

CITY OF WANNEROO
BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

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CITY OF WANNEROO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Estimate	2019/20 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	135,971,516	134,481,206	135,581,907
Operating grants, subsidies and contributions	10(a)	11,426,636	11,691,244	10,860,681
Fees and charges	9	44,156,022	46,550,152	46,787,670
Interest earnings	12(a)	4,416,017	7,579,269	8,715,234
Other revenue	12(b)	1,015,816	574,792	627,194
		196,986,007	200,876,663	202,572,686
Expenses				
Employee costs		(75,073,152)	(74,872,298)	(76,825,787)
Materials and contracts		(71,049,101)	(66,599,282)	(68,528,997)
Utility charges		(9,976,703)	(9,631,498)	(9,695,193)
Depreciation on non-current assets	5	(42,863,029)	(42,647,295)	(40,947,313)
Interest expenses		(4,114,716)	(4,116,279)	(4,111,186)
Insurance expenses		(1,327,151)	(1,518,848)	(1,510,000)
		(204,403,852)	(199,385,500)	(201,618,476)
Result from Operations		(7,417,845)	1,491,163	954,210
Non-operating grants, subsidies and contributions (including contributed assets)	10(b)	20,141,674	48,496,493	45,073,113
Profit on asset disposals	4(b)	248,176	688,175	585,217
Loss on asset disposals	4(b)	(14,821,299)	(411,281)	(14,110,346)
Town Planning Scheme (TPS) & Developer Contribution Plan (DCP) Revenue		10,667,481	11,865,712	15,288,167
TPS & DCP Expense		(6,759,073)	(9,841,904)	(8,031,975)
		9,476,959	50,797,195	38,804,176
Net result		2,059,114	52,288,358	39,758,386
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		2,059,114	52,288,358	39,758,386

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

BASIS OF PREPARATION

The City's financial information is prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Local Government Act 1995* and accompanying regulations.

Except for cash flow and rate setting information, all financial information will be 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.

Critical Accounting Estimates

The preparation of the City's financial information in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources.

THE LOCAL GOVERNMENT REPORTING ENTITY

All Funds, through which the City controls resources to carry on its functions, are included in the relevant financial information. 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) are eliminated.

2019/20 ESTIMATE BALANCES

Amounts shown in this budget as 2019/20 Estimate are forecast as at the time of budget preparation and are subject to final adjustments.

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2020 the following new accounting policies are to be adopted :

AASB 1059 Service Concession Arrangements: Grantors

AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 is not expected to impact the annual budget.

Specific impacts of AASB 2018-7 have not been identified.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

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

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, water underground electricity and neighbourhood surveillance services.

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

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments.

REVENUES (CONTINUED)

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries are separated by note to ensure the correct calculation of ratios.

EXPENSES

EMPLOYEE COSTS

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, TELEPHONE, ETC.)

Expenditures made to the respective agencies for the provision of power, telephone, gas and water. Excluded are expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

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

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

INTEREST EXPENSES

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

CITY OF WANNEROO
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/21 Budget	2019/20 Estimate	2019/20 Budget
Revenue		\$	\$	\$
Governance		480,345	622,700	822,226
General purpose funding		149,424,957	150,933,457	152,604,559
Law, order, public safety		1,621,374	1,417,320	1,125,120
Health		377,154	482,024	563,348
Education and welfare		259,950	254,887	165,222
Community amenities		32,377,358	32,935,916	32,372,015
Recreation and culture		9,328,447	11,064,992	10,898,560
Transport		878,795	1,237,670	1,495,150
Economic services		1,942,493	1,850,451	2,256,136
Other property and services		10,962,615	11,942,958	15,558,517
		207,653,488	212,742,375	217,860,853
Expenses excluding finance costs				
Governance		(10,823,417)	(6,037,648)	(8,194,177)
General purpose funding		(6,037,014)	(3,466,999)	(3,080,831)
Law, order, public safety		(9,691,367)	(9,832,236)	(9,657,668)
Health		(2,754,781)	(2,714,872)	(2,787,776)
Education and welfare		(6,147,639)	(6,563,327)	(6,571,048)
Community amenities		(41,547,234)	(41,235,129)	(40,968,247)
Recreation and culture		(62,818,916)	(62,983,733)	(64,325,790)
Transport		(54,337,371)	(55,380,630)	(54,983,820)
Economic services		(5,224,877)	(5,615,135)	(5,666,201)
Other property and services		(7,334,442)	(11,175,058)	(8,855,707)
		(206,717,058)	(205,004,767)	(205,091,265)
Finance costs				
General purpose funding		(411,000)	(627,746)	(661,807)
Recreation and culture		(3,405,290)	(2,867,472)	(3,169,960)
Transport		(154,033)	(154,528)	(154,528)
Other property and services		(475,544)	(572,891)	(572,891)
	12(d)	(4,445,867)	(4,222,637)	(4,559,186)
Subtotal		(3,509,437)	3,514,971	8,210,402
Non-operating grants, subsidies and contributions (including contributed assets)	10(b)	20,141,674	48,496,493	45,073,113
Profit on disposal of assets	4(b)	248,176	688,175	585,217
(Loss) on disposal of assets	4(b)	(14,821,299)	(411,281)	(14,110,346)
		5,568,551	48,773,387	31,547,984
Net result		2,059,114	52,288,358	39,758,386
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		2,059,114	52,288,358	39,758,386

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

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

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

OBJECTIVE

GOVERNANCE

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

ACTIVITIES

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

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

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

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

To provide services to achieve community and environmental health.

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

EDUCATION AND WELFARE

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

Pre-school and other education services, child minding facilities, playgroups, senior citizens centres and youth services.

COMMUNITY AMENITIES

To provide services required by the community.

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

RECREATION AND CULTURE

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

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

TRANSPORT

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

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

ECONOMIC SERVICES

To help promote the City and its economic wellbeing.

Tourism economic advocacy and provision of rural services including weed control, vermin control and standpipes. Building control services. Economic development and local business support.

OTHER PROPERTY AND SERVICES

To monitor and control council's overhead operating accounts.

Plant repair, operational costs and engineering costs.

CITY OF WANNEROO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2020/21 Budget	2019/20 Estimate	2019/20 Budget
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	129,832,322	131,437,382	132,200,939
Operating grants, subsidies and contributions	16,277,691	17,785,832	10,860,681
Fees and charges	44,156,022	46,550,152	46,787,670
Interest earnings	4,416,017	7,579,269	8,715,234
Goods and services tax	10,263,692	11,404,102	11,642,845
Other revenue	1,015,816	574,792	627,194
	205,961,560	215,331,529	210,834,563
Payments			
Employee costs	(70,073,152)	(70,667,529)	(76,825,787)
Materials and contracts	(73,567,324)	(67,520,916)	(68,528,997)
Utility charges	(9,976,703)	(9,631,498)	(9,695,193)
Interest expenses	(4,114,716)	(4,116,279)	(4,111,186)
Insurance expenses	(1,327,151)	(1,518,848)	(1,510,000)
Goods and services tax	(10,557,388)	(9,597,625)	(10,836,863)
	(169,616,434)	(163,052,695)	(171,508,026)
Net cash provided by (used in) operating activities	3 36,345,126	52,278,834	39,326,537
CASH FLOWS FROM INVESTING ACTIVITIES			
TPS & DCP revenue	10,667,481	11,865,712	15,288,167
TPS & DCP expense	(6,759,073)	(9,841,904)	(12,250,030)
Payments for purchase of property, plant and equipment	(38,127,434)	(17,036,410)	(39,978,715)
Payments for construction of infrastructure	(29,845,179)	(74,771,132)	(67,313,372)
Non-operating grants, subsidies and contributions	11,049,674	32,221,993	28,798,613
Proceeds from sale of investment property	4(b) 200,000	602,958	500,000
Proceeds from sale of plant and equipment	4(b) 876,850	984,250	984,250
Net cash provided by (used in) investing activities	(51,937,681)	(55,974,533)	(73,971,086)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments	7 (73,393)	(79,723)	0
Proceeds from new borrowings	6(a)&(b) 2,000,000	5,256,009	7,263,200
Net cash provided by (used in) financing activities	1,926,607	5,176,286	7,263,200
Net increase (decrease) in cash held	(13,665,948)	1,480,587	(27,381,349)
Cash at beginning of year	381,195,925	379,715,338	358,207,428
Cash and cash equivalents at the end of the year	3 367,529,977	381,195,925	330,826,079

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

CITY OF WANNEROO
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2020/21 Budget	2019/20 Estimate	2019/20 Budget
	\$	\$	\$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)			
	0	0	(19,585,667)
	0	0	(19,585,667)
Revenue from operating activities (excluding rates)			
Operating grants, subsidies and contributions	11,426,636	11,691,244	10,860,681
Fees and charges	9 44,156,022	46,550,152	46,787,670
Interest earnings	12(a) 4,416,017	7,579,269	8,715,234
Other revenue	12(b) 1,015,816	574,792	627,194
Profit on asset disposals	4(b) 248,176	688,175	585,217
TPS & DCP Revenue	10,667,481	11,865,712	15,288,167
	71,930,148	78,949,344	82,864,163
Expenditure from operating activities			
Employee costs	(75,073,152)	(74,872,298)	(76,825,787)
Materials and contracts	(71,049,101)	(66,599,282)	(68,528,997)
Utility charges	(9,976,703)	(9,631,498)	(9,695,193)
Depreciation on non-current assets	5 (42,863,029)	(42,647,295)	(40,947,313)
Interest expenses	(4,114,716)	(4,116,279)	(4,111,186)
Insurance expenses	(1,327,151)	(1,518,848)	(1,510,000)
Loss on asset disposals	4(b) (14,821,299)	(411,281)	(14,110,346)
TPS & DCP Expense	(6,759,073)	(9,841,904)	(8,031,975)
	(225,984,224)	(209,638,685)	(223,760,797)
Operating activities excluded from budgeted deficiency			
Non-cash amounts excluded from operating activities	2 (a)(i) 57,436,152	42,370,401	54,472,442
Amount attributable to operating activities	(96,617,924)	(88,318,940)	(106,009,859)
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions (including contributed assets)	10(b) 20,141,674	48,496,493	45,073,113
Purchase of property, plant and equipment (including contributed assets)	4(a) (42,193,792)	(20,574,683)	(40,013,615)
Purchase and construction of infrastructure (including contributed assets)	4(a) (33,911,537)	(78,309,405)	(67,348,272)
Proceeds from disposal of assets	4(b) 1,076,850	1,587,208	1,484,250
Amount attributable to investing activities	(54,886,805)	(48,800,387)	(60,804,524)
FINANCING ACTIVITIES			
Proceeds from new borrowings	6(a) 2,000,000	5,256,009	7,263,200
Transfers to cash backed reserves (restricted assets including DCPs)	8(a) (24,953,148)	(85,601,206)	(41,382,138)
Transfers from cash backed reserves (restricted assets including DCPs)	8(a) 36,685,179	65,721,064	35,094,989
Transfers from restricted grants, contributions and loans	681,000	18,272,514	21,836,335
Transfers to TPS	(8,483,333)	(10,222,322)	(12,427,342)
Transfers from TPS	6,764,815	9,212,062	20,847,432
Amount attributable to financing activities	12,694,513	2,638,121	31,232,476
Budgeted deficiency before general rates	(138,810,216)	(134,481,206)	(135,581,907)
Estimated amount to be raised from general rates	1 (a) 135,971,516	134,481,206	135,581,907
Net current assets at end of financial year - surplus/(deficit)	2 (a)(iii) (2,838,700)	0	0

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

CITY OF WANNEROO
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FOR THE YEAR ENDED 30 JUNE 2021

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CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

1. RATES

(a) Rating Information

RATE TYPE	Rate in \$ in Cents	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted total revenue	2019/20 Estimate total revenue	2019/20 Budget total revenue
			\$	\$	\$	\$	\$	\$
Differential general rate or general rate								
Gross rental valuations								
Improved - Residential	7.6953	61,239	1,071,623,759	82,464,663	1,250,000	83,714,663	88,401,697	88,864,031
Improved - Commercial/Industrial	7.7080	2,769	311,784,284	24,032,333	250,000	24,282,333	24,315,564	24,058,865
Vacant - Residential	13.4160	1,996	42,523,648	5,704,973	0	5,704,973	5,688,232	6,099,216
Vacant - Commercial/Industrial	7.1860	177	12,383,519	889,880	0	889,880	880,370	986,605
Unimproved valuations								
Improved - Residential	0.3850	185	146,155,000	562,697	0	562,697	562,739	571,049
Improved - Commercial/Industrial	0.2833	37	72,420,348	205,167	0	205,167	205,136	209,202
Improved - Rural & Mining	0.3762	381	540,755,000	2,034,320	0	2,034,320	2,034,452	2,037,060
Vacant - Residential	0.5622	45	658,505,000	3,702,115	0	3,702,115	3,226,075	3,834,550
Vacant - Commercial/Industrial	0.3283	11	32,410,000	106,402	0	106,402	106,404	99,380
Vacant - Rural & Mining	0.4991	86	81,723,207	407,880	0	407,880	407,931	439,306
Sub-Totals		66,926	2,970,283,765	120,110,430	1,500,000	121,610,430	125,828,600	127,199,264
Minimum								
Minimum payment								
\$								
Gross rental valuations								
Improved - Residential	988	11,348	130,176,522	11,211,824	0	11,211,824	5,759,052	5,719,532
Lesser Minimum Strata Titled								
Caravan Park	144	0	0	0	0	0	0	0
Improved - Commercial/Industrial	1,344	780	10,529,201	1,048,320	0	1,048,320	759,360	736,512
Lesser Minimum Strata Titled								
Storage Units	672	106	640,872	71,232	0	71,232	75,264	75,264
Vacant - Residential	970	1,985	10,643,681	1,925,450	0	1,925,450	1,940,378	1,730,286
Vacant - Commercial/Industrial	1,344	32	399,330	43,008	0	43,008	52,416	53,760
Unimproved valuations								
Improved - Residential	988	1	189,652	988	0	988	988	988
Improved - Commercial/Industrial	1,344	5	1,243,000	6,720	0	6,720	6,720	8,064
Improved - Rural & Mining	980	1	248,000	980	0	980	980	0
Vacant - Residential	970	2	46,500	1,940	0	1,940	2,973	2,973
Vacant - Commercial/Industrial	1,344	0	0	0	0	0	0	0
Vacant - Rural & Mining	928	33	199,212	30,624	0	30,624	30,624	35,264
Sub-Totals		14,293	154,315,970	14,341,086	0	14,341,086	8,628,755	8,362,643
		81,219	3,124,599,735	134,451,516	1,500,000	135,951,516	134,457,355	135,561,907
Ex-gratia rates						20,000	23,851	20,000
Total amount raised from general rates						135,971,516	134,481,206	135,581,907

All land (other than 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 of Wanneroo.

The general rates detailed for the 2020/21 financial year have been determined by Council on the basis of raising the revenue required within the permitted statutory threshold between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

1. RATES (CONTINUED)

(b) Interest Charges and Instalments - Rates and Charges

Four option plans will be available to Ratepayers for payment of their Rates by instalments.

Note: Payments are to be made by 6.00pm AEST.

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 (due: 14 September 2020).

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 (due: 14 September 2020). The second and final instalment will be due and payable 63 days after the due date of the first instalment (due: 16 November 2020).

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 (due: 14 September 2020). The second, third and fourth instalments are to be made at 63 day intervals, thereafter (due: 16 November 2020, 18 January 2021 and 22 March 2021).

Option 4 (Five 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 fifth of the current Rates and Service Charges (due: 14 September 2020). The second, third, fourth and fifth instalments are to be made at 63 day intervals, thereafter (due: 16 November 2020, 18 January 2021, 22 March 2021 and 24 May 2021).

Cost of Instalment Options

The cost of the instalment options will comprise of simple interest of 3% per annum, calculated from the date the first instalment is due and payable (14 September 2020), together with an Administration Fee of \$5.00 for each instalment. It is estimated this will generate income of \$696,860.

Special Arrangements & Late Payment Penalty

An interest rate of 5% per annum will be charged on all Rates, both current and arrears, that remain unpaid after 35 days from the issue date (10 August 2020) of the Rate notice. It is estimated this will generate income of \$1,570,538.

In addition to the Late Payment Interest, an Administration Fee of \$30.00 per assessment will be charged to any Ratepayers wishing to enter into special payment agreements with the City.

In accordance with the provisions of Section 6.46 of the Local Government Act 1995, a Local Government is empowered to offer a discount or other incentive for the early payment of rates. Whilst no discount is offered for 2020/21, an allowance of \$10,000 for the purchase of prizes has been included in the Annual Budget.

The City will provide 100 x \$100 vouchers from local businesses for a prize draw of Ratepayers who pay per one of the four available payment options by the 1st Due date (14 September 2020).

1. RATES (CONTINUED)

	2020/21 Budget Revenue	2019/20 Estimate Revenue	2019/20 Budget Revenue
	\$	\$	\$
Instalment plan administration charge revenue	402,000	394,615	394,500
Instalment plan interest	294,860	647,869	652,506
Unpaid Rates interest	1,570,538	1,310,157	1,014,000
	2,267,398	2,352,641	2,061,006

(c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the City the following rate categories have been determined for the implementation of differential rating:

Differential general rate

Description	Objects & Reasons
GRV & UV Residential Improved	The rate in the dollar has been set on the basis that ratepayers make a reasonable contribution to the cost of local government services and facilities available to residents that are not available to those in the Commercial/Industrial and Rural & Mining categories.
GRV & UV Residential Vacant	The rate in the dollar has been set in an effort to promote development of these properties thereby stimulating growth and development in the community.
GRV & UV Commercial/Industrial Improved	The rate in the dollar 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.
GRV & UV Commercial/Industrial Vacant	The rate in the dollar for all Commercial/Industrial Vacant land has been set in an effort to promote the development of these properties by attracting business and industry to the City thereby stimulating growth and development in the community.
UV Rural & Mining Improved	The rate in the dollar has been set with an intention to foster and encourage farming and horticultural activities in the City thereby stimulating growth and development in the community.
UV Rural & Mining Vacant	The rate in the dollar has been set with an intention to encourage the development of vacant land thereby stimulating growth and development in the community.

1. RATES (CONTINUED)

(d) Differential Minimum Payment

Description	Objects & Reasons
GRV & UV Residential Improved	<p>The minimum rate has been set on the basis that ratepayers make a reasonable contribution to the cost of local government services and facilities available to residents that are not available to those in the Commercial/Industrial and Rural & Mining categories.</p> <p>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.</p>
GRV & UV Residential Vacant	<p>The minimum rate has been set in an effort to promote development of these properties thereby stimulating growth and development in the community.</p>
GRV & UV Commercial/Industrial Improved	<p>The 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.</p> <p>The lesser minimum for strata titled storage units used for the storage of household goods (excluding boats, trailers, caravans and tools of trade) is set recognising the unique purpose of these properties.</p>
GRV & UV Commercial/Industrial Vacant	<p>The 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.</p>
UV Rural & Mining Improved	<p>The minimum rate has been set with an intention to foster and encourage farming and horticultural activities in the City thereby stimulating growth and development in the community.</p>
UV Rural & Mining Vacant	<p>The minimum rate has been set with an intention to encourage the development of vacant land thereby stimulating growth and development in the community.</p>

1. RATES (CONTINUED)

(e) Variation in Adopted Differential Rates to Local Public Notice

The following rates and minimum payments were previously set out in the local public notice (28/05/2020) giving notice of the intention to charge differential rates:

Differential general rate or general rate	Proposed Rate in \$ in Cents	Adopted Rate in \$ in Cents	Reasons for the difference	
Gross rental valuations				
Improved - Residential	7.6953	7.6953	N/A	
Improved - Commercial/Industrial	7.7080	7.7080		
Vacant - Residential	13.4160	13.4160		
Vacant - Commercial/Industrial	7.1860	7.1860		
Unimproved valuations				
Improved - Residential	0.3850	0.3850		
Improved - Commercial/Industrial	0.2833	0.2833		
Improved - Rural & Mining	0.3762	0.3762		
Vacant - Residential	0.5622	0.5622		
Vacant - Commercial/Industrial	0.3283	0.3283		
Vacant - Rural & Mining	0.4991	0.4991		
Minimum payment				
Gross rental valuations				
Improved - Residential	988	988	N/A	
Lesser Minimum Strata Titled Caravan Parks	144	144		
Improved - Commercial/Industrial	1,344	1,344		
Lesser Minimum Strata Titled Storage Units	672	672		
Vacant - Residential	970	970		
Vacant - Commercial/Industrial	1,344	1,344		
Unimproved valuations				
Improved - Residential	988	988		
Improved - Commercial/Industrial	1,344	1,344		
Improved - Rural & Mining	980	980		
Vacant - Residential	970	970		
Vacant - Commercial/Industrial	1,344	1,344		
Vacant - Rural & Mining	928	928		

**CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021**

1. RATES (CONTINUED)

(f) Specified Area Rate

The City has not budgeted to raise specified area rates for the year ended 30 June 2021.

(g) Service Charges

The City has not budgeted to raise service charges for the year ended 30 June 2021.

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

1. RATES (CONTINUED)

(h) Waivers and concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Method		2020/21 Budget	2019/20 Estimate	2019/20 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
		%	\$	\$	\$	\$		
Rates on Differentially Rated Properties	Concession	n/a	scaled	2,697,700	0	0	Per Council Resolution.	To ease the financial burden on property owners that are charged above the Minimum Rate.
Rates	Concession	n/a	100	500,000	0	0	Per Financial Hardship - Collection of Rates and Service Charges Policy.	To provide further financial assistance to residential property owners adversely impacted from COVID-19.
Rates for Community Groups a) AJS Motorcycle Club of WA Inc.; b) Kingsway Football & Sporting Club Inc.; c) Kingsway Little Athletics Centre.; d) Olympic Kingsway Sports Club Inc.; e) Pinjar Motorcycle Park Inc.; f) Quinns Mindarie Surf Lifesaving Club Inc.; g) Quinns Rocks Sports Club Inc.; h) The Badminton Association of WA Inc.; i) Tiger Kart Club Inc.; j) Vikings Softball Club Inc & The Wanneroo Giants Baseball Club Inc.; k) Wanneroo Agricultural Society Inc.; l) Wanneroo Amateur Boxing Club Inc.; m) Wanneroo Amateur Football Club Inc., Wanneroo Cricket Club Inc., Wanneroo Junior Cricket Club Inc. and Wanneroo Junior Football Club Inc. (Wanneroo Showgrounds Clubrooms); n) Wanneroo BMX Club Inc.; o) Wanneroo City Soccer Club Inc.; p) Wanneroo Districts Cricket Club Inc. (Indoor Facility); q) Wanneroo Districts Cricket Club Inc. & Wanneroo Districts Hockey Association Inc.; r) Wanneroo Districts Netball Association Inc.; s) Wanneroo Districts Rugby Union Football Club Inc.; t) Wanneroo Horse & Pony Club; u) Wanneroo Shooting Complex Inc.;	Waiver	100.0%	n/a	121,386	97,834	98,041	Per Council Resolution.	To provide assistance to not-for-profit entities operating within the City.

CITY OF WANNEROO
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

1. RATES (CONTINUED)

(h) Waivers and concessions (Continued)

Rate or fee and charge to which the waiver or concession is granted	Type	Method	2020/21 Budget	2019/20 Estimate	2019/20 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
		%	\$	\$	\$		
v) Wanneroo Sports & Social Club Inc.;							
w) Wanneroo Tennis Club Inc.;							
x) Wanneroo Trotting Training Club Inc.;							
y) West Australian Rifle Association Inc.;							
z) Yanchep Golf Club Inc.;							
aa) Yanchep Sports & Social Club Inc.; and							
ab) Yanchep Surf Lifesaving Club Inc.							
Rates and Charges	Concession	n/a	As assessed	100,000	0	0 Per Financial Hardship - Collection of Rates and Service Charges Policy.	To provide financial assistance to property owners that meet hardship criteria.
Property Lease/Rental Fee	Abatement	n/a	As assessed	126,000	57,618	0 Per application based on individual circumstances.	To provide support to local businesses adversely impacted by economic climate.
Community Facility Booking Fee	Concession	n/a	n/a	2,024,104	2,550,000	3,000,000 Per Facility Hire & Use Policy.	To provide a level of assistance to community users of facilities.
				5,569,190	2,705,452	3,098,041	

2 (a). NET CURRENT ASSETS

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32*.

(i) Operating activities excluded from budgeted deficiency

The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.

Adjustments to operating activities

	Note	2020/21 Budget 30 June 2021	2019/20 Estimate 30 June 2020	2019/20 Budget 30 June 2020
Less: Profit on asset disposals	4(b)	(248,176)	(688,175)	(585,217)
Add: Loss on disposal of assets	4(b)	14,821,299	411,281	14,110,346
Add: Depreciation on assets	5	42,863,029	42,647,295	40,947,313
Non cash amounts excluded from operating activities		57,436,152	42,370,401	54,472,442

(ii) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.

Adjustments to net current assets

Less: Cash - restricted reserves	3	(340,214,357)	(351,941,547)	(308,449,131)
Add: Current liabilities not expected to be cleared at end of year - Employee benefit provisions		0	0	1,727,067
Total adjustments to net current assets	2 (a)(iii)	(340,214,357)	(351,941,547)	(306,722,064)

2 (a). NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

	Note	2020/21 Budget 30 June 2021	2019/20 Estimate 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$
(iii) Composition of estimated net current assets				
Current assets				
Cash and cash equivalents- unrestricted	3	27,315,620	29,254,378	22,376,948
Cash and cash equivalents - restricted				
Cash backed reserves		333,303,832	343,317,345	300,940,133
Unspent grants, subsidies, contributions and loans		6,910,525	8,624,202	7,508,998
Receivables		20,023,000	18,734,861	25,595,130
Inventories		316,000	362,637	335,237
		387,868,977	400,293,423	356,756,446
Less: current liabilities				
Trade and other payables		(28,349,890)	(26,215,548)	(34,523,724)
Contract liabilities		(1,487,643)	(2,520,320)	0
Lease liabilities		(73,393)	(73,393)	0
Provisions		(20,582,394)	(19,542,615)	(15,510,658)
		(50,493,320)	(48,351,876)	(50,034,382)
Net current assets		337,375,657	351,941,547	306,722,064
Less: Total adjustments to net current assets	2 (a)(ii)	(340,214,357)	(351,941,547)	(306,722,064)
Closing funding surplus / (deficit)		(2,838,700)	0	0

2 (b). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND 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. The City's Standard Payment Terms are 30 days from the date of receipt of the invoice unless otherwise agreed.

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.

INVENTORIES

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

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

(ii) Land held for resale/capitalisation of borrowing costs. Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time when the conditions of a binding contract of sale are met. 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.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business. 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 the debt will not be collectible.

EMPLOYEE BENEFITS

Short-term employee benefits

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

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.

LEASES

All Leases will be recognised in the Statement of Financial Position as a liability by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as depreciation on the 'right-of-use' asset, and interest will be charged on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the City are recognised as a liability until such time as the City satisfies its obligations under the agreement.

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

3. 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	2020/21 Budget	2019/20 Estimate	2019/20 Budget
	\$	\$	\$
Cash at bank and on hand	367,529,977	381,195,925	330,826,079
	367,529,977	381,195,925	330,826,079
- Unrestricted cash and cash equivalents	27,315,620	29,254,378	22,376,948
- Restricted cash and cash equivalents	340,214,357	351,941,547	308,449,131
Cash and cash equivalents at the end of the year	367,529,977	381,195,925	330,826,079
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents:			
Alkimos/Eglinton District Community Facilities Reserve	15,516,972	14,827,861	15,281,151
Asset Renewal Reserve	11,026,446	10,375,101	10,397,478
Asset Replacement Reserve	7,000,841	6,129,526	4,336,825
Carry Forward Capital Projects Reserve	0	3,953,277	0
Coastal Infrastructure Management Reserve	15,293,186	15,836,652	15,970,362
Domestic Refuse Reserve	7,867,509	12,119,709	10,220,845
Golf Courses Reserve	1,028,930	966,816	985,820
Strategic Land Reserve	5,905,285	4,373,106	4,382,785
Leave Liability Reserve	12,923,399	11,883,620	1,727,067
Loan Repayment Reserve	55,004,631	54,404,297	24,110,463
Neerabup Development Reserve	2,869,750	4,140,865	3,652,306
Plant Replacement Reserve	14,023,041	15,985,945	12,427,959
Regional Open Space Reserve	18,320,948	14,216,337	14,258,381
Section 152 Reserve (formerly Section 20A Land Reserve)	765,940	765,345	844,957
Strategic Projects/Initiatives Reserve	61,889,071	72,311,285	81,731,561
TPS 20 - District Distributor Headworks Reserve	7,323,619	7,270,122	7,288,600
Yanchep Bus Reserve	123,007	117,145	118,474
Yanchep/Two Rocks District Community Facilities Reserve	978,746	(83,657)	1,460,337
Town Planning Schemes	95,442,511	93,723,993	91,744,762
Unspent grants, subsidies, contributions and loans	6,910,525	8,624,202	7,508,998
	340,214,357	351,941,547	308,449,131
Reconciliation of net cash provided by operating activities to net result			
Net result	2,059,114	52,288,358	39,758,386
Depreciation	5	42,863,029	42,647,295
(Profit)/loss on sale of asset	4(b)	14,573,123	(276,894)
TPS & DCP Revenue		(10,667,481)	(11,865,712)
(Increase)/decrease in receivables		(1,288,139)	4,857,241
(Increase)/decrease in inventories		46,637	(48,290)
Increase/(decrease) in payables		2,134,342	(1,393,664)
Increase/(decrease) in contract liabilities		(1,032,677)	2,520,320
Increase/(decrease) in employee provisions		1,039,779	2,204,769
TPS & DCP Expense		6,759,073	9,841,904
Non-operating grants, subsidies and contributions		(20,141,674)	(48,496,493)
Net cash from operating activities		36,345,126	52,278,834

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

FINANCIAL ASSETS AT AMORTISED COST

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as Fair Value Through Profit or Loss (FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The City's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program							2020/21 Budget total	2019/20 Estimate total	2019/20 Budget total
	Governance	Education and welfare	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>										
Land			118,600	61,717	255,000		1,445,079	1,880,396	1,150,917	8,289,165
Buildings - Non-specialised	225,000			17,511,591		120,000		17,856,591	11,016,081	17,799,199
Furniture and equipment	7,575,851	203,000	35,000	182,000				7,995,851	4,707,665	7,350,909
Plant and equipment	35,000		6,439,316				7,986,638	14,460,954	3,700,020	6,574,342
	7,835,851	203,000	6,592,916	17,755,308	255,000	120,000	9,431,717	42,193,792	20,574,683	40,013,615
<i>Infrastructure</i>										
Infrastructure - Roads					15,726,447			15,726,447	44,747,300	37,151,452
Infrastructure - Drainage					4,035,768			4,035,768	5,784,798	2,947,000
Infrastructure - Other	50,000			2,072,000		75,000		2,197,000	2,195,812	2,866,644
Infrastructure - Pathways				95,000	1,682,500			1,777,500	2,268,500	2,082,000
Infrastructure - Car Parks				145,800				145,800	125,910	787,195
Infrastructure - Reserves			447,000	9,582,022				10,029,022	23,187,085	21,513,981
	50,000	0	447,000	11,894,822	21,444,715	0	75,000	33,911,537	78,309,405	67,348,272
Total acquisitions	7,885,851	203,000	7,039,916	29,650,130	21,699,715	120,000	9,506,717	76,105,329	98,884,088	107,361,887

A detailed breakdown of assets budgeted to be capitalised resulting from projects listed in the capital program can be found in the supplementary information attached to this budget document.

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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 framework detailed above.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5). These assets are expensed immediately but are placed on an "Attractive & Portable Device Register" list for reference and maintenance.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

CITY OF WANNEROO
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Estimate Net Book Value	2019/20 Estimate Sale Proceeds	2019/20 Estimate Profit	2019/20 Estimate Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Transport*	13,699,065	0	0	(13,699,065)	0	0	0	0	13,699,065	0	0	(13,699,065)
Other property and services	1,950,908	1,076,850	248,176	(1,122,234)	1,310,314	1,587,208	688,175	(411,281)	1,310,314	1,484,250	585,217	(411,281)
	15,649,973	1,076,850	248,176	(14,821,299)	1,310,314	1,587,208	688,175	(411,281)	15,009,379	1,484,250	585,217	(14,110,346)
By Class												
<u>Property, Plant and Equipment</u>												
Plant and equipment	1,950,908	876,850	48,176	(1,122,234)	1,310,314	984,250	85,217	(411,281)	1,310,314	984,250	85,217	(411,281)
<u>Infrastructure</u>												
Infrastructure - Roads*	13,699,065	0	0	(13,699,065)	0	0	0	0	13,699,065	0	0	(13,699,065)
<u>Investment Property</u>												
Land	0	200,000	200,000	0	0	602,958	602,958	0	0	500,000	500,000	0
	15,649,973	1,076,850	248,176	(14,821,299)	1,310,314	1,587,208	688,175	(411,281)	15,009,379	1,484,250	585,217	(14,110,346)

*It is noted that a significant accounting loss will be incurred due to a requirement for the City to transfer the ownership of a section of Ocean Reef Road to the State Government at no cost, which was initially funded from grant monies. This handover was initially planned for 2019/20 and now rescheduled to 2020/21.

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

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.

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

5. ASSET DEPRECIATION

	2020/21 Budget	2019/20 Estimate	2019/20 Budget
	\$	\$	\$
By Program			
Governance	2,562,203	2,326,131	2,241,131
Law, order, public safety	52,356	46,904	46,904
Health	33,681	33,302	33,302
Education and welfare	187,686	149,231	149,231
Community amenities	424,607	372,053	355,053
Recreation and culture	14,167,110	13,880,297	13,319,297
Transport	21,817,016	21,812,270	20,945,270
Economic services	13,044	12,641	12,641
Other property and services	3,605,326	4,014,466	3,844,484
	42,863,029	42,647,295	40,947,313
By Class			
Buildings - Non-specialised	5,780,149	5,371,472	5,222,363
Furniture and equipment	1,419,129	1,481,197	1,430,197
Plant and equipment	2,698,489	3,007,651	2,899,351
Infrastructure - Roads	15,451,686	15,382,636	14,770,636
Infrastructure - Drainage	3,598,487	3,610,874	3,474,874
Infrastructure - Other	3,753,982	3,860,508	3,690,508
Infrastructure - Pathways	2,668,484	2,701,243	2,599,243
Infrastructure - Car Parks	410,126	355,743	338,761
Infrastructure - Reserves	7,008,823	6,793,380	6,521,380
Right of use - buildings	71,891	71,891	0
Right of use - plant and equipment	1,783	10,700	0
	42,863,029	42,647,295	40,947,313

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION OF NON CURRENT ASSETS

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

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

Depreciation is recognised on a straight-line basis over the useful life.

The major categories of assets and the useful lives recorded on recognition are:

Buildings	40 years
Bus Shelters*	30 - 50 years
Computer Hardware	3 years
Computer Software	2 years
Pathways*	25 - 70 years
Furniture & Equipment (excluding Artwork & Artefacts **)	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 and Equipment	10 years
Parks & Reserves*	12 - 85 years
Mobile Plant	10 years (50% residual)
Reserves/Playground Equipment*	10 - 15 years
Sealed Car Parks – Pavement	40 - 80 years
Road – Kerb	40 years
Road – Seal*	15 - 40 years
Road Pavement *	40 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, despite being of a similar nature, the asset types denoted have a range of depreciation periods.

**Land, Artwork and Artefacts are not considered depreciable asset classes.

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.

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

6. BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Detail	Loan type	Fixed or variable	Interest Rate	Budget Principal 1 July 2020	2020/21	2020/21	Budget	2020/21	Actual Principal 1 July 2019	2019/20	2019/20	Actual	2019/20	Budget Principal 1 July 2019	2019/20	2019/20	Budget	2019/20
					Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2021	Budget Interest Repayments		Estimate New Loans	Estimate Principal Repayments	Principal outstanding 30 June 2020	Estimate Interest Repayments		Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2020	Budget Interest Repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Institution			%															
WATC#	Interest only	Fixed	6.77	60,778,188	0	0	60,778,188	4,111,186	60,778,188	0	0	60,778,188	4,111,186	60,778,188	0	0	60,778,188	4,111,186
CBA*	Interest only	Variable	2.21	3,100,000	0	0	3,100,000	72,650	3,100,000	0	0	3,100,000	36,635	3,100,000	0	0	3,100,000	84,797
CBA*	Interest only	Variable	2.21	2,500,000	0	0	2,500,000	58,589	2,500,000	0	0	2,500,000	29,544	2,500,000	0	0	2,500,000	68,384
CBA*	Interest only	Variable	1.78	2,700,000	0	0	2,700,000	50,964	2,700,000	0	0	2,700,000	31,907	2,700,000	0	0	2,700,000	73,856
CBA*	Interest only	Variable	2.23	700,000	0	0	700,000	16,553	0	700,000	0	700,000	8,272	0	2,700,000	0	2,700,000	73,856
TBD*	Interest only	Variable	TBD	0	2,000,000	0	2,000,000	47,295	0	0	0	0	0	0	0	0	0	0
New Loan Facility (WATC)#*	Interest only	Variable	1.59	4,556,009	0	0	4,556,009	85,100	0	4,556,009	0	4,556,009	0	0	4,563,200	0	4,563,200	147,107
				74,334,197	2,000,000	0	76,334,197	4,442,337	69,078,188	5,256,009	0	74,334,197	4,217,544	69,078,188	7,263,200	0	76,341,388	4,559,186

Notes:

WATC = Western Australia Treasury Corporation.

CBA = Commonwealth Bank of Australia.

TBD = To be determined.

A 0.7% government guarantee levy is included for WATC loans.

* These loans will be repaid from the Yanchep/Two Rocks District Community Facilities Reserve.

CITY OF WANNEROO
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2020/21

Particulars/Purpose	Institution	Loan type	Fixed or variable	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
Yanchep District Playing Fields	TBD	Interest only	Variable	10 years	% TBD	\$ 2,000,000	\$ 47,295	\$ 2,000,000	\$ 0
						2,000,000	47,295	2,000,000	0

(c) Unspent borrowings

Loan Details	Purpose of the loan	Year loan taken	Amount b/fwd.	Amount used 2020/21 Budget	New loans unspent at 30 June 2021	Amount as at 30 June 2021
WATC	Capital projects	2005/06	\$ 6,325,000	\$ 681,000	\$ 0	\$ 5,644,000
			6,325,000	681,000	0	5,644,000

(d) Credit Facilities

	2020/21 Budget	2019/20 Estimate	2019/20 Budget
Undrawn borrowing facilities credit standby arrangements	\$	\$	\$
Credit card limit	550,000	550,000	550,000
Credit card balance at balance date	(50,000)	(50,000)	(50,000)
Total amount of credit unused	500,000	500,000	500,000
Loan facilities			
Loan facilities in use at balance date	76,334,197	74,334,197	76,341,388

SIGNIFICANT ACCOUNTING POLICIES

INTEREST-BEARING LOANS AND BORROWING COSTS

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.

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

7. LEASE LIABILITIES

Purpose	Lease Commencement Date	Institution	Lease Interest Rate	Full Lease Term	Budget Lease Principal	2020/21 Budget Lease New	Budget Lease Principal outstanding	2020/21 Budget Lease Interest Repayments	Estimate Principal	2019/20 Estimate Lease New	Estimate Lease Principal repayments	Estimate Lease Principal outstanding	2019/20 Estimate Lease Interest repayments	Budget Principal	2019/20 Budget Lease New	Budget Lease Principal repayments	Budget Lease Principal outstanding	2019/20 Budget Lease Interest Repayments	
					1 July 2020	Leases	30 June 2021	\$	1 July 2019	Leases	\$	\$	1 July 2019	Leases	\$	\$	\$	1 July 2019	Leases
Community amenities																			
Yanchep Hub - Building Lease	April 2018	Yanchep Beach Joint Venture	2.1	60 months	200,548	0	(71,591)	128,957	(3,525)	269,590	0	(69,042)	200,548	(4,933)	0	0	0	0	0
Recreation and culture																			
Spin Bike Equipment - Aquamotion Lease	Sept 2017	Capital Finance	2.1	36 months	1,802	0	(1,802)	0	(5)	12,483	0	(10,681)	1,802	(160)	0	0	0	0	0
					202,350	0	(73,393)	128,957	(3,530)	282,073	0	(79,723)	202,350	(5,093)	0	0	0	0	0

SIGNIFICANT ACCOUNTING POLICIES

LEASES

All Leases will be recognised in the Statement of Financial Position as a liability by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as depreciation on the 'right-of-use' asset, and an interest will be charged on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Note: On adoption of AASB 16 from 1 July 2019, the City has recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' under AASB 117 in the 2019/20 financial year.

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

8. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance	2019/20 Actual Opening Balance	2019/20 Estimate Transfer to	2019/20 Estimate Transfer (from)	2019/20 Estimate Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Alkimos/Eglinton District Community Facilities Reserve	14,827,861	743,302	(54,191)	15,516,972	13,770,741	1,160,390	(103,270)	14,827,861	13,795,101	1,529,320	(43,270)	15,281,151
(b) Asset Renewal Reserve	10,375,101	2,576,345	(1,925,000)	11,026,446	11,304,366	2,198,957	(3,128,222)	10,375,101	11,238,120	2,252,858	(3,093,500)	10,397,478
(c) Asset Replacement Reserve	6,129,526	3,040,728	(2,169,413)	7,000,841	5,814,062	2,102,327	(1,786,863)	6,129,526	4,180,204	2,094,055	(1,937,434)	4,336,825
(d) Carry Forward Capital Projects Reserve	3,953,277	0	(3,953,277)	0	3,741,959	3,953,277	(3,741,959)	3,953,277	3,741,959	0	(3,741,959)	0
(e) Coastal Infrastructure Management Reserve	15,836,652	116,534	(660,000)	15,293,186	13,872,726	2,244,160	(280,234)	15,836,652	13,850,015	2,311,625	(191,278)	15,970,362
(f) Domestic Refuse Reserve	12,119,709	908,653	(5,160,853)	7,867,509	11,786,825	558,484	(225,600)	12,119,709	8,871,242	1,399,603	(50,000)	10,220,845
(g) Golf Courses Reserve	966,816	207,114	(145,000)	1,028,930	655,283	361,533	(50,000)	966,816	621,829	363,991	0	985,820
(h) Strategic Land Reserve	4,373,106	1,532,179	0	5,905,285	3,314,766	1,058,340	0	4,373,106	3,308,347	1,074,438	0	4,382,785
(i) Leave Liability Reserve	11,883,620	1,039,779	0	12,923,399	1,800,928	10,082,692	0	11,883,620	1,640,163	86,904	0	1,727,067
(j) Loan Repayment Reserve	54,404,297	600,334	0	55,004,631	23,439,125	30,965,172	0	54,404,297	23,090,917	1,019,546	0	24,110,463
(k) Neerabup Development Reserve	4,140,865	29,374	(1,300,489)	2,869,750	5,056,833	89,000	(1,004,968)	4,140,865	4,802,720	108,061	(1,258,475)	3,652,306
(l) Plant Replacement Reserve	15,985,945	5,973,734	(7,936,638)	14,023,041	12,662,184	6,448,181	(3,124,420)	15,985,945	12,104,620	6,497,681	(6,174,342)	12,427,959
(m) Regional Open Space Reserve	14,216,337	4,104,611	0	18,320,948	11,513,696	2,702,641	0	14,216,337	11,499,639	2,758,742	0	14,258,381
(n) Section 152 Reserve (formerly Section 20A Land Reserve)	765,345	5,595	(5,000)	765,940	1,361,637	23,965	(620,257)	765,345	1,364,335	30,698	(550,076)	844,957
(o) Strategic Projects/Initiatives Reserve	72,311,285	2,574,661	(12,996,875)	61,889,071	102,363,493	21,036,406	(51,088,614)	72,311,285	80,926,416	18,355,228	(17,550,083)	81,731,561
(p) TPS 20 - District Distributor Headworks Reserve	7,270,122	53,497	0	7,323,619	7,144,381	125,741	0	7,270,122	7,128,215	160,385	0	7,288,600
(q) Yanchep Bus Reserve	117,145	5,862	0	123,007	110,205	6,940	0	117,145	110,977	7,497	0	118,474
(r) Yanchep/Two Rocks District Community Facilities Reserve	(83,657)	1,440,846	(378,443)	978,746	0	483,000	(566,657)	(83,657)	633,403	1,331,506	(504,572)	1,460,337
	249,593,352	24,953,148	(36,685,179)	237,861,321	229,713,210	85,601,206	(65,721,064)	249,593,352	202,908,222	41,382,138	(35,094,989)	209,195,371

(b) Cash Backed Reserves - Purposes

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Reserve name	Anticipated date of use	Purpose of the reserve
(a) Alkimos/Eglinton District Community Facilities Reserve	Ongoing	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	Ongoing	To be used for the funding of asset renewal and upgrade works.
(c) Asset Replacement Reserve	Ongoing	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) Carry Forward Capital Projects Reserve	Ongoing	For the accumulation of funds to support the municipally funded carried forward capital projects.
(e) Coastal Infrastructure Management Reserve	Ongoing	For the accumulation of funds to support coastal infrastructure capital works.
(f) Domestic Refuse Reserve	Ongoing	To be used for additional requirements specifically needed for the provision of the domestic collection service.
(g) Golf Courses Reserve	Ongoing	To be used for the capital improvement of the Carramar and Marangaroo Golf Courses.
(h) Strategic Land Reserve	Ongoing	For the purpose of acquisition, leasing, development and/or disposal of land under the City of Wanneroo Strategic Land Policy
(i) Leave Liability Reserve	Ongoing	To be used to cash back the liability of the City for long service leave and annual leave.
(j) Loan Repayment Reserve	2025/26	To set aside adequate funds over time to repay loan commitments per the City's 10 Year Strategic Financial Management Plans debt management policy.
(k) Neerabup Development Reserve	Ongoing	For the purpose of meeting the associated cost of developing the City's investment land in Neerabup.
(l) Plant Replacement Reserve	Ongoing	To be used to replace Council's plant and equipment.
(m) Regional Open Space Reserve	Ongoing	For the accumulation of funds to support regional open space capital works.
(n) Section 152 Reserve (formerly Section 20A Land Reserve)	Ongoing	To be used for capital improvements on recreation reserves in the general locality of source of funds.
(o) Strategic Projects/Initiatives Reserve	Ongoing	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 20 years. The annual funds transfer is derived from the rate setting surplus less municipal funding of capital works carried forward.
(p) TPS 20 - District Distributor Headworks Reserve	Ongoing	To be used for the construction of District Distribution Roads associated with Town Planning Scheme 20.
(q) Yanchep Bus Reserve	Ongoing	For the accumulation of funds from the Yanchep community for the costs associated with the replacement of the community bus.
(r) Yanchep/Two Rocks District Community Facilities Reserve	Ongoing	To be used for the purpose of accumulating Developer Contributions for the capital funding of community facilities and associated costs related to the administration and implementation of the Developer Contribution Plan in the Yanchep/Two Rocks Development Contribution Area.

CITY OF WANNEROO
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2021

9. FEES AND CHARGES REVENUE

	2020/21 Budget	2019/20 Estimate	2019/20 Budget
	\$	\$	\$
Governance	65,513	42,110	107,890
General purpose funding	513,800	497,057	501,100
Law, order, public safety	667,750	673,800	663,800
Health	229,244	386,622	410,622
Education and welfare	64,340	81,126	81,780
Community amenities	32,168,023	32,132,216	31,803,858
Recreation and culture	8,573,720	10,145,122	9,987,255
Transport	539,818	820,223	1,100,000
Economic services	1,327,420	1,764,526	2,125,000
Other property and services	6,394	7,350	6,365
	44,156,022	46,550,152	46,787,670

10. GRANT REVENUE

	Unspent grants, subsidies and contributions liability					Grants, subsidies and contributions revenue		
	Liability 1 July 2020	Increase in Liability	Liability Reduction	Total Liability 30 June 2021	Current Liability 30 June 2021	2020/21 Budget	2019/20 Estimate	2019/20 Budget
By Program:	\$	\$	\$	\$	\$	\$	\$	\$
(a) Operating grants, subsidies and contributions								
Governance	0	414,332	(414,332)	0	0	414,332	577,145	713,736
General purpose funding	0	8,523,624	(8,523,624)	0	0	8,523,624	8,375,925	7,806,313
Law, order, public safety	0	836,624	(836,624)	0	0	836,624	613,520	324,320
Health	0	147,910	(147,910)	0	0	147,910	95,402	152,726
Education and welfare	53,779	195,610	(195,610)	53,779	53,779	195,610	173,761	83,442
Community amenities	0	192,325	(192,325)	0	0	192,325	536,296	526,857
Recreation and culture	0	692,744	(692,744)	0	0	692,744	817,113	797,601
Transport	0	327,227	(327,227)	0	0	327,227	401,765	357,150
Economic services	211,000	86	(86)	211,000	211,000	86	3,136	3,136
Other property and services	0	96,154	(96,154)	0	0	96,154	97,181	95,400
	264,779	11,426,636	(11,426,636)	264,779	264,779	11,426,636	11,691,244	10,860,681
(b) Non-operating grants, subsidies and contributions								
Community amenities	158,098	1,534,678	(1,534,678)	158,098	158,098	1,534,678	281,990	65,501
Recreation and culture	777,113	4,121,126	(4,784,690)	113,549	113,549	4,121,126	7,836,965	10,828,978
Transport	604,002	12,212,122	(12,581,235)	234,889	234,889	12,212,122	38,539,482	31,228,208
Other property and services	716,328	2,273,748	(2,273,748)	716,328	716,328	2,273,748	1,838,056	2,950,426
	2,255,541	20,141,674	(21,174,351)	1,222,864	1,222,864	20,141,674	48,496,493	45,073,113
Total	2,520,320	31,568,310	(32,600,987)	1,487,643	1,487,643	31,568,310	60,187,737	55,933,794

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

11. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

12. OTHER INFORMATION

	2020/21 Budget	2019/20 Estimate	2019/20 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	1,642,179	3,977,936	4,156,600
- Other funds	908,440	1,643,307	2,892,128
Other interest revenue	1,865,398	1,958,026	1,666,506
	4,416,017	7,579,269	8,715,234
DCP's	132,048	317,390	324,641
TPS's	811,333	2,367,749	2,284,650
	5,359,398	10,264,408	11,324,525
(b) Other revenue			
Reimbursements, recoveries and resource extraction sales	1,015,816	574,792	627,194
	1,015,816	574,792	627,194
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	85,000	107,652	90,000
	85,000	107,652	90,000
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	4,442,337	4,217,544	4,559,186
Interest expense on lease liabilities	3,530	5,093	0
	4,445,867	4,222,637	4,559,186
(e) Elected members remuneration			
Mayor's Allowance & Attendance Fees	137,268	140,201	140,769
Deputy Mayor's Allowance & Attendance Fees	54,116	53,580	57,616
Councillor's Meeting Attendance Fees	411,814	404,500	403,895
Information, Communications & Technology Allowance	52,500	52,500	45,500
Conference Expenses	80,000	80,000	80,000
Other Expense Reimbursements	60,000	75,000	75,000
	795,698	805,781	802,780
(f) Waivers/Concessions			
General Rates	3,419,086	97,834	98,041
Fees and charges	2,150,804	2,632,618	3,025,000
	5,569,890	2,730,452	3,123,041
(g) Low Value lease expenses			
Office equipment - Yanchep Hub	75,116	73,975	73,975
Gymnasium equipment - Aquamotion	1,807	10,841	10,841
	76,923	84,816	84,816

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

13. MAJOR LAND TRANSACTIONS

a) Tamala Park Regional Council (TPRC)

Details

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the TPRC. The establishment of the TPRC was pursuant to Section 3.61 of the Local Government Act. The TPRC formally came into existence on the 3 February 2006. The TPRC'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 2020/21 estimated at \$200,000, which if received will be placed into the City's Loan Repayment Reserve.

b) Town Planning Schemes (TPS)

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)

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

	2020/21 Budget	2019/20 Estimate	2019/20 Budget
	\$	\$	\$
<u>Berkley Road Structure Plan Area</u>			
Income			
Interest on Investments	27,939	77,792	77,792
	<u>27,939</u>	<u>77,792</u>	<u>77,792</u>
Expenditure			
Administration Charges	0	0	0
Audit Fee Expenses	0	(2,000)	(2,000)
Construction Costs	0	0	0
	<u>0</u>	<u>(2,000)</u>	<u>(2,000)</u>
Net Result	<u>27,939</u>	<u>75,792</u>	<u>75,792</u>
Surplus/(Deficit) Brought Forward	3,101,154	3,025,362	3,020,258
Net Result	27,939	75,792	75,792
Adjustments from Transactional Audit	0	0	0
Surplus/(Deficit) Carried Forward	<u>3,129,093</u>	<u>3,101,154</u>	<u>3,096,050</u>
<u>East Wanneroo Development Area (Cell 1)</u>			
Income			
Contributions	774,000	700,000	1,366,407
Interest on Investments	33,548	200,000	156,045
	<u>807,548</u>	<u>900,000</u>	<u>1,522,452</u>
Expenditure			
Administration Charges	(43,667)	(40,189)	(40,189)
Advertising	(200)	(100)	(100)
Audit Fee Expenses	(6,000)	(8,222)	(2,000)
Contract Expenses	0	(562,852)	0
Consulting Fees	(3,000)	(7,000)	(2,000)
Construction Costs	(143,500)	(1,001,780)	(601,011)
	<u>(196,367)</u>	<u>(1,620,143)</u>	<u>(645,300)</u>
Net Result	<u>611,181</u>	<u>(720,143)</u>	<u>877,152</u>

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

13. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (TPS) (Continued)

	2020/21 Budget	2019/20 Estimate	2019/20 Budget
	\$	\$	\$
Surplus/(Deficit) Brought Forward	4,546,137	10,398,286	12,473,261
Net Result	611,181	(720,143)	877,152
Partial Return of Estimated Excess Funds	0	(5,132,006)	(4,218,055)
Adjustments from Transactional Audit	0	0	(3,180,936)
Surplus/(Deficit) Carried Forward	5,157,318	4,546,137	5,951,422
<u>East Wanneroo Development Area (Cell 2)</u>			
Income			
Contributions	880,000	536,000	536,000
Interest on Investments	79,564	198,101	198,101
	959,564	734,101	734,101
Expenditure			
Administration Charges	(43,667)	(32,151)	(32,151)
Advertising	(200)	(100)	(100)
Audit Fee Expenses	(6,000)	(2,222)	(2,000)
Consulting Fees	(3,000)	(7,000)	(2,000)
Construction Costs	0	0	0
	(52,867)	(41,473)	(36,251)
Net Result	906,697	692,628	697,850
Surplus/(Deficit) Brought Forward	8,857,081	8,164,453	8,940,405
Net Result	906,697	692,628	697,850
Adjustments from Transactional Audit	0	0	(722,926)
Surplus/(Deficit) Carried Forward	9,763,778	8,857,081	8,915,329
<u>East Wanneroo Development Area (Cell 3)</u>			
Income			
Contributions	0	112,288	0
Interest on Investments	7,486	26,197	26,197
	7,486	138,485	26,197
Expenditure			
Administration Charges	(20,969)	(16,076)	(16,076)
Advertising	(200)	(710)	(100)
Audit Fee Expenses	(6,000)	(2,222)	(2,000)
Consulting	(3,000)	(7,000)	(2,000)
Construction Costs	0	0	0
	(30,169)	(26,008)	(20,176)
Net Result	(22,683)	112,477	6,021
Surplus/(Deficit) Brought Forward	810,387	697,910	1,603,943
Net Result	(22,683)	112,477	6,021
Adjustments from Transactional Audit	0	0	0
Surplus/(Deficit) Carried Forward	787,704	810,387	1,609,964
<u>East Wanneroo Development Area (Cell 4)</u>			
Income			
Contributions	164,000	109,285	109,285
Interest on Investments	113,993	301,970	301,970
	277,993	411,255	411,255
Expenditure			
Administration Charges	(35,672)	(40,189)	(40,189)
Advertising	(200)	(100)	(100)
Audit Fee Expenses	(6,000)	(2,222)	(3,000)
Consulting Fees	(3,000)	(7,000)	(2,000)
Legal Fees	(150,000)	(200,000)	(150,000)
Construction Costs	(47,250)	(43,583)	0
	(242,122)	(293,094)	(195,289)
Net Result	35,871	118,161	215,966
Surplus/(Deficit) Brought Forward	7,745,031	7,626,870	13,443,354
Net Result	35,871	118,161	215,966
Adjustments from Transactional Audit	0	0	(985,567)
Surplus/(Deficit) Carried Forward	7,780,902	7,745,031	12,673,753

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

13. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (TPS) (Continued)

East Wanneroo Development Area (Cell 5)

Income

	2020/21 Budget	2019/20 Estimate	2019/20 Budget
	\$	\$	\$
Contributions	747,000	217,000	217,000
Interest on Investments	56,565	200,000	160,856
Miscellaneous Income	0	390,000	400,000
	803,565	807,000	777,856

Expenditure

Administration Charges	(30,294)	(40,189)	(40,189)
Advertising	(200)	(100)	(100)
Audit Fee Expenses	(6,000)	(2,222)	(2,000)
Consulting Fees	(3,000)	(7,000)	(2,000)
Compensation Payments	(1,731,000)	(298,800)	(298,800)
Legal Fees	0	0	(32,500)
Construction Costs	(27,897)	(29,086)	0
	(1,798,391)	(377,397)	(375,589)

Net Result

	(994,826)	429,603	402,267
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Surplus/(Deficit) Brought Forward

	3,690,238	3,260,635	9,922,486
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Net Result	(994,826)	429,603	402,267
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Adjustments from Transactional Audit	0	0	(4,668,268)
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Surplus/(Deficit) Carried Forward	2,695,412	3,690,238	5,656,485
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East Wanneroo Development Area (Cell 6)

Income

Contributions	200,000	100,000	120,000
Interest on Investments	228,520	625,147	625,147
Miscellaneous Income	0	390,000	400,000
	428,520	1,115,147	1,145,147

Expenditure

Administration Charges	(49,045)	(40,189)	(40,189)
Advertising	(200)	(100)	(100)
Audit Fee Expenses	(6,000)	(2,222)	(2,000)
Consulting Fees	(3,000)	(7,000)	(2,000)
Compensation Payments	(320,000)	(310,000)	(310,000)
Construction Costs	(93,663)	(978,000)	0
	(471,908)	(1,337,511)	(354,289)

Net Result

	(43,388)	(222,364)	790,858
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Surplus/(Deficit) Brought Forward

	22,095,340	22,317,704	28,863,345
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Net Result	(43,388)	(222,364)	790,858
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Adjustments from Transactional Audit	0	0	(4,171,853)
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Surplus/(Deficit) Carried Forward	22,051,952	22,095,340	25,482,350
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East Wanneroo Development Area (Cell 7)

Income

Contributions	240,000	0	0
Interest on Investments	24,239	69,358	69,358
	264,239	69,358	69,358

Expenditure

Administration Charges	(35,672)	(40,189)	(40,189)
Advertising	(200)	(100)	(100)
Audit Fee Expenses	(6,000)	(2,222)	(2,000)
Consulting	(3,000)	(7,000)	(2,000)
Contract Expenses	0	0	0
Construction Costs	(22,000)	0	0
	(66,872)	(49,511)	(44,289)

Net Result

	197,367	19,847	25,069
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Surplus/(Deficit) Brought Forward

	2,646,267	2,626,420	2,962,861
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Net Result	197,367	19,847	25,069
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Adjustments from Transactional Audit	0	0	(128,621)
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Surplus/(Deficit) Carried Forward	2,843,634	2,646,267	2,859,309
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CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

13. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (TPS) (Continued)

	2020/21 Budget	2019/20 Estimate	2019/20 Budget
	\$	\$	\$
<u>East Wanneroo Development Area (Cell 8)</u>			
Income			
Contributions	250,000	400,000	400,000
Interest on Investments	55,249	125,893	125,893
	305,249	525,893	525,893
Expenditure			
Administration Charges	(35,672)	(40,189)	(40,189)
Advertising	(200)	(100)	(100)
Audit Fee Expenses	(6,000)	(2,222)	(2,000)
Consulting Fees	(5,000)	(7,000)	(2,000)
Contract Expenses	(309,000)	(578,788)	(578,788)
Legal Fees	0	0	(67,500)
Construction Costs	(49,508)	(28,677)	0
	(405,380)	(656,976)	(690,577)
Net Result	(100,131)	(131,083)	(164,684)
Surplus/(Deficit) Brought Forward			
	5,697,970	5,829,053	5,060,949
Net Result	(100,131)	(131,083)	(164,684)
Adjustments from Transactional Audit	0	0	551,516
Surplus/(Deficit) Carried Forward	5,597,839	5,697,970	5,447,781
<u>East Wanneroo Development Area (Cell 9)</u>			
Income			
Contributions	4,417,000	4,900,000	6,594,000
Interest on Investments	177,442	524,381	524,381
	4,594,442	5,424,381	7,118,381
Expenditure			
Administration Charges	(36,981)	(40,189)	(40,189)
Advertising	(200)	(100)	(100)
Audit Fee Expenses	(6,000)	(4,622)	(2,000)
Consulting Fees	(3,000)	(7,000)	0
Contract Expenses	(1,200,000)	(150,000)	0
Compensation Payments	(2,200,000)	(6,875,000)	(4,535,000)
Construction Costs	(54,558)	(74,754)	(70,000)
	(3,500,739)	(7,151,665)	(4,647,289)
Net Result	1,093,703	(1,727,284)	2,471,092
Surplus/(Deficit) Brought Forward			
	19,889,588	21,616,872	20,810,587
Net Result	1,093,703	(1,727,284)	2,471,092
Adjustments from Transactional Audit	0	0	(527,728)
Surplus/(Deficit) Carried Forward	20,983,291	19,889,588	22,753,951
<u>Neerabup Structure Plan</u>			
Income			
Interest on Investments	0	0	0
	0	0	0
Expenditure			
Administration Charges	0	0	0
Audit Fee Expenses	0	0	0
Construction Costs	0	0	0
	0	0	0
Net Result	0	0	0
Surplus/(Deficit) Brought Forward			
	(3,448,943)	(3,448,943)	(3,451,085)
Net Result	0	0	0
Adjustments from transactional audit	0	0	0
Surplus/(Deficit) Carried Forward	(3,448,943)	(3,448,943)	(3,451,085)

CITY OF WANNEROO
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2021

13. MAJOR LAND TRANSACTIONS (CONTINUED)

Town Planning Schemes (TPS) (Continued)

Town Planning Scheme 5 (Landsdale)

Income

	2020/21 Budget	2019/20 Estimate	2019/20 Budget
	\$	\$	\$
Interest on Investments	6,788	18,910	18,910
	<u>6,788</u>	<u>18,910</u>	<u>18,910</u>

Expenditure

Administration Charges	0	0	0
Audit Fee Expenses	0	(2,000)	(2,000)
Construction Costs	0	0	0
	<u>0</u>	<u>(2,000)</u>	<u>(2,000)</u>

Net Result

	<u>6,788</u>	<u>16,910</u>	<u>16,910</u>
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Surplus/(Deficit) Brought Forward

Net Result	752,306	735,396	732,543
Adjustments from Transactional Audit	6,788	16,910	16,910
	<u>0</u>	<u>0</u>	<u>0</u>

Surplus/(Deficit) Carried Forward

	<u>759,094</u>	<u>752,306</u>	<u>749,453</u>
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Grand Total

	<u>78,101,074</u>	<u>76,382,556</u>	<u>91,744,762</u>
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Summary

	2020/21 Budget	Transfers To	Transfers From	2019/20 Estimate
	\$	\$	\$	\$
Operating Accounts				
Berkley Road Structure Plan Area	3,129,093	27,939	0	3,101,154
Neerabup Structure Plan	(3,448,943)	0	0	(3,448,943)
Town Planning Scheme 5 (Landsdale)	759,094	6,788	0	752,306
	<u>439,244</u>	<u>34,727</u>	<u>0</u>	<u>404,517</u>
Scheme Accounts				
East Wanneroo Development Area (Cell 1)	5,157,318	807,548	(196,367)	4,546,137
East Wanneroo Development Area (Cell 2)	9,763,778	959,564	(52,867)	8,857,081
East Wanneroo Development Area (Cell 3)	787,704	7,486	(30,169)	810,387
East Wanneroo Development Area (Cell 4)	7,780,902	277,993	(242,122)	7,745,031
East Wanneroo Development Area (Cell 5)	2,695,412	803,565	(1,798,391)	3,690,238
East Wanneroo Development Area (Cell 6)	22,051,952	428,520	(471,908)	22,095,340
East Wanneroo Development Area (Cell 7)	2,843,634	264,239	(66,872)	2,646,267
East Wanneroo Development Area (Cell 8)	5,597,839	305,249	(405,380)	5,697,970
East Wanneroo Development Area (Cell 9)	20,983,291	4,594,442	(3,500,739)	19,889,588
	<u>77,661,830</u>	<u>8,448,606</u>	<u>(6,764,815)</u>	<u>75,978,039</u>
Total	<u>78,101,074</u>	<u>8,483,333</u>	<u>(6,764,815)</u>	<u>76,382,556</u>

14. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

(a) Details

Neerabup Industrial Area (NIA) Resource Extraction

The City is undertaking extraction of limestone and sand resources from Lot 9003 (85) Mather Drive, Neerabup. The resource extraction is necessary to reduce the level of the land to contours agreed in the City's Agreed Structure Plan No.17 – Neerabup Industrial Area (ASP). The land is owned in freehold by the City and is currently zoned General Industrial within the City's District Planning Scheme No. 2 (DPS2) and is incorporated in the ASP. A Business Plan has been prepared in accordance with Section 3.59 of the Local Government Act 1995.

(b) Statement of Comprehensive Income

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Estimate	Budget	Forecast	Forecast	Forecast	Forecast	Forecast
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Resource extraction sales	0	556,487	607,077	404,718	607,077	455,308	723,433
	0	556,487	607,077	404,718	607,077	455,308	723,433
Expenditure							
Resource extraction costs	0	(1,343,339)	(1,287,108)	(6,480,951)	(1,199,817)	(1,363,598)	(712,866)
	0	(1,343,339)	(1,287,108)	(6,480,951)	(1,199,817)	(1,363,598)	(712,866)
NET RESULT	0	(786,852)	(680,031)	(6,076,233)	(592,740)	(908,290)	10,567

15. TRUST FUNDS

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

Detail	Estimated Balance 30 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Public Open Space	3,763,246	0	(444,000)	3,319,246
Miscellaneous/Appeals	56,185	5,000	(5,000)	56,185
	3,819,431	5,000	(449,000)	3,375,431

16. SIGNIFICANT ACCOUNTING POLICIES - OTHER INFORMATION

GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets capitalised are to be stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

17. RATIOS

	2020/21 Budget	2019/20 Budget	2018/19 Actual	2017/18 Actual
a) Asset Consumption Ratio	0.69:1	0.69:1	0.72:1	0.72:1
b) Asset Renewal Funding Ratio	0.88:1	0.96:1	0.91:1	1.10:1
c) Asset Sustainability Ratio	0.51:1	0.44:1	0.34:1	0.32:1
d) Current Ratio	0.97:1	0.80:1	0.89:1	0.89:1
e) Debt Service Cover Ratio	8.62:1	6.71:1	14.92:1	14.88:1
f) Operating Surplus Ratio	-0.09:1	0.08:1	0.11:1	0.09:1
g) Own Source Revenue Coverage Ratio	0.87:1	1.03:1	1.05:1	1.00:1

The ratios are calculated as follows:

a) Asset Consumption Ratio:

$$\frac{\text{Depreciated Replacement Cost of Depreciable Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$$

*Standard is met >0.50

**Standard is advanced >0.75

b) Asset Renewal Funding Ratio:

$$\frac{\text{NPV of Planned Capital Renewals over 10 years}}{\text{NPV of Required Capital Expenditure over 10 years}}$$

*Standard is met >0.75

**Standard is advanced >1.05

c) Asset Sustainability Ratio:

$$\frac{\text{Capital Renewal \& Replacement Expenditure}}{\text{Depreciation Expense}}$$

*Standard is met >0.90

**Standard is advanced >1.10

d) Current Ratio:

$$\frac{\text{Current Assets - Restricted Current Assets}}{\text{Current Liabilities - Liabilities Associated With Restricted Assets}}$$

*Standard is met >1.00

e) Debt Service Cover Ratio:

$$\frac{\text{Annual Operating Surplus Before Interest \& Depreciation}}{\text{Principal \& Interest}}$$

*Standard is met >2.00

**Standard is advanced >5.00

f) Operating Surplus Ratio:

$$\frac{\text{Operating Revenue - Operating Expense}}{\text{Own Source Operating Revenue}}$$

*Standard is met >0.01

**Standard is advanced >0.15

g) Own Source Revenue Coverage Ratio:

$$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$$

*Standard is met >0.40

**Standard is advanced >0.90

Note:

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