

CITY OF WANNEROO

ANNUAL BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

TABLE OF CONTENTS

Statement of Comprehensive Income - By Nature or Type	3
Statement of Comprehensive Income - By Program	4
Statement of Cash Flows	5
Rate Setting Statement	6
<i>Notes To & Forming Part of the Budget:</i>	
1 - Significant Accounting Policies	7 - 13
2 - Revenues & Expenses	13 - 15
3 - Acquisition of Assets	15 - 16
4 - Disposal of Assets	16
5 - Information on Borrowings	17
6 - Reserves	18 - 22
7 - Non-Cash Reserves	22
8 - Net Current Assets	23
9 - Rating Information	24 - 26
10 - Specified Area Rates	27
11 - Service Charges	27
12 - Fees & Charges Revenue	27
13 - Rate Payment Discounts, Waivers & Concessions	27
14 - Interest Charges & Instalments	27
15 - Elected Members Remuneration	27
16 - Notes to the Statement of Cash Flows	29 - 30
17 - Trust Funds	31
18 - Major Land Transactions	31 - 35
19 - Trading Undertakings & Major Trading Undertakings	35
20 - Financial Ratios	36

CITY OF WANNEROO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Revenues				
Rates	9	151,980,546	152,038,015	131,005,140
Operating Grants, Subsidies & Contributions		8,912,445	8,130,615	9,091,698
Fees & Charges	12	15,916,164	15,469,480	44,153,664
Interest Earnings	2(a)(ii)	7,954,156	8,893,682	8,922,995
Other Revenue		693,708	726,513	714,795
		185,457,019	185,258,305	193,888,292
Expenses				
Employee Costs		(70,978,503)	(70,685,948)	(72,888,729)
Materials & Contracts		(57,390,934)	(56,885,587)	(60,390,801)
Utility Charges		(9,478,651)	(9,624,737)	(9,720,952)
Depreciation	2(a)(i)	(45,000,000)	(39,032,880)	(40,430,000)
Interest Expenses	2(a)(i),5(a)	(4,114,682)	(4,114,682)	(4,114,682)
Insurance Expenses		(1,584,844)	(1,455,624)	(1,476,858)
		(188,547,614)	(181,799,458)	(189,022,022)
OPERATING RESULT FROM CONTINUING OPERATIONS				
		(3,090,595)	3,458,847	4,866,270
Other Revenues & Expenses (excludes Contributions of Physical Assets)				
Non-Operating Grants, Subsidies & Contributions		14,117,012	10,710,530	13,112,216
Profit on Asset Disposals	4	500,000	1,900,000	1,666,667
Loss on Asset Disposals	4	-	(500,000)	(500,000)
Town Planning Scheme & Developer Contribution Plan Income		11,888,127	21,730,893	11,619,251
Town Planning Scheme & Developer Contribution Plan Expenses		(11,477,316)	(14,244,475)	(8,015,217)
		15,027,823	19,596,948	17,882,917
Net Result (excludes Contributions of Physical Assets)				
		11,937,228	23,055,795	22,749,187
Contributions of Physical Assets		50,000,000	50,000,000	40,000,000
Net Result		61,937,228	73,055,795	62,749,187
Other Comprehensive Income		-	-	-
TOTAL COMPREHENSIVE INCOME		61,937,228	73,055,795	62,749,187

Note:

- 1) *Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.*
- 2) *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.*
- 3) *Due to the reclassification of some accounts there may be differences when comparing figures adopted for the previous financial year.*
- 4) *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 2019

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Revenues	1,2(b)			
Community Amenities		2,636,929	2,868,105	31,298,523
Economic Services		2,674,900	2,375,450	2,234,250
Education & Welfare		3,975,391	3,138,163	373,750
General Purpose Funding		163,454,035	164,429,347	147,222,298
Governance		275,678	293,741	878,640
Health		639,500	496,250	535,476
Law, Order & Public Safety		1,387,970	1,322,970	1,347,005
Other Property & Services		9,797,214	20,231,980	9,458,336
Recreation & Culture		8,417,078	8,397,641	7,977,437
Transport		1,803,575	1,742,675	1,825,200
		195,062,270	205,296,322	203,150,915
Expenses (excludes Finance Costs)				
Community Amenities		(39,645,891)	(39,822,177)	(40,785,902)
Economic Services		(4,441,599)	(4,350,540)	(5,180,461)
Education & Welfare		(10,523,687)	(9,801,271)	(7,418,004)
General Purpose Funding		(1,131,845)	(1,137,262)	(1,816,165)
Governance		(8,369,258)	(9,118,684)	(5,939,310)
Health		(2,779,759)	(2,685,073)	(2,679,685)
Law, Order & Public Safety		(9,042,825)	(8,986,193)	(9,517,554)
Other Property & Services		(11,312,127)	(16,281,218)	(5,767,761)
Recreation & Culture		(59,060,624)	(59,012,715)	(58,940,079)
Transport		(49,328,318)	(43,637,800)	(54,576,747)
		(195,635,933)	(194,832,933)	(192,621,668)
Finance Costs				
General Purpose Funding		(720,526)	(720,526)	(720,526)
Other Property & Services		(381,938)	(381,938)	(381,938)
Recreation & Culture		(3,148,145)	(3,148,145)	(3,174,723)
Transport		(138,388)	(138,388)	(138,388)
		(4,388,997)	(4,388,997)	(4,415,575)
Non-Operating Grants, Subsidies & Contributions				
Governance		-	15,000	129,230
Education & Welfare		-	288,000	217,700
Law, Order & Public Safety		-	204,360	182,740
Other Property & Services		2,490,576	1,942,799	2,556,632
Recreation & Culture		9,110,262	7,958,372	7,092,973
Transport		54,799,050	55,172,872	45,289,573
		66,399,888	65,581,403	55,468,848
Profit/(Loss) on Disposal of Assets	4			
Other Property & Services		500,000	1,400,000	1,166,667
		500,000	1,400,000	1,166,667
Net Result		61,937,228	73,055,795	62,749,187
Other Comprehensive Income		-	-	-
TOTAL COMPREHENSIVE INCOME		61,937,228	73,055,795	62,749,187

Note:

- 1) Other Comprehensive Income (if any) is impacted upon by external forces and is not able to be reliably estimated.
- 2) 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.
- 3) Due to the reclassification of some accounts there may be differences when comparing figures adopted for the previous financial year.
- 4) 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 2019

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates	9	151,980,546	152,038,015	131,005,140
Operating Grants, Subsidies & Contributions		8,912,445	8,130,615	9,091,698
Fees & Charges	12	15,916,164	15,469,480	44,153,664
Interest Earnings	2(a)(ii)	7,954,156	8,893,682	8,922,995
Other Revenue		693,708	726,513	714,795
Goods & Services Tax		10,200,000	12,508,788	12,696,420
		195,657,019	197,767,093	206,584,711
Payments				
Employee Costs		(70,978,503)	(70,685,948)	(72,888,729)
Materials & Contracts		(57,390,934)	(56,885,587)	(60,390,801)
Utility Charges		(9,478,651)	(9,624,737)	(9,720,952)
Interest Expenses	2(a)(i),5(a)	(4,114,682)	(4,114,682)	(4,114,682)
Insurance Expenses		(1,584,844)	(1,455,624)	(1,476,858)
Goods & Services Tax		(10,200,000)	(11,435,599)	(11,607,133)
		(153,747,614)	(154,202,177)	(160,199,155)
	16(b)	41,909,405	43,564,916	46,385,556
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Non-Operating Grants, Subsidies & Contributions		14,117,012	10,710,530	13,112,216
Town Planning Scheme & Developer Contribution Plan Income		11,888,127	21,730,893	11,619,251
Proceeds from Disposal of Assets	4	1,453,365	1,453,365	2,090,757
		27,458,504	33,894,788	26,822,224
Payments				
Town Planning Scheme & Developer Contribution Plan Expenses		(11,477,316)	(14,244,475)	(8,015,217)
Payments for Construction of Infrastructure		(27,815,996)	(23,784,676)	(41,048,860)
Payments for Purchase of Property, Plant & Equipment		(55,427,668)	(35,096,507)	(42,340,589)
		(94,720,980)	(73,125,658)	(91,404,666)
		(67,262,476)	(39,230,870)	(64,582,442)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from New Loans	5	3,262,653	3,504,176	-
		3,262,653	3,504,176	-
NET INCREASE/(DECREASE) IN CASH HELD				
Cash at Beginning of Year	16(a)	323,605,059	359,431,307	367,269,529
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	16(a)	301,514,641	367,269,529	349,072,643

Note:

1) Due to the reclassification of some accounts there may be differences when comparing figures adopted for the previous financial year.

2) 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 2019

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
OPENING SURPLUS/(DEFICIT)		-	-	-
OPERATING ACTIVITIES				
Revenues (excludes Rates)				
Fees & Charges	12	15,916,164	15,469,480	44,153,664
Operating Grants, Subsidies & Contributions		8,912,445	8,130,615	9,091,698
Interest Earnings	2(a)(ii)	7,954,156	8,893,682	8,922,995
Other Revenue		693,708	726,513	714,795
Profit on Asset Disposal	4	500,000	1,900,000	1,666,667
Non-Operating Grants, Subsidies & Contributions		14,117,012	10,710,530	13,112,216
Contributions of Physical Assets		50,000,000	50,000,000	40,000,000
Town Planning Scheme & Developer Contribution Plan Income		11,888,127	21,730,893	11,619,251
		109,981,612	117,561,713	129,281,286
Expenses				
Employee Costs		(70,978,503)	(70,685,948)	(72,888,729)
Materials & Contracts		(57,390,934)	(56,885,587)	(60,390,801)
Utility Charges		(9,478,651)	(9,624,737)	(9,720,952)
Depreciation	2(a)(i)	(45,000,000)	(39,032,880)	(40,430,000)
Insurance		(1,584,844)	(1,455,624)	(1,476,858)
Interest Expenses	2(a)(i),5(a)	(4,114,682)	(4,114,682)	(4,114,682)
Loss on Asset Disposal	4	-	(500,000)	(500,000)
Town Planning Scheme & Developer Contribution Plan Expenses		(11,477,316)	(14,244,475)	(8,015,217)
		(200,024,930)	(196,543,933)	(197,537,239)
Operating Amounts Excluded				
Profit on Asset Disposal	4	(500,000)	(1,900,000)	(1,666,667)
Loss on Asset Disposal	4	-	500,000	500,000
Depreciation	2(a)(i)	45,000,000	39,032,880	40,430,000
		44,500,000	37,632,880	39,263,333
		(45,543,318)	(41,349,340)	(28,992,620)
INVESTING ACTIVITIES				
Revenues				
Proceeds from Disposal of Assets	4	1,453,365	1,453,365	2,090,757
		1,453,365	1,453,365	2,090,757
Expenses				
Capital Expenditure		(83,243,664)	(58,881,183)	(83,389,449)
Contributions of Physical Assets		(50,000,000)	(50,000,000)	(40,000,000)
		(133,243,664)	(108,881,183)	(123,389,449)
		(131,790,299)	(107,427,818)	(121,298,692)
FINANCING ACTIVITIES				
Revenues				
Contributions from New Loans	5	3,262,653	3,504,176	-
Transfers from Restricted Grants, Contributions & Loans		2,930,424	833,231	15,523,251
Transfers from Reserves	6	46,479,857	27,711,005	33,971,565
Transfers from Town Planning Schemes	18(b)	11,098,981	13,843,595	7,436,316
		63,771,915	45,892,007	56,931,132
Expenses				
Transfers to Restricted Grants, Contributions & Loans		-	-	-
Transfers to Reserves	6	(27,360,228)	(29,114,847)	(28,382,341)
Transfers to Town Planning Schemes	18(b)	(9,605,251)	(20,038,017)	(9,262,619)
		(36,965,479)	(49,152,864)	(37,644,960)
		26,806,436	(3,260,857)	19,286,172
BUDGET DEFICIENCY		(150,527,181)	(152,038,015)	(131,005,140)
Amount to be Raised from Rates	9	151,980,546	152,038,015	131,005,140
CLOSING SURPLUS/(DEFICIT)		1,453,365	-	(0)

Note:

1) Due to the reclassification of some accounts there may be differences when comparing figures adopted for the previous financial year.

2) 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 2019

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 an 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) **2017/18 Actual (Est.) Balances**

Balances shown in this budget as 2017/18 Actual (Est.) 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 & 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**

Contributions to employee defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(g) **Cash & 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 & Other Receivables**

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

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

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Raw Materials & Stores, Work-in-Progress & Finished Goods

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

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is to be stated at the lower of cost and net realisable value. Cost will be assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are to be expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing

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

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

(j) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

Each asset class must be revalued in accordance with the Regulations and the Australian Accounting Standards.

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

Initial Recognition & Measurement Between Mandatory Revaluation Dates

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

In relation to initial measurement, cost is determined as the consideration paid plus costs incidental to 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 between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement

Increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation reserve. Decreases in the carrying amount that offset previous increases of the same asset classes are recognised against revaluation reserve, all other decreases are recognised in the statement of comprehensive income.

Land Under Roads

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

Effective as at 1 July 2008, the City elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and Local Government (Financial Management) Regulation 16(a)(i), which prohibits local governments from recognising such land as an asset.

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

Gains & Losses on Disposal of Non-Current Assets

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Fixed Assets (Continued)

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

Buildings	40 years
Bus Shelters*	30 - 50 years
Computer Hardware	3 years
Computer Software	2 years
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
Land	Not Applicable
Light Vehicles	3 years (60% residual)
Other Infrastructure*	10 - 80 Years
Other Plant & Equipment	10 years
Parks & Reserves*	10 - 85 years
Pathways*	25 - 70 years
Plant	10 years (50% residual)
Reserves/Playground Equipment*	12 - 15 years
Road - Kerb	40 years
Road - Seal*	15 - 40 years
Road Pavement - Seal	40 years
Sealed Car Parks - Pavement*	40 - 80 years
Underpasses	40 years
Water Supply Piping & Drainage Systems*	40 - 80 years

*Due to useful lives of the individual assets within each asset type varying, the asset types denoted have a range of depreciation periods.

Certain elements of a non-current asset useful life can be shorter than the particular asset and this will be depreciated faster than the parent asset.

Residual values, useful lives and residual lives of individual assets are reviewed every three years as part of the revaluation process. Subsequent depreciation is recorded based on assets fair value and residual life.

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(k) Fair Value of Assets & 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.

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 Movement) 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:

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

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 & 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 & Subsequent Measurement

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

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

Amortised cost is calculated as:

- (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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial Instruments (Continued)

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

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless there is the intention to dispose of the investment within 12 months of the Statement of Financial Position date. Investments are to be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and there is the intention to hold them for the medium to long term.

(v) Financial Liabilities

Non-derivative financial liabilities (excl. financial guarantees) are 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,

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.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of Assets (Continued)

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 & Other Payables

Trade and other payables reflect obligations to make future payments in respect of the purchase of goods and services and are carried at amortised cost.

(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 of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The 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) Interest-Bearing Loans & Borrowings

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

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

Borrowings are classified as current liabilities unless the City has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. Borrowing costs are recognised as an expense when incurred, except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

(q) Provisions

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases

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

(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.

(t) Current & 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.

2. REVENUES & EXPENSES

(a) Net Result

(i) Charging as Expenses:

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Auditors Remuneration				
Audit		29,000	30,000	100,000
		29,000	30,000	100,000
Depreciation				
By Class				
Furniture & Equipment		9,454,539	9,454,539	6,207,393
Land & Buildings		3,567,729	3,567,729	4,090,173
Other Infrastructure Assets		27,258,488	21,291,368	27,218,439
Plant & Equipment		4,719,244	4,719,244	2,913,995
		45,000,000	39,032,880	40,430,000
By Program				
Community Amenities		2,326,987	2,326,987	415,048
Economic Services		12,083	12,083	13,074
Education & Welfare		136,946	136,946	145,394
Governance		1,768,497	1,768,497	1,820,232
Health		37,436	37,436	40,675
Law, Order & Public Safety		28,250	28,250	29,958
Other Property & Services		4,726,396	4,726,396	3,904,833
Recreation & Culture		15,731,477	15,731,477	12,646,513
Transport		20,231,928	14,264,808	21,414,273
		45,000,000	39,032,880	40,430,000
Interest Expenses (Finance Costs)				
- Loan Interest (Developer Contributions Plans)	5(a)	274,315	274,315	300,893
- Loan Interest (Municipal)	5(a)	4,114,682	4,114,682	4,114,682
		4,388,997	4,388,997	4,415,575

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

(ii) Crediting as Revenues:

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Interest Earnings				
Investments				
- Municipal Funds		2,730,974	2,345,065	2,399,703
- Reserve Funds		3,501,868	4,571,209	4,537,792
- Other Interest Revenue	14	1,721,314	1,977,408	1,985,500
		7,954,156	8,893,682	8,922,995
- Developer Contribution Plans		283,560	293,560	331,032
- Town Planning Schemes	18	2,939,561	3,039,561	3,157,459
		11,177,277	12,226,803	12,411,486

(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*

- 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:

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.

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.

Education & 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.

General Purpose Funding

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

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

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.

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.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

2. REVENUES & EXPENSES (CONTINUED)

(b) Statement of Objective (Continued)

Law, Order & 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.

Other Property & 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.

Recreation & 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.

3. ACQUISITION OF ASSETS

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

Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
<u>By Class</u>			
Drainage	7,607,030	7,447,331	9,315,040
Furniture & Equipment	10,140,358	6,514,398	15,965,428
Land & Buildings	37,371,982	24,252,458	21,388,389
Parks & Ovals	14,615,416	11,554,933	12,875,390
Pathways	3,730,433	3,773,019	5,032,630
Plant & Equipment	7,915,328	4,329,651	4,986,772
Roads	51,863,117	51,009,393	53,825,800
	133,243,664	108,881,183	123,389,449

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

3. ACQUISITION OF ASSETS (CONTINUED)

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
By Program				
Community Amenities				
Furniture & Equipment		87,000	95,750	38,650
Land & Buildings		668,000	618,000	550,100
Parks & Ovals		111,000	111,000	170,980
Pathways		-	35,790	414,210
		866,000	860,540	1,173,940
Economic Services				
Land & Buildings		671,359	118,393	77,775
		671,359	118,393	77,775
Education & Welfare				
Furniture & Equipment		75,927	195,687	227,700
Land & Buildings		30,000	30,000	-
		105,927	225,687	227,700
Governance				
Furniture & Equipment		5,610,001	2,294,755	7,560,907
Land & Buildings		11,355,505	9,529,149	1,681,690
		16,965,506	11,823,904	9,242,597
Law, Order & Public Safety				
Land & Buildings		125,750	147,370	182,740
		125,750	147,370	182,740
Other Property & Services				
Furniture & Equipment		217,700	317,700	-
Land & Buildings		3,395,294	760,468	1,569,426
Plant & Equipment		7,915,328	4,329,651	4,986,772
		11,528,322	5,407,819	6,556,198
Recreation & Culture				
Furniture & Equipment		3,659,350	3,271,543	6,890,820
Land & Buildings		21,126,074	13,049,078	17,326,658
Parks & Ovals		14,504,416	11,443,933	12,704,410
Pathways		170,000	170,000	40,000
		39,459,840	27,934,554	36,961,888
Transport				
Drainage		7,607,030	7,447,331	9,315,040
Furniture & Equipment		490,380	338,963	1,247,351
Pathways		3,560,433	3,567,229	4,578,420
Roads		51,863,117	51,009,393	53,825,800
		63,520,960	62,362,916	68,966,611
		133,243,664	108,881,183	123,389,449

Note:

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

4. DISPOSAL OF ASSETS

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

	Note	Net Book Value 2018/19 Budget \$	Sale Proceeds 2018/19 Budget \$	Profit/(Loss) 2018/19 Budget \$
By Class				
Land & Buildings		-	1,166,667	1,166,667
Plant & Equipment		924,090	924,090	-
		924,090	2,090,757	1,166,667
By Program				
Other Property & Services		924,090	2,090,757	1,166,667
		924,090	2,090,757	1,166,667
Summary				
Profit on Asset Disposals				1,666,667
Loss on Asset Disposals				(500,000)
				1,166,667

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

5. INFORMATION ON BORROWINGS

(a) Loan Repayments

Details	Principal	New	Principal		Principal		Interest	
	01-Jul-18	Drawdown	Repayments		Outstanding		Repayments	
	Actual (Est.) \$	2018/19 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Western Australian Treasury Corporation	60,778,188	-	-	-	60,778,188	60,778,188	4,114,682	4,114,682
Commonwealth Bank of Australia	9,104,176	-	-	-	9,104,176	9,104,176	274,315	300,893
Total	69,882,364	-	-	-	69,882,364	69,882,364	4,388,997	4,415,575

Western Australian Treasury Corporation Loan Notes:

- 1) The loan repayments are to be financed by general purpose revenue.
- 2) The interest rate for the duration of the loan is 6.07% (fixed).
- 3) The maturity date of the loan is 1st December 2026.
- 4) The principal will be paid from the Loan Repayment Reserve upon maturity.

Commonwealth Bank of Australia Loan Notes:

- 1) The loan repayments are to be financed by the Yanchep/Two Rocks Developer Contributions Plan.
- 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).
- 3) The maturity date of the loan is 8th September 2024.
- 4) The principal will be paid from the Yanchep/Two Rocks Developer Contributions Plan Reserve upon maturity.

(b) Unspent Loans

Western Australian Treasury Corporation

The City is estimated to have \$10,015,921 unspent loans as at 30th June 2018. The purpose of the unspent loans is to provide funding to the City's capital program. As at 30 June 2019 there will be budgeted loan funds of \$6,875,000 to be available to projects scheduled for completion in future years.

Commonwealth Bank of Australia

The City was required to increase its borrowings during the 2017/18 financial year by \$804,176, from \$8,300,000 to \$9,104,176. Whilst total borrowings of \$8,300,000 was approved in the 2017/18 budget, the previous year sought approval for \$11,100,000. As at 30th June 2018 \$207,492 is estimated to remain unspent, with \$NIL expected to be unused at 30th June 2019.

(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 2018 is estimated to be \$NIL. Furthermore, the bank overdraft is expected to remain at a \$NIL balance for the period ending 30 June 2019.

(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 2018/19.

Details	Approved	Funds Used	Funds to be Used			Approved
	Application					Application
	2017/18 \$	To 30/6/17 \$	2017/18 \$	2018/19 \$	2019/20- 20/21 \$	2018/19 \$
Western Australian Treasury Corporation Loan						
Construct Community Centre - Butler	278,000	278,000	-	-	-	278,000
Develop Accessible & Inclusive Playground	222,000	222,000	-	-	-	222,000
Develop Industrial Estate - Neerabup	317,887	317,887	-	-	-	317,887
Develop Wangara Industrial Area (Lot 15)	2,550,024	1,196,482	251,110	502,432	-	1,950,024
Develop Wangara Industrial Area (Lot 257)	43,857	43,857	-	-	-	43,857
Flynn Drive Neerabup - Construct Road	3,367,220	1,555,880	83,192	-	-	1,639,072
Kingsway Regional Playground	650,000	650,000	-	-	-	650,000
Kingsway Regional Sporting Complex	20,840,902	18,942,670	512,891	2,638,489	1,075,000	23,169,050
Lot 12 Fowey Loop	1,800	1,800	-	-	-	1,800
Pinjar Road - Wanneroo & 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 Dundobar Road	54,715	54,715	-	-	-	54,715
Wanneroo Regional Museum & Library	10,416,178	10,416,178	-	-	-	10,416,178
Yanchep Active Open Space	56,460	56,460	-	-	-	56,460
Yanchep Lagoon - Brazier Road Realignment	3,859,181	3,859,181	-	-	-	3,859,181
Yanchep Surf Life Saving Club	1,157,500	1,157,500	-	-	-	1,157,500
	60,778,188	49,915,074	847,193	3,140,921	6,875,000	60,778,188
Commonwealth Bank of Australia Loan						
Yanchep Active Open Space Oval Ground Works	825,045	1,037,331	-	-	-	1,037,331
Yanchep District Playing Fields	2,721,850	2,167,396	300,655	199,915	-	2,667,966
Yanchep District Sports Amenities Building Stage 1	1,295,471	439,828	938,764	-	-	1,378,592
Yanchep Surf Life Saving Club	4,020,287	1,794,569	2,218,141	7,577	-	4,020,287
	8,862,653	5,439,124	3,457,560	207,492	-	9,104,176
Total	69,640,841	55,354,198	4,304,753	3,348,413	6,875,000	69,882,364

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

6. RESERVES

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
(a) Alkimos/Eglinton District Community Facilities Reserve	16(a)			
Opening Balance		11,563,922	11,341,202	12,118,588
Transfer to Reserve		2,634,595	838,174	1,300,857
Transfer from Reserve		(79,200)	(60,788)	(98,554)
		14,119,317	12,118,588	13,320,891
(b) Asset Renewal Reserve				
Opening Balance		13,222,432	11,250,050	12,297,707
Transfer to Reserve		2,297,505	2,253,126	2,307,443
Transfer from Reserve		(2,000,000)	(1,205,469)	(3,520,047)
		13,519,937	12,297,707	11,085,103
(c) Asset Replacement Reserve				
Opening Balance		4,796,572	4,786,149	6,022,311
Transfer to Reserve		2,107,923	2,107,688	2,150,558
Transfer from Reserve		(2,358,750)	(871,526)	(4,424,849)
		4,545,745	6,022,311	3,748,020
(d) Butler Collaborative Planning Agreement Reserve				
Opening Balance		2,964,471	2,960,483	3,027,094
Transfer to Reserve		66,701	66,611	-
Transfer from Reserve		-	-	(3,027,094)
		3,031,172	3,027,094	-
(e) Carry Forward Capital Projects Reserve				
Opening Balance		5,524,685	5,524,685	4,667,264
Transfer to Reserve		-	4,667,264	-
Transfer from Reserve		(5,524,685)	(5,524,685)	(4,667,264)
		-	4,667,264	-
(f) Coastal Infrastructure Management Reserve				
Opening Balance		7,223,311	7,490,388	10,658,922
Transfer to Reserve		3,162,524	3,168,534	3,266,473
Transfer from Reserve		-	-	(300,000)
		10,385,835	10,658,922	13,625,395
(g) Domestic Refuse Reserve				
Opening Balance		8,531,554	8,571,718	8,602,582
Transfer to Reserve		191,960	192,864	215,065
Transfer from Reserve		(1,212,000)	(162,000)	(50,000)
		7,511,514	8,602,582	8,767,647
(h) Fleming Park Lake Reserve				
Opening Balance		220,331	220,034	224,985
Transfer to Reserve		4,957	4,951	-
Transfer from Reserve		-	-	(224,985)
		225,288	224,985	-
(i) Golf Courses Reserve				
Opening Balance		1,447,005	1,593,554	1,303,676
Transfer to Reserve		382,558	385,855	382,592
Transfer from Reserve		(1,292,500)	(675,733)	(1,066,093)
		537,063	1,303,676	620,175
(j) HACC Asset Replacement Reserve				
Opening Balance		587,752	619,126	663,056
Transfer to Reserve		43,224	43,930	-
Transfer from Reserve		-	-	(663,056)
		630,976	663,056	-
(k) Land Acquisition Reserve				
Opening Balance		2,671,278	2,178,175	2,727,184
Transfer to Reserve		560,104	549,009	568,180
Transfer from Reserve		-	-	-
		3,231,382	2,727,184	3,295,364

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

6. RESERVES (CONTINUED)	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
	16(a)			
(l) Leave Liability Reserve				
Opening Balance		1,554,010	1,708,512	1,796,954
Transfer to Reserve		84,965	88,442	94,924
Transfer from Reserve		-	-	-
		1,638,975	1,796,954	1,891,878
(m) Loan Repayment Reserve				
Opening Balance		20,959,824	20,937,950	21,909,054
Transfer to Reserve		971,596	971,104	1,714,393
Transfer from Reserve		-	-	-
		21,931,420	21,909,054	23,623,447
(n) Neerabup Development Reserve				
Opening Balance		4,549,749	4,524,110	5,027,309
Transfer to Reserve		1,102,369	1,101,792	125,683
Transfer from Reserve		(2,354,668)	(598,593)	(1,049,994)
		3,297,450	5,027,309	4,102,998
(o) Plant Replacement Reserve				
Opening Balance		9,090,490	10,090,454	12,176,313
Transfer to Reserve		6,163,011	6,185,510	6,469,575
Transfer from Reserve		(7,535,328)	(4,099,651)	(4,886,772)
		7,718,173	12,176,313	13,759,116
(p) Regional Open Space Reserve				
Opening Balance		5,162,432	5,155,485	8,271,483
Transfer to Reserve		3,116,155	3,115,998	3,206,787
Transfer from Reserve		-	-	-
		8,278,587	8,271,483	11,478,270
(q) Section 152 Reserve (formerly Section 20A Land Reserve)				
Opening Balance		1,592,052	1,589,909	1,553,070
Transfer to Reserve		35,821	35,773	38,827
Transfer from Reserve		(351,125)	(72,612)	(278,513)
		1,276,748	1,553,070	1,313,384
(r) Strategic Projects/Initiatives Reserve				
Opening Balance		64,102,418	71,307,498	59,654,116
Transfer to Reserve		1,442,304	2,321,053	5,304,445
Transfer from Reserve		(23,684,101)	(13,974,435)	(9,364,897)
		41,860,621	59,654,116	55,593,664
(s) Sustainability Investment Fund Reserve				
Opening Balance		77,644	127,540	-
Transfer to Reserve		1,747	2,870	-
Transfer from Reserve		(50,000)	(130,410)	-
		29,391	-	-
(t) TPS 20 - District Distributor Headworks Reserve				
Opening Balance		6,781,711	6,772,576	6,924,959
Transfer to Reserve		152,588	152,383	173,124
Transfer from Reserve		-	-	-
		6,934,299	6,924,959	7,098,083
(u) Yanchep Bus Reserve				
Opening Balance		103,530	98,397	105,611
Transfer to Reserve		7,329	7,214	7,640
Transfer from Reserve		-	-	-
		110,859	105,611	113,251
(v) Yanchep/Two Rocks District Community Facilities Reserve				
Opening Balance		1,038,752	292,484	812,083
Transfer to Reserve		2,830,292	854,702	1,055,775
Transfer from Reserve		(37,500)	(335,103)	(349,447)
		3,831,544	812,083	1,518,411
		154,646,296	180,544,321	174,955,097

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

6. RESERVES (CONTINUED)

- 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.

Summary of Reserve Transfers

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Transfers to Reserves				
Alkimos/Eglinton District Community Facilities Reserve		2,634,595	838,174	1,300,857
Asset Renewal Reserve		2,297,505	2,253,126	2,307,443
Asset Replacement Reserve		2,107,923	2,107,688	2,150,558
Butler Collaborative Planning Agreement Reserve		66,701	66,611	-
Carry Forward Capital Projects Reserve		-	4,667,264	-
Coastal Infrastructure Management Reserve		3,162,524	3,168,534	3,266,473
Domestic Refuse Reserve		191,960	192,864	215,065
Fleming Park Lake Reserve		4,957	4,951	-
Golf Courses Reserve		382,558	385,855	382,592
HACC Asset Replacement Reserve		43,224	43,930	-
Land Acquisition Reserve		560,104	549,009	568,180
Leave Liability Reserve		84,965	88,442	94,924
Loan Repayment Reserve		971,596	971,104	1,714,393
Neerabup Development Reserve		1,102,369	1,101,792	125,683
Plant Replacement Reserve		6,163,011	6,185,510	6,469,575
Regional Open Space Reserve		3,116,155	3,115,998	3,206,787
Section 152 Reserve (formerly Section 20A Land Reserve)		35,821	35,773	38,827
Strategic Projects/Initiatives Reserve		1,442,304	2,321,053	5,304,445
Sustainability Investment Fund Reserve		1,747	2,870	-
TPS 20 - District Distributor Headworks Reserve		152,588	152,383	173,124
Yanchep Bus Reserve		7,329	7,214	7,640
Yanchep/Two Rocks District Community Facilities Reserve		2,830,292	854,702	1,055,775
		27,360,228	29,114,847	28,382,341
Transfers from Reserves				
Alkimos/Eglinton District Community Facilities Reserve		(79,200)	(60,788)	(98,554)
Asset Renewal Reserve		(2,000,000)	(1,205,469)	(3,520,047)
Asset Replacement Reserve		(2,358,750)	(871,526)	(4,424,849)
Butler Collaborative Planning Agreement Reserve		-	-	(3,027,094)
Carry Forward Capital Projects Reserve		(5,524,685)	(5,524,685)	(4,667,264)
Coastal Infrastructure Management Reserve		-	-	(300,000)
Domestic Refuse Reserve		(1,212,000)	(162,000)	(50,000)
Fleming Park Lake Reserve		-	-	(224,985)
Golf Courses Reserve		(1,292,500)	(675,733)	(1,066,093)
HACC Asset Replacement Reserve		-	-	(663,056)
Land Acquisition Reserve		-	-	-
Leave Liability Reserve		-	-	-
Loan Repayment Reserve		-	-	-
Neerabup Development Reserve		(2,354,668)	(598,593)	(1,049,994)
Plant Replacement Reserve		(7,535,328)	(4,099,651)	(4,886,772)
Regional Open Space Reserve		-	-	-
Section 152 Reserve (formerly Section 20A Land Reserve)		(351,125)	(72,612)	(278,513)
Strategic Projects/Initiatives Reserve		(23,684,101)	(13,974,435)	(9,364,897)
Sustainability Investment Fund Reserve		(50,000)	(130,410)	-
TPS 20 - District Distributor Headworks Reserve		-	-	-
Yanchep Bus Reserve		-	-	-
Yanchep/Two Rocks District Community Facilities Reserve		(37,500)	(335,103)	(349,447)
		(46,479,857)	(27,711,005)	(33,971,565)
Net Transfer to/(from) Reserves		(19,119,629)	1,403,842	(5,589,224)

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

6. RESERVES (CONTINUED)

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

(a) 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.

(b) Asset Renewal Reserve

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

(c) 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.

(d) 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.

(e) Carry Forward Capital Projects Reserve

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

(f) Coastal Infrastructure Management Reserve

For the accumulation of funds to support coastal infrastructure capital projects.

(g) Domestic Refuse Reserve

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

(h) Fleming Park Lake Reserve

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

(i) Golf Courses Reserve

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

(j) 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.

(k) Land Acquisition Reserve

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

(l) Leave Liability Reserve

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

(m) 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.

(n) Neerabup Development Reserve

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

(o) Plant Replacement Reserve

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

(p) Regional Open Space Reserve

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

6. RESERVES (CONTINUED)

(q) 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.

(r) 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.

(s) Sustainability Investment Fund Reserve

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

(t) TPS 20 - District Distributor Headworks Reserve

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

(u) Yanchep Bus Reserve

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

(v) 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.

7. NON-CASH RESERVES

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

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
(a) Buildings				
Opening Balance		82,686,540	82,686,540	85,960,325
Revaluation Increment		-	3,273,785	-
Revaluation Decrement		(686,540)	-	-
		82,000,000	85,960,325	85,960,325
(b) Equity Accounted Investments				
Opening Balance		4,917,697	4,962,476	4,962,476
Revaluation Increment		82,303	-	-
Revaluation Decrement		-	-	-
		5,000,000	4,962,476	4,962,476
(c) Furniture & Equipment (Artworks & Artefacts)				
Opening Balance		246,092	246,092	246,092
Revaluation Increment		-	-	-
Revaluation Decrement		-	-	-
		246,092	246,092	246,092
(d) Infrastructure Assets				
Opening Balance		590,000,000	887,317,267	887,317,267
Revaluation Increment		-	-	-
Revaluation Decrement		-	-	-
		590,000,000	887,317,267	887,317,267
(e) Land				
Opening Balance		321,428,173	321,428,173	334,154,388
Revaluation Increment		-	12,726,215	-
Revaluation Decrement		(1,428,173)	-	-
		320,000,000	334,154,388	334,154,388
		997,246,092	1,312,640,548	1,312,640,548

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

8. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position:

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Current Assets				
Cash - Unrestricted	16(a)	23,402,716	24,273,695	25,173,133
Cash - Restricted	16(a)	278,111,925	342,995,834	323,899,510
Receivables	16(b)	22,259,609	18,870,752	18,550,510
Inventories	16(b)	415,056	360,450	365,857
		324,189,306	386,500,730	367,989,010
Less: Current Liabilities				
Payables & Provisions		(47,716,356)	(45,301,850)	(45,981,378)
Net Current Asset Position		276,472,950	341,198,880	322,007,632
Plus: Leave Provisions Cash Backed	6(l)	1,638,975	1,796,954	1,891,878
Less: Cash - Restricted	16(a)	(278,111,925)	(342,995,834)	(323,899,510)
Estimated Surplus/(Deficit) Carried Forward		-	-	-

Note:

- 1) The estimated surplus/(deficiency) carried forward in the 2017/2018 actual column represents the surplus/(deficit) brought forward as at 1 July 2018.
- 2) The estimated surplus/(deficiency) carried forward in the 2018/2019 budget column represents the surplus/(deficit) carried forward as at 30 June 2019.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

9. RATING INFORMATION

General Rate Category	2017/18		2018/19					
	Budgeted Total Revenue \$	Actual (Est.) Total Revenue \$	Rate-in-Dollar Cents	Number of Properties	Rateable Value \$	Budgeted Rate Revenue \$	Budgeted Interim Rates \$	Budgeted Total Revenue \$
Gross Rental Value - Improved								
Residential	95,938,351	103,177,213	6.4963	60,489	1,228,630,222	79,815,505	1,850,000	81,665,505
Commercial/Industrial	21,527,062	22,399,303	6.7442	2,811	330,071,450	22,260,679	350,000	22,610,679
Gross Rental Value - Vacant								
Residential	7,298,743	-	12.9900	2,109	49,179,970	6,388,478	-	6,388,478
Commercial/Industrial	808,254	-	6.7050	166	13,112,481	879,192	-	879,192
Unimproved Value - Improved								
Residential	584,276	-	0.3774	183	148,945,000	562,118	70,000	632,118
Commercial/Industrial	199,729	315,900	0.2773	35	67,900,348	188,288	30,000	218,288
Rural & Mining	2,244,599	2,582,073	0.3745	398	558,107,000	2,090,111	50,000	2,140,111
Unimproved Value - Vacant								
Residential	3,686,328	4,265,203	0.5545	85	697,655,000	3,868,497	-	3,868,497
Commercial/Industrial	115,538	-	0.3280	10	27,660,000	90,725	-	90,725
Rural & Mining	353,152	-	0.4898	84	81,707,048	400,201	-	400,201
Sub-Totals	132,756,032	132,739,692	n/a	66,370	3,202,968,519	116,543,794	2,350,000	118,893,794
Minimum Rate Category			General Minimum \$					
Gross Rental Value - Improved								
Residential	16,618,909	18,381,111	971	9,525	137,115,248	9,248,775	-	9,248,775
Lesser Minimum Strata Titled Caravan Parks	-	-	141	-	-	-	-	-
Commercial/Industrial	686,552	844,757	1,344	546	8,545,864	733,824	-	733,824
Lesser Minimum Strata Titled Storage Units	46,122	-	672	84	512,898	56,448	-	56,448
Gross Rental Value - Vacant								
Residential	1,755,249	-	975	2,013	12,014,170	1,962,675	-	1,962,675
Commercial/Industrial	47,439	-	1,344	32	450,040	43,008	-	43,008
Unimproved Value - Improved								
Residential	4,011	-	971	1	189,652	971	-	971
Commercial/Industrial	7,907	9,225	1,344	6	1,240,000	8,064	-	8,064
Rural & Mining	2,660	-	963	0	-	-	-	-
Unimproved Value - Vacant								
Residential	4,375	8,386	975	3	217,500	2,925	-	2,925
Commercial/Industrial	-	-	1,344	-	-	-	-	-
Rural & Mining	31,290	34,844	912	38	204,853	34,656	-	34,656
Sub-Totals	19,204,514	19,278,323	n/a	12,248	160,490,225	12,091,346	-	12,091,346
Totals	151,960,546	152,018,015	n/a	78,618	3,363,458,744	128,635,140	2,350,000	130,985,140
Ex Gratia Rates	20,000	20,000						20,000
Grand Totals	151,980,546	152,038,015						131,005,140

Note:

1) 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 2019

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 is proposing the introduction of a Waste Fee in 2018/19. Waste will be separated from Rates and no longer incorporated within the General Rates as in previous years. In accordance with Section 6.36 of the Local Government Act 1995 the Differential General Rates and Minimum Rates intended to be levied were advertised as follows:

Rating Category	Final 27 June 2017		Advertised 11 May 2018		Final 26 June 2018	
	Rate- in-the- Dollar (Cents)	General Minimum Rate \$	Rate- in-the- Dollar (Cents)	General Minimum Rate \$	Rate- in-the- Dollar (Cents)	General Minimum Rate \$
Gross Rental Value - Improved						
Residential	8.1645	1,337	6.4888	980	6.4963	971
Lesser Minimum Strata Titled Caravan Parks	8.1645	422	6.4888	142	6.4963	141
Commercial/Industrial	6.6120	1,318	6.8071	1,357	6.7442	1,344
Lesser Minimum Strata Titled Storage Units	6.6120	659	6.8071	679	6.7442	672
Gross Rental Value - Vacant						
Residential	12.2300	875	13.4000	1,005	12.9900	975
Commercial/Industrial	6.1160	1,318	6.7050	1,357	6.7050	1,344
Unimproved Value - Improved						
Residential	0.3851	1,337	0.3495	980	0.3774	971
Commercial/Industrial	0.2857	1,318	0.2941	1,357	0.2773	1,344
Rural & Mining	0.3736	1,330	0.3571	973	0.3745	963
Unimproved Value - Vacant						
Residential	0.5387	875	0.5546	1,005	0.5545	975
Commercial/Industrial	0.3081	1,318	0.3172	1,357	0.3280	1,344
Rural & Mining	0.4081	894	0.4201	920	0.4898	912

Note:

- 1) 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.
- 2) Adjustments to the Rates advertised have been highlighted above. The reason for the changes are due to Council was still considering initiatives and the proposed capital spend. The Council has now considered the Capital Works Program Review and the lower Rate increase is sufficient to fund Operations and Capital Program for 2018/19.

Objects and Reason for Rates

The overall objective of the proposed Rates in the draft 2018/19 Budget is to provide for the net funding requirements of the City'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.

The Objects and Reasons that have been proposed are:

Gross Rental Value & Unimproved Value - 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.

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.

Gross Rental Value & Unimproved Value - 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.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

9. RATING INFORMATION (CONTINUED)

Gross Rental Value & Unimproved Value - 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.

Gross Rental Value & Unimproved Value - 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.

Unimproved Value - Rural & Mining Improved

The Rate-in-the-Dollar and Minimum Rate have been set with an intention to foster and encourage farming and horticultural activities in the City, thereby stimulating growth and development in the community.

Unimproved Value - Rural & Mining Vacant

The Rate-in-the-Dollar and 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 2019

10. SPECIFIED AREA RATES

No Specified Area Rates have been budgeted for the 2018/19 Financial Year.

11. SERVICE CHARGES

No Service Charges have been budgeted for the 2018/19 Financial Year.

12. FEES & CHARGES REVENUE

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Community Amenities		2,580,842	2,782,072	31,226,704
Economic Services		2,539,400	2,236,400	2,085,700
Education & Welfare		358,344	270,060	92,150
General Purpose Funding		518,150	494,407	512,000
Governance		8,375	20,675	333,800
Health		330,000	310,000	366,311
Law, Order & Public Safety		898,000	858,000	837,000
Other Property & Services		206,099	6,099	6,100
Recreation & Culture		7,251,954	7,139,367	7,243,899
Transport		1,225,000	1,352,400	1,450,000
		15,916,164	15,469,480	44,153,664

13. RATE PAYMENT DISCOUNTS, WAIVERS & CONCESSIONS

No rates discounts have been budgeted for the 2018/19 Financial Year.

With regard to waivers, Council has agreed, in accordance with Section 6.47 of the Local Government Act 1995, to waive the 2018/19 Council Rates (excluding Emergency Services Levy) for land leased by the City to the following community groups (totalling approximately \$97,591):

- 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.;
- The Badminton Association of WA 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.;
- West Australian Rifle Association 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 2019

14. INTEREST CHARGES AND INSTALMENTS

An interest rate of 8.45% per annum will be charged on all Rates, both current and arrears, that remain unpaid after 35 days from the issue date of the Rate notice (3 August 2018). It is estimated this will generate income of \$1,267,500. Three option plans will be available to Ratepayers for payment of their Rates by instalments.

Option 1 (Full Payment)

Full amount of Rates and Service Charges, including arrears, to be paid on or before 35 days from the issue date appearing on the Rate notice (7 September 2018).

Option 2 (Two Instalments)

First instalment to be received on or before 35 days after the issue date appearing on the Rate notice, including all arrears and half of the current Rates and Service Charges (7 September 2018). The second and final instalment will be due and payable 63 days after the due and payable 63 days after the due date of the first instalment (9 November 2018).

Option 3 (Four Instalments)

First instalment to be received on or before 35 days after the issue date appearing on the Rate notice, including all arrears and a quarter of the current Rates and Service Charges (7 September 2018). The second, third and fourth instalments are to be made at 63 day intervals, thereafter (9 November 2018, 11 January 2019 and 15 March 2019).

Cost of Instalment Options

The cost of the instalment options will comprise of simple interest of 5.5% per annum, calculated from the date the first instalment is due and payable (7 September 2018), together with an Administration Fee of \$5.00 for each instalment.

Special Arrangements & 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 2018/19 financial year is estimated at \$2,387,500. This is dissected as follows:

Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Instalment Interest Charges - Rates	724,214	731,155	718,000
Late Payment Penalty Interest - Rates	997,100	1,246,253	1,267,500
2a(ii)	1,721,314	1,977,408	1,985,500
Administration Charges - Rates	403,250	379,507	402,000
	2,124,564	2,356,915	2,387,500

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 & allowances relate to Elected Members:

Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Mayor's Allowance & Meeting Fees	135,910	139,410	139,410
Deputy Mayor's Allowance & Meeting Fees	57,080	57,080	57,080
Councillor's Meeting Attendance Fees	404,232	404,232	439,096
ICT Allowance	52,500	52,500	49,000
Conference Expenses	40,000	40,000	80,000
Other Expense Reimbursements	70,800	60,800	82,000
	760,522	754,022	846,586

Note:

1) Actual payments for Elected Members fees, expenses & 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 2019

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	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Cash - Unrestricted	8	23,402,716	24,273,695	25,173,133
Cash - Restricted	8	278,111,925	342,995,834	323,899,510
Total Cash		301,514,641	367,269,529	349,072,643
Non-Current Financial Instruments - Restricted (TPS)		-	-	-
Total Restricted Monies		278,111,925	342,995,834	323,899,510

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

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Alkimos/Eglinton District Community Facilities Reserve	6(a)	14,119,317	12,118,588	13,320,891
Asset Renewal Reserve	6(b)	13,519,937	12,297,707	11,085,103
Asset Replacement Reserve	6(c)	4,545,745	6,022,311	3,748,020
Butler Collaborative Planning Agreement Reserve	6(d)	3,031,172	3,027,094	-
Carry Forward Capital Projects Reserve	6(e)	-	4,667,264	-
Coastal Infrastructure Management Reserve	6(f)	10,385,835	10,658,922	13,625,395
Domestic Refuse Reserve	6(g)	7,511,514	8,602,582	8,767,647
Fleming Park Lake Reserve	6(h)	225,288	224,985	-
Golf Courses Reserve	6(i)	537,063	1,303,676	620,175
HACC Asset Replacement Reserve	6(j)	630,976	663,056	-
Land Acquisition Reserve	6(k)	3,231,382	2,727,184	3,295,364
Leave Liability Reserve	6(l)	1,638,975	1,796,954	1,891,878
Loan Repayment Reserve	6(m)	21,931,420	21,909,054	23,623,447
Neerabup Development Reserve	6(n)	3,297,450	5,027,309	4,102,998
Plant Replacement Reserve	6(o)	7,718,173	12,176,313	13,759,116
Regional Open Space Reserve	6(p)	8,278,587	8,271,483	11,478,270
Section 152 Reserve (formerly Section 20A Land Reserve)	6(q)	1,276,748	1,553,070	1,313,384
Strategic Projects/Initiatives Reserve	6(r)	41,860,621	59,654,116	55,593,664
Sustainability Investment Fund Reserve	6(s)	29,391	-	-
TPS 20 - District Distributor Headworks Reserve	6(t)	6,934,299	6,924,959	7,098,083
Yanchep Bus Reserve	6(u)	110,859	105,611	113,251
Yanchep/Two Rocks District Community Facilities Reserve	6(v)	3,831,544	812,083	1,518,411
Town Planning Schemes	18	113,537,481	119,827,754	121,654,057
Unspent Grants, Contributions & Loans		9,928,148	42,623,759	27,290,356
		278,111,925	342,995,834	323,899,510

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

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

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

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Net Result		61,937,228	73,055,795	62,749,187
Depreciation	2(a)(i)	45,000,000	39,032,880	40,430,000
(Profit)/Loss on Sale of Asset	4	(500,000)	(1,400,000)	(1,166,667)
(Increase)/Decrease in Receivables	8	(455,915)	2,932,942	320,241
(Increase)/Decrease in Inventories	8	(15,000)	39,606	(5,407)
Increase/(Decrease) in Payables		376,704	(2,037,802)	679,528
Increase/(Decrease) in Employee Provisions	6(l)	84,965	88,442	94,924
Town Planning Scheme & Developer Contribution Plan Income		(11,888,127)	(21,730,893)	(11,619,251)
Town Planning Scheme & Developer Contribution Plan Expense		11,477,316	14,244,475	8,015,217
Grants/Contributions for the Development of Assets		(64,117,012)	(60,710,530)	(53,112,216)
Net Cash from Operating Activities		41,900,159	43,514,916	46,385,556

(c) Undrawn Borrowing Facilities & Credit Standby Arrangements

	Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
Bank Overdraft Limit		1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date		-	-	-
		1,000,000	1,000,000	1,000,000
Credit Card Limit		321,500	321,500	321,500
Credit Card Balance at Balance Date		20,000	20,000	20,000
		301,500	301,500	301,500
Total Amount of Credit Unused		1,301,500	1,301,500	1,301,500
Loan Facilities	5			
Loan Facilities in use at Balance Date		69,640,841	69,882,364	69,882,364
Unused Loan Facilities		-	-	-

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

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:

	01-Jul-18 Actual (Est.) \$	Budgeted Receipts \$	Budgeted Payments \$	30-Jun-19 Balance \$
Public Open Space	3,184,500	200,000	200,000	3,184,500
Miscellaneous/Appeals	25,410	10,000	10,000	25,410
	<u>3,209,910</u>	<u>210,000</u>	<u>210,000</u>	<u>3,209,910</u>

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 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 income distributions will be received from the TPRC in 2018/19 which if received will be placed into the City's Loan Repayment Reserve.

Town Planning Schemes

(a) Details

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

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

(b) Current Year Transactions

	1-Jul-18 Balance (Est.) \$	Transfers To \$	Transfers From - Operating \$	Transfers From - Capital \$	30-Jun-19 Balance \$
Operating Accounts					
Berkley Road Structure Plan Area	2,937,611	77,223	2,154	-	3,012,680
Neerabup Structure Plan	(3,448,943)	-	2,142	-	(3,451,085)
Town Planning Scheme 5 (Landsdale)	714,076	18,771	2,142	-	730,705
	<u>202,744</u>	<u>95,994</u>	<u>6,438</u>	<u>-</u>	<u>292,300</u>
Scheme Accounts					
East Wanneroo Development Area (Cell 1)	29,738,794	1,658,688	46,811	91,897	31,258,774
East Wanneroo Development Area (Cell 2)	8,765,205	425,127	38,297	33,603	9,118,432
East Wanneroo Development Area (Cell 3)	1,472,287	39,170	21,270	-	1,490,187
East Wanneroo Development Area (Cell 4)	13,003,570	538,089	197,102	-	13,344,557
East Wanneroo Development Area (Cell 5)	11,037,842	491,452	1,031,308	-	10,497,986
East Wanneroo Development Area (Cell 6)	29,176,694	1,145,072	1,903,018	36,600	28,382,148
East Wanneroo Development Area (Cell 7)	3,100,085	262,588	49,811	7,000	3,305,862
East Wanneroo Development Area (Cell 8)	4,927,935	407,129	99,811	-	5,235,253
East Wanneroo Development Area (Cell 9)	18,402,598	4,199,310	3,773,350	100,000	18,728,558
	<u>119,625,010</u>	<u>9,166,625</u>	<u>7,160,778</u>	<u>269,100</u>	<u>121,361,757</u>
Total	<u>119,827,754</u>	<u>9,262,619</u>	<u>7,167,216</u>	<u>269,100</u>	<u>121,654,057</u>

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

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

18. MAJOR LAND TRANSACTIONS (CONTINUED)
Town Planning Schemes (Continued)
(b) Current Year Transactions (Continued)

Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
<u>Berkley Road Structure Plan Area</u>			
Income			
Interest on Investments	69,708	69,708	77,223
	69,708	69,708	77,223
Expenditure			
Administration Charges	-	-	-
Audit Fee Expenses	-	-	2,154
Construction Costs	-	-	-
	-	-	2,154
Net Result	69,708	69,708	75,069
Surplus/(Deficit) Brought Forward			
Net Result	69,708	69,708	75,069
Surplus/(Deficit) Carried Forward	2,949,622	2,937,611	3,012,680
<u>East Wanneroo Development Area (Cell 1)</u>			
Income			
Contributions	2,531,883	1,085,093	878,408
Interest on Investments	714,653	714,653	780,280
	3,246,536	1,799,746	1,658,688
Expenditure			
Administration Charges	17,563	17,563	42,569
Advertising	100	100	100
Audit Fee Expenses	-	-	2,142
Compensation Payments	757,875	757,875	-
Consulting Fees	2,000	2,000	2,000
Construction Costs	-	-	91,897
	777,538	777,538	138,708
Net Result	2,468,998	1,022,208	1,519,980
Surplus/(Deficit) Brought Forward			
Net Result	2,468,998	1,022,208	1,519,980
Surplus/(Deficit) Carried Forward	31,518,017	29,738,794	31,258,774
<u>East Wanneroo Development Area (Cell 2)</u>			
Income			
Contributions	609,049	50,000	194,888
Interest on Investments	184,220	184,220	230,239
	793,269	234,220	425,127
Expenditure			
Administration Charges	17,563	17,563	34,055
Advertising	100	100	100
Audit Fee Expenses	-	-	2,142
Consulting Fees	2,000	2,000	2,000
Construction Costs	-	-	33,603
	19,663	19,663	71,900
Net Result	773,606	214,557	353,227
Surplus/(Deficit) Brought Forward			
Net Result	773,606	214,557	353,227
Surplus/(Deficit) Carried Forward	8,604,235	8,765,205	9,118,432

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
<u>East Wanneroo Development Area (Cell 3)</u>			
Income			
Interest on Investments	37,267	37,267	39,170
	37,267	37,267	39,170
Expenditure			
Administration Charges	17,563	17,563	17,028
Advertising	100	100	100
Audit Fee Expenses	-	1,750	2,142
Consulting	2,000	2,000	2,000
Construction Costs	-	-	-
	19,663	21,413	21,270
Net Result	17,604	15,854	17,900
Surplus/(Deficit) Brought Forward	1,484,962	1,456,433	1,472,287
Net Result	17,604	15,854	17,900
Surplus/(Deficit) Carried Forward	1,502,566	1,472,287	1,490,187
<u>East Wanneroo Development Area (Cell 4)</u>			
Income			
Cash Contributions - Other	-	20,000	-
Contributions	489,879	5,174,879	209,943
Interest on Investments	382,075	442,075	328,146
	871,954	5,636,954	538,089
Expenditure			
Administration Charges	35,125	35,125	89,860
Advertising	100	100	100
Audit Fee Expenses	3,000	3,000	5,142
Consulting Fees	2,000	2,000	2,000
Contracts	-	7,112,177	-
Legal Fees	-	120,000	100,000
Construction Costs	-	-	-
	40,225	7,272,402	197,102
Net Result	831,729	(1,635,448)	340,987
Surplus/(Deficit) Brought Forward	12,169,935	14,639,018	13,003,570
Net Result	831,729	(1,635,448)	340,987
Surplus/(Deficit) Carried Forward	13,001,664	13,003,570	13,344,557
<u>East Wanneroo Development Area (Cell 5)</u>			
Income			
Contributions	494,000	2,812,000	247,272
Interest on Investments	226,323	226,323	244,180
	720,323	3,038,323	491,452
Expenditure			
Administration Charges	35,125	35,125	112,326
Advertising	100	100	100
Audit Fee Expenses	3,000	3,000	5,142
Compensation Payments	1,800,000	300,000	-
Consulting Fees	2,000	10,000	2,000
Contracts	-	750,960	861,740
Legal Fees	-	55,000	50,000
Construction Costs	-	-	-
	1,840,225	1,154,185	1,031,308
Net Result	(1,119,902)	1,884,138	(539,856)
Surplus/(Deficit) Brought Forward	7,481,385	9,153,704	11,037,842
Net Result	(1,119,902)	1,884,138	(539,856)
Surplus/(Deficit) Carried Forward	6,361,483	11,037,842	10,497,986

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

18. MAJOR LAND TRANSACTIONS (CONTINUED)
Town Planning Schemes (Continued)
(b) Current Year Transactions (Continued)

Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
<u>East Wanneroo Development Area (Cell 6)</u>			
Income			
Contributions	197,429	1,579,434	394,864
Interest on Investments	723,603	723,603	750,208
	921,032	2,303,037	1,145,072
Expenditure			
Administration Charges	35,125	35,125	65,035
Advertising	100	100	100
Audit Fee Expenses	3,000	3,000	2,142
Consulting Fees	2,000	22,000	2,000
Contract Expenses	-	170,000	1,833,741
Construction Costs	8,778	1,778	36,600
	49,003	232,003	1,939,618
Net Result	872,029	2,071,034	(794,546)
Surplus/(Deficit) Brought Forward	27,260,675	27,105,660	29,176,694
Net Result	872,029	2,071,034	(794,546)
Surplus/(Deficit) Carried Forward	28,132,704	29,176,694	28,382,148
<u>East Wanneroo Development Area (Cell 7)</u>			
Income			
Contributions	-	-	176,210
Interest on Investments	92,899	92,899	86,378
	92,899	92,899	262,588
Expenditure			
Administration Charges	17,563	17,563	42,569
Advertising	100	100	100
Audit Fee Expenses	-	1,500	2,142
Consulting	2,000	17,000	5,000
Contract Expenses	-	170,000	-
Legal Fees	-	5,000	-
Construction Costs	8,778	1,778	7,000
	28,441	212,941	56,811
Net Result	64,458	(120,042)	205,777
Surplus/(Deficit) Brought Forward	3,389,679	3,220,127	3,100,085
Net Result	64,458	(120,042)	205,777
Surplus/(Deficit) Carried Forward	3,454,137	3,100,085	3,305,862
<u>East Wanneroo Development Area (Cell 8)</u>			
Income			
Contributions	733,200	2,293,200	300,000
Interest on Investments	48,289	88,289	107,129
	781,489	2,381,489	407,129
Expenditure			
Administration Charges	35,125	35,125	42,569
Advertising	100	100	100
Audit Fee Expenses	3,000	3,000	2,142
Compensation Payments	1,800,000	920,000	-
Consulting Fees	2,000	10,000	5,000
Contract Expenses	-	50,000	-
Legal Fees	-	55,000	50,000
Construction Costs	-	-	-
	1,840,225	1,073,225	99,811
Net Result	(1,058,736)	1,308,264	307,318
Surplus/(Deficit) Brought Forward	2,350,065	3,619,671	4,927,935
Net Result	(1,058,736)	1,308,264	307,318
Surplus/(Deficit) Carried Forward	1,291,329	4,927,935	5,235,253

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

18. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (Continued)

(b) Current Year Transactions (Continued)

Note	2017/18 Budget \$	2017/18 Actual (Est.) \$	2018/19 Budget \$
<u>East Wanneroo Development Area (Cell 9)</u>			
Income			
Contributions	1,610,250	3,983,850	3,703,575
Interest on Investments	443,580	443,580	495,735
	2,053,830	4,427,430	4,199,310
Expenditure			
Administration Charges	35,125	35,125	83,104
Advertising	100	100	100
Audit Fee Expenses	-	-	2,142
Compensation Payments	5,596,773	2,193,000	3,688,004
Consulting Fees	852,000	852,000	-
Construction Costs	-	-	100,000
	6,483,998	3,080,225	3,873,350
Net Result	(4,430,168)	1,347,205	325,960
Surplus/(Deficit) Brought Forward			
Net Result	20,435,908	17,055,393	18,402,598
Surplus/(Deficit) Carried Forward	(4,430,168)	1,347,205	325,960
	16,005,740	18,402,598	18,728,558
<u>Neerabup Structure Plan</u>			
Income			
Interest on Investments	-	-	-
	-	-	-
Expenditure			
Administration Charges	-	-	-
Audit Fee Expenses	-	-	2,142
Construction Costs	-	-	-
	-	-	2,142
Net Result	-	-	(2,142)
Surplus/(Deficit) Brought Forward			
Net Result	-	(3,448,943)	(3,448,943)
Surplus/(Deficit) Carried Forward	-	-	(2,142)
	-	(3,448,943)	(3,451,085)
<u>Town Planning Scheme 5 (Landsdale)</u>			
Income			
Interest on Investments	16,944	16,944	18,771
	16,944	16,944	18,771
Expenditure			
Administration Charges	-	-	-
Audit Fee Expenses	-	-	2,142
Construction Costs	-	-	-
	-	-	2,142
Net Result	16,944	16,944	16,629
Surplus/(Deficit) Brought Forward			
Net Result	699,040	697,132	714,076
Surplus/(Deficit) Carried Forward	16,944	16,944	16,629
	715,984	714,076	730,705

19. TRADING UNDERTAKINGS & MAJOR TRADING UNDERTAKINGS

It is not anticipated that any trading undertakings or major trading undertakings will occur in 2018/19.

CITY OF WANNEROO

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

20. FINANCIAL RATIOS

	2017/18 Budget Ratio to 1	2017/18 Actual (Est.) Ratio to 1	2018/19 Budget Ratio to 1
Asset Consumption Ratio:			
$\frac{\text{Depreciated Replacement Cost of Depreciable Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$	0.72	N/A	0.72
*Standard is met > 0.50 *Standard is advanced > 0.75			
Asset Renewal Funding Ratio:			
$\frac{\text{NPV of Planned Capital Renewals over 10 years}}{\text{NPV of Required Capital Expenditure over 10 years}}$	0.63	N/A	0.62
*Standard is met > 0.75 *Standard is advanced > 1.05			
Asset Sustainability Ratio:			
$\frac{\text{Capital Renewal \& Replacement Expenditure}}{\text{Depreciation Expense}}$	0.46	0.40	0.63
*Standard is met > 0.90 *Standard is advanced > 1.10			
Current Ratio:			
$\frac{\text{Current Assets - Restricted Current Assets}}{\text{Current Liabilities - Liabilities Associated With Restricted Assets}}$	0.97	0.96	0.96
*Standard is met > 1.00			
Debt Service Cover Ratio:			
$\frac{\text{Annual Operating Surplus Before Interest \& Depreciation}}{\text{Principal \& Interest}}$	11.41	13.49	13.17
*Standard is met > 2.00 *Standard is advanced > 5.00			
Operating Surplus Ratio:			
$\frac{\text{Operating Revenue - Operating Expense}}{\text{Own Source Operating Revenue}}$	-0.01	0.06	0.05
*Standard is met > 0.01 *Standard is advanced > 0.15			
Own Source Revenue Coverage Ratio:			
$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$	0.94	1.02	1.00
*Standard is met > 0.40 *Standard is advanced > 0.90			

Note:

1) Due to the reclassification of some accounts there may be differences when comparing figures adopted for the previous financial year.