500 | - |
| | 31,000 | 25,500 | 25,000 |
| Net Result | 395,756 | 788,256 | 647,859 |
| Surplus/(Deficit) brought forward | | | |
| Net Result | 395,756 | 788,256 | 647,859 |
| Surplus/(Deficit) carried forward | 6,083,796 | 6,280,504 | 6,928,363 |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

18. MAJOR LAND TRANSACTIONS (Continued)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

| | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|--|---------------------------|----------------------------------|---------------------------|
| East Wanneroo Development Area (Cell 3) | | | |
| Income | | | |
| Contributions | 30,000 | - | - |
| Interest on Investments | 45,488 | 54,992 | 47,750 |
| | 75,488 | 54,992 | 47,750 |
| Expenditure | | | |
| Administration Charges | 23,000 | 23,000 | 23,000 |
| Audit Fee Expenses | - | - | - |
| Consulting | 2,000 | 2,000 | 10,000 |
| Legal Fees | 5,000 | - | 10,000 |
| Advertising | - | - | - |
| Compensation Payments | 130,000 | - | 200,000 |
| Construction Costs - Municipal Transfer | - | - | - |
| | 160,000 | 25,000 | 243,000 |
| Net Result | (84,512) | 29,992 | (195,251) |
| Surplus/(Deficit) brought forward | 1,270,533 | 1,379,945 | 1,409,937 |
| Net Result | (84,512) | 29,992 | (195,251) |
| Surplus/(Deficit) carried forward | 1,186,021 | 1,409,937 | 1,214,687 |
| East Wanneroo Development Area (Cell 4) | | | |
| Income | | | |
| Contributions | 7,500,000 | 3,000,000 | 2,332,755 |
| Interest on Investments | 535,289 | 647,285 | 562,084 |
| | 8,035,289 | 3,647,285 | 2,894,839 |
| Expenditure | | | |
| Administration Charges | 23,000 | 23,000 | 23,000 |
| Audit Fee Expenses | - | - | - |
| Legal Fees | 50,000 | 20,000 | 70,000 |
| Consulting Fees | 2,000 | 10,000 | 2,000 |
| Bank Fees | - | - | - |
| Advertising | - | - | - |
| Compensation Payments | 7,705,000 | 5,000 | 8,500,000 |
| Construction Costs - Municipal Transfer | 6,300,000 | 2,409,297 | 4,510,703 |
| | 14,080,000 | 2,467,297 | 13,105,703 |
| Net Result | (6,044,711) | 1,179,988 | (10,210,864) |
| Surplus/(Deficit) brought forward | 12,404,643 | 14,057,578 | 15,237,566 |
| Net Result | (6,044,711) | 1,179,988 | (10,210,864) |
| Surplus/(Deficit) carried forward | 6,359,932 | 15,237,566 | 5,026,702 |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

18. MAJOR LAND TRANSACTIONS (Continued)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

| | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|--|---------------------------|----------------------------------|---------------------------|
| East Wanneroo Development Area (Cell 5) | | | |
| Income | | | |
| Contributions | 1,500,000 | 1,500,000 | 1,854,546 |
| Interest on Investments | 252,852 | 305,856 | 265,592 |
| | 1,752,852 | 1,805,856 | 2,120,138 |
| Expenditure | | | |
| Administration Charges | 23,000 | 23,000 | 23,000 |
| Audit Fee Expenses | - | - | - |
| Legal Fees | 50,000 | 100,000 | 50,000 |
| Consulting Fees | 20,000 | 5,000 | 2,000 |
| Bank Fees | - | - | - |
| Advertising | - | - | - |
| Compensation Payments | 3,505,000 | 2,500,000 | 5,800,000 |
| Construction Costs - Municipal Transfer | - | - | - |
| | 3,598,000 | 2,628,000 | 5,875,000 |
| Net Result | (1,845,148) | (822,144) | (3,754,862) |
| Surplus/(Deficit) brought forward | 5,350,765 | 7,693,241 | 6,871,097 |
| Net Result | (1,845,148) | (822,144) | (3,754,862) |
| Surplus/(Deficit) carried forward | 3,505,617 | 6,871,097 | 3,116,235 |
| East Wanneroo Development Area (Cell 6) | | | |
| Income | | | |
| Contributions | 2,150,000 | 2,399,996 | 4,865,510 |
| Interest on Investments | 715,919 | 865,919 | 751,936 |
| | 2,865,919 | 3,265,915 | 5,617,446 |
| Expenditure | | | |
| Administration Charges | 23,000 | 23,000 | 23,000 |
| Audit Fee Expenses | - | - | - |
| Consulting Fees | 2,000 | 2,000 | 2,000 |
| Legal Fees | 2,000 | 8,000 | 2,000 |
| Bank Fees | - | - | - |
| Advertising | - | - | - |
| Compensation Payments | 5,000 | - | 1,000,000 |
| Construction Costs - Municipal Transfer | 225,000 | 225,000 | 50,000 |
| | 257,000 | 258,000 | 1,077,000 |
| Net Result | 2,608,919 | 3,007,915 | 4,540,446 |
| Surplus/(Deficit) brought forward | 22,218,786 | 22,289,871 | 25,297,786 |
| Net Result | 2,608,919 | 3,007,915 | 4,540,446 |
| Surplus/(Deficit) carried forward | 24,827,705 | 25,297,786 | 29,838,232 |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

18. MAJOR LAND TRANSACTIONS (Continued)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

| | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|--|---------------------------|----------------------------------|---------------------------|
| East Wanneroo Development Area (Cell 7) | | | |
| Income | | | |
| Contributions | 1,000,000 | 500,000 | 789,000 |
| Interest on Investments | 87,917 | 106,421 | 92,409 |
| | 1,087,917 | 606,421 | 881,409 |
| Expenditure | | | |
| Administration Charges | 23,000 | 23,000 | 23,000 |
| Audit Fee Expenses | - | - | - |
| Legal Fees | 1,000 | - | 2,000 |
| Consulting | 2,000 | 2,000 | - |
| Bank Fees | - | - | - |
| Advertising | - | - | - |
| Compensation Payments | 2,010,000 | - | 1,002,000 |
| Construction Costs - Municipal Transfer | 225,000 | 225,000 | 50,000 |
| | 2,261,000 | 250,000 | 1,077,000 |
| Net Result | (1,173,083) | 356,421 | (195,591) |
| Surplus/(Deficit) brought forward | 2,165,144 | 2,655,966 | 3,012,387 |
| Net Result | (1,173,083) | 356,421 | (195,591) |
| Surplus/(Deficit) carried forward | 992,061 | 3,012,387 | 2,816,796 |
| East Wanneroo Development Area (Cell 8) | | | |
| Income | | | |
| Contributions | 500,000 | 1,000,000 | 977,600 |
| Interest on Investments | 52,659 | 63,663 | 55,279 |
| | 552,659 | 1,063,663 | 1,032,879 |
| Expenditure | | | |
| Administration Charges | 23,000 | 23,000 | 23,000 |
| Audit Fee Expenses | - | - | - |
| Consulting Fees | 20,000 | 20,000 | 2,000 |
| Legal Fees | 50,000 | 100,000 | 60,000 |
| Bank Fees | - | - | - |
| Advertising | - | - | - |
| Compensation Payments | 1,405,000 | - | 1,820,000 |
| Construction Costs - Municipal Transfer | - | - | - |
| | 1,498,000 | 143,000 | 1,905,000 |
| Net Result | (945,341) | 920,663 | (872,121) |
| Surplus/(Deficit) brought forward | (1,699,484) | 1,416,129 | 2,336,792 |
| Net Result | (945,341) | 920,663 | (872,121) |
| Surplus/(Deficit) carried forward | (2,644,825) | 2,336,792 | 1,464,671 |

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

18. MAJOR LAND TRANSACTIONS (Continued)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

| | 2014/2015 Budget \$ | 2014/2015 Actual (Est.) \$ | 2015/2016 Budget \$ |
|--|---------------------------|----------------------------------|---------------------------|
| East Wanneroo Development Area (Cell 9) | | | |
| Income | | | |
| Contributions | 6,000,000 | 8,000,000 | 3,000,000 |
| Interest on Investments | 160,646 | 194,150 | 168,589 |
| | 6,160,646 | 8,194,150 | 3,168,589 |
| Expenditure | | | |
| Administration Charges | 23,000 | 23,000 | 23,000 |
| Consulting Fees | - | - | 2,000 |
| Legal Fees | 5,000 | - | 10,000 |
| Advertising | - | - | - |
| Compensation Payments | 5,000 | 50,000 | 1,500,000 |
| Construction Costs - Municipal Transfer | - | - | - |
| | 33,000 | 73,000 | 1,535,000 |
| Net Result | 6,127,646 | 8,121,150 | 1,633,589 |
| Surplus/(Deficit) brought forward | 5,810,427 | 10,890,578 | 19,011,728 |
| Net Result | 6,127,646 | 8,121,150 | 1,633,589 |
| Surplus/(Deficit) carried forward | 11,938,073 | 19,011,728 | 20,645,317 |

19. TRADING UNDERTAKINGS & MAJOR TRADING UNDERTAKINGS

It is not anticipated that any trading undertakings or major trading undertakings will occur in 2015/2016.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30TH JUNE 2016

20. FINANCIAL RATIOS

| | 2013/14 Actual | 2015/2016 Budget |
|--|-------------------|---------------------|
| Current Ratio | | |
| $\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$ | 1.30 | 1.21 |
| Benchmark: | | |
| *Standard is not met if this ratio is lower than 1 as to 1 | | |
| Debt Service Cover Ratio | | |
| $\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$ | 18.48 | 11.08 |
| Benchmark: | | |
| *Service is not met if this ratio is lower than 2 | | |
| *Basic standard is met if this ratio is greater than or equal to 2 | | |
| *Advanced ratio is met if this ratio is higher than 5 | | |
| Operating Surplus Ratio | | |
| $\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$ | 0.19 | 0.29 |
| Benchmark: | | |
| *Standard is not met if the operating surplus ratio is 0 | | |
| *Basic standard is met if the operating surplus ratio is between 0 and 0.15 | | |
| *Advanced Standard is met if the operating surplus ratio is greater than 0.15 | | |
| Own Source Revenue Coverage Ratio | | |
| $\frac{\text{own source operating revenue}}{\text{operating expense}}$ | 1.16 | 0.90 |
| Benchmark: | | |
| *Standard is not met if the ratio is less than 0.40 | | |
| *Basic standard is met if the ratio is between 0.40 and 0.60 | | |
| *Intermediate standard is met if the ration is between 0.60 and 0.90 | | |
| *Advanced standard is met if the ratio is greater than 0.90 | | |