

**CITY OF WANNEROO**

**ANNUAL BUDGET**

**FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018**

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**CITY OF WANNEROO**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018**

	Note	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>Revenues</b>				
Rates	9	142,127,655	142,529,958	151,980,546
Operating Grants, Subsidies & Contributions		12,583,297	16,031,681	8,912,445
Fees & Charges	12	19,763,958	16,521,742	15,916,164
Interest Earnings	2(a)(ii)	8,546,744	8,686,567	7,954,156
Other Revenue		644,408	777,841	693,708
		<b>183,666,062</b>	<b>184,547,789</b>	<b>185,457,019</b>
<b>Expenses</b>				
Employee Costs		(68,699,429)	(69,124,236)	(70,171,359)
Materials & Contracts		(58,157,400)	(56,130,534)	(58,319,654)
Utility Charges		(8,852,923)	(8,895,149)	(9,478,651)
Depreciation	2(a)(i)	(40,054,948)	(40,524,793)	(45,000,000)
Interest Expenses	2(a)(i),5(a)	(4,614,682)	(4,114,682)	(4,114,682)
Insurance Expenses		(1,584,844)	(1,584,844)	(1,584,844)
		<b>(181,964,226)</b>	<b>(180,374,238)</b>	<b>(188,669,190)</b>
<b>Result from Operations</b>		<b>1,701,836</b>	<b>4,173,551</b>	<b>(3,212,171)</b>
<b>Other Revenues &amp; Expenses (excl. Contr. of Physical Assets)</b>				
Non-Operating Grants, Subsidies & Contributions		19,224,353	16,257,730	16,116,328
Non-Operating Interest Earnings	2(a)(ii)	-	311,716	283,560
Non-Operating Interest Expenses	2(a)(i),5(a)	-	(500,000)	(274,315)
Profit on Asset Disposals	4	3,806,662	2,333,333	1,000,000
Loss on Asset Disposals	4	(500,000)	(500,000)	(500,000)
Town Planning Scheme Income	18(b)	22,569,911	19,864,972	9,605,251
Town Planning Scheme Expenses	18(b)	(18,600,500)	(17,881,770)	(11,081,425)
		<b>26,500,426</b>	<b>19,885,981</b>	<b>15,149,399</b>
<b>Net Result (excluding Contributions of Physical Assets)</b>		<b>28,202,262</b>	<b>24,059,532</b>	<b>11,937,228</b>
Contributions of Physical Assets		50,000,000	60,000,000	50,000,000
<b>Net Result</b>		<b>78,202,262</b>	<b>84,059,532</b>	<b>61,937,228</b>
Other Comprehensive Income		-	-	-
<b>Total Comprehensive Income</b>		<b>78,202,262</b>	<b>84,059,532</b>	<b>61,937,228</b>

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

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

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

CITY OF WANNEROO

STATEMENT OF COMPREHENSIVE INCOME

BY PROGRAM

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

	Note	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>Revenues</b>	1,2(b)			
Community Amenities		6,154,233	3,407,383	2,636,929
Economic Services		3,020,000	2,940,500	2,674,900
Education & Welfare		4,234,687	3,980,943	3,975,391
General Purpose Funding		157,756,818	161,941,254	163,454,035
Governance		268,434	326,189	275,678
Health		630,360	636,139	639,500
Law, Order & Public Safety		1,408,015	1,355,515	1,387,970
Other Property & Services		213,364	213,364	391,963
Recreation & Culture		8,636,991	8,444,288	8,417,078
Transport		1,343,160	1,302,214	1,603,575
		<b>183,666,062</b>	<b>184,547,789</b>	<b>185,457,019</b>
<b>Expenses (excluding Finance Costs)</b>				
Community Amenities		(37,600,605)	(35,704,010)	(39,645,884)
Economic Services		(5,903,375)	(5,927,645)	(4,423,252)
Education & Welfare		(9,556,939)	(9,337,980)	(10,523,686)
General Purpose Funding		(1,662,260)	(1,700,731)	(1,131,845)
Governance		(10,454,478)	(9,473,833)	(8,400,686)
Health		(2,705,457)	(2,588,083)	(2,779,759)
Law, Order & Public Safety		(7,255,573)	(7,369,006)	(9,042,825)
Other Property & Services		(22,986,507)	(20,366,006)	(11,190,551)
Recreation & Culture		(56,212,810)	(55,773,272)	(59,060,625)
Transport		(41,612,040)	(46,153,034)	(49,436,820)
		<b>(195,950,044)</b>	<b>(194,393,600)</b>	<b>(195,635,933)</b>
<b>Finance Costs</b>	2(a)(i),5(a)			
General Purpose Funding		(686,276)	(686,276)	(720,526)
Governance		-	-	(274,315)
Other Property & Services		(618,334)	(118,334)	(107,623)
Recreation & Culture		(2,898,751)	(3,398,752)	(3,148,145)
Transport		(411,321)	(411,320)	(138,388)
		<b>(4,614,682)</b>	<b>(4,614,682)</b>	<b>(4,388,997)</b>
<b>Non-Operating Grants, Subsidies &amp; Contributions</b>				
Community Amenities		13,000,000	13,000,000	-
Governance		-	150,000	283,560
Law, Order & Public Safety		-	(6,625)	-
Other Property & Services		24,301,911	21,893,886	11,812,267
Recreation & Culture		-	3,263,564	9,110,262
Transport		54,492,353	58,385,867	54,799,050
		<b>91,794,264</b>	<b>96,686,692</b>	<b>76,005,139</b>
<b>Profit/(Loss) on Disposal of Assets</b>	4			
Other Property and Services		3,306,662	1,833,333	500,000
		<b>3,306,662</b>	<b>1,833,333</b>	<b>500,000</b>
<b>Net Result</b>		<b>78,202,262</b>	<b>84,059,532</b>	<b>61,937,228</b>
Other Comprehensive Income		-	-	-
<b>Total Comprehensive Income</b>		<b>78,202,262</b>	<b>84,059,532</b>	<b>61,937,228</b>

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

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

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

## CITY OF WANNEROO

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

	Note	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		142,127,655	142,529,958	151,980,546
Operating Grants, Subsidies & Contributions		12,583,297	16,031,681	8,912,445
Fees & Charges		19,763,958	16,521,742	15,916,164
Interest Earnings		8,546,744	8,686,567	7,954,156
Other Revenue		644,408	777,841	693,708
Goods & Services Tax		9,700,000	9,700,000	10,200,000
		<b>193,366,062</b>	<b>194,247,789</b>	<b>195,657,019</b>
<b>Payments</b>				
Employee Costs		(68,699,429)	(69,124,236)	(70,171,359)
Materials & Contracts		(58,157,400)	(56,130,534)	(58,319,654)
Utility Charges		(8,852,923)	(8,895,149)	(9,478,651)
Interest Expenses		(4,614,682)	(4,114,682)	(4,114,682)
Insurance Expenses		(1,584,844)	(1,584,844)	(1,584,844)
Goods & Services Tax		(9,700,000)	(9,700,000)	(10,200,000)
		<b>(151,609,278)</b>	<b>(149,549,445)</b>	<b>(153,869,190)</b>
<b>Net Cash Provided By/(Used In) Operating Activities</b>	16(b)	<b>41,756,784</b>	<b>44,698,344</b>	<b>41,787,829</b>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(62,271,797)	(45,572,546)	(54,187,284)
Payments for Construction of Infrastructure		(30,156,590)	(22,069,583)	(29,056,380)
Non-Operating Grants, Subsidies & Contributions		19,224,353	16,257,730	16,116,328
Proceeds from Sale of Assets	4	5,481,043	3,081,043	1,453,365
Town Planning Scheme Income	18(b)	22,569,911	19,864,972	9,605,251
Town Planning Scheme Expenses	18(b)	(18,600,500)	(17,881,770)	(11,081,425)
<b>Net Cash Provided By/(Used In) Investing Activities</b>		<b>(63,753,580)</b>	<b>(46,320,154)</b>	<b>(67,150,145)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from New Loans	5	11,100,000	5,600,000	3,262,653
<b>Net Cash Provided By/(Used In) Financing Activities</b>		<b>11,100,000</b>	<b>5,600,000</b>	<b>3,262,653</b>
<b>Net Increase/(Decrease) in Cash Held</b>		<b>(10,896,796)</b>	<b>3,978,190</b>	<b>(22,099,663)</b>
Cash at Beginning of Year		281,200,317	319,626,869	323,605,059
<b>Cash and Cash Equivalents at the End of the Year</b>	16(a)	<b>270,303,521</b>	<b>323,605,059</b>	<b>301,505,396</b>

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

## CITY OF WANNEROO

## RATE SETTING STATEMENT

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

	Note	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>Opening Surplus/(Deficit)</b>		-	-	-
<b>OPERATING ACTIVITIES</b>				
<b>Revenues from Operating Activities (excluding Rates)</b>				
Fees & Charges	12	19,763,958	16,521,742	15,916,164
Operating Grants, Subsidies & Contributions		12,583,297	16,031,681	8,912,445
Interest Earnings	2(a)(ii)	8,546,744	8,686,567	7,954,156
Other Revenue		644,408	777,841	693,708
		<b>41,538,407</b>	<b>42,017,831</b>	<b>33,476,473</b>
<b>Expenses from Operating Activities</b>				
Employee Costs		(68,699,429)	(69,124,236)	(70,171,359)
Materials & Contracts		(58,157,400)	(56,130,534)	(58,319,654)
Utility Charges		(8,852,923)	(8,895,149)	(9,478,651)
Insurance		(1,584,844)	(1,584,844)	(1,584,844)
Interest Expenses	2(a)(i),5(a)	(4,614,682)	(4,114,682)	(4,114,682)
Depreciation	2(a)(i)	(40,054,948)	(40,524,793)	(45,000,000)
		<b>(181,964,226)</b>	<b>(180,374,238)</b>	<b>(188,669,190)</b>
<b>Non-Cash Amounts Excluded</b>				
Depreciation	2(a)(i)	40,054,948	40,524,793	45,000,000
		<b>(100,370,871)</b>	<b>(97,831,614)</b>	<b>(110,192,717)</b>
<b>INVESTING ACTIVITIES</b>				
Non-Operating Grants, Subsidies & Contributions		20,929,857	16,257,730	16,116,328
Profit on Asset Disposal	4	3,806,662	2,333,333	1,000,000
Loss on Asset Disposal	4	(500,000)	(500,000)	(500,000)
Town Planning Scheme Income	18(b)	22,569,911	19,864,972	9,605,251
Town Planning Scheme Expenses	18(b)	(18,600,500)	(17,881,770)	(11,081,425)
Capital Expenditure		(92,428,387)	(67,642,129)	(83,243,664)
Contributions of Physical Assets		50,000,000	60,000,000	50,000,000
Proceeds from Disposal of Assets	4	5,481,043	3,081,043	1,453,365
		<b>(8,741,414)</b>	<b>15,513,179</b>	<b>(18,103,510)</b>
<b>Non-Cash Amounts Excluded</b>				
Contributions of Physical Assets		(50,000,000)	(60,000,000)	(50,000,000)
Profit on Asset Disposal	4	(3,806,662)	(2,333,333)	(1,000,000)
Loss on Asset Disposal	4	500,000	500,000	500,000
		<b>(53,306,662)</b>	<b>(61,833,333)</b>	<b>(50,500,000)</b>
		<b>(62,048,076)</b>	<b>(46,320,154)</b>	<b>(68,603,510)</b>
<b>FINANCING ACTIVITIES</b>				
Contributions from New Loans	5	11,100,000	5,600,000	3,262,653
Non-Operating Interest Earnings		-	311,716	283,560
Non-Operating Interest Expenses		-	(500,000)	(274,315)
Transfers from Restricted Grants, Contributions & Loans		510,838	434,155	2,930,424
Transfers to Restricted Grants, Contributions & Loans		-	-	-
Transfers from Reserves	6	37,681,298	30,589,842	46,479,857
Transfers to Reserves	6	(25,761,433)	(33,074,689)	(27,360,228)
Transfers from Schemes	18(b)	19,330,500	18,125,758	11,098,981
Transfers to Schemes	18(b)	(22,569,911)	(19,864,972)	(9,605,251)
		<b>20,291,292</b>	<b>1,621,810</b>	<b>26,815,681</b>
		<b>(142,127,655)</b>	<b>(142,529,958)</b>	<b>(151,980,546)</b>
<b>BUDGET DEFICIENCY</b>		<b>142,127,655</b>	<b>142,529,958</b>	<b>151,980,546</b>
<b>Amount to be Raised from Rates</b>	9	<b>142,127,655</b>	<b>142,529,958</b>	<b>151,980,546</b>
<b>Closing Surplus/(Deficit)</b>		-	-	-

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

## CITY OF WANNEROO

### NOTES TO AND FORMING PART OF THE BUDGET

### FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of Preparation

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

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

##### The Local Government Reporting Entity

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

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

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

##### (b) 2016/17 Actual Balances

Balances shown in this budget as 2016/17 Actual are as forecast at the time of budget preparation and are subject to final adjustments.

##### (c) Rounding Off Figures

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

##### (d) Rates, Grants, Donations and Other Contributions

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

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

##### (e) Goods & Services Tax (GST)

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

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

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

##### (f) Superannuation

The City contributes to a number of superannuation funds on behalf of employees and all are defined contribution plans.

##### (g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

##### (h) Trade and Other Receivables

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

## CITY OF WANNEROO

### NOTES TO AND FORMING PART OF THE BUDGET

### FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

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

##### (h) Trade and Other Receivables (Continued)

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

##### (i) Inventories

###### **General**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

###### **Land Held for Resale**

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

##### (j) Fixed Assets

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

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

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

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

Individual assets acquired are carried at cost less accumulated depreciation until the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

###### **Revaluation**

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

###### **Land Under Roads**

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and Local Government (Financial Management) Regulation 16(a)(i).

## CITY OF WANNEROO

### NOTES TO AND FORMING PART OF THE BUDGET

### FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

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

##### (j) Fixed Assets (Continued)

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

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

##### Depreciation

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

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

Buildings	40 years
Bus Shelters*	30 - 50 years
Computer Hardware	3 years
Computer Software	2 years
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
Pathways*	25 - 70 years
Plant	10 years (50% residual)
Reserves/Playground Equipment*	12 - 15 years
Road - Kerb	55 years
Road - Seal*	18 - 40 years
Road Pavement - Seal*	85 - 100 years
Sealed Car Parks - Pavement	85 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 values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

##### Capitalisation Threshold

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

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

When performing a revaluation the City applies a mix of both independent and management valuations using the following as a guide:

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

## CITY OF WANNEROO

### NOTES TO AND FORMING PART OF THE BUDGET

#### FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

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

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

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

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

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

##### ***Fair Value Hierarchy***

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

##### **Level 1**

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

##### **Level 2**

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

##### **Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

##### ***Valuation techniques***

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

##### **Market approach**

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

##### **Income approach**

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

##### **Cost approach**

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

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

## CITY OF WANNEROO

### NOTES TO AND FORMING PART OF THE BUDGET

### FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

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

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

The mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

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

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

###### Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

###### (i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

###### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

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

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

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

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

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

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

## CITY OF WANNEROO

### NOTES TO AND FORMING PART OF THE BUDGET

#### FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

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

##### (l) Financial Instruments (Continued)

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

##### *(v) Financial liabilities*

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

##### **Impairment**

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

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

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

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

##### **Derecognition**

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

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

##### (m) Impairment of Assets

In accordance with Australian Accounting Standards the City's assets other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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

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

At the time of adopting this budget it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

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

##### (n) Trade and Other Payables

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

## CITY OF WANNEROO

### NOTES TO AND FORMING PART OF THE BUDGET

### FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

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

##### (o) Employee Benefits

###### Short-Term Employee Benefits

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

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

###### Other Long-Term Employee Benefits

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

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

##### (p) Borrowing Costs

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

##### (q) Provisions

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

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

##### (r) Leases

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

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

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

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

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

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

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. Information about the joint ventures is set out in Note 18.

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

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

**(t) 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 operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the City's intentions to release for sale.

**(u) Comparative Figures**

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

**(v) Budget Comparative Figures**

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

2. REVENUES AND EXPENSES

(a) Net Result

(i) Charging as Expenses:

	Note	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>Auditors Remuneration</b>				
Audit		32,350	32,350	29,000
		<b>32,350</b>	<b>32,350</b>	<b>29,000</b>
<b>Depreciation of Non-Current Assets</b>				
<b><u>By Program</u></b>				
Governance		2,210,320	1,637,031	1,768,497
Law, Order & Public Safety		47,509	24,985	28,250
Health		32,519	33,112	37,436
Education & Welfare		195,503	119,591	136,946
Community Amenities		2,189,756	2,058,181	2,326,987
Recreation & Culture		12,971,486	14,032,625	15,731,477
Transport		17,401,744	17,889,004	20,231,928
Economic Services		17,775	10,687	12,083
Other Property & Services		4,988,336	4,719,577	4,726,396
		<b>40,054,948</b>	<b>40,524,793</b>	<b>45,000,000</b>
<b><u>By Class</u></b>				
Land & Buildings		3,349,813	3,153,224	3,567,729
Furniture & Equipment		8,935,040	8,552,271	9,454,539
Plant & Equipment		4,983,897	4,713,248	4,719,244
Other Infrastructure Assets		22,786,198	24,106,050	27,258,488
		<b>40,054,948</b>	<b>40,524,793</b>	<b>45,000,000</b>
<b>Interest Expenses (Finance Costs)</b>				
- Loan Interest (Municipal)	5(a)	4,614,682	4,114,682	4,114,682
- Loan Interest (Developer Contributions Plan)	5(a)	-	500,000	274,315
		<b>4,614,682</b>	<b>4,614,682</b>	<b>4,388,997</b>

(ii) Crediting as Revenues:

	Note	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>Interest Earnings</b>				
Investments				
- Reserve Funds		4,516,874	4,538,423	3,501,868
- Municipal Funds		2,480,370	2,342,167	2,730,974
- Other Interest Revenue	14	1,549,500	1,805,977	1,721,314
<b>Sub-Total</b>		<b>8,546,744</b>	<b>8,686,567</b>	<b>7,954,156</b>
- Town Planning Schemes	18	3,821,546	3,821,544	2,939,561
- Developer Contribution Plans		-	311,716	283,560
<b>Total</b>		<b>12,368,290</b>	<b>12,508,111</b>	<b>10,893,717</b>

## CITY OF WANNEROO

### NOTES TO AND FORMING PART OF THE BUDGET

### FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

## 2. REVENUES AND EXPENSES (CONTINUED)

### (b) Statement of Objective

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

With reference to the City of Wanneroo's Strategic Community Plan 2017/18 – 2026/27:-

### Vision

Inspired by our past, working to create a vibrant, progressive City, providing opportunity and investment to enable our growing communities to prosper.

### Council Aspirations

The council aspirations developed under the four themes of the strategic community plan are:

#### 1) SOCIETY

- Healthy, safe, vibrant, and connected communities

#### 2) ECONOMY

- Progressive, connected communities that enable economic growth and employment

#### 3) ENVIRONMENT (Natural and Built)

- A healthy and sustainable natural and built environment

#### 4) CIVIC LEADERSHIP

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

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

### Governance

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

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

### General Purpose Funding

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

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

### Law, Order and Public Safety

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

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

### Health

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

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

### Education and Welfare

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

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

### Community Amenities

Objectives: Provide services required by the community.

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

### Recreation and Culture

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

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

### Transport

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

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

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018**

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

**(b) Statement of Objective (Continued)**

**Economic Services**

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

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

**Other Property and Services**

Objectives: To accommodate otherwise unclassified activities of the City.

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

3. ACQUISITION OF ASSETS

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

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>By Program</b>			
<b>Governance</b>			
Furniture & Equipment	1,778,271	2,976,512	5,585,001
Land & Buildings	29,126,435	12,842,044	11,355,505
	<b>30,904,706</b>	<b>15,818,556</b>	<b>16,940,506</b>
<b>Education and Welfare</b>			
Infrastructure Assets - Land & Buildings	-	-	30,000
Furniture & Equipment	73,000	155,616	75,927
	<b>73,000</b>	<b>155,616</b>	<b>105,927</b>
<b>Community Amenities</b>			
Land & Buildings	25,000	694,860	668,000
Infrastructure Assets - Land & Buildings	633,000	9,980	-
Infrastructure Assets - Parks & Ovals	12,000	12,000	111,000
Infrastructure Assets - Pathways	-	-	50,000
Furniture & Equipment	-	54,528	87,000
	<b>670,000</b>	<b>771,368</b>	<b>916,000</b>
<b>Recreation and Culture</b>			
Land & Buildings	19,312,990	17,043,443	21,006,074
Infrastructure Assets - Land & Buildings	126,000	(381,105)	145,000
Infrastructure Assets - Parks & Ovals	10,931,608	10,565,246	12,663,131
Infrastructure Assets - Pathways	-	-	170,000
Furniture & Equipment	2,796,700	4,518,348	2,675,966
	<b>33,167,298</b>	<b>31,745,932</b>	<b>36,660,171</b>
<b>Transport</b>			
Infrastructure Assets - Pathways	3,695,000	4,303,482	3,975,296
Infrastructure Assets - Roads	59,096,982	69,839,287	54,905,130
Infrastructure Assets - Drainage	6,295,000	6,632,789	7,006,823
Furniture & Equipment	637,000	486,941	490,380
	<b>69,723,982</b>	<b>81,262,499</b>	<b>66,377,629</b>
<b>Economic Services</b>			
Land & Buildings	100,000	221,359	671,359
	<b>100,000</b>	<b>221,359</b>	<b>671,359</b>
<b>Other Property and Services</b>			
Land & Buildings	1,990,043	2,510,250	3,313,294
Furniture & Equipment	-	150,000	217,700
Plant & Equipment	5,799,358	7,544,256	7,915,328
	<b>7,789,401</b>	<b>10,204,506</b>	<b>11,446,322</b>
<b>Other Law, Order and Public Safety</b>			
Land & Buildings	-	75,701	125,750
Furniture and Equipment	-	202,170	-
	<b>-</b>	<b>277,871</b>	<b>125,750</b>
<b>Total</b>	<b>142,428,387</b>	<b>140,457,707</b>	<b>133,243,664</b>
<b>By Class</b>			
Land & Buildings	51,162,468	33,387,657	37,139,982
Infrastructure Assets - Land & Buildings	126,000	(371,125)	175,000
Infrastructure Assets - Roads	59,096,982	69,839,287	54,905,130
Infrastructure Assets - Parks & Ovals	10,943,608	10,577,246	12,774,131
Infrastructure Assets - Pathways	3,695,000	4,303,482	4,195,296
Infrastructure Assets - Drainage	6,295,000	6,632,789	7,006,823
Plant & Equipment	5,799,358	7,544,256	7,915,328
Furniture & Equipment	5,309,971	8,544,115	9,131,974
<b>Total</b>	<b>142,428,387</b>	<b>140,457,707</b>	<b>133,243,664</b>

A detailed breakdown of the Capital Works Program can be found in Attachment 4.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

4. DISPOSAL OF ASSETS

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

	<u>Net Book Value</u>	<u>Sale Proceeds</u>	<u>Profit/(Loss)</u>
	2017/18	2017/18	2017/18
	Budget	Budget	Budget
	\$	\$	\$
<b><u>By Program</u></b>			
Other Property & Services	953,365	1,453,365	500,000
	<b>953,365</b>	<b>1,453,365</b>	<b>500,000</b>
<b><u>By Class</u></b>			
Plant & Equipment	953,365	953,365	-
Land & Buildings	-	500,000	500,000
	<b>953,365</b>	<b>1,453,365</b>	<b>500,000</b>
<b><u>Summary</u></b>			
Profit on Asset Disposals			1,000,000
Loss on Asset Disposals			(500,000)
			<b>500,000</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

5. INFORMATION ON BORROWINGS

(a) Loan Repayments

Details	Principal	New Drawdown	Principal Repayments		Principal Outstanding		Interest Repayments	
	01-Jul-17 \$	2017/18 \$	2016/17 Actual (Est.) \$	2017/18 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
Western Australian Treasury Corporation	60,778,188	-	-	-	60,778,188	60,778,188	4,114,682	4,114,682
Commonwealth Bank of Australia	5,600,000	3,262,653	-	-	5,600,000	8,862,653	500,000	274,315
<b>Total</b>	<b>66,378,188</b>	<b>3,262,653</b>	-	-	<b>66,378,188</b>	<b>69,640,841</b>	<b>4,614,682</b>	<b>4,388,997</b>

**Western Australian Treasury Corporation Loan notes:**

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

Note 2) The interest rate for the duration of the loan is 6.07% (fixed).

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

Note 4) The principal will be paid from the Loan Repayment Reserve upon maturity.

**Commonwealth Bank of Australia Loan notes:**

Note 1) Loan repayments are to be financed by the Developer Contributions Plan.

Note 2) The interest rate for the duration of the loan is the 90 day Bank Bill Swap Rate (mid) plus a margin of 1.54 basis points (variable).

Note 3) The maturity date of the loan is 8th September 2024.

Note 4) The principal will be paid from the Developer Contributions Plan Reserve upon maturity.

(b) Unspent Loans

**Western Australian Treasury Corporation**

The City is estimated to have \$10,858,572 unspent loans as at 30th June 2017. The purpose of the unspent loans is to provide funding to the City's capital works program. As at 30 June 2018 there will be budgeted loan funds of \$7,928,148 to be available to projects scheduled for completion in future years.

**Commonwealth Bank of Australia**

The City has made two draw downs during 2016/17 of \$3.1 million (December 2016) and \$2.5 million (May 2017), with no unspent funds to be reported as at year end. The third and final draw down of the existing loan is planned for 2017/18 in the amount of \$2.7 million. An additional loan for \$562,653 will be subsequently arranged to fund the balance of required works, pending the DCP review late 2017. The purpose of the loans is to provide funding to the capital works program in the Yancheep/Two Rocks Developer Contribution Plan area. All projects are expected to be completed in the 2017/18 financial year with no budgeted loan funds required for future years.

(c) Overdraft

The City established an overdraft facility of \$1,000,000 in 2002 to assist with short term liquidity requirements. The balance of the bank overdraft as at 1 July 2017 is estimated to be NIL. Furthermore, the bank overdraft is expected to remain at a NIL balance for the period ending 30 June 2018.

(d) Purpose of Total Loan Funding

Under Section 6.20(4)(a) of the Local Government Act 1995, a change in purpose of the use of borrowings can be disclosed in the annual budget. As such, the table outlined below indicates the budgeted purpose of borrowings to be adopted in the annual budget for 2017/18.

Project Description	Approved Application	Funds Used	Funds to be Used			Approved Application
	2016/17 \$	To 30/6/16 \$	2016/17 \$	2017/18 \$	2018/19- 19/20 \$	2017/18 \$
<b>WA Treasury Corp. Loan 2005/06</b>						
Construct Community Centre - Butler	278,000	278,000	-	-	-	278,000
Develop Accessible and Inclusive Playground	222,000	222,000	-	-	-	222,000
Develop Industrial Estate - Neerabup	317,887	317,887	-	-	-	317,887
Develop Wangara Industrial Area (Lot 15)	2,481,274	1,161,024	40,000	949,000	400,000	2,550,024
Develop Wangara Industrial Area (Lot 257)	497,000	43,857	-	-	-	43,857
Flynn Drive Neerabup - Construct Road	2,586,882	1,214,325	341,555	83,192	1,728,148	3,367,220
Kingsway Regional Playground	650,000	650,000	-	-	-	650,000
Kingsway Regional Sporting Complex	20,872,083	18,890,070	52,600	1,898,232	-	20,840,902
Lot 12 Fowey Loop	1,800	1,800	-	-	-	1,800
Pinjar Road - Wanneroo and Carosa Road	728,849	728,849	-	-	-	728,849
Redevelop Koondoola Precinct	1,293,000	1,293,000	-	-	-	1,293,000
Redevelop Wanneroo Townsite	1,214,615	1,214,615	-	-	-	1,214,615
Southern Suburbs Library	5,800,000	-	-	-	5,800,000	5,800,000
Upgrade Aquamotion	7,926,000	7,926,000	-	-	-	7,926,000
Upgrade Rocca Way Dundeebar Road	54,715	54,715	-	-	-	54,715
Wanneroo Regional Museum and Library	10,416,178	10,416,178	-	-	-	10,416,178
Yancheep Active Open Space	56,460	56,460	-	-	-	56,460
Yancheep Lagoon - Brazier Road Realignment	3,851,445	3,859,181	-	-	-	3,859,181
Yancheep Surf Life Saving Club	1,530,000	1,157,500	-	-	-	1,157,500
	<b>60,778,188</b>	<b>49,485,461</b>	<b>434,155</b>	<b>2,930,424</b>	<b>7,928,148</b>	<b>60,778,188</b>
<b>Commonwealth Bank Loan 2016/17</b>						
Yancheep Development Area Projects	11,100,000	-	-	-	-	-
Yancheep Active Open Space Oval Ground Works	-	-	825,045	-	-	825,045
Yancheep District Playing Fields	-	-	2,721,850	-	-	2,721,850
Yancheep District Sports Amenities Building Stage 1	-	-	357,417	938,054	-	1,295,471
Yancheep Surf Life Saving Club	-	-	1,695,688	2,324,599	-	4,020,287
	<b>11,100,000</b>	-	<b>5,600,000</b>	<b>3,262,653</b>	-	<b>8,862,653</b>
<b>Totals</b>	<b>71,878,188</b>	<b>49,485,461</b>	<b>6,034,155</b>	<b>6,193,077</b>	<b>7,928,148</b>	<b>69,640,841</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

6. RESERVES

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>(a) Alkimos/Eglinton District Community Facilities Reserve</b>			
Opening Balance	10,395,200	10,225,362	11,563,922
Transfer to Reserve	1,422,856	1,417,760	2,634,595
Transfer from Reserve	(79,200)	(79,200)	(79,200)
	<b>11,738,856</b>	<b>11,563,922</b>	<b>14,119,317</b>
<b>(b) Asset Renewal Reserve</b>			
Opening Balance	7,000,000	7,012,070	13,222,432
Transfer to Reserve	4,210,000	6,210,362	2,297,505
Transfer from Reserve	-	-	(2,000,000)
	<b>11,210,000</b>	<b>13,222,432</b>	<b>13,519,937</b>
<b>(c) Asset Replacement Reserve</b>			
Opening Balance	4,378,227	4,498,742	4,796,572
Transfer to Reserve	4,531,347	2,134,963	2,107,923
Transfer from Reserve	(1,889,660)	(1,837,133)	(2,358,750)
	<b>7,019,914</b>	<b>4,796,572</b>	<b>4,545,745</b>
<b>(d) Butler Collaborative Planning Agreement Reserve</b>			
Opening Balance	2,868,983	2,878,128	2,964,471
Transfer to Reserve	86,070	86,343	66,701
Transfer from Reserve	-	-	-
	<b>2,955,053</b>	<b>2,964,471</b>	<b>3,031,172</b>
<b>(e) Carry Forward Capital Projects Reserve</b>			
Opening Balance	9,515,574	9,515,574	5,524,685
Transfer to Reserve	-	5,524,685	-
Transfer from Reserve	(9,515,574)	(9,515,574)	(5,524,685)
	<b>-</b>	<b>5,524,685</b>	<b>-</b>
<b>(f) Coastal Infrastructure Management Reserve</b>			
Opening Balance	6,019,955	6,042,049	7,223,311
Transfer to Reserve	1,180,599	1,181,262	3,162,524
Transfer from Reserve	-	-	-
	<b>7,200,554</b>	<b>7,223,311</b>	<b>10,385,835</b>
<b>(g) Domestic Refuse Reserve</b>			
Opening Balance	7,348,734	8,346,169	8,531,554
Transfer to Reserve	220,462	250,385	191,960
Transfer from Reserve	(1,092,000)	(65,000)	(1,212,000)
	<b>6,477,196</b>	<b>8,531,554</b>	<b>7,511,514</b>
<b>(h) Fleming Park Lake Reserve</b>			
Opening Balance	213,233	213,913	220,331
Transfer to Reserve	6,397	6,418	4,957
Transfer from Reserve	-	-	-
	<b>219,630</b>	<b>220,331</b>	<b>225,288</b>
<b>(i) Golf Courses Reserve</b>			
Opening Balance	1,398,113	1,465,539	1,447,005
Transfer to Reserve	391,943	393,966	382,558
Transfer from Reserve	(412,500)	(412,500)	(1,292,500)
	<b>1,377,556</b>	<b>1,447,005</b>	<b>537,063</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

6. RESERVES (CONTINUED)

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>(j) HACC Asset Replacement Reserve</b>			
Opening Balance	550,912	541,505	587,752
Transfer to Reserve	46,527	46,247	43,224
Transfer from Reserve	-	-	-
	<b>597,439</b>	<b>587,752</b>	<b>630,976</b>
<b>(k) Land Acquisition Reserve</b>			
Opening Balance	2,070,743	2,117,746	2,671,278
Transfer to Reserve	562,122	563,532	560,104
Transfer from Reserve	-	(10,000)	-
	<b>2,632,865</b>	<b>2,671,278</b>	<b>3,231,382</b>
<b>(l) Leave Liability Reserve</b>			
Opening Balance	1,486,033	1,460,204	1,554,010
Transfer to Reserve	94,581	93,806	84,965
Transfer from Reserve	-	-	-
	<b>1,580,614</b>	<b>1,554,010</b>	<b>1,638,975</b>
<b>(m) Loan Repayment Reserve</b>			
Opening Balance	19,668,690	18,569,409	20,959,824
Transfer to Reserve	2,423,394	2,390,415	971,596
Transfer from Reserve	-	-	-
	<b>22,092,084</b>	<b>20,959,824</b>	<b>21,931,420</b>
<b>(n) Material Recoveries Facility Upgrade Reserve**</b>			
Opening Balance	-	94,189	-
Transfer to Reserve	-	-	-
Transfer from Reserve	-	(94,189)	-
	-	-	-
<b>(o) Neerabup Development Reserve</b>			
Opening Balance	4,620,594	4,694,253	4,549,749
Transfer to Reserve	138,618	140,828	1,102,369
Transfer from Reserve	(1,448,750)	(285,332)	(2,354,668)
	<b>3,310,462</b>	<b>4,549,749</b>	<b>3,297,450</b>
<b>(p) Plant Replacement Reserve</b>			
Opening Balance	5,282,490	5,684,841	9,090,490
Transfer to Reserve	6,500,330	6,512,400	6,163,011
Transfer from Reserve	(7,244,559)	(3,106,751)	(7,535,328)
	<b>4,538,261</b>	<b>9,090,490</b>	<b>7,718,173</b>
<b>(q) Regional Open Space Reserve</b>			
Opening Balance	5,000,000	5,012,070	5,162,432
Transfer to Reserve	150,000	150,362	3,116,155
Transfer from Reserve	-	-	-
	<b>5,150,000</b>	<b>5,162,432</b>	<b>8,278,587</b>
<b>(r) Section 152 Reserve (formerly Section 20A Land Reserve)</b>			
Opening Balance	1,540,770	1,545,681	1,592,052
Transfer to Reserve	46,223	46,371	35,821
Transfer from Reserve	-	-	(351,125)
	<b>1,586,993</b>	<b>1,592,052</b>	<b>1,276,748</b>
<b>(s) Strategic Projects/Initiatives Reserve</b>			
Opening Balance	62,352,417	74,443,227	64,102,418
Transfer to Reserve	2,838,428	4,327,572	1,442,304
Transfer from Reserve	(13,782,244)	(14,668,381)	(23,684,101)
	<b>51,408,601</b>	<b>64,102,418</b>	<b>41,860,621</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

6. RESERVES (CONTINUED)

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>(t) Sustainability Investment Fund Reserve</b>			
Opening Balance	91,164	75,383	77,644
Transfer to Reserve	52,735	52,261	1,747
Transfer from Reserve	(50,000)	(50,000)	(50,000)
	<b>93,899</b>	<b>77,644</b>	<b>29,391</b>
<b>(u) TPS 20 - District Distributor Headworks Reserve</b>			
Opening Balance	6,563,272	6,584,185	6,781,711
Transfer to Reserve	196,899	197,526	152,588
Transfer from Reserve	-	-	-
	<b>6,760,171</b>	<b>6,781,711</b>	<b>6,934,299</b>
<b>(v) Yanchep Bus Reserve</b>			
Opening Balance	93,799	95,660	103,530
Transfer to Reserve	7,814	7,870	7,329
Transfer from Reserve	-	-	-
	<b>101,613</b>	<b>103,530</b>	<b>110,859</b>
<b>(w) Yanchep/Two Rocks District Community Facilities Reserve</b>			
Opening Balance	1,102,932	165,179	1,038,752
Transfer to Reserve	654,088	1,339,355	2,830,292
Transfer from Reserve	(2,166,811)	(465,782)	(37,500)
	<b>(409,791)</b>	<b>1,038,752</b>	<b>3,831,544</b>
<b>Total Reserves</b>	<b>147,641,970</b>	<b>173,765,925</b>	<b>154,646,296</b>

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

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

6. RESERVES (CONTINUED)

Summary of Reserve Transfers

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>Transfers to Reserves</b>			
Alkimos/Eglinton District Community Facilities Reserve	1,422,856	1,417,760	2,634,595
Asset Renewal Reserve	4,210,000	6,210,362	2,297,505
Asset Replacement Reserve	4,531,347	2,134,963	2,107,923
Butler Collaborative Planning Agreement Reserve	86,070	86,343	66,701
Carry Forward Capital Projects Reserve	-	5,524,685	-
Coastal Infrastructure Management Reserve	1,180,599	1,181,262	3,162,524
Domestic Refuse Reserve	220,462	250,385	191,960
Fleming Park Lake Reserve	6,397	6,418	4,957
Golf Courses Reserve	391,943	393,966	382,558
HACC Asset Replacement Reserve	46,527	46,247	43,224
Land Acquisition Reserve	562,122	563,532	560,104
Leave Liability Reserve	94,581	93,806	84,965
Loan Repayment Reserve	2,423,394	2,390,415	971,596
Material Recoveries Facility Upgrade Reserve**	-	-	-
Neerabup Development Reserve	138,618	140,828	1,102,369
Plant Replacement Reserve	6,500,330	6,512,400	6,163,011
Regional Open Space Reserve	150,000	150,362	3,116,155
Section 152 Reserve (formerly Section 20A Land Reserve)	46,223	46,371	35,821
Strategic Projects/Initiatives Reserve	2,838,428	4,327,572	1,442,304
Sustainability Investment Fund Reserve	52,735	52,261	1,747
TPS 20 - District Distributor Headworks Reserve	196,899	197,526	152,588
Yanchep Bus Reserve	7,814	7,870	7,329
Yanchep/Two Rocks District Community Facilities Reserve	654,088	1,339,355	2,830,292
	<b>25,761,433</b>	<b>33,074,689</b>	<b>27,360,228</b>
<b>Transfers from Reserves</b>			
Alkimos/Eglinton District Community Facilities Reserve	(79,200)	(79,200)	(79,200)
Asset Renewal Reserve	-	-	(2,000,000)
Asset Replacement Reserve	(1,889,660)	(1,837,133)	(2,358,750)
Butler Collaborative Planning Agreement Reserve	-	-	-
Carry Forward Capital Projects Reserve	(9,515,574)	(9,515,574)	(5,524,685)
Coastal Infrastructure Management Reserve	-	-	-
Domestic Refuse Reserve	(1,092,000)	(65,000)	(1,212,000)
Fleming Park Lake Reserve	-	-	-
Golf Courses Reserve	(412,500)	(412,500)	(1,292,500)
HACC Asset Replacement Reserve	-	-	-
Land Acquisition Reserve	-	(10,000)	-
Leave Liability Reserve	-	-	-
Loan Repayment Reserve	-	-	-
Material Recoveries Facility Upgrade Reserve**	-	(94,189)	-
Neerabup Development Reserve	(1,448,750)	(285,332)	(2,354,668)
Plant Replacement Reserve	(7,244,559)	(3,106,751)	(7,535,328)
Regional Open Space Reserve	-	-	-
Section 152 Reserve (formerly Section 20A Land Reserve)	-	-	(351,125)
Strategic Projects/Initiatives Reserve	(13,782,244)	(14,668,381)	(23,684,101)
Sustainability Investment Fund Reserve	(50,000)	(50,000)	(50,000)
TPS 20 - District Distributor Headworks Reserve	-	-	-
Yanchep Bus Reserve	-	-	-
Yanchep/Two Rocks District Community Facilities Reserve	(2,166,811)	(465,782)	(37,500)
	<b>(37,681,298)</b>	<b>(30,589,842)</b>	<b>(46,479,857)</b>
<b>Net Transfer to/(from) Reserves</b>	<b>(11,919,865)</b>	<b>2,484,847</b>	<b>(19,119,629)</b>

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018**

**6. RESERVES (CONTINUED)**

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

**Alkimos/Eglinton District 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.

**Asset Replacement Reserve**

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

**Butler Collaborative Planning Agreement Reserve**

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

**Carry Forward Capital Projects Reserve**

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

**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.

**Fleming Park Lake Reserve**

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

**Golf Courses Reserve**

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

**HACC Asset Replacement Reserve**

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

**Land Acquisition Reserve**

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

**Leave Liability Reserve**

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

**Loan Repayment Reserve**

To set aside adequate funds over time to repay loan commitments per the City's 10 Year Strategic Financial Management Plans debt management policy.

**Materials Recovery Facility Upgrade Reserve**

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

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018**

**6. RESERVES (CONTINUED)**

**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 fleet, plant and equipment.

**Regional Open Space Reserve**

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

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

To be used for capital improvements on recreation reserves in the general locality of source of funds.

**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 Fund Reserve**

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

**Town Planning Scheme 20 - District Headworks Reserve**

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

**Yanchep Bus Reserve**

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

**Yanchep/Two Rocks District Community Facilities Reserve**

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

7. NON-CASH RESERVES

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

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>Furniture &amp; Equipment (Artworks &amp; Artefacts)</b>			
Opening Balance	246,092	246,092	246,092
Revaluation Increment	-	-	-
	<b>246,092</b>	<b>246,092</b>	<b>246,092</b>
<b>Land</b>			
Opening Balance	321,428,173	321,428,173	321,428,173
Revaluation Decrement	-	-	(1,428,173)
	<b>321,428,173</b>	<b>321,428,173</b>	<b>320,000,000</b>
<b>Buildings</b>			
Opening Balance	82,686,540	82,686,540	82,686,540
Revaluation Decrement	-	-	(686,540)
	<b>82,686,540</b>	<b>82,686,540</b>	<b>82,000,000</b>
<b>Infrastructure Assets</b>			
Opening Balance	565,602,357	565,602,357	590,000,000
Revaluation Increment	-	24,397,643	-
	<b>565,602,357</b>	<b>590,000,000</b>	<b>590,000,000</b>
<b>Equity Accounted Investments</b>			
Opening Balance	936,755	936,755	4,917,697
Revaluation Increment	-	3,980,942	82,303
	<b>936,755</b>	<b>4,917,697</b>	<b>5,000,000</b>
<b>Total Asset Revaluation Reserves</b>	<b>970,899,917</b>	<b>999,278,502</b>	<b>997,246,092</b>

8. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position

	Note	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>Current Assets</b>				
Cash - Unrestricted	16(a)	15,983,481	19,949,351	23,393,471
Cash - Restricted	16(a)	254,320,040	303,655,708	278,111,925
Receivables		17,343,457	21,812,939	22,268,854
Non-Cash Investments		-	-	-
Inventories		369,608	400,056	415,056
		<b>288,016,586</b>	<b>345,818,054</b>	<b>324,189,306</b>
<b>Less: Current Liabilities</b>				
Payables & Provisions		(35,277,160)	(43,716,356)	(47,716,356)
<b>Net Current Asset Position</b>		<b>252,739,426</b>	<b>302,101,698</b>	<b>276,472,950</b>
Plus: Leave Provisions Cash Backed	6(l)	1,580,614	1,554,010	1,638,975
Less: Cash - Restricted	16(a)	(254,320,040)	(303,655,708)	(278,111,925)
<b>Estimated Surplus/(Deficiency) Carried Forward</b>		<b>-</b>	<b>-</b>	<b>-</b>

The estimated surplus/(deficiency) carried forward in the 2016/2017 actual column represents the surplus/(deficit) brought forward as at 1 July 2017.

The estimated surplus/(deficiency) carried forward in the 2017/2018 budget column represents the surplus/(deficit) carried forward as at 30 June 2018.

## CITY OF WANNEROO

## NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

## 9. RATING INFORMATION

General Rate Category	2016/17	2017/18					
	Actual (Est.) Total Revenue \$	Rate in Dollar Cents	Number of Properties	Rateable Value \$	Budgeted Rate Revenue \$	Budgeted Interim Rates \$	Budgeted Total Revenue \$
<b>Gross Rental Value - Improved</b>							
Residential	84,643,744	<b>8.1645</b>	55,643	1,144,446,717	93,438,351	2,500,000	<b>95,938,351</b>
Commercial/Industrial	20,194,316	<b>6.6120</b>	2,685	318,316,134	21,047,062	480,000	<b>21,527,062</b>
<b>Gross Rental Value - Vacant</b>							
Residential	7,160,452	<b>12.2300</b>	2,567	59,679,020	7,298,743	-	<b>7,298,743</b>
Commercial/Industrial	868,503	<b>6.1160</b>	160	13,215,416	808,254	-	<b>808,254</b>
<b>Unimproved Value - Improved</b>							
Residential	620,663	<b>0.3851</b>	180	151,720,920	584,276	-	<b>584,276</b>
Commercial/Industrial	215,260	<b>0.2857</b>	35	69,909,025	199,730	-	<b>199,729</b>
Rural & Mining	2,610,988	<b>0.3736</b>	399	600,803,092	2,244,599	-	<b>2,244,599</b>
<b>Unimproved Value - Vacant</b>							
Residential	3,722,440	<b>0.5387</b>	142	684,301,000	3,686,328	-	<b>3,686,328</b>
Commercial/Industrial	78,238	<b>0.3081</b>	21	37,500,000	115,538	-	<b>115,538</b>
Rural & Mining	(107,429)	<b>0.4081</b>	83	86,535,982	353,152	-	<b>353,152</b>
<b>Sub-Totals</b>	<b>120,007,175</b>	<b>n/a</b>	<b>61,915</b>	<b>3,166,427,306</b>	<b>129,776,034</b>	<b>2,980,000</b>	<b>132,756,033</b>
<b>Minimum Rate Category</b>		<b>General Minimum \$</b>					
<b>Gross Rental Value - Improved</b>							
Residential	19,765,223	<b>1,337</b>	12,430	183,903,232	16,618,909	-	<b>16,618,909</b>
Lesser Minimum Strata Titled Caravan Parks	-	<b>422</b>	-	-	-	-	<b>-</b>
Commercial/Industrial	638,733	<b>1,318</b>	521	8,219,933	686,552	-	<b>686,551.96</b>
Lesser Minimum Strata Titled Storage Units	49,982	<b>659</b>	70	434,919	46,122	-	<b>46,122</b>
<b>Gross Rental Value - Vacant</b>							
Residential	1,958,347	<b>875</b>	2,006	11,358,030	1,755,249	-	<b>1,755,249</b>
Commercial/Industrial	40,245	<b>1,318</b>	36	568,565	47,439	-	<b>47,439</b>
<b>Unimproved Value - Improved</b>							
Residential	7,830	<b>1,337</b>	3	865,055	4,011	-	<b>4,011</b>
Commercial/Industrial	8,960	<b>1,318</b>	6	1,250,000	7,907	-	<b>7,907</b>
Rural & Mining	2,584	<b>1,330</b>	2	586,908	2,660	-	<b>2,660</b>
<b>Unimproved Value - Vacant</b>							
Residential	2,235	<b>875</b>	5	513,000	4,375	-	<b>4,375</b>
Commercial/Industrial	-	<b>1,318</b>	-	-	-	-	<b>-</b>
Rural & Mining	28,644	<b>894</b>	35	176,798	31,277	-	<b>31,290</b>
<b>Sub-Totals</b>	<b>22,502,783</b>	<b>n/a</b>	<b>15,114</b>	<b>207,876,440</b>	<b>19,204,500</b>	<b>-</b>	<b>19,204,513</b>
<b>Totals</b>	<b>142,509,958</b>	<b>n/a</b>	<b>77,029</b>	<b>3,374,303,746</b>	<b>148,980,534</b>	<b>2,980,000</b>	<b>151,960,546</b>
Ex Gratia Rates	20,000						<b>20,000</b>
<b>Grand Totals</b>	<b>142,529,958</b>						<b>151,980,546</b>

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

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018**

**9. RATING INFORMATION (CONTINUED)**

The General Rates detailed above have been determined on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates. This also considers the extent of any increase in rating over the level adopted in the previous year.

The City incorporates the domestic rubbish collection charge within the General Rates. This is to enable eligible pensioners to claim a higher rebate from State Government. This will continue to be in place for the 2017/18 financial year. In accordance with Section 6.36 of the Local Government Act 1995 the differential general rates and the minimum rates intended to be levied were advertised as follows:

Rate Category	Advertised - 1st of June 2017		Final - 27th June 2017	
	Rate in the Dollar (Cents)	General Minimum Rate \$	Rate in the Dollar (Cents)	General Minimum Rate \$
<b>Gross Rental Value - Improved</b>				
Residential	8.1645	1,337	<b>8.1645</b>	<b>1,337</b>
Lesser Minimum Strata Titled Caravan Parks	8.1645	422	<b>8.1645</b>	<b>422</b>
Commercial/Industrial	6.6120	1,318	<b>6.6120</b>	<b>1,318</b>
Lesser Minimum Strata Titled Storage Units	6.6120	659	<b>6.6120</b>	<b>659</b>
<b>Gross Rental Value - Vacant</b>				
Residential	12.2300	875	<b>12.2300</b>	<b>875</b>
Commercial/Industrial	6.1160	1,318	<b>6.1160</b>	<b>1,318</b>
<b>Unimproved Value - Improved</b>				
Residential	0.3851	1,337	<b>0.3851</b>	<b>1,337</b>
Commercial/Industrial	0.2857	1,318	<b>0.2857</b>	<b>1,318</b>
Rural & Mining	0.3736	1,330	<b>0.3736</b>	<b>1,330</b>
<b>Unimproved Value - Vacant</b>				
Residential	0.5387	875	<b>0.5387</b>	<b>875</b>
Commercial/Industrial	0.3081	1,318	<b>0.3081</b>	<b>1,318</b>
Rural & Mining	0.4081	894	<b>0.4081</b>	<b>894</b>

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

*Note: No adjustments to the rates advertised have been made.*

**Objects and Reason for Rates**

The overall objective of the proposed rates in the draft 2017/18 Budget is to provide for the net funding requirements of the City of Wanneroo's various programs, services and facilities.

Under Section 6.36 (1) of the Local Government Act 1995 the City is required to give local public notice of its intention to impose differential general rates and minimum payments. As part of this process the Objects and Reasons are to be made available to the public for written comment for a period of 21 days from the date after advertising.

## CITY OF WANNEROO

### NOTES TO AND FORMING PART OF THE BUDGET

#### FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

#### 9. RATING INFORMATION (CONTINUED)

The Objects and Reasons that have been proposed are:

##### **GRV & UV Residential Improved**

The rate in the dollar and minimum rate have been set on the basis that ratepayers make a reasonable contribution to the cost of local government services and facilities available to residents. Residential Improved properties receive a greater level of services than those in the Commercial/Industrial and Rural & Mining categories. eg. Rubbish removal service.

The lesser minimum for strata titled caravan parks is set recognising the unique purpose of these properties while still ensuring a reasonable contribution to the cost of local government services and facilities available to residents.

##### **GRV & UV Residential Vacant**

The rate in the dollar and minimum rate have been set in an effort to promote development of these properties thereby stimulating growth and development in the community.

##### **GRV & UV Commercial/Industrial Improved**

The rate in the dollar and minimum rate for all Commercial/Industrial Improved property has been set to provide an acceptable standard of infrastructure and parking needs due to the greater volumes of people and vehicular traffic.

The lesser minimum for strata titled storage units is set recognising the unique purpose of these properties.

##### **GRV & UV Commercial/Industrial Vacant**

The rate in the dollar and minimum rate for all Commercial/Industrial Vacant land has been set in an effort to promote the development of these properties by attracting business and industry to the City thereby stimulating growth and development in the community.

##### **UV Rural & Mining Improved**

The rate in the dollar and the minimum rate have been set with an intention to foster and encourage farming and horticultural activities in the City of Wanneroo thereby stimulating growth and development in the community.

##### **UV Rural & Mining Vacant**

The rate in the dollar and the minimum rate have been set with an intention to encourage the development of vacant land thereby stimulating growth and development in the community.

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018**

**10. SPECIFIED AREA RATES**

No specified area rates have been budgeted for the 2017/18 Financial Year.

**11. SERVICE CHARGES**

No service charges have been budgeted for the 2017/18 Financial Year.

**12. FEES & CHARGES REVENUE**

	<b>2016/17 Budget \$</b>	<b>2016/17 Actual (Est.) \$</b>	<b>2017/18 Budget \$</b>
Governance	29,408	23,439	8,375
General Purpose Funding	548,900	507,600	518,150
Law, Order & Public Safety	929,000	895,500	898,000
Health	319,860	419,860	330,000
Education & Welfare	375,282	347,282	358,344
Community Amenities	6,095,907	3,333,107	2,580,842
Recreation & Culture	7,547,598	7,326,451	7,251,954
Transport	1,010,000	875,000	1,225,000
Economic Services	2,902,000	2,787,500	2,539,400
Other Property & Services	6,003	6,003	206,099
	<b>19,763,958</b>	<b>16,521,742</b>	<b>15,916,164</b>

**13. RATE PAYMENT DISCOUNTS, WAIVERS & CONCESSIONS**

No rates discounts have been budgeted for the 2017/18 Financial Year.

With regard to waivers Council has agreed, in accordance with Section 6.47 of the Local Government Act 1995, to waive the 2017/18 Council Rates (excluding Emergency Services Levy) for land leased by the City to the following community groups (totalling approximately \$90,000):

- AJS Motorcycle Club of WA Inc.;
- Kingsway Football & Sporting Club Inc.;
- Olympic Kingsway Sports Club;
- Pinjar Motorcycle Park Inc.;
- Quinns Mindarie Surf Lifesaving Club Inc.;
- Quinns Rocks Sports Club Inc.;
- Tiger Kart Club Inc.;
- Vikings Softball Club Inc & The Wanneroo Giants Baseball Club Inc.;
- Wanneroo Agricultural Society;
- Wanneroo Amateur Boxing Club;
- Wanneroo Amateur Football Club, Wanneroo Cricket Club, Wanneroo Junior Cricket Club and Wanneroo Junior Football Club (Wanneroo Showgrounds Clubrooms);
- Wanneroo BMX Club;
- Wanneroo City Soccer Club Inc.;
- Wanneroo Districts Cricket Club Inc. (indoor facility);
- Wanneroo Districts Cricket Club Inc. & Wanneroo Districts Hockey Association Inc.;
- Wanneroo Districts Netball Association;
- Wanneroo Districts Rugby Union Football Club Inc.;
- Wanneroo Horse & Pony Club;
- Wanneroo Racing Pigeon Club;
- Wanneroo Shooting Complex Inc.;
- Wanneroo Sports & Social Club Inc.;
- Wanneroo Tennis Club;
- Wanneroo Trotting & Training Club Inc.;
- Yanchep Golf Club;
- Yanchep Sports & Social Club Inc.;
- Yanchep Surf Lifesaving Club Inc.; and
- Youth Futures WA Inc.

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018**

**14. INTEREST CHARGES AND INSTALMENTS**

An interest rate of 8.45% per annum will be charged on all rates, both current and arrears, that remain unpaid after 35 days from the issue date of the rate notice (1 August 2017). It is estimated this will generate income of \$997,100. Three option plans will be available to ratepayers for payment of their rates by instalments.

**Option 1 (Full Payment)**

Full amount of rates and charges, including arrears, to be paid on or before 35 days from the issue date appearing on the rate notice (5 September 2017).

**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 (5 September 2017). The second and final instalment will be due and payable 63 days after the due and payable 63 days after the due date of the first instalment (7 November 2017).

**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 (5 September 2017). The second, third and fourth instalments are to be made at 63 day intervals, thereafter (7 November 2017, 09 January 2018 and 13 March 2018).

**Cost of Instalment Options**

The cost of the instalment options will comprise of simple interest of 5.5% per annum, calculated from the date the first instalment is due and payable (5 September 2017), together with an administration fee of \$5.00 for each instalment.

**Special Arrangements and Late Payment Penalty**

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

The total revenue from the imposition of the interest and administration fee during the 2017/18 financial year is estimated at \$2,124,564. This is dissected as follows:

Note	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
Instalment Interest Charges - Rates	620,000	676,477	724,214
Late Payment Penalty Interest - Rates	929,500	1,129,500	997,100
2a(ii)	<b>1,549,500</b>	<b>1,805,977</b>	<b>1,721,314</b>
Administration Charges - Rates	379,100	374,600	403,250
	<b>1,928,600</b>	<b>2,180,577</b>	<b>2,124,564</b>

**Commercial Waste Debtors**

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

**15. ELECTED MEMBERS REMUNERATION**

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

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
Councillor's Meeting Attendance Fees	393,033	438,533	404,232
Mayor's Allowance & Meeting Fees	132,003	135,503	135,910
Deputy Mayor's Allowance & Meeting Fees	55,571	59,071	57,080
ICT Allowance	52,500	52,500	52,500
Other Expense Recoups	98,798	78,795	70,800
Conference Expenses	33,310	33,313	40,000
	<b>765,215</b>	<b>797,715</b>	<b>760,522</b>

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

16. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
Cash - Unrestricted	8	15,983,481	19,949,351	23,393,471
Cash - Restricted	8	254,320,040	303,655,708	278,111,925
<b>Total Cash</b>		<b>270,303,521</b>	<b>323,605,059</b>	<b>301,505,396</b>
Non-Current Financial Instruments - Restricted (TPS)		-	-	-
<b>Total Restricted Monies</b>		<b>254,320,040</b>	<b>303,655,708</b>	<b>278,111,925</b>

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

		2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
Alkimos/Eglinton District Community Facilities Reserve	6(a)	11,738,856	11,563,922	14,119,317
Asset Renewal Reserve	6(b)	11,210,000	13,222,432	13,519,937
Asset Replacement Reserve	6(c)	7,019,914	4,796,572	4,545,745
Butler Collaborative Planning Agreement Reserve	6(d)	2,955,053	2,964,471	3,031,172
Carry Forward Capital Projects Reserve	6(e)	-	5,524,685	-
Coastal Infrastructure Management Reserve	6(f)	7,200,554	7,223,311	10,385,835
Domestic Refuse Reserve	6(g)	6,477,196	8,531,554	7,511,514
Fleming Park Lake Reserve	6(h)	219,630	220,331	225,288
Golf Courses Reserve	6(i)	1,377,556	1,447,005	537,063
HACC Asset Replacement Reserve	6(j)	597,439	587,752	630,976
Land Acquisition Reserve	6(k)	2,632,865	2,671,278	3,231,382
Leave Liability Reserve	6(l)	1,580,614	1,554,010	1,638,975
Loan Repayment Reserve	6(m)	22,092,084	20,959,824	21,931,420
Material Recoveries Facility Upgrade Reserve**	6(n)	-	-	-
Neerabup Development Reserve	6(o)	3,310,462	4,549,749	3,297,450
Plant Replacement Reserve	6(p)	4,538,261	9,090,490	7,718,173
Regional Open Space Reserve	6(q)	5,150,000	5,162,432	8,278,587
Section 152 Reserve (formerly Section 20A Land Reserve)	6(r)	1,586,993	1,592,052	1,276,748
Strategic Projects/Initiatives Reserve	6(s)	51,408,601	64,102,418	41,860,621
Sustainability Investment Fund Reserve	6(t)	93,899	77,644	29,391
TPS 20 - District Distributor Headworks Reserve	6(u)	6,760,171	6,781,711	6,934,299
Yanchep Bus Reserve	6(v)	101,613	103,530	110,859
Yanchep/Two Rocks District Community Facilities Reserve	6(w)	(409,791)	1,038,752	3,831,544
Town Planning Schemes	18	97,073,590	115,031,211	113,537,481
Unspent Grants, Contributions & Loans		9,604,480	14,858,572	9,928,148
		<b>254,320,040</b>	<b>303,655,708</b>	<b>278,111,925</b>

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

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

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

	Note	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>Net Result</b>		<b>78,202,262</b>	<b>84,059,532</b>	<b>61,937,228</b>
Depreciation	2(a)(i)	40,054,948	40,524,793	45,000,000
(Profit)/Loss on Sale of Asset	4	(3,306,662)	(1,833,333)	(500,000)
(Increase)/Decrease in Receivables		(94,581)	(4,564,063)	(455,915)
(Increase)/Decrease in Inventories		-	(30,448)	(15,000)
Increase/(Decrease) in Payables		-	4,688,989	376,704
Increase/(Decrease) in Employee Provisions		94,581	93,806	84,965
Town Planning Scheme Income	18(b)	(22,569,911)	(19,864,972)	(9,605,251)
Town Planning Scheme Expenses	18(b)	18,600,500	17,881,770	11,081,425
Grants/Contributions for the Development of Assets		(69,224,353)	(76,257,730)	(66,116,328)
<b>Net Cash from Operating Activities</b>		<b>41,756,784</b>	<b>44,698,344</b>	<b>41,787,829</b>

(c) Undrawn Borrowing Facilities and Credit Standby Arrangements

		2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
Bank Overdraft Limit		1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date		-	-	-
<b>Bank Overdraft Available</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
Credit Card Limit		305,500	321,500	321,500
Credit Card Balance at Balance Date		150,000	20,000	20,000
<b>Credit Card Available at Balance Date</b>		<b>155,500</b>	<b>301,500</b>	<b>301,500</b>
<b>Total Amount of Credit Unused</b>		<b>1,155,500</b>	<b>1,301,500</b>	<b>1,301,500</b>
<b>Loan Facilities</b>	5			
Loan Facilities in use at Balance Date		71,878,188	66,378,188	69,640,841
<b>Unused Loan Facilities at Balance Date</b>		<b>-</b>	<b>-</b>	<b>-</b>

**CITY OF WANNEROO**

**NOTES TO AND FORMING PART OF THE BUDGET**

**FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018**

**17. TRUST FUNDS**

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

	<b>Actual (Est.) 01-Jul-17</b>	<b>Budgeted Receipts</b>	<b>Budgeted Payments</b>	<b>Balance 30-Jun-18</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Miscellaneous/Appeals	31,920	20,000	20,000	<b>31,920</b>
Public Open Space	3,106,783	100,000	100,000	<b>3,106,783</b>
	<b>3,138,703</b>	<b>120,000</b>	<b>120,000</b>	<b>3,138,703</b>

**18. MAJOR LAND TRANSACTIONS**

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, Town of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council (TPRC). The establishment of the Tamala Park Regional Council was pursuant to Section 3.61 of the Local Government Act. The Tamala Park Regional Council formally came into existence on the 3 February 2006. The Tamala Park Regional Council's activities will centre around the development of Mindarie lot 9504 on Deposit Plan 52070. Lot 9504 (subdivided from Lot 118) was initially purchased in 1981 to provide a refuse landfill site for member councils of the Mindarie Regional Council. This lot is now being developed with a purpose of creating a new urban land development and a new urban community. The City of Wanneroo will contribute one sixth of any funding required for capital or operating costs. It is likely that some income distributions will be received from the TPRC in 2017/18 which if received will be placed into the City's Loan Repayment Reserve.

There are no other major land transactions budgeted for the 2017/18 financial year.

**Town Planning Schemes**

**(a) Details**

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

- Town Planning Scheme 5 (Landsdale)
- Berkley Road Structure Plan Area
- Neerabup Structure Plan (Proposed Cell 10)
- East Wanneroo Development Area (Cells 1 - 9)

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions

	Balance (Est.) 1-July-17 \$	Transfers To \$	Transfers From - Operating \$	Transfers From - Capital \$	Balance 30-Jun-18 \$
<b>Operating Accounts</b>					
Town Planning Scheme 5 (Landsdale)	699,040	16,944	-	-	715,984
Berkley Road Structure Plan Area	2,879,914	69,708	-	-	2,949,622
Neerabup Structure Plan (Proposed Cell 10)	-	-	-	-	-
	<b>3,578,954</b>	<b>86,652</b>	<b>-</b>	<b>-</b>	<b>3,665,606</b>
<b>Scheme Accounts</b>					
East Wanneroo Development Area (Cell 1)	29,049,019	3,246,536	777,538	-	31,518,017
East Wanneroo Development Area (Cell 2)	7,830,629	793,269	19,663	-	8,604,235
East Wanneroo Development Area (Cell 3)	1,484,962	37,267	19,663	-	1,502,566
East Wanneroo Development Area (Cell 4)	12,169,935	871,954	40,225	-	13,001,664
East Wanneroo Development Area (Cell 5)	7,481,385	720,323	1,840,225	-	6,361,483
East Wanneroo Development Area (Cell 6)	27,260,675	921,032	40,225	8,778	28,132,704
East Wanneroo Development Area (Cell 7)	3,389,679	92,899	19,663	8,778	3,454,137
East Wanneroo Development Area (Cell 8)	2,350,065	781,489	1,840,225	-	1,291,329
East Wanneroo Development Area (Cell 9)	20,435,908	2,053,830	6,483,998	-	16,005,740
	<b>111,452,257</b>	<b>9,518,599</b>	<b>11,081,425</b>	<b>17,556</b>	<b>109,871,875</b>
<b>Total</b>	<b>115,031,211</b>	<b>9,605,251</b>	<b>11,081,425</b>	<b>17,556</b>	<b>113,537,481</b>

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

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>Town Planning Scheme 5 (Landsdale)</b>			
<b>Income</b>			
Interest on Investments	21,286	21,286	16,944
	<b>21,286</b>	<b>21,286</b>	<b>16,944</b>
<b>Expenditure</b>			
Administration Charges	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Result</b>	<b>21,286</b>	<b>21,286</b>	<b>16,944</b>
<b>Surplus/(Deficit) brought forward</b>	<b>674,548</b>	<b>677,754</b>	<b>699,040</b>
Net Result	21,286	21,286	16,944
<b>Surplus/(Deficit) carried forward</b>	<b>695,834</b>	<b>699,040</b>	<b>715,984</b>
<b>Berkley Road Structure Plan Area</b>			
<b>Income</b>			
Interest on Investments	91,608	91,608	69,708
	<b>91,608</b>	<b>91,608</b>	<b>69,708</b>
<b>Expenditure</b>			
Administration Charges	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Result</b>	<b>91,608</b>	<b>91,608</b>	<b>69,708</b>
<b>Surplus/(Deficit) brought forward</b>	<b>2,766,236</b>	<b>2,788,306</b>	<b>2,879,914</b>
Net Result	91,608	91,608	69,708
<b>Surplus/(Deficit) carried forward</b>	<b>2,857,844</b>	<b>2,879,914</b>	<b>2,949,622</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b><u>Neerabup Structure Plan (Proposed Cell 10)</u></b>			
<b>Income</b>			
Interest on Investments	-	-	-
	-	-	-
<b>Expenditure</b>			
Administration Charges	-	-	-
	-	-	-
<b>Net Result</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit) brought forward</b>	<b>(3,410,582)</b>	<b>-</b>	<b>-</b>
Net Result	-	-	-
<b>Surplus/(Deficit) carried forward</b>	<b>(3,410,582)</b>	<b>-</b>	<b>-</b>
<b><u>East Wanneroo Development Area (Cell 1)</u></b>			
<b>Income</b>			
Contributions	1,110,929	1,110,929	2,531,883
Interest on Investments	878,012	878,012	714,653
	<b>1,988,941</b>	<b>1,988,941</b>	<b>3,246,536</b>
<b>Expenditure</b>			
Administration Charges	25,000	25,000	17,563
Audit Fee Expenses	-	5,000	-
Consulting Fees	2,000	47,000	2,000
Advertising	100	100	100
Compensation Payments	1,317,000	757,875	757,875
	<b>1,344,100</b>	<b>834,975</b>	<b>777,538</b>
<b>Net Result</b>	<b>644,841</b>	<b>1,153,966</b>	<b>2,468,998</b>
<b>Surplus/(Deficit) brought forward</b>	<b>27,363,484</b>	<b>27,895,053</b>	<b>29,049,019</b>
Net Result	644,841	1,153,966	2,468,998
<b>Surplus/(Deficit) carried forward</b>	<b>28,008,325</b>	<b>29,049,019</b>	<b>31,518,017</b>
<b><u>East Wanneroo Development Area (Cell 2)</u></b>			
<b>Income</b>			
Contributions	1,705,337	1,020,202	609,049
Interest on Investments	196,979	196,979	184,220
	<b>1,902,316</b>	<b>1,217,181</b>	<b>793,269</b>
<b>Expenditure</b>			
Administration Charges	20,000	20,000	17,563
Audit Fee Expenses	-	5,000	-
Consulting Fees	2,000	2,000	2,000
Advertising	100	100	100
	<b>22,100</b>	<b>27,100</b>	<b>19,663</b>
<b>Net Result</b>	<b>1,880,216</b>	<b>1,190,081</b>	<b>773,606</b>
<b>Surplus/(Deficit) brought forward</b>	<b>6,558,819</b>	<b>6,640,548</b>	<b>7,830,629</b>
Net Result	1,880,216	1,190,081	773,606
<b>Surplus/(Deficit) carried forward</b>	<b>8,439,035</b>	<b>7,830,629</b>	<b>8,604,235</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>East Wanneroo Development Area (Cell 3)</b>			
<b>Income</b>			
Interest on Investments	46,185	46,185	37,267
	<b>46,185</b>	<b>46,185</b>	<b>37,267</b>
<b>Expenditure</b>			
Administration Charges	20,000	20,000	17,563
Audit Fee Expenses	-	5,000	-
Consulting	2,000	2,000	2,000
Advertising	100	100	100
	<b>22,100</b>	<b>27,100</b>	<b>19,663</b>
<b>Net Result</b>	<b>24,085</b>	<b>19,085</b>	<b>17,604</b>
<b>Surplus/(Deficit) brought forward</b>	<b>1,447,738</b>	<b>1,465,877</b>	<b>1,484,962</b>
Net Result	24,085	19,085	17,604
<b>Surplus/(Deficit) carried forward</b>	<b>1,471,823</b>	<b>1,484,962</b>	<b>1,502,566</b>
<b>East Wanneroo Development Area (Cell 4)</b>			
<b>Income</b>			
Contributions	6,998,265	5,948,525	489,879
Interest on Investments	493,802	493,802	382,075
	<b>7,492,067</b>	<b>6,442,327</b>	<b>871,954</b>
<b>Expenditure</b>			
Administration Charges	25,000	25,000	35,125
Audit Fee Expenses	-	-	3,000
Consulting Fees	2,000	2,000	2,000
Advertising	100	100	100
Compensation Payments	8,564,600	6,718,783	-
Construction Costs - Municipal Transfer	650,000	650,000	-
	<b>9,241,700</b>	<b>7,395,883</b>	<b>40,225</b>
<b>Net Result</b>	<b>(1,749,633)</b>	<b>(953,556)</b>	<b>831,729</b>
<b>Surplus/(Deficit) brought forward</b>	<b>6,732,957</b>	<b>13,123,491</b>	<b>12,169,935</b>
Net Result	(1,749,633)	(953,556)	831,729
<b>Surplus/(Deficit) carried forward</b>	<b>4,983,324</b>	<b>12,169,935</b>	<b>13,001,664</b>
<b>East Wanneroo Development Area (Cell 5)</b>			
<b>Income</b>			
Contributions	1,576,364	1,700,000	494,000
Interest on Investments	343,734	343,734	226,323
	<b>1,920,098</b>	<b>2,043,734</b>	<b>720,323</b>
<b>Expenditure</b>			
Administration Charges	20,000	20,000	35,125
Audit Fee Expenses	-	-	3,000
Consulting Fees	2,000	2,000	2,000
Advertising	100	100	100
Compensation Payments	1,800,000	2,238,000	1,800,000
	<b>1,822,100</b>	<b>2,260,100</b>	<b>1,840,225</b>
<b>Net Result</b>	<b>97,998</b>	<b>(216,366)</b>	<b>(1,119,902)</b>
<b>Surplus/(Deficit) brought forward</b>	<b>6,958,988</b>	<b>7,697,751</b>	<b>7,481,385</b>
Net Result	97,998	(216,366)	(1,119,902)
<b>Surplus/(Deficit) carried forward</b>	<b>7,056,986</b>	<b>7,481,385</b>	<b>6,361,483</b>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b>East Wanneroo Development Area (Cell 6)</b>			
<b>Income</b>			
Contributions	1,480,720	1,480,720	197,429
Interest on Investments	852,247	852,247	723,603
	<u>2,332,967</u>	<u>2,332,967</u>	<u>921,032</u>
<b>Expenditure</b>			
Administration Charges	22,000	22,000	35,125
Audit Fee Expenses	-	-	3,000
Consulting Fees	6,000	6,000	2,000
Advertising	100	100	100
Compensation Payments	2,000,000	2,306,250	-
Construction Costs - Municipal Transfer	15,000	13,722	8,778
	<u>2,043,100</u>	<u>2,348,072</u>	<u>49,003</u>
<b>Net Result</b>	<u>289,867</u>	<u>(15,105)</u>	<u>872,029</u>
<b>Surplus/(Deficit) brought forward</b>	<b>26,996,181</b>	<b>27,275,780</b>	<b>27,260,675</b>
Net Result	289,867	(15,105)	872,029
<b>Surplus/(Deficit) carried forward</b>	<u>27,286,048</u>	<u>27,260,675</u>	<u>28,132,704</u>
<b>East Wanneroo Development Area (Cell 7)</b>			
<b>Income</b>			
Contributions	526,000	88,000	-
Interest on Investments	152,300	152,300	92,899
	<u>678,300</u>	<u>240,300</u>	<u>92,899</u>
<b>Expenditure</b>			
Administration Charges	25,000	25,000	17,563
Consulting	6,000	6,000	2,000
Advertising	100	100	100
Compensation Payments	2,000,000	1,770,000	-
Construction Costs - Municipal Transfer	15,000	13,722	8,778
	<u>2,046,100</u>	<u>1,814,822</u>	<u>28,441</u>
<b>Net Result</b>	<u>(1,367,800)</u>	<u>(1,574,522)</u>	<u>64,458</u>
<b>Surplus/(Deficit) brought forward</b>	<b>3,465,684</b>	<b>4,964,201</b>	<b>3,389,679</b>
Net Result	(1,367,800)	(1,574,522)	64,458
<b>Surplus/(Deficit) carried forward</b>	<u>2,097,884</u>	<u>3,389,679</u>	<u>3,454,137</u>
<b>East Wanneroo Development Area (Cell 8)</b>			
<b>Income</b>			
Contributions	488,800	1,410,140	733,200
Interest on Investments	102,195	102,195	48,289
	<u>590,995</u>	<u>1,512,335</u>	<u>781,489</u>
<b>Expenditure</b>			
Administration Charges	25,000	25,000	35,125
Audit Fee Expenses	-	-	3,000
Consulting Fees	2,000	2,000	2,000
Advertising	100	100	100
Compensation Payments	1,820,000	2,135,950	1,800,000
Construction Costs - Municipal Transfer	50,000	50,000	-
	<u>1,897,100</u>	<u>2,213,050</u>	<u>1,840,225</u>
<b>Net Result</b>	<u>(1,306,105)</u>	<u>(700,715)</u>	<u>(1,058,736)</u>
<b>Surplus/(Deficit) brought forward</b>	<b>(1,651,365)</b>	<b>3,050,780</b>	<b>2,350,065</b>
Net Result	(1,306,105)	(700,715)	(1,058,736)
<b>Surplus/(Deficit) carried forward</b>	<u>(2,957,470)</u>	<u>2,350,065</u>	<u>1,291,329</u>

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

	2016/17 Budget \$	2016/17 Actual (Est.) \$	2017/18 Budget \$
<b><u>East Wanneroo Development Area (Cell 9)</u></b>			
<b>Income</b>			
Contributions	4,861,950	3,284,910	1,610,250
Interest on Investments	643,198	643,198	443,580
	<b>5,505,148</b>	<b>3,928,108</b>	<b>2,053,830</b>
<b>Expenditure</b>			
Administration Charges	25,000	25,000	35,125
Consulting Fees	2,000	2,000	852,000
Advertising	100	100	100
Compensation Payments	865,000	1,175,000	5,596,773
	<b>892,100</b>	<b>1,202,100</b>	<b>6,483,998</b>
<b>Net Result</b>	<b>4,613,048</b>	<b>2,726,008</b>	<b>(4,430,168)</b>
<b>Surplus/(Deficit) brought forward</b>	<b>15,931,491</b>	<b>17,709,900</b>	<b>20,435,908</b>
Net Result	4,613,048	2,726,008	(4,430,168)
<b>Surplus/(Deficit) carried forward</b>	<b>20,544,539</b>	<b>20,435,908</b>	<b>16,005,740</b>

19. TRADING UNDERTAKINGS & MAJOR TRADING UNDERTAKINGS

It is not anticipated that any trading undertakings or major trading undertakings will occur in 2017/18.

**CITY OF WANNEROO**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018**

**20. FINANCIAL RATIOS**

	<b>2016/17 Budget Ratio to 1</b>	<b>2016/17 Actual (Est.) Ratio to 1</b>	<b>2017/18 Budget Ratio to 1</b>
<b>Asset Sustainability Ratio</b>			
<u>capital renewal and replacement expenditure</u> depreciation expense	0.52	0.49	<b>0.55</b>
Benchmark: *Standard is not met if this ratio can be measured and is lower than 0.90 *Standard is improving if this ratio is between 0.90 and 1.10			
<b>Current Ratio</b>			
<u>current assets minus restricted current assets</u> current liabilities minus liabilities associated with restricted assets	0.96	0.96	<b>0.97</b>
Benchmark: *Standard is not met if this ratio is lower than 1			
<b>Debt Service Cover Ratio</b>			
<u>annual operating surplus before interest and depreciation</u> principal and interest	11.63	14.65	<b>11.77</b>
Benchmark: *Service is not met if this ratio is lower than 2 *Basic standard is met if this ratio is greater than or equal to 2 *Advanced ratio is met if this ratio is greater than 5			
<b>Operating Surplus Ratio</b>			
<u>operating revenue minus operating expense</u> own source operating revenue	0.05	0.04	<b>-0.02</b>
Benchmark: *Standard is not met if the operating surplus ratio is 0 *Basic standard is met if the operating surplus ratio is between 0 and 0.15 *Advanced Standard is met if the operating surplus ratio is greater than 0.15			
<b>Own Source Revenue Coverage Ratio</b>			
<u>own source operating revenue</u> operating expense	0.98	0.96	<b>0.93</b>
Benchmark: *Standard is not met if the ratio is less than 0.40 *Basic standard is met if the ratio is between 0.40 and 0.60 *Intermediate standard is met if the ration is between 0.60 and 0.90 *Advanced standard is met if the ratio is greater than 0.90			