



City of
Wanneroo

2019 | 2020

FINANCIAL STATEMENTS

City of Wanneroo

General Purpose Financial Statements for the year ended 30 June 2020

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations of City of Wanneroo.
- (ii) All figures presented in these financial statements are presented in Australian Dollars.
- (iii) These financial statements were adopted by Council on 15 December 2020.
Council has the power to amend and reissue the financial statements.

City of Wanneroo

General Purpose Financial Statements for the year ended 30 June 2020

Understanding The City of Wanneroo's Financial Statements

Introduction

Each year, individual Local Governments across Western Australia are required to present a set of audited Financial Statements to their Council and Community in accordance with the Australian Accounting Standards (applicable to Local Governments and Not-for-Profit entities), the *Local Government Act 1995* (the Act) and the accompanying regulations.

About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer as (i) presenting fairly the financial results of the City of Wanneroo (the City) for the year and (ii) complying with Australian Accounting Standards, the Act and the accompanying regulations.

What you will find in the Financial Statements

The Financial Statements set out the financial performance, financial position and cash flows of the City for the financial year ended 30 June 2020.

The format of the Financial Statements complies with both the accounting and reporting requirements of Australian Accounting Standards (AAS) and the requirements as set down in the Act and accompanying regulations. If a provision of the AAS is inconsistent with a provision of the Act and the accompanying regulations, the provision of the Act and the regulations prevails to the extent of the inconsistency.

The Financial Statements incorporate six "primary" statements:

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

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

2. A Statement of Comprehensive Income (by Program)

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

3. A Statement of Financial Position

A snapshot of the City's financial position at each financial year end listing its assets and liabilities.

4. A Statement of Changes in Equity

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

5. A Statement of Cash Flows

Indicates where the City's cash and cash equivalents were generated from and where they were spent across operating, investing and financing activities.

6. A Rate Setting Statement (by Program)

A Statement showing the amount of Rates raised during the year to fund the City's Programs (and any surplus/deficit from prior years).

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the six primary statements.

About the Auditor's Reports

These Financial Statements have been audited by Office of the Auditor General (OAG) by mandate given on 28 October 2017 under the *Local Government Amendment (Auditing) Act 2017*.

The OAG provides an opinion on whether the Financial Statements present fairly the City's financial performance and position.

Who uses the Financial Statements?

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

Under the Act the Financial Statements must be made available at the administration headquarters of the Local Government.

City of Wanneroo

General Purpose Financial Statements for the year ended 30 June 2020

Statement by Chief Executive Officer

The attached financial statements of the City of Wanneroo for the financial year ended 30 June 2020 are based on proper accounts and records to present fairly the financial position of the City of Wanneroo as at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 7th day of December 2020



Daniel Simms

CHIEF EXECUTIVE OFFICER



City of Wanneroo

Statement of Comprehensive Income (by Nature or Type)
for the year ended 30 June 2020

	Notes	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	27(a)	134,246,073	135,581,907	131,012,348
Operating Grants, Subsidies & Contributions	31(a)	13,364,998	10,860,681	11,162,394
Fees & Charges	30	44,438,084	46,787,670	43,352,653
Interest Earnings	2(a)	9,021,690	8,715,234	10,016,623
Other Revenue		600,028	627,194	577,704
		201,670,873	202,572,686	196,121,722
Expenses				
Employee Costs	32	(73,227,429)	(76,825,787)	(71,993,127)
Materials & Contracts		(68,892,342)	(68,528,997)	(59,046,810)
Utilities		(9,126,985)	(9,695,193)	(9,038,918)
Depreciation & Amortisation	2(a)	(43,195,331)	(40,947,313)	(41,166,717)
Interest Expenses (Municipal)	2(a)	(4,224,513)	(4,111,186)	(4,112,351)
Insurance		(1,155,817)	(1,510,000)	(1,140,206)
		(199,822,417)	(201,618,476)	(186,498,129)
Operating Result		1,848,456	954,210	9,623,593
Non-Operating Grants, Subsidies & Contributions	31(a)	46,536,875	45,073,113	26,186,692
Town Planning Scheme & Development Contribution Plan Income		11,592,576	15,288,167	10,923,882
Town Planning Scheme & Development Contribution Plan Expenses		(7,516,566)	(8,031,975)	(36,839,060)
Net Share of Interests in Controlled Entities, Associated Entities & Joint Ventures	20	533,451	-	388,792
Profit on Asset Disposals	24	1,443,740	585,217	26,431
Loss on Asset Disposals	24	(247,007)	(14,110,346)	(157,608)
		52,343,069	38,804,176	529,129
Net Result		54,191,525	39,758,386	10,152,722
Other Comprehensive Income				
Changes on revaluation of non-current assets	16	(12,097,785)	-	(19,095)
Total Other Comprehensive Income		(12,097,785)	-	(19,095)
Total Comprehensive Income		42,093,740	39,758,386	10,133,627

This statement should be read in conjunction with the accompanying notes.



City of Wanneroo

Statement of Comprehensive Income (by Program)
for the year ended 30 June 2020

	Notes	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance		366,224	822,226	304,101
General Purpose Funding		153,326,032	152,604,553	151,057,582
Law, Order & Public Safety		2,049,182	1,125,120	1,173,262
Health		396,788	563,348	539,989
Education & Welfare		303,160	165,222	353,964
Community Amenities		32,505,630	32,372,015	31,749,628
Recreation & Culture		10,399,299	10,898,560	8,322,847
Transport		953,994	1,495,150	1,094,164
Economic Services		1,754,896	2,256,136	1,952,784
Other Property & Services		11,741,701	12,576,682	10,886,076
		213,796,906	214,879,012	207,434,397
Expenses (excl. Finance Costs)				
Governance		(10,538,775)	(8,194,212)	(9,677,017)
General Purpose Funding		(3,884,380)	(3,080,833)	(2,736,260)
Law, Order & Public Safety		(8,941,294)	(9,657,654)	(8,424,426)
Health		(2,488,447)	(2,787,791)	(2,433,461)
Education & Welfare		(5,981,933)	(6,571,042)	(5,688,454)
Community Amenities		(42,705,395)	(40,968,245)	(36,553,558)
Recreation & Culture		(61,893,603)	(64,325,717)	(59,952,939)
Transport		(53,131,876)	(54,983,818)	(51,675,986)
Economic Services		(4,698,022)	(5,666,218)	(4,679,783)
Other Property & Services		(8,637,769)	(8,855,735)	(37,114,632)
		(202,901,494)	(205,091,265)	(218,936,516)
Finance Costs				
Governance		(108,206)	-	-
General Purpose Funding		(437,738)	(661,807)	(635,437)
Recreation & Culture		(3,392,890)	(3,169,960)	(3,198,387)
Transport		(154,399)	(154,528)	(154,558)
Other Property & Services		(344,262)	(572,891)	(412,293)
	2(a)	(4,437,495)	(4,559,186)	(4,400,675)
		6,457,917	5,228,561	(15,902,794)
Non-Operating Grants, Subsidies, Contributions				
Governance		-	-	30,306
Education & Welfare		255	-	-
Community Amenities		157,180	65,500	22,425
Recreation & Culture		7,327,453	9,006,734	6,126,852
Transport		38,580,380	36,000,880	19,390,611
Other Property & Services		471,607	2,981,840	616,499
	31a	46,536,875	48,054,954	26,186,693

This statement should be read in conjunction with the accompanying notes.



City of Wanneroo

Statement of Comprehensive Income (by Program) (continued)
for the year ended 30 June 2020

	Notes	2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
Profit/(Loss) on Disposal of Assets				
Governance		-	-	(31,569)
Recreation & Culture		(153,500)	-	58,000
Transport		-	(13,699,065)	-
Other Property & Services		1,350,233	173,936	(157,608)
	24	<u>1,196,733</u>	<u>(13,525,129)</u>	<u>(131,177)</u>
Net Result		<u>54,191,525</u>	<u>39,758,386</u>	<u>10,152,722</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	16	(12,097,785)	-	(19,095)
Total Comprehensive Income		<u>42,093,740</u>	<u>39,758,386</u>	<u>10,133,627</u>



City of Wanneroo

Statement of Financial Position
as at 30 June 2020

	Notes	2020 Actual \$	2019 Actual \$
ASSETS			
Current Assets			
Cash & Cash Equivalents	3	375,027,525	379,715,338
Trade & Other Receivables	5	18,610,440	23,592,102
Inventories	6	347,448	314,347
Contract Assets	9	185,356	-
Total Current Assets		394,170,769	403,621,787
Non-Current Assets			
Investments	4	19,275,826	19,669,497
Trade & Other Receivables	5	3,712,310	3,407,870
Inventories	6	21,866,609	22,117,151
Property, Plant & Equipment	7	348,509,251	341,408,585
Infrastructure Assets	8	2,006,674,450	1,979,292,819
Total Non-Current Assets		2,400,038,446	2,365,895,922
TOTAL ASSETS	22	2,794,209,215	2,769,517,709
LIABILITIES			
Current Liabilities			
Trade & Other Payables	12	39,065,910	39,079,751
Contract Liabilities	10	10,227,250	-
Lease Liability	11	104,797	-
Provisions	14	18,996,701	17,342,241
Total Current Liabilities		68,394,658	56,421,992
Non-Current Liabilities			
Contract Liabilities	10	87,881,755	-
Lease Liability	11	126,156	-
Borrowings	13	74,334,488	69,078,188
Provisions	14	12,415,363	11,695,065
Total Non-Current Liabilities		174,757,762	80,773,253
TOTAL LIABILITIES		243,152,420	137,195,245
Net Assets		2,551,056,795	2,632,322,464
EQUITY			
Retained Surplus		1,268,608,497	1,259,055,931
Reserves - Cash/Investment Backed	15	233,133,731	229,713,207
Reserves - Asset Revaluation	16	1,049,314,567	1,064,248,263
Town Planning Schemes		-	79,305,063
Total Equity		2,551,056,795	2,632,322,464

This statement should be read in conjunction with the accompanying notes.



City of Wanneroo

Statement of Changes in Equity
for the year ended 30 June 2020

	Notes	Retained Surplus	Reserves Cash Backed	Asset Revaluation Reserve	Town Planning Schemes	Total Equity
		\$	\$	\$	\$	\$
Balance as at 1 July 2018		1,238,456,270	212,383,004	1,064,267,358	107,082,205	2,622,188,837
Net Result		10,152,722	-	-	-	10,152,722
Changes on Revaluation of Non-Current Assets (net)	16	-	-	(19,095)	-	(19,095)
Reserve Transfers	15	(17,330,203)	17,330,203	-	-	-
Town Planning Scheme Transfers		27,777,142	-	-	(27,777,142)	-
Balance as at 30 June 2019		1,259,055,931	229,713,207	1,064,248,263	79,305,063	2,632,322,464
Initial Application of Accounting Standards	39	(41,218,435)	-	-	(79,305,063)	(120,523,498)
Financial Management Regulation Amendments	40	-	-	(2,835,911)	-	(2,835,911)
Balance as at 01 July 2019		1,217,837,496	229,713,207	1,061,412,352	-	2,508,963,055
Net Result		54,191,525	-	-	-	54,191,525
Changes on Revaluation of Non-Current Assets (net)	16	-	-	(12,097,785)	-	(12,097,785)
Reserve Transfers	15	(3,420,524)	3,420,524	-	-	-
Balance as at 30 June 2020		1,268,608,497	233,133,731	1,049,314,567	-	2,551,056,795



City of Wanneroo

Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
Cash Flows from Operating Activities				
Receipts:				
Rates		136,717,836	132,200,939	131,134,679
Operating Grants, Subsidies & Contributions		13,364,998	10,860,681	11,162,394
Fees & Charges		44,366,529	46,787,670	43,428,727
Interest Earnings		11,775,017	8,715,234	10,155,731
Goods & Services Tax		14,273,795	11,642,845	10,983,655
Other Revenue		549,977	627,194	1,414,007
		<u>221,048,152</u>	<u>210,834,563</u>	<u>208,279,193</u>
Payments:				
Employee Costs		(72,171,406)	(76,825,787)	(69,732,311)
Materials & Contracts		(68,974,054)	(68,528,997)	(44,721,885)
Utilities		(9,126,985)	(9,695,193)	(9,038,918)
Insurance		(1,155,817)	(1,510,000)	(1,140,206)
Interest		(4,024,963)	(4,111,186)	(4,119,262)
Goods & Services Tax		(14,140,603)	(10,836,863)	(11,902,477)
		<u>(169,593,828)</u>	<u>(171,508,026)</u>	<u>(140,655,059)</u>
Net Cash Inflow from Operating Activities	17(b)	<u>51,454,324</u>	<u>39,326,537</u>	<u>67,624,134</u>
Cash Flows from Investing Activities				
Receipts:				
Non-Operating Grants, Subsidies & Contributions		19,111,072	12,593,914	9,487,621
Proceeds from Land held for Sale	24	2,639,333	-	-
Proceeds from Sale of Assets	24	641,683	1,484,250	1,067,612
Proceeds from Distributions from Joint Ventures		500,000	-	666,666
Town Planning Scheme & Development Contribution Plan Income		6,946,120	15,288,167	10,923,882
Payments:				
Payments for Development of Land Held for Sale		(945,050)	-	(720,195)
Payments for Purchase of Property, Plant & Equipment		(24,377,461)	(44,286,278)	(16,645,319)
Payments for Construction of Infrastructure		(55,169,645)	(46,801,109)	(39,614,489)
Town Planning Scheme & Development Contribution Plan Expenses		(4,780,110)	(12,250,030)	(11,178,307)
Headworks Levy Refund		(5,124,906)	-	(15,692,833)
Movement in Equity Investments				
Equity Contributions - Tamala Park Regional Council		(724,701)	-	(662,036)
Net Cash (Outflow) from Investing Activities		<u>(61,283,665)</u>	<u>(73,971,086)</u>	<u>(62,367,398)</u>



City of Wanneroo

Statement of Cash Flows (continued)
for the year ended 30 June 2020

	Notes	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash Flows from Financing Activities				
<u>Receipts:</u>				
Proceeds from New Loans	26(a)	5,256,300	7,263,200	-
<u>Payments:</u>				
Repayment of Leases		(114,772)	-	-
Net Cash Inflow from Financing Activities		5,141,528	7,263,200	-
Net (Decrease)/ Increase in Cash & Cash Equivalents		(4,687,813)	(27,381,349)	5,256,736
Cash at the beginning of the year	3	379,715,338	358,207,428	374,458,602
Cash & Cash Equivalents - End of the Year	17(a)	375,027,525	330,826,079	379,715,338



City of Wanneroo

Rate Setting Statement (by Program)

for the year ended 30 June 2020

	Notes	2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
Revenue				
Governance		366,224	822,226	334,407
General Purpose Funding (Excl Rates)		19,079,959	17,022,646	20,045,234
Law, Order & Public Safety		2,049,182	1,125,120	1,173,262
Health		396,788	563,348	539,989
Education & Welfare		303,415	165,222	353,964
Community Amenities		32,662,810	32,437,515	31,772,053
Recreation & Culture		17,573,252	19,905,294	14,449,699
Transport		39,534,374	23,796,965	20,484,775
Economic Services		1,754,896	2,256,136	1,952,784
Other Property & Services		13,563,541	15,732,458	11,344,967
		<u>127,284,441</u>	<u>113,826,930</u>	<u>102,451,134</u>
Expenses				
Governance		(10,646,981)	(8,194,212)	(9,708,586)
General Purpose Funding		(4,322,118)	(3,742,640)	(3,371,697)
Law, Order & Public Safety		(8,941,294)	(9,657,654)	(8,424,426)
Health		(2,488,447)	(2,787,791)	(2,433,461)
Education & Welfare		(5,981,933)	(6,571,042)	(5,688,454)
Community Amenities		(42,705,395)	(40,968,245)	(36,553,558)
Recreation & Culture		(65,286,493)	(67,495,677)	(63,093,326)
Transport		(53,286,275)	(55,138,346)	(51,830,544)
Economic Services		(4,698,022)	(5,666,218)	(4,679,783)
Other Property & Services		(8,982,031)	(9,428,626)	(37,526,688)
		<u>(207,338,989)</u>	<u>(209,650,451)</u>	<u>(223,310,523)</u>
Net Result Excluding Rates		<u>(80,054,548)</u>	<u>(95,823,521)</u>	<u>(120,859,389)</u>
Adjustment to Cash Budget Requirements:				
Non-Cash Expenditure & Revenue				
(Profit)/Loss on Asset Disposal	24	(1,196,733)	13,525,129	131,177
Movement in Non-Current Deferred Pensioner Rates		(304,440)	-	(347,062)
Movement in Non-Current Employee Benefit Provisions		15,600	-	79,993
Movement in Non-Current Lease Liability		126,156	-	-
Movement in Non-Current Contract Liabilities		2,068,195	-	-
Movement in Current Contract Assets & Liabilities		(15,859,123)	-	-
Depreciation & Amortisation on Assets	2(a)	43,195,331	40,947,313	41,166,717
Movement in Equity Accounted Investments		(758,151)	-	(388,792)
Net Non-Cash Expenditure & Revenue		<u>27,286,835</u>	<u>54,472,442</u>	<u>40,642,033</u>



City of Wanneroo

Rate Setting Statement (by Program) (continued)
for the year ended 30 June 2020

	Notes	2020 Actual \$	2020 Budget \$	2019 Actual \$
Capital Expenditure				
Purchase and Development of Land Held for Sale		(945,051)	-	(720,195)
Purchase Land & Buildings		(16,955,439)	(26,088,364)	(9,473,588)
Purchase Plant & Equipment		(3,343,356)	(6,574,342)	(2,665,976)
Purchase Furniture & Fittings		(2,027,477)	(11,623,572)	(2,623,670)
Purchase of Other Property Plant & Equipment		(345,725)	-	-
Construction of Infrastructure Assets		(30,712,773)	(46,801,109)	(20,095,566)
Physical Assets Received from Developers		(12,455,361)	(16,274,500)	(16,699,071)
Assets Under \$5,000 Expensed		-	-	1,555,723
Movement in Works in Progress		(26,508,063)	-	(21,401,006)
Net Capital Expenditure		(93,293,245)	(107,361,887)	(72,123,349)
Capital Revenue				
Proceeds from Disposal of Assets	24	3,281,016	1,484,250	1,067,612
Movement in Equity Accounted Investments		-	-	4,630
Net Capital Revenue		3,281,016	1,484,250	1,072,242
Financing Activities				
Transfers to Reserves (Restricted Assets)	15	(71,922,616)	(41,382,138)	(42,159,058)
Transfers from Reserves (Restricted Assets)	15	61,432,600	35,094,989	24,828,855
Cash Backed Employee Provisions Transfers		13,024,363	-	-
Proceeds from New Loans		5,256,300	7,263,200	-
Movement in Restricted Grants, Contributions & Unspent Loans		15,722,013	21,836,335	9,809,176
Transfers to Town Planning Schemes (excluding DCPs)		11,260,005	(12,427,342)	(9,153,467)
Transfers from Town Planning Schemes (excluding DCPs)		(11,260,005)	20,847,432	36,930,609
Net Transfers		23,512,660	31,232,476	20,256,115
Add: (Deficit) at 1 July Brought Forward	27(b)	-	(19,585,667)	-
Less: Surplus at 30 June Carried Forward	27(b)	14,978,791	-	-
Amount Raised from Rates	27(a)	(134,246,073)	(135,581,907)	(131,012,348)



City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

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City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the Financial Statements are set out below.

(a) Basis of Preparation

The Financial Statements comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board (AASB), and the *Local Government Act 1995* (the Act) and accompanying regulations.

Amendments To Local Government (Financial Management) Regulations 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it has a regional significance such as golf courses, showgrounds, racecourses or recreational facilities. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial statements of the City. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the City has applied AASB 16 Leases which requires leases to be included in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB

16 which would have required the City to measure any vested improvements at zero cost.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

Accounting policies which have been adopted in the preparation of these Financial Statements have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the Financial Statements have been prepared on the accrual basis and are 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 these Financial Statements is in conformity with Australian Accounting Standards that 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. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

All Funds through which City of Wanneroo ("the City") controls resources to carry on its functions, have been included in the Financial Statements. In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated. All monies held in the Trust

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

Fund are excluded from the financial statements. A separate statement of those monies appears at Note 21 to these financial statements.

(c) Goods and Services Tax (GST)

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These exclude outstanding bank overdrafts, which are included as short-term borrowings in current liabilities on the Statement of Financial Position.

(e) 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. A loss allowance is recognised by applying the expected credit loss model.

(f) Inventories

1) 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 or 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.

2) Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost or 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 of signing a binding contract of sale. Land held for resale is classified as current except where it is held as non-current based on the City's intentions to release for sale.

(g) Non-Current Assets

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

Initial recognition and measurement between mandatory revaluation dates

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 Regulations 17A (5)*. These assets are expensed immediately and 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

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

threshold, the individual assets are recognised as one asset and capitalised.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with the *Local Government (Financial Management) Regulation 17A (2)*, which require land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation reserve in equity. Decreases in the carrying amount that offset previous increases of the same asset are recognised against revaluation reserve directly in equity. All other decreases are recognised in the Statement of Comprehensive Income.

Land under control prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the City was previously required to include as an asset (by 30 June 2013), vested Crown Land operated by the local government with regional significance such as golf courses, showgrounds, racecourses or other sporting or recreational facilities.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land.

Land under Roads prior to 1 July 2019

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail. Consequently, any land under roads acquired on or after 1 July 2008 was not included as an asset of the City.

Land under Roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with Local Government (*Financial Management*) Regulation 17A(2)(iv) is a departure from AASB 16 which would have required the City to measure the vested improvements as part of the related right-of-use assets at zero cost.

Plant	10 years (50% residual)
Other Infrastructure*	10 - 80 years
Other Plant and Equipment	10 years
Land**	Not Applicable
Parks & Reserves*	12 - 85 years
Irrigation Piping	30 years
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.

(h) Depreciation of Non-Current Assets

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

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

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

Buildings	40 years
Bus Shelters*	30 - 50 years
Computer Hardware	3 years
Computer Software	2 years
Pathways*	25 - 70 years
Furniture & Equipment (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)
Light Vehicles	3 years (60% residual)

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

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

(i) Financial Instruments

1) Recognition and derecognition

Financial Instruments, financial assets and financial liabilities are recognised when the City becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the City's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

2) Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as 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.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are accounted for at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is hold to collect the associated cash flows and sell; 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.

Any gains or losses recognised in Other Comprehensive Income will be reclassified upon derecognition of the asset. This category includes listed securities and debentures.

3) Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value and where applicable adjusted for transaction costs unless the City designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried at fair value

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest related charges and if applicable changes in an instrument's fair value that are reported in profit or loss, are included within finance costs or finance income.

4) Impairment of Financial assets

The City considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument.

(j) Fair Value Estimation

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

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

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

(k) Provisions

Provisions are recognised when the City has a present legal or constructive obligation as a result of

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

(l) Leases

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use Assets – Valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Right-of-use Assets - Depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

(m) Investments in Associates

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

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

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

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

(n) Impairment

In accordance with Australian Accounting Standards the City's assets, other than inventories, are tested annually for impairment. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with *AASB 136 Impairment of Assets* and appropriate adjustments made. Assets that are subject to depreciation are reviewed for impairment whenever events or

changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the Statement of Comprehensive Income.

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

(o) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days from the date of receipt of the invoice unless otherwise agreed.

(p) Interest-bearing Loans and Borrowings

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

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

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

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

(q) Employee Benefits

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

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

The provisions for employee benefits - wages, salaries, sick leave, 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 Statement of Financial Position date. The provision has been calculated at nominal amounts based on remuneration rates the City expects to pay and includes related on-costs.

Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits. It is measured as the present value of expected future payments to be made in respect of services provided by employees up to the Statement of Financial Position date, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity, and currency, that match as closely as possible, the estimated future cash outflows.

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

(r) Superannuation

The City makes statutory contributions to a number of Superannuation Funds on behalf of its employees. It additionally co-contributes up to a maximum of 5.5% for employees who choose to make personal contributions by salary sacrifice. All contributions are recognised as an expense as they become payable.

(s) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business

venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to Note 1(m) for a description of the equity method of accounting.

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

(t) Rates, Grants, Donations and Other Contributions

Revenue recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract or in the case of Rates, when the relevant rateable year commences.

AASB 1058 Income of Not-for-Profit Entities is to be considered where AASB 15 does not apply to a transaction. The timing of income recognition will depend on whether a transaction gives rise to a performance obligation, liability or contribution by owners.

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the City presents this as a contract asset, unless the rights to that amount of consideration are unconditional, in which case the City recognises a receivable.

When an amount of consideration is received from a customer / fund provider prior to the City transferring a good or service to the customer, the City presents the funds which exceed revenue recognised as a contract liability.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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

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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment Equally 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 event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events & activities, 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	On receipt of Funds
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	On payment and issue of the licence, registration or approval

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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
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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

(u) Current and Non-Current Classification

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

(v) Rounding Off Figures

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

(w) Comparative Figures

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

When the City applies an accounting policy retrospectively or corrects prior period errors, the City makes a retrospective restatement or reclassifies items in the financial statements that have a material effect on the statement of financial position. An additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(x) Budget Comparative Figures

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

(y) Investment Property

Investment property, principally comprising freehold buildings, is held for long-term rental yields.

Investment property is carried at fair value, representing open-market value determined annually by external users.

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

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

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

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

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

Non-current assets classified as "held for sale" are presented separately from the other assets in the Statement of Financial Position.

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

The results of discontinued operations are presented separately on the face of the Statement of Comprehensive Income.

(aa) Intangible Assets

The City has not classified any assets as Intangible.

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2020

Note 1. Summary of Significant Accounting Policies (continued)

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

In the current year, the City adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. On 1 July 2020 the following new accounting standards are to be adopted:

- *AASB 1059 Service Concession Arrangements: Grantors*
- *AASB 2018-7 Amendments to Australian Accounting Standards - Materiality*

AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the financial statement.

Specific impacts of AASB 2018-7 Amendments to Australian Accounting Standards – Materiality, have not been identified.

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

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

Standards not applicable to Local Government;

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

(ac) Disclaimer

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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Operating Revenues and Expenses

	Notes	2020 Actual \$	2020 Budget \$	2019 Actual \$
(a) Net Result				
The Result includes:				
(i) Charging as an Expense:				
Auditors Remuneration				
- Audit		82,653	90,000	75,000
Movement in Expected Credit Loss				
Sundry Debtors		(95,275)	-	(38,525)
Depreciation & Amortisation				
<i>Property, Plant & Equipment</i>				
	7(b)			
- Buildings		5,723,167	5,222,372	5,479,130
- Furniture & Fittings		1,681,478	1,430,197	1,557,069
- Plant & Equipment		3,429,931	2,899,351	2,765,843
- Leasehold Assets		113,223	-	-
<i>Infrastructure</i>				
	8(b)			
- Roads		15,213,803	14,770,636	14,762,045
- Drainage		3,478,374	3,474,874	3,458,003
- Other Infrastructure		3,665,389	3,690,508	3,626,455
- Pathways		2,585,251	2,599,243	2,573,218
- Car Parks		400,036	338,761	342,445
- Reserves		6,904,679	6,521,371	6,602,509
		43,195,331	40,947,313	41,166,717
Interest Expenses (Finance Costs)				
Loan Interest	26(a)	4,328,831	4,559,186	4,400,675
Leases Interest		108,664	-	-
		4,437,495	4,559,186	4,400,675
Interest Expenses (Finance Costs) - by Fund				
Municipal Fund		4,224,513	4,111,186	4,112,351
Developer Contribution Schemes		212,982	448,000	288,324
		4,437,495	4,559,186	4,400,675
(ii) Crediting as Revenue:				
Interest Earnings				
Investments - Reserve Funds		4,290,074	2,892,128	4,992,104
Investments - Municipal Funds		2,591,723	4,156,600	2,736,079
Other Interest Income	29	2,139,893	1,666,506	2,288,440
		9,021,690	8,715,234	10,016,623

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Operating Revenues and Expenses (continued)

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

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

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

Vision

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

Community Aspirations

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

- 1) Society
Healthy, safe, vibrant and connected communities.
- 2) Economy
Progressive and connected communities that enable economic growth and employment.
- 3) Environment
A healthy and sustainable natural and built environment.
- 4) Civic Leadership
Working with others to ensure the best use of our resources.

REPORTING PROGRAM DESCRIPTIONS

The City's operations that are disclosed encompass the following service orientated activities/programs:

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

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

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

LAW, ORDER AND PUBLIC SAFETY

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

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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Operating Revenues and Expenses (continued)

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

HEALTH

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

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

EDUCATION AND WELFARE

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

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

COMMUNITY AMENITIES

Objective: To provide services required by the Community.

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

RECREATION AND CULTURE

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

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

TRANSPORT

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

Activities: Construction 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

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

Activities: Tourism and provision of rural services including weed control, vermin control and standpipes and building control services.

OTHER PROPERTY AND SERVICES

Objective: To monitor and control the City's operations.

Activities: Plant repair and various operational services.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Operating Revenues and Expenses (continued)

(c) Nature or Type Classifications

City of Wanneroo is required by the Australian Accounting Standards to disclose revenue and expenditure according to its nature or type classification. The following nature or type descriptions are also required by the Local Government (Financial Management) Regulations 1996.

REVENUE

Rates

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

Operating Grants, Subsidies and Contributions

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

Non-Operating Grants, Subsidies and Contributions

These are amounts received specifically for the acquisition, construction of new or the upgrade of non-current assets. They are included irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

Profit on Asset Disposal

Profit on the disposal of non-current assets.

Fees and Charges

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

Service Charges

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations identifies the charges which can be raised. These charges are television and radio rebroadcasting, underground electricity, property surveillance and security and water services. This excludes rubbish removal and charges for the provision of waste services. The City has not levied service charges for the years ended 30 June 2019 and 30 June 2020.

Interest Earnings

Interest and other items of a similar nature income received from banks and financial institutions, interest on Rate instalments, interest on Rate arrears and interest on debtors (if any).

Other Revenue

Other revenue, which cannot be classified under the above headings. This includes dividends, discounts and rebates (if any).

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2020

Note 2. Operating Revenues and Expenses (continued)

(c) Nature or Type Classifications (continued)

EXPENDITURE

Employee Costs

All costs associated with the employment of persons such as salaries, wages, allowances, benefits, superannuation, employment expenses, relocation expenses, workers' compensation insurance, training costs, conferences, safety expenses, medical examinations, various leave costs, and fringe benefits tax.

Material and Contracts

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

Utilities (Gas, Electricity, Water, etc.)

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

Depreciation and Amortisation on Non-Current Assets

Depreciation and amortisation expense raised on all classes of assets except land, artwork and artifacts.

Loss on Asset Disposal

Loss on the disposal of non-current assets. Losses are disclosed under the expenditure classifications.

Interest Expenses

Interest and other costs of finance paid, including costs of finance for loans.

Insurance

All insurance other than workers' compensation. Workers' compensation insurance is included as a cost of employment.

Other Expenditure

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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-18	Received ² 2019	Expended ³ 2019	Refunded ⁴ 2019	Closing Balance ¹ 30-Jun-19	Received ² 2020	Expended ³ 2020	Refunded ⁴ 2020	Closing Balance 30-Jun-20
	\$	\$	\$	\$	\$	\$	\$	\$	\$
(d). Grants, Subsidies & Contributions									
Grant/Subsidy/Contribution									
<u>Economic Development</u>									
Economic Development Initiatives for Two Rocks	92,000	-	-	-	92,000	-	-	-	92,000
Economic Development Initiatives for Marmion Avenue Jindalee	76,800	-	-	-	76,800	-	-	-	76,800
Economic Development Contributions for Somerly	42,200	-	-	-	42,200	-	-	-	42,200
<u>Emergency Services & Environmental Protection</u>									
Emergency Services Levy Grant	84,266	327,285	(318,765)	-	92,786	383,278	(476,064)	-	-
State Emergency Service	-	27,268	(27,268)	-	-	32,805	(32,805)	-	-
Mitigation Activity Fund 2019/2020	-	-	-	-	-	205,501	(205,501)	-	-
Better Bins Kerbside Collection Program	-	-	-	-	-	1,230,728	(313,795)	-	916,933
Verge Tree Installation at Cavolfiore Grove	-	-	-	-	-	6,232	(6,232)	-	-
Girrawheen Greening Project	1,000	-	-	-	1,000	-	(1,000)	-	-
Communities Environment Program	-	-	-	-	-	18,026	-	-	18,026
<u>Health & Fitness</u>									
Belhaven Sports Amenities Building	-	560,000	(93,542)	-	466,458	-	(466,458)	-	-
Every Club Year 2 Payment	-	-	-	-	-	5,000	-	-	5,000
Abbeville Park Fitness Equipment	6,287	-	(6,287)	-	-	-	-	-	-
Eco Floodlighting John Moloney Park	3,804	-	-	-	3,804	-	-	-	3,804
Gumblossom Park Conversion of cricket nets to softball batting cages	9,545	-	(9,545)	-	-	-	-	-	-
Ridgewood Park Floodlighting	-	-	-	-	-	190,000	-	-	190,000

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City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-18	Received ² 2019	Expended ³ 2019	Refunded ⁴ 2019	Closing Balance ¹ 30-Jun-19	Received ² 2020	Expended ³ 2020	Refunded ⁴ 2020	Closing Balance 30-Jun-20
	\$	\$	\$	\$	\$	\$	\$	\$	\$
(d). Grants, Subsidies & Contributions (continued)									
Grant/Subsidy/Contribution (continued)									
Youth Services									
North Zone Youth Services	-	146,730	(146,730)	-	-	-	-	-	-
Clarkson Youth Centre Updates	9,154	-	(9,154)	-	-	-	-	-	-
Buildings									
Changerooms & Floodlighting at Banksia Grove Sports Ground	666,250	222,105	(888,355)	-	-	-	-	-	-
Sport Amenities Building & Carpark Riverlinks Park	140,497	-	(140,497)	-	-	-	-	-	-
Quinns Beach Patrol Tower	64,977	-	(64,977)	-	-	-	-	-	-
Warradale Park Universal Access Toilet	20,000	-	(20,000)	-	-	-	-	-	-
Alexander Heights Day Club Construction	550,000	-	(550,000)	-	-	-	-	-	-
Girrawheen Seniors Community Hall	204,693	-	(202,318)	-	2,375	-	(255)	(2,120)	-
Recreation & Culture									
Community Garden Roseworth	50,000	-	-	-	50,000	-	(17,359)	-	32,641
Girrawheen Multicultural Community Office & Senior Hall	78,461	-	(39,116)	-	39,345	-	(26,926)	-	12,419
Clarkson Memory Café & Clarkson Library Virtual Reality	-	-	-	-	-	10,600	-	-	10,600
Lotterywest Global Beats & Eats	-	-	-	-	-	20,000	(4,095)	-	15,905
Story Telling at Alkimos	1,717	-	(1,717)	-	-	-	-	-	-
Splendid Skate Park Construction	-	-	-	-	-	450,000	(378,649)	-	71,351
Edgar Griffiths Dog Park	190,906	-	(193)	-	190,713	-	(190,713)	-	-
Shorehaven Waterfront Park Play Equipment Contribution	-	-	-	-	-	17,818	-	-	17,818
Get Online (Good Things Foundation)	-	-	-	-	-	1,500	(1,284)	-	216
Health My Way (Digital Health)	-	-	-	-	-	5,000	-	-	5,000
Be Connected Next Stage	-	15,029	(29)	-	15,000	-	(15,000)	-	-
Abbeville Park Upgrade	-	400,000	(312,817)	-	87,183	-	(2,419)	-	84,764
Halesworth Park Butler North District Open Space Master Plan	-	1,480,000	(250,924)	-	1,229,076	-	(232,988)	-	996,088
Scenic Park Construction of Petanque Pitch	11,360	-	(11,360)	-	-	-	-	-	-
My Life My Words Project	5,209	-	-	-	5,209	-	(5,209)	-	-

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City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-18	Received ² 2019	Expended ³ 2019	Refunded ⁴ 2019	Closing Balance ¹ 30-Jun-19	Received ² 2020	Expended ³ 2020	Refunded ⁴ 2020	Closing Balance 30-Jun-20
	\$	\$	\$	\$	\$	\$	\$	\$	\$
(d). Grants, Subsidies & Contributions (continued)									
Grant/Subsidy/Contribution (continued)									
Roads									
Prindiville Road Intersection Upgrade Contribution - Clifford Rocke Scott Langdon & John Buback as Managers & Receivers of Watson Property	112,645	-	(28,800)	-	83,845	-	-	-	83,845
Prindiville Road Intersection Upgrade Contribution - Endeavour Properties Pty Ltd	87,229	-	(22,302)	-	64,927	-	-	-	64,927
Prindiville Road Intersection Upgrade Contribution - Watson Property	77,325	-	(19,770)	-	57,555	-	-	-	57,555
Prindiville Road Intersection Upgrade Contribution - ABN Group	215,267	-	(55,038)	-	160,229	-	-	-	160,229
Mirrabooka Avenue Road Improvement Grant Funding	48,720	953,067	(1,001,787)	-	-	-	-	-	-
Bravado Nominees Pty Ltd Lot 75 Cooper Street Madeley	10,000	-	-	-	10,000	-	-	-	10,000
Lancaster Industrial Park	76,747	-	-	-	76,747	-	-	-	76,747
Watson Property Group Woodvale Ltd Contribution to Madeley Rise	42,216	-	-	-	42,216	-	-	-	42,216
Roundabout Construction at Rosso Meander Woodvale	-	32,850	-	-	32,850	-	-	-	32,850
Woodvale Local Structure Plan Contribution - Western Australian Planning Commission	-	579,082	(148,056)	-	431,026	-	-	-	431,026
Geary Ray - Drainage Upgrade- High Road	11,135	-	-	-	11,135	-	-	-	11,135
Stockland Western Australia - Roundabout - Driver Road & Waterford Parade Stage 7 Ashdale Gardens	18,000	-	-	-	18,000	-	-	-	18,000
Australand Investments Construction of Roundabout Intersection of Librizzi Parade & Basico Avenue (Olive Ridge Stage 1 & 2)	20,265	-	-	-	20,265	-	-	-	20,265
Peet Ashton Heights Contribution for future resurfacing of roundabouts in Ashton Heights	25,000	-	-	-	25,000	-	-	-	25,000
Compensation for road widening at Lot 600 Wattle Avenue Neerabup	1,028,120	-	(242,626)	-	785,494	-	-	-	785,494

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City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-18	Received ² 2019	Expended ³ 2019	Refunded ⁴ 2019	Closing Balance ¹ 30-Jun-19	Received ² 2020	Expended ³ 2020	Refunded ⁴ 2020	Closing Balance 30-Jun-20
	\$	\$	\$	\$	\$	\$	\$	\$	\$
(d). Grants, Subsidies & Contributions (continued)									
Grant/Subsidy/Contribution (continued)									
Contribution for Roundabout at Shiraz & Cabernet Loop Pearsall	55,571	-	-	(55,571)	-	-	-	-	-
Contribution for Subdivision of Lot 507 Pederick Road, Neerabup (Road Deed No 2)	2,022,077	-	-	-	2,022,077	-	-	-	2,022,077
Contribution for Subdivision of Lot 507 Pederick Road, Neerabup (Road Deed No 1)	1,503,803	-	-	-	1,503,803	-	-	-	1,503,803
Design Consultancy & Construction Marmion Avenue Duplication - Butler Boulevard to Yanchep Beach Road	22,459,950	-	(7,807,045)	-	14,652,905	-	(14,652,905)	-	-
Blackmore Avenue Traffic Calming	81,045	-	(53,797)	-	27,248	80,000	(107,248)	-	-
Wanneroo Road/Prindiville Drive Intersection - Western Australian Planning Commission	42,223	-	(10,796)	-	31,427	-	-	-	31,427
Install Skid resistant treatment Gngangara Road & Alexander Drive	-	30,000	(17,401)	-	12,599	48,000	(25,099)	(11,900)	23,600
Signalised intersection Banksia Grove (Ghost Gum & Joondalup Drive)	-	40,000	(4,183)	-	35,817	-	(35,817)	-	-
Dual Carriageway Blackberry Drive to Joondalup Drive	1,015,270	253,335	(599,585)	-	669,020	1,453,333	(2,122,353)	-	-
Connolly Drive to Benenden Avenue Road Improvement	-	713,600	(110,125)	-	603,475	1,233,066	(1,836,541)	-	-
Road resurfacing 2018-2019 Wonambi Way Wanneroo	257,500	-	(257,500)	-	-	-	-	-	-
Road resurfacing 2018-2019 Mudalla Way Wanneroo	82,500	-	(82,500)	-	-	-	-	-	-
Road resurfacing 2018-2019 Waldup Way Wanneroo	55,000	-	(55,000)	-	-	-	-	-	-
Road resurfacing 2018-2019 Woonan Street Wanneroo	40,000	-	(40,000)	-	-	-	-	-	-
Road resurfacing 2018-2019 Neaves Road & Timely Mariginiup	42,500	-	(42,500)	-	-	-	-	-	-
Road resurfacing 2018-2019 Gngangara Road/Hartman Roundabout	48,959	-	(48,959)	-	-	-	-	-	-
Road resurfacing 2018-2019 Hartman Drive Outer Lane	17,665	-	(17,665)	-	-	-	-	-	-
Road resurfacing 2018-2019 Hartman Drive North Bound Shoulder	43,500	-	(43,500)	-	-	-	-	-	-

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City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-18	Received ² 2019	Expended ³ 2019	Refunded ⁴ 2019	Closing Balance ¹ 30-Jun-19	Received ² 2020	Expended ³ 2020	Refunded ⁴ 2020	Closing Balance 30-Jun-20
	\$	\$	\$	\$	\$	\$	\$	\$	\$
(d). Grants, Subsidies & Contributions (continued)									
Grant/Subsidy/Contribution (continued)									
Road resurfacing Paramount Drive/Achievement Way Roundabout	30,000	-	(30,000)	-	-	-	-	-	-
Road resurfacing Motivation Drive/Challenge Way/Excellence Blv	30,000	-	(30,000)	-	-	-	-	-	-
Road resurfacing Arrigo Street Wangara	72,500	-	(72,500)	-	-	-	-	-	-
Road resurfacing Dobbins Street Wangara	60,000	-	(60,000)	-	-	-	-	-	-
Road resurfacing Mega Street Wanneroo	70,000	-	(70,000)	-	-	-	-	-	-
Stockland WA - East Landsdale	85,101	-	-	-	85,101	-	-	-	85,101
Wanneroo Road Service Road / Flynn Drive to Hall Road	36,066	-	(36,066)	-	-	-	-	-	-
Main Roads Western Australia - Agreement Ocean Reef Road	-	-	-	-	-	60,190	-	-	60,190
Church Street New Pathways	-	-	-	-	-	8,000	(7,754)	(246)	-
Belvedere Hills Stage 5 Hocking	-	-	-	-	-	8,838	-	-	8,838
Lot 33 Lancaster Road Wangara	-	-	-	-	-	32,035	(16,490)	-	15,545
Design traffic signal mast arms at Ocean Reef Road	-	-	-	-	-	64,000	(55,835)	-	8,165
Garden Park Drive Wanneroo Roads to Recovery	-	-	-	-	-	122,500	(121,457)	-	1,043
Bennett Road Quinns Roads to Recovery	-	-	-	-	-	2,500	-	-	2,500
Hartman Drive, Hepburn Ave to Gnangara Road	-	-	-	-	-	2,400,000	(1,450,000)	-	950,000
Lot 69 Kingsway Road future works	-	-	-	-	-	17,469	-	-	17,469
Safer WA									
CCTV Hub Kingsway Sporting Complex	-	30,306	(30,306)	-	-	-	-	-	-
Total Unspent Grants, Subsidies & Contributions	32,233,025	5,810,657	(14,131,401)	(55,571)	23,856,710	8,106,419	(22,808,251)	(14,266)	9,140,612

Notes:

- (1) - Grants/contributions received in a previous reporting period that were not expended at the close of the previous period.
- (2) - New grants/contributions received during the reporting period and which had not been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been received in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.
- (4) - Unspent funds returned to grantor.

Grants/contributions received throughout the financial year and were fully expended are not disclosed in the above note.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Cash and Cash Equivalents

	Notes	2020 Actual \$	2019 Actual \$
Unrestricted			
Cash - Municipal		37,307,928	21,417,403
Cash on Hand		12,976	12,846
		<u>37,320,904</u>	<u>21,430,249</u>
Restricted			
Reserves - Cash Backed		233,133,731	229,713,207
Town Planning Schemes		88,632,352	96,909,331
Unspent Grants		9,140,612	23,856,709
Unspent Loans		6,799,926	7,805,842
		<u>337,706,621</u>	<u>358,285,089</u>
Total Cash and Cash Equivalents	17(a)	<u>375,027,525</u>	<u>379,715,338</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Alkimos/Eglinton Coastal Corridor Community	15	14,906,801	13,770,740
Asset Renewal Reserve	15	10,390,035	11,304,366
Asset Replacement Reserve	15	6,792,888	5,814,062
Carried Forward Capital Projects Reserve	15	3,953,277	3,741,959
Coastal Infrastructure Management Reserve	15	15,960,896	13,872,726
Domestic Refuse Reserve	15	10,115,190	11,786,825
Golf Course Reserve	15	948,084	655,283
Strategic Land Reserve	15	4,493,301	3,314,767
Leave Liability Reserve	15	14,767,108	1,857,505
Loan Repayment Reserve	15	54,411,047	23,439,125
Neerabup Development Reserve	15	4,711,173	5,056,832
Plant Replacement Reserve	15	15,178,128	12,662,183
Regional Open Space Reserve	15	14,252,148	11,513,696
Section 152 Reserve	15	779,660	1,361,636
Strategic Projects/Initiatives Reserve	15	54,067,731	102,306,917
TPS 20 - District Distributor Road	15	7,292,332	7,144,381
Yanchep Bus Reserve	15	113,932	110,204
Total Reserves		<u>233,133,731</u>	<u>229,713,207</u>
Unspent Grants and Contributions	2(d)	9,140,612	23,856,709
Unspent Loans	26(b)	6,799,926	7,805,842
Total Unspent Grants and Loans		<u>15,940,538</u>	<u>31,662,551</u>
Town Planning Schemes		88,632,352	96,909,331
Total Town Planning Schemes		<u>88,632,352</u>	<u>96,909,331</u>
Total Restricted Cash		<u>337,706,621</u>	<u>358,285,089</u>

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4. Investments

	2020 Actual	2019 Actual
	\$	\$
Non-Current		
Equity Accounted Investments		
Tamala Park Regional Council	7,816,650	7,618,683
Mindarie Regional Council	11,370,150	11,963,228
Local Government House Trust	89,026	87,586
Total Non-Current Investments	19,275,826	19,669,497

Note 5. Trade and Other Receivables

	2020 Actual	2019 Actual
	\$	\$
Current		
Rates Outstanding (inclusive of Waste and Swimming Pool Inspection Fees)	11,946,576	13,816,982
Sundry Debtors	1,158,942	1,218,037
Accrued Income	2,962,900	5,208,556
Goods & Services Tax Receivable	1,673,284	1,806,477
Prepayments	1,511,668	2,280,255
Less: Expected Credit Loss	(642,930)	(738,205)
Total Current Trade & Other Receivables	18,610,440	23,592,102
Non-Current		
Rates Outstanding - Pensioners	3,712,310	3,407,870
Total Non-Current Trade & Other Receivables	3,712,310	3,407,870

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 6. Inventories

	2020 Actual	2019 Actual
	\$	\$
Current		
Consumables & Materials	347,448	314,347
Total Current Inventories	<u>347,448</u>	<u>314,347</u>
Non-Current		
Land Held for Sale- Development Costs	21,866,609	22,117,151
Total Non-Current Inventories	<u>21,866,609</u>	<u>22,117,151</u>

Land held for sale includes commercial land on Flynn Drive in Neerabup, commercial land on Opportunity Street in Wangara and one sixth ownership of residential land on Lot 118 Mindarie which is being developed by Tamala Park Regional Council.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7a. Property, Plant and Equipment

	Note	2020 Actual \$	2019 Actual \$
Land - Fair Value		130,767,422	133,603,333
Land - Cost (Additions after Valuation)		3,468,762	-
		<u>134,236,184</u>	<u>133,603,333</u>
Buildings - Fair Value		171,147,700	171,147,700
Buildings - Cost (Additions after Valuation)		19,900,265	9,473,588
Buildings - Less Accumulated Depreciation		<u>(11,202,297)</u>	<u>(5,479,130)</u>
		<u>179,845,668</u>	<u>175,142,158</u>
Furniture & Fittings - Fair Value		6,622,097	6,775,597
Furniture & Fittings - Cost (Additions after Valuation)		4,651,146	2,623,669
Furniture & Fittings - Less Accumulated Depreciation		<u>(3,238,547)</u>	<u>(1,557,069)</u>
		<u>8,034,696</u>	<u>7,842,197</u>
Plant & Equipment - Fair Value		17,407,439	18,032,749
Plant & Equipment - Cost (Additions after Valuation)		3,343,356	-
Plant & Equipment - Less Accumulated Depreciation		<u>(3,429,931)</u>	<u>-</u>
		<u>17,320,864</u>	<u>18,032,749</u>
Leasehold Assets - Cost*		345,725	-
Leasehold Assets - Less Accumulated Depreciation		<u>(113,223)</u>	<u>-</u>
		<u>232,502</u>	<u>-</u>
Works in Progress - Cost		<u>8,839,337</u>	<u>6,788,148</u>
		<u>8,839,337</u>	<u>6,788,148</u>
Total Property, Plant & Equipment	7(b)	<u><u>348,509,251</u></u>	<u><u>341,408,585</u></u>

The fair value of Land and Building is determined at least every three years in accordance with legislative requirements. At the end of each period the valuation is reviewed and where appropriate the fair values are updated to reflect current market conditions. This process is considered to be in accordance with the Local Government (Financial Management) Regulation 17A, which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value. As a result of amendments to the Local Government (Financial Management) regulation 17A effective from 1 July 2019, vested land, including land under roads, are treated as right of use assets and measured at zero cost.

Following the change to the Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and fittings) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in Accounting Policy. At the date of change, Plant and Equipment and Furniture and Fittings which were revalued previously are carried at cost as it was the approximate deemed cost.

*On adoption of AASB 16, the City recognised right of use asset in relation to leases which had previously been classified as operating leases.

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

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

Movements in Carrying Amounts

		Land	Buildings	Furniture & Fittings	Plant & Equipment	Leasehold Assets	Works in Progress	Total
	Notes	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2018		137,603,333	171,147,700	8,237,638	15,712,373	-	4,906,063	337,607,107
Additions	23	-	6,126,208	2,562,572	2,662,766	-	5,293,773	16,645,319
Disposals	24	(72,500)	-	(46,569)	(1,079,720)	-	-	(1,198,789)
Revaluation - Increments	16	-	-	-	3,640,213	-	-	3,640,213
Revaluation - (Decrements)	16	(3,927,500)	-	-	-	-	-	(3,927,500)
Depreciation	2(a)	-	(5,479,130)	(1,557,069)	(2,765,843)	-	-	(9,802,042)
Transfers from Works in Progress		-	3,347,380	61,098	3,210	-	(3,411,688)	-
Asset under \$5,000 Expensed*		-	-	(1,415,473)	(140,250)	-	-	(1,555,723)
Property, Plant & Equipment at 30 June 2019		133,603,333	175,142,158	7,842,197	18,032,749	-	6,788,148	341,408,585
Financial Management Regulation Amendments**		(2,835,911)	-	-	-	-	-	(2,835,911)
Balance as at 1 July 2019		130,767,422	175,142,158	7,842,197	18,032,749	-	6,788,148	338,572,674
Additions	23	6,368,913	7,082,233	1,948,887	3,343,356	345,725	5,634,072	24,723,186
Disposals	24	(109,880)	-	(153,500)	(625,310)	-	-	(888,690)
Revaluation - (Decrements)	16	(2,950,120)	-	-	-	-	-	(2,950,120)
Depreciation	2(a)	-	(5,723,167)	(1,681,478)	(3,429,931)	(113,223)	-	(10,947,799)
Transfers from Works in Progress		159,849	3,344,444	78,590	-	-	(3,582,883)	-
Property, Plant & Equipment at 30 June 2020		134,236,184	179,845,668	8,034,696	17,320,864	232,502	8,839,337	348,509,251

*In 2019, the City reviewed its Property, Plant and Equipment and items with acquisition value lower than \$5,000 have been expensed in line with the City's Accounting Policy.

**As a result of amendments to the Local Government (Financial Management) regulation 17A effective from 1 July 2019, vested land, including land under roads, are treated as right of use assets measured at zero cost. The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8a. Infrastructure Assets

	Note	2020 Actual \$	2019 Actual \$
Roads - Fair Value		1,236,959,732	1,121,814,763
Roads - Cost (Additions after Valuation)		-	48,096,742
Roads - Less Accumulated Depreciation		-	(29,008,228)
		1,236,959,732	1,140,903,277
Drainage - Fair Value		403,380,504	372,823,358
Drainage - Cost (Additions after Valuation)		-	6,212,208
Drainage - Less Accumulated Depreciation		-	(6,854,064)
		403,380,504	372,181,502
Other Infrastructure - Fair Value		58,253,574	59,965,094
Other Infrastructure - Cost (Additions after Valuation)		-	4,687,132
Other Infrastructure - Less Accumulated Depreciation		-	(7,181,054)
		58,253,574	57,471,172
Pathways - Fair Value		89,138,140	135,514,683
Pathways - Cost (Additions after Valuation)		-	4,368,474
Pathways - Less Accumulated Depreciation		-	(5,103,550)
		89,138,140	134,779,607
Car Parks - Fair Value		31,687,791	42,021,070
Car Parks - Cost (Additions after Valuation)		-	1,608,715
Car Parks - Less Accumulated Depreciation		-	(668,132)
		31,687,791	42,961,653
Reserves - Fair Value		133,335,767	194,698,376
Reserves - Cost (Additions after Valuation)		-	19,662,264
Reserves - Less Accumulated Depreciation		-	(12,827,102)
		133,335,767	201,533,538
Works in Progress - Cost		53,918,942	29,462,070
		53,918,942	29,462,070
Total Infrastructure	8(b)	2,006,674,450	1,979,292,819

The fair value of Infrastructure is determined at least every three years in accordance with legislative requirements. At the end of each period the valuation is reviewed and where appropriate the fair values are updated to reflect current market conditions. This process is considered to be in accordance with the Local Government (Financial Management) Regulation 17A, which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 8b. Infrastructure Assets (continued)

Movements in Carrying Amounts

		Roads	Drainage	Other Infrastructure	Pathways	Car Parks	Reserves	Works in Progress	Total
	Notes	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Cost	
		\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2018		1,135,420,136	372,581,463	59,280,731	134,999,999	42,633,114	199,485,343	9,943,148	1,954,343,934
Additions	23	19,375,886	3,057,642	1,700,793	2,225,939	283,927	6,678,659	22,990,714	56,313,560
Depreciation (Expense)	2(a)	(14,762,045)	(3,458,003)	(3,626,455)	(2,573,218)	(342,445)	(6,602,509)	-	(31,364,675)
Transfers from Works in Progress		869,300	400	116,103	126,887	387,057	1,972,045	(3,471,792)	-
Infrastructure at 30 June 2019		1,140,903,277	372,181,502	57,471,172	134,779,607	42,961,653	201,533,538	29,462,070	1,979,292,819
Balance as at 1 July 2019		1,140,903,277	372,181,502	57,471,172	134,779,607	42,961,653	201,533,538	29,462,070	1,979,292,819
Additions	23	16,955,995	2,742,335	141,956	1,755,642	112,970	10,571,329	35,344,779	67,625,006
Revaluation - Increments	16	89,578,633	31,901,649	2,603,026	-	-	-	-	124,083,308
Revaluation - (Decrements)	16	-	-	-	(44,814,751)	(10,989,104)	(76,275,296)	-	(132,079,151)
Depreciation (Expense)	2(a)	(15,213,803)	(3,478,374)	(3,665,389)	(2,585,251)	(400,036)	(6,904,679)	-	(32,247,532)
Transfers from Works in Progress		4,735,630	33,392	1,702,809	2,892	2,308	4,410,876	(10,887,907)	-
Infrastructure at 30 June 2020		1,236,959,732	403,380,504	58,253,574	89,138,139	31,687,791	133,335,768	53,918,942	2,006,674,450

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Contract Assets

	2020 Actual	2019 Actual
	\$	\$
(a) Contract Assets		
Assets Constructed Ahead of Receiving Grants	185,356	-
Total Contract Assets	185,356	-
Classified as:		
Current Contract Assets	185,356	-
Total Contract Assets	185,356	-

Note 10. Contract and Other Liabilities

	2020 Actual	2019 Actual
	\$	\$
Contract Liabilities		
Grants Received Upfront to Construct City Controlled Assets	9,140,612	-
Town Planning Scheme & Development Contribution Plan Deferred Income	88,968,393	-
Total Contract Liabilities	98,109,005	-
Classified as:		
Current Contract Liabilities	10,227,250	-
Non-current Contract Liabilities	87,881,755	-
Total Contract Liabilities	98,109,005	-

On 1 July 2019 the City adopted "AASB 15 Revenue" from Contracts with Customers and "AASB 1058 Income For Not-For-Profit Entities". The contract assets and liabilities have arisen on adoption of AASB 15 and AASB 1058. Prior to 1 July 2019 the revenue was recognised on receipt and therefore there was no balance on the statement of financial position as at 30 June 2019.

Note 11. Lease Liabilities

	2020 Actual	2019 Actual
	\$	\$
Classified as:		
Current Lease liability	104,797	-
Non-current Lease Liability	126,156	-
Total Lease Liabilities	230,953	-

On adoption of AASB 16, the City recognised lease liabilities in relation to leases which had previously been classified as operating leases.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Trade and Other Payables

	2020 Actual	2019 Actual
	\$	\$
Current		
Trade Payables	31,344,263	31,430,118
Bonds & Security Deposits	7,721,647	7,649,633
Total Current Trade and Other Payables	39,065,910	39,079,751

Note 13. Borrowings

	Note	2020 Actual	2019 Actual
		\$	\$
Non-Current			
Loans	26(a)	74,334,488	69,078,188
Total Non-Current Borrowings		74,334,488	69,078,188

Additional details on borrowings is provided in Note 25.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions

	2020 Actual	2019 Actual
	\$	\$
Current		
Annual Leave	6,552,064	6,100,498
Long Service Leave	6,472,299	5,540,499
Time in Lieu	124,642	117,235
Workers Compensation	3,284,222	5,180,183
Purchased Leave	60,167	80,014
Sick Leave	263,307	323,812
Environmental Rehabilitation	2,240,000	-
Total Current Provisions	18,996,701	17,342,241
Non-Current		
Long Service Leave	1,742,745	1,727,145
Headworks Levy Refund - Town Planning Schemes	10,672,618	9,967,920
Total Non-Current Provisions	12,415,363	11,695,065

Movements in Provisions

Class of Provision	Opening Balance as at 1/7/19	Additional Provisions	Decrease due to Payments	Closing Balance as at 30/6/20
	\$	\$	\$	\$
Annual Leave	6,100,498	5,742,260	(5,290,694)	6,552,064
Long Service Leave	7,267,644	2,203,012	(1,255,612)	8,215,044
Time in Lieu	117,235	258,072	(250,665)	124,642
Workers Compensation	5,180,183	(1,161,322)	(734,639)	3,284,222
Purchased Leave	80,014	225,627	(245,474)	60,167
Sick Leave	323,812	(60,311)	(194)	263,307
Headworks Levy Refund - Town Planning Schemes	9,967,920	704,698	-	10,672,618
Environmental Rehabilitation	-	2,240,000	-	2,240,000
TOTAL	29,037,306	10,152,036	(7,777,278)	31,412,064

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 15. Reserves - Cash Backed

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
(a). Alkimos/Eglinton Coastal Corridor Community Facilities Reserve			
Opening Balance	13,770,740	13,795,101	12,545,298
Amount Set Aside / Transfer to Reserve	1,200,219	1,529,320	1,263,839
Amount Used / Transfer from Reserve	(64,158)	(43,270)	(38,397)
	<u>14,906,801</u>	<u>15,281,151</u>	<u>13,770,740</u>
(b). Asset Renewal Reserve			
Opening Balance	11,304,366	11,238,120	12,333,455
Amount Set Aside / Transfer to Reserve	2,213,084	2,252,858	2,309,927
Amount Used / Transfer from Reserve	(3,127,415)	(3,093,500)	(3,339,016)
	<u>10,390,035</u>	<u>10,397,478</u>	<u>11,304,366</u>
(c). Asset Replacement Reserve			
Opening Balance	5,814,062	4,180,204	5,995,469
Amount Set Aside / Transfer to Reserve	2,133,029	2,094,055	2,217,241
Amount Used / Transfer from Reserve	(1,154,203)	(1,937,434)	(2,398,648)
	<u>6,792,888</u>	<u>4,336,825</u>	<u>5,814,062</u>
(d). Butler Collaborative Planning Agreement Reserve			
Opening Balance	-	-	3,040,272
Amount Set Aside / Transfer to Reserve	-	-	20,381
Amount Used / Transfer from Reserve	-	-	(3,060,653)
	<u>-</u>	<u>-</u>	<u>-</u>
(e). Carried Forward Capital Projects Reserve			
Opening Balance	3,741,959	3,741,959	4,667,264
Amount Set Aside / Transfer to Reserve	3,953,277	-	3,741,959
Amount Used / Transfer from Reserve	(3,741,959)	(3,741,959)	(4,667,264)
	<u>3,953,277</u>	<u>-</u>	<u>3,741,959</u>
(f). Coastal Infrastructure Management Reserve			
Opening Balance	13,872,726	13,850,015	10,692,264
Amount Set Aside / Transfer to Reserve	2,286,253	2,311,625	3,270,228
Amount Used / Transfer from Reserve	(198,083)	(191,278)	(89,766)
	<u>15,960,896</u>	<u>15,970,362</u>	<u>13,872,726</u>
(g). Domestic Refuse Reserve			
Opening Balance	11,786,825	8,871,242	8,706,177
Amount Set Aside / Transfer to Reserve	243,316	1,399,603	3,080,648
Amount Used / Transfer from Reserve	(1,914,951)	(50,000)	-
	<u>10,115,190</u>	<u>10,220,845</u>	<u>11,786,825</u>

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Reserves - Cash Backed (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
(h). Fleming Park Lake Reserve			
Opening Balance	-	-	225,964
Amount Set Aside / Transfer to Reserve	-	-	1,515
Amount Used / Transfer from Reserve	-	-	(227,479)
	-	-	-
(i). Golf Course Reserve			
Opening Balance	655,283	621,829	1,632,824
Amount Set Aside / Transfer to Reserve	324,593	363,991	329,305
Amount Used / Transfer from Reserve	(31,792)	-	(1,306,846)
	948,084	985,820	655,283
(j). Strategic Land Reserve			
Opening Balance	3,314,767	3,308,347	2,740,167
Amount Set Aside / Transfer to Reserve	1,178,534	1,074,438	574,600
	4,493,301	4,382,785	3,314,767
(k). Leave Liability Reserve			
Opening Balance	1,857,505	1,640,163	1,545,239
Amount Set Aside / Transfer to Reserve	12,909,603	86,904	312,266
	14,767,108	1,727,067	1,857,505
(l). Loan Repayment Reserve			
Opening Balance	23,439,125	23,090,917	22,168,923
Amount Set Aside / Transfer to Reserve	30,971,922	1,019,546	1,270,202
	54,411,047	24,110,463	23,439,125
(m). Neerabup Development Reserve			
Opening Balance	5,056,832	4,802,720	5,215,877
Amount Set Aside / Transfer to Reserve	99,741	108,061	137,748
Amount Used / Transfer from Reserve	(445,400)	(1,258,475)	(296,793)
	4,711,173	3,652,306	5,056,832
(n). Plant Replacement Reserve			
Opening Balance	12,662,183	12,104,620	9,019,502
Amount Set Aside / Transfer to Reserve	5,062,494	6,497,681	5,804,571
Amount Used / Transfer from Reserve	(2,546,549)	(6,174,342)	(2,161,890)
	15,178,128	12,427,959	12,662,183

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Reserves - Cash Backed (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
(o). Regional Open Space Reserve			
Opening Balance	11,513,696	11,499,639	8,292,852
Amount Set Aside / Transfer to Reserve	2,738,452	2,758,742	3,220,844
	<u>14,252,148</u>	<u>14,258,381</u>	<u>11,513,696</u>
(p). Section 152 Reserve (formerly Section 20A Land Reserve)			
Opening Balance	1,361,636	1,364,335	1,583,665
Amount Set Aside / Transfer to Reserve	24,170	30,698	43,503
Amount Used / Transfer from Reserve	(606,146)	(550,076)	(265,532)
	<u>779,660</u>	<u>844,957</u>	<u>1,361,636</u>
(q). Strategic Projects/Initiatives Reserve			
Opening Balance	102,306,917	80,926,416	94,599,663
Impact of Changes in Accounting Standards	(7,069,492)	-	-
Amount Set Aside / Transfer to Reserve	6,162,230	18,355,228	13,524,998
Amount Used / Transfer from Reserve	(47,331,924)	(17,550,083)	(5,817,744)
	<u>54,067,731</u>	<u>81,731,561</u>	<u>102,306,917</u>
(r). TPS 20 - District Distributor Road Headworks Reserve			
Opening Balance	7,144,381	7,128,215	6,955,091
Amount Set Aside / Transfer to Reserve	147,951	160,385	189,290
	<u>7,292,332</u>	<u>7,288,600</u>	<u>7,144,381</u>
(s). Yanchep Bus Reserve			
Opening Balance	110,204	110,977	103,337
Amount Set Aside / Transfer to Reserve	3,728	7,497	6,867
	<u>113,932</u>	<u>118,474</u>	<u>110,204</u>
(t). Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve			
Opening Balance	-	633,403	319,701
Amount Set Aside / Transfer to Reserve	270,020	1,331,506	839,126
Amount Used / Transfer from Reserve	(270,020)	(504,572)	(1,158,827)
	<u>-</u>	<u>1,460,337</u>	<u>-</u>
Total Reserves	<u><u>233,133,731</u></u>	<u><u>209,195,371</u></u>	<u><u>229,713,207</u></u>
<u>Summary of Reserves</u>			
Opening Balance	229,713,207	202,908,222	212,383,004
Impact of Changes in Accounting Standards	(7,069,492)	-	-
Amount Set Aside/Transfer to Reserve	71,922,616	41,382,138	42,159,058
Amount Used/Transfer from Reserve	(61,432,600)	(35,094,989)	(24,828,855)
Total Reserves	<u><u>233,133,731</u></u>	<u><u>209,195,371</u></u>	<u><u>229,713,207</u></u>

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Reserves - Cash Backed (continued)

	2020 Actual	2020 Budget	2019 Actual
Summary of Reserve Transfers	\$	\$	\$
Impact of Changes in Accounting Standards			
Strategic Projects/Initiatives Reserve	(7,069,492)	-	-
Transfers to Reserves			
Alkimos/Eglinton Coastal Corridor Community	1,200,219	1,529,320	1,263,839
Asset Renewal Reserve	2,213,084	2,252,858	2,309,927
Asset Replacement Reserve	2,133,029	2,094,055	2,217,241
Butler Collaborative Planning Agreement Reserve	-	-	20,381
Carried Forward Capital Projects Reserve	3,953,277	-	3,741,959
Coastal Infrastructure Management Reserve	2,286,253	2,311,625	3,270,228
Domestic Refuse Reserve	243,316	1,399,603	3,080,648
Fleming Park Lake Reserve	-	-	1,515
Golf Course Reserve	324,593	363,991	329,305
Strategic Land Reserve	1,178,534	1,074,438	574,600
Leave Liability Reserve	12,909,603	86,904	312,266
Loan Repayment Reserve	30,971,922	1,019,546	1,270,202
Neerabup Development Reserve	99,741	108,061	137,748
Plant Replacement Reserve	5,062,494	6,497,681	5,804,571
Regional Open Space Reserve	2,738,452	2,758,742	3,220,844
Section 152 Reserve	24,170	30,698	43,503
Strategic Projects/Initiatives Reserve	6,162,230	18,355,228	13,524,998
TPS 20 - District Distributor Road	147,951	160,385	189,290
Yanchep Bus Reserve	3,728	7,497	6,867
Yanchep/Two Rocks Coastal Corridor	270,020	1,331,506	839,126
Total Transfers to Reserves	71,922,616	41,382,138	42,159,058
Transfers from Reserves			
Alkimos/Eglinton Coastal Corridor Community	(64,158)	(43,270)	(38,397)
Asset Renewal Reserve	(3,127,415)	(3,093,500)	(3,339,016)
Asset Replacement Reserve	(1,154,203)	(1,937,434)	(2,398,648)
Butler Collaborative Planning Agreement Reserve	-	-	(3,060,653)
Carried Forward Capital Projects Reserve	(3,741,959)	(3,741,959)	(4,667,264)
Coastal Infrastructure Management Reserve	(198,083)	(191,278)	(89,766)
Domestic Refuse Reserve	(1,914,951)	(50,000)	-
Fleming Park Lake Reserve	-	-	(227,479)
Golf Course Reserve	(31,792)	-	(1,306,846)
Neerabup Development Reserve	(445,400)	(1,258,475)	(296,793)
Plant Replacement Reserve	(2,546,549)	(6,174,342)	(2,161,890)
Section 152 Reserve	(606,146)	(550,076)	(265,532)
Strategic Projects/Initiatives Reserve	(47,331,924)	(17,550,083)	(5,817,744)
Yanchep/Two Rocks Coastal Corridor	(270,020)	(504,572)	(1,158,827)
Total Transfers from Reserves	(61,432,600)	(35,094,989)	(24,828,855)
Total Net Transfer to/(from) Reserves	3,420,524	6,287,149	17,330,203

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Reserves - Cash Backed (continued)

All of the cash backed reserves are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3 to these financial statements.

In accordance with Council resolutions in relation to each of the reserves, the purpose for which the reserves were created is as follows:

Alkimos/Eglinton Coastal Corridor Community

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

Asset Renewal Reserve

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

Asset Replacement Reserve

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

Butler Collaborative Planning Agreement Reserve

To be used for meeting future maintenance costs of infrastructure in Stage 1, Brighton Estate, Butler as established in the Butler Collaborative Planning Agreement and any such other related expenditure. Such expenditure shall be within the Brighton Estate. This reserve was discontinued in FY 2019/2020.

Carried Forward Capital Projects Reserve

To be used for the municipally funded carried forward capital works.

Coastal Infrastructure Management Reserve

To be used for Coastal Infrastructure capital works.

Domestic Refuse Reserve

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

Fleming Park Lake Reserve

To be used for holding funds provided by the developer for the upkeep and maintenance of the Fleming Park Lake. This reserve was discontinued in FY 2019/2020.

Golf Course Reserve

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

Strategic Land Reserve

To be used for acquisition, leasing, development and/or disposal of land under the City's Land policy.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Reserves - Cash Backed (continued)

Leave Liability Reserve

To be used for long service leave and annual leave liability of the City.

Loan Repayment Reserve

To be used for setting aside adequate funds over time to repay loan commitments.

Neerabup Development Reserve

To be used for meeting the associated cost of developing the City's investment land in Neerabup.

Plant Replacement Reserve

To be used for replacing City's plant and equipment.

Regional Open Space Reserve

To be used to support regional open space capital works.

Section 152 Reserve

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

Strategic Projects/Initiatives Reserve

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.

TPS 20 - District Distributor Road

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

Yanchep Bus Reserve

To be used for the Yanchep Community for the costs associated with the replacement of the community bus.

Yanchep/Two Rocks Coastal Corridor

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

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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Reserves - Asset Revaluation

	Notes	2020 Actual \$	2019 Actual \$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:			
(a). Land			
Opening Balance		123,162,588	127,090,088
Financial Management Regulation Amendments	7(b)	(2,835,911)	(3,927,500)
Realisation on Asset Disposals	7(b)	(2,950,120)	-
		117,376,557	123,162,588
(b). Buildings			
Opening Balance	7(b)	44,729,231	44,729,231
		44,729,231	44,729,231
(c). Plant & Equipment			
Opening Balance		3,640,213	-
Revaluation Increment	7(b)	-	3,640,213
		3,640,213	3,640,213
(d). Equity Accounted Investments			
Opening Balance		5,398,964	5,130,772
Revaluation Increment		-	268,192
Revaluation Decrement	7(b)	(1,151,822)	-
		4,247,142	5,398,964
(e). Other Infrastructure			
Opening Balance		887,317,267	887,317,267
Revaluation Increment	8(b)	124,083,308	-
Revaluation Decrement	8(b)	(132,079,151)	-
		879,321,424	887,317,267
Total Asset Revaluation Reserves		1,049,314,567	1,064,248,263
Summary of Asset Revaluation Reserve			
Opening Balance		1,064,248,263	1,064,267,358
Financial Management Regulation Amendments		(2,835,911)	-
Realisation on Asset Disposals		(2,950,120)	(3,927,500)
Revaluation Increment		124,083,308	3,908,405
Revaluation Decrement		(133,230,973)	-
Total Asset Revaluation Reserves		1,049,314,567	1,064,248,263

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Notes to the Statement of Cash flows

	Notes	2020 Actual \$	2020 Budget \$	2019 Actual \$
(a). Reconciliation of Cash				
For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:				
Cash and Cash Equivalents	3	375,027,525	330,826,079	379,715,338
(b). Reconciliation of Net Cash Provided By Operating Activities to Net Result				
Net Result		54,191,525	39,758,386	10,152,722
Depreciation	2a	43,195,331	40,947,313	41,166,717
(Profit)/Loss on Sale of Assets	24	(1,196,733)	13,525,129	131,177
Share of Net (Profits) or Losses of Associates/Joint Ventures	20	(533,451)	-	(388,792)
Asset under \$5,000 written off		-	-	1,555,723
Town Planning Scheme Income (Inc. Interest)		(11,592,576)	(15,288,167)	(10,923,882)
Town Planning Scheme Expenses		7,516,566	8,031,975	36,839,060
Decrease/(Increase) in Receivables		5,311,543	(3,636,383)	(2,353,166)
(Decrease)/Increase in Expected Credit Loss		(95,275)	-	38,525
(Increase)/Decrease in Inventories		(33,101)	(6,573)	2,037
(Decrease)/Increase in Payables & Accruals		(442,689)	981,066	15,633,600
Increase in Employee Leave Entitlements		621,322	86,904	236,001
Increase in Other Provisions		1,048,737	-	1,721,104
Grants/Contributions for the Development of Assets		(46,536,875)	(45,073,113)	(26,186,692)
Net Cash from Operating Activities		51,454,324	39,326,537	67,624,134
(c). Undrawn Borrowing Facilities Credit Standby Arrangements				
Credit Card Limit		550,000	550,000	550,000
Credit Card Balance at Balance Date		(45,910)	(50,000)	(75,428)
Total Amount of Credit Unused		504,090	500,000	474,572
The City of Wanneroo currently has the facility credit limit of \$550,000 (2019: \$550,000) with total amount of credit cards currently in use is \$342,000 (2019: \$340,000).				
Loan Facilities				
Loan Facilities - Non-Current	13	74,334,488	76,341,388	69,078,188
Total Facilities in Use at Balance Date		74,334,488	76,341,388	69,078,188

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Contingent Liabilities

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

LIABILITIES NOT RECOGNISED:

(i) Guarantees

The City has accepted the contingent liability resulting from the provision of an irrevocable financial guarantee on behalf of Mindarie Regional Council (MRC) for its contractual liability to the Contractor undertaking the operation of the Resource Recovery Facility. The extent of the City's liability is contingent on the type of default and whilst proportional and several (not joint and several) and is either limited to:

- (i) in case of termination, one sixth of any subsequent payment to the Contractor and the maximum amount that may be payable by the City under the Guarantee is one sixth of \$87.5M amounting to \$14.6M; and
- (ii) in case of the MRC failing to pay its normal operating obligations under the Resource Recovery Facility Agreement, the maximum amount that may be payable by the City under the Guarantee is \$2.78M per month.

The term of the guarantee is 20 years unless the MRC liability under the agreement with the contractor is fully extinguished earlier. This guarantee expires on 15 July 2029.

(ii) Bank Guarantees

The City of Wanneroo currently holds bank guarantees of \$148,141,675 (2019: \$139,534,634) with respect to commercial customers and property developers.

(iii) Other

The City compulsorily acquired a portion of land at Lot 3 (185) Mary Street Wanneroo under the Land Administration Act 1997 (WA). The City's valuation (expert and legal advice) is in the vicinity of \$1,239,000. However, the claimants' compensation claim is \$2,824,496. The City paid \$1,156,850 on 24 August 2012 and the claimant is pursuing their claim. The matter has been mediated without resolution and will be scheduled for hearing in the Supreme Court. Subject to the decision of the Supreme Court, the City could be liable to pay the claimant the difference between what the City has already paid and the amount the claimant has claimed. Further the City could also be liable to pay legal fees and charges if the Supreme Court decides in the claimants favour.

(iv) Mindarie Regional Council

In February 2020, MRC received the Mandatory Auditor's Report (MAR) as requested by the Department of Water and Environmental Regulation (DWER) in respect of the Tamala Park Waste Management Facility site. Among other things, the purpose of the report was to confirm that earlier investigations undertaken adequately characterised the contamination status of the site and whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.

The Report notes that groundwater impacts from landfill activities are currently evident in the aquifer immediately beneath the landfill at concentrations above the relevant DWER irrigation or drinking water guidelines. Further testing and analysis is still required to understand the full extent of the offsite impact on potential groundwater contamination.

The MRC has commenced work on the MAR recommendations identified. At this stage, it is not possible to make a reasonable estimate of the financial impact that may arise from possible remedial action. Details of the City's interests in MRC are disclosed at Note 20.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Capital and Leasing Commitments

	2020 Actual	2019 Actual
	\$	\$
Capital Expenditure Commitments		
Contracted for:		
Land and Building Works	2,457,496	3,322,904
Engineering Works	2,773,736	17,897,908
Parks Works	737,012	280,590
Plant and Equipment Works	5,158,933	4,039,506
Total Capital Expenditure Commitments	11,127,177	25,540,908
Payable:		
Not later than one year	11,127,177	25,540,908
Total Capital Expenditure Commitments	11,127,177	25,540,908

Note 20. Equity Accounted Investments

(i) Tamala Park Regional Council

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council (TPRC). The establishment of the Tamala Park Regional Council was pursuant to Section 3.61 of the Local Government Act 1995. The Tamala Park Regional Council formally came into existence on the 3 February 2006. The Tamala Park Regional Council's activities centre around the development of Mindarie lot 9504 on Deposit Plan 52070. Lot 9504 (subdivided from Lot 118) was initially purchased in 1981 to provide a refuse landfill site for member councils of the Mindarie Regional Council.

	2020 Actual	2019 Actual
	\$	\$
(a) Retained Surplus Attributable to Equity Accounted Investments (TPRC)		
Balance at the beginning of the year	301,795	300,540
Share of (Loss) /Profit from operating activities after tax	(26,733)	1,255
Balance at end of the financial year	275,062	301,795
(b) Carrying Amount of Equity Accounted Investments (TPRC)		
Balance at beginning of the financial year	7,618,683	7,622,058
Share of (Loss)/Profit from operating activities after tax	(26,733)	1,255
Distribution to participants	(500,000)	(666,666)
Movement in Capital Contributions	724,700	662,036
Balance at end of the financial year	7,816,650	7,618,683

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Equity Accounted Investments (continued)

The City's interest in the Tamala Park Regional Council as at 30 June 2020 and 30 June 2019 is as follows:

Interest in Tamala Park Regional Council

Current Assets	7,586,213	7,386,803
Non-Current Assets	292,936	287,214
Total Assets	7,879,149	7,674,017
Current Liabilities	(57,504)	(54,381)
Non-Current Liabilities	(4,995)	(953)
Total Liabilities	(62,499)	(55,334)
Net Assets	7,816,650	7,618,683

The development and subdivision of park Lot 118 Mindarie (Tamala Park)

The activities of Tamala Park Regional Council centers around the development of part Lot 118 Mindarie. This lot has been developed during the current and previous financial years with the purposes of creating new urban land lots and a new urban community. The City of Wanneroo contributes one sixth of any funding required for capital or operating costs and is entitled to one sixth of the net revenue from the sale of lots of land. The City's one sixth share of income and expenditure are as follows:

	2020 Actual	2019 Actual
	\$	\$
Income from Sales	1,214,167	1,425,167
Development Expenses	(441,229)	(669,241)
Surplus/(Deficit)	772,938	755,926

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Equity Accounted Investments (continued)

(ii) Mindarie Regional Council

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

	2020 Actual \$	2019 Actual \$
(a) Retained Surplus Attributable to Equity Accounted Investments (MRC)		
Balance at the beginning of the year	5,884,366	5,507,081
Share of Profit from operating activities after tax	558,744	377,285
Balance at end of the financial year	6,443,110	5,884,366
(b) Carrying Amount of Equity Accounted Investments (MRC)		
Balance at beginning of the financial year	11,963,228	11,317,751
Share of Profit from operating activities after tax	558,744	377,285
Share of Revaluation of assets	(1,151,822)	268,192
Balance at end of the financial year	11,370,150	11,963,228
The City's interest in the Mindarie Regional Council as at 30 June 2020 and 30 June 2019 is as follows:		
Interest in Mindarie Regional Council		
Current Assets	6,776,601	6,207,868
Non-Current Assets	10,781,798	9,861,892
Total Assets	17,558,399	16,069,760
Current Liabilities	(1,392,588)	(1,247,897)
Non-Current Liabilities	(4,795,661)	(2,858,635)
Total Liabilities	(6,188,249)	(4,106,532)
Net Assets	11,370,150	11,963,228

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Equity Accounted Investments (continued)

(iii) Local Government House Trust

The Local Government House Trust (LGHT) is an agreement between the Western Australian Local Government Association and the vast majority of Councils in the State for the provision of an office for the Western Australian Local Government Association (WALGA).

No movement for the year ended 30 June 2020 has been included as financial information is not readily available at the date of this report. The movement is not expected to have a material impact on the financial statements as a whole.

	2020 Actual	2019 Actual
	\$	\$
(a) Retained Surplus Attributable to Equity Accounted Investments (LGHT)		
Balance at the beginning of the year	87,586	77,334
Share of Profit from operating activities after tax	1,440	10,252
Balance at end of the financial year	89,026	87,586
(b) Carrying Amount of Equity Accounted Investments (LGHT)		
Balance at beginning of the financial year	87,586	77,334
Share of profit/(loss) from operating activities after tax	1,440	10,252
Balance at end of the financial year	89,026	87,586
The City's interest in Local Government House Trust as at 30 June 2020 and 30 June 2019 is as follows:		
Interest in Local Government House Trust		
Current Assets	18,905	16,489
Non-Current Assets	199,603	205,792
Total Assets	218,508	222,281
Current Liabilities	(129,482)	(134,695)
Non-Current Liabilities	-	-
Total Liabilities	(129,482)	(134,695)
Net Assets	89,026	87,586
Total Carrying Amount - Equity Accounted Investments	19,275,826	19,669,497

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Equity Accounted Investments (continued)

	Share of Profit/(Loss)		Share of Net Assets	
	2020 Actual	2019 Actual	2020 Actual	2019 Actual
	\$	\$	\$	\$
Summary of Investments				
Tamala Park Regional Council	(26,733)	1,255	7,816,650	7,618,683
Mindarie Regional Council	558,744	377,285	11,370,150	11,963,228
Local Government House Trust	1,440	10,252	89,026	87,586
Total	533,451	388,792	19,275,826	19,669,497

Note 21. Trust Funds

	Balance 30-Jun-20	Amounts Received	Balance 1-Jul-19
	\$	\$	\$
Miscellaneous/Appeals	68,061	18,080	49,981
Public Open Spaces	3,763,246	63,382	3,699,864
	3,831,307	81,462	3,749,845

Note 22. Total Assets Classified by Programme

	2020 Actual	2019 Actual
	\$	\$
Governance	63,780,919	61,177,772
Law, Order & Public Safety	2,124,287	2,004,423
Health	1,881,993	1,885,021
Education & Welfare	1,742,272	1,978,618
Community Amenities	84,129,535	51,430,354
Recreation & Culture	358,002,981	459,144,308
Transport	1,801,093,836	1,707,883,311
Economic Services	3,719,797	3,636,438
Other Property & Services	60,574,692	70,573,490
Unallocated	417,158,903	409,803,974
	2,794,209,215	2,769,517,709

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2020

Note 23. Acquisition of Assets

	Notes	2020 Actual \$	2019 Actual \$
By Asset Class			
<i>Property, Plant & Equipment</i>			
	7(b)		
- Land		6,368,913	-
- Buildings		7,082,233	6,126,208
- Furniture & Fittings		1,948,887	2,562,572
- Plant & Equipment		3,343,356	2,662,766
- Leasehold Assets		345,725	-
- Works in Progress		5,634,072	5,293,773
<i>Infrastructure</i>			
	8(b)		
- Roads		16,955,995	19,375,886
- Drainage		2,742,335	3,057,642
- Other Infrastructure		141,956	1,700,793
- Pathways		1,755,642	2,225,939
- Car Parks		112,970	283,927
- Reserves		10,571,329	6,678,659
- Works in Progress		35,344,779	22,990,714
		92,348,192	72,958,879
		2020 Actual \$	2019 Actual \$

The City received assets to the value of \$12,455,361 from developers. The value of these assets is included in total value of Acquisition of Assets \$ 92,348,192 in Note 23 The value of the assets by Class are as follows:

Infrastructure			
Roads		6,267,123	10,301,844
Drainage		2,616,703	3,100,019
Parks & Gardens		2,774,666	1,756,121
Pathways		796,869	1,354,687
Other Infrastructure		-	186,400
		12,455,361	16,699,071

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Disposal of Assets

Note	Net Book Value		Sale Price		Profit/(Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
2020	\$	\$	\$	\$	\$	\$

The following assets were disposed of during the year.

<i>Land Held for Resale</i>	1,195,593	-	2,639,333	-	1,443,740	-
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By Asset Class

<i>Property, Plant & Equipment</i>	7(b)					
Land	109,880	13,699,065	109,880	500,000	-	(13,199,065)
Furniture & Fittings	153,500	-	-	-	(153,500)	-
Plant & Equipment	625,310	1,310,314	531,803	984,250	(93,507)	(326,064)
Total	2,084,283	15,009,379	3,281,016	1,484,250	1,196,733	(13,525,129)

By Program

<i>Property, Plant & Equipment</i>						
Recreation & Culture	153,500	-	-	-	(153,500)	-
Transport	109,880	13,699,065	109,880	-	-	(13,699,065)
Other Property & Services	1,820,903	1,310,314	3,171,136	1,484,250	1,350,233	173,936
Total	2,084,283	15,009,379	3,281,016	1,484,250	1,196,733	(13,525,129)

Note	Net Book Value		Sale Price		Profit/(Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
2019	\$	\$	\$	\$	\$	\$

The following assets were disposed of during the previous year.

By Asset Class

<i>Property, Plant & Equipment</i>	7(b)					
Land	72,500	-	-	1,166,667	(72,500)	1,166,667
Furniture & Fittings	46,569	-	73,000	-	26,431	-
Plant & Equipment	1,079,720	924,090	994,612	924,090	(85,108)	-
Total	1,198,789	924,090	1,067,612	2,090,757	(131,177)	1,166,667

By Program

<i>Property, Plant & Equipment</i>						
Governance	31,569	-	-	-	(31,569)	-
Recreation & Culture	15,000	-	73,000	-	58,000	-
Other Property & Services	1,152,220	924,090	994,612	2,090,757	(157,608)	1,166,667
Total	1,198,789	924,090	1,067,612	2,090,757	(131,177)	1,166,667

The net book value disclosed above is net of any asset revaluation reserve amount applicable to particular assets disposed.

	2020 Actual	2020 Budget	2019 Actual
Summary	\$	\$	\$
Profit on Asset Disposals	1,443,740	585,217	26,431
Loss on Asset Disposals	(247,007)	(14,110,346)	(157,608)
Net Profit/(Loss) on Disposal of Assets	1,196,733	(13,525,129)	(131,177)

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Financial Ratios

Prior year ratios have been restated to exclude Town Planning Scheme's assets and liabilities which are classified as restricted. The Town Planning Scheme's income and expenses have also been excluded as these do not form part of the City's operating income and expenses. The published ratios in previous year's Financial Statements were as follows:

	2019 Published Amount	2018 Published Amount
Current Ratio	0.80 : 1	0.89 : 1
Own Source Revenue Coverage Ratio	1.03 : 1	1.05 : 1
Operating Surplus Ratio	0.08 : 1	0.11 : 1

	Amounts	Indicator	Target ⁽⁸⁾	Prior Periods	
	2020	2020		2019 Restated	2018 Restated
<i>Liquidity Ratio</i>					
1. Current Ratio ⁽¹⁾					
Current Assets less Restricted Current Assets	55,819,995	1.10 : 1	> 1.00 : 1	0.93 : 1	0.91 : 1
Current Liabilities less Liabilities Associated with Restricted Assets	50,828,906				
<i>Debt Ratio</i>					
2. Debt Service Cover Ratio ⁽²⁾					
Operating Surplus before Interest and Depreciation Expenses	55,287,475	12.46 : 1	> 2.00 : 1	6.71 : 1	14.92 : 1
Principal and Interest Repayments	4,437,495				
<i>Coverage Ratio</i>					
3. Own Source Revenue Coverage Ratio ⁽³⁾					
Own Source Operating Revenue	190,283,067	0.95 : 1	> 0.40 : 1	0.99 : 1	1.02 : 1
Operating Expense	200,069,424				
<i>Financial Performance Ratio</i>					
4. Operating Surplus Ratio ⁽⁴⁾					
Operating Revenue less Operating Expense	3,578,640	0.02 : 1	> 0.01 : 1	0.05 : 1	0.09 : 1
Own Source Operating Revenue	190,283,067				
<i>Asset Management Ratios</i>					
5. Asset Consumption Ratio ⁽⁵⁾					
Depreciated Replacement Cost of Depreciable Assets	1,978,111,068	0.78 : 1	> 0.50 : 1	0.69 : 1	0.72 : 1
Current Replacement Cost of Depreciable Assets	2,539,757,230				
6. Asset Sustainability Ratio ⁽⁶⁾					
Capital Renewal and Replacement Expenditure	16,683,415	0.39 : 1	> 0.90 : 1	0.44 : 1	0.34 : 1
Depreciation Expense	43,195,331				
7. Asset Renewal Funding Ratio ⁽⁷⁾					
NPV of Planned Capital Renewals over 10 years	240,207,426	1.01 : 1	> 0.75 : 1	0.96 : 1	0.91 : 1
NPV of Required Capital Expenditure over 10 years	237,227,800				

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2020

Note 25. Financial Ratios (continued)

Notes

- (1) This ratio is designed to focus on the liquidity position of the City that has arisen from past year's transactions.
- (2) This ratio is the measurement of the City's ability to repay its debt including lease payments.
- (3) This ratio is the measurement of the City's ability to cover its costs through its own revenue efforts.
- (4) This ratio is a measure of the City's ability to cover its operational costs and have revenues available for capital funding or other purposes.
- (5) This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.
- (6) This ratio indicates whether the City is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out. The City's Asset Sustainability Ratio is below the benchmark as the City has relatively new asset base which does not require it to incur large asset renewal and asset replacement expenditure at this point in time.
- (7) This ratio is a measure of the ability of the City to fund its projected asset renewal/replacements in the future.
- (8) This Benchmark was derived from the Local Government Operational Guidelines Number 18 published by the Department of Local Government, Sport and Cultural Industries.

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 26. Information on Borrowings

	Principal 1-Jul-19	New Loans	Principal 30-Jun-20 Actual	Budget	Interest Repayments Actual	Budget
	\$	\$	\$	\$	\$	\$
(a). Loans						
Loan 1						
Recreation and Culture						
- Wanneroo Regional Museum & Library	10,416,178	-	10,416,178	10,416,178	705,375	704,576
- Construct Community Centre - Butler	278,000	-	278,000	278,000	18,826	18,804
- Develop Accessible and Inclusive Playground	222,000	-	222,000	222,000	15,034	15,017
- Kingsway Regional Sporting Complex	23,300,940	-	23,300,940	23,300,940	1,577,921	1,576,133
- Upgrade Aquamotion	7,926,000	-	7,926,000	7,926,000	536,742	536,134
- Yanchep Active Open Space	56,460	-	56,460	56,460	3,823	3,819
- Kingsway Regional Playground	650,000	-	650,000	650,000	44,017	43,968
- Yanchep Lagoon - Brazier Road Realignment	3,859,181	-	3,859,181	3,859,181	261,341	261,044
- Yanchep Surf Life Saving Club	1,157,500	-	1,157,500	1,157,500	78,385	78,296
- Southern Suburbs Library	5,800,000	-	5,800,000	5,800,000	392,771	392,326
- Yanchep District Playing Fields		4,556,300	4,556,300	4,563,200	1,472	147,107
Transport						
- Pinjar Road - Wanneroo & Carosa Road	728,849	-	728,849	728,849	49,357	49,301
- Upgrade Rocca Way Dundobar Road	54,715	-	54,715	54,715	3,705	3,701
- Flynn Drive Neerabup - Construct Road	1,623,298	-	1,623,298	1,623,298	109,928	109,804

(continued on next page)

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 26. Information on Borrowings (continued)

	Principal 1-Jul-19	New Loans	Principal 30-Jun-20		Interest Repayments	
	\$	\$	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
(a). Loans (continued)						
Other Property & Services						
- Develop Industrial Estate - Neerabup	317,887	-	317,887	317,887	21,527	21,503
- Redevelop Wanneroo Townsite	1,214,615	-	1,214,615	1,214,615	82,253	82,159
- Redevelop Koondoola Precinct	1,293,000	-	1,293,000	1,293,000	87,561	87,462
- Develop Wangara Industrial Area (Lot 257)	43,857	-	43,857	43,857	2,970	2,967
- Develop Wangara Industrial Area (Lot 15)	1,833,908	-	1,833,908	1,833,908	124,191	124,050
- Lot 12 Fowey Loop	1,800	-	1,800	1,800	122	122
Loan 2						
- Yanchep Active Open Space Oval Ground Works	2,268,048	191,281	2,459,329	3,005,847	57,797	82,222
- Yanchep District Playing Fields	1,635,399	137,925	1,773,324	2,167,396	41,675	59,287
- Yanchep District Sports Amenities Building Stage 1	1,435,746	121,087	1,556,833	1,902,796	36,587	52,049
- Yanchep Surf Life Saving Club	2,960,807	249,707	3,210,514	3,923,961	75,451	107,335
	69,078,188	5,256,300	74,334,488	76,341,388	4,328,831	4,559,186

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 26. Information on Borrowings (continued)

	Date Borrowed	Balance 1-Jul-19	Borrowed During Year	Expended During Year	Balance 30-Jun-20
			\$	\$	\$
(b). Unspent Loans					
Loan 1					
Recreation & Culture					
Kingsway Regional Sporting Complex	1 December 2006	1,815,842	-	(1,648,505)	167,337
Southern Suburbs Library	1 December 2006	5,800,000	-	-	5,800,000
Other Property & Services					
Develop Wangara Industrial Area (Lot 15)	1 December 2006	190,000	-	(16,915)	173,085
Loan 2					
Yanchep Development Area Projects		-	700,000	(40,496)	659,504
		7,805,842	700,000	(1,705,916)	6,799,926

Under Section 6.20(4)(a) of the *Local Government Act 1995*, a change in purpose of the use of borrowings can be disclosed in the Annual Budget. This was done as part of the 2019/20 Budget. Accordingly, column "Balance 01-Jul-19" indicates revised unspent loan balances, after the change of purpose of borrowings, aligned with the Budget 2019/20.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27(a). Rating Information (2019/20 Financial Year)

	Rate in the \$ 2020	Number of Properties 2020	Rateable Value 2020	Actual Rate Revenue 2020	Actual Interim Rates 2020	Actual Back Rates 2020	Actual Total Revenue 2020	Budget Rate Revenue 2020	Budget Interim Rate 2020	Budget Total Revenue 2020	Actual Rate Revenue 2019
	Cents		\$	\$	\$	\$	\$	\$	\$	\$	\$
Rate Type											
Differential General Rate											
GRV - Residential Improved	6.6132	65,704	1,342,466,471	86,974,494	1,079,208	50,261	88,103,963	86,940,685	1,923,347	88,864,032	85,219,757
GRV - Residential Vacant	13.2238	2,115	44,217,695	6,088,425	(108,480)	51,981	6,031,926	6,099,216	-	6,099,216	5,821,938
GRV - Commercial/Industrial Improved	6.8655	2,932	359,031,162	23,653,713	666,899	(6,935)	24,313,678	23,636,227	422,638	24,058,865	23,515,147
GRV - Commercial/Industrial Vacant	6.8256	199	11,769,676	987,012	(101,322)	(25,868)	859,822	986,605	-	986,605	974,881
UV - Residential Improved	0.3847	188	146,280,000	567,894	(3,290)	-	564,605	571,049	-	571,049	560,618
UV - Residential Vacant	0.4838	52	659,066,000	3,713,600	(414,280)	(87,427)	3,211,894	3,834,550	-	3,834,550	3,750,280
UV - Commercial/Industrial Improved	0.2824	37	72,640,348	209,937	(2,794)	-	207,143	209,202	-	209,202	188,446
UV - Commercial/Industrial Vacant	0.3345	10	32,450,000	98,544	14,569	172	113,285	99,380	-	99,380	31,532
UV - Rural and Mining Improved	0.3762	383	545,315,000	2,037,060	(1,592)	(2,622)	2,032,847	2,037,060	-	2,037,060	2,033,670
UV - Rural and Mining Vacant	0.4977	90	82,528,272	439,386	(32,208)	2,792	409,969	439,305	-	439,305	432,707
Sub-Total		71,710	3,295,764,624	124,770,065	1,096,710	(17,644)	125,849,131	124,853,279	2,345,985	127,199,264	122,528,976

GRV = Gross Rental Value

UV = Unimproved Value

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27(a). Rating Information (2019/20 Financial Year) (continued)

		Number of Properties 2020	Rateable Value 2020	Actual Rate Revenue 2020	Budget Total Revenue 2020	Actual Rate Revenue 2019
	Minimum			\$	\$	\$
Minimum Rates						
GRV - Residential Improved	988	5,790	79,714,728	5,720,520	5,719,532	5,597,815
GRV - Residential Vacant	991	1,746	9,969,530	1,730,286	1,730,286	1,961,700
GRV - Commercial/Industrial Improved	1,344	556	8,541,006	747,264	736,512	743,232
GRV - Commercial/Industrial Vacant	1,344	38	525,640	51,072	53,760	43,008
GRV - Commercial/Industrial Improved - Lesser Minimum Strata	672	112	696,150	75,264	75,264	56,448
UV - Residential Improved	988	1	189,652	988	988	971
UV - Residential Vacant	991	3	221,500	2,973	2,973	2,925
UV - Commercial/Industrial Improved	1,344	7	2,053,000	9,408	8,064	12,096
UV - Rural and Mining Improved	980	1	248,000	980	-	-
UV - Rural and Mining Vacant	928	37	221,647	34,336	35,264	34,656
Sub-Total		8,291	102,380,853	8,373,091	8,362,643	8,452,851

GRV = Gross Rental Value

UV = Unimproved Value

Ex Gratia Rates

Totals

134,222,222	135,561,907	130,981,827
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23,851	20,000	30,521
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134,246,073	135,581,907	131,012,348
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City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27(b). Net Current Assets- Rate Setting Statement Information

	Notes	2020 Carried Fwd Actual \$	2020 Brought Fwd Actual \$	2019 Carried Fwd Actual \$
Current Assets				
Cash - Unrestricted	3	37,320,904	28,499,741	21,430,249
Cash - Restricted Town Planning Schemes	3	88,632,352	96,909,331	96,909,331
Cash - Restricted Unspent Grants	3	9,140,612	23,856,709	23,856,709
Cash - Restricted Reserves	3	233,133,731	222,643,715	229,713,207
Cash - Restricted Unspent Loans	3	6,799,926	7,805,842	7,805,842
Rates - Current	5	11,946,576	13,816,982	13,816,982
Sundry Debtors (net of Expected Credit Loss)	5	516,012	479,832	479,832
Accrued Income	5	2,962,900	5,208,556	5,208,556
GST Receivable	5	1,673,284	1,806,477	1,806,477
Prepayments	5	1,511,668	2,280,255	2,280,255
Contract Assets	9	185,356	-	-
Inventories	6	347,448	314,347	314,347
		394,170,769	403,621,787	403,621,787
Current Liabilities				
Trade Payables	12	31,344,263	34,952,113	31,430,118
Bonds & Security Deposits	12	7,721,647	7,649,633	7,649,633
Contract Liabilities	10	10,227,250	26,612,597	-
Lease Liability	11	104,797	-	-
Current Employee Benefits Provision	14	16,756,701	17,342,241	17,342,241
Other Current Provisions	14	2,240,000	-	-
		68,394,658	86,556,584	56,421,992
Net Current Assets		325,776,111	317,065,203	347,199,795
Less:				
Cash - Restricted		(337,706,621)	(351,215,597)	(358,285,089)
Town Planning Schemes Receivables		(644,154)	-	-
Contract Assets		(185,356)	-	-
Add Back:				
Cash Backed Employee Provisions		13,024,364	-	-
Town Planning Schemes Payables		4,541,388	7,636,351	11,085,294
Contract Liabilities		10,173,059	26,514,043	-
Surplus		14,978,791	-	-

01 July 2019 brought forward balances are different from the 30 June 2019 reported amounts due to the initial application of "AASB 15 - Revenue" from Contracts with Customers and "AASB 18 - Income for Not-for-Profit Entities".

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28. Discounts, Incentives, Concessions & Write-offs (2019/20 Financial Year)

	Type	2020 Actual	2020 Budget	2019 Actual
		Cost / Value	Cost / Value	Cost / Value
		\$	\$	\$
(a) Discounts/Concessions				
Debts Written Off	Write Off	33,330	-	27,039
Rates Write Off	Write Off	-	-	13,897
Community Groups Rates Waiver	Waiver	98,041	98,041	96,279
		131,371	98,041	137,215

Discounts

The City offers no discounts for early payment of Rates or any other debts to the City.

Concessions/Incentives/Waivers

Council has agreed, in accordance with *Section 6.47 of the Local Government Act 1995*, to waive the 2019/20 Council Rates (excluding Emergency Services Levy) for land leased by the City to the following community groups.

- AJS Motorcycle Club of WA Inc.
- Kingsway Football and Sporting Club Inc.
- Olympic Kingsway Sports Club
- Pinjar Motorcycle Park Inc.
- Quinns Mindarie Surf Lifesaving Club Inc.
- Quinns Rocks Sports Club Inc
- The Badminton Association of WA Inc
- Tiger Kart Club Inc.
- Vikings Softball Club Inc and The Wanneroo Giants Baseball Club Inc.
- Wanneroo Agricultural Society Inc
- Wanneroo Amateur Football Club Inc, Wanneroo Cricket Club, Wanneroo Junior Cricket Club Inc and Wanneroo Junior Football Club
- Wanneroo BMX Club
- Wanneroo City Soccer Club Inc.
- Wanneroo Districts Cricket Club Inc.
- Wanneroo Districts Netball Association
- Wanneroo Districts Rugby Union Football Club Inc.
- Wanneroo Horse and Pony Club
- Wanneroo Shooting Complex Inc.
- Wanneroo Sports and Social Club
- Wanneroo Tennis Club
- Wanneroo Trotting and Training Club Inc.
- West Australian Rifle Association Inc.
- Yanchep Golf Club
- Yanchep Sports and Social Club Inc.
- Yanchep Surf Lifesaving Club Inc.

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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 29. Interest Charges and Instalments (2019/20 Financial Year)

	Interest Rate %	2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
Interest on Overdue Rates	8.45%	1,492,022	1,014,000	1,653,093
Interest on Instalments Plan	5.50%	647,871	652,506	635,347
		2,139,893	1,666,506	2,288,440
Administration Charges on Instalment Plan		394,569	394,500	393,533
		2,534,462	2,061,006	2,681,973

An interest rate of 8.45% (2019: 8.45%) was charged on all Rates, both current and arrears, that remain unpaid after 35 days from the issue date of the Rate notice (2 August 2019). Three instalment plan options were available to ratepayers for payment of their Rates by instalments. Further the ratepayers had the opportunity to enter into special payment arrangements based on their individual circumstances.

Option 1 (Full Payment)

Full amount of Rates and Service charges, including arrears, to be paid on or before 35 days (6 September 2019) from the issue date (2 August 2019) appearing on the Rate notice.

Option 2 (Two instalments)

First instalment to be received on or before 35 days after the issue date appearing on the Rate notice, including all arrears and half of the current Rates and Service charges (6 September 2019). The second and final instalment becomes due and payable 63 days after the due date of the first instalment (8 November 2019).

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 (6 September 2019). The second, third and fourth instalments are to be made at 63 day intervals, thereafter (8 November 2019, 10 January 2020 and 13 March 2020).

Cost of the instalment Options

The cost of the instalment options will comprise of simple interest of 5.5% (2019: 5.5%) per annum, calculated from the date the first instalment is due and payable, together with an administration fee of \$5.00 (2019: \$5.00) for each instalment.

Special Arrangements and Late Payment Penalty

In addition to the late payment interest of 8.45% per annum, an administration fee of \$30.00 (2019: \$30.00) per assessment is charged to any Ratepayers wishing to enter into special payment agreements with the City.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 30. Fees and Charges

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Governance	15,552	107,890	19,293
General Purpose Funding	492,943	501,100	485,530
Law, Order & Public Safety	836,583	663,800	721,279
Health	338,233	410,622	344,195
Education & Welfare	129,370	81,780	134,830
Community Amenities	32,276,016	31,803,858	31,663,199
Recreation & Culture	8,083,140	9,987,255	7,460,900
Transport	547,594	1,100,000	649,642
Economic Services	1,670,299	2,125,000	1,854,084
Other Property & Services	48,354	6,365	19,701
	44,438,084	46,787,670	43,352,653

Note 31. Grants, Subsidies and Contributions

	2020 Actual	2019 Actual
	\$	\$

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

(a). By Nature & Type

Operating Grants, Subsidies & Contributions	13,364,998	11,162,394
Non-Operating Grants, Subsidies & Contributions	46,536,875	26,186,692
	59,901,873	37,349,086

(b). By Program

Governance	301,890	310,766
General Purpose Funding	8,737,585	8,793,034
Law, Order & Public Safety	1,100,116	329,266
Health	58,555	195,795
Education & Welfare	234,849	269,793
Community Amenities	343,585	56,455
Recreation & Culture	9,589,637	6,946,049
Transport	38,885,778	19,732,263
Economic Services	2,151	2,368
Other Property & Services	647,727	713,297
	59,901,873	37,349,086

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 32. Employee Costs

	2020 Actual	2019 Actual
	\$	\$
Salaries & Wages	67,652,877	63,361,584
Superannuation	7,264,749	7,176,675
Conference & Training	500,997	595,225
Fringe Benefits Tax	243,041	216,243
Workers' Compensation Insurance	(1,200,268)	2,366,206
Protective Clothing & Uniforms	337,131	312,995
Staff Amenities	38,482	39,563
External Labour Hire	1,692,509	2,004,642
Total Employee Costs	76,529,518	76,073,133
Less: Capitalised Costs	(3,302,089)	(4,080,006)
	73,227,429	71,993,127

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 33. Financial Risk Management

The City's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk.

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

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

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

The City held the following financial instruments at balance date.

	Notes	Carrying Value		Fair Value	
		2020	2019	2020	2019
		\$	\$	\$	\$
Financial Assets					
Cash & Cash Equivalents	3	375,027,525	379,715,338	375,027,525	379,715,338
Receivables (Current & Non-Current)	5	22,322,750	26,999,972	22,322,750	26,999,972
		<u>397,350,275</u>	<u>406,715,310</u>	<u>397,350,275</u>	<u>406,715,310</u>
Financial Liabilities					
Payables (Current & Non-Current)	12	39,065,910	39,079,751	39,065,910	39,079,751
Borrowings (Current & Non-Current)	13	74,334,488	69,078,188	74,334,488	69,078,188
		<u>113,400,398</u>	<u>108,157,939</u>	<u>113,400,398</u>	<u>108,157,939</u>

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

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

Fair Value is determined as follows:

- **Cash and Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates market value.

- **Borrowings and Held to Maturity Investments** - estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles.

- Financial Assets classified (i) "**at fair value through profit and loss**" or (ii) **Available for Sale** - based on quoted market prices at the reporting date or independent valuation.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 33. Financial Risk Management (continued)

(a). Cash and Cash Equivalents and Financial Assets "at Fair Value through Profit and Loss" and "Fair Value through Other Comprehensive Income"

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

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

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

A further risk associated with Cash and Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to the City.

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

	30-Jun-20	30-Jun-19
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments		
Equity	3,750,275	3,797,153
Statement of Comprehensive Income	3,750,275	3,797,153

Notes:

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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 33. Financial Risk Management (continued)

(b). Receivables

The City's major receivables comprise Rates, Annual Charges, and User Charges and Fees.

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

The City manages this risk by monitoring outstanding debt and referring outstanding debts to an external debt collector. The City also encourages ratepayers to pay their Rates by the due date through various incentives.

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

The level of outstanding receivables is reported to Council monthly.

The City makes suitable provision for expected credit losses, as required, and carries out counter party credit checks where relevant.

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

	30-Jun-20	30-Jun-19
	\$	\$
Rates and Annual Charges Outstanding		
0 - 30 Days	455,899	247,639
30 - 60 Days	176,827	80,738
60 - 90 Days	148,422	1,755,986
Over 90 Days	11,165,428	11,732,619
	<u>11,946,576</u>	<u>13,816,982</u>
Sundry Debtors Outstanding		
0 - 30 Days	262,807	512,552
30 - 60 Days	89,467	26,990
60 - 90 Days	6,396	32,057
Over 90 Days	800,272	646,438
	<u>1,158,942</u>	<u>1,218,037</u>

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 33. Financial Risk Management (continued)

(c). Payables and Borrowings

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

The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Further the City has created a loan repayment cash back reserve and monitors adequacy of the reserve balance on a regular basis.

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying Values
	\$	\$	\$	\$	\$
2020					
Payables	39,065,910	-	-	39,065,910	39,065,910
Borrowings	4,499,771	22,607,346	78,126,150	105,233,267	74,334,488
	43,565,681	22,607,346	78,126,150	144,299,177	113,400,398
2019					
Payables	39,079,751	-	-	39,079,751	39,079,751
Borrowings	4,403,030	30,129,319	66,950,213	101,482,562	69,078,188
	43,482,781	30,129,319	66,950,213	140,562,313	108,157,939

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

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

	30-Jun-20		30-Jun-19	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed ¹	6.77%	65,334,488	6.77%	60,778,188
Bank Loans - Variable ²	2.08%	9,000,000	3.48%	8,300,000
		74,334,488		69,078,188

Notes:

1. Inclusive of 0.7% (Government Guarantee Fee) in the fixed interest rate of 6.77%.

2. The interest rate risk applicable to variable rate loan is not considered significant.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 34. Fair Value Measurements

The City measures the following asset and liability classes at fair value on a regular basis:

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

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

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

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

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

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

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

2020	Date of latest Valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
		\$	\$	\$	\$
Property, Plant & Equipment					
- Land	30/06/2018	-	56,267,095	77,969,089	134,236,184
- Buildings	30/06/2018	-	19,900,265	159,945,403	179,845,668
- Furniture & Fittings	30/06/2018	-	7,052,690	982,004	8,034,694
- Leased Asset	30/06/2020	-	232,502	-	232,502
- Plant & Equipment	30/06/2019	-	10,265,843	7,055,021	17,320,864
Total Property, Plant & Equipment		-	93,718,395	245,951,517	339,669,912
Infrastructure					
- Reserves	30/06/2020	-	-	133,335,768	133,335,768
- Roads	30/06/2020	-	-	1,236,959,732	1,236,959,732
- Pathways	30/06/2020	-	-	89,138,139	89,138,139
- Car Parking	30/06/2020	-	-	31,687,791	31,687,791
- Drainage	30/06/2020	-	-	403,380,504	403,380,504
- Other Infrastructure	30/06/2020	-	-	58,253,574	58,253,574
Total Infrastructure		-	-	1,952,755,508	1,952,755,508

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 34. Fair Value Measurements (continued)

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

2019	Date of latest Valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
		\$	\$	\$	\$
Property, Plant & Equipment					
- Land	30/06/2018	-	52,798,333	80,805,000	133,603,333
- Buildings	30/06/2018	-	9,473,588	165,668,570	175,142,158
- Furniture & Fittings	30/06/2018	-	6,706,693	1,135,504	7,842,197
- Plant & Equipment	30/06/2019	-	10,878,750	7,154,000	18,032,750
Total Property, Plant & Equipment		-	79,857,364	254,763,074	334,620,438
Infrastructure					
- Reserves	30/06/2017	-	-	201,533,538	201,533,538
- Roads	30/06/2017	-	-	1,140,903,277	1,140,903,277
- Pathways	30/06/2017	-	-	134,779,607	134,779,607
- Car Parking	30/06/2017	-	-	42,961,653	42,961,653
- Drainage	30/06/2017	-	-	372,181,502	372,181,502
- Other Infrastructure	30/06/2017	-	-	57,471,172	57,471,172
Total Infrastructure		-	-	1,949,830,749	1,949,830,749

(2) Transfers between Level 1 and Level 2 Fair Value Hierarchies

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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 34. Fair Value Measurements (continued)

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

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

The fair valuation techniques the City has employed while utilising Level 2 and Level 3 inputs are as follows:

Property, Plant and Equipment

Land

The City's lands were valued by independent professionally qualified registered valuers. Except in the circumstance of any assets being held for sale (valued in accordance with AASB 5 Assets Held for Sale) or in accordance with specific Accounting Standards (such as Investment Properties) the balance of the portfolio is valued in accordance with AASB 116 Property Plant and Equipment at fair value.

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

Level 2 Valuation Inputs

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

Level 3 Valuation Inputs

Sales Comparison Approach - This comparative approach considers the sales of similar or substitute land and related market data, and establishes a value estimate by processes involving comparison. In general, a land being valued is compared with sales of similar land that have been transacted in the market. Listings and offerings may also be considered.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 34. Fair Value Measurements (continued)

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

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

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

Buildings

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

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

Level 3 Valuation Inputs

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

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

Plant and Equipment

The City's Plant and Equipment have been valued by independent professionally qualified registered valuers in accordance with applicable Australian Standards

Level 2 and Level 3 valuation inputs have been applied to all plant and equipment asset classes. Level 2 inputs being comparable type assets on the market place (like for like) and level 3 inputs being no direct comparable or assets that do not have an active market in place.

Following a change to the Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in Accounting Policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2020

Note 34. Fair Value Measurements (continued)

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

Furniture and Fittings

The City's Furniture and Fittings have been valued by independent professionally qualified registered valuers in accordance with applicable Australian Accounting Standards.

Following a change to the Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in Accounting Policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

Infrastructure

The City's infrastructure has been valued by professionally qualified independent valuers in accordance with Australian Accounting Standards.

The City's infrastructure assets were valued at a market-based measurement. The market-based measurement estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

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

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

Level 2 and Level 3 valuation inputs have been applied to all infrastructure asset classes. Level 2 inputs being construction cost and current condition and Level 3 inputs being residual values and remaining useful life assessments.

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

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

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 34. Fair Value Measurements (continued)

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

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

	Buildings	Reserves	Roads	Pathways	Total
	\$	\$	\$	\$	\$
Opening Balance - 1/7/18	171,147,700	199,485,343	1,135,420,136	134,999,999	1,641,053,178
Purchases (Gross Book Value)	-	8,650,704	20,245,186	2,352,826	31,248,716
Depreciation & Impairment	(5,479,130)	(6,602,509)	(14,762,045)	(2,573,218)	(29,416,902)
Closing Balance - 30/6/19	<u>165,668,570</u>	<u>201,533,538</u>	<u>1,140,903,277</u>	<u>134,779,607</u>	<u>1,642,884,992</u>
Purchases (Gross Book Value)	-	14,982,205	21,691,624	1,758,534	38,432,363
Depreciation & Impairment	(5,723,167)	(6,904,679)	(15,213,803)	(2,585,251)	(30,426,900)
FV Gains - Other Comprehensive Income	-	(76,275,296)	89,578,633	(44,814,751)	(31,511,414)
Closing Balance - 30/6/20	<u>159,945,403</u>	<u>133,335,768</u>	<u>1,236,959,731</u>	<u>89,138,139</u>	<u>1,619,379,041</u>

	Furniture & Fittings	Drainage	Car Parking	Other Infra-structure	Total
	\$	\$	\$	\$	\$
Opening Balance - 1/7/18	1,135,504	372,581,463	42,633,114	59,280,731	475,630,812
Purchases (Gross Book Value)	-	3,058,042	670,984	1,816,896	5,545,922
Depreciation & Impairment	-	(3,458,003)	(342,445)	(3,626,455)	(7,426,903)
Closing Balance - 30/6/19	<u>1,135,504</u>	<u>372,181,502</u>	<u>42,961,653</u>	<u>57,471,172</u>	<u>473,749,831</u>
Purchases (Gross Book Value)	-	2,775,728	115,278	1,844,765	4,735,771
Disposals (WDV)	(153,500)	-	-	-	(153,500)
Depreciation & Impairment	-	(3,478,374)	(400,036)	(3,665,389)	(7,543,799)
FV Gains - Other Comprehensive Income	-	31,901,649	(10,989,104)	2,603,026	23,515,571
Closing Balance - 30/6/20	<u>982,004</u>	<u>403,380,505</u>	<u>31,687,791</u>	<u>58,253,574</u>	<u>494,303,874</u>

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 34. Fair Value Measurements (continued)

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

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

	Land	Plant & Equipment	Total
	\$	\$	\$
Opening Balance - 1/7/18	80,805,000	-	80,805,000
FV Gains - Other Comprehensive Income	-	7,154,000	7,154,000
Closing Balance - 30/6/19	<u>80,805,000</u>	<u>7,154,000</u>	<u>87,959,000</u>
Disposals (WDV)	(2,835,911)	(98,979)	(2,934,890)
Closing Balance - 30/6/20	<u>77,969,089</u>	<u>7,055,021</u>	<u>85,024,110</u>

City of Wanneroo

Notes to the Financial Statements for the year ended 30 June 2020

Note 35. Events occurring after the Reporting Period

Events that occur between the end of the reporting period (ending 30 June 2020) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

The City has adopted the date that the Chief Executive Officer (CEO) authorises the financial statements as the applicable "authorised for issue" date.

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

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

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2020.

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

These financial statements (including figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2020 and which are only indicative of conditions that arose after 30 June 2020.

The City received an amount of \$4.7 Million in the Financial Year 2020/2021 in settlement of a contractual dispute that arose in the Financial Year 2019/2020.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 36. Transactions with Related Parties

Related Parties

The City's main related parties are as follows:

(i) Key Management Personnel (KMP)

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

(ii) Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of the City but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

(iii) Joint Venture Agreement accounted for under the equity method

The City has one sixth interest in two regional Councils. This interest is accounted for in these financial statements using the equity method of accounting. Refer to Note 19 for details of these interests.

Councillor's Remuneration and Allowances

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and the mayor.			
Meeting Fees	471,198	489,980	463,542
Mayor's Allowance	89,753	89,800	88,864
Deputy Mayor's Allowance	22,438	22,500	22,216
Telecommunication Allowance	52,500	45,500	49,000
Travelling & Other Expenses	24,382	155,000	29,563
	660,271	802,780	653,185

Key Management Personnel (KMP) Compensation Disclosures

The compensation paid to Key Management Personnel comprises:

	2020 Actual	2019 Actual
	\$	\$
Short-Term Employee Benefits	1,606,151	1,520,358
Post-Employment Benefits	174,323	165,733
Long-Term Benefits	34,179	34,662
Total	1,814,653	1,720,753

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 36. Transactions with Related Parties (continued)

Short-term employee benefits

These amounts include salary, paid leave and fringe benefits.

Post-employee benefits

These amounts are the current-year's cost of providing the City's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service and annual leave benefits accruing during the year.

(vi) Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2020	2019
	\$	\$
Associated companies/individuals:		
Sale of Goods & Services	-	29,254
Total	-	29,254

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes

Town Planning Schemes

In addition to the City's involvement with the Cities of Perth, Stirling, Joondalup and Vincent and the Towns of Cambridge and Victoria Park with Lot 17 Mindarie, the City has Town Planning Schemes and Development Areas in Operation:

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

These Town Planning Schemes are mainly related to the development of standard infrastructures. The Development Contribution Plans which are related to the development of district facilities are disclosed in Note 38.

East Wanneroo Development Area Cells 1-9 disclosed under this note is governed by Part 9 of District Planning Scheme Number 2 (DPS2) which do not require the City to establish and maintain a reserve account for each Cell. On the other hand, the Yanchep/Two Rocks Community Facilities and Alkimos/Eglinton Community Facilities DCPs disclosed under Note 38 are governed by Schedule 14 of DPS2 whereby Clause 16 requires the City to establish and maintain a reserve account for each DCP.

In May 2020, the City commenced the second Cells Internal Transactional Review of the East Wanneroo Development Area Cells (1-9). The result of this review identified a number of further cell costs adjustments amounting to \$3,520,920 for prior years and \$297,278 for current financial year 2019/2020. These total adjustments of \$3,818,198 were incorporated into the current financial year 2019/2020 with the detail summarised as below:

Summary of Adjustments from the second Cell Internal Transactional Review

	Cell Adjustments Including Interest		Total
	Prior Years	2020	Adjustments
	\$	\$	\$
Cell 2	127,058	47	127,105
Cell 4	283,010	-	283,010
Cell 5	25,097	713	25,810
Cell 6	686,335	295,804	982,139
Cell 7	130,800	-	130,800
Cell 8	482,384	-	482,384
Cell 9	1,786,236	714	1,786,950
Total	3,520,920	297,278	3,818,198

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

(i) Town Planning Scheme No 5 - Landsdale

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

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income			
- Town Planning Scheme No 5 - Landsdale			
Operating Income			
Development Headworks Levy Including Interest on Investments	6,449	18,910	19,482
	6,449	18,910	19,482
Operating Expense			
Administration Allocation	(6,449)	-	-
Audit Fee Expenses	-	(2,000)	-
	(6,449)	(2,000)	-
Net Result	-	16,910	19,482

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position			
- Town Planning Scheme No 5 - Landsdale			
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	744,168	749,453	735,396
Total Current Assets	744,168	749,453	735,396
TOTAL ASSETS	744,168	749,453	735,396
LIABILITIES			
Non-Current Liabilities			
Deferred Income	744,168	-	-
Total Non-Current Liabilities	744,168	-	-
TOTAL LIABILITIES	744,168	-	-
NET ASSETS	-	749,453	735,396
EQUITY			
Accumulated Surplus	-	749,453	735,396
TOTAL EQUITY	-	749,453	735,396

East Wanneroo Development Area - Cells 1 - 9

The East Wanneroo Cells 1-9 provide for the development of the area generally East of Wanneroo Road between Hepburn Avenue to the south and Clarkson Avenue to the north. The various structures plans (Cells 1-9) have guided residential, industrial and commercial development since the late 1990's. The Development Contribution Schemes include predominately standard 'development' infrastructure, including 10% Public Open Space (POS) and regional roads (exception being Cell 9, which includes a local community centre and POS development costs). The format, structure and funding aspects of these cells are subject to ongoing review and aims to coordinate contributions by landowners within structure planning areas with fragmented landownership. The contributions are charged at the time of subdivision or development to satisfy the landowners development obligations under the City's DPS 2.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

(ii) East Wanneroo Development Area - Cell 1

Cell 1 includes the suburbs of Ashby and Tapping and is generally bounded by Pinjar Road, Wanneroo Road and Clarkson Avenue. Over \$33 million worth of infrastructure works have been completed in this cell. The cell is predominately developed (97% of developable land) and remaining costs primarily relate to the finalisation of the Pinjar Road duplication and POS acquisitions.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income - Cell 1			
Operating Income			
Development Headworks Levy Including Interest on Investments	645,947	1,522,452	720,601
	645,947	1,522,452	720,601
Operating Expense			
Advertising	(1,405)	(100)	(1,157)
Consulting Fees	(2,072)	(2,000)	-
Construction Costs	(580,301)	(601,011)	(258,238)
Administration Allocation	(50,021)	(40,189)	(72,841)
Audit Fees	(9,131)	(2,000)	(7,600)
Valuation Fees	(4,395)	-	(1,307)
Environmental Remediation or Improvement Costs	1,378	-	(7,100)
	(645,947)	(645,300)	(348,243)
Non-Operating Expense			
Headworks Levy Refund*	-	-	(23,562,040)
	-	-	(23,562,040)
Net Result	-	877,152	(23,189,682)

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position - Cell 1			
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	6,563,316	5,951,422	11,280,694
Total Current Assets	6,563,316	5,951,422	11,280,694
TOTAL ASSETS	6,563,316	5,951,422	11,280,694
LIABILITIES			
Current Liabilities			
Trade & Other Payables	1,983,220	-	6,993,899
Deferred Income	196,367	-	-
Total Current Liabilities	2,179,587	-	6,993,899
Non-Current Liabilities			
Provision for Headworks Levy Refund*	2,597,854	-	882,408
Deferred Income	1,785,875	-	-
Total Non-Current Liabilities	4,383,729	-	882,408
TOTAL LIABILITIES	6,563,316	-	7,876,307
NET ASSETS	-	5,951,422	3,404,387
EQUITY			
Accumulated Surplus	-	5,951,422	3,404,387
TOTAL EQUITY	-	5,951,422	3,404,387

*As part of the 2020/21 Annual Review of cell costs as per the requirement of DPS2, the City's internal experts have estimated further \$1,715,445 as the future excess funds for Cell 1 at full development. The total future excess funds (at full development) estimated at the end of the 2019/2020 financial year is \$2,597,854 .

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

(iii) East Wanneroo Development Area - Cell 2

Cell 2 Includes the suburb of Sinagra and is generally bounded by Pinjar Road, Wanneroo Road and Dundobar Road. Over \$13 million worth of infrastructure works have been completed in this cell. The cell is only partially developed (56% of developable land) and remaining costs primarily relate to the finalisation of the Dundobar Road upgrade and several large POS acquisitions. Cell development has been partly sterilised due to the Ingham Poultry Farm buffer.

As at 30 June 2020, the City has identified a number of adjustments from the second Cells Internal Transactional Review for East Wanneroo Development Area Cell 2. As a result of recognising these adjustments, \$127,058 related to prior years has been recorded in 2019/2020 Financial Statements of the East Wanneroo Development Area Cell 2.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income - Cell 2			
Operating Income			
Development Headworks Levy Including Interest on Investments	133,747	734,101	219,483
	133,747	734,101	219,483
Operating Expense			
Advertising	-	(100)	(246)
Construction Costs	(103,791)	-	(6,550)
Consulting Costs	(1,004)	(2,000)	(9,355)
Valuation Fees	(1,094)	-	(1,289)
Administration Allocation	(31,206)	(32,151)	(35,910)
Audit Fees	1,369	(2,000)	(10,900)
Environmental Remediation or Improvement Costs	1,979	-	(10,196)
	(133,747)	(36,251)	(74,446)
Net Result	-	697,850	145,037

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position - Cell 2			
ASSETS			
Current Assets			
Cash & Cash Equivalents	8,646,590	8,915,329	8,174,649
Total Current Assets	8,646,590	8,915,329	8,174,649
TOTAL ASSETS	8,646,590	8,915,329	8,174,649
LIABILITIES			
Current Liabilities			
Trade & Other Payables	246,725	-	10,196
Deferred Income	52,867	-	-
Total Current Liabilities	299,592	-	10,196
Non-Current Liabilities			
Deferred Income	8,346,998	-	-
Total Non-Current Liabilities	8,346,998	-	-
TOTAL LIABILITIES	8,646,590	-	10,196
NET ASSETS	-	8,915,329	8,164,453
EQUITY			
Accumulated Surplus	-	8,915,329	8,164,453
TOTAL EQUITY	-	8,915,329	8,164,453

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

(iv) East Wanneroo Development Area - Cell 3

Cell 3 includes the suburb of Wanneroo and is generally bounded by Dundobar Road, High Road, Scott Road and Steven Street. Approximately \$1 million worth of infrastructure works have been completed in this cell. The Cell is predominately developed (91% of developable land) and remaining costs primarily relate to the finalisation of the Dundobar Road widening/upgrade and historic Public Open Space credits.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income - Cell 3			
Operating Income			
Development Headworks Levy Including Interest on Investments	30,442	26,197	19,711
	30,442	26,197	19,711
Operating Expense			
Advertising	(610)	(100)	-
Audit Fee	(131)	(2,000)	(6,300)
Consulting Fees	(2,028)	(2,000)	-
Administration Allocation	(26,578)	(16,076)	(31,014)
Valuation Fees	(1,095)	-	(1,289)
	(30,442)	(20,176)	(38,603)
Net Result	-	6,021	(18,892)

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position - Cell 3			
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	796,760	1,609,964	697,910
Total Current Assets	796,760	1,609,964	697,910
TOTAL ASSETS	796,760	1,609,964	697,910
LIABILITIES			
Current Liabilities			
Trade & Other Payables	1,342	-	-
Deferred Income	30,169	-	-
Total Current Liabilities	31,511	-	-
Non-Current Liabilities			
Deferred Income	765,249	-	-
Total Non-Current Liabilities	765,249	-	-
TOTAL LIABILITIES	796,760	-	-
NET ASSETS	-	1,609,964	697,910
EQUITY			
Accumulated Surplus	-	1,609,694	697,910
TOTAL EQUITY	-	1,609,694	697,910

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

(v) East Wanneroo Development Area - Cell 4

Cell 4 includes the suburbs of Hocking and Pearsall and is generally bounded by Wanneroo Road, Lenore Road, Elliot Road and Ocean Reef Road. Over \$56 million worth of infrastructure works have been completed in this cell. The cell is predominately developed (96% of developable land) and remaining costs primarily relate to completing an intersection upgrade at Paltara Way/Elliot Road, a controlled access place (CAP) system along Elliot Road, Lenore Road duplication works and POS acquisition.

As at 30 June 2020, the City has identified a number of adjustments from the second Cells Internal Transactional Review for East Wanneroo Development Area Cell 4. As a result of recognising these adjustments, \$283,010 related to prior years has been recorded in 2019/2020 Financial Statements of the East Wanneroo Development Area Cell 4.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income - Cell 4			
Operating Income			
Development Headworks Levy Including Interest on Investments	564,790	411,255	562,643
	564,790	411,255	562,643
Operating Expense			
Advertising	-	(100)	(246)
Audit Fees	1,369	(3,000)	(12,000)
Construction Costs	(259,783)	-	-
Consulting Fees	(1,004)	(2,000)	-
Legal Fees	(248,867)	(150,000)	(141,552)
Administration Allocation	(37,700)	(40,189)	(79,194)
Valuation Fees	(1,095)	-	(1,448)
Environmental Remediation or Improvement Costs	(17,710)	-	(24,450)
	(564,790)	(195,289)	(258,890)
Non-Operating Expense			
Headworks Levy Refund*	-	-	(4,776,335)
	-	-	(4,776,335)
Net Result	-	215,966	(4,472,582)

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position - Cell 4			
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	12,090,599	12,673,753	12,427,655
Total Current Assets	12,090,599	12,673,753	12,427,655
TOTAL ASSETS	12,090,599	12,673,753	12,427,655
LIABILITIES			
Current Liabilities			
Trade & Other Payables	93,702	-	24,450
Deferred Income	242,122	-	-
Total Current Liabilities	335,824	-	24,450
Non-Current Liabilities			
Provision for Headworks Levy Refund*	4,802,576	-	4,776,335
Deferred Income	6,952,199	-	-
Total Non-Current Liabilities	11,754,775	-	4,776,335
TOTAL LIABILITIES	12,090,599	-	4,800,785
NET ASSETS	-	12,673,753	7,626,870
EQUITY			
Accumulated Surplus	-	12,673,753	7,626,870
TOTAL EQUITY	-	12,673,753	7,626,870

*As part of the 2020/2021 Annual Review of Cell costs as per the requirement of DPS2, the City's internal experts have estimated further \$26,241 as the future excess funds for Cell 4 at full development. The total future excess funds (at full development) estimated at the end of the 2019/2020 financial year is \$4,802,576.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

(vi) East Wanneroo Development Area - Cell 5

Cell 5 Includes the suburb of Landsdale and is generally bounded by Ocean Reef Road, Mirrabooka Avenue and Hepburn Avenue. Over \$37 million worth of infrastructure works have been completed in this cell. The cell is predominately developed (95% of developable land) and remaining costs primarily relate to the finalisation of the Mirrabooka Avenue duplication costs and POS acquisition.

As at 30 June 2020, the City has identified a number of adjustments from the second Cells Internal Transactional Review for East Wanneroo Development Area Cell 5. As a result of recognising these adjustments, \$25,097 related to prior years has been recorded in 2019/2020 Financial Statements of the East Wanneroo Development Area Cell 5.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income - Cell 5			
Operating Income			
Development Headworks Levy Including Interest on Investments	(296,227)	377,856	2,835,640
Proceeds from Sale of Land	390,000	400,000	-
	93,773	777,856	2,835,640
Operating Expense			
Advertising	-	(100)	(246)
Compensation Payments - Public Open Space	-	-	(750,960)
Legal Fees	(32,296)	(32,500)	(84,151)
Contract Expenses	-	(298,800)	-
Construction Costs	9,340	-	-
Consulting Fees	(8,682)	(2,000)	-
Administration Allocation	(36,892)	(40,189)	(51,400)
Audit Fees	(131)	(2,000)	(8,930)
Valuation Fees	(1,094)	-	(1,289)
Environmental Remediation or Improvement Costs	(24,018)	-	(49,341)
	(93,773)	(375,589)	(946,317)
Non-Operating Expense			
Headworks Levy Refund*	-	-	(2,422,358)
	-	-	(2,422,358)
Net Result	-	402,267	(533,035)

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position - Cell 5			
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	6,066,897	5,656,485	5,732,334
Total Current Assets	6,066,897	5,656,485	5,732,334
TOTAL ASSETS	6,066,897	5,656,485	5,732,334
LIABILITIES			
Current Liabilities			
Trade & Other Payables	106,042	-	49,341
Deferred Income	1,798,391	-	-
Total Current Liabilities	1,904,433	-	49,341
Non-Current Liabilities			
Provision for Headworks Levy Refund	2,292,080	-	2,422,358
Deferred Income	1,870,384	-	-
Total Non-Current Liabilities	4,162,464	-	2,422,358
TOTAL LIABILITIES	6,066,897	-	2,471,699
NET ASSETS	-	5,656,485	3,260,635
EQUITY			
Accumulated Surplus	-	5,656,485	3,260,635
TOTAL EQUITY	-	5,656,485	3,260,635

*As part of the 2020/2021 Annual Review of cell costs as per the requirement of DPS2, the City's internal experts have estimated a decrease of \$130,277 in the future excess funds for Cell 5 at full development. The total future excess funds (at full development) estimated at the end of the 2019/2020 financial year is \$2,292,080.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

(vii) East Wanneroo Development Area - Cell 6

Cell 6 includes the suburbs of Madeley and Darch and is generally bounded by Gngangara Road, Wanneroo Road, Mirrabooka Avenue and Hepburn Avenue. Over \$53 million worth of infrastructure works have been completed in this cell. The Cell is predominately developed (89% of developable land) and remaining costs primarily relate to the finalisation of the Gngangara Road upgrade/realignment, Skeit Road duplication and POS acquisitions.

As at 30 June 2020, the City has identified a number of adjustments from the second Cells Internal Transactional Review for East Wanneroo Development Area Cell 6. As a result of recognising these adjustments, \$686,335 related to prior years has been recorded in the 2019/2020 Financial Statements of the East Wanneroo Development Area Cell 6.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income - Cell 6			
Operating Income			
Development Headworks Levy Including Interest on Investments	1,071,042	745,147	1,069,937
Proceeds from Sale of Land	390,000	400,000	-
	1,461,042	1,145,147	1,069,937
Operating Expense			
Advertising	-	(100)	(246)
Legal Fees	-	-	(145)
Construction Costs	(1,404,735)	-	(8,564)
Consulting Fees	(8,497)	(2,000)	-
Contract Expenses	-	(310,000)	-
Compensation Payments - Road Reserves	-	-	(170,086)
Administration Allocation	(46,812)	(40,189)	(67,277)
Compensation Payments - Public Open Space	-	-	(915,243)
Audit Fees	1,369	(2,000)	(13,950)
Survey Fees	-	-	(525)
Valuation Fees	(1,095)	-	(2,539)
Environmental Remediation or Improvement Costs	(1,272)	-	(29,600)
	(1,461,042)	(354,289)	(1,208,175)
Non-Operating Expense			
Headworks Levy Refund*	-	-	(1,886,819)
	-	-	(1,886,819)
Net Result	-	790,858	(2,025,057)

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position - Cell 6			
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	23,856,818	25,482,350	24,234,124
Trade & Other Receivables	105,108	-	-
Total Current Assets	23,961,926	25,482,350	24,234,124
TOTAL ASSETS	23,961,926	25,482,350	24,234,124
LIABILITIES			
Current Liabilities			
Trade & Other Payables	12,872	-	29,600
Deferred Income	471,908	-	-
Total Current Liabilities	484,780	-	29,600
Non-Current Liabilities			
Provision for Headworks Levy Refund*	980,109	-	1,886,819
Deferred Income	22,497,037	-	-
Total Non-Current Liabilities	23,477,146	-	1,886,819
TOTAL LIABILITIES	23,961,926	-	1,916,419
NET ASSETS	-	25,482,350	22,317,705
EQUITY			
Accumulated Surplus	-	25,482,350	22,317,705
TOTAL EQUITY	-	25,482,350	22,317,705

*As part of the 2020/2021 Annual Review of cell costs as per the requirement of DPS2, the City's internal experts have estimated a decrease of \$906,711 in the future excess funds for Cell 6 at full development. The total future excess funds (at full development) estimated at the end of the 2019/2020 financial year is \$980,109.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

(viii) East Wanneroo Development Area - Cell 7

Cell 7 includes the industrial suburb of Wangara (west) and is generally bounded by Wanneroo Road, Hartman Drive and Gngara Road. Over \$5 million worth of infrastructure works have been completed in this cell. The Cell is partially developed (68% of developable land) and remaining costs primarily relate to the finalisation of the Gngara Road realignment/upgrade.

As at 30 June 2020, the City has identified a number of adjustments from the second Cells Internal Transactional Review for East Wanneroo Development Area Cell 7. As a result of recognising these adjustments, \$130,800 related to prior years has been recorded in 2019/2020 Financial Statements of the East Wanneroo Development Area Cell 7.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income - Cell 7			
Operating Income			
Development Headworks Levy Including Interest on Investments	145,610	69,358	73,435
	145,610	69,358	73,435
Operating Expense			
Advertising	-	(100)	(246)
Audit Fees	(131)	(2,000)	(6,000)
Compensation Payments - Road Reserves	-	-	(170,086)
Legal Fees	-	-	(737)
Construction Costs	(104,068)	-	(8,564)
Consulting Fees	(1,004)	(2,000)	-
Administration Allocation	(39,313)	(40,189)	(56,655)
Survey Fees	-	-	(737)
Valuation Fees	(1,094)	-	(2,539)
	(145,610)	(44,289)	(245,564)
Net Result	-	25,069	(172,129)

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position - Cell 7			
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	2,505,819	2,859,309	2,626,420
Total Current Assets	2,505,819	2,859,309	2,626,420
TOTAL ASSETS	2,505,819	2,859,309	2,626,420
LIABILITIES			
Current Liabilities			
Trade & Other Payables	1,786	-	-
Deferred Income	66,872	-	-
Total Current Liabilities	68,658	-	-
Non-Current Liabilities			
Deferred Income	2,437,161	-	-
Total Non-Current Liabilities	2,437,161	-	-
TOTAL LIABILITIES	2,505,819	-	-
NET ASSETS	-	2,859,309	2,626,420
EQUITY			
Accumulated Surplus	-	2,859,309	2,626,420
TOTAL EQUITY	-	2,859,309	2,626,420

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

(ix) East Wanneroo Development Area - Cell 8

Cell 8 includes the industrial suburb of Wangara (east) and is generally bounded by Hartman Drive, Ocean Reef Road, Gngangara Road and Mirrabooka Avenue. Over \$23 million worth of infrastructure works have been completed in this cell. The Cell is partially developed (79% of developable land) and remaining costs primarily relate to the finalisation of the Gngangara Road upgrade.

As at 30 June 2020, the City has identified a number of adjustments from the second Cells Internal Transactional Review for East Wanneroo Development Area Cell 8. As a result of recognising these adjustments, \$482,384 related prior years has been recorded in 2019/2020 Financial Statements of the East Wanneroo Development Area Cell 8.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income - Cell 8			
Operating Income			
Development Headworks Levy Including Interest on Investments	492,765	525,893	688,400
	492,765	525,893	688,400
Operating Expense			
Construction Costs	(359,368)	-	-
Advertising	-	(100)	(246)
Legal Fees	(67,076)	(67,500)	(174,776)
Consulting Fees	(1,388)	(2,000)	-
Contract Expenses	-	(578,788)	-
Administration Allocation	(41,527)	(40,189)	(49,034)
Audit Fees	1,369	(2,000)	(10,500)
Valuation Fees	(1,094)	-	(1,289)
Environmental Remediation or Improvement Costs	(23,681)	-	(48,650)
	(492,765)	(690,577)	(284,495)
Net Result	-	(164,684)	403,905

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position - Cell 8			
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	5,481,156	5,447,781	5,877,703
Total Current Assets	5,481,156	5,447,781	5,877,703
TOTAL ASSETS	5,481,156	5,447,781	5,877,703
LIABILITIES			
Current Liabilities			
Trade & Other Payables	6,020	-	48,650
Deferred Income	405,380	-	-
Total Current Liabilities	411,400	-	48,650
Non-Current Liabilities			
Deferred Income	5,069,756	-	-
Total Non-Current Liabilities	5,069,756	-	-
TOTAL LIABILITIES	5,481,156	-	48,650
NET ASSETS	-	5,447,781	5,829,053
EQUITY			
Accumulated Surplus	-	5,447,781	5,829,053
TOTAL EQUITY	-	5,447,781	5,829,053

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

(x) East Wanneroo Development Area - Cell 9

Cell 9 includes the suburb of Landsdale and is generally bounded by Ocean Reef Road, Hepburn Avenue and Alexander Drive. Over \$50 million worth of infrastructure works have been completed in this cell. The Cell is partially developed (82% of developable land) and remaining costs primarily relate to the finalisation of various road works, POS acquisition/development and the acquisition and construction of a local community facility.

As at 30 June 2020, the City has identified a number of adjustments from the second Cells Internal Transactional Review for East Wanneroo Development Area Cell 9. As a result of recognising these adjustments, \$1,786,236 related to prior years has been recorded in 2019/2020 Financial Statements the East Wanneroo Development Area Cell 9.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income - Cell 9			
Operating Income			
Development Headworks Levy Including Interest on Investments	7,674,154	7,118,381	2,863,962
	7,674,154	7,118,381	2,863,962
Operating Expense			
Advertising	(750)	(100)	(246)
Audit Fee	(281)	(2,000)	(12,850)
Consulting Fees	(1,004)	-	(575)
Construction Costs	(1,236,314)	(70,000)	-
Compensation Payments - Public Open Space	(6,392,826)	(4,535,000)	(791,603)
Administration Allocation	(37,959)	(40,189)	(63,697)
Valuation Fees	(1,095)	-	(1,289)
Environmental Remediation or Improvement Costs	(3,925)	-	(8,064)
	(7,674,154)	(4,647,289)	(878,324)
Net Result	-	2,471,092	1,985,638

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

	2020 Actual	2020 Budget	2019 Actual
Statement of Financial Position - Cell 9	\$	\$	\$
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	18,803,507	22,753,951	22,097,086
Trade & Other Receivables	539,046	-	-
Total Current Assets	19,342,553	22,753,951	22,097,086
TOTAL ASSETS	19,342,553	22,753,951	22,097,086
LIABILITIES			
Current Liabilities			
Trade & Other Payables	2,089,679	-	480,214
Deferred Income	3,500,739	-	-
Total Current Liabilities	5,590,418	-	480,214
Non-Current Liabilities			
Deferred Income	13,752,135	-	-
Total Non-Current Liabilities	13,752,135	-	-
TOTAL LIABILITIES	19,342,553	-	480,214
NET ASSETS	-	22,753,951	21,616,872
EQUITY			
Accumulated Surplus	-	22,753,951	21,616,872
TOTAL EQUITY	-	22,753,951	21,616,872

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 37. Town Planning Schemes (continued)

(xi) Berkley Road Local Structure Plan

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income			
- Berkley Road Local Structure Plan			
Operating Income			
Development Headworks Levy Including Interest on Investments	11,286	77,792	80,173
	11,286	77,792	80,173
Operating Expense			
Audit Fee	-	(2,000)	-
Administration Allocation	(11,286)	-	-
	(11,286)	(2,000)	-
Net Result	-	75,792	80,173
	\$	\$	\$
Statement of Financial Position - Berkley Road Local Structure Plan			
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	3,076,723	3,096,050	3,025,362
Total Current Assets	3,076,723	3,096,050	3,025,362
TOTAL ASSETS	3,076,723	3,096,050	3,025,362
LIABILITIES			
Non-Current Liabilities			
Deferred Revenue	3,076,723	-	-
Total Non-Current Liabilities	3,076,723	-	-
TOTAL LIABILITIES	3,076,723	-	-
NET ASSETS	-	3,096,050	3,025,362
EQUITY			
Accumulated Surplus	-	3,096,050	3,025,362
TOTAL EQUITY	-	3,096,050	3,025,362
Total Equity of Planning/Land Development	-	95,195,577	79,305,063

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 38. Development Contribution Plans

Development Contribution Plans are related to the development of district facilities. Town Planning Schemes which are mainly related to the development of standard infrastructures are disclosed in Note 37.

(a) Neerabup Industrial Area Structure Plan

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

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

The Neerabup Industrial Area Structure Plan has no operating transactions either in financial year 2019/2020 or 2018/2019.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position			
- Neerabup Industrial Area Structure Plan			
LIABILITIES			
Current Liabilities			
Trade & Other Payables	3,448,943	3,451,085	3,448,943
Total Current Liabilities	3,448,943	3,451,085	3,448,943
TOTAL LIABILITIES	3,448,943	3,451,085	3,448,943
NET ASSETS	(3,448,943)	(3,451,085)	(3,448,943)
EQUITY			
Accumulated Surplus/(Deficit)	(3,448,943)	(3,451,085)	(3,448,943)
TOTAL EQUITY	(3,448,943)	(3,451,085)	(3,448,943)

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 38. Development Contribution Plans (continued)

(b) Yanchep/Two Rocks Community Facilities

The Yanchep/Two Rocks Development Contribution Plan (YTRDCP) collects contributions from landowners in Yanchep and Two Rocks and are used towards the cost of providing district level community facilities. The YTRDCP will ultimately provide for the delivery of three district level facilities over a period of 16 years, including the Yanchep Surf Life Saving Club, Yanchep District Open Space and the Capricorn Coastal node facilities.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income			
- Yanchep/Two Rocks Community Facilities			
Operating Income			
Development Headworks Levy Including Interest on Investments	267,505	1,331,506	506,575
	267,505	1,331,506	506,575
Operating Expense			
Audit Fees	(20,409)	(2,000)	-
Advertising Fees	-	(100)	-
Interest Expenses	(212,982)	(448,000)	(288,324)
Construction Costs	(4,290,073)	-	(757,115)
Valuation Fees	(1,850)	-	(1,900)
Consulting Fees	(2,395)	(5,000)	(6,725)
Administration Allocation	(60,126)	(36,170)	(32,418)
	(4,587,835)	(491,270)	(1,086,482)
Net Result	(4,320,330)	840,236	(579,907)

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 38. Development Contribution Plans (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position			
- Yanchep/Two Rocks Community Facilities			
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	659,503	3,237,541	-
Total Current Assets	659,503	3,237,541	-
TOTAL ASSETS	659,503	3,237,541	-
LIABILITIES			
Current Liabilities			
Loan	13,556,300	11,000,000	8,300,000
Accrued Interest	25,319	-	37,910
Trade & Other Payables	909	-	264,785
Total Current Liabilities	13,582,528	11,000,000	8,602,695
TOTAL LIABILITIES	13,582,528	11,000,000	8,602,695
NET ASSETS	(12,923,025)	(7,762,459)	(8,602,695)
EQUITY			
Accumulated (Deficit)/Surplus	(12,923,025)	(7,762,459)	(8,602,695)
TOTAL EQUITY	(12,923,025)	(7,762,459)	(8,602,695)

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 38. Development Contribution Plans (continued)

(c) Alkimos/Eglinton Community Facilities

The Alkimos/Eglinton Development Contribution Plan (AEDCP) collects contributions from landowners in Alkimos and Eglinton that are used towards the cost of providing district level community facilities. The AEDCP will ultimately provide for the delivery of 11 district level facilities over a period of 25 years, including libraries, community centres, indoor recreation facilities, sporting precincts and a surf life saving club.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Comprehensive Income			
- Alkimos/Eglinton Community Facilities			
Operating Income			
Development Headworks Levy Including Interest on Investments	65,068	1,529,320	1,263,839
	65,068	1,529,320	1,263,839
Operating Expense			
Audit Fees	(12,909)	(2,000)	-
Advertising Expenses	-	(100)	-
Feasibility Approval Studies	-	-	(3,500)
Valuation Fees	(1,300)	-	(1,000)
Consulting Fees	(12,153)	(5,000)	(6,725)
Administration Allocation	(38,706)	(36,170)	(27,170)
	(65,068)	(43,270)	(38,395)
Net Result	-	1,486,050	1,225,444

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 38. Development Contribution Plans (continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Statement of Financial Position			
- Alkimos/Eglington Community Facilities			
ASSETS			
Current Assets			
Cash & Cash Equivalent Assets	14,906,801	15,256,791	13,770,741
Total Current Assets	14,906,801	15,256,791	13,770,741
TOTAL ASSETS	14,906,801	15,256,791	13,770,741
LIABILITIES			
Current Liabilities			
Trade & Other Payables	909	-	-
Deferred Revenue	54,191	-	-
Total Current Liabilities	55,100	-	-
Non-Current Liabilities			
Deferred Revenue	14,851,701	-	-
Total Non-Current Liabilities	14,851,701	-	-
TOTAL LIABILITIES	14,906,801	-	-
NET ASSETS	-	15,256,791	13,770,741
EQUITY			
Accumulated Surplus	-	15,256,791	13,770,741
TOTAL EQUITY	-	15,256,791	13,770,741

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 39. Initial Application of Australian Accounting Standards

New Accounting Standard

During the current year, the City adopted all of new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

(a) AASB 15: Revenue from Contracts with Customers

On 1 July 2019, the City adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) resulting in changes in accounting policies. In accordance with the transition provisions of AASB 15, the City adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

Comparative information for the prior reporting periods was not restated in accordance with AASB 15 transition requirements. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 2019	Reclassification	AASB 15 carrying amount 01 July 2019
	\$	\$	\$
Contract liabilities - Current			
Unspent Grants & Contributions	-	(152,071)	(152,071)
Contract liabilities - Non Current			
Unspent Grants & Contributions	-	(45,060)	(45,060)
Development Contributions	-	(674,876)	(674,876)
Adjustment to retained surplus from adoption of AASB 15	-	(872,007)	(872,007)

(b) AASB 1058: Income For Not-For-Profit Entities

On 1 July 2019, the City adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) resulting in changes in accounting policies. In accordance with the transition provisions AASB 1058, the City adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for the prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 39. Initial Application of Australian Accounting Standards (continued)

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions.

	AASB 118 and AASB 1004 carrying amount	Reclassification	AASB 1058 carrying amount
Note	30 June 2019		01 July 2019
	\$		\$
Contract liabilities - Current			
Unspent Grants & Contributions	-	(16,975,019)	(16,975,019)
Development Contributions	-		
Town Planning Schemes Deferred Income		(7,432,032)	(7,432,032)
Development Contribution Plan Deferred Income		(448,001)	(448,001)
Contract liabilities - Non Current			
Unspent Grants & Contributions	-	(4,895,195)	(4,895,195)
Development Contributions	-	(1,183,478)	(1,183,478)
Town Planning Schemes Deferred Income		(71,873,031)	(71,873,031)
Development Contribution Plan Deferred Income		(13,322,740)	(13,322,740)
Trade and other payables			
Rates paid in advance	-	(3,521,995)	(3,521,995)
Adjustment to retained surplus from adoption of AASB 1058		(119,651,491)	(119,651,491)

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9 Financial Instruments. On 1 July 2019, the prepaid rates were recognised as a financial liability and no income recognised by the City. When the taxable event occurred, the financial liability was extinguished and the City recognised income for the prepaid rates that have not been refunded.

As per AASB 1058 adoption options, Volunteer Services in relation to Volunteer Fire Services were not recognised in revenue and expenditure as the fair value of the services cannot be reliably estimated.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 39. Initial Application of Australian Accounting Standards (continued)

Comparison of affected financial statement lines between AASB 15 / 1058 and previous revenue standards

The following table shows the amount by which the financial statement line item is affected by the application of AASB 15 and AASB 1058 as compared to the previous revenue standards.

	Notes	As reported Under AASB 15 And AASB 1058	Adjustment due to application of AASB 15 and AASB1058 Dr / (Cr)	Compared to AASB 118 and AASB 1004
		\$	\$	\$
Statement of comprehensive income for the year ended 30 June 2020				
Revenue				
Operating Grants, Subsidies & Contributions	31	13,364,998	720,710	14,085,708
Non-operating Grants, Subsidies & Contributions	31	46,536,875	97,202,939	143,739,814
Rates	27(a)	134,246,073	4,485,465	138,731,538
Net result		194,147,946	102,409,114	296,557,060
Statement of financial position at 30 June 2020				
Contract Assets	9	185,356	(185,356)	-
Trade & Other Payables	12	(31,344,263)	4,485,465	(26,858,798)
Contract Liabilities	10	(98,109,005)	98,109,005	-
Net Assets		(129,267,912)	102,409,114	(26,858,798)
Statement of Changes in Equity				
Net Result		194,147,946	102,409,114	296,557,060
Retained surplus		1,268,608,497	102,409,114	1,371,017,611

Refer to Note 1 for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 39. Initial Application of Australian Accounting Standards (continued)

(c) AASB 16: Leases

The City adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the City has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the City has not restated comparatives for prior reporting periods.

On adoption of AASB 16, the City recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The City applied the relevant Western Australian Treasury Corporation (WATC) incremental borrowing rate to the lease liabilities on 1 July 2019.

	2020 \$
Operating lease commitments at 30 June 2019 applying AASB 117	358,303
Discount applied using incremental borrowing rate	<u>(12,578)</u>
Lease liability recognised as 1 July 2019 discounted using the City's Incremental borrowing rate.	345,725
Lease Liability - Current	114,773
Lease Liability - Non-Current	<u>230,952</u>
Right-of-Use Assets recognised at 1 July 2019	345,725

On adoption of AASB 16, the City recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments. Property Plant and Equipment and lease liabilities increased by \$345,725 on 1 July 2019 resulting in no impact on retained surplus.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the City is not required to make any adjustments on transition for leases for which the underlying asset is of low value. In accordance with Financial Management Regulation 17A(5); a non-financial asset is to be excluded from assets of the City if the fair value of the asset at the date of acquisition is under \$5,000.

The Local Government (Financial Management) Regulations 1996 have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value

In applying AASB 16 for the first time, the City will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

City of Wanneroo

Notes to the Financial Statements
for the year ended 30 June 2020

Note 39. Initial Application of Australian Accounting Standards (continued)

(d) Impact of New Accounting Standards on Retained Surplus

	Notes	\$
Retained surplus - 30 June 2019		1,259,055,931
Adjustment to retained surplus from adoption of AASB 15	39(a)	(872,007)
Adjustment to retained surplus from adoption of AASB 1058	39(b)	(40,346,428)
Adjustment to retained surplus from adoption of AASB 16	39(c)	-
Retained surplus - 1 July 2019		1,217,837,496

(e) Impact of New Accounting Standards on Town Planning Schemes Retained Surplus

	Notes	\$
Town Planning Schemes Retained Surplus - 30 June 2019		79,305,063
Adjustment to Town Planning Schemes from adoption of AASB 15	39(a)	-
Adjustment to Town Planning Schemes from adoption of AASB 1058	39(b)	(79,305,063)
Adjustment to Town Planning Schemes from adoption of AASB 16	39(c)	-
Town Planning Schemes Retained Surplus - 1 July 2019		-

City of Wanneroo

Notes to the Financial Statements

for the year ended 30 June 2020

Note 40. Changes in Accounting Policies

(a) Change in Accounting Policies Due to Regulation Changes

Effective 6 November 2020, Local Government (Financial Management) Regulation 16 was deleted and Local Government (Financial Management) Regulation 17A was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the City was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 1.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Notes	Carrying amount 30 June 2019	Adjustment	Carrying amount 01 July 2019
		\$	\$	\$
Property, plant and equipment	7	341,408,585	(2,835,911)	338,572,674
Revaluation surplus	16	1,064,248,263	(2,835,911)	1,061,412,352

Also, following changes to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and fittings) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of the change.

(b) Changes in Equity Due to Change in Accounting Policies

The impact on the City's opening revaluation surplus resulting from Local Government (Financial Management) Regulation 16 being deleted and the amendments to Local Government (Financial Management) Regulation 17A as at 1 July 2019 was as follows:

	Notes	\$
Revaluation surplus - 30 June 2019	16	1,064,248,263
Adjustment to revaluation surplus from deletion of FM Reg 16	40(a)	(2,835,911)
Adjustment to revaluation surplus from amendment of FM Reg 17A	40(a)	-
Revaluation surplus - 1 July 2019		<u><u>1,061,412,352</u></u>