

# 2014 | 2015

## FINANCIAL STATEMENTS



# City of Wanneroo

## General Purpose Financial Statements for the year ended 30 June 2015

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for City of Wanneroo.
  - (ii) All figures presented in these financial statements are presented in Australian Currency.
  - (iii) These financial statements were authorised for issue by the Council on 26/11/15. Council has the power to amend and reissue the financial statements.
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## City of Wanneroo

### General Purpose Financial Statements for the year ended 30 June 2015

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across Western Australia are required to present a set of audited Financial Statements to their Council and Community in accordance with the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

### About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer as (i) presenting fairly the Council's financial results for the year and complying with (ii) Australian Accounting Standards and the *Local Government Act 1995*.

### What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2015.

The format of the Financial Statements is standard across all Western Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the Western Australian Local Government Accounting Manual.

The Financial Statements incorporate 6 "primary" financial statements:

#### **1. Statement of Comprehensive Income -** (by Nature or Type)

A summary of Council's financial performance for the year, listing all income & expenses by their "nature or type". This allows users of the financial statements to identify a break up of operating revenues and expenses for the year.

#### **2. Statement of Comprehensive Income -** (by Program)

A summary of Council's financial performance for the year, listing all income & expenses by "program". This allows users of the financial statements to identify the cost relating to each Council Program and whether or not these costs were recovered from Program revenues.

#### **3. Statement of Financial Position**

A 30 June snapshot of Council's financial position listing its assets & liabilities.

#### **4. Statement of Changes in Equity**

The overall change for the year (in dollars) of Council's "net wealth".

#### **5. Statement of Cash Flows**

Indicates where Council's cash came from and where it was spent across operating, investing & financing activities.

#### **6. Rate Setting Statement**

A Statement showing the amount of rates budgeted to be raised during the year to fund the Council's proposed Programs (and any budget surplus/deficit from prior years).

### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the 6 Primary Financial Statements.

### About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialise in Local Government).

In Western Australia, the Auditor provides an audit report that provides an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

### Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents, Ratepayers, Employees, Suppliers, Contractors, Customers, the Department of Local Government, and Financiers including Banks and other Financial Institutions.

Under the *Local Government Act 1995* the Financial Statements must be made available at the office of the Council.



City of Wanneroo

**General Purpose Financial Statements**  
for the year ended 30 June 2015


*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

Statement by Chief Executive Officer

The attached financial report of the City of Wanneroo being the annual financial report and supporting notes and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the City of Wanneroo at 30 June 2015 and the results of the operations for the financial year then ended in accordance with the *Australian Accounting Standards* and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.

Signed on the 26<sup>th</sup> day of November 2015



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Daniel Simms  
**CHIEF EXECUTIVE OFFICER**

## City of Wanneroo

Statement of Comprehensive Income (by Nature or Type)  
for the year ended 30 June 2015

\$	Notes	2015 Actual	2015 Budget	2014 Actual
<b>Revenue</b>				
Rates	24(a)	120,489,166	119,719,385	111,385,232
Operating Grants, Subsidies & Contributions	28	15,906,857	12,370,325	9,416,693
Fees & Charges	27	20,072,643	22,537,478	23,251,923
Interest Earnings	2(a)	8,497,623	8,520,000	8,814,713
Other Revenue		1,593,038	3,936,884	4,027,107
		<u>166,559,327</u>	<u>167,084,072</u>	<u>156,895,668</u>
<b>Expenses</b>				
Employee Costs	31	(67,960,887)	(72,032,208)	(64,204,146)
Materials & Contracts		(41,520,460)	(49,657,347)	(42,796,287)
Utilities		(7,467,001)	(8,116,720)	(7,441,514)
Depreciation of Non-Current Assets	2(a)	(37,294,753)	(32,050,000)	(30,094,147)
Interest Expenses	2(a)	(3,703,274)	(3,689,236)	(3,699,483)
Insurance		(1,369,947)	(1,517,528)	(1,423,915)
		<u>(159,316,322)</u>	<u>(167,063,039)</u>	<u>(149,659,492)</u>
<b>Operating Result from Continuing Operations</b>		<u>7,243,005</u>	<u>21,033</u>	<u>7,236,176</u>
Non-Operating Grants, Subsidies & Contributions	28	63,946,455	42,972,750	67,234,517
Town Planning Scheme Income (Inc Interest)		27,781,399	22,946,125	25,662,903
Town Planning Scheme Expenses		(2,521,538)	(15,902,000)	(3,748,041)
Fair Value Adjustments to financial assets at fair value through profit and loss	2(a)	-	-	(288,260)
Asset Impairment		-	-	112,426
Net Share of Interests in Controlled Entities, Associated Entities & Joint Ventures	17	316,648	-	746,701
Profit on Asset Disposals	21	7,095,956	2,900,000	4,780,007
Loss on Asset Disposal	21	(419,570)	-	(137,351)
		<u>96,199,350</u>	<u>52,916,875</u>	<u>94,362,902</u>
<b>Net Result</b>		<u>103,442,355</u>	<u>52,937,908</u>	<u>101,599,078</u>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets	13	404,114,816	-	565,602,448
<b>Total Other Comprehensive Income</b>		<u>404,114,816</u>	<u>-</u>	<u>565,602,448</u>
<b>Total Comprehensive Income</b>		<u>507,557,171</u>	<u>52,937,908</u>	<u>667,201,526</u>

## City of Wanneroo

Statement of Comprehensive Income (by Program)  
for the year ended 30 June 2015

\$	Notes	2015 Actual	2015 Budget	2014 Actual
<b>Revenue</b>				
Governance		285,850	280,814	288,112
General Purpose Funding		139,482,892	135,187,685	124,464,224
Law, Order, Public Safety		1,247,249	924,075	1,257,958
Health		409,455	452,660	457,468
Education & Welfare		4,541,510	4,487,322	4,232,175
Community Amenities		7,263,321	12,507,246	13,273,227
Recreation & Culture		8,458,674	8,231,509	8,498,926
Transport		1,635,362	1,070,538	1,203,210
Economic Services		3,307,410	3,364,006	2,866,440
Other Property & Services		28,025,651	578,217	26,475,278
		<u>194,657,374</u>	<u>167,084,072</u>	<u>183,017,018</u>
<b>Expenses (excl. Finance Costs)</b>				
Governance		(8,608,531)	(9,284,554)	(7,717,230)
General Purpose Funding		(924,183)	(912,021)	(1,241,773)
Law, Order, Public Safety		(6,058,280)	(5,921,531)	(4,872,320)
Health		(2,221,378)	(2,418,267)	(2,241,334)
Education & Welfare		(9,825,889)	(9,983,194)	(8,940,120)
Community Amenities		(35,556,111)	(43,264,157)	(36,928,430)
Recreation & Culture		(48,959,915)	(44,624,578)	(40,366,577)
Transport		(36,026,024)	(30,478,335)	(37,581,050)
Economic Services		(4,174,683)	(4,091,155)	(3,286,111)
Other Property & Services		(5,779,592)	(28,298,011)	(6,132,422)
		<u>(158,134,586)</u>	<u>(179,275,803)</u>	<u>(149,307,367)</u>
<b>Finance Costs</b>				
	2(a)			
General Purpose Funding		(1,204,057)	(1,432,897)	(1,464,740)
Recreation & Culture		(2,379,883)	(1,882,292)	(1,864,322)
Transport		(67,983)	(153,078)	(151,606)
Other Property & Services		(51,351)	(220,969)	(218,817)
		<u>(3,703,274)</u>	<u>(3,689,236)</u>	<u>(3,699,485)</u>
		<u>32,819,514</u>	<u>(15,880,967)</u>	<u>30,010,166</u>
<b>Non-Operating Grants, Subsidies, Contributions</b>				
Governance		-	1,207,230	-
Law, Order, Public Safety		70,010	-	-
Community Amenities		5,424	8,303,761	434,997
Recreation & Culture		10,652,405	19,632,604	6,362,208
Transport		48,542,354	11,464,211	57,769,881
Other Property & Services		4,676,262	25,311,069	2,667,431
	28	<u>63,946,455</u>	<u>65,918,875</u>	<u>67,234,517</u>

## City of Wanneroo

Statement of Comprehensive Income (by Program) (continued)  
for the year ended 30 June 2015

\$	Notes	2015 Actual	2015 Budget	2014 Actual
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		(11,419)	-	(5,020)
Education & Welfare		(5,875)	-	-
Community Amenities		189,849	-	(7,073)
Recreation & Culture		1,307,426	-	-
Economic Services		(132,322)	-	-
Other Property & Services		<u>5,328,727</u>	<u>2,900,000</u>	<u>4,654,748</u>
	21	<u>6,676,386</u>	<u>2,900,000</u>	<u>4,642,655</u>
<b>Other Income</b>				
Fair Value Adjustments to Financial Assets at Fair Value through Profit & Loss		-	-	(288,260)
	2(a)	<u>-</u>	<u>-</u>	<u>(288,260)</u>
<b>Net Result</b>		<u>103,442,355</u>	<u>52,937,908</u>	<u>101,599,078</u>
<b>Other Comprehensive Income</b>				
Changes on Revaluation of Non-Current Assets		404,114,816	-	565,602,448
<b>Total Comprehensive Income</b>	13	<u>507,557,171</u>	<u>52,937,908</u>	<u>667,201,526</u>

## City of Wanneroo

## Statement of Financial Position

as at 30 June 2015

\$	Notes	2015 Actual	2014 Actual
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	302,529,381	257,579,236
Trade and Other Receivables	5	20,811,922	21,430,381
Inventories	6	369,608	341,738
<b>Total Current Assets</b>		<b>323,710,911</b>	<b>279,351,355</b>
<b>Non-Current Assets</b>			
Investments	4	14,400,953	13,181,843
Trade and Other Receivables	5	2,095,569	1,908,038
Inventories	6	13,114,991	7,648,086
Property, Plant and Equipment	7	534,905,445	126,433,760
Infrastructure	8	1,476,458,032	1,424,093,901
<b>Total Non-Current Assets</b>		<b>2,040,974,990</b>	<b>1,573,265,628</b>
<b>TOTAL ASSETS</b>	19	<b>2,364,685,901</b>	<b>1,852,616,983</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	9	21,859,805	18,810,708
Provisions	11	13,417,355	11,873,536
<b>Total Current Liabilities</b>		<b>35,277,160</b>	<b>30,684,244</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	10	60,778,188	60,778,188
Provisions	11	1,330,577	1,411,746
<b>Total Non-Current Liabilities</b>		<b>62,108,765</b>	<b>62,189,934</b>
<b>TOTAL LIABILITIES</b>		<b>97,385,925</b>	<b>92,874,178</b>
<b>Net Assets</b>		<b>2,267,299,976</b>	<b>1,759,742,805</b>
<b>EQUITY</b>			
Retained Surplus		1,029,442,415	976,521,760
Reserves - Cash/Investment Backed	12	153,516,686	120,831,196
Reserves - Asset Revaluation	13	970,899,917	566,785,101
Town Planning Schemes		113,440,958	95,604,748
<b>Total Equity</b>		<b>2,267,299,976</b>	<b>1,759,742,805</b>



## City of Wanneroo

Statement of Changes in Equity  
for the year ended 30 June 2015

\$	Notes	Reserves			Town Planning Schemes	Total Equity
		Retained Surplus	Cash / Investment Backed	Asset Revaluation Reserve		
<b>Balance as at 1 July 2013</b>		913,776,493	100,147,894	1,182,653	77,434,239	1,092,541,279
Net Result		101,599,078	-	-	-	101,599,078
Total OCI / Asset Revaluation	13	-	-	565,602,448	-	565,602,448
Reserve Transfers	12	(20,683,302)	20,683,302	-	-	-
Town Planning Scheme Transfers	12	(18,170,509)	-	-	18,170,509	-
<b>Balance as at 30 June 2014</b>		976,521,760	120,831,196	566,785,101	95,604,748	1,759,742,805
Net Result		103,442,355	-	-	-	103,442,355
Total OCI / Asset Revaluation	13	-	-	404,114,816	-	404,114,816
Reserve Transfers	12	(32,685,490)	32,685,490	-	-	-
Town Planning Scheme Transfers	12	(17,836,210)	-	-	17,836,210	-
<b>Balance as at 30 June 2015</b>		1,029,442,415	153,516,686	970,899,917	113,440,958	2,267,299,976

## City of Wanneroo

## Statement of Cash Flows

for the year ended 30 June 2015

\$	Notes	2015 Actual	2015 Budget	2014 Actual
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
Rates		119,603,242	119,719,385	110,869,617
Operating Grants, Subsidies and Contributions		15,906,857	12,370,325	10,444,904
Fees and Charges		23,302,448	22,537,478	22,552,554
Interest Earnings		6,536,648	8,520,000	8,664,821
Goods and Services Tax		9,293,485	8,200,000	10,394,995
Service Charges		-	-	3,276
Other Revenue		2,056,402	3,936,884	5,989,565
		<u>176,699,082</u>	<u>175,284,072</u>	<u>168,919,732</u>
<b>Payments:</b>				
Employee Costs		(66,278,700)	(72,032,208)	(63,090,084)
Materials and Contracts		(38,686,186)	(49,657,347)	(44,682,429)
Utilities		(7,467,001)	(8,116,720)	(7,441,514)
Insurance		(1,369,947)	(3,689,236)	(1,423,915)
Interest		(3,693,026)	(1,517,528)	(3,689,235)
Goods and Services Tax		(9,751,664)	(8,200,000)	(9,876,336)
		<u>(127,246,524)</u>	<u>(143,213,039)</u>	<u>(130,203,513)</u>
<b>Net Cash provided (or used in) Operating Activities</b>	14(b)	<u>49,452,558</u>	<u>32,071,033</u>	<u>38,716,219</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
Non-Operating Grants, Subsidies and Contributions	28	10,418,390	12,972,750	8,184,419
Proceeds from Sale of Assets	21	12,733,654	4,974,921	9,601,400
Net Movement in Investments		-	-	10,000,000
Town Planning Scheme Income (Inc. Interest)		27,781,399	22,946,125	25,662,903
<b>Payments:</b>				
Payments for Development of Land Held for Resale		(8,014,171)	-	(7,057,403)
Payments for Purchase of Property, Plant & Equipment	20	(18,648,076)	(45,208,607)	(8,686,735)
Payments for Construction of Infrastructure	20	(25,349,611)	(42,481,804)	(25,701,849)
Town Planning Scheme Expenses		(2,521,538)	(15,902,000)	(3,748,041)
Equity Contribution - Mindarie Regional Council		(42,126)	-	(39,708)
Equity Contributions - Tamala Regional Council		(860,334)	-	(2,628,331)
<b>Net Cash provided (or used in) Investing Activities</b>		<u>(4,502,413)</u>	<u>(62,698,615)</u>	<u>5,586,655</u>
<b>Cash Flows from Financing Activities</b>				
Nil				
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		44,950,145	(30,627,582)	44,302,874
Cash at the beginning of the year	3	257,579,236	228,726,506	213,276,362
<b>Cash &amp; Cash Equivalents - End of the Year</b>	14(a)	<u>302,529,381</u>	<u>198,098,924</u>	<u>257,579,236</u>
Additional Information:				
plus: <b>Investments on hand - end of year</b>	4	14,400,953	-	13,181,843
<b>Total Cash, Cash Equivalents &amp; Investments</b>		<u>316,930,334</u>	<u>198,098,924</u>	<u>270,761,079</u>

## City of Wanneroo

### Rate Setting Statement (by Program) for the year ended 30 June 2015

\$	Notes	2015 Actual	2015 Budget	2014 Actual
<b>Revenue</b>				
Governance		285,850	1,488,044	288,112
General Purpose Funding (Excl Rates)		18,993,726	15,468,300	13,078,992
Law, Order, Public Safety		1,317,259	924,075	1,257,958
Health		409,455	452,660	457,468
Education and Welfare		4,541,510	4,487,322	4,232,175
Community Amenities		7,458,595	20,811,007	13,701,151
Recreation and Culture		19,110,809	27,864,113	14,861,134
Transport		50,177,718	12,534,749	58,973,091
Economic Services		3,307,410	3,364,006	2,866,440
Other Property and Services		38,030,906	28,789,286	33,797,457
		<u>143,633,238</u>	<u>116,183,562</u>	<u>143,513,978</u>
<b>Expenses</b>				
Governance		(8,619,950)	(9,284,554)	(7,722,250)
General Purpose Funding		(2,128,240)	(2,344,918)	(2,994,773)
Law, Order, Public Safety		(6,058,280)	(5,921,531)	(4,872,320)
Health		(2,221,378)	(2,418,267)	(2,241,334)
Education and Welfare		(9,831,764)	(9,983,194)	(8,940,120)
Community Amenities		(35,556,111)	(43,264,157)	(36,928,430)
Recreation and Culture		(50,032,372)	(46,506,870)	(42,230,899)
Transport		(36,094,007)	(30,631,413)	(37,732,656)
Economic Services		(4,307,005)	(4,091,155)	(3,286,111)
Other Property and Services		(5,830,943)	(28,518,980)	(6,351,239)
		<u>(160,680,050)</u>	<u>(182,965,039)</u>	<u>(153,300,132)</u>
		<u>(17,046,812)</u>	<u>(66,781,477)</u>	<u>(9,786,154)</u>
<b>Net Result Excluding Rates</b>				
		<u>(17,046,812)</u>	<u>(66,781,477)</u>	<u>(9,786,154)</u>
<b>Adjustment for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure &amp; Revenue</b>				
(Profit)/Loss on Asset Disposal	21	(6,676,386)	(2,900,000)	(4,642,656)
Movement in Non-Current Deferred Pensioner Rates		(187,531)	-	(177,683)
Movement in Non-Current Employee Benefit Provisions		(81,273)	-	(124,717)
Depreciation & Amortisation on Assets	2(a)	37,294,753	32,050,000	30,094,147
Physical Assets Received from Developers		(53,528,065)	(30,000,000)	(59,050,006)
Movement in Equity Accounted Investments		(316,648)	-	(746,701)
Impairment of Assets		-	-	(112,468)
		<u>(23,495,150)</u>	<u>(850,000)</u>	<u>(34,760,084)</u>
<b>Capital Expenditure</b>				
Purchase of Land Held for Resale		(8,014,171)	-	(7,253,534)
Purchase Land and Buildings	20	(3,223,750)	(21,743,822)	(1,400,775)
Purchase Plant and Equipment	20	(11,918,623)	(15,746,055)	(4,505,499)
Purchase Furniture and Equipment	20	(2,365,040)	(7,718,730)	(2,367,467)
Infrastructure Assets	20	(24,358,216)	(42,481,804)	(24,386,778)
Equity Contribution - Tamala Park Regional Council		(860,336)	-	(2,374,008)
Equity Contribution - Mindarie Regional Council		(42,126)	-	(39,708)
Movement in Works in progress		(2,132,058)	-	(1,728,157)
		<u>(52,914,320)</u>	<u>(87,690,411)</u>	<u>(44,055,926)</u>

## City of Wanneroo

Rate Setting Statement (by Program) (continued)  
for the year ended 30 June 2015

\$	Notes	2015 Actual	2015 Budget	2014 Actual
<b>Adjustment for Cash Budget Requirements</b> (continued):				
<b>Capital Revenue</b>				
Proceeds from Disposal of Assets	21	12,733,654	4,974,921	9,579,474
<b>Net Capital Revenue</b>		<b>12,733,654</b>	<b>4,974,921</b>	<b>9,579,474</b>
<b>Transfers</b>				
Transfers to Reserves (Restricted Assets)	12	(65,457,571)	(39,291,516)	(26,381,795)
Transfers from Reserves (Restricted Assets)	12	32,772,081	51,221,107	5,698,493
Movement in Restricted Grants, Contributions & Unspent Loans		2,703,646	7,005,850	7,115,581
Leave Provision Written Back (Transferred to Reserve)		(506,282)	50,000	124,090
Transfers to Town Planning Schemes		(27,781,399)	(22,946,125)	(25,662,903)
Transfers from Town Planning Schemes		9,945,189	26,030,467	7,492,394
<b>Net Transfers</b>		<b>(48,324,336)</b>	<b>22,069,783</b>	<b>(31,614,140)</b>
Surplus/(Deficit) July 1 B/Fwd	24(b)	8,557,798	8,557,799	7,809,396
Surplus/(Deficit) June 30 C/Fwd	24(b)	-	-	8,557,798
<b>Amount Raised from Rates</b>	24(a)	<b>(120,489,166)</b>	<b>(119,719,385)</b>	<b>(111,385,232)</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

### Contents of the Notes accompanying the Financial Statements

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## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) Basis of preparation

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

##### Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

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

All funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated. All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 18 to this financial report.

##### (c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are

stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

##### (d) Cash and Cash Equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities on the Statement of Financial Position.

##### (e) Trade and Other Receivables

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

##### (f) Inventories

##### (i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the established selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### (ii) Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition,

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Revenue arising from the sale of property is recognised in the Statement of Comprehensive Income as at the time of signing a binding contract of sale. Land held for resale is classified as current except where it is held as non-current based on the City's intentions to release for sale.

#### (g) Fixed Assets

##### Initial Recognition

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

##### Revaluation

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

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying

amount of the asset and the net amount is restated to the revalued amount of the asset.

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

##### Land under Roads

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

Effective as at 1 July 2008, the City 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 that *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 that, 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 City.

#### (h) Depreciation of Non-Current Assets

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

##### Classification and Subsequent Measurement

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

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

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

Expenditure on items of equipment under \$1,000 are not capitalised but are placed on an "Attractive Items" list for reference and maintenance.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	40 years
Bus Shelters*	30 - 50 years
Computer Hardware	3 years
Computer Software	2 years
Footpaths*	25 - 70 years
Furniture & Equipment	10 years
Heavy Vehicles - 1,201 kg to 4,000 kg km's (45% residual)	6 years/100,000
Heavy Vehicles - 4,001 kg to 9,000 kg km's (40% residual)	6 years/200,000
Heavy Vehicles - 9,001 kg to 12,000 kg km's (48% residual)	8 years/500,000
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 have a range of depreciation periods.

The asset's residual value and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the

Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### (i) Financial Instruments

##### Initial Recognition and Measurement

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

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

##### Classification and Subsequent Measurement

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

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

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

Amortised cost is calculated as:

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

The effective interest method used is to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums of 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 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 or loss

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

##### (ii) Loans and receivables

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

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

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

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category

or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

##### (v) Financial Liabilities

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

##### Impairment

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

##### (j) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is determined using valuation techniques. The City uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (k) Provisions

Provisions are recognised when the City has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

##### (l) Leases

Leases of property, plant and equipment where the City has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

##### (m) Investment in Associates

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

addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

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

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

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

##### (n) Impairment

In accordance with Australian Accounting Standards the City's assets, other than inventories, are tested annually for impairment. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with *AASB 136 Impairment of Assets* and appropriate adjustments made. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the Statement of Comprehensive Income.

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

##### (o) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

##### (p) Interest-bearing Loans and Borrowings

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid of the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the City has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. 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.

##### (q) Employee Benefits

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

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

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

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

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to

be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

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

##### (r) Superannuation

The City contributes to a number of Superannuation Funds on behalf of their employees. Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### (s) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

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

##### (t) 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.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

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

#### **(u) Current and Non-Current Classification**

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

#### **(v) Rounding Off Figures**

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

#### **(w) Comparative Figures**

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

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a Statement of Financial Position as at the beginning of the earliest period will be disclosed.

#### **(x) Budget Comparative Figures**

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

#### **(y) Investment Property**

Investment property, principally comprising freehold office buildings, is held for long-term rental yields. Investment property is carried at fair value, representing open-market value determined annually by external users.

#### **(z) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non-current Assets under the classification of Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of the City's operations that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

##### (aa) Intangible Assets

City has not classified any assets as Intangible.

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

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

**The City has not adopted any of these standards early.**

In the current year, the City adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new suite of consolidation standards resulted in some material changes to the City's accounting policies. These standards comprised AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 127 (revised 2011) *Separate Financial Statements* and AASB 128 (revised 2011) *Investments in Associates and Joint Ventures*. The impact of these standards is summarised below:

AASB 11 *Joint Arrangements* replaced AASB 131 *Interests in Joint Ventures* for the 2014-15 financial year. AASB 11 specifies how a joint arrangement, where two or more parties have control, should be accounted for. Under AASB 11 joint arrangements are classified as either joint operations or joint ventures and this, in turn, determines the accounting treatment. This classification is based on the rights and obligations of the parties and, when relevant, other facts and circumstances. Previously, AASB 131 classified joint arrangements based primarily on legal form. Under that standard there were three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets.

The City has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The City applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* is the only new accounting standard with a future application date that is expected to have a material impact on the City's financial statements.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met. As a result, the City has measured its financial assets at fair value.

AASB 9, which replaces AASB 139 *Financial Instruments: Recognition and Measurement*, is effective for reporting periods beginning on or after 1 January 2018 and must be applied retrospectively. The main impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories: fair value and amortised cost and financial assets will only be able to be measured at amortised cost where very specific conditions are met.

Due to its recent release, the City is still reviewing the way that revenue is measured and recognised to identify whether AASB 15 *Revenue from Contracts with Customers* will have a material impact. To date no impact has been identified.

AASB 15 is effective from 1 January 2017 and will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. It contains a comprehensive and robust framework for the recognition, measurement and disclosure of revenue from contracts with customers.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

From 1 July 2016 AASB 124 Related Party Disclosures will apply to the City. This means that the City will disclose more information about related parties and transactions with those related parties. The City is currently preparing for this change by identifying related parties. Related parties will include the Mayor, councillors and some City staff. In addition the close family members of those people and any organisations that they control or are associated with will be classified as related parties.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

##### Effective for periods commencing 1 January 2015:

- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* [Operative dates: Part A Conceptual Framework – 20 Dec 2013; Part B Materiality – 1 Jan 2014; Part C Financial Instruments – 1 Jan 2015]
- AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014). Application of AASB 9 (December 2009) and AASB 9 (December 2010).

##### Effective for periods commencing 1 July 2015:

- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*
- AASB 2015-4 *Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent* [AASB 127 & AASB 128]

##### Effective for periods commencing 1 January 2016:

- AASB 14 *Regulatory Deferral Accounts*
- AASB 2014-1 *Amendments to Australian Accounting Standards*
- AASB 2014-3 *Amendments to Australian Accounting Standards-Accounting for Acquisitions of Interests in Joint Operations*

- AASB 2014-4 *Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2014-6 *Amendments to Australian Accounting Standards-Agriculture: Bearer Plants*
- AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements* [AASB 1, 127 & 128]
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [AASB 10 & AASB 128]
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle* [AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140]
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception* [AASB 10, AASB 12 & AASB 128]

##### Effective for periods commencing 1 July 2016:

- AASB 1056 *Superannuation Entities*
- AASB 124 *Related Parties*
- AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*

##### Effective for periods commencing 1 January 2017:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies (continued)

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##### Effective for periods commencing 1 January 2018:

- AASB 9 *Financial Instruments* (December 2009)
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014).

The City adopted AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* in the current reporting period. However it does not expect to adopt any other new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2016.

##### Not applicable to Local Government per se;

There are no other standards that are “not yet effective” and expected to have a material impact on the City in the current or future reporting periods and on foreseeable future transactions.

##### (ac) Other Comprehensive Income

In accordance with AASB 2011-9 *Presentation of Items of Other Comprehensive Income* The other comprehensive income section presents line items for amounts of other comprehensive income in the period, classified by nature and grouped into those that, in accordance with other Australian Accounting Standards will not be reclassified subsequently to profit or loss; and will be reclassified subsequently to profit or loss when specific conditions are met. This encompasses Revaluation Increments.

##### (ad) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 2. Operating Revenues and Expenses

\$	Notes	2015 Actual	2015 Budget	2014 Actual
<b>(a) Net Result</b>				
The Result includes:				
<b>(i) Charging as an Expense:</b>				
<b>Significant Expense</b>				
The significant expense relates to the reduction in the fair value of the Council's investments	4	-	-	288,260
<b>Auditors Remuneration</b>				
- Audit		52,272	45,000	48,078
- Other Services: Review Procurement Policies and Procedures		-	-	6,380
<b>Bad &amp; Doubtful Debts</b>				
Sundry Debtors		(190,578)	-	641,977
<b>Depreciation &amp; Amortisation</b>				
<i>Property, Plant &amp; Equipment</i>				
- Buildings	7(b)	2,615,005		2,660,893
- Furniture and Equipment		2,445,349		1,603,784
- Plant and Equipment		6,495,648		4,020,406
<i>Infrastructure</i>				
- Roads	8(b)	13,444,529		15,980,434
- Drainage		2,381,096		2,208,814
- Other Infrastructure		3,855,128		849,542
- Pathways		1,823,470		1,052,793
- Car Parks		675,890		316,378
- Reserves		3,558,638		1,401,103
		<u>37,294,753</u>		<u>30,094,147</u>
<b>Interest Expenses (Finance Costs)</b>				
Accrued Interest on Loans		14,038	-	10,248
Debentures	23(a)	3,689,236	3,689,236	3,689,235
		<u>3,703,274</u>	<u>3,689,236</u>	<u>3,699,483</u>
<b>(ii) Crediting as Revenue:</b>				
<b>Interest Earnings</b>				
Investments - Municipal Funds		2,540,429	4,000,000	3,037,412
Investments - Reserve Funds		4,249,994	3,000,000	4,152,471
Other Interest Revenue	26	1,707,200	1,520,000	1,624,830
		<u>8,497,623</u>	<u>8,520,000</u>	<u>8,814,713</u>
Town Planning Schemes		3,787,830	3,000,000	3,652,048
<b>Total</b>		<u>12,285,453</u>	<u>11,520,000</u>	<u>12,466,761</u>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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#### (b). Statement of Objectives, Reporting Programs and Nature or Type

##### Statement of Objective

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

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

##### Vision

Building a Future Together

##### Community Aspirations

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

- 1) Environment
  - A healthy and sustainable natural and building 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.

##### REPORTING PROGRAM DESCRIPTIONS

Council operations that are disclosed encompass the following service orientated activities/programs:

##### GOVERNANCE

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

Activities: Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

##### GENERAL PURPOSE FUNDING

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

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

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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##### (b). Statement of Objectives, Reporting Programs and Nature or Type (continued)

###### **LAW, ORDER, PUBLIC SAFETY**

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

Activities: Supervision and enforcement of various local laws relating to fire prevention, animal control and protection of the environment and other aspects of public safety including emergency services.

###### **HEALTH**

Objective: To provide services to achieve community and environmental health.

Activities: Maternal and infant health facilities, immunisation, meat inspection services, inspection of food outlets, noise control and pest control services.

###### **EDUCATION AND WELFARE**

Objective: To provide services to children, youth, the elderly and disadvantaged persons.

Activities: Pre-school and other education services, child minding facilities, playgroups, senior citizens centres, meals on wheels and home care services.

###### **COMMUNITY AMENITIES**

Objective: To provide services required by the community.

Activities: Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemeteries and public conveniences.

###### **RECREATION AND CULTURE**

Objective: To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Activities: Maintenance of public halls, civic centre, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2015

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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#### (b). Statement of Objectives, Reporting Programs and Nature or Type (continued)

##### **TRANSPORT**

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

Activities: Construction (if not capitalised) and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Aerodromes and water transport facilities, cleaning of streets and maintenance of street trees, street lighting etc.

##### **ECONOMIC SERVICES**

Objective: To help promote the City and its economic wellbeing.

Activities: Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building control.

##### **OTHER PROPERTY & SERVICES**

Objective: To monitor and control council's overheads operating accounts.

Activities: Private works operation, plant repair and operation costs and engineering operation costs.

#### (c) Nature or Type Classifications

City of Wanneroo is required by the Australian Accounting Standards to disclose revenue and expenditure according to its nature or type classification. The following nature or function descriptions are also required by State Government regulations.

##### **REVENUE**

###### **Rates**

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Excludes administration fees, interest on instalments, interest on arrears, service charges and waste and sewerage rates.

###### **Operating Grants, Subsidies and Contributions**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

###### **Non-Operating Grants, Subsidies and Contributions**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 2. Operating Revenues and Expenses (continued)

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##### (c) Nature or Type Classifications (continued)

###### **Profit on Asset Disposal**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

###### **Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

###### **Service Charges**

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations identifies the charges which can be raised. These are television and radio rebroadcasting, underground electricity, property surveillance and security and water services. Excludes rubbish removal and charges for the provision of waste services.

###### **Interest Earnings**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

###### **Other Revenue**

Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates, etc.

#### **EXPENDITURE**

###### **Employee Costs**

All costs associated with the employment of persons such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefits tax etc.

###### **Material and Contracts**

All expenditure on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight.

###### **Utilities (Gas, Electricity, Water, etc.)**

Expenditures made to respective agencies for the provision of power, gas or water. Excludes expenditure incurred for the re-instatement of road works on behalf of these agencies.



## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2015

#### Note 2. Operating Revenues and Expenses (continued)

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\$

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##### (c) Nature or Type Classifications (continued)

###### **Depreciation & Amortisation on Non-Current Assets**

Depreciation and amortisation expense raised on all classes of assets.

###### **Loss on Asset Disposal**

Loss on the disposal of fixed assets.

###### **Interest Expenses**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and re-financing expenses.

###### **Insurance**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

###### **Other Expenditure**

Statutory fees, taxes, provision of bad debts. Donations and subsidies made to community groups.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance <sup>1</sup> 30-Jun-14	Received <sup>2</sup> 2015	Expended <sup>3</sup> 2015	Closing Balance 30-Jun-15
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## (d). Conditions Over Grants, Subsidies &amp; Contributions

**Grant/Subsidy/Contribution****Economic Development**

Economic Development Initiatives for 2Rocks	92,000	-	-	<b>92,000</b>	-	-	<b>92,000</b>
Economic Development Initiatives for Lot 12 Marmion Ave Jindalee	76,800	-	-	<b>76,800</b>	-	-	<b>76,800</b>
Sponsorship of Business Grow Centre	10,000	-	(10,000)	-	-	-	-
Economic Development Contributions for Somerly	42,200	-	-	<b>42,200</b>	-	-	<b>42,200</b>

**Emergency Services & Environmental Protection**

Emergency Services Levy Grant	421,084	394,197	(733,271)	<b>82,010</b>	293,138	(375,148)	-
Federal Emergency Relief	12,818	36,574	(49,392)	-	27,593	(27,593)	-
Emergency Relief Funding LotteryWest	19,404	95,000	(95,644)	<b>18,760</b>	148,000	(141,678)	<b>25,082</b>
Hands On for our Coastline Mindarie Foreshore Restoration Project 2							
Clayton's Beach -DPI	1,008	-	(1,008)	-	-	-	-
Koondoola Regional Bushland Interpretive Walk Trail	3,198	-	(3,198)	-	-	-	-
Girrawheen Greening Project	1,000	-	-	<b>1,000</b>	-	-	<b>1,000</b>
Coast Protection Quinns - Department of Transport	-	-	-	-	138,394	-	<b>138,394</b>

**Health & Fitness**

Healthy Communities Initiative -Obesity & Physical Activity -Department of Health and Ageing	84,116	-	(84,116)	-	-	-	-
Heart Foundation	28	-	(28)	-	-	-	-
Kidsport 2012/2013 - DSR	31,142	-	(31,142)	-	-	-	-
Your Move Project 2014/2015	-	-	-	-	50,000	(29,215)	<b>20,785</b>

(continued on next page)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance <sup>1</sup> 30-Jun-14	Received <sup>2</sup> 2015	Expended <sup>3</sup> 2015	Closing Balance 30-Jun-15
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## (d). Conditions Over Grants, Subsidies &amp; Contributions (continued)

## Grant/Subsidy/Contribution (continued)

Youth Services

Clarkson Youth Service Membership Fees	2,103	-	(2,103)	-	-	-	-
Yanchep Youth Service Membership Fees	1,725	-	(1,725)	-	-	-	-
National Youth Week to be held 18/04/2010 - Dept for Communities	47	-	(47)	-	-	-	-
Carramar Youth Project - Community Crime Prevention Fund	-	-	-	-	24,905	(6,864)	<b>18,041</b>

Buildings

Wangara Recycling Centre Contributions towards Facility Modifications-O S & H & Operational Improvements One-third partner contributions as per clause 3.14 of the MRF Agreement -City of Joondalup	13,967	-	(13,967)	-	-	-	-
Wangara Recycling Centre Contributions towards Facility Modifications-O S & H & Operational Improvements One-third partner contributions as per clause 3.14 of the MRF Agreement -City of Swan	81,654	-	(81,654)	-	-	-	-
WRC PR 2279 Capital Project Wangara Recycling Centre - New Plant Purchase (portable lifting platform & powered Hacksaw & Plasma cutter	2,198	-	(2,198)	-	-	-	-
Wangara MRF - Construct new glass sanding unit	78,605	-	(78,605)	-	-	-	-
Department of Fire & Emergency Services (Grant Income) Two Rocks Volunteer Bush Fire Brigade Fire Station	18,697	18,697	(37,394)	-	-	-	-
Ridgewood Reserve patio extension upgrade	19,000	-	(19,000)	-	-	-	-

Plant & Equipment

Department of Health - Purchase of 12 seat HACCC Bus	14,375	-	(14,375)	-	-	-	-
Department of Health - HACCC Bus Funds diverted to My Life My Words Project 2014	-	14,375	(4,154)	<b>10,221</b>	-	(4,783)	<b>5,438</b>

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## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance <sup>1</sup> 30-Jun-14	Received <sup>2</sup> 2015	Expended <sup>3</sup> 2015	Closing Balance 30-Jun-15
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## (d). Conditions Over Grants, Subsidies &amp; Contributions (continued)

## Grant/Subsidy/Contribution (continued)

Recreation & Culture

2008/2009 RLCIP Refurbishment of Wanneroo Showgrounds Grandstand	37,382	-	(37,382)	-	-	-	-
Anzac Last Post Grant - Department of Veterans Affairs	-	-	-	-	51,026	(39,063)	<b>11,963</b>

Roads

Supply and installation of Speed Cushions for Burnett Drive, Clarkson - MRWA	8,927	-	(8,927)	-	-	-	-
2008/09 State Black Spot Projects - Pinjar Rd Construct traffic control signals Wanneroo Rd/Pinjar Rd	104,705	-	(104,705)	-	-	-	-
2009/10 Federal Black Spot Program Hester Ave, Neerabup - Install Traffic Treatment	103,762	-	(103,762)	-	-	-	-
Road Rehabilitation Projects 2007/08 - Templeton St Allison Dr to Marangaroo Dr	415,165	-	(415,165)	-	-	-	-
Caversham Property Pty Ltd-MOU for the prefunding of the development of Dalvik Park	46,345	-	(46,345)	-	-	-	-
Lemon Grove Landsdale Supervision Lots 22-24 Kingsway Darch	7,584	-	(7,584)	-	-	-	-
Mila Properties ATF -Contribution (Wanneroo rd/Lancaster rd) - Lot 33	23,330	-	(23,330)	-	-	-	-
Patanal Pty Ltd-Contribution	13,500	-	(13,500)	-	-	-	-
Yanchep Ocean Front Trust-Marmion Avenue Contribution-Yanchep Ocean Lagoon	30,318	-	(30,318)	-	-	-	-
Galea Bldg Co-Contribution to subdivisional works relating to Lot 31 Lancaster rd, Wangara	46,754	-	(46,754)	-	-	-	-

(continued on next page)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance <sup>1</sup> 30-Jun-14	Received <sup>2</sup> 2015	Expended <sup>3</sup> 2015	Closing Balance 30-Jun-15
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## (d). Conditions Over Grants, Subsidies &amp; Contributions (continued)

## Grant/Subsidy/Contribution (continued)

Roads (continued)

A & J Salamone Unit Trust- Mirrabooka Ave, Lansdale Cont A & J Salamone	2,400	-	(2,400)	-	-	-	-
Vermont Grove- Upgrade Kingsway	11,647	-	(11,647)	-	-	-	-
Fermanagh Investments-Bond Future Sump Works	12,298	-	(12,298)	-	-	-	-
Galea Bldg Co-Contribution to upgrade of Lancaster Rd & Wann Intersection 28 Lancaster Rd WAPC118370	24,797	-	(24,797)	-	-	-	-
Masterkey Prop-Cont L49 Archer St Pearsall WAPC 121755	41,050	-	(41,050)	-	-	-	-
Subdivisional Contribution Lot 895 Sweep Ridge-Part Lot 614 Lagoon Drive, Yanchep	350	-	(350)	-	-	-	-
Carine Nominees P/I Jindalee Stage 3B	27,838	-	(27,838)	-	-	-	-
Watson Property Group Construction of Intersection	41,120	-	(41,120)	-	-	-	-
Weston Living Pty Ltd Lots 32-34 Kingsway	23,406	-	(23,406)	-	-	-	-
Miluc P/L Lot 16 Kingsway Darch Roundabout Contribution	11,703	-	(11,703)	-	-	-	-
Bravado Nominees P/L Lot 75 Cooper St Madeley	10,000	-	-	<b>10,000</b>	-	-	<b>10,000</b>
Lancaster Industrial Park P/L	76,747	-	-	<b>76,747</b>	-	-	<b>76,747</b>
Galea Bldg Co-Contribution to upgrade of Lancaster Rd & Wann Intersection Lot 28 Windsor Rd	28,867	-	(28,867)	-	-	-	-
Warwick Bus & Charter Contribution for Lot 27 Windsor rd	28,716	-	(28,716)	-	-	-	-
Watson Property Group Woodvale Ltd Cont to Madeley Rise Stage 5 Madeley	42,216	-	-	<b>42,216</b>	-	-	<b>42,216</b>
B Monte Cont to Lot 26 Pinjar rd Ashby	12,140	-	(12,140)	-	-	-	-

(continued on next page)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance <sup>1</sup> 30-Jun-14	Received <sup>2</sup> 2015	Expended <sup>3</sup> 2015	Closing Balance 30-Jun-15
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## (d). Conditions Over Grants, Subsidies &amp; Contributions (continued)

## Grant/Subsidy/Contribution (continued)

Roads (continued)

Weston Living Pty Ltd Lots 32-34 Kingsway Stage 2 Darch	81,219	-	(81,219)	-	-	-	-
Watson Property Group Cont to Lot 21 Capri Leone Way Sinagra	42,167	-	(42,167)	-	-	-	-
Satterley Property Group Cont to The Grove Stage 7E	65,795	-	(65,795)	-	-	-	-
Satterley Property Group Cont to The Grove Stage 7c	63,570	-	(63,570)	-	-	-	-
Lot 257 Badgerup rd Subdivisional Development	328,275	-	(328,275)	-	-	-	-
Re Ledger Pty Ltd - Curtin Rd Marangaroo	2,730	-	-	<b>2,730</b>	-	-	<b>2,730</b>
Peet & Co - Yanchep Ocean Lagoon Contributions	450	-	-	<b>450</b>	-	-	<b>450</b>
Peet & Co - Contributions East Rd/Wanneroo Rd	12,701	-	-	<b>12,701</b>	-	-	<b>12,701</b>
Civil Technology - East Wann Rd Intersection	3,050	-	-	<b>3,050</b>	-	-	<b>3,050</b>
AHG - Wann Rd & Lancaster Rd	77,234	-	-	<b>77,234</b>	-	-	<b>77,234</b>
Geary Ray - Drainage Upgrade- High rd	11,135	-	-	<b>11,135</b>	-	-	<b>11,135</b>
Silverton Limited - Lots 1000 & 1001 Quinns North	6,000	-	-	<b>6,000</b>	-	-	<b>6,000</b>
Australand - Contribution for East Rd/Wann Rd Upgrade	14,757	-	-	<b>14,757</b>	-	-	<b>14,757</b>
Stockland WA - Ashdale Gardens Stages 2A & B O/S Works Contributions	36,000	-	(36,000)	-	-	-	-
Stockland WA - Roundabout-Driver Rd & Waterford Parade Stage 7 Ashdale Gardens	18,000	-	-	<b>18,000</b>	-	-	<b>18,000</b>
Sun Valley Investments - Lots 50 & 51 East Rd Stage 2 Developer							
Headworks Levy - East	9,873	-	-	<b>9,873</b>	-	(9,873)	-
Zebra Properties Pty Ltd - Wann Cell No 6	16,200	-	-	<b>16,200</b>	-	-	<b>16,200</b>

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## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance <sup>1</sup> 30-Jun-14	Received <sup>2</sup> 2015	Expended <sup>3</sup> 2015	Closing Balance 30-Jun-15
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## (d). Conditions Over Grants, Subsidies &amp; Contributions (continued)

## Grant/Subsidy/Contribution (continued)

Roads (continued)

East Wann Scheme Fees & Wann Rd Intersection Lot 238-244 Ashbrook Ave Pearsall	820	-	-	<b>820</b>	-	(820)	-
Watson Property Group - Ashby Rise Stage 1 Contribution	82,500	-	(82,500)	-	-	-	-
Watson Property Group Woodvale Rise Ltd Future Gnangara Rd Intersection (Madeley Rise Stage 6)	31,735	-	(31,735)	-	-	-	-
Watson Property Group Woodvale Rise Ltd Future Gnangara Rd Realignment	43,850	-	(43,850)	-	-	-	-
Aust Holding Ltd Bond Retained Kallista Gardens for Backshall Place Wanneroo South Traffic Management - (Road Structures and Devices)	45,455	-	(45,455)	-	-	-	-
Wanneroo Central Shopping Centre- Design & Construction for the Yagan Place Extension and the Right of Way Adjacent to Lot 507	134,822	-	(134,822)	-	-	-	-
Australand Investments Const of Roundabout Intersection of Librizzi Pde & Basico Ave (Olive Ridge Stage 1 & 2)	20,265	-	-	<b>20,265</b>	-	-	<b>20,265</b>
Australand Investments Const of Roundabout connecting Messina Dr with Realigned Pinjar Rd (Olive Ridge Stage 1 & 2)	82,500	-	(82,500)	-	-	-	-
Grantleigh P/L T/A Lancaster Auto Imports - Lot 32 Lancaster Rd Wangara Cont towards the upgrade of Wann Rd & Lancaster Rd Wangara	24,765	-	(24,765)	-	-	-	-
Mendelawitz Morton Quality Settlements - Landsdale Cell 9 Rd Construction Repayment	252,178	-	-	<b>252,178</b>	-	-	<b>252,178</b>

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## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance <sup>1</sup> 30-Jun-14	Received <sup>2</sup> 2015	Expended <sup>3</sup> 2015	Closing Balance 30-Jun-15
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## (d). Conditions Over Grants, Subsidies &amp; Contributions (continued)

## Grant/Subsidy/Contribution (continued)

## Roads (continued)

Re-Lot 84 Nicholas rd,Subdivision 06/047 2nd part of a two part \$200,000.00 contribution as a condition approving the discharge of stormwater into the City's Ranworth rd Drainage Swale - Marauba P/L	24,000	-	-	<b>24,000</b>	-	-	<b>24,000</b>
Re-Lot 84 Nicholas rd,Subdivision 06/047 2nd part of a two part \$200,000.00 contribution as a condition approving the discharge of stormwater into the City's Ranworth rd Drainage Swale - Mammoth Nominees P/L	176,000	-	-	<b>176,000</b>	-	-	<b>176,000</b>
Peet Ashton Heights Contribution for future resurfacing of roundabouts in Ashton Heights	25,000	-	-	<b>25,000</b>	-	-	<b>25,000</b>
Rangeview & Landsdale Roads Repayment of Road Construction Advance and Interest - Timescope P/L	26,503	-	(26,503)	-	-	-	-
Contribution for upgrading existing roads Lot 3 Hainsworth Mews Redevelopment - McCusker Holdings P/L (C/- Cossill & Webley)	30,892	-	(30,892)	-	-	-	-
Payment towards the modification of Lancaster rd /Windsor rd to accommodate safe entry to Western Power Sub Station, Lot 22 Windsor rd, Madeley	25,000	-	(25,000)	-	-	-	-
Joondalup Drive Banksia Grove -Pedestrian Safety Improvement Works as part of Better Regions Program -Banksia Grove Nominees	107,727	-	(107,727)	-	-	-	-
Miluc Holdings P/L Lot 17 Tony Martin Way, Darch (Tony Martin Way & Danti) Roundabout Contribution	11,703	-	(11,703)	-	-	-	-
Main Roads Joondalup Dr Second Carriageway Pavement	93,281	-	(93,281)	-	-	-	-

(continued on next page)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance <sup>1</sup> 30-Jun-14	Received <sup>2</sup> 2015	Expended <sup>3</sup> 2015	Closing Balance 30-Jun-15
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## (d). Conditions Over Grants, Subsidies &amp; Contributions (continued)

## Grant/Subsidy/Contribution (continued)

Roads (continued)

Main Roads Black Spot Project Grant - Caporn St/Franklin St	-	270,416	(270,416)	-	-	-	-
MRRG Road Improvement Projects Grants / Capital Grant - Hepburn Ave	370,056	-	(370,056)	-	-	-	-
2011/12 State Black Spot Projects- Hughie Edwards Drive and Marmion Ave Intersection	45,503	-	(45,503)	-	-	-	-
2011/12 State Black Spot Projects- Sydney rd, Girrawheen Avenue and Marangaroo Drive	31,210	-	(31,210)	-	-	-	-
2011/12 MRRG Direct Grants -Road Resurfacing Program	420,409	-	(420,409)	-	-	-	-
R2R - Construct Traffic Treatments at Lagoon Drive, Yanchep (Marmion Ave to Foreshore Vista)	100,000	325,000	(425,000)	-	-	-	-
R2R - Construct Traffic Treatments at Brazier rd, Yanchep (Lagoon Dr to Compass Cir)	63,458	-	(63,458)	-	-	-	-
Construct Carriageway - Lenore rd, Wanneroo	377,856	453,333	(831,189)	-	-	-	-
Flynn Drive, Neerabup - Construct Road	12,479	-	(12,479)	-	-	-	-
Design Services for Traffic Signal modifications at Alexander and Marangaroo Drive intersection	58,051	-	(58,051)	-	-	-	-
Marmion/Hester Avenues intersection upgrade roundabout	80,846	266,667	(347,513)	-	-	-	-
Wanneroo rd Town Centre, Streetscape improvement, Church Street to Noonan Drive, Wanneroo	311,629	-	(311,629)	-	-	-	-
MRRG - 13/14 State Blackspot Grant - Old Yanchep rd Stage 1	-	104,000	-	<b>104,000</b>	-	(104,000)	-
Compensation for road widening at Lot 600 Wattle Avenue Neerabup	-	1,028,120	-	<b>1,028,120</b>	-	-	<b>1,028,120</b>
Signalised intersection contribution Stage 11 for Yanchep Beach rd Jindowie	-	-	-	-	121,875	-	<b>121,875</b>

(continued on next page)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance <sup>1</sup> 30-Jun-14	Received <sup>2</sup> 2015	Expended <sup>3</sup> 2015	Closing Balance 30-Jun-15
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## (d). Conditions Over Grants, Subsidies &amp; Contributions (continued)

## Grant/Subsidy/Contribution (continued)

Roads (continued)

Contribution for roundabout at Shiraz & Cabernet Loop Pearsall	-	-	-	-	55,571	-	<b>55,571</b>
Construction of Connolly Drive dual carriageway Neerabup rd to Hester Avenue Clarkson	-	-	-	-	1,272,800	(53,199)	<b>1,219,601</b>
Construction of Connolly Drive dual carriageway Hester Avenue to Lukin Drive Merriwa	-	-	-	-	1,033,333	(194,764)	<b>838,569</b>
Contribution for Subdivision of Lot 507 Pederick rd Neerabup (rd Deed no2)	2,022,077	-	-	<b>2,022,077</b>	-	-	<b>2,022,077</b>
Contribution for Subdivision of Lot 507 Pederick rd Neerabup (rd Deed no1)	1,503,803	-	-	<b>1,503,803</b>	-	-	<b>1,503,803</b>

Safer WA

CCTV Implementation Plan Wanneroo Town Centre Project - Office of Crime Prevention	20,965	-	(20,965)	-	-	-	-
Wanneroo Graffiti Project Incentive Funding PR-2013 -Office of Crime Prevention	5,825	-	(5,825)	-	-	-	-

Other Property & Services

Wanneroo Financial Counselling Service Membership Fees	1,060	-	(1,060)	-	-	-	-
Yanchep Community House Membership Fees	631	-	(631)	-	-	-	-
2008/2009 RLCIP Relocation of Old Wanneroo School Building	46,837	-	(46,837)	-	-	-	-
OMCF Walls of Honour Bert Togno Park Wanneroo -DLG	2,246	-	(2,246)	-	-	-	-

(continued on next page)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-13	Received <sup>2</sup> 2014	Expended <sup>3</sup> 2014	Closing Balance <sup>1</sup> 30-Jun-14	Received <sup>2</sup> 2015	Expended <sup>3</sup> 2015	Closing Balance 30-Jun-15
<b>\$</b>							
<b>(d). Conditions Over Grants, Subsidies &amp; Contributions (continued)</b>							
<b>Grant/Subsidy/Contribution (continued)</b>							
<b><u>Other Property &amp; Services (continued)</u></b>							
Catalyst Funding Program- Workshops with Artist in Residence Wendy Lugg	705	-	(705)	-	-	-	-
Driver Reviver	2,746	-	(2,746)	-	-	-	-
Donation of Park Benches for Memorial Park from the Wanneroo Lions Club	2,540	-	(2,540)	-	-	-	-
AWARE Program Agreement 2013/2014 - 100% Grant Automated Fire Danger Rating Signs	-	27,727	(1,952)	<b>25,775</b>	-	(25,775)	-
YSpeak! A face, place and voice - Youth Friendly Communities Project - Department of Local Government & Communities	-	10,000	-	<b>10,000</b>	-	(8,069)	<b>1,931</b>
Pathways - Perth Bicycle Network LG Grants - Wanneroo rd; Gngalara rd to Wilmont Ave, Madeley	25,404	-	(25,404)	-	-	-	-
Development of play & park facilities at Hardcastle Park	-	-	-	-	36,364	-	<b>36,364</b>
<b>Total Unspent Grants, Subsidies &amp; Contributions</b>	<b>9,794,724</b>	<b>3,044,106</b>	<b>(7,022,708)</b>	<b>5,816,122</b>	<b>3,252,999</b>	<b>(1,020,844)</b>	<b>8,048,277</b>

**Notes:**

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.
- (4) - Grants received but not expected to be fully expended in the next financial year.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 3. Cash and Cash Equivalents

\$	Notes	2015 Actual	2014 Actual
<b>Unrestricted</b>			
Cash Municipal		8,917,396	15,550,534
Cash on Hand		25,716	15,645
		<u>8,943,112</u>	<u>15,566,179</u>
<b>Restricted</b>			
Reserves - Cash Backed		153,516,686	120,831,196
Town Planning Schemes		117,196,114	95,604,747
Unspent Grants		8,048,277	5,816,122
Unspent Loans		14,825,192	19,760,992
		<u>293,586,269</u>	<u>242,013,057</u>
<b>Total Cash and Cash Equivalents</b>	14(a)	<u>302,529,381</u>	<u>257,579,236</u>
<b>The following restrictions have been imposed by regulations or other externally imposed requirements:</b>			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	12	8,393,577	4,189,089
Asset Replacement Reserve	12	4,719,983	5,721,120
Butler Collaborative Planning Agreement Reserve	12	2,792,198	2,694,317
Carried Forward Capital Projects Reserve	12	10,011,748	-
City of Wanneroo Townsite Reserve	12	-	4,356
Commercial Refuse Reserve	12	2,072,690	2,000,043
Commercial Refuse - Plant Replacement Reserve	12	-	2,214,938
Domestic Refuse Reserve	12	5,343,797	5,679,060
Domestic Refuse - Plant Replacement Reserve	12	-	7,995,707
Fleming Park Lake Reserve	12	207,526	200,251
Golf Course Reserve	12	1,261,734	1,112,920
HACC Asset Replacement Reserve	12	506,970	471,846
Heavy Vehicle Replacement Reserve	12	-	2,651,100
Land Acquisition Reserve	12	1,572,499	1,517,375
Leave Liability Reserve	12	1,397,599	1,903,881
Light Vehicle Replacement Reserve	12	-	2,950,118
Loan Repayment Reserve	12	15,573,746	10,042,258
Materials Recovery Facility Upgrade Reserve	12	91,377	88,174
Neerabup Development Reserve	12	5,645,389	3,185,547
Plant Replacement Reserve	12	3,562,426	-
Resource Recovery Domestic Refuse Reserve	12	-	1,693,540
Section 152 Reserve (formerly Section 20A Land Reserve)	12	1,499,533	182,609
Strategic Projects / Initiatives Reserve	12	81,160,162	57,262,167
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	12	120,732	118,766
TPS 20 - District Distributor Road Headworks Reserve	12	6,387,614	6,163,701
Yanchep Bus Reserve	12	172,405	161,724
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	12	1,022,981	626,589
<b>Total Reserves</b>		<u>153,516,686</u>	<u>120,831,196</u>
Unspent Grants and Contributions	2(d)	8,048,277	5,816,122
Unspent Loan Funds	23(c)	14,825,192	19,760,993
<b>Total Unspent Grants and Loans</b>		<u>22,873,469</u>	<u>25,577,115</u>



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 3. Cash and Cash Equivalents (continued)

\$	Notes	2015 Actual	2014 Actual
Town Planning Schemes		117,196,114	95,604,747
<b>Other Restrictions</b>		<u>117,196,114</u>	<u>95,604,747</u>
<b>Total Restricted Cash</b>		<u><u>293,586,269</u></u>	<u><u>242,013,058</u></u>

## Note 4. Investments

## Non Current

## Movements in Financial Assets at Fair Value through Profit and Loss

<b>At beginning of the year</b>		-	10,288,260
Revaluation to Statement of Comprehensive Income	2(a)	-	(288,260)
Disposals		-	(10,000,000)
<b>At end of the year</b>		<u>-</u>	<u>-</u>

## Equity Accounted Investments

Tamala Park Regional Council	17(a)	8,015,712	7,071,097
Mindarie Regional Council	17(b)	6,385,241	6,110,746
		<u>14,400,953</u>	<u>13,181,843</u>

## Total Investments

<u><u>14,400,953</u></u>	<u><u>13,181,843</u></u>
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## Classified as:

Unrestricted (Municipal Fund)	14,400,953	13,181,843
<b>Total Investments</b>	<u>14,400,953</u>	<u>13,181,843</u>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 5. Trade & Other Receivables

\$	2015 Actual	2014 Actual
<b>Current</b>		
Rates Outstanding (Inclusive of Refuse & Swimming Pool Insp)	11,448,693	10,716,067
Prepayments	303,796	377,310
GST Receivable	1,283,351	825,172
Accrued Income	6,634,719	5,013,412
Sundry Debtors	1,720,886	5,268,521
Provision for Doubtful Debts	(579,523)	(770,101)
<b>Total Current Trade &amp; Other Receivables</b>	<b><u>20,811,922</u></b>	<b><u>21,430,381</u></b>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	2,088,214	1,900,683
Deferred Debtors	7,355	7,355
<b>Total Non-Current Trade &amp; Other Receivables</b>	<b><u>2,095,569</u></b>	<b><u>1,908,038</u></b>

#### Note 6. Inventories

<b>Current</b>		
Stores and Materials (Held at Cost)	369,608	341,738
<b>Total Current Inventories</b>	<b><u>369,608</u></b>	<b><u>341,738</u></b>
<b>Non-Current</b>		
Land Held for Resale - Cost - Development Costs	13,114,991	7,648,086
<b>Total Non-Current Inventories</b>	<b><u>13,114,991</u></b>	<b><u>7,648,086</u></b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 7a. Property, Plant and Equipment

\$	Notes	2015 Actual	2014 Actual
Land - Fair Value		331,100,384	-
Land - Cost		-	9,672,211
		<u>331,100,384</u>	<u>9,672,211</u>
Buildings - Fair Value		163,593,445	-
Buildings - Cost		-	108,242,901
Less Accumulated Depreciation		-	(27,978,783)
		<u>163,593,445</u>	<u>80,264,118</u>
Furniture and Equipment - Fair Value		8,637,008	-
Furniture and Equipment - Cost		-	22,084,711
Less Accumulated Depreciation		-	(13,719,196)
		<u>8,637,008</u>	<u>8,365,515</u>
Plant and Equipment - Fair Value		24,634,105	24,634,105
Plant and Equipment - Additions after valuation - Cost		15,158,386	4,115,179
Less Accumulated Depreciation		(10,158,008)	(3,955,770)
		<u>29,634,483</u>	<u>24,793,514</u>
Works in Progress - Cost		<u>1,940,125</u>	<u>3,338,402</u>
		1,940,125	3,338,402
<b>Total Property, Plant &amp; Equipment</b>	7(b)	<u><u>534,905,445</u></u>	<u><u>126,433,760</u></u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 7b. Property, Plant and Equipment (continued)

## Movements in Carrying Amounts

		Land	Buildings	Furniture and Equipment	Plant and Equipment	Works in Progress	Total
\$	Notes	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Balance as at 1 July 2014		9,672,211	80,264,118	8,365,515	24,793,514	3,338,402	126,433,760
Additions	20	-	3,223,750	2,663,381	12,343,276	1,140,663	19,371,070
Transfers from Works in Progress	20	-	182,948	105,872	198,355	(487,175)	-
Transfer to Land for Resale		-	-	-	-	(2,051,765)	(2,051,765)
Disposals	21	-	(148,906)	(52,411)	(1,205,014)	-	(1,406,331)
Revaluation - Increments	13	321,428,173	82,686,540	-	-	-	404,114,713
Depreciation	2(a)	-	(2,615,005)	(2,445,349)	(6,495,648)	-	(11,556,002)
<b>Property, Plant &amp; Equipment at 30 June 2015</b>		<b>331,100,384</b>	<b>163,593,445</b>	<b>8,637,008</b>	<b>29,634,483</b>	<b>1,940,125</b>	<b>534,905,445</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 8a. Infrastructure

\$	Notes	2015 Actual	2014 Actual
Roads - Fair Value		941,546,322	941,546,322
Roads - Additions after valuation - Cost		48,122,690	-
Less Accumulated Depreciation		<u>(13,444,529)</u>	<u>-</u>
		976,224,483	941,546,322
Drainage - Fair Value		181,191,341	181,191,341
Drainage - Additions after valuation - Cost		7,396,938	-
Less Accumulated Depreciation		<u>(2,381,096)</u>	<u>-</u>
		186,207,183	181,191,341
Other Infrastructure - Fair Value		49,390,650	49,390,650
Other Infrastructure - Cost		3,850,957	-
Less Accumulated Amortisation		<u>(3,855,128)</u>	<u>-</u>
		49,386,479	49,390,650
Pathways - Fair Value		95,218,417	95,218,417
Pathways - Additions after valuation - Cost		5,331,505	-
Less Accumulated Amortisation		<u>(1,823,470)</u>	<u>-</u>
		98,726,452	95,218,417
Car Parks - Fair Value		9,681,370	9,681,370
Car Parks - Additions after valuation - Cost		1,376,953	-
Less Accumulated Amortisation		<u>(675,890)</u>	<u>-</u>
		10,382,433	9,681,370
Reserves - Fair Value		145,743,118	145,743,118
Reserves - Additions after valuation - Cost		12,363,914	-
Less Accumulated Amortisation		<u>(3,558,638)</u>	<u>-</u>
		154,548,394	145,743,118
Works in Progress - Cost		<u>982,608</u>	<u>1,322,683</u>
		982,608	1,322,683
<b>Total Infrastructure</b>	8(b)	<u><u>1,476,458,032</u></u>	<u><u>1,424,093,901</u></u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires infrastructure to be shown at fair value.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 8b. Infrastructure (continued)

## Movements in Carrying Amounts

		Roads	Drainage	Other Infrastructure	Pathways	Car Parks	Reserves	Works in Progress	Total
\$	Notes	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
Balance as at 1 July 2014		941,546,322	181,191,341	49,390,650	95,218,417	9,681,370	145,743,118	1,322,683	1,424,093,901
Additions	20	47,416,414	7,388,042	3,871,399	5,287,110	1,349,004	11,851,318	991,395	78,154,682
Transfers from Works in Progress	20	706,173	8,896	31,461	44,395	27,949	512,596	(1,331,470)	-
Disposals	21	-	-	(51,903)	-	-	-	-	(51,903)
Revaluation - Increments	13	-	-	103	-	-	-	-	103
Depreciation (Expense)	2(a)	(13,444,529)	(2,381,096)	(3,855,128)	(1,823,470)	(675,890)	(3,558,638)	-	(25,738,751)
<b>Infrastructure at 30 June 2015</b>		<b>976,224,380</b>	<b>186,207,183</b>	<b>49,386,582</b>	<b>98,726,452</b>	<b>10,382,433</b>	<b>154,548,394</b>	<b>982,608</b>	<b>1,476,458,032</b>



## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2015

## Note 9. Trade and Other Payables

\$	2015 Actual	2014 Actual
<b>Current</b>		
Trade Payables	15,802,722	14,608,092
Bonds and Security Deposits	6,057,083	4,202,616
<b>Total Current Trade and Other Payables</b>	<u><u>21,859,805</u></u>	<u><u>18,810,708</u></u>

## Note 10. Borrowings

<b>Non-Current</b>		
Secured by Floating Charge - Debentures	23(a) 60,778,188	60,778,188
<b>Total Non-Current Borrowings</b>	<u><u>60,778,188</u></u>	<u><u>60,778,188</u></u>

Additional detail on borrowings is provided in Note 23.

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2015

## Note 11. Provisions

\$	2015 Actual	2014 Actual
<b>Current</b>		
Provision for Annual Leave	5,191,998	4,977,822
Provision for Long Service Leave	4,814,791	4,276,737
Provision for Time in Lieu	97,002	84,678
Provision for Sick Leave	247,067	263,618
Provision for Additional Leave Agreement	106,167	109,911
Provision for Workers Compensation	2,960,330	2,160,770
<b>Total Current Provisions</b>	<b><u>13,417,355</u></b>	<b><u>11,873,536</u></b>
<b>Non-Current</b>		
Provision for Long Service Leave	1,330,577	1,411,746
<b>Total Non-Current Provisions</b>	<b><u>1,330,577</u></b>	<b><u>1,411,746</u></b>

## Movements in Provisions

Class of Provision	2014		2015			
	Opening Balance as at 1/7/14	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/15
Provision for Annual Leave	4,977,822	4,820,025	(4,605,849)	-	-	5,191,998
Provision for Long Service Leave	5,688,483	1,164,570	(785,751)	78,066	-	6,145,368
Provision for Time in Lieu	84,678	174,245	(161,921)	-	-	97,002
Provision for Sick Leave	263,618	211,488	(228,039)	-	-	247,067
Provision for Additional Leave Agreement	109,911	322,647	(326,391)	-	-	106,167
Provision for Workers Compensation	2,160,770	2,444,959	(1,645,399)	-	-	2,960,330
<b>TOTAL</b>	<b><u>13,285,282</u></b>	<b><u>9,137,934</u></b>	<b><u>(7,753,350)</u></b>	<b><u>78,066</u></b>	<b><u>-</u></b>	<b><u>14,747,932</u></b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 12. Reserves - Cash/Investment Backed

\$	2015 Actual	2015 Budget	2014 Actual
<b>(a). Alkimos/Eglinton Coastal Corridor Community Facilities Reserve</b>			
Opening Balance	4,189,089	3,559,980	2,032,000
Amount Set Aside / Transfer to Reserve	4,221,656	1,558,579	2,157,089
Amount Used / Transfer from Reserve	(17,168)	-	-
	<u>8,393,577</u>	<u>5,118,559</u>	<u>4,189,089</u>
<b>(b). Asset Replacement Reserve</b>			
Opening Balance	5,721,120	5,684,768	5,499,855
Amount Set Aside / Transfer to Reserve	201,780	3,070,543	242,587
Amount Used / Transfer from Reserve	(1,202,917)	(1,278,668)	(21,322)
	<u>4,719,983</u>	<u>7,476,643</u>	<u>5,721,120</u>
<b>(c). Butler Collaborative Planning Agreement Reserve</b>			
Opening Balance	2,694,317	2,683,591	2,598,160
Amount Set Aside / Transfer to Reserve	97,881	80,508	108,157
Amount Used / Transfer from Reserve	-	-	(12,000)
	<u>2,792,198</u>	<u>2,764,099</u>	<u>2,694,317</u>
<b>(d). Carried Forward Capital Projects Reserve</b>			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	10,011,748	-	-
	<u>10,011,748</u>	<u>-</u>	<u>-</u>
<b>(e). City of Wanneroo Townsite Reserve</b>			
Opening Balance	4,356	4,347	37,925
Amount Set Aside / Transfer to Reserve	-	130	1,431
Amount Used / Transfer from Reserve	(4,356)	(4,477)	(35,000)
	<u>-</u>	<u>-</u>	<u>4,356</u>
<b>(f). Commercial Refuse Reserve</b>			
Opening Balance	2,000,043	1,992,116	1,920,112
Amount Set Aside / Transfer to Reserve	72,647	59,764	79,931
	<u>2,072,690</u>	<u>2,051,880</u>	<u>2,000,043</u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>(g). Commercial Refuse - Plant Replacement Reserve</b>			
Opening Balance	2,214,938	2,206,160	2,126,419
Amount Set Aside / Transfer to Reserve	-	66,185	88,519
Amount Used / Transfer from Reserve	<u>(2,214,938)</u>	<u>(2,272,345)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>2,214,938</u>
<b>(h). Domestic Refuse Reserve</b>			
Opening Balance	5,679,060	5,577,478	5,472,634
Amount Set Aside / Transfer to Reserve	140,212	1,241,645	227,394
Amount Used / Transfer from Reserve	<u>(475,475)</u>	<u>(3,497,941)</u>	<u>(20,968)</u>
	<u>5,343,797</u>	<u>3,321,182</u>	<u>5,679,060</u>
<b>(i). Domestic Refuse - Plant Replacement Reserve</b>			
Opening Balance	7,995,707	10,789,990	7,689,927
Amount Set Aside / Transfer to Reserve	-	323,700	334,119
Amount Used / Transfer from Reserve	<u>(7,995,707)</u>	<u>(11,113,690)</u>	<u>(28,339)</u>
	<u>-</u>	<u>-</u>	<u>7,995,707</u>
<b>(j). Fleming Park Lake Reserve</b>			
Opening Balance	200,251	199,457	192,248
Amount Set Aside / Transfer to Reserve	7,275	5,984	8,003
	<u>207,526</u>	<u>205,441</u>	<u>200,251</u>
<b>(k). Golf Course Reserve</b>			
Opening Balance	1,112,920	875,407	834,127
Amount Set Aside / Transfer to Reserve	486,005	326,262	478,586
Amount Used / Transfer from Reserve	<u>(337,191)</u>	<u>(496,792)</u>	<u>(199,793)</u>
	<u>1,261,734</u>	<u>704,877</u>	<u>1,112,920</u>
<b>(l). HACC Asset Replacement Reserve</b>			
Opening Balance	471,846	480,831	434,536
Amount Set Aside / Transfer to Reserve	38,152	44,425	37,310
Amount Used / Transfer from Reserve	<u>(3,028)</u>	<u>-</u>	<u>-</u>
	<u>506,970</u>	<u>525,256</u>	<u>471,846</u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>(m). Heavy Vehicle Replacement Reserve</b>			
Opening Balance	2,651,100	3,557,855	2,735,952
Amount Set Aside / Transfer to Reserve	-	106,736	245,714
Amount Used / Transfer from Reserve	(2,651,100)	(3,664,591)	(330,566)
	<u>-</u>	<u>-</u>	<u>2,651,100</u>
<b>(n). Land Acquisition Reserve</b>			
Opening Balance	1,517,375	1,514,359	1,078,900
Amount Set Aside / Transfer to Reserve	55,124	545,431	543,475
Amount Used / Transfer from Reserve	-	-	(105,000)
	<u>1,572,499</u>	<u>2,059,790</u>	<u>1,517,375</u>
<b>(o). Leave Liability Reserve</b>			
Opening Balance	1,903,881	1,896,533	1,779,791
Amount Set Aside / Transfer to Reserve	69,165	106,896	124,090
Amount Used / Transfer from Reserve	(575,447)	-	-
	<u>1,397,599</u>	<u>2,003,429</u>	<u>1,903,881</u>
<b>(p). Light Vehicle Replacement Reserve</b>			
Opening Balance	2,950,118	2,292,766	2,041,842
Amount Set Aside / Transfer to Reserve	-	68,783	2,077,491
Amount Used / Transfer from Reserve	(2,950,118)	(2,361,549)	(1,169,215)
	<u>-</u>	<u>-</u>	<u>2,950,118</u>
<b>(q). Loan Repayment Reserve</b>			
Opening Balance	10,042,258	8,331,274	8,030,144
Amount Set Aside / Transfer to Reserve	5,531,488	249,939	2,012,114
	<u>15,573,746</u>	<u>8,581,213</u>	<u>10,042,258</u>
<b>(r). Materials Recovery Facility Upgrade Reserve</b>			
Opening Balance	88,174	87,824	84,650
Amount Set Aside / Transfer to Reserve	3,203	2,635	3,524
Amount Used / Transfer from Reserve	-	(90,459)	-
	<u>91,377</u>	<u>-</u>	<u>88,174</u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>(s). Neerabup Development Reserve</b>			
Opening Balance	3,185,547	2,061,688	2,541,386
Amount Set Aside / Transfer to Reserve	2,703,880	2,561,851	1,127,743
Amount Used / Transfer from Reserve	(244,038)	(3,385,000)	(483,582)
	<u>5,645,389</u>	<u>1,238,539</u>	<u>3,185,547</u>
<b>(t). Plant Replacement Reserve</b>			
Opening Balance	-	421,296	130,022
Amount Set Aside / Transfer to Reserve	12,755,724	14,012,804	73,957
Amount Used / Transfer from Reserve	(9,193,298)	(14,283,801)	(203,979)
	<u>3,562,426</u>	<u>150,299</u>	<u>-</u>
<b>(u). Quinns Rocks Caravan Park Reserve</b>			
Opening Balance	-	-	139,515
Amount Set Aside / Transfer to Reserve	-	-	4,543
Amount Used / Transfer from Reserve	-	-	(144,058)
	<u>-</u>	<u>-</u>	<u>-</u>
<b>(v). Resource Recovery Domestic Refuse Reserve</b>			
Opening Balance	1,693,540	1,686,828	1,625,858
Amount Set Aside / Transfer to Reserve	-	50,605	67,682
Amount Used / Transfer from Reserve	(1,693,540)	(1,737,433)	-
	<u>-</u>	<u>-</u>	<u>1,693,540</u>
<b>(w). Section 152 Reserve (formerly Section 20A Land Reserve)</b>			
Opening Balance	182,609	181,885	175,311
Amount Set Aside / Transfer to Reserve	1,316,924	5,457	7,298
	<u>1,499,533</u>	<u>187,342</u>	<u>182,609</u>
<b>(x). Strategic Projects / Initiatives Reserve</b>			
Opening Balance	57,262,167	47,165,913	44,651,835
Amount Set Aside / Transfer to Reserve	26,659,459	13,609,522	15,555,003
Amount Used / Transfer from Reserve	(2,761,464)	(6,495,291)	(2,944,671)
	<u>81,160,162</u>	<u>54,280,144</u>	<u>57,262,167</u>



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>(y). Sustainability Investment Reserve</b> (formerly Environmental Initiatives Reserve)			
Opening Balance	118,766	95,144	43,512
Amount Set Aside / Transfer to Reserve	81,036	52,854	75,254
Amount Used / Transfer from Reserve	<u>(79,070)</u>	<u>(79,070)</u>	<u>-</u>
	<u>120,732</u>	<u>68,928</u>	<u>118,766</u>
<b>(z). TPS 20 - District Distributor Road Headworks Reserve</b>			
Opening Balance	6,163,701	6,139,280	5,917,378
Amount Set Aside / Transfer to Reserve	<u>223,913</u>	<u>184,178</u>	<u>246,323</u>
	<u>6,387,614</u>	<u>6,323,458</u>	<u>6,163,701</u>
<b>(aa). Yanchep Bus Reserve</b>			
Opening Balance	161,724	160,734	150,105
Amount Set Aside / Transfer to Reserve	<u>10,681</u>	<u>9,822</u>	<u>11,619</u>
	<u>172,405</u>	<u>170,556</u>	<u>161,724</u>
<b>(ab). Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve</b>			
Opening Balance	626,589	1,103,805	183,750
Amount Set Aside / Transfer to Reserve	769,618	946,278	442,839
Amount Used / Transfer from Reserve	<u>(373,226)</u>	<u>(460,000)</u>	<u>-</u>
	<u>1,022,981</u>	<u>1,590,083</u>	<u>626,589</u>
<b>Total Reserves</b>	<u><u>153,516,686</u></u>	<u><u>98,821,718</u></u>	<u><u>120,831,196</u></u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 12. Reserves - Cash/Investment Backed (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Summary of Reserve Transfers</b>			
<b>Transfers to Reserves</b>			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	4,221,656	1,558,579	2,157,089
Asset Replacement Reserve	201,780	3,070,543	242,587
Butler Collaborative Planning Agreement Reserve	97,881	80,508	108,157
Carried Forward Capital Projects Reserve	10,011,748	-	-
City of Wanneroo Townsite Reserve	-	130	1,431
Commercial Refuse Reserve	72,647	59,764	79,931
Commercial Refuse - Plant Replacement Reserve	-	66,185	88,519
Domestic Refuse Reserve	140,212	1,241,645	227,394
Domestic Refuse - Plant Replacement Reserve	-	323,700	334,119
Fleming Park Lake Reserve	7,275	5,984	8,003
Golf Course Reserve	486,005	326,262	478,586
HACC Asset Replacement Reserve	38,152	44,425	37,310
Heavy Vehicle Replacement Reserve	-	106,736	245,714
Land Acquisition Reserve	55,124	545,431	543,475
Leave Liability Reserve	69,165	106,896	124,090
Light Vehicle Replacement Reserve	-	68,783	2,077,491
Loan Repayment Reserve	5,531,488	249,939	2,012,114
Materials Recovery Facility Upgrade Reserve	3,203	2,635	3,524
Neerabup Development Reserve	2,703,880	2,561,851	1,127,743
Plant Replacement Reserve	12,755,724	14,012,804	73,957
Quinns Rocks Caravan Park Reserve	-	-	4,543
Resource Recovery Domestic Refuse Reserve	-	50,605	67,682
Section 152 Reserve (formerly Section 20A Land Reserve)	1,316,924	5,457	7,298
Strategic Projects / Initiatives Reserve	26,659,459	13,609,522	15,555,003
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	81,036	52,854	75,254
TPS 20 - District Distributor Road Headworks Reserve	223,913	184,178	246,323
Yanchep Bus Reserve	10,681	9,822	11,619
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	769,618	946,278	442,839
<b>Total Transfers to Reserves</b>	<b>65,457,571</b>	<b>39,291,516</b>	<b>26,381,795</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 12. Reserves - Cash/Investment Backed (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Transfers from Reserves</b>			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	(17,168)	-	-
Asset Replacement Reserve	(1,202,917)	(1,278,668)	(21,322)
Butler Collaborative Planning Agreement Reserve	-	-	(12,000)
City of Wanneroo Townsite Reserve	(4,356)	(4,477)	(35,000)
Commercial Refuse - Plant Replacement Reserve	(2,214,938)	(2,272,345)	-
Domestic Refuse Reserve	(475,475)	(3,497,941)	(20,968)
Domestic Refuse - Plant Replacement Reserve	(7,995,707)	(11,113,690)	(28,339)
Golf Course Reserve	(337,191)	(496,792)	(199,793)
HACC Asset Replacement Reserve	(3,028)	-	-
Heavy Vehicle Replacement Reserve	(2,651,100)	(3,664,591)	(330,566)
Land Acquisition Reserve	-	-	(105,000)
Leave Liability Reserve	(575,447)	-	-
Light Vehicle Replacement Reserve	(2,950,118)	(2,361,549)	(1,169,215)
Materials Recovery Facility Upgrade Reserve	-	(90,459)	-
Neerabup Development Reserve	(244,038)	(3,385,000)	(483,582)
Plant Replacement Reserve	(9,193,298)	(14,283,801)	(203,979)
Quinns Rocks Caravan Park Reserve	-	-	(144,058)
Resource Recovery Domestic Refuse Reserve	(1,693,540)	(1,737,433)	-
Strategic Projects / Initiatives Reserve	(2,761,464)	(6,495,291)	(2,944,671)
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	(79,070)	(79,070)	-
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	(373,226)	(460,000)	-
<b>Total Transfers from Reserves</b>	<b><u>(32,772,081)</u></b>	<b><u>(51,221,107)</u></b>	<b><u>(5,698,493)</u></b>
<b>Total Net Transfer to/(from) Reserves</b>	<b><u>32,685,490</u></b>	<b><u>(11,929,591)</u></b>	<b><u>20,683,302</u></b>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3 and 4 to this financial report.

In accordance with council resolutions in relation to each reserve account, 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.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 12. Reserves - Cash/Investment Backed (continued)

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##### **Butler Collaborative Planning Agreement Reserve**

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

##### **Carried 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.

##### **Commercial Refuse Reserve**

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

##### **Commercial Refuse - Plant Replacement Reserve**

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

##### **Domestic Refuse Reserve**

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

##### **Domestic Refuse - Plant Replacement Reserve**

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

##### **Fleming Park Lake Reserve**

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

##### **Golf Course Reserve**

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

##### **HACC Asset Replacement Reserve**

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

##### **Heavy Vehicle Replacement Reserve**

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

##### **Land Acquisition Reserve**

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

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 12. Reserves - Cash/Investment Backed (continued)

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##### **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 Management Plans debt management policy.

##### **Materials Recovery Facility Upgrade Reserve**

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

##### **Neerabup Development Reserve**

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

##### **Plant Replacement Reserve**

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

##### **Quinns Rocks Caravan Park Reserve**

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

##### **Resource Recovery Domestic Refuse Reserve**

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

##### **Section 152 Reserve (formerly Section 20A Land Reserve)**

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

##### **Strategic Projects / Initiatives Reserve**

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

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2015

#### Note 12. Reserves - Cash/Investment Backed (continued)

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##### **Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)**

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

##### **TPS 20 - District Distributor Road Headworks Reserve**

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

##### **Yanchep Bus Reserve**

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

##### **Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve**

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

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

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



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 13. Reserves - Asset Revaluation

\$	Notes	2015 Actual	2014 Actual
Asset revaluation reserves have arisen on revaluation of the following classes of assets:			
<b>(a). Land</b>			
Revaluation Increment	7(b)	321,428,173	-
		<b>321,428,173</b>	<b>-</b>
<b>(b). Buildings</b>			
Revaluation Increment	7(b)	82,686,540	-
		<b>82,686,540</b>	<b>-</b>
<b>(c). Artworks</b>			
Opening Balance		246,092	246,092
		<b>246,092</b>	<b>246,092</b>
<b>(d). Equity Accounted Investments</b>			
Opening Balance		936,755	936,561
Revaluation Increment	17(a)(ii)	-	194
		<b>936,755</b>	<b>936,755</b>
<b>(e). Infrastructure</b>			
Opening Balance		565,602,254	-
Revaluation Increment	8(b)	103	565,602,254
		<b>565,602,357</b>	<b>565,602,254</b>
<b>Total Asset Revaluation Reserves</b>		<b>970,899,917</b>	<b>566,785,101</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 14. Notes to the Statement of Cash flows

\$	Notes	2015 Actual	2015 Budget	2014 Actual
<b>(a). Reconciliation of Cash</b>				
For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:				
Cash and Cash Equivalents	3	<u>302,529,381</u>	<u>198,098,924</u>	<u>257,579,236</u>
<b>(b). Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>				
Net Result		103,442,355	52,937,908	101,599,078
Depreciation		37,294,753	32,050,000	30,094,147
Fair Value Adjustment to Other Financial Assets at Fair Value		-	-	288,260
(Profit)/Loss on Sale of Assets		(6,676,386)	(2,900,000)	(4,642,656)
Share of Net (Profits) of Associates		(316,648)	-	(746,701)
Impairment of Assets		(2)	-	(112,426)
Town Planning Scheme Income (Inc. Interest)		(27,781,399)	(22,946,125)	(25,662,903)
Town Planning Scheme Expenses		2,521,538	15,902,000	3,748,041
Decrease/(Increase) in Receivables		240,347	-	761,261
Decrease/(Increase) in Provision for Doubtful Debts		190,578	-	418,316
Decrease/(Increase) in Inventories		(27,870)	-	16,365
Increase/(Decrease) in Payables & Accruals		3,049,097	(50,000)	(574,264)
Increase/(Decrease) in Other Provisions		1,462,650	50,000	764,218
Grants/Contributions for the Development of Assets		(63,946,455)	(42,972,750)	(67,234,517)
<b>Net Cash from Operating Activities</b>		<u>49,452,558</u>	<u>32,071,033</u>	<u>38,716,219</u>
<b>(c). Undrawn Borrowing Facilities Credit Standby Arrangements</b>				
Bank Overdraft Limit		1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date		-	-	-
Credit Card Limit		50,000	50,000	62,000
Credit Card Balance at Balance Date		(17,824)	-	(12,178)
<b>Total Amount of Credit Unused</b>		<u>1,032,176</u>	<u>1,050,000</u>	<u>1,049,822</u>
<b>Loan Facilities</b>				
Loan Facilities - Non-Current	10	60,778,188	60,778,188	60,778,188
<b>Total Facilities in Use at Balance Date</b>		<u>60,778,188</u>	<u>60,778,188</u>	<u>60,778,188</u>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2015

#### Note 15. Contingent Liabilities

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The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

#### **LIABILITIES NOT RECOGNISED:**

##### **(i) Guarantees**

a) In line with the other equity holders in the Mindarie Regional Council (MRC) the City has accepted the contingent liability resulting from the provision of an irrevocable financial guarantee on behalf of Mindarie Regional Council (MRC) for its contractual liability to the Contractor undertaking the development of the Resource Recovery Facility. The extent of the City's contingent liability is proportional and several (not joint and several) and is limited to 1/6 of any subsequent payment to the Contractor. The maximum amount that may be payable by the City under the Guarantee is 1/6 of \$163.9m amounting to \$27.3m. The term of the guarantee is 20 years unless the MRC liability under the agreement with the contractor is fully extinguished earlier. This guarantee expires on 15 July 2019.

b) The City compulsorily acquired a portion of land at Lot 3 (185) Mary Street Wanneroo under the Land City's valuation (expert and legal advice) is in the vicinity of \$1,239,000, however the claimants' claim for compensation is \$2,150,000. The City has paid \$1,156,850 on 24 August 2012 yet the claimant is pursuing their claim. The matter has been mediated without resolution and will be scheduled for hearing in the Supreme Court. Subject to the decision of the Supreme Court, the City could be liable to pay the claimant the difference between what the City has already paid and the amount the claimant has claimed.

c) The City compulsorily acquired a portion of land at Lot 6 (359) Gnangara Road Wangara under the Land Administration Act 1997 (WA) on 3 November 2010. The City's valuation (expert and legal advice) is in the vicinity of \$1,623,000 however the claimants' claim for compensation is \$5,110,600. The City has been paid \$1,460,790 on 29 July 2011 yet the claimant has been pursuing their claim. The matter has been mediated without resolution and will be scheduled for hearing in the Supreme Court. Subject to the decision of the Supreme Court, the City could be liable to pay the claimant the difference between what the City has already paid and the amount the claimant has claimed.

##### **(ii) Bank Guarantees**

The City of Wanneroo currently holds bank guarantees of \$28,218,132 (2014: \$20,334,232) with respect to commercial customers and property developers.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2015

#### Note 16. Capital and Leasing Commitments

\$	2015 Actual	2014 Actual
<b>Capital Expenditure Commitments</b>		
<b>Contracted for:</b>		
- Land and Building Works	5,483,222	4,932,923
- Engineering Works	6,526,920	2,907,876
- Parks Works	272,450	122,575
- Plant & Equipment Purchases	2,827,855	3,854,685
<b>Total Capital Expenditure Commitments</b>	<b><u>15,110,447</u></b>	<b><u>11,818,059</u></b>
<b>Payable:</b>		
- not later than one year	15,110,447	11,818,059
<b>Total Capital Expenditure Commitments</b>	<b><u>15,110,447</u></b>	<b><u>11,818,059</u></b>

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new recreation centre.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 17. Equity Accounted Investments

\$

##### (a). Tamala Park Regional Council

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council. The establishment of the Tamala Park Regional Council was pursuant to Section 3.61 of the Local Government Act. The Tamala Park Regional Council formally came into existence on the 3 February 2006. The Tamala Park Regional Council's activities will centre around the development of Mindarie lot 9504 on Deposit Plan 52070. Lot 9504 (subdivided from Lot 118) was initially purchased in 1981 to provide a refuse landfill site for member councils of the Mindarie Regional Council, this lot is now being developed with a purpose of creating a new urban land development and a new urban community. The City of Wanneroo will contribute one sixth of any funding required for capital or operating costs.

\$	2015 Actual	2014 Actual
<b>(i) Retained surplus attributable to equity accounted investments</b>		
Balance at beginning of the financial year	58,513	30,543
Share of Profit/(Loss) from activity after tax	84,279	27,970
<b>Balance at end of the financial year</b>	<b>142,792</b>	<b>58,513</b>
<b>(ii) Carrying amount of equity accounted investments</b>		
Balance at beginning of the financial year	7,071,097	4,668,925
Share of profit/(loss) from activity after tax	84,279	27,970
Share of Revaluation of Assets	-	194
Distribution to participants	(5,166,666)	(1,666,665)
Movement in Capital Contributions	6,027,002	4,040,673
<b>Balance at end of the financial year</b>	<b>8,015,712</b>	<b>7,071,097</b>
The City's interest in the regional council as at 30 June 2015 and 30 June 2014 is as follows:		
<b>Interest in Regional Council as at 30 June.</b>	<b>8,015,712</b>	<b>7,071,097</b>
Current Assets	7,741,619	6,858,078
Non-Current Assets	328,354	326,383
<b>Total Assets</b>	<b>8,069,973</b>	<b>7,184,461</b>
Current Liabilities	(49,106)	(110,654)
Non-Current Liabilities	(5,155)	(2,710)
<b>Total Liabilities</b>	<b>(54,261)</b>	<b>(113,364)</b>
<b>Net Assets</b>	<b>8,015,712</b>	<b>7,071,097</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 17. Equity Accounted Investments (continued)

\$

##### (b). Mindarie Regional Council

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

	2015 Actual	2014 Actual
<b>(i) Retained surplus attributable to equity accounted investments</b>		
Balance at beginning of the financial year	4,640,833	3,922,102
Share of Profit/(Loss) from activity after tax	232,369	718,731
<b>Balance at end of the financial year</b>	<b>4,873,202</b>	<b>4,640,833</b>
<b>(ii) Carrying amount of equity accounted investments</b>		
Balance at beginning of the financial year	6,110,746	5,352,307
Share of profit/(loss) from activity after tax	232,369	718,731
Movement in Capital Contributions	42,126	39,708
<b>Balance at end of the financial year</b>	<b>6,385,241</b>	<b>6,110,746</b>
The City's interest in the regional council as at 30 June 2015 and 30 June 2014 is as follows:		
<b>Interest in Regional Council as at 30 June.</b>	<b>6,385,241</b>	<b>6,110,746</b>
Current Assets	5,347,303	4,576,077
Non-Current Assets	6,790,321	7,554,130
<b>Total Assets</b>	<b>12,137,624</b>	<b>12,130,207</b>
Current Liabilities	(1,083,240)	(1,425,805)
Non-Current Liabilities	(4,669,143)	(4,593,656)
<b>Total Liabilities</b>	<b>(5,752,383)</b>	<b>(6,019,461)</b>
<b>Net Assets</b>	<b>6,385,241</b>	<b>6,110,746</b>
<b>Total Carry Amount- Equity Accounted Investments</b>	<b>14,400,953</b>	<b>13,181,843</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 18. Trust Funds

\$	Balance 1-Jul-14	Amounts Received	Amounts Paid	Balance 30-Jun-15
Miscellaneous/Appeals	61,874	10,603	(17,224)	55,253
Public Open Space	2,422,752	309,435	-	2,732,187
	<u>2,484,626</u>	<u>320,038</u>	<u>(17,224)</u>	<u>2,787,440</u>

## Note 19. Total Assets Classified by Function and Activity

\$	2015 Actual	2014 Actual
Governance	37,537,586	20,331,681
Law, Order, Public Safety	772,095	760,031
Health	1,403,608	170,000
Education & Welfare	2,595,034	465,639
Community Amenities	55,840,689	10,140,931
Recreation & Culture	400,714,421	315,408,172
Transport	1,279,593,013	1,183,232,641
Economic Services	614,660	622,108
Other Property & Services	242,674,882	19,203,295
Unallocated (Assets other than Fixed Assets)	342,939,913	302,282,485
	<u>2,364,685,901</u>	<u>1,852,616,983</u>

## Note 20. Acquisition of Assets

\$	2015 Actual	2015 Budget
<b>By Class</b>		
<i>Property, Plant &amp; Equipment</i>	7(b)	
- Buildings	3,223,750	21,743,822
- Furniture and Equipment	2,663,381	7,718,730
- Plant and Equipment	12,343,276	15,746,055
- Works in Progress	1,140,663	-
<i>Infrastructure</i>	8(b)	
- Roads	47,416,414	44,421,586
- Drainage	7,388,042	5,622,011
- Other Infrastructure	3,871,399	599,000
- Pathways	5,287,110	3,135,732
- Car Parks	1,349,004	-
- Reserves	11,851,318	18,703,475
- Works in Progress	991,395	-
	<u>97,525,752</u>	<u>117,690,411</u>



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 20. Acquisition of Assets (continued)

\$	2015 Actual	2015 Budget
The City received assets to the value of \$53,528,065 from developers. The value of these assets is included in the above. The value of the assets by Class are as follows:		
<i>Property, Plant &amp; Equipment</i>		
- Furniture and Equipment	298,341	-
- Plant and Equipment	424,653	-
<i>Infrastructure</i>		
- Roads	32,600,821	16,800,000
- Drainage	6,222,635	3,600,000
- Other Infrastructure	1,515,763	7,800,000
- Pathways	4,336,709	1,800,000
- Reserves	8,129,143	-
	<b>53,528,065</b>	<b>30,000,000</b>

## Note 21. Disposal of Assets

\$	Notes	Net Book Value		Sale Price		Profit/(Loss)	
		Actual	Budget	Actual	Budget	Actual	Budget
The following assets were disposed of during the year.							
<b>By Program</b>							
Governance		11,419	-	-	-	(11,419)	-
Education and Welfare		5,875	-	-	-	(5,875)	-
Community Amenities		10,251	-	200,101	-	189,849	-
Recreation and Culture		92,574	-	1,400,000	-	1,307,426	-
Economic Services		132,322	-	-	-	(132,322)	-
Transport		5,804,826	2,074,921	11,133,553	4,974,921	5,328,727	2,900,000
		<b>6,057,267</b>	<b>2,074,921</b>	<b>12,733,654</b>	<b>4,974,921</b>	<b>6,676,386</b>	<b>2,900,000</b>
<b>By Class</b>							
<i>Land Held for Resale</i>		4,599,033	-	11,694,989	2,900,000	7,095,956	2,900,000
<i>Property, Plant &amp; Equipment</i>	7(b)						
Land		-	-	(82,043)	-	(82,043)	-
Buildings		148,906	-	-	-	(148,906)	-
Furniture and Equipment		52,411	-	-	-	(52,411)	-
Plant and Equipment		1,205,014	2,074,921	1,120,707	2,074,921	(84,307)	-
Other Infrastructure		51,903	-	-	-	(51,903)	-
<b>Total</b>		<b>6,057,267</b>	<b>2,074,921</b>	<b>12,733,653</b>	<b>4,974,921</b>	<b>6,676,386</b>	<b>2,900,000</b>

\$	2015 Actual	2015 Budget	2014 Actual
<b>Summary</b>			
Profit on Asset Disposals	7,095,956	2,900,000	4,780,007
Loss on Asset Disposals	(419,570)	-	(137,351)
<b>Net Profit/(Loss) on Disposal of Assets</b>	<b>6,676,386</b>	<b>2,900,000</b>	<b>4,642,656</b>

# City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

### Note 22. Financial Ratios

\$	Indicator 2015	Prior Periods 2014      2013	
<i>Liquidity Ratio</i>			
<b>1. Current Ratio</b> <sup>(1)</sup>			
<u>Current Assets less Restricted Current Assets</u>	<b>0.85 : 1</b>	1.30 : 1	1.20 : 1
Current Liabilities less Liabilities Associated with Restricted Assets			
<i>Debt Ratio</i>			
<b>2. Debt Service Cover Ratio</b> <sup>(2)</sup>			
<u>Operating Surplus before Interest and Depreciation Exp</u>	<b>21.74 : 1</b>	18.48 : 1	13.47 : 1
Principal and Interest Repayments			
<i>Coverage Ratio</i>			
<b>3. Own Source Revenue Coverage Ratio</b> <sup>(3)</sup>			
<u>Own Source Operating Revenue</u>	<b>1.14 : 1</b>	1.17:1	1.03:1
Operating Expense			
<i>Financial Performance Ratio</i>			
<b>4. Operating Surplus Ratio</b> <sup>(4)</sup>			
<u>Operating Revenue less Operating Expense</u>	<b>0.21 : 1</b>	0.19:1	0.10:1
Own Source Operating Revenue			
<i>Asset Management Ratios</i>			
<b>5. Asset Consumption Ratio</b> <sup>(5)</sup>			
<u>Depreciated Replacement Cost of Depreciable Assets</u>	<b>0.84 : 1</b>	0.82:1	0.82:1
Current Replacement Cost of Depreciable Assets			
<b>6. Asset Sustainability Ratio</b> <sup>(6)</sup>			
<u>Capital Renewal and Replacement Expenditure</u>	<b>0.31 : 1</b>	0.16:1	0.15:1
Depreciation Expense			
<b>7. Asset Renewal Funding Ratio</b> <sup>(7)</sup>			
<u>NPV of Planned Capital Renewals over 10 years</u>	<b>0.74 : 1</b>	0.76:1	0.82:1
NPV of Required Capital Expenditure over 10 years			

#### Notes

- (1) This is a modified commercial ratio designed to focus on the liquidity position of the Council that has arisen from past year's transactions.
- (2) This ratio is the measurement of Council's ability to repay its debt including lease payments.
- (3) This ratio is the measurement of Council's ability to cover its costs through its own revenue efforts.
- (4) This ratio is a measure of Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.
- (5) This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.
- (6) This ratio indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.
- (7) This ratio is a measure of the ability of Council to fund its projected asset renewal / replacements in the future.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 23. Information on Borrowings

\$	Principal 1-Jul-14 Actual	Principal 30-Jun-15 Actual	Budget	Interest Repayments Actual	Budget
<b>(a). Loan Repayments</b>					
<b>Recreation &amp; Culture</b>					
- Wanneroo Regional Museum and Library	10,416,178	10,416,178	10,416,178	632,262	632,262
- Construct Community Centre - Butler	278,000	278,000	278,000	16,875	16,875
- Develop Accessible and Inclusive Playground	222,000	222,000	222,000	13,475	13,475
- Kingsway Regional Sporting Complex	19,462,861	19,462,861	19,462,861	1,181,396	1,181,396
- Upgrade Aquamotion	7,926,000	7,926,000	7,926,000	481,108	481,108
- Yanchep District Playing Fields	56,460	56,460	56,460	3,427	3,427
- Yanchep Districts Sports Amenities	164,210	164,210	164,210	9,968	9,968
- Yanchep Lagoon	3,917,072	3,917,072	3,917,072	237,766	237,766
- Yanchep SLSC	6,200,000	6,200,000	6,200,000	376,340	376,340
- Southern Suburbs Library	5,899,642	5,899,642	5,899,642	358,108	358,108
<b>Transport</b>					
- Pinjar Road - Wanneroo and Carosa Road	728,849	728,849	728,849	44,241	44,241
- Upgrade Rocca Way Dundobar Road	10,280	10,280	10,280	624	624
- Flynn Drive Neerabup - Construct Road	886,882	886,882	886,882	53,834	53,834
<b>Other Property &amp; Services</b>					
- Develop Industrial Estate - Neerabup	317,887	317,887	317,887	19,296	19,296
- Redevelop Wanneroo Townsite	1,214,615	1,214,615	1,214,615	73,727	73,727
- Redevelop Koondoola Precinct	2,000	2,000	2,000	121	121
- Develop Wangara Industrial Area (Lot 257)	530,000	530,000	530,000	32,171	32,171
- Develop Wangara Industrial Area (Lot 15)	2,543,452	2,543,452	2,543,452	154,388	154,388
- Lot 12 Fowey Loop	1,800	1,800	1,800	109	109
	<b>60,778,188</b>	<b>60,778,188</b>	<b>60,778,188</b>	<b>3,689,236</b>	<b>3,689,236</b>

Interest on unspent loans funds is recorded as an expense to General Purpose Funding. The interest amounts by each program will not necessarily equal the amounts shown within each program in the Statement of Comprehensive Income by Program.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 23. Information on Borrowings (continued)

##### (b). New Debentures

Council issued no debentures nor did it increase long term borrowings in 2014/2015 year.

	Date Borrowed	Balance 1-Jul-14	Borrowed During Year	Expended During Year	Balance 30-Jun-15
\$					
<b>(c). Unspent Loans</b>					
<b>Recreation &amp; Culture</b>					
Kingsway Regional Sporting Complex	1 Dec 2006	2,756,639	-	(2,147,074)	609,565
Yanchep Lagoon	1 Nov 2010	2,071,774	-	(1,837,013)	234,761
Yanchep SLSC	1 Nov 2010	5,982,565	-	(382,564)	5,600,001
Southern Suburbs Library	1 Dec 2006	5,899,642	-	-	5,899,642
<b>Transport</b>					
Upgrade Rocca Way Dundobar Road	1 Dec 2006	530,000	-	(44,435)	485,565
Flynn Drive Neerabup - Construct Road	1 Dec 2006	500,000	-	(500,000)	-
<b>Other Property &amp; Services</b>					
Develop Wangara Industrial Area (Lot 15)	1 Dec 2006	2,020,373	-	(24,715)	1,995,658
		<b>19,760,993</b>	<b>-</b>	<b>(4,935,801)</b>	<b>14,825,192</b>

##### (d). Overdraft

The City operates separate bank accounts for the each of its Town Planning Schemes and Structure plans as recorded in Note 14. In addition to these bank accounts, the City uses four operating bank accounts, the Municipal Fund, Advance Account, Reserve Account and Trust Fund. The grouped total of these limits is \$1,000,000 and no overdraft was required as at 30 June 2014 or 2015.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 24(a). Rating Information (2014/15 Financial Year)

	Rate in \$	Number of Properties	Rateable Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
\$	Notes										
<b>Rate Type</b>											
<b>Differential General Rate</b>											
GRV - Residential Improved	7.1662	44,722	947,501,736	67,899,871	2,308,397	-	70,208,268	67,275,746	3,400,000	-	70,675,746
GRV - Residential Vacant	9.3950	3,167	62,252,325	5,848,610	234,296	-	6,082,906	5,624,794	-	-	5,624,794
GRV - Commercial Improved	6.5300	526	120,221,790	7,850,483	439,735	-	8,290,218	7,771,341	-	-	7,771,341
GRV - Commercial Vacant	5.6640	32	2,520,882	142,783	56,585	-	199,368	154,446	-	-	154,446
GRV - Industrial Improved	5.3700	1,693	143,760,969	7,719,964	579,641	-	8,299,605	7,669,363	-	-	7,669,363
GRV - Industrial Vacant	4.7000	125	8,392,443	394,445	46,256	-	440,701	398,487	-	-	398,487
GRV - Caravan and Park Home Parks	7.1662	-	-	-	-	-	-	40,863	-	-	40,863
UV - Residential Improved	0.3375	402	365,288,044	1,232,847	3,131	-	1,235,978	1,211,720	-	-	1,211,720
UV - Residential Vacant	0.4388	155	627,270,000	2,752,461	265,756	-	3,018,217	3,355,091	-	-	3,355,091
UV - Commercial Improved	0.2631	37	72,512,042	190,779	70,350	-	261,129	182,386	-	-	182,386
UV - Commercial Vacant	0.2873	3	7,070,000	20,312	718	-	21,030	16,951	-	-	16,951
UV - Industrial Improved	0.2498	32	116,830,000	291,841	(13,739)	-	278,102	293,640	-	-	293,640
UV - Industrial Vacant	0.2833	16	67,950,000	192,502	4,832	-	197,334	182,729	-	-	182,729
UV - Rural and Mining Improved	0.3311	409	585,675,467	1,939,171	(73,913)	-	1,865,258	1,917,782	-	-	1,917,782
UV - Rural and Mining Vacant	0.3440	102	92,225,000	317,254	(1,976)	-	315,278	322,861	-	-	322,861
<b>Sub-Total</b>		<b>51,421</b>	<b>3,219,470,698</b>	<b>96,793,323</b>	<b>3,920,069</b>	<b>-</b>	<b>100,713,392</b>	<b>96,418,200</b>	<b>3,400,000</b>	<b>-</b>	<b>99,818,200</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 24(a). Rating Information (2014/15 Financial Year)

		Number of	Rateable	Rate	Interim	Back	Total	Budget	Budget	Budget	Budget	
		Properties	Value	Revenue	Rates	Rates	Revenue	Rate	Interim	Back	Total	
\$	Notes							Revenue	Rate	Rate	Revenue	
<b>Minimum Rates</b>	Minimum											
GRV - Residential Improved		1,205	14,370	216,735,594	17,315,850	-	-	17,315,850	17,396,585	-	-	17,396,585
GRV - Residential Vacant		630	2,684	14,108,776	1,690,920	-	-	1,690,920	1,707,930	-	-	1,707,930
GRV - Commercial Improved		1,183	60	806,584	70,980	-	-	70,980	70,980	-	-	70,980
GRV - Commercial Vacant		1,183	8	85,490	9,464	-	-	9,464	9,464	-	-	9,464
GRV - Industrial Improved		1,183	480	8,049,664	567,840	-	-	567,840	597,415	-	-	597,415
GRV - Industrial Improved - Lesser Minimum Strata		591	48	138,023	28,368	-	-	28,368	28,368	-	-	28,368
GRV - Industrial Vacant		1,183	19	364,650	22,477	-	-	22,477	23,660	-	-	23,660
UV - Residential Improved		1,205	8	2,533,113	9,640	-	-	9,640	9,640	-	-	9,640
UV - Residential Vacant		630	-	-	-	-	-	-	-	-	-	-
UV - Commercial Improved		1,183	7	1,934,000	8,281	-	-	8,281	5,915	-	-	5,915
UV - Commercial Vacant		1,183	-	-	-	-	-	-	-	-	-	-
UV - Industrial Improved		1,183	1	1,000	1,183	-	-	1,183	1,183	-	-	1,183
UV - Industrial Vacant		1,183	-	-	-	-	-	-	-	-	-	-
UV - Rural and Mining Improved		1,193	3	941,334	3,579	-	-	3,579	3,579	-	-	3,579
UV - Rural and Mining Vacant		802	33	206,200	26,466	-	-	26,466	26,466	-	-	26,466
<b>Sub-Total</b>			<b>17,721</b>	<b>245,904,428</b>	<b>19,755,048</b>	-	-	<b>19,755,048</b>	<b>19,881,185</b>	-	-	<b>19,881,185</b>
Ex Gratia Rates								20,726				20,000
<b>Totals</b>								<b>120,489,166</b>				<b>119,719,385</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 25. Discounts, Incentives, Concessions & Write-offs (2014/15 Financial Year)

\$	Type	Disc %	Total Cost / Value	Budget Cost / Value
<b>(a) Discounts</b>				
<b>Details</b>				
Debts Written Off	W/Off		14,840	-
Community Groups Rates Waiver	Waiver		74,001	43,650
			<u><b>88,841</b></u>	<u><b>43,650</b></u>

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

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

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



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 26. Interest Charges and Instalments (2014/15 Financial Year)

\$	Interest Rate %	Admin. Charge	Revenue	Budgeted Revenue
Interest on Unpaid Rates	8.45%	-	1,144,652	1,000,000
Interest on Instalments Plan	5.50%	-	562,548	520,000
			<b>1,707,200</b>	<b>1,520,000</b>
Charges on Instalment Plan			341,191	330,000
			<b>2,048,391</b>	<b>1,850,000</b>

An interest rate of 8.45% (2014: 8.45%) was charged on all rates, both current and arrears, that remain unpaid after 35 days from the issue date of the rate notice. Three option plans were available to ratepayers for payment of their rates.

##### Option 1 (Full Payment)

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

##### Option 2 (Two instalments)

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

##### Option 3 (Four instalments)

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

##### Cost of the instalment Options

The cost of the instalment options will comprise simple interest of 5.5% (2014: 5.5%) per annum, calculated from the date of the first instalment is due and payable, together with an administration fee of \$5.00 (2014: \$5.00) for each instalment, excluding the first.

##### Special Arrangements and Late Payment Penalty

In addition to the late payment interest of 8.45%, an administration fee of \$25.00 (2014: \$25.00) per assessment is charged to any ratepayers wishing to enter into special payment agreements with the City.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 27. Fees & Charges

\$	2015 Actual	2015 Budget	2014 Actual
Governance	27,849	26,763	14,430
General Purpose Funding	168,483	500,000	532,003
Law, Order, Public Safety	781,206	511,400	722,976
Health	279,897	274,746	246,105
Education and Welfare	360,053	420,261	341,889
Community Amenities	6,337,963	9,418,961	10,411,909
Recreation and Culture	7,405,809	7,357,188	7,332,910
Transport	1,179,705	768,500	900,985
Economic Services	3,184,635	3,248,106	2,743,008
Other Property and Services	347,043	11,553	5,708
	<b><u>20,072,643</u></b>	<b><u>22,537,478</u></b>	<b><u>23,251,923</u></b>

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

#### Note 28. Grants, Subsidies & Contributions

\$	2015 Actual	2014 Actual
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:		
<b>(a). By Nature &amp; Type</b>		
Operating Grants, Subsidies and Contributions	15,906,857	9,416,693
Non-Operating Grants, Subsidies and Contributions	63,946,455	67,234,517
	<b><u>79,853,312</u></b>	<b><u>76,651,210</u></b>
<b>(b). By Program</b>		
Governance	242,277	232,315
General Purpose Funding	9,669,782	3,273,834
Law, Order, Public Safety	370,727	409,518
Health	129,559	211,363
Education & Welfare	4,170,599	3,885,784
Community Amenities	82,245	516,140
Recreation & Culture	11,619,816	7,397,262
Transport	48,877,376	58,026,440
Economic Services	8,151	10,603
Other Property & Services	4,682,780	2,687,951
	<b><u>79,853,312</u></b>	<b><u>76,651,210</u></b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 29. Employee Numbers

\$	2015 Actual	2014 Actual	2013 Actual
The number of full-time equivalent employees at balance date	853	848	839

#### Note 30. Councillor Remuneration

\$	2015 Actual	2015 Budget	2014 Actual
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	477,782	478,950	441,965
Mayor's Allowance	87,338	87,550	84,012
Deputy Mayor's Allowance	21,834	21,888	21,003
Travelling Expenses	20,625	103,862	25,958
Telecommunications Allowance	52,500	52,500	52,920
	<b>660,079</b>	<b>744,750</b>	<b>625,858</b>

#### Note 31. Employee Costs

\$	2015 Actual	2014 Actual
Wages and Salaries	59,110,710	56,123,895
Superannuation	6,309,249	5,910,712
Fringe Benefits Tax	391,992	340,080
Conference and Training	624,541	561,836
Employee Rehabilitation Expenses	8,212	5,692
Workers' Compensation Insurance	2,295,808	1,834,605
Protective Clothing & Uniforms	343,783	435,764
Staff Amenities (Milk/Tea/Coffee)	51,016	52,569
<b>Total Employee Costs</b>	<b>69,135,311</b>	<b>65,265,153</b>
less: Capitalised Costs	(1,174,424)	(1,061,007)
	<b>67,960,887</b>	<b>64,204,146</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 32. Major Land Transactions

##### (a) Town Planning Schemes

The City's major land transactions incorporated in the 2014/2015 Financial Report relate to its role in Town Planning and Regional Development. In addition to its involvement with the Cities of Perth, Stirling and Joondalup and the Towns of Cambridge, Vincent and Victoria Park with Lot 17 Mindarie, the City has Town Planning Schemes and Development Areas in Operation:

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

##### i) Town Planning Scheme No 5 - Landsdale

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

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

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Interest on Investments	23,040	20,855	25,343
	<b>23,040</b>	<b>20,855</b>	<b>25,343</b>
<b>Total</b>	<b>23,040</b>	<b>20,855</b>	<b>25,343</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	657,530	643,508	634,490
<b>Total Current Assets</b>	<b>657,530</b>	<b>643,508</b>	<b>634,490</b>
<b>TOTAL ASSETS</b>	<b>657,530</b>	<b>643,508</b>	<b>634,490</b>
<b>Net Assets</b>	<b>657,530</b>	<b>643,508</b>	<b>634,490</b>
<b>EQUITY</b>			
Accumulated Surplus	657,530	643,508	634,490
<b>Total Equity</b>	<b>657,530</b>	<b>643,508</b>	<b>634,490</b>

**East Wanneroo Development Area - Cells 1 - 9**

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

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

**ii) East Wanneroo Development Area - Cell 1**

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Headworks Levy	1,017,296	1,000,000	826,737
Interest on Investments	939,590	822,745	1,000,384
	<b>1,956,886</b>	<b>1,822,745</b>	<b>1,827,121</b>
<b>Operating Expense</b>			
Compensation Payments - Public Open Space	(50,454)	(602,000)	-
Consulting Fees	(1,550)	(1,000)	-
Legal Fees	(80)	(2,000)	-
Administration Allocation	(8,584)	(23,000)	(13,703)
	<b>(60,668)</b>	<b>(628,000)</b>	<b>(13,703)</b>
<b>Net Result</b>	<b>1,896,218</b>	<b>1,194,745</b>	<b>1,813,418</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	27,085,428	26,824,203	25,189,210
<b>Total Current Assets</b>	<b>27,085,428</b>	<b>26,824,203</b>	<b>25,189,210</b>
<b>TOTAL ASSETS</b>	<b>27,085,428</b>	<b>26,824,203</b>	<b>25,189,210</b>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<b>27,085,428</b>	<b>26,824,203</b>	<b>25,189,210</b>
<b>EQUITY</b>			
Accumulated Surplus	27,085,428	26,824,203	25,189,210
<b>Total Equity</b>	<b>27,085,428</b>	<b>26,824,203</b>	<b>25,189,210</b>

## (iii) East Wanneroo Development Area - Cell 2

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Headworks Levy	259,140	250,000	219,258
Interest on Investments	208,685	176,756	215,173
	<b>467,825</b>	<b>426,756</b>	<b>434,431</b>
<b>Operating Expense</b>			
Compensation Payments - Public Open Space	-	(5,000)	-
Consulting Fees	(1,550)	(2,000)	-
Legal Fees	(80)	(1,000)	-
Administration Allocation	(8,584)	(23,000)	(6,851)
	<b>(10,214)</b>	<b>(31,000)</b>	<b>(6,851)</b>
<b>Net Result</b>	<b>457,611</b>	<b>395,756</b>	<b>427,580</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	5,949,859	6,083,796	5,492,248
<b>Total Current Assets</b>	<b>5,949,859</b>	<b>6,083,796</b>	<b>5,492,248</b>
<b>TOTAL ASSETS</b>	<b>5,949,859</b>	<b>6,083,796</b>	<b>5,492,248</b>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<b>5,949,859</b>	<b>6,083,796</b>	<b>5,492,248</b>
<b>EQUITY</b>			
Accumulated Surplus	5,949,859	6,083,796	5,492,248
<b>Total Equity</b>	<b>5,949,859</b>	<b>6,083,796</b>	<b>5,492,248</b>

## (iv) East Wanneroo Development Area - Cell 3

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Development Headworks Levy	-	30,000	-
Interest on Investments	50,100	45,488	55,277
	<b>50,100</b>	<b>75,488</b>	<b>55,277</b>
<b>Operating Expense</b>			
Consulting Fees	(1,550)	(2,000)	-
Compensation Payments - Road Reserves	-	(130,000)	-
Legal Fees	-	(5,000)	-
Administration Allocation	(3,433)	(23,000)	(3,426)
	<b>(4,983)</b>	<b>(160,000)</b>	<b>(3,426)</b>
<b>Net Result</b>	<b>45,117</b>	<b>(84,512)</b>	<b>51,851</b>



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	1,425,062	1,186,021	1,379,945
<b>Total Current Assets</b>	<b>1,425,062</b>	<b>1,186,021</b>	<b>1,379,945</b>
<b>TOTAL ASSETS</b>	<b>1,425,062</b>	<b>1,186,021</b>	<b>1,379,945</b>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<b>1,425,062</b>	<b>1,186,021</b>	<b>1,379,945</b>
<b>EQUITY</b>			
Accumulated Surplus	1,425,062	1,186,021	1,379,945
<b>Total Equity</b>	<b>1,425,062</b>	<b>1,186,021</b>	<b>1,379,945</b>

## (v) East Wanneroo Development Area - Cell 4

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Development Headworks Levy	2,944,340	7,500,000	3,522,460
Interest on Investments	564,157	535,289	642,853
	<b>3,508,497</b>	<b>8,035,289</b>	<b>4,165,313</b>
<b>Operating Expense</b>			
Compensation Payments - Public Open Space	-	(7,705,000)	(125,019)
Construction Costs	(2,832,065)	(6,300,000)	(5,164,460)
Consulting Fees	(11,740)	(2,000)	(5,327)
Contract Expenses	-	-	(8,101)
Legal Fees	(82,564)	(50,000)	(34,891)
Administration Allocation	(17,168)	(23,000)	(20,554)
	<b>(2,943,537)</b>	<b>(14,080,000)</b>	<b>(5,358,352)</b>
<b>Net Result</b>	<b>564,960</b>	<b>(6,044,711)</b>	<b>(1,193,039)</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	14,626,388	6,359,932	14,057,578
<b>Total Current Assets</b>	<b>14,626,388</b>	<b>6,359,932</b>	<b>14,057,578</b>
<b>TOTAL ASSETS</b>	<b>14,626,388</b>	<b>6,359,932</b>	<b>14,057,578</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	(3,850)	-	-
<b>Total Current Liabilities</b>	<b>(3,850)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>3,850</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>14,622,538</b>	<b>6,359,932</b>	<b>14,057,578</b>
<b>EQUITY</b>			
Accumulated Surplus	14,622,538	6,359,932	14,057,578
<b>Total Equity</b>	<b>14,622,538</b>	<b>6,359,932</b>	<b>14,057,578</b>

## (vi) East Wanneroo Development Area - Cell 5

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Development Headworks Levy	5,123,958	1,500,000	123,636
Construction Costs Reimbursement	-	-	29,875
Interest on Investments	285,589	252,852	307,284
	<b>5,409,547</b>	<b>1,752,852</b>	<b>460,795</b>
<b>Operating Expense</b>			
Compensation Payments - Public Open Spaces	(1,702,758)	(3,505,000)	-
Legal Fees	(105,127)	(50,000)	(28,999)
Contract Expenses	-	-	(1,068)
Consulting Fees	(16,538)	(20,000)	(9,295)
Administration Allocation	(17,168)	(23,000)	(25,693)
	<b>(1,841,591)</b>	<b>(3,598,000)</b>	<b>(65,055)</b>
<b>Net Result</b>	<b>3,567,956</b>	<b>(1,845,148)</b>	<b>395,740</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	11,542,102	3,505,617	7,693,241
<b>Total Current Assets</b>	<b>11,542,102</b>	<b>3,505,617</b>	<b>7,693,241</b>
<b>TOTAL ASSETS</b>	<b>11,542,102</b>	<b>3,505,617</b>	<b>7,693,241</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	(280,905)	-	-
<b>Total Current Liabilities</b>	<b>(280,905)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>(280,905)</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>11,261,197</b>	<b>3,505,617</b>	<b>7,693,241</b>
<b>EQUITY</b>			
Accumulated Surplus	11,261,197	3,505,617	7,693,241
<b>Total Equity</b>	<b>11,261,197</b>	<b>3,505,617</b>	<b>7,693,241</b>

## (vii) East Wanneroo Development Area - Cell 6

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Development Headworks Levy	2,739,331	2,150,000	1,971,953
Interest on Investments	852,758	715,919	823,040
	<b>3,592,089</b>	<b>2,865,919</b>	<b>2,794,993</b>
<b>Operating Expense</b>			
Legal Fees	(6,006)	(2,000)	-
Construction Costs	(3,606)	(225,000)	-
Consulting Fees	(1,550)	(2,000)	-
Compensation Payments - Road Reserves	-	(5,000)	(216,630)
Administration Allocation	(13,734)	(23,000)	(17,128)
	<b>(24,896)</b>	<b>(257,000)</b>	<b>(233,758)</b>
<b>Net Result</b>	<b>3,567,193</b>	<b>2,608,919</b>	<b>2,561,235</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	25,857,156	24,827,705	22,289,871
<b>Total Current Assets</b>	<b>25,857,156</b>	<b>24,827,705</b>	<b>22,289,871</b>
<b>TOTAL ASSETS</b>	<b>25,857,156</b>	<b>24,827,705</b>	<b>22,289,871</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	(92)	-	-
<b>Total Current Liabilities</b>	<b>(92)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>(92)</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>25,857,064</b>	<b>24,827,705</b>	<b>22,289,871</b>
<b>EQUITY</b>			
Accumulated Surplus	25,857,064	24,827,705	22,289,871
<b>Total Equity</b>	<b>25,857,064</b>	<b>24,827,705</b>	<b>22,289,871</b>

## (viii) East Wanneroo Development Area - Cell 7

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Development Headworks Levy	1,883,707	1,000,000	-
Interest on Investments	111,909	87,917	106,813
	<b>1,995,616</b>	<b>1,087,917</b>	<b>106,813</b>
<b>Operating Expense</b>			
Compensation Payments - Road Reserves	-	(2,010,000)	-
Legal Fees	-	(1,000)	-
Construction Costs	(3,515)	(225,000)	-
Consulting Fees	(1,550)	(2,000)	-
Administration Allocation	(17,168)	(23,000)	(23,980)
	<b>(22,233)</b>	<b>(2,261,000)</b>	<b>(23,980)</b>
<b>Net Result</b>	<b>1,973,383</b>	<b>(1,173,083)</b>	<b>82,833</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	4,629,349	992,061	2,655,966
<b>Total Current Assets</b>	<b>4,629,349</b>	<b>992,061</b>	<b>2,655,966</b>
<b>TOTAL ASSETS</b>	<b>4,629,349</b>	<b>992,061</b>	<b>2,655,966</b>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<b>4,629,349</b>	<b>992,061</b>	<b>2,655,966</b>
<b>EQUITY</b>			
Accumulated Surplus	4,629,349	992,061	2,655,966
<b>Total Equity</b>	<b>4,629,349</b>	<b>992,061</b>	<b>2,655,966</b>

**(ix) East Wanneroo Development Area - Cell 8**

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Development Headworks Levy	1,812,299	500,000	2,077,644
Construction Costs Reimbursement	-	-	2,423,154
Interest on Investments	67,568	52,659	66,365
	<b>1,879,867</b>	<b>552,659</b>	<b>4,567,163</b>
<b>Operating Expense</b>			
Compensation Payments - Road Reserves	-	(1,405,000)	-
Legal Fees	(109,474)	(50,000)	(39,206)
Contract Expenses	-	-	(2,887)
Consulting Fees	(26,237)	(20,000)	(9,296)
Administration Allocation	(25,752)	(23,000)	(13,703)
	<b>(161,463)</b>	<b>(1,498,000)</b>	<b>(65,092)</b>
<b>Net Result</b>	<b>1,718,404</b>	<b>(945,341)</b>	<b>4,502,071</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	3,153,878	(2,644,825)	1,416,129
<b>Total Current Assets</b>	<b>3,153,878</b>	<b>(2,644,825)</b>	<b>1,416,129</b>
<b>TOTAL ASSETS</b>	<b>3,153,878</b>	<b>(2,644,825)</b>	<b>1,416,129</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	(19,345)	-	-
<b>Total Current Liabilities</b>	<b>(19,345)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>(19,345)</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>3,134,533</b>	<b>(2,644,825)</b>	<b>1,416,129</b>
<b>EQUITY</b>			
Accumulated Surplus	3,134,533	(2,644,825)	1,416,129
<b>Total Equity</b>	<b>3,134,533</b>	<b>(2,644,825)</b>	<b>1,416,129</b>

**(x) East Wanneroo Development Area - Cell 9**

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Development Headworks Levy	8,197,370	6,000,000	13,314,000
Interest on Investments	550,288	160,646	208,073
	<b>8,747,658</b>	<b>6,160,646</b>	<b>13,522,073</b>
<b>Operating Expense</b>			
Advertising	(2,021)	-	-
Legal Fees	-	(5,000)	-
Contract Expenses	(51,325)	-	(2,076)
Construction Costs - Municipal Transfer	-	-	(1,032,924)
Compensation Payments - Road Reserves	(201,236)	(5,000)	(3,102,524)
Administration Allocation	(25,752)	(23,000)	(23,980)
	<b>(280,334)</b>	<b>(33,000)</b>	<b>(4,161,504)</b>
<b>Net Result</b>	<b>8,467,324</b>	<b>6,127,646</b>	<b>9,360,569</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	19,359,923	11,938,073	10,890,578
<b>Total Current Assets</b>	<b>19,359,923</b>	<b>11,938,073</b>	<b>10,890,578</b>
<b>TOTAL ASSETS</b>	<b>19,359,923</b>	<b>11,938,073</b>	<b>10,890,578</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	(2,021)	-	-
<b>Total Current Liabilities</b>	<b>(2,021)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>(2,021)</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>19,357,902</b>	<b>11,938,073</b>	<b>10,890,578</b>
<b>EQUITY</b>			
Accumulated Surplus	19,357,902	11,938,073	10,890,578
<b>Total Equity</b>	<b>19,357,902</b>	<b>11,938,073</b>	<b>10,890,578</b>

**(xi) Berkley Road Local Structure Plan**

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

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Development Headworks Levy	16,125	16,125	-
Interest on Investments	101,590	92,198	112,041
	<b>117,715</b>	<b>108,323</b>	<b>112,041</b>
<b>Operating Expense</b>			
Compensation Payments	-	(50,000)	-
Consulting Fees	(3,678)	(5,000)	-
Administration Allocation	-	(23,000)	(8,564)
	<b>(3,678)</b>	<b>(78,000)</b>	<b>(8,564)</b>
<b>Net Result</b>	<b>114,037</b>	<b>30,323</b>	<b>103,477</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	2,909,439	2,787,701	2,795,402
<b>Total Current Assets</b>	<b>2,909,439</b>	<b>2,787,701</b>	<b>2,795,402</b>
<b>TOTAL ASSETS</b>	<b>2,909,439</b>	<b>2,787,701</b>	<b>2,795,402</b>
<b>LIABILITIES</b>			
Nil			
<b>Net Assets</b>	<b>2,909,439</b>	<b>2,787,701</b>	<b>2,795,402</b>
<b>EQUITY</b>			
Accumulated Surplus	2,909,439	2,787,701	2,795,402
<b>Total Equity</b>	<b>2,909,439</b>	<b>2,787,701</b>	<b>2,795,402</b>

**Neerabup Development**

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

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

\$	2015 Actual	2015 Budget	2014 Actual
<b>Operating Income</b>			
Interest on Investments	32,552	36,676	44,570
	<b>32,552</b>	<b>36,676</b>	<b>44,570</b>
<b>Operating Expense</b>			
Construction Costs	(4,591,585)	(3,378,467)	-
Administration Allocation	-	(23,000)	(5,139)
	<b>(4,591,585)</b>	<b>(3,401,467)</b>	<b>(5,139)</b>
<b>Total</b>	<b>(4,559,033)</b>	<b>(3,364,791)</b>	<b>39,431</b>



## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 32. Major Land Transactions (continued)

\$	2015 Actual	2015 Budget	2014 Actual
<b>Financial Position</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalent Assets	-	(3,675,378)	1,110,090
<b>Total Current Assets</b>	<b>-</b>	<b>(3,675,378)</b>	<b>1,110,090</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>(3,675,378)</b>	<b>1,110,090</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	3,448,943	-	-
<b>Total Current Liabilities</b>	<b>3,448,943</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>3,448,943</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>(3,448,943)</b>	<b>(3,675,378)</b>	<b>1,110,090</b>
<b>EQUITY</b>			
Accumulated Surplus	(3,448,943)	(3,675,378)	1,110,090
<b>Total Equity/(Deficiency)</b>	<b>(3,448,943)</b>	<b>(3,675,378)</b>	<b>1,110,090</b>
<b>Total Equity of Planning/Land Development</b>	<b>113,440,958</b>	<b>78,828,414</b>	<b>95,604,748</b>

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

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

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

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

\$	2015 Actual	2014 Actual
Income from Sales	10,012,845	8,898,594
Development Expenses	(3,915,416)	(4,765,948)
<b>Surplus/(Deficit)</b>	<b>6,097,429</b>	<b>4,132,646</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 33. Financial Risk Management

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Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

The City held the following financial instruments at balance date:

	Notes	Carrying Value		Fair Value	
		2015	2014	2015	2014
<b>Financial Assets</b>					
Cash and Cash Equivalents	3	302,529,381	257,579,236	302,529,381	257,579,236
Receivables (Current & Non-Current)	5	22,907,491	23,338,419	22,907,491	23,338,419
		<u>325,436,872</u>	<u>280,917,655</u>	<u>325,436,872</u>	<u>280,917,655</u>
<b>Financial Liabilities</b>					
Payables (Current & Non-Current)	9	21,859,805	18,810,708	21,859,805	18,810,708
Borrowings (Current & Non-Current)	10	60,778,188	60,778,188	60,778,188	60,778,188
		<u>82,637,993</u>	<u>79,588,896</u>	<u>82,637,993</u>	<u>79,588,896</u>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates market value.
- **Borrowings & Held to Maturity Investments** - estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles.
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - based on quoted market prices at the reporting date or independent valuation.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 33. Financial Risk Management (continued)

\$

##### (a). Cash & Cash Equivalents, Financial Assets "at Fair Value through Profit & Loss", "Available-for-Sale" Financial Assets & "Held-to-Maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council has an Investment Policy which complies with the relevant legislation. The policy is regularly reviewed by Council and an Investment Report is tabled before Council on a monthly basis setting out the make-up and performance of the portfolio.

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

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

A further risk associated with cash & investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees in accordance with investment restrictions prescribed in the *Local Government (Financial Management) Regulations 1996*.

	30-Jun-15	30-Jun-14
<b>Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments</b>		
Equity	3,254,369	2,575,792
Statement of Comprehensive Income	3,254,369	2,575,792

#### Notes:

- Sensitivity percentages based on management's expectations of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents and managed funds.)
- Maximum impact.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 33. Financial Risk Management (continued)

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##### (b). Receivables

Council's major receivables comprise Rates & Annual charges and User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

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

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

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

A profile of Council's receivables credit risk at balance date follows:

	30-Jun-15	30-Jun-14
	%	%
<b>Percentage of Rates and Annual Charges</b>		
Current	0.00%	0.00%
Overdue	100.00%	100.00%
<b>Percentage of Other Receivables</b>		
Current	88.52%	89.58%
Overdue	11.48%	10.42%

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 33. Financial Risk Management (continued)

\$

##### (c). Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<b>2015</b>					
Payables	21,859,805	-	-	21,859,805	21,859,805
Borrowings	3,689,236	14,756,944	84,758,222	103,204,402	60,778,188
	<b>25,549,041</b>	<b>14,756,944</b>	<b>84,758,222</b>	<b>125,064,207</b>	<b>82,637,993</b>
<b>2014</b>					
Payables	18,810,708	-	-	18,810,708	18,810,708
Borrowings	3,689,236	14,756,944	88,447,458	106,893,638	60,778,188
	<b>22,499,944</b>	<b>14,756,944</b>	<b>88,447,458</b>	<b>125,704,346</b>	<b>79,588,896</b>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a basis that is most suitable for the circumstance. Council officers regularly review interest rate movements to determine if it would be advantageous to refinance or renegotiate part, or all of the loan portfolio.

The following interest rates were applicable to the Council's Borrowings at balance date:

	30-Jun-15		30-Jun-14	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed	6.07%	60,778,188	6.07%	60,778,188
		<u>60,778,188</u>		<u>60,778,188</u>

##### Notes:

1. The interest rate risk applicable to Variable Rate Bank Loan is not considered significant.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 34. Fair Value Measurements

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The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment
- Financial Assets & Liabilities

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

2015	Date of latest Valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Property, Plant &amp; Equipment</b>					
- Land	30/06/15	-	331,100,384	-	331,100,384
- Buildings	30/06/15	-	-	163,593,445	163,593,445
- Furniture and Equipment	30/06/15	-	-	8,637,008	8,637,008
- Plant and Equipment	30/06/13	-	24,634,105	-	24,634,105
<b>Total Property, Plant &amp; Equipment</b>		-	<b>355,734,489</b>	<b>172,230,453</b>	<b>527,964,942</b>
<b>Infrastructure</b>					
- Reserves	30/06/14	-	-	145,743,118	145,743,118
- Roads	30/06/14	-	-	941,546,322	941,546,322
- Pathways	30/06/14	-	-	95,218,417	95,218,417
- Car Parking	30/06/14	-	-	9,681,370	9,681,370
- Drainage	30/06/14	-	-	181,191,341	181,191,341
- Other Infrastructure	30/06/14	-	-	49,390,650	49,390,650
<b>Total Infrastructure</b>		-	-	<b>1,422,771,218</b>	<b>1,422,771,218</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2015

## Note 34. Fair Value Measurements (continued)

\$

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values (continued):

2014	Date of latest Valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Property, Plant &amp; Equipment</b>					
- Plant and Equipment	30/06/13	-	4,115,179	-	4,115,179
<b>Total Property, Plant &amp; Equipment</b>		-	4,115,179	-	4,115,179
<b>Infrastructure</b>					
- Reserves	30/06/14	-	-	145,743,118	145,743,118
- Roads	30/06/14	-	-	941,546,322	941,546,322
- Pathways	30/06/14	-	-	95,218,417	95,218,417
- Car Parking	30/06/14	-	-	9,681,370	9,681,370
- Drainage	30/06/14	-	-	181,191,341	181,191,341
- Other Infrastructure	30/06/14	-	-	49,390,650	49,390,650
<b>Total Infrastructure</b>		-	-	1,422,771,218	1,422,771,218

## (2) Transfers between Level 1 &amp; Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 34. Fair Value Measurements (continued)

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##### **(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values**

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

##### **Property, Plant & Equipment**

##### **Land**

The City's land was valued by independent valuers. Except in the circumstance of any assets being held for sale (valued in accordance with AASB 5 Assets Held for Sale) or in accordance with specific accounting standards (such as Investment Properties) the balance of the portfolio is valued in accordance with AASB 116 Property Plant and Equipment at Fair Value.

Depending upon the unique circumstances of each lot, land has been valued using a range of approaches. Where there is an active market the 'market approach' has been adopted. If its value is primarily dependent on its income generating capability the income approach was used. For other types of land the 'cost approach' was adopted. Details of each approach are detailed below.

##### Level 2 valuation inputs

Market (Direct Comparison) – This has been applied to land held in freehold title and has been assessed on the basis of the estimated amount which the interest in each property being valued might reasonably be expected to realise on the date of valuation in an exchange between market participants given highest and best use or highest and best alternative use. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as Level 2.

Cost (Direct Comparison) - The valuation of some restricted or otherwise non-saleable land has been valued using the cost approach. This approach was used where, assuming if City of Wanneroo Council need to purchase the land or acquire additional land from an adjoining neighbour, the value of that land could be determined based on known zoning and town planning restrictions. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability. As this was based on observable evidence they have been classified as Level 2.



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 34. Fair Value Measurements (continued)

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#### **(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)**

##### Level 3 valuation inputs

Cost (Hypothetical Analysis) – These were determining the cost approach. However the determination of the replacement cost involved detailed analysis of a hypothetical highest alternative land use. Typically this included estimating the number of potential residential or commercial lots that could be developed on the site. These are observable based on existing Town Planning rules and have been classified as Level 2. The third input is the developer's interest which effectively is the rate of return the developer requires based on the existing market conditions. This requires the valuers to exercise professional judgement and accordingly has been classified as level 3.

Cost (Complex Analysis) – These relate to land which is unique and requires consideration of a range of alternative uses that could be used to maximise the value. Typically these include sites which would enable subdivision into lots with different zonings and uses. They require the extensive exercise of professional judgement and require determination of a range of assumptions.

#### **Buildings**

The City's buildings were valued by independent valuers. The valuation of buildings, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and fire fighting equipment, and general lighting etc).

Excluded from this report are all items of plant, machinery, equipment, cranes, tools, furniture or chattels.

##### Level 3 valuation inputs

Cost (Depreciated) – These buildings were valued using the cost approach using professionally qualified Registered Valuers.

Under this approach the cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. The valuer disaggregated the building into different components and for each component determined a value based on the inter-relationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value and the pattern of consumption of the future economic benefit.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2015

#### Note 34. Fair Value Measurements (continued)

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##### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

###### Plant and Equipment

The City's plant and equipment was valued by Management as at 30 June 2013. Subsequent to the 2013 revaluation the assets are reviewed to ensure that the carry amount does not vary significantly from that determination using fair value at the reporting date.

Valuations were undertaken utilising in-house professional staff referencing market conditions and the availability of sales evidence.

Level 2 valuation inputs have been applied having regard to the condition and the useful life of the asset class.

###### Furniture and Equipment

It was deemed by Management that no material variance exists between the fair value of Furniture and Equipment using level 3 inputs and the carrying cost of this class. It is considered that the value disclosed is fairly stated.

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###### Infrastructure

All the City's infrastructure has been valued at fair value utilising in-house professional Asset Management staff.

All of the City's infrastructure assets were valued using a depreciated cost valuation technique. This method used assets current replacement cost less accumulated depreciation calculated on the basis of such cost to reflect potential of the asset was established then adjusted to take into account the expired service potential of the asset.

The current replacement cost was measured by referencing the lowest cost at which the asset could be obtained in the normal course of business.

The total cost values have been calculated using unit cost rate based on current tender and general market rates.

construction cost and current condition and level 3 inputs being residual values and remaining useful life assessments.

The above techniques and inputs were utilised for all of the following classes:

- Roads
- Drainage
- Pathways
- Car Parks
- Reserves
- Other Infrastructure

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2015

## Note 34. Fair Value Measurements (continued)

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## (4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Buildings	Reserves	Roads	Pathways	Total
Adoption of AASB 13	-	145,743,118	941,546,322	95,218,417	1,182,507,857
<b>Closing Balance - 30/6/14</b>	<b>-</b>	<b>145,743,118</b>	<b>941,546,322</b>	<b>95,218,417</b>	<b>1,182,507,857</b>
Adoption of AASB 13	163,477,434	-	-	-	163,477,434
Purchases (GBV)	-	12,363,914	48,122,690	5,331,505	65,818,109
Depreciation & Impairment	-	(3,558,638)	(13,444,529)	(1,823,470)	(18,826,637)
<b>Closing Balance - 30/6/15</b>	<b>163,477,434</b>	<b>154,548,394</b>	<b>976,224,483</b>	<b>98,726,452</b>	<b>1,392,976,763</b>

	Drainage	Car Parking	Other Infrastructure	Total
Adoption of AASB 13	181,191,341	9,681,370	49,390,650	240,263,361
<b>Closing Balance - 30/6/14</b>	<b>181,191,341</b>	<b>9,681,370</b>	<b>49,390,650</b>	<b>240,263,361</b>
Purchases (GBV)	7,396,938	1,376,953	3,902,860	12,676,751
Disposals (WDV)	-	-	(51,903)	(51,903)
Depreciation & Impairment	(2,381,096)	(675,890)	(3,855,128)	(6,912,114)
<b>Closing Balance - 30/6/15</b>	<b>186,207,183</b>	<b>10,382,433</b>	<b>49,386,479</b>	<b>245,976,095</b>

## (5). Highest and best use

All of Council's non-financial assets are considered to being utilised for their highest and best use.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2015

#### Note 35. Events occurring after the Reporting Period

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Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 26/11/15.

Events that occur after the Reporting Period represent one of two types:

##### **(i) Events that provide evidence of conditions that existed at the Reporting Period**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

##### **(ii) Events that provide evidence of conditions that arose after the Reporting Period**

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

**Council is unaware of any material or significant "non-adjusting events" that should be disclosed.**

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

We have audited the accompanying financial report of City of Wanneroo, which comprises the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity, statement of cash flows, and rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Chief Executive Officer.

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

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

### **Auditor's responsibility**

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

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

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

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

### **Independence**

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

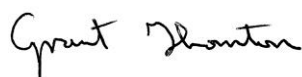
### **Auditor's Opinion**

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

- i presents fairly, in all material respects, the City of Wanneroo's financial position as at 30 June 2015 and of its performance and cash flows for the year then ended;
- ii complies with Australian Accounting Standards (including the Australian Accounting Interpretations), and
- iii is prepared in accordance with the requirements of the Local Government act 1995 (as amended) and Regulations under that Act.

### **Other Matter**

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Patrick Warr  
Partner - Audit & Assurance  
Perth, 26 November 2015