

2015 | 2016

FINANCIAL STATEMENTS

City of Wanneroo

General Purpose Financial Statements for the year ended 30 June 2016

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for the City of Wanneroo.
 - (ii) All figures presented in these financial statements are presented in Australian Currency.
 - (iii) These financial statements were adopted by Council on 7 November 2016.
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 2016

Understanding Council's Financial Statements

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 2016.

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 six "primary" financial statements:

1. A Statement of Comprehensive Income (by Nature or Type)

A summary of Council's financial performance for the year, listing all income and 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. A Statement of Comprehensive Income (by Program)

A summary of Council's financial performance for the year, listing all income and 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. A Statement of Financial Position

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

4. A Statement of Changes in Equity

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

5. A Statement of Cash Flows

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

6. A Rate Setting Statement

A Statement showing the amount of rates 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 six 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 and Ratepayers, Employees, Suppliers, Contractors, Customers, the Department of Local Government and Communities, 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.

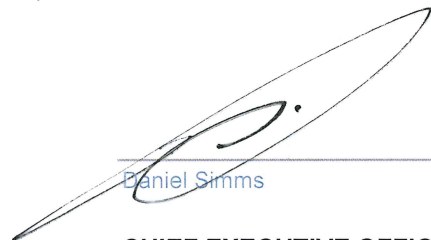
City of Wanneroo

General Purpose Financial Statements
for the year ended 30 June 2016

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 2016 are, in my opinion, properly drawn up to present fairly the financial position of the City of Wanneroo at 30 June 2016 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 First day of November 2016



Daniel Simms
CHIEF EXECUTIVE OFFICER

City of Wanneroo

Statement of Comprehensive Income (by Nature or Type)
for the year ended 30 June 2016

\$	Notes	2016 Actual	2016 Budget	2015 Actual
Revenue				
Rates	24	133,367,040	130,605,729	120,489,166
Operating Grants, Subsidies & Contributions	28	10,324,953	12,572,765	15,906,857
Fees & Charges	27	17,786,913	18,982,500	20,072,643
Interest Earnings	2(a)	8,437,231	8,065,000	8,497,623
Other Revenue		983,887	669,894	1,593,038
		<u>170,900,024</u>	<u>170,895,888</u>	<u>166,559,327</u>
Expenses				
Employee Costs	31	(69,864,610)	(75,110,527)	(67,960,887)
Materials & Contracts		(42,197,086)	(51,034,070)	(41,520,460)
Utilities		(8,646,255)	(8,280,784)	(7,467,001)
Depreciation of Non-Current Assets	2(a)	(36,710,312)	(38,000,000)	(37,294,753)
Interest Expenses	2(a)	(4,132,557)	(3,689,236)	(3,703,274)
Insurance		(1,419,709)	(1,505,416)	(1,369,947)
		<u>(162,970,529)</u>	<u>(177,620,033)</u>	<u>(159,316,322)</u>
Operating Result from Continuing Operations		<u>7,929,495</u>	<u>(6,724,145)</u>	<u>7,243,005</u>
Non-Operating Grants, Subsidies & Contributions	28	90,719,111	81,337,583	63,946,455
Town Planning Scheme Income (Inc Interest)		16,957,469	19,342,646	27,781,399
Town Planning Scheme Expenses		(15,012,347)	(21,653,740)	(2,521,538)
Loss on revaluation of plant and equipment	7(b)	(660,445)	-	-
Net Share of Interests in Controlled Entities, Associated Entities & Joint Ventures	17	509,291	-	316,648
Profit on Asset Disposals	21	4,708,829	8,266,666	7,095,956
Loss on Asset Disposal	21	(480,362)	(500,000)	(419,570)
		<u>96,741,546</u>	<u>86,793,155</u>	<u>96,199,350</u>
Net Result		<u>104,671,041</u>	<u>80,069,010</u>	<u>103,442,355</u>
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	13	3,980,942	-	404,114,816
Total Other Comprehensive Income		<u>3,980,942</u>	<u>-</u>	<u>404,114,816</u>
Total Comprehensive Income		<u>108,651,983</u>	<u>80,069,010</u>	<u>507,557,171</u>

City of Wanneroo

Statement of Comprehensive Income (by Program)
for the year ended 30 June 2016

\$	Notes	2016 Actual	2016 Budget	2015 Actual
Revenue				
Governance		1,282,391	261,807	285,850
General Purpose Funding		145,835,002	145,705,730	139,482,892
Law, Order, Public Safety		1,438,453	1,249,075	1,247,249
Health		369,477	636,330	409,455
Education & Welfare		4,180,683	4,354,597	4,541,510
Community Amenities		4,849,997	5,031,946	7,263,321
Recreation & Culture		8,573,710	8,690,693	8,458,674
Transport		1,307,840	1,289,193	1,635,362
Economic Services		3,033,540	3,444,857	3,307,410
Other Property & Services		17,495,691	231,667	28,025,651
		<u>188,366,784</u>	<u>170,895,895</u>	<u>194,657,374</u>
Expenses (excl. Finance Costs)				
Governance		(10,004,751)	(10,682,308)	(8,608,531)
General Purpose Funding		(972,343)	(1,009,354)	(924,183)
Law, Order, Public Safety		(6,510,635)	(6,423,719)	(6,058,280)
Health		(2,810,117)	(2,512,731)	(2,221,378)
Education & Welfare		(9,087,896)	(10,883,392)	(9,825,889)
Community Amenities		(34,065,465)	(39,756,798)	(35,556,111)
Recreation & Culture		(49,637,547)	(54,577,503)	(48,959,915)
Transport		(41,207,979)	(39,372,642)	(36,026,024)
Economic Services		(4,518,181)	(4,205,882)	(4,174,683)
Other Property & Services		(15,695,850)	(26,160,219)	(5,779,592)
		<u>(174,510,764)</u>	<u>(195,584,548)</u>	<u>(158,134,586)</u>
Finance Costs				
	2(a)			
General Purpose Funding		(1,053,666)	(1,432,894)	(1,204,057)
Recreation & Culture		(2,898,816)	(1,882,292)	(2,379,883)
Transport		(102,280)	(153,074)	(67,983)
Other Property & Services		(77,795)	(220,972)	(51,351)
		<u>(4,132,557)</u>	<u>(3,689,232)</u>	<u>(3,703,274)</u>
		<u>9,723,463</u>	<u>(28,377,885)</u>	<u>32,819,514</u>
Non-Operating Grants, Subsidies, Contributions				
Governance		19,845	-	-
Law, Order, Public Safety		10,705	-	70,010
Community Amenities		153,377	13,405,129	5,424
Recreation & Culture		15,094,854	2,857,125	10,652,405
Transport		72,222,182	59,868,429	48,542,354
Other Property & Services		3,218,148	24,549,546	4,676,262
	28	<u>90,719,111</u>	<u>100,680,229</u>	<u>63,946,455</u>

City of Wanneroo

Statement of Comprehensive Income (by Program) (continued)
for the year ended 30 June 2016

\$	Notes	2016 Actual	2016 Budget	2015 Actual
Profit/(Loss) on Disposal of Assets				
Governance		(2,392)	-	(11,419)
Education & Welfare		(13,318)	-	(5,875)
Community Amenities		1,641	-	189,849
Recreation & Culture		(2,952)	-	1,307,426
Economic Services		-	-	(132,322)
Other Property & Services		4,245,488	7,766,666	5,328,727
	21	<u>4,228,467</u>	<u>7,766,666</u>	<u>6,676,386</u>
Net Result		<u>104,671,041</u>	<u>80,069,010</u>	<u>103,442,355</u>
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	13	3,980,942	-	404,114,816
Total Other Comprehensive Income		<u>3,980,942</u>	<u>-</u>	<u>404,114,816</u>
Total Comprehensive Income		<u>108,651,983</u>	<u>80,069,010</u>	<u>507,557,171</u>

City of Wanneroo

Statement of Financial Position

as at 30 June 2016

\$	Notes	2016 Actual	2015 Actual
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	319,626,869	302,529,381
Trade and Other Receivables	5	20,047,001	20,811,922
Inventories	6	385,056	369,608
Total Current Assets		340,058,926	323,710,911
Non-Current Assets			
Investments	4	19,040,464	14,400,953
Trade and Other Receivables	5	2,360,587	2,095,569
Inventories	6	17,432,679	12,897,318
Property, Plant and Equipment	7	532,143,678	521,790,624
Infrastructure	8	1,566,831,395	1,489,790,526
Total Non-Current Assets		2,137,808,803	2,040,974,990
TOTAL ASSETS	19	2,477,867,729	2,364,685,901
LIABILITIES			
Current Liabilities			
Trade and Other Payables	9	24,937,538	21,859,805
Provisions	11	14,778,818	13,417,355
Total Current Liabilities		39,716,356	35,277,160
Non-Current Liabilities			
Long Term Borrowings	10	60,778,188	60,778,188
Provisions	11	1,421,226	1,330,577
Total Non-Current Liabilities		62,199,414	62,108,765
TOTAL LIABILITIES		101,915,770	97,385,925
Net Assets		2,375,951,959	2,267,299,976
EQUITY			
Retained Surplus		1,119,949,524	1,029,442,415
Reserves - Cash/Investment Backed	12	171,281,078	153,516,686
Reserves - Asset Revaluation	13	974,880,859	970,899,917
Town Planning Schemes		109,840,498	113,440,958
Total Equity		2,375,951,959	2,267,299,976

City of Wanneroo

Statement of Changes in Equity
for the year ended 30 June 2016

\$	Notes	Reserves			Town Planning Schemes	Total Equity
		Retained Surplus	Cash / Investment Backed	Asset Revaluation Reserve		
Balance as at 1 July 2014		976,521,760	120,831,196	566,785,101	95,604,748	1,759,742,805
Net Result		103,442,355	-	-	-	103,442,355
Asset Revaluation	13	-	-	404,114,816	-	404,114,816
Reserve Transfers	12	(32,685,490)	32,685,490	-	-	-
Town Planning Scheme Transfers	32	(17,836,210)	-	-	17,836,210	-
Balance as at 30 June 2015		1,029,442,415	153,516,686	970,899,917	113,440,958	2,267,299,976
Net Result		104,671,041	-	-	-	104,671,041
Asset Revaluation	13	-	-	3,980,942	-	3,980,942
Reserve Transfers	12	(17,764,392)	17,764,392	-	-	-
Town Planning Scheme Transfers	32	3,600,460	-	-	(3,600,460)	-
Balance as at 30 June 2016		1,119,949,524	171,281,078	974,880,859	109,840,498	2,375,951,959

City of Wanneroo

Statement of Cash Flows

for the year ended 30 June 2016

\$	Notes	2016 Actual	2016 Budget	2015 Actual
Cash Flows from Operating Activities				
Receipts:				
Rates		132,784,375	130,605,729	119,603,242
Operating Grants, Subsidies and Contributions		10,324,956	12,572,765	15,906,857
Fees and Charges		18,324,629	18,982,500	23,302,448
Interest Earnings		9,773,396	8,065,000	6,536,648
Goods and Services Tax		10,907,405	8,200,000	9,293,485
Other Revenue		199,643	669,894	2,056,402
		182,314,404	179,095,888	176,699,082
Payments:				
Employee Costs		(67,614,101)	(75,110,527)	(66,278,700)
Materials and Contracts		(40,402,433)	(51,034,070)	(38,686,186)
Utilities		(8,646,255)	(8,280,784)	(7,467,001)
Insurance		(1,419,709)	(3,689,236)	(1,369,947)
Interest		(3,814,873)	(1,505,416)	(3,693,026)
Goods and Services Tax		(10,762,926)	(8,200,000)	(9,751,664)
		(132,660,297)	(147,820,033)	(127,246,524)
Net Cash provided (or used in) Operating Activities	14(b)	49,654,107	31,275,855	49,452,558
Cash Flows from Investing Activities				
Receipts:				
Non-Operating Grants, Subsidies and Contributions		13,544,947	14,337,583	10,418,390
Proceeds from Sale of Assets		7,947,934	8,925,806	12,733,654
Town Planning Scheme Income (Inc. Interest)		16,957,469	19,342,646	27,781,399
Payments:				
Payments for Development of Land Held for Resale		(6,671,831)	-	(8,014,171)
Payments for Purchase of Property, Plant & Equipment		(19,483,278)	(47,673,855)	(18,648,076)
Payments for Construction of Infrastructure		(29,690,236)	(33,926,249)	(25,349,611)
Town Planning Scheme Expenses		(15,012,347)	(21,653,740)	(2,521,538)
Equity Contribution - Mindarie Regional Council		(44,674)	-	(42,126)
Equity Contributions - Tamala Regional Council		(104,603)	-	(860,334)
Net Cash provided (or used in) Investing Activities		(32,556,619)	(60,647,809)	(4,502,413)
Cash Flows from Financing Activities				
Nil				
Net Increase/(Decrease) in Cash & Cash Equivalents		17,097,488	(29,371,954)	44,950,145
Cash at the beginning of the year	3	302,529,381	277,336,094	257,579,236
Cash & Cash Equivalents - End of the Year	14(a)	319,626,869	247,964,140	302,529,381
Additional Information:				
plus: Investments on hand - end of year	4	19,040,464	-	14,400,953
Total Cash, Cash Equivalents & Investments		338,667,333	247,964,140	316,930,334

City of Wanneroo

Rate Setting Statement (by Program)
for the year ended 30 June 2016

\$	Notes	2016 Actual	2016 Budget	2015 Actual
Net current assets at start of financial year - surplus/(deficit)				
		-	-	8,557,798
		-	-	8,557,798
OPERATING ACTIVITIES				
Revenue from operating activities (excluding rates)				
Governance		1,302,236	261,807	285,850
General Purpose Funding (Excl. Rates)		12,467,962	15,100,001	18,993,726
Law, Order, Public Safety		1,449,158	1,249,075	1,317,259
Health		369,477	636,330	409,455
Education and Welfare		4,180,683	4,354,597	4,541,510
Community Amenities		5,005,015	18,437,075	7,458,595
Recreation and Culture		23,668,564	11,547,818	19,110,809
Transport		73,530,022	61,157,622	50,177,718
Economic Services		3,033,540	3,444,857	3,307,410
Other Property and Services		24,959,327	32,547,872	38,030,906
		149,965,984	148,737,054	143,633,238
Expenses from operating activities				
Governance		(10,007,143)	(10,682,308)	(8,619,950)
General Purpose Funding		(2,026,009)	(2,442,248)	(2,128,240)
Law, Order, Public Safety		(6,510,635)	(6,423,719)	(6,058,280)
Health		(2,823,435)	(2,512,731)	(2,221,378)
Education and Welfare		(9,087,896)	(10,883,392)	(9,831,764)
Community Amenities		(34,065,465)	(39,756,798)	(35,556,111)
Recreation and Culture		(52,539,315)	(56,459,795)	(50,032,372)
Transport		(41,310,259)	(39,525,716)	(36,094,007)
Economic Services		(4,518,181)	(4,205,882)	(4,307,005)
Other Property and Services		(15,773,645)	(26,381,184)	(5,830,943)
		(178,661,983)	(199,273,773)	(160,680,050)
Operating activities excluded from budget				
(Profit)/Loss on Asset Disposal	21	(4,228,467)	(7,766,666)	(6,676,386)
Movement in Non-Current Deferred Pensioner Rates		(265,018)	-	(187,531)
Movement in Non-Current Employee Benefit Provisions		90,649	-	(81,273)
Depreciation & Amortisation on Assets	2(a)	36,710,312	38,000,000	37,294,753
Physical Assets Received from Developers		(77,174,162)	(67,000,000)	(53,528,065)
Movement in Equity Accounted Investments		(509,291)	-	(316,648)
Loss on revaluation of plant and equipment		660,445	-	-
Amount attributable to operating activities		(44,715,532)	(36,766,666)	(23,495,150)
INVESTING ACTIVITIES				
Purchase and Development of Land Held for Resale		(6,671,842)	-	(8,014,171)
Purchase Land and Buildings		(12,131,721)	(29,202,185)	(3,223,750)
Purchase Plant and Equipment		(5,368,846)	(8,764,653)	(11,918,623)
Purchase Furniture and Equipment		(1,794,780)	(9,707,017)	(2,365,040)
Infrastructure Assets		(26,589,351)	(33,926,249)	(24,358,216)
Equity Contribution - Tamala Park Regional Council		(104,603)	-	(860,336)
Equity Contribution - Mindarie Regional Council		(44,674)	-	(42,126)
Movement in Works in progress		(3,288,816)	-	(2,132,058)
Proceeds from Disposal of Assets	21	7,947,934	8,925,806	12,733,654
Amount attributable to investing activities		(48,046,699)	(72,674,298)	(40,180,666)

City of Wanneroo

Rate Setting Statement (by Program) (continued)

for the year ended 30 June 2016

\$	Notes	2016 Actual	2016 Budget	2015 Actual
FINANCING ACTIVITIES				
Transfers to Reserves (Restricted Assets)	12	(60,684,844)	(24,442,681)	(65,457,571)
Transfers from Reserves (Restricted Assets)	12	42,920,452	33,884,310	32,772,081
Movement in Restricted Grants, Contributions & Unspent Loans		2,192,514	10,958,528	2,703,646
Leave Provision Written Back (Transferred to Reserve)		62,605	50,000	(506,282)
Transfers to Town Planning Schemes		(16,957,469)	(19,342,646)	(27,781,399)
Transfers from Town Planning Schemes		20,557,932	28,264,443	9,945,189
Amount attributable to financing activities		(11,908,810)	29,371,954	(48,324,336)
Surplus/(deficiency) before general rates		<u>(133,367,040)</u>	<u>(130,605,729)</u>	<u>(120,489,166)</u>
Total amount raised from general rates		<u>133,367,040</u>	<u>130,605,729</u>	<u>120,489,166</u>
Net current assets as at June 30 c/fwd - surplus/(deficit)		<u>-</u>	<u>-</u>	<u>-</u>

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

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City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

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. 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 that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the debt 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, development and borrowing costs during

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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 operating statement 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. Depreciation is 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 in the carrying amount 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. The net carrying amount of the asset 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 regularly revalued. This ensures the carrying amount does not differ significantly from the carrying amount determined using fair value at reporting date.

Land under Roads

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

Effective as at 1 July 2008, 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 Local Government (Financial Management) Regulation* 16(a)(i), which prohibits local governments from recognising such land as an asset.

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

Depreciation 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.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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
Pathways*	25 - 70 years
Furniture & Equipment	10 years
Heavy Vehicles - 1,201 kg to 4,000 kg	6 years/100,000 km's (45% residual)
Heavy Vehicles - 4,001 kg to 9,000 kg	6 years/200,000 km's (40% residual)
Heavy Vehicles - 9,001 kg to 12,000 kg	8 years/500,000 km's (48% residual)
Heavy Vehicles – Refuse	5 years (20% residual)
Irrigation Piping	30 years
Light Vehicles	3 years (60% residual)
Other Infrastructure*	15 - 30 years
Other Plant and Equipment	10 years
Parks & Reserves*	12 - 85 years
Plant	10 years (50% residual)
Reserves/Playground Equipment*	12 - 15 years
Sealed Car Parks - Pavement	85 years
Road - Kerb	55 years
Road - Seal*	18 - 40 years
Road Pavement - Seal*	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 assets 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 party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the City commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

Classification and Subsequent Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. 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 at 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 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.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

(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 that 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 was 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 are 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.

(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

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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 recorded 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) Investments 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. This occurs unless the City 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 Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

(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 for 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 employee 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 employee's 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. It is 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. Refer to Note 1(m) for a description of the equity method of accounting.

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

(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.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

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. An exception exists 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" and 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, or **(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 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.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

(aa) Intangible Assets

The City has not classified any assets as Intangible.

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

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 and revised Standards and Interpretations has not resulted in any material changes to the City's accounting policies.

City of Wanneroo has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective with the exception of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Generally, the City applies standards and interpretations in accordance with their respective commencement dates. The application of AASB 2015-7 has exempted the City from the disclosure of quantitative information and sensitivity analysis for some valuations categorised within Level 3 of the fair value hierarchy.

At the date of authorisation of the financial report, AASB 9 *Financial Instruments* and AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* are the only new accounting standards with a future application date that are expected to have a material impact on the City's financial statements.

From 1 July 2016 AASB 124 *Related Party Disclosures* will apply to the City, which means that the City will disclose more information about related parties and transactions with those related parties.

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. Financial assets will only be able to be measured at amortised cost where specific conditions are met.

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 2018 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.

Other amended Australian Accounting Standards and Interpretations, which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

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 2016:

- AASB 14 *Regulatory Deferral Accounts*
- AASB 1057 *Application of 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]

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 1. Summary of Significant Accounting Policies (continued)

- 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]
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part D)*

Effective for periods commencing 1 July 2016:

- AASB 1056 *Superannuation Entities*
- AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* [AASB 10, AASB 124 & AASB 1049]

Effective for periods commencing 1 January 2017:

- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*

Effective for periods commencing 1 January 2018:

- AASB *Financial Instruments* (December 2009)
- AASB 15 *Revenue from Contracts with Customers*

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010)
- AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014)

Effective for periods commencing 1 January 2019:

- AASB 16 *Leases*

The City does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2017.

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) Comparative Figures

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 2016

Note 2. Operating Revenues and Expenses

\$	Notes	2016 Actual	2016 Budget	2015 Actual
(a) Net Result				
The Result includes:				
(i) Charging as an Expense:				
Auditors Remuneration				
- Audit		58,339	45,000	52,272
Bad & Doubtful Debts				
Sundry Debtors		13,071	-	(190,578)
Depreciation & Amortisation				
<i>Property, Plant & Equipment</i>	7(b)			
- Buildings		2,970,649		2,615,005
- Furniture and Equipment		1,292,562		1,965,397
- Plant and Equipment		2,623,572		4,056,307
<i>Infrastructure</i>	8(b)			
- Roads		14,681,520		13,752,233
- Drainage		2,473,161		2,381,096
- Other Infrastructure		3,847,581		3,855,128
- Pathways		1,957,759		1,823,470
- Car Parks		455,847		763,302
- Reserves		6,407,661		6,082,815
		36,710,312		37,294,753
Interest Expenses (Finance Costs)				
Accrued Interest on Loans		16,709	-	14,038
Loans	23(a)	4,115,848	3,689,236	3,689,236
		4,132,557	3,689,236	3,703,274
(ii) Crediting as Revenue:				
Interest Earnings				
Investments - Municipal Funds		2,235,912	2,862,350	2,540,429
Investments - Reserve Funds		4,345,409	3,637,650	4,249,994
Other Interest Revenue	26	1,855,910	1,565,000	1,707,200
		8,437,231	8,065,000	8,497,623
Town Planning Schemes		3,599,313	3,150,000	3,787,830
Total		12,036,544	11,215,000	12,285,453

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

\$

(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 objectives have been established both on an overall basis, reflected by the Council's Vision, and for each of the Council's 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 that do not concern specific Council services.

GENERAL PURPOSE FUNDING

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

Activities: Collection of rates, general purpose government grants and interest revenue.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

\$

(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, 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.

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, maintenance of street trees and street lighting.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

\$

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

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 services.

OTHER PROPERTY AND SERVICES

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

Activities: Completion of private works, plant repair and operational costs and engineering costs.

(c) Nature or Type Classifications

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

REVENUE

Rates

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

Operating Grants, Subsidies and Contributions

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

Non-Operating Grants, Subsidies and Contributions

These are amounts received specifically for the acquisition, construction of new or the upgrade of non-current assets paid to a local government. They are included 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 2016

Note 2. Operating Revenues and Expenses (continued)

\$

(c) Nature or Type Classifications (continued)

Profit on Asset Disposal

Profit on the disposal of fixed assets. 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 charges are television and radio rebroadcasting, underground electricity, property surveillance and security and water services. This excludes rubbish removal and charges for the provision of waste services. The City has not levied service charged for the years ended 30 June 2015 and 30 June 2016.

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. This includes dividends, discounts and rebates.

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 and fringe benefits tax.

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 and Water)

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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

\$

(c) Nature or Type Classifications (continued)

Depreciation and Amortisation on Non-Current Assets

Depreciation and amortisation expense raised on all classes of assets.

Loss on Asset Disposal

Loss on the disposal of assets.

Interest Expenses

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

Insurance

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

Other Expenditure

Statutory fees, taxes and provision of bad debts. Donations and subsidies made to community groups and expenditure not otherwise classified.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 01-Jul-14	Received ² 2015	Expended ³ 2015	Closing Balance ¹ 30-Jun-15	Received ² 2016	Expended ³ 2016	Closing Balance 30-Jun-16
\$							
(d) Conditions Over Grants, Subsidies & Contributions							
Grant/Subsidy/Contribution							
<u>Economic Development</u>							
Economic Development Initiatives for Two Rocks	92,000	-	-	92,000	-	-	92,000
Economic Development Initiatives for Lot 12 Marmion Ave Jindalee	76,800	-	-	76,800	-	-	76,800
Economic Development Contributions for Somerly	42,200	-	-	42,200	-	-	42,200
<u>Emergency Services & Environmental Protection</u>							
Emergency Services Levy Grant	82,010	293,138	(375,148)	-	475,242	(399,057)	76,185
Federal Emergency Relief	-	27,593	(27,593)	-	-	-	-
Emergency Relief Funding LotteryWest	18,760	148,000	(141,678)	25,082	96,000	(80,335)	40,747
Coast Protection Works Quinns Rocks Long Term Coastal Management	-	-	-	-	65,000	-	65,000
Koondoola Regional Bushland Interpretive Walk Trail	-	-	-	-	-	-	-
Girrawheen Greening Project	1,000	-	-	1,000	-	-	1,000
Coast Protection Quinns - Department of Transport	-	138,394	-	138,394	-	(138,394)	-
<u>Health & Fitness</u>							
Age Friendly Grant 2017 - Department of Local Government & Communities	-	-	-	-	10,000	-	10,000
Volunteer Grant 2017 - Department of Social Services	-	-	-	-	3,750	-	3,750
Kidsport 2015/2016 - Department of Sport and Recreation	-	-	-	-	425,000	(425,000)	-
Your Move Project 2014/2015	-	50,000	(29,215)	20,785	100,000	(76,744)	44,041

(continued on next page)

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 01-Jul-14	Received ² 2015	Expended ³ 2015	Closing Balance ¹ 30-Jun-15	Received ² 2016	Expended ³ 2016	Closing Balance 30-Jun-16
\$							
(d) Conditions Over Grants, Subsidies & Contributions (continued)							
Grant/Subsidy/Contribution (continued)							
<u>Youth Services</u>							
YSpeak! A face, place and voice - Youth Friendly Communities Project - Department of Local Government & Communities	10,000	-	(8,069)	1,931	-	(1,931)	-
Carramar Youth Project - Community Crime Prevention Fund	-	24,905	(6,864)	18,041	-	(18,041)	-
<u>Buildings</u>							
Gumblossom Community Centre Storage Room Construction - Quinns Football Club Contribution	-	-	-	-	43,850	(41,331)	2,519
Department of Health - HACC Bus Funds diverted to My Life My Words Project 2014	10,221	-	(4,783)	5,438	-	(229)	5,209
<u>Recreation & Culture</u>							
Anzac Last Post Grant - Department of Veterans Affairs	-	51,026	(39,063)	11,963	-	(11,963)	-
<u>Roads</u>							
Prindiville Road Intersection Upgrade Contribution - Clifford Rocke Scott Langdon & John Buback as Managers & Receivers of Watson Property	-	-	-	-	112,645	-	112,645
Prindiville Road Intersection Upgrade Contribution - Endeavor Properties Pty	-	-	-	-	87,229	-	87,229
Prindiville Road Intersection Upgrade Contribution - Watson Property	-	-	-	-	77,325	-	77,325
Prindiville Road Intersection Upgrade Contribution - ABN Group	-	-	-	-	215,267	-	215,267
Traffic Management Scheme Landsdale Road Darch - Dept of Infrastructure	-	-	-	-	221,400	(167,146)	54,254
Project Management Cost - Road Resurfacing Program 2015/2016	-	-	-	-	407,818	(135,740)	272,078

(continued on next page)

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹	Received ²	Expended ³	Closing Balance ¹	Received ²	Expended ³	Closing Balance
\$	01-Jul-14	2015	2015	30-Jun-15	2016	2016	30-Jun-16

(d) Conditions Over Grants, Subsidies & Contributions (continued)

Grant/Subsidy/Contribution (continued)

Roads (continued)

Design Consultancy Lukin Drive to Butler Boulevard Duplication	-	-	-	-	1,333,333	(210,207)	1,123,126
Mirrabooka Avenue Road Improvement Grant Funding Main Roads WA	-	-	-	-	1,466,667	-	1,466,667
Bravado Nominees P/L Lot 75 Cooper Street Madeley	10,000	-	-	10,000	-	-	10,000
Lancaster Industrial Park P/L	76,747	-	-	76,747	-	-	76,747
Watson Property Group Woodvale Ltd Cont to Madeley Rise							
Stage 5 Madeley	42,216	-	-	42,216	-	-	42,216
Re Ledger Pty Ltd - Curtin Road Marangaroo	2,730	-	-	2,730	-	-	2,730
Peet & Co - Yanchep Ocean Lagoon Contributions	450	-	-	450	-	-	450
Peet & Co - Contributions East Road/Wanneroo Road	12,701	-	-	12,701	-	-	12,701
Civil Technology - East Wanneroo Road Intersection	3,050	-	-	3,050	-	-	3,050
AHG - Wanneroo Road & Lancaster Road	77,234	-	-	77,234	-	-	77,234
Geary Ray - Drainage Upgrade- High Road	11,135	-	-	11,135	-	-	11,135
Silverton Limited - Lots 1000 & 1001 Quinns North	6,000	-	-	6,000	-	-	6,000
Australand - Contribution for East Road/Wanneroo Road Upgrade	14,757	-	-	14,757	-	-	14,757
Stockland WA - Roundabout - Driver Road & Waterford Parade							
Stage 7 Ashdale Gardens	18,000	-	-	18,000	-	-	18,000
Sun Valley Investments - Lots 50 & 51 East Road							
Stage 2 Developer Headworks Levy - East	9,873	-	(9,873)	-	-	-	-
Zebra Properties Pty Ltd - Wanneroo Cell No 6	16,200	-	-	16,200	-	-	16,200
East Wanneroo Scheme Fees & Wanneroo Road Intersection							
Lot 238-244 Ashbrook Avenue Pearsall	820	-	(820)	-	-	-	-
Australand Investments Const of Roundabout Intersection of							
Librizzi Parade & Basico Avenue (Olive Ridge Stage 1 & 2)	20,265	-	-	20,265	-	-	20,265

(continued on next page)

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹	Received ²	Expended ³	Closing Balance ¹	Received ²	Expended ³	Closing Balance
\$	01-Jul-14	2015	2015	30-Jun-15	2016	2016	30-Jun-16

(d) Conditions Over Grants, Subsidies & Contributions (continued)

Grant/Subsidy/Contribution (continued)

Roads (continued)

Mendelawitz Morton Quality Settlements - Landsdale Cell 9 Road Construction Repayment	252,178	-	-	252,178	-	-	252,178
Re-Lot 84 Nicholas Road, Subdivision 06/047 second part of a two part \$200,000.00 contribution as a condition approving the discharge of stormwater into the City's Ranworth Road Drainage Swale - Marauba P/L	24,000	-	-	24,000	-	-	24,000
Re-Lot 84 Nicholas Road, Subdivision 06/047 second 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	-	-	176,000	-	-	176,000
Peet Ashton Heights Contribution for future resurfacing of roundabouts in Ashton Heights	25,000	-	-	25,000	-	-	25,000
MRRG - 2013/14 State Blackspot Grant - Old Yanchep Road Stage 1	104,000	-	(104,000)	-	-	-	-
Compensation for road widening at Lot 600 Wattle Avenue Neerabup	1,028,120	-	-	1,028,120	-	-	1,028,120
Signalised intersection contribution Stage 11 for Yanchep Beach Road Jindowie	-	121,875	-	121,875	-	-	121,875
Contribution for roundabout at Shiraz & Cabernet Loop Pearsall	-	55,571	-	55,571	-	-	55,571
Construction of Connolly Drive dual carriageway Neerabup Road to Hester Avenue, Clarkson	-	1,272,800	(53,199)	1,219,601	-	(1,219,601)	-
Construction of Connolly Drive dual carriageway Hester Avenue to Lukin Drive Merriwa	-	1,033,333	(194,764)	838,569	-	(838,569)	-
Contribution for Subdivision of Lot 507 Pederick Road, Neerabup (Road Deed No 2)	2,022,077	-	-	2,022,077	-	-	2,022,077
Contribution for Subdivision of Lot 507 Pederick Road, Neerabup (Road Deed No 1)	1,503,803	-	-	1,503,803	-	-	1,503,803

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City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 01-Jul-14	Received ² 2015	Expended ³ 2015	Closing Balance ¹ 30-Jun-15	Received ² 2016	Expended ³ 2016	Closing Balance 30-Jun-16
\$							

(d) Conditions Over Grants, Subsidies & Contributions (continued)

Grant/Subsidy/Contribution (continued)

Safer WA

Upgrade Graffiti Management and Reporting System Project	-	-	-	-	19,845	(19,768)	77
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Other Property and Services

AWARE Program Agreement 2013/2014

100% Grant Automated Fire Danger Rating Signs	25,775	-	(25,775)	-	-	-	-
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Development of play and park facilities at Hardcastle Park	-	36,364	-	36,364	-	(36,364)	-
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Total Unspent Grants, Subsidies & Contributions

	<u>5,816,122</u>	<u>3,252,999</u>	<u>(1,020,844)</u>	<u>8,048,277</u>	<u>5,160,371</u>	<u>(3,820,420)</u>	<u>9,388,228</u>
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Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period that were not expended at the close of the previous period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and that 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 that were expended in the current reporting period in the manner specified by the contributor.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 3. Cash and Cash Equivalents

\$	Notes	2016 Actual	2015 Actual
Unrestricted			
Cash Municipal		14,346,438	8,917,396
Cash on Hand		17,296	25,716
		<u>14,363,734</u>	<u>8,943,112</u>
Restricted			
Reserves - Cash Backed		171,281,078	153,516,686
Town Planning Schemes		113,301,102	117,196,114
Unspent Grants		9,388,228	8,048,277
Unspent Loans		11,292,727	14,825,192
		<u>305,263,135</u>	<u>293,586,269</u>
Total Cash and Cash Equivalents	14(a)	<u>319,626,869</u>	<u>302,529,381</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	12	10,225,362	8,393,577
Asset Renewal Reserve	12	7,012,070	-
Asset Replacement Reserve	12	4,498,742	4,719,983
Butler Collaborative Planning Agreement Reserve	12	2,878,128	2,792,198
Carried Forward Capital Projects Reserve	12	9,515,574	10,011,748
Commercial Refuse Reserve	12	-	2,072,690
Coastal Infrastructure Management Reserve	12	6,042,049	-
Domestic Refuse Reserve	12	8,346,169	5,343,797
Fleming Park Lake Reserve	12	213,913	207,526
Golf Course Reserve	12	1,465,539	1,261,734
Home and Community Care Asset Replacement Reserve	12	541,505	506,970
Land Acquisition Reserve	12	2,117,746	1,572,499
Leave Liability Reserve	12	1,460,204	1,397,599
Loan Repayment Reserve	12	18,569,409	15,573,746
Materials Recovery Facility Upgrade Reserve	12	94,189	91,377
Neerabup Development Reserve	12	4,694,253	5,645,389
Plant Replacement Reserve	12	5,684,841	3,562,426
Regional Open Space Reserve	12	5,012,070	-
Section 152 Reserve (formerly Section 20A Land Reserve)	12	1,545,681	1,499,533
Strategic Projects/Initiatives Reserve	12	74,443,227	81,160,162
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	12	75,383	120,732
TPS 20 - District Distributor Road Headworks Reserve	12	6,584,185	6,387,614
Yanchep Bus Reserve	12	95,660	172,405
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	12	165,179	1,022,981
Total Reserves		<u>171,281,078</u>	<u>153,516,686</u>
Unspent Grants and Contributions	2(d)	9,388,228	8,048,277
Unspent Loan Funds	23(c)	11,292,727	14,825,192
Total Unspent Grants and Loans		<u>20,680,955</u>	<u>22,873,469</u>
Town Planning Schemes		113,301,102	117,196,114
Other Restrictions		<u>113,301,102</u>	<u>117,196,114</u>
Total Restricted Cash		<u>305,263,135</u>	<u>293,586,269</u>

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 4. Investments

		2016	2015
\$	Notes	Actual	Actual
Non Current			
Equity Accounted Investments			
Tamala Park Regional Council	17(a)	8,203,429	8,015,712
Mindarie Regional Council	17(b)	10,837,035	6,385,241
		<u>19,040,464</u>	<u>14,400,953</u>
Total Investments		<u>19,040,464</u>	<u>14,400,953</u>
Classified as:			
Unrestricted (Municipal Fund)		<u>19,040,464</u>	<u>14,400,953</u>
Total Investments		<u>19,040,464</u>	<u>14,400,953</u>

Note 5. Trade & Other Receivables

		2016	2015
\$	Notes	Actual	Actual
Current			
Rates Outstanding (Inclusive of Refuse and Swimming Pool Inspection)		12,734,353	11,448,693
Prepayments		341,294	303,796
GST Receivable		1,138,872	1,283,351
Accrued Income		5,256,855	6,634,719
Sundry Debtors		1,168,221	1,720,886
Provision for Doubtful Debts		(592,594)	(579,523)
Total Current Trade & Other Receivables		<u>20,047,001</u>	<u>20,811,922</u>
Non-Current			
Rates Outstanding - Pensioners		2,353,232	2,088,214
Deferred Debtors		7,355	7,355
Total Non-Current Trade & Other Receivables		<u>2,360,587</u>	<u>2,095,569</u>

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2016

Note 6. Inventories

	2016	2015
\$	Actual	Actual
Current		
Stores and Materials (Held at Cost)	385,056	369,608
Total Current Inventories	<u>385,056</u>	<u>369,608</u>
Non-Current		
Land Held for Resale - Development Costs	17,432,679	12,897,318
Total Non-Current Inventories	<u>17,432,679</u>	<u>12,897,318</u>

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 7. Property, Plant and Equipment

		2016	2015
\$	Notes	Actual	Actual
(a) Carrying Amounts			
Land - Fair Value		331,318,059	331,318,059
Land - Cost		713,546	-
		<u>332,031,605</u>	<u>331,318,059</u>
Buildings - Fair Value		163,570,386	163,570,386
Buildings - Cost		11,427,916	-
less: Accumulated Depreciation		(2,993,708)	-
		<u>172,004,594</u>	<u>163,570,386</u>
Furniture and Equipment - Fair Value		5,114,876	5,119,744
Furniture and Equipment - Cost		1,794,555	-
less: Accumulated Depreciation		(1,292,814)	-
		<u>5,616,617</u>	<u>5,119,744</u>
Plant and Equipment - Fair Value		20,371,705	13,694,156
Plant and Equipment - Additions after Valuation - Cost		-	12,590,805
less: Accumulated Depreciation		-	(6,433,752)
		<u>20,371,705</u>	<u>19,851,209</u>
Works in Progress - Cost		2,119,157	1,931,226
		<u>2,119,157</u>	<u>1,931,226</u>
Total Property, Plant & Equipment	7(b)	<u><u>532,143,678</u></u>	<u><u>521,790,624</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 that additions 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 valuations are reviewed and, where appropriate, 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 2016

Note 7 Property, Plant and Equipment (continued)

(b) 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 at at 1 July 2014		9,672,211	80,264,118	8,365,515	24,793,514	3,338,402	126,433,760
Additions		-	3,223,750	2,663,381	12,343,276	1,140,663	19,371,070
Transfers from Works in Progress		-	182,948	105,872	198,355	(487,175)	-
Transfer to Land for Resale		-	-	-	-	(2,051,765)	(2,051,765)
Disposals		-	(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)
Property, Plant & Equipment at 30 June 2015		331,100,384	163,593,445	8,637,008	29,634,483	1,940,125	534,905,445
Reclassification	36	217,675	(23,059)	(3,517,264)	(9,783,274)	(8,899)	(13,114,821)
Restated Balance as at 1 July 2015		331,318,059	163,570,386	5,119,744	19,851,209	1,931,226	521,790,624
Additions	20	704,963	9,922,427	1,769,766	5,368,846	1,717,276	19,483,278
Transfers from Works in Progress	20	8,583	1,495,748	25,014	-	(1,529,345)	-
Disposals	21	-	(13,318)	(5,345)	(1,564,333)	-	(1,582,996)
Revaluation - (Decrements)	13	-	-	-	(660,445)	-	(660,445)
Depreciation	2(a)	-	(2,970,649)	(1,292,562)	(2,623,572)	-	(6,886,783)
Property, Plant & Equipment at 30 June 2016		332,031,605	172,004,594	5,616,617	20,371,705	2,119,157	532,143,678

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 8 Infrastructure

\$	Notes	2016 Actual	2015 Actual
(a) Carrying Amounts			
Roads - Fair Value		941,546,284	943,703,617
Roads - Additions after Valuation - Cost		109,697,104	48,125,494
less: Accumulated Depreciation		(28,128,839)	(13,447,319)
		1,023,114,549	978,381,792
Drainage - Fair Value		181,191,341	181,191,341
Drainage - Additions after Valuation - Cost		23,635,933	7,396,938
less: Accumulated Depreciation		(4,854,257)	(2,381,096)
		199,973,017	186,207,183
Other Infrastructure - Fair Value		49,390,650	49,390,650
Other Infrastructure - Cost		7,563,271	3,904,921
less: Accumulated Depreciation		(7,756,672)	(3,909,091)
		49,197,249	49,386,480
Pathways - Fair Value		95,218,417	95,218,417
Pathways - Additions after Valuation - Cost		12,091,492	5,331,505
less: Accumulated Depreciation		(3,781,229)	(1,823,470)
		103,528,680	98,726,452
Car Parks - Fair Value		10,020,026	10,020,026
Car Parks - Additions after Valuation - Cost		1,863,916	1,440,612
less: Accumulated Depreciation		(1,288,488)	(832,641)
		10,595,454	10,627,997
Reserves - Fair Value		155,383,907	155,383,907
Reserves - Additions after Valuation - Cost		34,499,955	17,231,355
less: Accumulated Depreciation		(13,544,909)	(7,137,248)
		176,338,953	165,478,014
Works in Progress - Cost		4,083,493	982,608
		4,083,493	982,608
Total Infrastructure	8(b)	1,566,831,395	1,489,790,526

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 that additions 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 valuations are reviewed and, where appropriate, 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 2016

Note 8 Infrastructure (continued)

(b) 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	49,390,651	95,218,417	9,681,370	145,743,118	1,322,683	1,424,093,902
Additions		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		706,173	8,896	31,461	44,395	27,949	512,596	(1,331,470)	-
Disposals		-	-	(51,903)	-	-	-	-	(51,903)
Revaluations - Increments		103	-	-	-	-	-	-	103
Depreciations	2(a)	(13,444,529)	(2,381,096)	(3,855,128)	(1,823,470)	(675,890)	(3,558,638)	-	(25,738,751)
Infrastructure at 30 June 2015		976,224,483	186,207,183	49,386,480	98,726,452	10,382,433	154,548,394	982,608	1,476,458,033
Reclassification	36	2,157,309	-	-	-	245,564	10,929,620	-	13,332,493
Restated Balance as at 1 July 2015		978,381,792	186,207,183	49,386,480	98,726,452	10,627,997	165,478,014	982,608	1,489,790,526
Additions	20	59,119,870	16,238,433	3,654,600	6,756,341	298,304	17,229,756	3,567,094	106,864,398
Transfers from Works in Progress	20	294,407	562	3,750	3,646	125,000	38,844	(466,209)	-
Depreciation	2(a)	(14,681,520)	(2,473,161)	(3,847,581)	(1,957,759)	(455,847)	(6,407,661)	-	(29,823,529)
Infrastructure at 30 June 2016		1,023,114,549	199,973,017	49,197,249	103,528,680	10,595,454	176,338,953	4,083,493	1,566,831,395

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2016

Note 9. Trade and Other Payables

	2016	2015
\$	Actual	Actual
Current Trade and Other Payables		
Trade Payables	20,537,802	15,802,722
Bonds and Security Deposits	4,399,736	6,057,083
Total Current Trade and Other Payables	24,937,538	21,859,805

Note 10. Long Term Borrowings

		2016	2015
\$	Notes	Actual	Actual
Non-Current Borrowings			
Secured by Floating Charge - Loans	23(a)	60,778,188	60,778,188
Total Non-Current Borrowings		60,778,188	60,778,188

Additional detail on borrowings is provided in Note 23.

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2016

Note 11. Provisions

	2016 Actual	2015 Actual
\$		
Current Provisions		
Provision for Annual Leave	5,390,128	5,191,998
Provision for Long Service Leave	5,163,413	4,814,791
Provision for Time in Lieu	107,824	97,002
Provision for Sick Leave	283,587	247,067
Provision for Additional Leave Agreement	97,175	106,167
Provision for Workers Compensation	3,736,691	2,960,330
Total Current Provisions	14,778,818	13,417,355

Non-Current Provisions

Provision for Long Service Leave	1,421,226	1,330,577
Total Non-Current Provisions	1,421,226	1,330,577

Movements in Provisions

Class of Provision	2015	2016				Closing Balance as at 30/6/16
	Opening Balance as at 1/7/15	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Provision for Annual Leave	5,191,998	4,676,821	(4,478,691)		-	5,390,128
Provision for Long Service Leave	6,145,368	1,044,951	(636,774)	31,094	-	6,584,639
Provision for Time in Lieu	97,002	186,024	(175,202)		-	107,824
Provision for Sick Leave	247,067	324,150	(287,630)		-	283,587
Provision for Additional Leave Agreement	106,167	337,184	(346,176)		-	97,175
Provision for Workers Compensation	2,960,330	2,430,399	(1,654,038)		-	3,736,691
TOTAL	14,747,932	8,999,529	(7,578,511)	31,094	-	16,200,044

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 12. Reserves - Cash/Investment Backed

\$	2016 Actual	2016 Budget	2015 Actual
(a) Alkimos/Eglinton Coastal Corridor Community Facilities Reserve			
Opening Balance	8,393,577	5,766,542	4,189,089
Amount Set Aside/Transfer to Reserve	1,921,701	1,623,928	4,221,656
Amount Used/Transfer from Reserve	(89,916)	(106,000)	(17,168)
	<u>10,225,362</u>	<u>7,284,470</u>	<u>8,393,577</u>
(b) Asset Renewal Reserve			
Opening Balance	-	-	-
Amount Set Aside/Transfer to Reserve	7,012,070	-	-
	<u>7,012,070</u>	<u>-</u>	<u>-</u>
(c) Asset Replacement Reserve			
Opening Balance	4,719,983	5,457,639	5,721,120
Amount Set Aside/Transfer to Reserve	915,898	4,250,085	201,780
Amount Used/Transfer from Reserve	(1,137,139)	(1,926,562)	(1,202,917)
	<u>4,498,742</u>	<u>7,781,162</u>	<u>4,719,983</u>
(d) Butler Collaborative Planning Agreement Reserve			
Opening Balance	2,792,198	2,775,147	2,694,317
Amount Set Aside/Transfer to Reserve	85,930	76,317	97,881
	<u>2,878,128</u>	<u>2,851,464</u>	<u>2,792,198</u>
(e) Carried Forward Capital Projects Reserve			
Opening Balance	10,011,748	10,011,748	-
Amount Set Aside/Transfer to Reserve	9,515,574	275,323	10,011,748
Amount Used/Transfer from Reserve	(10,011,748)	(10,011,748)	-
	<u>9,515,574</u>	<u>275,323</u>	<u>10,011,748</u>
(f) City of Wanneroo Townsite Reserve			
Opening Balance	-	-	4,356
Amount Used/Transfer from Reserve	-	-	(4,356)
	<u>-</u>	<u>-</u>	<u>-</u>

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2016

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

\$	2016 Actual	2016 Budget	2015 Actual
(g) Commercial Refuse Reserve			
Opening Balance	2,072,690	2,060,044	2,000,043
Amount Set Aside/Transfer to Reserve	58,053	56,651	72,647
Amount Used/Transfer from Reserve	(2,130,743)	-	-
	<u>-</u>	<u>2,116,695</u>	<u>2,072,690</u>
(h) Commercial Refuse - Plant Replacement Reserve			
Opening Balance	-	-	2,214,938
Amount Used/Transfer from Reserve	-	-	(2,214,938)
	<u>-</u>	<u>-</u>	<u>-</u>
(i) Coastal Infrastructure Management Reserve			
Opening Balance	-	-	-
Amount Set Aside/Transfer to Reserve	6,042,049	-	-
	<u>6,042,049</u>	<u>-</u>	<u>-</u>
(j) Domestic Refuse Reserve			
Opening Balance	5,343,797	3,725,812	5,679,060
Amount Set Aside/Transfer to Reserve	3,136,336	102,460	140,212
Amount Used/Transfer from Reserve	(133,964)	(1,165,000)	(475,475)
	<u>8,346,169</u>	<u>2,663,272</u>	<u>5,343,797</u>
(k) Domestic Refuse - Plant Replacement Reserve			
Opening Balance	-	-	7,995,707
Amount Set Aside/Transfer to Reserve	-	-	(7,995,707)
	<u>-</u>	<u>-</u>	<u>-</u>
(l) Fleming Park Lake Reserve			
Opening Balance	207,526	206,259	200,251
Amount Set Aside/Transfer to Reserve	6,387	5,672	7,275
Amount Used/Transfer from Reserve	-	-	-
	<u>213,913</u>	<u>211,931</u>	<u>207,526</u>

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

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

\$	2016 Actual	2016 Budget	2015 Actual
(m) Golf Course Reserve			
Opening Balance	1,261,734	1,105,071	1,112,920
Amount Set Aside/Transfer to Reserve	452,124	330,389	486,005
Amount Used/Transfer from Reserve	(248,319)	(485,555)	(337,191)
	<u>1,465,539</u>	<u>949,905</u>	<u>1,261,734</u>
(n) Home and Community Care Asset Replacement Reserve			
Opening Balance	506,970	512,973	471,846
Amount Set Aside/Transfer to Reserve	34,535	44,107	38,152
Amount Used/Transfer from Reserve	-	-	(3,028)
	<u>541,505</u>	<u>557,080</u>	<u>506,970</u>
(o) Heavy Vehicle Replacement Reserve			
Opening Balance	-	-	2,651,100
Amount Used/Transfer from Reserve	-	-	(2,651,100)
	<u>-</u>	<u>-</u>	<u>-</u>
(p) Land Acquisition Reserve			
Opening Balance	1,572,499	2,062,896	1,517,375
Amount Set Aside/Transfer to Reserve	547,956	556,730	55,124
Amount Used/Transfer from Reserve	(2,709)	-	-
	<u>2,117,746</u>	<u>2,619,626</u>	<u>1,572,499</u>
(q) Leave Liability Reserve			
Opening Balance	1,397,599	2,010,997	1,903,881
Amount Set Aside/Transfer to Reserve	62,605	105,302	69,165
Amount Used/Transfer from Reserve	-	-	(575,447)
	<u>1,460,204</u>	<u>2,116,299</u>	<u>1,397,599</u>
(r) Light Vehicle Replacement Reserve			
Opening Balance	-	-	2,950,118
Amount Used/Transfer from Reserve	-	-	(2,950,118)
	<u>-</u>	<u>-</u>	<u>-</u>

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

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

\$	2016 Actual	2016 Budget	2015 Actual
(s) Loan Repayment Reserve			
Opening Balance	15,573,746	15,510,193	10,042,258
Amount Set Aside/Transfer to Reserve	2,995,663	4,093,197	5,531,488
	<u>18,569,409</u>	<u>19,603,390</u>	<u>15,573,746</u>
(t) Materials Recovery Facility Upgrade Reserve			
Opening Balance	91,377	-	88,174
Amount Set Aside/Transfer to Reserve	2,812	-	3,203
	<u>94,189</u>	<u>-</u>	<u>91,377</u>
(u) Neerabup Development Reserve			
Opening Balance	5,645,389	3,046,220	3,185,547
Amount Set Aside/Transfer to Reserve	173,086	83,771	2,703,880
Amount Used/Transfer from Reserve	(1,124,222)	(1,121,650)	(244,038)
	<u>4,694,253</u>	<u>2,008,341</u>	<u>5,645,389</u>
(v) Plant Replacement Reserve			
Opening Balance	3,562,426	5,692,302	-
Amount Set Aside/Transfer to Reserve	6,697,708	7,060,877	12,755,724
Amount Used/Transfer from Reserve	(4,575,293)	(7,719,653)	(9,193,298)
	<u>5,684,841</u>	<u>5,033,526</u>	<u>3,562,426</u>
(w) Regional Open Space Reserve			
Opening Balance	-	-	-
Amount Set Aside/Transfer to Reserve	5,012,070	-	-
	<u>5,012,070</u>	<u>-</u>	<u>-</u>
(x) Resource Recovery Domestic Refuse Reserve			
Opening Balance	-	-	1,693,540
Amount Used/Transfer from Reserve	-	-	(1,693,540)
	<u>-</u>	<u>-</u>	<u>-</u>

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2016

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

\$	2016 Actual	2016 Budget	2015 Actual
(y) Section 152 Reserve (formerly Section 20A Land Reserve)			
Opening Balance	1,499,533	188,087	182,609
Amount Set Aside/Transfer to Reserve	46,148	5,172	1,316,924
	<u>1,545,681</u>	<u>193,259</u>	<u>1,499,533</u>
(z) Strategic Projects/Initiatives Reserve			
Opening Balance	81,160,162	70,935,568	57,262,167
Amount Set Aside/Transfer to Reserve	15,281,995	3,476,043	26,659,459
Amount Used/Transfer from Reserve	(21,998,930)	(7,377,142)	(2,761,464)
	<u>74,443,227</u>	<u>67,034,469</u>	<u>81,160,162</u>
(aa) Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)			
Opening Balance	120,732	93,259	118,766
Amount Set Aside/Transfer to Reserve	53,515	52,565	81,036
Amount Used/Transfer from Reserve	(98,864)	(50,000)	(79,070)
	<u>75,383</u>	<u>95,824</u>	<u>120,732</u>
(ab) TPS 20 - District Distributor Road Headworks Reserve			
Opening Balance	6,387,614	6,348,611	6,163,701
Amount Set Aside/Transfer to Reserve	196,571	174,587	223,913
	<u>6,584,185</u>	<u>6,523,198</u>	<u>6,387,614</u>
(ac) Yanchep Bus Reserve			
Opening Balance	172,405	171,577	161,724
Amount Set Aside/Transfer to Reserve	44,329	9,718	10,681
Amount Used/Transfer from Reserve	(121,074)	-	-
	<u>95,660</u>	<u>181,295</u>	<u>172,405</u>
(ad) Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve			
Opening Balance	1,022,981	1,736,237	626,589
Amount Set Aside/Transfer to Reserve	389,729	2,059,787	769,618
Amount Used/Transfer from Reserve	(1,247,531)	(3,921,000)	(373,226)
	<u>165,179</u>	<u>(124,976)</u>	<u>1,022,981</u>
Total Reserves	<u><u>171,281,078</u></u>	<u><u>129,975,553</u></u>	<u><u>153,516,686</u></u>

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

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

\$	2016 Actual	2016 Budget	2015 Actual
Summary of Reserve Transfers			
Transfers to Reserves			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	1,921,701	1,623,928	4,221,656
Asset Renewal Reserve	7,012,070	-	-
Asset Replacement Reserve	915,898	4,250,085	201,780
Butler Collaborative Planning Agreement Reserve	85,930	76,317	97,881
Carried Forward Capital Projects Reserve	9,515,574	275,323	10,011,748
Commercial Refuse Reserve	58,053	56,651	72,647
Coastal Infrastructure Management Reserve	6,042,049	-	-
Domestic Refuse Reserve	3,136,336	102,460	140,212
Fleming Park Lake Reserve	6,387	5,672	7,275
Golf Course Reserve	452,124	330,389	486,005
Home and Community Care Asset Replacement Reserve	34,535	44,107	38,152
Land Acquisition Reserve	547,956	556,730	55,124
Leave Liability Reserve	62,605	105,302	69,165
Loan Repayment Reserve	2,995,663	4,093,197	5,531,488
Materials Recovery Facility Upgrade Reserve	2,812	-	3,203
Neerabup Development Reserve	173,086	83,771	2,703,880
Plant Replacement Reserve	6,697,708	7,060,877	12,755,724
Regional Open Space Reserve	5,012,070	-	-
Section 152 Reserve (formerly Section 20A Land Reserve)	46,148	5,172	1,316,924
Strategic Projects/Initiatives Reserve	15,281,995	3,476,043	26,659,459
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	53,515	52,565	81,036
Town Planning Scheme 20 - District Distributor Road Headworks Reserve	196,571	174,587	223,913
Yanchep Bus Reserve	44,329	9,718	10,681
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	389,729	2,059,787	769,618
Total Transfers to Reserves	60,684,844	24,442,681	65,457,571

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

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

\$	2016 Actual	2016 Budget	2015 Actual
Transfers from Reserves			
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	(89,916)	(106,000)	(17,168)
Asset Replacement Reserve	(1,137,139)	(1,926,562)	(1,202,917)
Butler Collaborative Planning Agreement Reserve	-	-	-
Carried Forward Capital Projects Reserve	(10,011,748)	(10,011,748)	-
City of Wanneroo Townsite Reserve	-	-	(4,356)
Commercial Refuse Reserve	(2,130,743)	-	-
Commercial Refuse - Plant Replacement Reserve	-	-	(2,214,938)
Domestic Refuse Reserve	(133,964)	(1,165,000)	(475,475)
Domestic Refuse - Plant Replacement Reserve	-	-	(7,995,707)
Golf Course Reserve	(248,319)	(485,555)	(337,191)
Home and Community Care Asset Replacement Reserve	-	-	(3,028)
Heavy Vehicle Replacement Reserve	-	-	(2,651,100)
Land Acquisition Reserve	(2,709)	-	-
Leave Liability Reserve	-	-	(575,447)
Light Vehicle Replacement Reserve	-	-	(2,950,118)
Neerabup Development Reserve	(1,124,222)	(1,121,650)	(244,038)
Plant Replacement Reserve	(4,575,293)	(7,719,653)	(9,193,298)
Resource Recovery Domestic Refuse Reserve	-	-	(1,693,540)
Strategic Projects/Initiatives Reserve	(21,998,930)	(7,377,142)	(2,761,464)
Sustainability Investment Reserve (formerly Environmental Initiatives Reserve)	(98,864)	(50,000)	(79,070)
Yanchep Bus Reserve	(121,074)	-	-
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	(1,247,531)	(3,921,000)	(373,226)
Total Transfers from Reserves	(42,920,452)	(33,884,310)	(32,772,081)
Total Net Transfer to/(from) Reserves	17,764,392	(9,441,629)	32,685,490

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 Note 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 Renewal Reserve

To be used for the funding of asset renewal and upgrade works.

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

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

\$

Asset Replacement Reserve

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

Butler Collaborative Planning Agreement Reserve

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

Carried Forward Capital Projects Reserve

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

Commercial Refuse Reserve

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

Coastal Infrastructure Management Reserve

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

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.

Home and Community Care Asset Replacement Reserve

To be used to replace Council's assets where the funding of the original asset was from HACC. This is a requirement of the operating funding agreement with HACC.

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

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

\$

Land Acquisition Reserve

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

Leave Liability Reserve

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

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

Neerabup Development Reserve

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

Plant Replacement Reserve

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

Regional Open Space Reserve

For the accumulation of funds to support regional open space capital works.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

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

\$

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.

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 these reserves are not expected to be used within a set period. Further transfers to the reserve accounts are expected to occur as funds are utilised.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 13. Reserves - Asset Revaluation

\$	Notes	2016 Actual	2015 Actual
Asset revaluation reserves have arisen on revaluation of the following classes of assets:			
(a) Land			
Opening Balance		321,428,173	-
Revaluation Increment	7(b)	-	321,428,173
Revaluation Decrement	7(b)	-	-
		321,428,173	321,428,173
(b) Buildings			
Opening Balance		82,686,540	-
Revaluation Increment	7(b)	-	82,686,540
Revaluation Decrement	7(b)	-	-
		82,686,540	82,686,540
(c) Artworks			
Opening Balance		246,092	246,092
Revaluation Increment	7(b)	-	-
Revaluation Decrement	7(b)	-	-
		246,092	246,092
(d) Equity Accounted Investments			
Opening Balance		936,755	936,755
Revaluation Increment	17(b)(ii)	3,981,136	-
Revaluation Decrement	17(a)(ii)	(194)	-
		4,917,697	936,755
(e) Infrastructure			
Opening Balance		565,602,357	565,602,254
Revaluation Increment	8(b)	-	103
Revaluation Decrement	8(b)	-	-
		565,602,357	565,602,357
Total Asset Revaluation Reserves		974,880,859	970,899,917

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 14. Notes to the Statement of Cash flows

\$	Notes	2016 Actual	2016 Budget	2015 Actual
(a) Reconciliation of Cash				
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>319,626,869</u>	<u>247,964,140</u>	<u>302,529,381</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result				
Net Result		104,671,041	80,069,010	103,442,355
Depreciation		36,710,312	38,000,000	37,294,753
(Profit)/Loss on Sale of Assets		(4,228,467)	(7,766,666)	(6,676,386)
Share of Net (Profits) of Associates		(509,291)	-	(316,648)
Impairment of Assets		-	-	(2)
Loss on revaluation of plant and equipment		660,445	-	-
Town Planning Scheme Income (Inc. Interest)		(16,957,469)	(19,342,646)	(27,781,399)
Town Planning Scheme Expenses		15,012,347	21,653,740	2,521,538
Decrease/(Increase) in Receivables		512,974	-	240,347
Decrease/(Increase) in Provision for Doubtful Debts		(13,071)	-	190,578
Decrease/(Increase) in Inventories		(15,448)	10,000	(27,870)
Increase/(Decrease) in Payables & Accruals		3,077,733	(60,000)	3,049,097
Increase/(Decrease) in Employee Leave Entitlements		(33,660)	-	-
Increase/(Decrease) in Other Provisions		1,485,772	50,000	1,462,650
Grants/Contributions for the Development of Assets		(90,719,111)	(81,337,583)	(63,946,455)
Net Cash from Operating Activities		<u>49,654,107</u>	<u>31,275,855</u>	<u>49,452,558</u>
(c) Undrawn Borrowing Facilities Credit Standby Arrangements				
Bank Overdraft Limit		1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date		-	-	-
Credit Card Limit		50,000	55,000	50,000
Credit Card Balance at Balance Date		(17,824)	-	(17,824)
Total Amount of Credit Unused		<u>1,032,176</u>	<u>1,055,000</u>	<u>1,032,176</u>
Loan Facilities				
Loan Facilities - Non-Current	10	60,778,188	60,778,188	60,778,188
Total Facilities in Use at Balance Date		<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 2016

Note 15. Contingent Liabilities and Contingent Assets

\$

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

Liabilities not recognised:

(a) Guarantees

- (i) In line with the other equity holders in the Mindarie Regional Council (MRC) the City has accepted the contingent liability resulting from the provision of an irrevocable financial guarantee on behalf of 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 one sixth of any subsequent payment to the Contractor. The maximum amount that may be payable by the City under the Guarantee is one sixth 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) Bank Guarantees

The City of Wanneroo currently holds bank guarantees of \$23,202,090 (2015: \$28,218,132) with respect to commercial customers and property developers.

(c) Other

- (i) 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' compensation claim 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.
- (ii) The City compulsorily acquired a portion of land at Lot 6 (359) Gngara 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' compensation claim is \$7,107,067. 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.
- (iii) The City is currently in dispute in relation to parcel of land at Lot 1 and 8 Wanneroo Road Wanneroo. The landowner has lodged a claim for compensation for injurious affection against the City of Wanneroo and the Western Australia Planning Commission in the amount of \$14,085,000. The City's exposure to this being in the amount of \$12,490,500. The landowner claims \$12,490,500 compensation for injurious affection to a land area of 1.1266 hectares. On the current Cell value, the area would attract \$1,950,000 per hectare acquisition value, totalling \$2,196,870. The City has not yet acquired this land.

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 16. Capital and Leasing Commitments

	2016	2015
\$	Actual	Actual
Capital Expenditure Commitments		
Contracted for:		
- Land and Building Works	21,967,128	5,483,222
- Engineering Works	5,871,145	6,526,920
- Parks Works	1,732,854	272,450
- Plant & Equipment Purchases	361,870	2,827,855
Total Capital Expenditure Commitments	29,932,997	15,110,447
Payable:		
- Not later than one year	29,932,997	15,110,447
Total Capital Expenditure Commitments	29,932,997	15,110,447

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

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 1995*. The Tamala Park Regional Council formally came into existence on the 3 February 2006. The Tamala Park Regional Council's activities 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.

	2016	2015
\$	Actual	Actual

(i) Retained Surplus Attributable to Equity Accounted Investments

Balance at beginning of the financial year	142,792	58,513
Share of Profit/(Loss) from activity after tax	83,308	84,279
Balance at end of the Financial Year	226,100	142,792

(ii) Carrying Amount of Equity Accounted Investments

Balance at beginning of the financial year	8,015,712	7,071,097
Share of profit/(loss) from activity after tax	83,308	84,279
Share of Revaluation of Assets	(194)	-
Distribution to participants	(2,500,001)	(5,166,666)
Movement in Capital Contributions	2,604,604	6,027,002
Balance at end of the Financial Year	8,203,429	8,015,712

The City's interest in the Regional Council as at 30 June 2016 and 30 June 2015 is as follows:

Interest in Regional Council	8,203,429	8,015,712
Current Assets	7,923,410	7,741,619
Non-Current Assets	321,895	328,354
Total Assets	8,245,305	8,069,973
Current Liabilities	(32,434)	(49,106)
Non-Current Liabilities	(9,442)	(5,155)
Total Liabilities	(41,876)	(54,261)
Net Assets	8,203,429	8,015,712

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

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 waste services. Capital contributions paid during establishment are represented in the accounts of the City of Wanneroo as a Non-Current Asset.

	2016	2015
(i) Retained Surplus Attributable to Equity Accounted Investments		
Balance at beginning of the financial year	4,873,202	4,640,833
Share of Profit/(Loss) from activity after tax	425,983	232,369
Balance at end of the Financial Year	5,299,185	4,873,202

(ii) Carrying Amount of Equity Accounted Investments

Balance at beginning of the financial year	6,385,241	6,110,746
Share of profit/(loss) from activity after tax	425,983	232,369
Share of Revaluation of assets	3,981,136	-
Movement in Capital Contributions	44,675	42,126
Balance at end of the Financial Year	10,837,035	6,385,241

The City's interest in the regional council as at 30 June 2015 and 30 June 2016 is as follows:

Interest in Regional Council	1,087,035	6,385,241
Current Assets	4,760,650	5,347,303
Non-Current Assets	10,564,436	6,790,321
Total Assets	15,325,086	12,137,624
Current Liabilities	(1,776,583)	(1,083,240)
Non-Current Liabilities	(2,711,468)	(4,669,143)
Total Liabilities	(4,488,051)	(5,752,383)
Net Assets	10,837,035	6,385,241
Total Carry Amount - Equity Accounted Investments	19,040,464	14,400,953

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 18. Trust Funds

	Balance 01-Jul-15	Amounts Received	Amounts Paid	Balance 30-Jun-16
\$				
Miscellaneous/Appeals	55,253	10,599	(31,020)	34,832
Public Open Space	2,732,187	132,761	-	2,864,948
	2,787,440	143,360	(31,020)	2,899,780

Note 19. Total Assets Classified by Function and Activity

	2016 Actual	2015 Actual
\$		
Governance	38,923,282	37,537,586
Law, Order, Public Safety	1,743,809	1,669,697
Health	2,525,018	2,592,852
Education & Welfare	3,564,672	2,868,636
Community Amenities	55,654,885	55,857,521
Recreation & Culture	581,592,298	563,774,652
Transport	1,342,763,242	1,279,563,638
Economic Services	1,985,632	1,929,077
Other Property & Services	81,452,285	75,762,065
Unallocated (Assets other than Fixed Assets)	367,662,606	343,130,177
	2,477,867,729	2,364,685,901

Note 20. Acquisition of Assets

	2016 Actual	2016 Budget
\$		
By Class		
<i>Property, Plant & Equipment</i>	7(b)	
- Land	704,963	-
- Buildings	9,922,427	29,202,185
- Furniture and Equipment	1,769,766	9,707,017
- Plant and Equipment	5,368,846	8,764,653
- Works in Progress	1,717,276	-
<i>Infrastructure</i>	8(b)	
- Roads	59,119,870	23,609,125
- Drainage	16,238,433	8,881,115
- Other Infrastructure	3,654,600	40,824,886
- Pathways	6,756,341	5,564,977
- Car Parks	298,304	-
- Reserves	17,229,756	22,046,146
- Works in Progress	3,567,094	-
	126,347,676	148,600,104

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 20. Acquisition of Assets (continued)

	2016 Actual	2016 Budget
\$		
The City received assets to the value of \$77,174,162 from developers. The value of these assets is included in total value of Acquisition of Assets \$126,347,712 on page 57. The value of the assets by Class are as follows:		
<i>Property, Plant & Equipment</i>		
- Furniture and Equipment	33,000	-
- Plant and Equipment	-	-
<i>Infrastructure</i>		
- Roads	42,965,345	4,898,116
- Drainage	15,814,157	8,020,115
- Other Infrastructure	813,000	40,343,386
- Pathways	5,588,896	-
- Reserves	11,959,764	13,738,383
	77,174,162	67,000,000

Note 21. Disposal of Assets

	Net Book Value		Sale Price		Profit/(Loss)	
\$	Actual	Budget	Actual	Budget	Actual	Budget
The following assets were disposed of during the year.						
By Program						
Governance	2,032	-	-	-	(2,032)	-
Community Amenities	786	-	2,427	-	1,641	-
Recreation and Culture	2,952	-	-	-	(2,952)	-
Health	13,318	-	-	-	(13,318)	-
Other Property and Services	3,700,379	1,519,140	7,945,507	8,295,806	4,245,128	7,766,666
	3,719,467	1,519,140	7,947,934	8,295,806	4,228,467	7,766,666
By Class						
<i>Land Held for Resale</i>	2,136,471	-	6,423,392	7,766,666	4,286,921	7,766,666
<i>Property, Plant & Equipment</i> 7(b)						
Buildings	13,318	-	-	-	(13,318)	-
Furniture and Equipment	5,345	-	-	-	(5,345)	-
Plant and Equipment	1,564,333	1,159,140	1,524,542	1,159,140	(39,791)	-
Total	3,719,467	1,159,140	7,947,934	8,925,806	4,228,467	7,766,666

	2016 Actual	2016 Budget	2015 Actual
\$			
Summary			
Profit on Asset Disposals	4,708,829	8,266,666	7,095,956
Loss on Asset Disposals	(480,362)	(500,000)	(419,570)
Net Profit/(Loss) on Disposal of Assets	4,228,467	7,766,666	6,676,386

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 22. Financial Ratios

	Indicator 2016	Prior Periods 2015 2014	
\$			
<i>Liquidity Ratio</i>			
1. Current Ratio ⁽¹⁾			
<u>Current Assets less Restricted Current Assets</u>	0.88 : 1	0.85 : 1	1.30 : 1
Current Liabilities less Liabilities Associated with Restricted Assets			
<i>Debt Ratio</i>			
2. Debt Service Cover Ratio ⁽²⁾			
<u>Operating Surplus before Interest and Depreciation Expense</u>	13.26 : 1	21.74 : 1	18.48 : 1
Principal and Interest Repayments			
<i>Coverage Ratio</i>			
3. Own Source Revenue Coverage Ratio ⁽³⁾			
<u>Own Source Operating Revenue</u>	1.02 : 1	1.14 : 1	1.17 : 1
Operating Expense			
<i>Financial Performance Ratio</i>			
4. Operating Surplus Ratio ⁽⁴⁾			
<u>Operating Revenue less Operating Expense</u>	0.08 : 1	0.21 : 1	0.19 : 1
Own Source Operating Revenue			
<i>Asset Management Ratios</i>			
5. Asset Consumption Ratio ⁽⁵⁾			
<u>Depreciated Replacement Cost of Depreciable Assets</u>	0.73 : 1	0.84 : 1	0.82 : 1
Current Replacement Cost of Depreciable Assets			
6. Asset Sustainability Ratio ⁽⁶⁾			
<u>Capital Renewal and Replacement Expenditure</u>	0.28 : 1	0.31 : 1	0.16 : 1
Depreciation Expense			
7. Asset Renewal Funding Ratio ⁽⁷⁾			
<u>NPV of Planned Capital Renewals over 10 years</u>	0.72 : 1	0.74 : 1	0.76 : 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 2016

Note 23. Information on Borrowings

	Principal 01-Jul-15 Actual	Interest Repayments Actual	Budget	Principal 30-Jun-16 Actual	Budget
\$					
(a) Loan Repayments					
Recreation & Culture					
- Wanneroo Regional Museum and Library	10,416,178	705,375	632,262	10,416,178	10,416,178
- Construct Community Centre - Butler	278,000	18,826	16,875	278,000	278,000
- Develop Accessible and Inclusive Playground	222,000	15,034	13,475	222,000	222,000
- Kingsway Regional Sporting Complex	19,462,861	1,386,013	1,181,396	19,462,861	20,467,071
- Upgrade Aquamotion	7,926,000	536,742	481,108	7,926,000	7,926,000
- Yanchep District Playing Fields	56,460	3,823	3,427	56,460	56,460
- Kingsway Regional Playground	164,210	44,017	9,968	164,210	650,000
- Yanchep Lagoon	3,917,072	265,261	237,766	3,917,072	3,917,072
- Yanchep Surf Life Saving Club	6,200,000	140,246	376,340	6,200,000	2,071,000
- Southern Suburbs Library	5,899,642	373,718	358,108	5,899,642	5,518,642
Transport					
- Pinjar Road - Wanneroo and Carosa Road	728,849	49,357	44,241	728,849	728,849
- Upgrade Rocca Way Dundobar Road	10,280	696	624	10,280	10,280
- Flynn Drive Neerabup - Construct Road	886,882	175,182	53,834	886,882	2,586,882
Other Property & Services					
- Develop Industrial Estate - Neerabup	317,887	21,527	19,296	317,887	317,887
- Redevelop Wanneroo Townsite	1,214,615	82,253	73,727	1,214,615	1,214,615
- Redevelop Koondoola Precinct	2,000	87,561	121	2,000	1,293,000
- Develop Wangara Industrial Area (Lot 257)	530,000	35,891	32,171	530,000	530,000
- Develop Wangara Industrial Area (Lot 15)	2,543,452	174,204	154,388	2,543,452	2,572,452
- Lot 12 Fowey Loop	1,800	122	109	1,800	1,800
	60,778,188	4,115,848	3,689,236	60,778,188	60,778,188

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 2016

Note 23. Information on Borrowings (continued)

(b) New Loans

Council did not increase long term borrowings in the 2015/2016 year.

	Date Borrowed	Balance* 01-Jul-15	Borrowed During Year	Expended During Year	Balance 30-Jun-16
\$					
(c) Unspent Loans					
Recreation & Culture					
Kingsway Regional Sporting Complex	1 Dec 2006	2,099,565	-	(522,565)	1,577,000
Yanchep Lagoon	1 Nov 2010	234,761	-	(176,870)	57,891
Yanchep SLSC	1 Nov 2010	1,471,001	-	(557,500)	913,501
Southern Suburbs Library	1 Dec 2006	5,518,642	-	-	5,518,642
Transport					
Flynn Drive Neerabup - Construct Road	1 Dec 2006	1,700,000	-	(327,443)	1,372,557
Other Property & Services					
Develop Wangara Industrial Area (Lot 257)	1 Dec 2006	485,565	-	(43,857)	441,708
Develop Wangara Industrial Area (Lot 15)	1 Dec 2006	2,024,658	-	(613,230)	1,411,428
Develop Koondoola Precinct	1 Nov 2010	1,291,000	-	(1,291,000)	-
		14,825,192	-	(3,532,465)	11,292,727

* Under Section 6.20(4)(a) of the *Local Government Act 1995*, a change in purpose of the use of borrowings can be disclosed in the annual budget. This was done so as part of the 2015/2016 Budget. As such, the table above indicates the resulting change in the unspent balance in column "Balance 01-Jul-15" resulting from the change of purpose of borrowings.

(d) Overdraft

The City operates separate bank accounts for the each of its Town Planning Schemes and 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 2015 or 2016.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 24. Rating Information (2015/16 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										
Rate Type											
Differential General Rate											
GRV - Residential Improved	7.4958	47,105	996,308,406	74,681,292	4,451,545	-	79,132,837	74,592,432	2,117,918	-	76,710,350
GRV - Residential Vacant	9.5400	3,169	59,371,025	5,663,995	445,128	-	6,109,123	5,822,660	-	-	5,822,660
GRV - Commercial Improved	6.8304	536	126,156,852	8,617,018	1,037,148	-	9,654,166	8,535,364	357,820	-	8,893,184
GRV - Commercial Vacant	5.9245	27	4,009,750	237,558	(49,436)	-	188,122	237,558	-	-	237,558
GRV - Industrial Improved	6.0214	1,911	157,499,796	9,483,693	719,208	-	10,202,901	9,474,177	450,895	-	9,925,072
GRV - Industrial Vacant	5.2523	140	8,969,450	471,103	85,920	-	557,023	485,861	-	-	485,861
GRV - Caravan and Park Home Parks	7.4958	-	-	-	-	-	-	42,743	-	-	42,743
UV - Residential Improved	0.3450	358	322,558,044	1,112,825	(423,181)	-	689,644	1,169,216	194,933	-	1,364,149
UV - Residential Vacant	0.4355	254	701,492,000	3,054,999	(32,646)	-	3,022,353	3,089,097	-	-	3,089,097
UV - Commercial Improved	0.2590	29	43,952,042	113,836	(14,807)	-	99,029	186,796	51,237	-	238,033
UV - Commercial Vacant	0.2906	3	7,470,000	21,708	581	-	22,289	21,998	-	-	21,998
UV - Industrial Improved	0.2589	31	115,900,000	300,065	(119,131)	-	180,934	289,036	-	-	289,036
UV - Industrial Vacant	0.2891	14	54,150,000	156,547	(77,590)	-	78,957	151,344	-	-	151,344
UV - Rural and Mining Improved	0.3415	410	646,635,467	2,208,260	116	-	2,208,376	2,108,303	-	-	2,108,303
UV - Rural and Mining Vacant	0.3699	90	90,235,000	333,779	(2,312)	-	331,467	344,136	-	-	344,136
Sub-Total		54,077	3,334,707,832	106,456,678	6,020,543	-	112,477,221	106,550,721	3,172,803	-	109,723,524

* GRV = Gross Rental Value

UV = Unimproved Value

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 24. Rating Information (2015/16 Financial Year) (continued)

		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
Minimum Rates											
	Minimum										
GRV - Residential Improved	1,261	14,636	221,014,734	18,455,996	-	-	18,455,996	18,455,996	-	-	18,455,996
GRV - Residential Vacant	615	2,773	14,309,996	1,705,395	-	-	1,705,395	1,709,700	-	-	1,709,700
GRV - Commercial Improved	1,237	64	846,824	79,168	-	-	79,168	72,983	-	-	72,983
GRV - Commercial Vacant	1,237	8	85,490	9,896	-	-	9,896	9,896	-	-	9,896
GRV - Industrial Improved	1,237	391	6,097,981	483,667	-	-	483,667	479,956	-	-	479,956
GRV - Industrial Improved - Lesser Minimum Strata	618	70	220,957	43,260	-	-	43,260	43,260	-	-	43,260
GRV - Industrial Vacant	1,237	31	589,750	38,347	-	-	38,347	39,584	-	-	39,584
UV - Residential Improved	1,261	10	3,289,914	12,610	-	-	12,610	12,610	-	-	12,610
UV - Residential Vacant	615	1	30,500	615	-	-	615	615	-	-	615
UV - Commercial Improved	1,237	7	1,339,500	8,659	-	-	8,659	6,185	-	-	6,185
UV - Commercial Vacant	1,237	-	-	-	-	-	-	-	-	-	-
UV - Industrial Improved	1,237	1	1,000	1,237	-	-	1,237	1,237	-	-	1,237
UV - Industrial Vacant	1,237	-	-	-	-	-	-	-	-	-	-
UV - Rural and Mining Improved	1,248	2	614,533	2,496	-	-	2,496	2,496	-	-	2,496
UV - Rural and Mining Vacant	839	33	191,211	27,687	-	-	27,687	27,687	-	-	27,687
Sub-Total		18,027	248,632,390	20,869,033	-	-	20,869,033	20,862,205	-	-	20,862,205
Ex Gratia Rates							20,786				20,000
Totals							133,367,040				130,605,729

* GRV = Gross Rental Value

UV = Unimproved Value

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 25. Discounts, Incentives, Concessions & Write-offs (2015/16 Financial Year)

	Type	Total Cost / Value	Budget Cost / Value
\$			
Details			
Debts Written Off	Write Off	21,476	-
Community Groups Rates Waiver	Waiver	80,078	80,883
		101,554	80,883

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

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

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

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 2016

Note 26. Interest Charges and Instalments (2015/16 Financial Year)

\$	Interest Rate %	Admin. Charge	Revenue	Budgeted Revenue
Interest on Unpaid Rates	8.45%	-	1,242,224	1,000,000
Interest on Instalments Plan	5.50%	-	613,686	565,000
			1,855,910	1,565,000
Charges on Instalment Plan			358,356	345,000
			2,214,266	1,910,000

An interest rate of 8.45% (2015: 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 (3 August 2015). 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 (7 September 2015).

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 (07 September 2015). The second and final instalment becomes due and payable 63 days after the due date of the first instalment (9 November 2015).

Option 3 (Four instalments)

First instalment to be received on or before 35 days after the issue date appearing on the rate notice, including all arrears and a quarter of the current rates and service charges (7 September 2015). The second, third and fourth instalments are to be made at 63 day intervals, thereafter (9 November 2015, 11 January 2016 and 14 March 2016).

Cost of the instalment Options

The cost of the instalment options will comprise simple interest of 5.5% (2015: 5.5%) per annum, calculated from the date of the first instalment is due and payable, together with an administration fee of \$5.00 (2015: \$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 (2015: \$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 2016

Note 27. Fees & Charges

\$	2016 Actual	2016 Budget	2015 Actual
Governance	28,112	28,142	27,849
General Purpose Funding	493,275	515,000	168,483
Law, Order, Public Safety	809,800	826,400	781,206
Health	309,593	329,860	279,897
Education and Welfare	362,581	392,980	360,053
Community Amenities	4,623,309	4,912,664	6,337,963
Recreation and Culture	7,315,292	7,724,565	7,405,809
Transport	960,638	940,000	1,179,705
Economic Services	2,878,392	3,306,857	3,184,635
Other Property and Services	5,921	6,032	347,043
	17,786,913	18,982,500	20,072,643

Note 28. Grants, Subsidies & Contributions

\$	2016 Actual	2015 Actual
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Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

(a) By Nature & Type

Operating Grants, Subsidies and Contributions	10,324,953	15,906,857
Non-Operating Grants, Subsidies and Contributions	90,719,111	63,946,455
	101,044,064	79,853,312

(b) By Program

Governance	1,192,381	242,277
General Purpose Funding	3,336,040	9,669,782
Law, Order, Public Safety	487,563	370,727
Health	59,884	129,559
Education & Welfare	3,817,472	4,170,599
Community Amenities	179,389	82,245
Recreation & Culture	16,268,012	11,619,816
Transport	72,472,510	48,877,376
Economic Services	7,916	8,151
Other Property & Services	3,222,897	4,682,780
	101,044,064	79,853,312

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 29. Employee Numbers

	2016	2015	2014
\$	Actual	Actual	Actual
The number of full-time equivalent employees at balance date	854	853	848

Note 30. Councillor Remuneration

	2016	2016	2015
\$	Actual	Budget	Actual
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	478,950	456,750	477,782
Mayor's Allowance	87,550	87,150	87,338
Deputy Mayor's Allowance	21,887	23,850	21,834
Travelling Expenses	18,296	136,000	20,625
Telecommunications Allowance	52,500	56,000	52,500
	659,183	759,750	660,079

Note 31. Employee Costs

	2016	2015
\$	Actual	Actual
Wages and Salaries	60,559,450	59,110,710
Superannuation	6,572,538	6,309,249
Fringe Benefits Tax	460,920	391,992
Conference and Training	581,336	624,541
Employee Rehabilitation Expenses	-	8,212
Workers' Compensation Insurance	2,430,446	2,295,808
Protective Clothing & Uniforms	334,754	343,783
Staff Amenities (Milk/Tea/Coffee)	49,159	51,016
Total Employee Costs	70,988,603	69,135,311
less: Capitalised Costs	(1,123,993)	(1,174,424)
	69,864,610	67,960,887

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 32. Major Land Transactions

(a) Town Planning Schemes

The City's major land transactions incorporated in the 2015/2016 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 approximately 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.

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Interest on Investments	20,224	22,018	23,040
	<u>20,224</u>	<u>22,018</u>	<u>23,040</u>
Operating Expense			
Legal Fees	-	(5,000)	-
	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Net Result	<u>20,224</u>	<u>17,018</u>	<u>23,040</u>

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

\$	2016 Actual	2016 Budget	2015 Actual
(i) Town Planning Scheme No 5 - Landsdale (continued)			
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	677,754	671,863	657,530
Total Current Assets	677,754	671,863	657,530
 TOTAL ASSETS	 677,754	 671,863	 657,530
 Net Assets	 677,754	 671,863	 657,530
EQUITY			
Accumulated Surplus	677,754	671,863	657,530
 Total Equity	 677,754	 671,863	 657,530

East Wanneroo Development Area - Cells 1 - 9

The East Wanneroo Cells 1-9 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

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Headworks Levy	-	1,885,995	1,017,296
Interest on Investments	833,851	863,804	939,590
	833,851	2,749,799	1,956,886
 Operating Expense			
Advertising	(325)	-	-
Compensation Payments - Public Open Space	-	(1,325,740)	(50,454)
Consulting Fees	-	(2,000)	(1,550)
Legal Fees	(936)	(10,000)	(80)
Administration Allocation	(22,965)	(23,000)	(8,584)
	(24,226)	(1,360,740)	(60,668)
 Net Result	 809,625	 1,389,059	 1,896,218

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

\$	2016 Actual	2016 Budget	2015 Actual
(ii) East Wanneroo Development Area - Cell 1 (continued)			
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	27,895,053	28,747,514	27,085,428
Total Current Assets	27,895,053	28,747,514	27,085,428
TOTAL ASSETS	27,895,053	28,747,514	27,085,428
LIABILITIES			
Nil			
Net Assets	27,895,053	28,747,514	27,085,428
EQUITY			
Accumulated Surplus	27,895,053	28,747,514	27,085,428
Total Equity	27,895,053	28,747,514	27,085,428

(iii) East Wanneroo Development Area - Cell 2

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Headworks Levy	609,049	487,240	259,140
Interest on Investments	190,394	185,619	208,685
	799,443	672,859	467,825
Operating Expense			
Advertising	(325)	-	-
Construction Costs	(38,825)	-	-
Compensation Payments - Public Open Space	(63,368)	-	-
Consulting Fees	-	(2,000)	(1,550)
Legal Fees	(936)	-	(80)
Administration Allocation	(5,300)	(23,000)	(8,584)
	(108,754)	(25,000)	(10,214)
Net Result	690,689	647,859	457,611

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

	2016 Actual	2016 Budget	2015 Actual
\$			
(iii) East Wanneroo Development Area - Cell 2 (continued)			
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	6,640,548	6,928,363	5,949,859
Total Current Assets	6,640,548	6,928,363	5,949,859
TOTAL ASSETS	6,640,548	6,928,363	5,949,859
LIABILITIES			
Nil			
Net Assets	6,640,548	6,928,363	5,949,859
EQUITY			
Accumulated Surplus	6,640,548	6,928,363	5,949,859
Total Equity	6,640,548	6,928,363	5,949,859

(iv) East Wanneroo Development Area - Cell 3

	2016 Actual	2016 Budget	2015 Actual
\$			
Operating Income			
Development Headworks Levy	-	-	-
Interest on Investments	43,844	47,750	50,100
	43,844	47,750	50,100
Operating Expense			
Advertising	(325)	-	-
Consulting Fees	-	(10,000)	(1,550)
Compensation Payments - Road Reserves	-	(200,000)	-
Legal Fees	(936)	(10,000)	-
Administration Allocation	(1,767)	(23,000)	(3,433)
	(3,028)	(243,000)	(4,983)
Net Result	40,816	(195,250)	45,117

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

	2016 Actual	2016 Budget	2015 Actual
\$			
(iv) East Wanneroo Development Area - Cell 3 (continued)			
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	1,465,877	1,214,687	1,425,062
Total Current Assets	1,465,877	1,214,687	1,425,062
TOTAL ASSETS	1,465,877	1,214,687	1,425,062
LIABILITIES			
Nil			
Net Assets	1,465,877	1,214,687	1,425,062
EQUITY			
Accumulated Surplus	1,465,877	1,214,687	1,425,062
Total Equity	1,465,877	1,214,687	1,425,062

(v) East Wanneroo Development Area - Cell 4

	2016 Actual	2016 Budget	2015 Actual
\$			
Operating Income			
Development Headworks Levy	2,751,092	2,332,755	2,944,340
Interest on Investments	448,607	562,084	564,157
	3,199,699	2,894,839	3,508,497
Operating Expense			
Advertising	(325)	-	-
Compensation Payments - Public Open Space	-	(8,500,000)	-
Construction Costs	(4,522,101)	(4,510,703)	(2,832,065)
Consulting Fees	-	(2,000)	(11,740)
Legal Fees	(163,954)	(70,000)	(82,564)
Administration Allocation	(12,366)	(23,000)	(17,168)
	(4,698,746)	(13,105,703)	(2,943,537)
Net Result	(1,499,047)	(10,210,864)	564,960

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

\$	2016 Actual	2016 Budget	2015 Actual
(v) East Wanneroo Development Area - Cell 4 (continued)			
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	13,123,491	5,026,702	14,626,388
Total Current Assets	13,123,491	5,026,702	14,626,388
TOTAL ASSETS	13,123,491	5,026,702	14,626,388
LIABILITIES			
Current Liabilities			
Trade and Other Payables	-	-	(3,850)
Total Current Liabilities	-	-	(3,850)
TOTAL LIABILITIES	-	-	(3,850)
Net Assets	13,123,491	5,026,702	14,622,538
EQUITY			
Accumulated Surplus	13,123,491	5,026,702	14,622,538
Total Equity	13,123,491	5,026,702	14,622,538

(vi) East Wanneroo Development Area - Cell 5

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Development Headworks Levy	34,429	1,854,546	5,123,958
Interest on Investments	325,760	265,592	285,589
	360,189	2,120,138	5,409,547
Operating Expense			
Advertising	(325)	-	-
Compensation Payments - Public Open Space	(3,585,986)	(5,800,000)	(1,702,758)
Legal Fees	(205,239)	(50,000)	(105,127)
Consulting Fees	(119,720)	(2,000)	(16,538)
Administration Allocation	(12,366)	(23,000)	(17,168)
	(3,923,636)	(5,875,000)	(1,841,591)
Net Result	(3,563,447)	(3,754,862)	3,567,956

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

\$	2016 Actual	2016 Budget	2015 Actual
(vi) East Wanneroo Development Area - Cell 5 (continued)			
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	7,703,578	3,116,235	11,542,102
Total Current Assets	7,703,578	3,116,235	11,542,102
TOTAL ASSETS	7,703,578	3,116,235	11,542,102
LIABILITIES			
Current Liabilities			
Trade and Other Payables	(5,827)	-	(280,905)
Total Current Liabilities	(5,827)	-	(280,905)
TOTAL LIABILITIES	(5,827)	-	(280,905)
Net Assets	7,697,751	3,116,235	11,261,197
EQUITY			
Accumulated Surplus	7,697,751	3,116,235	11,261,197
Total Equity	7,697,751	3,116,235	11,261,197

(vii) East Wanneroo Development Area - Cell 6

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Development Headworks Levy	1,709,691	4,865,510	2,739,331
Interest on Investments	811,355	751,936	852,758
	2,521,046	5,617,446	3,592,089
Operating Expense			
Advertising	(326)	-	-
Legal Fees	(936)	(2,000)	(6,006)
Contract Expenses	(8,890)	-	-
Construction Costs	(10,000)	(50,000)	(3,606)
Consulting Fees	-	(2,000)	(1,550)
Compensation Payments - Road Reserves	(248,706)	(1,000,000)	-
Administration Allocation	(14,132)	(23,000)	(13,734)
Compensation Payments - Public Open Space	(819,340)	-	-
	(1,102,330)	(1,077,000)	(24,896)
Net Result	1,418,716	4,540,446	3,567,193

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

\$	2016 Actual	2016 Budget	2015 Actual
(vii) East Wanneroo Development Area - Cell 6 (continued)			
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	27,275,780	29,838,232	25,857,156
Total Current Assets	27,275,780	29,838,232	25,857,156
TOTAL ASSETS	27,275,780	29,838,232	25,857,156
LIABILITIES			
Current Liabilities			
Trade and Other Payables	-	-	(92)
Total Current Liabilities	-	-	(92)
TOTAL LIABILITIES	-	-	(92)
Net Assets	27,275,780	29,838,232	25,857,064
EQUITY			
Accumulated Surplus	27,275,780	29,838,232	25,857,064
Total Equity	27,275,780	29,838,232	25,857,064

(viii) East Wanneroo Development Area - Cell 7

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Development Headworks Levy	223,221	789,000	1,883,707
Interest on Investments	146,071	92,409	111,909
	369,292	881,409	1,995,616
Operating Expense			
Advertising	(325)	-	-
Compensation Payments - Road Reserves	-	(1,002,000)	-
Legal Fees	(936)	-	-
Construction Costs	(10,000)	(50,000)	(3,515)
Contract Expenses	(9,047)	-	-
Consulting Fees	-	(2,000)	(1,550)
Administration Allocation	(14,132)	(23,000)	(17,168)
	(34,440)	(1,077,000)	(22,233)
Net Result	334,852	(195,591)	1,973,383

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

\$	2016 Actual	2016 Budget	2015 Actual
(viii) East Wanneroo Development Area - Cell 7 (continued)			
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	4,964,201	2,816,796	4,629,349
Total Current Assets	4,964,201	2,816,796	4,629,349
TOTAL ASSETS	4,964,201	2,816,796	4,629,349
LIABILITIES			
Nil			
Net Assets	4,964,201	2,816,796	4,629,349
EQUITY			
Accumulated Surplus	4,964,201	2,816,796	4,629,349
Total Equity	4,964,201	2,816,796	4,629,349

(ix) East Wanneroo Development Area - Cell 8

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Development Headworks Levy	170,248	977,600	1,812,299
Construction Costs Reimbursement	-	-	-
Interest on Investments	97,141	55,279	67,568
	267,389	1,032,879	1,879,867
Operating Expense			
Advertising	(325)	-	-
Compensation Payments - Road Reserves	-	(1,820,000)	-
Legal Fees	(202,337)	(60,000)	(109,474)
Consulting Fees	(125,515)	(2,000)	(26,237)
Administration Allocation	(22,965)	(23,000)	(25,752)
	(351,142)	(1,905,000)	(161,463)
Net Result	(83,753)	(872,121)	1,718,404

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

\$	2016 Actual	2016 Budget	2015 Actual
(ix) East Wanneroo Development Area - Cell 8 (continued)			
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	3,056,608	1,464,671	3,153,878
Total Current Assets	3,056,608	1,464,671	3,153,878
TOTAL ASSETS	3,056,608	1,464,671	3,153,878
LIABILITIES			
Current Liabilities			
Trade and Other Payables	(5,828)	-	(19,345)
Total Current Liabilities	(5,828)	-	(19,345)
TOTAL LIABILITIES	(5,828)	-	(19,345)
Net Assets	3,050,780	1,464,671	3,134,533
EQUITY			
Accumulated Surplus	3,050,780	1,464,671	3,134,533
Total Equity	3,050,780	1,464,671	3,134,533

(x) East Wanneroo Development Area - Cell 9

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Development Headworks Levy	7,860,426	3,000,000	8,197,370
Interest on Investments	596,106	168,589	550,288
	8,456,532	3,168,589	8,747,658
Operating Expense			
Advertising	-	-	(2,021)
Legal Fees	-	(10,000)	-
Contract Expenses	-	-	(51,325)
Consulting Fees	-	(2,000)	-
Construction Costs	(964,655)	-	-
Compensation Payments - Public Open Space	(7,691,002)	-	-
Compensation Payments - Road Reserves	(370,739)	(1,500,000)	(201,236)
Administration Allocation	(26,498)	(23,000)	(25,752)
Reimbursement Expenses - Other	(1,051,641)	-	-
	(10,104,535)	(1,535,000)	(280,334)
Net Result	(1,648,003)	1,633,589	8,467,324

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

\$	2016 Actual	2016 Budget	2015 Actual
(x) East Wanneroo Development Area - Cell 9 (continue)			
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	17,709,900	20,645,317	19,359,923
Total Current Assets	17,709,900	20,645,317	19,359,923
TOTAL ASSETS	17,709,900	20,645,317	19,359,923
LIABILITIES			
Current Liabilities			
Trade and Other Payables	-	-	(2,021)
Total Current Liabilities	-	-	(2,021)
TOTAL LIABILITIES	-	-	(2,021)
Net Assets	17,709,900	20,645,317	19,357,902
EQUITY			
Accumulated Surplus	17,709,900	20,645,317	19,357,902
Total Equity	17,709,900	20,645,317	19,357,902

(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.

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Development Headworks Levy	-	-	16,125
Interest on Investments	85,960	96,561	101,590
	85,960	96,561	117,715
Operating Expense			
Compensation Payments - Road Reserves	(207,092)	(10,000)	-
Consulting Fees	-	-	(3,678)
Administration Allocation	-	(23,000)	-
	(207,092)	(33,000)	(3,678)
Net Result	(121,132)	63,561	114,037

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

\$	2016 Actual	2016 Budget	2015 Actual
(xi) Berkley Road Local Structure Plan (continued)			
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	2,788,306	2,942,157	2,909,439
Total Current Assets	2,788,306	2,942,157	2,909,439
TOTAL ASSETS	2,788,306	2,942,157	2,909,439
LIABILITIES			
Nil			
Net Assets	2,788,306	2,942,157	2,909,439
EQUITY			
Accumulated Surplus	2,788,306	2,942,157	2,909,439
Total Equity	2,788,306	2,942,157	2,909,439

(xii) Neerabup Industrial Area Structure Plan

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.

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Interest on Investments	-	38,361	32,552
	-	38,361	32,552
Operating Expense			
Construction Costs	-	(2,000,000)	(4,591,585)
Administration Allocation	-	(23,000)	-
	-	(2,023,000)	(4,591,585)
Net Result	-	(1,984,639)	(4,559,033)

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2016

Note 32. Major Land Transactions (continued)

\$	2016 Actual	2016 Budget	2015 Actual
(xii) Neerabup Industrial Area Structure Plan (continued)			
Financial Position			
LIABILITIES			
Current Liabilities			
Trade and Other Payables	(3,448,943)	(2,231,841)	(3,448,943)
Total Current Liabilities	(3,448,943)	(2,231,841)	(3,448,943)
TOTAL LIABILITIES	(3,448,943)	(2,231,841)	(3,448,943)
Net Assets	(3,448,943)	2,231,841	(3,448,943)
EQUITY			
Accumulated Surplus	(3,448,943)	(2,231,841)	(3,448,943)
Total Equity/(Deficiency)	(3,448,943)	(2,231,841)	(3,448,943)
Total Equity of Planning/Land Development	109,840,498	101,180,696	113,440,958

(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.

\$	2016 Actual	2015 Actual
Income from Sales	6,423,391	10,012,845
Development Expenses	(3,767,111)	(3,915,416)
Surplus/(Deficit)	2,656,280	6,097,429

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 33. Financial Risk Management

\$

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

The Council's overall risk management 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 Department under policies approved by the Council.

The City held the following financial instruments at balance date:

		Carrying Value		Fair Value	
	Notes	2016	2015	2016	2015
Financial Assets					
Cash and Cash Equivalents	3	319,626,869	302,529,381	319,626,869	302,529,381
Receivables (Current & Non-Current)	5	22,407,588	22,907,491	22,407,588	22,907,491
		<u>342,034,457</u>	<u>325,436,872</u>	<u>342,034,457</u>	<u>325,436,872</u>
Financial Liabilities					
Payables (Current & Non-Current)	9	24,937,538	21,859,805	24,937,538	21,859,805
Borrowings (Current & Non-Current)	10	60,778,188	60,778,188	60,778,188	60,778,188
		<u>85,715,726</u>	<u>82,637,993</u>	<u>85,715,726</u>	<u>82,637,993</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** - are estimated future cash flows discounted by the current market interest rates applicable to assets and 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 2016

Note 33. Financial Risk Management (continued)

\$

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

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

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 and 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 and 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-16	30-Jun-15
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments		
Equity	3,420,345	3,254,369
Statement of Comprehensive Income	3,420,345	3,254,369

Notes:

(1) 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.)

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 33. Financial Risk Management (continued)

\$

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees.

The major risk associated with these receivables is credit risk - the risk that 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 and annual charges, 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 current receivables credit risk at balance date follows:

	30-Jun-16 %	30-Jun-15 %
Percentage of Rates and Annual Charges		
Current	0.00%	0.00%
Overdue	100.00%	100.00%
Percentage of Other Receivables		
Current	97.94%	90.52%
Overdue	2.06%	9.48%

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 33. Financial Risk Management (continued)

\$

(c) Payables & Borrowings

Payables and 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 and 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
2016					
Payables	24,937,538	-	-	24,937,538	24,937,538
Borrowings	4,114,683	16,458,733	87,523,630	108,097,046	60,778,188
	29,052,221	16,458,733	87,523,630	133,034,584	85,715,726
2015					
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
	25,549,041	14,756,944	84,758,222	125,064,207	82,637,993

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-16		30-Jun-15	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed	6.77%	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.
2. Inclusive of 0.7% (Government Guarantee Fee) in the fixed interest rate of 6.77%.

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2016

Note 34. Fair Value Measurements

\$

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 and recognised at fair values:

		Fair Value Measurement using:			
2016		Level 1	Level 2	Level 3	Total
	Date of latest Valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Property, Plant & Equipment					
- Land	30/06/15	-	331,318,059	-	331,318,059
- Buildings	30/06/15	-	-	163,570,386	163,570,386
- Furniture and Equipment	30/06/15	-	-	5,114,876	5,114,876
- Plant and Equipment	30/06/16	-	20,371,705	-	20,371,705
Total Property, Plant & Equipment		-	351,689,764	168,685,262	520,375,026
Infrastructure					
- Reserves	30/06/14	-	-	155,383,907	155,383,907
- Roads	30/06/14	-	-	941,546,284	941,546,284
- Pathways	30/06/14	-	-	95,218,417	95,218,417
- Car Parking	30/06/14	-	-	10,020,026	10,020,026
- Drainage	30/06/14	-	-	181,191,341	181,191,341
- Other Infrastructure	30/06/14	-	-	49,390,650	49,390,650
Total Infrastructure		-	-	1,432,750,625	1,432,750,625

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2016

Note 34. Fair Value Measurements (continued)

\$

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

		Fair Value Measurement using:			
2015		Level 1	Level 2	Level 3	Total
	Date	Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	Valuation	active mkts	inputs	inputs	
Property, Plant & Equipment					
- Land	30/06/15	-	331,318,059	-	331,318,059
- Buildings	30/06/15	-	-	163,570,386	163,570,386
- Furniture and Equipment	30/06/15	-	-	5,119,744	5,119,744
- Plant and Equipment	30/06/13	-	13,694,156	-	13,694,156
Total Property, Plant & Equipment		-	345,012,215	168,690,130	513,702,345
Infrastructure					
- Reserves	30/06/14	-	-	155,383,907	155,383,907
- Roads	30/06/14	-	-	943,703,617	943,703,617
- Pathways	30/06/14	-	-	95,218,417	95,218,417
- Car Parking	30/06/14	-	-	10,020,026	10,020,026
- Drainage	30/06/14	-	-	181,191,341	181,191,341
- Other Infrastructure	30/06/14	-	-	49,390,650	49,390,650
Total Infrastructure		-	-	1,434,907,958	1,434,907,958

(2) Transfers between Level 1 and 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 2016

Note 34. Fair Value Measurements (continued)

\$

(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 2016

Note 34. Fair Value Measurements (continued)

\$

(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 sub-division 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 2016

Note 34. Fair Value Measurements (continued)

\$

(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 2016. Subsequent to the 2016 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.

Infrastructure

All the City's infrastructure has been valued at fair value utilising in-house qualified and experienced 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.

Level 2 and Level 3 valuation inputs have been applied to all infrastructure asset classes. Level 2 inputs being 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 2016

Note 34. Fair Value Measurements (continued)

\$

(4). Fair Value Measurements using Significant Unobservable Inputs (Level 3)

The following tables present the changes in Level 3 fair value asset classes.

	Buildings	Reserves	Roads	Pathways	Total
Closing Balance - 30 June 2015	163,570,386	165,478,014	978,381,792	98,726,452	1,406,156,644
Purchases (GBV)	11,418,175	17,268,600	59,414,277	6,759,987	94,861,039
Disposals (WDV)	(13,318)				(13,318)
Depreciation & Impairment	(2,970,649)	(6,407,661)	(14,681,520)	(1,957,759)	(26,017,589)
Closing Balance - 30 June 2016	172,004,594	176,338,953	1,023,114,549	103,528,680	1,474,986,776

	Furniture & Equipment	Drainage	Car Parking	Other Infrastructure	Total
Closing Balance - 30 June 2015	5,119,744	186,207,183	10,627,997	49,386,480	251,341,404
Purchases (GBV)	1,794,780	16,238,995	423,304	3,658,350	22,115,429
Disposals (WDV)	(5,345)				(5,345)
Depreciation & Impairment	(1,292,562)	(2,473,161)	(455,847)	(3,847,581)	(8,069,151)
Closing Balance - 30 June 2016	5,616,617	199,973,017	10,595,454	49,197,249	265,382,337

* GBV = Gross Book Value
WDV = Witten Down Value

(5) Highest and best use

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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 35. Development Contribution Plans

Development Contribution Plans

(a) Yanchep/Two Rocks Community Facilities

The Yanchep/Two Rocks Development Contribution Plan (YTRDCP) was gazetted on 9 September 2014 to collect contributions from developing landowners in Yanchep and Two Rocks towards the cost of providing district level community facilities. The YTRDCP will ultimately provide for the delivery of three district level facilities over a period of 10 years, including the Yanchep Surf Life Saving Club, Yanchep District Open Space and the Capricorn Coastal node facilities.

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Development Contributions	356,040	1,500,000	601,985
Interest on Investments	33,689		-
	<u>389,729</u>	<u>1,500,000</u>	<u>601,985</u>
Operating Expense			
Consulting Fees	(52,601)	(77,000)	-
Administration Allocation	(1,194,930)	-	(17,168)
	<u>(1,247,531)</u>	<u>(77,000)</u>	<u>(17,168)</u>
Total	<u>(857,802)</u>	<u>1,423,000</u>	<u>584,817</u>
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	165,179	124,976	1,022,981
Total Current Assets	<u>165,179</u>	<u>124,976</u>	<u>1,022,981</u>
TOTAL ASSETS	<u>165,179</u>	<u>124,976</u>	<u>1,022,981</u>
LIABILITIES			
Nil	-	-	-
Net Assets	<u>165,179</u>	<u>124,976</u>	<u>1,022,981</u>
EQUITY			
Opening Balance	1,022,981	1,736,237	626,589
Amount Set Aside / Transfer to Reserve	769,165	2,059,787	769,618
Amount Used / Transfer from Reserve	(1,626,967)	(3,921,000)	(373,226)
Total Equity	<u>165,179</u>	<u>(124,976)</u>	<u>1,022,981</u>

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2016

Note 35. Development Contribution Plans (continued)

(b) Alkimos/Eglinton Community Facilities

The Alkimos/Eglinton Development Contribution Plan (AEDCP) was gazetted on 9 September 2014 to collect contributions from developing landowners in Alkimos and Eglinton towards the cost of providing district level community facilities. The AEDCP will ultimately provide for the delivery of 11 district level facilities over a period of 25 years, including libraries, community centres, indoor recreation facilities, sporting precincts and a surf life saving club.

\$	2016 Actual	2016 Budget	2015 Actual
Operating Income			
Development Contributions	1,647,514	3,356,900	4,069,472
Interest on Investments	274,187		
	<u>1,921,701</u>	<u>3,356,900</u>	<u>4,069,472</u>
Operating Expense			
Consulting Fees	(72,251)	(77,000)	-
Administration Allocation	(17,666)		(17,168)
	<u>(89,917)</u>	<u>(77,000)</u>	<u>(17,168)</u>
Total	<u>1,831,784</u>	<u>3,279,900</u>	<u>4,052,304</u>
Financial Position			
ASSETS			
Current Assets			
Cash and Cash Equivalent Assets	10,225,361	7,284,470	8,393,577
Total Current Assets	<u>10,225,361</u>	<u>7,284,470</u>	<u>8,393,577</u>
TOTAL ASSETS	<u>10,225,361</u>	<u>7,284,470</u>	<u>8,393,577</u>
LIABILITIES			
Nil	-	-	-
Net Assets	<u>10,225,361</u>	<u>7,284,470</u>	<u>8,393,577</u>
EQUITY			
Opening Balance	8,393,577	5,766,542	4,189,089
Amount Set Aside / Transfer to Reserve	1,938,868	1,623,928	4,221,656
Amount Used / Transfer from Reserve	(107,084)	(106,000)	(17,168)
Total Equity	<u>10,225,361</u>	<u>7,284,470</u>	<u>8,393,577</u>

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2016

Note 36. Reclassification of Assets

\$

To facilitate the management and reporting of revaluation of the City's assets and to assist in the interpretation of the Financial Report by users assets contained within the following classes have been reclassified. Furthermore, land with the previous purpose of being for resale was deemed not to be so. Assets previously reported as Work In Progress have also been amended.

	Amount
Previous Classification	
Land Held for Resale	217,672
Buildings	23,059
Furniture and Equipment	3,517,264
Plant and Equipment	9,783,274
Property Plant and Equipment Works in Progress	8,899
	<u>13,550,168</u>
Reviewed Classification	
Land	217,675
Roads	2,157,309
Carparks	245,564
Reserves	10,929,620
	<u>13,550,168</u>

Note 37. Events occurring after the Reporting Period

Events that occur between the end of the reporting period (ending 30 June 2016) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

The date of receipt of the Auditors' Report is the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

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 2016.

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

These financial statements (and figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2016 and which are only indicative of conditions that arose after 30 June 2016.

There has not been any material or significant "non-adjusting events" that should be disclosed.

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

We have audited the accompanying financial report of the City of Wanneroo, which comprises the statement of financial position as at 30 June 2016, 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.

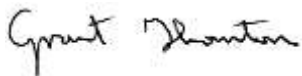
Auditor's Opinion

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 2016 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



P W Warr
Partner - Audit & Assurance

Perth, 1 November 2016