



# 2020 | 2021

## FINANCIAL STATEMENTS

# City of Wanneroo

## General Purpose Financial Statements for the year ended 30 June 2021

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### Overview

- (i) These Financial Statements are General Purpose Financial Statements and cover consolidated operations of the City of Wanneroo.
- (ii) All figures in these Financial Statements are presented in Australian Dollars.
- (iii) These Financial Statements were adopted by Council on 15/02/2022.  
Council has the power to amend and reissue the Financial Statements.



## City of Wanneroo

### General Purpose Financial Statements for the year ended 30 June 2021

## Understanding The City of Wanneroo's Financial Statements

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### 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 2021.

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" 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).

### 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 the 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 affairs.

### 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 2021

#### Statement by the Chief Executive Officer

The attached Financial Statements of the City of Wanneroo for the financial year ended 30 June 2021 are based on proper accounts and records to present fairly the financial position of the City of Wanneroo as at 30 June 2021 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 17<sup>th</sup> day of December 2021



Daniel Simms

**CHIEF EXECUTIVE OFFICER**



## City of Wanneroo

Statement of Comprehensive Income (by Nature or Type)  
for the year ended 30 June 2021

		2021	2021	2020
	Notes	Actual	Budget	Restated*
		\$	\$	Actual
<b>Revenue</b>				
Rates	27(a)	136,319,039	135,971,516	134,246,073
Operating Grants, Subsidies & Contributions	31(a)	16,987,093	11,426,636	13,364,998
Fees & Charges	30	48,837,902	44,156,022	44,438,084
Interest Earnings	2(a)	3,895,206	4,416,017	9,021,690
Other Revenue		626,614	1,015,816	600,028
		<u>206,665,854</u>	<u>196,986,007</u>	<u>201,670,873</u>
<b>Expenses</b>				
Employee Costs	32	(71,781,346)	(75,073,152)	(73,227,429)
Materials & Contracts		(65,148,221)	(71,049,101)	(68,892,342)
Utilities		(9,253,358)	(9,976,703)	(9,126,985)
Depreciation & Amortisation	2(a)	(43,145,534)	(42,863,029)	(43,195,331)
Interest Expenses (Municipal)	2(a)	(4,128,248)	(4,114,716)	(4,224,513)
Insurance		(605,797)	(1,327,151)	(1,155,817)
		<u>(194,062,504)</u>	<u>(204,403,852)</u>	<u>(199,822,417)</u>
<b>Operating Result</b>		<u>12,603,350</u>	<u>(7,417,845)</u>	<u>1,848,456</u>
Non-Operating Grants, Subsidies & Contributions	31(a)	39,194,030	20,141,674	46,536,875
Town Planning Scheme & Development Contribution Plan Income		4,686,768	10,667,481	11,592,576
Town Planning Scheme & Development Contribution Plan Expenses		(3,974,234)	(6,759,073)	(7,516,566)
Net Share of Interests in Controlled Entities, Associated Entities & Joint Ventures*	20	(583,531)	-	(6,114,801)
Profit on Asset Disposals	24	2,833,436	248,176	1,443,740
Loss on Asset Disposals	24	(98,671,649)	(14,821,299)	(247,007)
		<u>(56,515,180)</u>	<u>9,476,959</u>	<u>45,694,817</u>
<b>Net Result</b>		<u>(43,911,830)</u>	<u>2,059,114</u>	<u>47,543,273</u>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	16	14,629,823	-	(12,097,785)
<b>Total Other Comprehensive Income</b>		<u>14,629,823</u>	<u>-</u>	<u>(12,097,785)</u>
<b>Total Comprehensive Income</b>		<u>(29,282,007)</u>	<u>2,059,114</u>	<u>35,445,488</u>

\*Refer to Note 38 Associate Entity Restatement and Guarantee Payment



## City of Wanneroo

Statement of Comprehensive Income (by Program)  
for the year ended 30 June 2021

	2021	2021	2020
	Actual	Budget	Restated*
Notes			Actual
	\$	\$	\$
<b>Revenue</b>			
Governance	819,533	480,345	366,224
General Purpose Funding	150,020,658	149,424,957	153,326,032
Law, Order & Public Safety	1,204,922	1,621,374	2,049,182
Health	368,935	377,154	396,788
Education & Welfare	272,300	259,950	303,160
Community Amenities	37,742,664	32,377,358	32,505,630
Recreation & Culture	11,347,601	9,328,447	10,399,299
Transport	1,415,859	878,795	953,994
Economic Services	2,963,125	1,942,493	1,754,896
Other Property & Services	5,200,278	10,962,615	11,741,701
	<b>211,355,875</b>	<b>207,653,488</b>	<b>213,796,906</b>
<b>Expenses (excl. Finance Costs)</b>			
Governance	(9,146,328)	(10,823,417)	(10,538,775)
General Purpose Funding	(6,139,086)	(6,037,014)	(10,532,632)
Law, Order & Public Safety	(8,400,875)	(9,691,367)	(8,941,294)
Health	(2,412,907)	(2,754,781)	(2,488,447)
Education & Welfare	(5,573,068)	(6,147,639)	(5,981,933)
Community Amenities	(40,526,891)	(41,547,234)	(42,705,395)
Recreation & Culture	(58,666,195)	(62,818,916)	(61,893,603)
Transport	(52,724,409)	(54,337,371)	(53,131,876)
Economic Services	(4,821,156)	(5,224,877)	(4,698,022)
Other Property & Services	(5,820,843)	(7,334,442)	(8,637,769)
	<b>(194,231,758)</b>	<b>(206,717,058)</b>	<b>(209,549,746)</b>
<b>Finance Costs</b>			
Governance	(7,748)	-	(108,206)
General Purpose Funding	(417,625)	(411,000)	(437,738)
Recreation & Culture	(3,406,618)	(3,405,290)	(3,392,890)
Transport	(158,946)	(154,033)	(154,399)
Other Property & Services	(400,827)	(475,544)	(344,262)
2(a)	<b>(4,391,764)</b>	<b>(4,445,867)</b>	<b>(4,437,495)</b>
	<b>12,732,353</b>	<b>(3,509,437)</b>	<b>(190,335)</b>
<b>Non-Operating Grants, Subsidies, Contributions</b>			
Governance	8,533	-	-
Education & Welfare	31,052	-	255
Community Amenities	1,639,785	1,534,678	157,180
Recreation & Culture	8,773,654	4,121,126	7,327,453
Transport	27,913,856	12,212,122	38,580,380
Other Property & Services	827,150	2,273,748	471,607
31a	<b>39,194,030</b>	<b>20,141,674</b>	<b>46,536,875</b>

## City of Wanneroo

**Statement of Comprehensive Income** (by Program) (continued)  
for the year ended 30 June 2021

		2021	2021	2020
	Notes	Actual	Budget	Restated* Actual
		\$	\$	\$
<b>Profit/(Loss) on Disposal of Assets</b>				
Recreation & Culture		-	-	(153,500)
Transport		(98,638,682)	(13,699,065)	-
Other Property & Services		2,800,469	(874,058)	1,350,233
	24	<u>(95,838,213)</u>	<u>(14,573,123)</u>	<u>1,196,733</u>
<b>Net Result</b>		<u>(43,911,830)</u>	<u>2,059,114</u>	<u>47,543,273</u>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	16	14,629,823	-	(12,097,785)
<b>Total Comprehensive Income</b>		<u>(29,282,007)</u>	<u>2,059,114</u>	<u>35,445,488</u>

\*Refer to Note 38 Associate Entity Restatement and Guarantee Payment



## City of Wanneroo

## Statement of Financial Position

as at 30 June 2021

	Notes	2021 Actual \$	2020 Restated* Actual \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	3	414,613,098	375,027,525
Trade & Other Receivables	5	15,892,600	18,610,440
Inventories	6	304,083	347,448
Contract Assets	9	-	185,356
<b>Total Current Assets</b>		<b>430,809,781</b>	<b>394,170,769</b>
<b>Non-Current Assets</b>			
Investments	4	13,175,888	12,627,574
Trade & Other Receivables	5	4,098,119	3,712,310
Inventories	6	21,764,680	21,866,609
Property, Plant & Equipment	7	377,056,228	348,509,251
Infrastructure Assets	8	1,922,228,393	2,006,674,450
<b>Total Non-Current Assets</b>		<b>2,338,323,308</b>	<b>2,393,390,194</b>
<b>TOTAL ASSETS</b>	22	<b>2,769,133,089</b>	<b>2,787,560,963</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	12	40,041,908	39,065,910
Contract Liabilities	10	28,103,766	10,227,250
Lease Liability	11	76,123	104,797
Provisions	14	21,644,041	18,996,701
<b>Total Current Liabilities</b>		<b>89,865,838</b>	<b>68,394,658</b>
<b>Non-Current Liabilities</b>			
Contract Liabilities	10	73,380,497	87,881,755
Lease Liability	11	56,389	126,156
Borrowings	13	74,334,488	74,334,488
Provisions	14	13,814,604	12,415,363
<b>Total Non-Current Liabilities</b>		<b>161,585,978</b>	<b>174,757,762</b>
<b>TOTAL LIABILITIES</b>		<b>251,451,816</b>	<b>243,152,420</b>
<b>Net Assets</b>		<b>2,517,681,273</b>	<b>2,544,408,543</b>
<b>EQUITY</b>			
Retained Surplus		1,208,806,571	1,261,960,246
Reserves - Cash/Investment Backed	15	244,930,312	233,133,731
Reserves - Asset Revaluation	16	1,063,944,390	1,049,314,567
<b>Total Equity</b>		<b>2,517,681,273</b>	<b>2,544,408,544</b>

\*Refer to Note 38 Associate Entity Restatement and Guarantee Payment

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 2021

	Notes	Retained Surplus	Reserves Cash Backed	Asset Revaluation Reserve	Town Planning Schemes	Total Equity
		\$	\$	\$	\$	\$
<b>Balance as at 1 July 2019</b>		<b>1,217,837,496</b>	<b>229,713,207</b>	<b>1,061,412,352</b>	<b>-</b>	<b>2,508,963,055</b>
Net Result Prior to Restatement		54,191,525	-	-	-	<b>54,191,525</b>
Changes on Revaluation of Non-Current Assets (net)	16	-	-	(12,097,785)	-	<b>(12,097,785)</b>
Reserve Transfers	15	(3,420,524)	3,420,524	-	-	<b>-</b>
Associate Entity Restatement	38(i)	(6,648,251)	-	-	-	<b>(6,648,251)</b>
<b>Balance as at 30 June 2020 (Restated)</b>		<b>1,261,960,246</b>	<b>233,133,731</b>	<b>1,049,314,567</b>	<b>-</b>	<b>2,544,408,544</b>
Net Result		(43,911,830)	-	-	-	<b>(43,911,830)</b>
Section 154 of the Planning and Development Act Amendment		-	2,554,736	-	-	<b>2,554,736</b>
Changes on Revaluation of Non-Current Assets (net)	16	-	-	14,629,823	-	<b>14,629,823</b>
Reserve Transfers	15	(9,241,845)	9,241,845	-	-	<b>-</b>
<b>Balance as at 30 June 2021</b>		<b>1,208,806,571</b>	<b>244,930,312</b>	<b>1,063,944,390</b>	<b>-</b>	<b>2,517,681,273</b>

## City of Wanneroo

Statement of Cash Flows  
for the year ended 30 June 2021

		2021	2021	2020
	Notes	Actual	Budget	Restated* Actual
		\$	\$	\$
<b>Cash Flows from Operating Activities</b>				
<u>Receipts:</u>				
Rates		138,881,059	129,832,322	136,717,836
Operating Grants, Subsidies & Contributions		16,987,093	16,277,691	13,364,998
Fees & Charges		48,199,690	44,156,022	44,366,529
Interest Earnings		4,972,714	4,416,017	11,775,017
Goods & Services Tax		12,379,629	10,263,692	14,273,795
Other Revenue		888,759	1,015,816	549,977
		<u>222,308,944</u>	<u>205,961,560</u>	<u>221,048,152</u>
<u>Payments:</u>				
Employee Costs		(71,171,900)	(70,073,152)	(72,171,406)
Materials & Contracts		(60,182,925)	(73,567,324)	(68,974,054)
Utilities		(9,253,358)	(9,976,703)	(9,126,985)
Insurance		(605,797)	(1,327,151)	(1,155,817)
Interest		(4,338,182)	(4,114,716)	(4,024,963)
Goods & Services Tax		(12,253,823)	(10,557,388)	(14,140,603)
		<u>(157,805,985)</u>	<u>(169,616,434)</u>	<u>(169,593,828)</u>
<b>Net Cash Inflow from Operating Activities</b>	17(b)	<u>64,502,959</u>	<u>36,345,126</u>	<u>51,454,324</u>
<b>Cash Flows from Investing Activities</b>				
<u>Receipts:</u>				
Non-Operating Grants, Subsidies & Contributions		18,582,237	11,049,674	19,111,072
Proceeds from Land held for Sale	24	5,046,583	-	2,639,333
Proceeds from Sale of Assets	24	1,141,656	1,076,850	641,683
Proceeds from Distributions from Joint Ventures		1,500,000	-	500,000
Town Planning Scheme & Development Contribution Plan Income		8,260,620	10,667,481	6,946,120
Cash Paid in Lieu of Public Open Space		2,554,736	-	-
<u>Payments:</u>				
Payments for Development of Land Held for Sale		(2,111,218)	-	(945,050)
Payments for Purchase of Property, Plant & Equipment		(26,137,824)	(38,127,434)	(24,377,461)
Payments for Construction of Infrastructure		(24,859,781)	(29,845,179)	(55,169,645)
Town Planning Scheme & Development Contribution Plan Expenses		(4,007,487)	(6,759,073)	(4,780,110)
Headworks Levy Refund		(1,861,894)	-	(5,124,906)
<u>Movement in Equity Investments</u>				
Equity Contributions - Tamala Park Regional Council		(2,940,328)	-	(724,701)
<b>Net Cash (Outflow) from Investing Activities</b>		<u>(24,832,700)</u>	<u>(51,937,681)</u>	<u>(61,283,665)</u>



## City of Wanneroo

Statement of Cash Flows (continued)  
for the year ended 30 June 2021

		2021	2021	2020
	Notes	Actual	Budget	Restated* Actual
		\$	\$	\$
<b>Cash Flows from Financing Activities</b>				
<u>Receipts:</u>				
Proceeds from New Loans	26(a)	-	2,000,000	5,256,300
<u>Payments:</u>				
Repayment of Leases		(84,686)	(73,393)	(114,772)
<b>Net Cash (Outflow)/Inflow from Financing Activities</b>		<u>(84,686)</u>	<u>1,926,607</u>	<u>5,141,528</u>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<u>39,585,573</u>	<u>(13,665,948)</u>	<u>(4,687,813)</u>
Cash at the beginning of the year	3	375,027,525	381,195,925	379,715,338
<b>Cash &amp; Cash Equivalents - End of the Year</b>	17(a)	<u><u>414,613,098</u></u>	<u><u>367,529,977</u></u>	<u><u>375,027,525</u></u>

\*Refer to Note 38 Associate Entity Restatement and Guarantee Payment

## City of Wanneroo

# Rate Setting Statement (by Program)

for the year ended 30 June 2021

		2021	2021	2020
	Notes	Actual	Budget	Restated* Actual
		\$	\$	\$
<b>Revenue</b>				
Governance		828,066	480,345	366,224
General Purpose Funding (Excl Rates)		13,701,619	13,453,441	19,079,959
Law, Order & Public Safety		1,204,922	1,621,374	2,049,182
Health		368,935	377,154	396,788
Education & Welfare		303,352	259,950	303,415
Community Amenities		39,382,449	33,912,036	32,662,810
Recreation & Culture		20,121,255	13,449,573	17,573,252
Transport		(69,308,967)	(608,148)	39,534,374
Economic Services		2,963,125	1,942,493	1,754,896
Other Property & Services		8,827,897	12,362,305	13,563,541
		<b>18,392,653</b>	<b>77,250,523</b>	<b>127,284,441</b>
<b>Expenses</b>				
Governance		(9,154,076)	(10,823,417)	(10,646,981)
General Purpose Funding		(6,556,711)	(6,448,014)	(10,970,370)
Law, Order & Public Safety		(8,400,875)	(9,691,367)	(8,941,294)
Health		(2,412,907)	(2,754,781)	(2,488,447)
Education & Welfare		(5,573,068)	(6,147,639)	(5,981,933)
Community Amenities		(40,526,891)	(41,547,234)	(42,705,395)
Recreation & Culture		(62,072,813)	(66,224,206)	(65,286,493)
Transport		(52,883,355)	(54,491,404)	(53,286,275)
Economic Services		(4,821,156)	(5,224,877)	(4,698,022)
Other Property & Services		(6,221,670)	(7,809,986)	(8,982,031)
		<b>(198,623,522)</b>	<b>(211,162,925)</b>	<b>(213,987,241)</b>
<b>Net Result Excluding Rates</b>				
		<b>(180,230,869)</b>	<b>(133,912,402)</b>	<b>(86,702,800)</b>
<b>Adjustment to Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure &amp; Revenue</b>				
Loss/(Profit) on Asset Disposal	24	95,838,213	14,573,123	(1,196,733)
Movement in Non-Current Deferred Pensioner Rates		(385,809)	-	(304,440)
Movement in Non-Current Employee Benefit Provisions		(17,151)	-	15,600
Movement in Non-Current Lease Liability		(69,767)	-	126,156
Movement in Non-Current Contract Liabilities		103,241	-	2,068,195
Movement in Current Contract Assets & Liabilities		1,418,036	-	(15,859,123)
Depreciation & Amortisation on Assets	2(a)	43,145,534	42,863,029	43,195,331
Movement in Equity Accounted Investments		(856,797)	-	5,890,101
<b>Net Non-Cash Expenditure &amp; Revenue</b>		<b>139,175,500</b>	<b>57,436,152</b>	<b>33,935,087</b>

## City of Wanneroo

Rate Setting Statement (by Program) (continued)  
for the year ended 30 June 2021

		2021	2021	2020
	Notes	Actual	Budget	Restated* Actual
		\$	\$	\$
<b>Capital Expenditure</b>				
Purchase and Development of Land Held for Sale		(2,111,218)	-	(945,051)
Purchase Land & Buildings		(5,218,728)	(19,736,987)	(16,955,439)
Purchase Plant & Equipment		(8,208,666)	(14,460,954)	(3,343,356)
Purchase Furniture & Fittings		(3,047,688)	(7,995,851)	(2,027,477)
Purchase of Other Property Plant & Equipment		13,755	-	(345,725)
Construction of Infrastructure Assets		(43,503,836)	(24,819,537)	(30,712,773)
Physical Assets Received from Developers		(21,137,602)	(9,092,000)	(12,455,361)
Assets Under \$5,000 Expensed		-	-	-
Movement in Works in Progress		8,981,313	-	(26,508,063)
<b>Net Capital Expenditure</b>		<b>(74,232,670)</b>	<b>(76,105,329)</b>	<b>(93,293,245)</b>
<b>Capital Revenue</b>				
Proceeds from Disposal of Assets	24	6,188,239	1,076,850	3,281,016
<b>Net Capital Revenue</b>		<b>6,188,239</b>	<b>1,076,850</b>	<b>3,281,016</b>
<b>Financing Activities</b>				
Transfers to Reserves (Restricted Assets)	15	(80,506,655)	(24,953,148)	(71,922,616)
Transfers from Reserves (Restricted Assets)	15	71,264,810	36,685,179	61,432,600
Cash Backed Employee Provisions Transfers		256,129	-	13,024,363
Proceeds from New Loans		-	2,000,000	5,256,300
Movement in Restricted Grants, Contributions & Unspent Loans		(213,521)	681,000	15,722,013
Transfers to Town Planning Schemes (excluding DCPs)		4,030,852	(8,483,333)	11,260,005
Transfers from Town Planning Schemes (excluding DCPs)		(4,030,852)	6,764,815	(11,260,005)
<b>Net Transfers</b>		<b>(9,199,237)</b>	<b>12,694,513</b>	<b>23,512,660</b>
Add: Surplus at 1 July Brought Forward	27(b)	14,978,791	-	-
Less: Surplus/(Deficit) at 30 June Carried Forward	27(b)	32,998,793	(2,838,700)	14,978,791
<b>Amount Raised from Rates</b>	27(a)	<b>(136,319,039)</b>	<b>(135,971,516)</b>	<b>(134,246,073)</b>

\*Refer to Note 38 Associate Entity Restatement and Guarantee Payment



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

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## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### 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 comprise 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.

The Act and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* 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 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.

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 affect 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 the 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 Trust Funds 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) 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 2021

#### 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 realised 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 FVTPL.



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

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 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

#### (e) 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.

#### (f) 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.

#### (g) 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. Effective from 1 July 2021, the maximum co-contribution percentage is 5%. All contributions are recognised as an expense as they become payable.

#### (h) 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

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

exists for land held for resale, where it is held as non-current based on the City's intentions to release for sale.

##### (i) Rounding Off Figures

All figures shown in these Financial Statements, other than a rate in the dollar, are rounded to the nearest dollar.

##### (j) 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.

##### (k) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in these Financial Statements relate to the Original Budget for the relevant item of disclosure.

##### (l) 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.

##### (m) Intangible Assets

The City has not classified any assets as Intangible.

##### (n) Service Concession Arrangements: Grantors

The City has adopted recent changes in the Australian Accounting Standards AASB 1059 effective from 1 July 2020. AASB 1059 applies to arrangements that involve a third-party operator providing public services related to a service concession asset on behalf of a public sector grantor (in this case, local government) for a specified period of time and managing those services. The City has assessed the impact of AASB 1059, and concluded that there was no impact.

##### (o) AASB 2018-7 Definition of Materiality

The City has adopted the amendment to AASB 2018-7. The change includes additional explanation to expand the definition of what information may be considered material in nature and how presentation may also be an influence. Information is material if omitting, misstating or "obscuring" it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

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

The following new accounting standards will have application to the City in future years:

- AASB 2020-1 Amendment to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies or Definition of Accounting Estimates.

It is not expected that these standards will have an impact on the Financial Statements.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 1. Summary of Significant Accounting Policies (continued)

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Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory, will not be early adopted by the City. The City will adopt new Accounting Standards and Interpretations for the accounting periods on or after the effective date of the respective standard.

##### **Standards not applicable to the City**

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.

##### **(q) 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 2021

### Note 2. Operating Revenues and Expenses

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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 considered where AASB 15 does not apply to a transaction. The timing of income recognition depends 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.

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 City'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:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns /Refunds /Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When 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 City	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

# City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 2. Operating Revenues and Expenses (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
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
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
Reim-bursements	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 2021

## Note 2. Operating Revenues and Expenses (continued)

	Notes	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>(a) Net Result</b>				
The Result includes:				
<b>(i) Charging as an Expense:</b>				
<b>Auditors Remuneration</b>				
- Audit		<b>80,055</b>	<b>85,000</b>	<b>82,653</b>
<b>Movement in Expected Credit Loss</b>				
Sundry Debtors		<b>(178,262)</b>	<b>-</b>	<b>(95,275)</b>
<b>Depreciation &amp; Amortisation</b>				
<i>Property, Plant &amp; Equipment</i>	7(b)			
- Buildings		6,238,986	5,780,149	5,723,167
- Furniture & Fittings		2,192,917	1,419,129	1,681,478
- Plant & Equipment		2,833,616	2,698,489	3,429,931
- Leasehold Assets		75,257	73,674	113,223
<i>Infrastructure</i>	8(b)			
- Roads		15,848,345	15,451,686	15,213,803
- Drainage		3,467,917	3,598,487	3,478,374
- Other Infrastructure		2,473,019	3,753,982	3,665,389
- Pathways		3,064,681	2,668,484	2,585,251
- Car Parks		774,985	410,126	400,036
- Reserves		6,175,811	7,008,823	6,904,679
		<b>43,145,534</b>	<b>42,863,029</b>	<b>43,195,331</b>
<b>Interest Expenses (Finance Costs)</b>				
Loan Interest	26(a)	4,381,114	4,442,337	4,328,831
Leases Interest		10,650	3,530	108,664
		<b>4,391,764</b>	<b>4,445,867</b>	<b>4,437,495</b>
<b>Interest Expenses (Finance Costs) - by Fund</b>				
Municipal Fund		4,128,248	4,114,716	4,224,513
Developer Contribution Schemes		263,516	331,151	212,982
		<b>4,391,764</b>	<b>4,445,867</b>	<b>4,437,495</b>
<b>(ii) Crediting as Revenue:</b>				
<b>Interest Earnings</b>				
Investments - Reserve Funds		2,156,947	1,642,179	4,290,074
Investments - Municipal Funds		687,253	908,440	2,591,723
Other Interest Income	29	1,051,006	1,865,398	2,139,893
		<b>3,895,206</b>	<b>4,416,017</b>	<b>9,021,690</b>



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 2. Operating Revenues and Expenses (continued)

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##### (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 2021-31:

##### **Vision**

A welcoming community, connected through local opportunities.

##### **Purpose**

To create a strong community with local opportunities to participate, be active, feel secure, contribute and belong.

##### **Strategic Goals**

Goal 1 - An inclusive and accessible City with places and spaces that embrace all.

Goal 2 - A City that celebrates rich cultural histories, where people can visit and enjoy unique experiences.

Goal 3 - A vibrant, innovative City with exciting local opportunities for work, business and investment.

Goal 4 - A sustainable City that balances the relationship between urban growth and the environment.

Goal 5 - A well planned, safe and resilient City that is easy to travel around and provides a connection between people and places.

Goal 6 - A future focused City that advocates, engages and partners to progress the priorities of the community.

Goal 7 - A well governed and managed City that makes informed decisions, provides strong community leadership and valued customer focused services.

#### **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 2021

#### 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 2021

#### 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 2020 and 30 June 2021.

###### 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 2021

#### Note 2. Operating Revenues and Expenses (continued)

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##### (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.

##### 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 2021

#### Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-19	Received <sup>2</sup> 2020	Expended <sup>3</sup> 2020	Refunded <sup>4</sup> 2020	Closing Balance <sup>1</sup> 30-Jun-20	Received <sup>2</sup> 2021	Expended <sup>3</sup> 2021	Refunded <sup>4</sup> 2021	Closing Balance 30-Jun-21
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>(d). Grants, Subsidies &amp; Contributions</b>									
<b>Grant/Subsidy/Contribution</b>									
<b>Economic Development</b>									
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
<b>Emergency Services &amp; Environmental Protection</b>									
Emergency Services Levy Grant	92,786	383,278	(476,064)	-	-	-	-	-	-
State Emergency Service	-	32,805	(32,805)	-	-	26,572	(22,352)	-	4,220
Mitigation Activity Fund 2019/2020	-	205,501	(205,501)	-	-	-	-	-	-
Mitigation Activity Fund 2020/2021	-	-	-	-	-	302,425	(176,122)	-	126,303
Smart Grant	-	-	-	-	-	80,000	-	-	80,000
Better Bins Kerbside Collection Program	-	1,230,728	(313,795)	-	916,933	800,000	(1,677,484)	-	39,449
Verge Tree Installation at Cavolfiore Grove	-	6,232	(6,232)	-	-	-	-	-	-
Vermont Gardens Street Trees Contribution	-	-	-	-	-	21,828	-	-	21,828
New Tree Planting various location	-	-	-	-	-	139,793	(138,767)	-	1,026
Waste Sorted Talking My Language	-	-	-	-	-	41,547	(41,201)	-	346
Girrawheen Greening Project	1,000	-	(1,000)	-	-	-	-	-	-
Communities Environment Program	-	18,026	-	-	18,026	-	(18,026)	-	-
<b>Health &amp; Fitness</b>									
Belhaven Sports Amenities Building	466,458	-	(466,458)	-	-	-	-	-	-
Every Club Year 2 Payment	-	5,000	-	-	5,000	-	(5,000)	-	-
Be Connected over 50s	-	-	-	-	-	10,000	(7,500)	-	2,500
Eco Floodlighting John Moloney Park	3,804	-	-	-	3,804	-	(3,804)	-	-
Paloma Park South Sports Oval floodlighting	-	-	-	-	-	123,620	(110,366)	-	13,254
John Moloney Park New Fitness Equipment	-	-	-	-	-	36,137	(9,334)	-	26,803
Belhaven Park Upgrade Sport Floodlighting	-	-	-	-	-	131,191	(31,211)	-	99,980
Ridgewood Park Floodlighting	-	190,000	-	-	190,000	-	(190,000)	-	-

(continued on next page)

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

### Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-19	Received <sup>2</sup> 2020	Expended <sup>3</sup> 2020	Refunded <sup>4</sup> 2020	Closing Balance <sup>1</sup> 30-Jun-20	Received <sup>2</sup> 2021	Expended <sup>3</sup> 2021	Refunded <sup>4</sup> 2021	Closing Balance <sup>1</sup> 30-Jun-21
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>(d). Grants, Subsidies &amp; Contributions (continued)</b>									
<b>Grant/Subsidy/Contribution (continued)</b>									
<b>Buildings</b>									
New Carpark at Edgar Griffiths Park	-	-	-	-	-	208,967	(205,834)	-	3,133
Install New Public Toilets at Splendid Park Netball Courts	-	-	-	-	-	201,126	(56,261)	-	144,865
Warradale Park Sports Amenities Building Upgrade	-	-	-	-	-	550,000	(9,125)	-	540,875
WA Recovery Plan Kingsway Regional Sporting Complex	-	-	-	-	-	150,000	(2,470)	-	147,530
New Accessible Pool Pod at Wanneroo Aquamotion	-	-	-	-	-	108,778	(108,444)	-	334
Southern Suburbs Library Landsdale New NBN Services	-	-	-	-	-	19,540	-	-	19,540
WA Recovery Plan-Youth Innovation Hub in Landsdale	-	-	-	-	-	250,000	(66,703)	-	183,297
New Public Carpark Civic Centre Wanneroo	-	-	-	-	-	89,080	(8,533)	-	80,547
Wanneroo Library Upgrade Adult changing facility	-	-	-	-	-	113,160	(35,593)	-	77,567
Phil Renkin Community Centre Upgrade Ventilation System	-	-	-	-	-	110,000	(7,639)	-	102,361
Quinns Mindarie Community Centre Upgrade Access	-	-	-	-	-	48,850	(1,859)	-	46,991
Kingsway Olympic Soccer Club external building refurbishment	-	-	-	-	-	215,093	(94,129)	-	120,964
Alkimos Aquatic Centre WA Recovery Plan	-	-	-	-	-	500,000	(548)	-	499,452
Addison Park Clubrooms Upgrade Ventilation	-	-	-	-	-	19,770	(710)	-	19,060
John Moloney Park Clubrooms Upgrade Ventilation	-	-	-	-	-	13,678	-	-	13,678
Anthony Waring Park Clubrooms Upgrade Ventilation	-	-	-	-	-	27,356	-	-	27,356
Kingsway Indoor Stadium Upgrade Changerooms & Toilets	-	-	-	-	-	121,608	-	-	121,608
Margaret Cockman Pavilion Upgrade Flooring	-	-	-	-	-	39,080	-	-	39,080
Wanneroo Aquamotion Family change area upgrade	-	-	-	-	-	449,305	(60,462)	-	388,843
Upgrade Hydropool Changerooms Wanneroo Aquamotion	-	-	-	-	-	39,080	-	-	39,080
New Carpark at Hinckley Park	-	-	-	-	-	150,000	(135,082)	-	14,918
Shelvock Park carpark extension	-	-	-	-	-	75,344	(12,712)	-	62,632
Girrawheen Seniors Community Hall	2,375	-	(255)	(2,120)	-	-	-	-	-

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## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

### Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-19	Received <sup>2</sup> 2020	Expended <sup>3</sup> 2020	Refunded <sup>4</sup> 2020	Closing Balance <sup>1</sup> 30-Jun-20	Received <sup>2</sup> 2021	Expended <sup>3</sup> 2021	Refunded <sup>4</sup> 2021	Closing Balance <sup>1</sup> 30-Jun-21
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>(d). Grants, Subsidies &amp; Contributions (continued)</b>									
<b>Grant/Subsidy/Contribution (continued)</b>									
<b>Recreation &amp; Culture</b>									
Community Garden Roseworth	50,000	-	(17,359)	-	32,641	-	(32,641)	-	-
Musica Viva Outer Metro Arts	-	-	-	-	-	49,314	(12,514)	-	36,800
Age-Friendly Communities Social Connectivity Grant	-	-	-	-	-	14,450	(5,775)	-	8,675
Girrawheen Multicultural Community Office & Senior Hall	39,345	-	(26,926)	-	12,419	-	(12,419)	-	-
Clarkson Memory Café & Clarkson Library Virtual Reality	-	10,600	-	-	10,600	-	(8,996)	-	1,604
Lotterywest Global Beats & Eats	-	20,000	(4,095)	-	15,905	-	-	(15,905)	-
Splendid Skate Park Construction	-	450,000	(378,649)	-	71,351	212,225	(283,576)	-	-
Edgar Griffiths Dog Park	190,713	-	(190,713)	-	-	-	-	-	-
Every Club Grant Scheme	-	-	-	-	-	7,875	-	-	7,875
Shorehaven Waterfront Park Play Equipment Contribution	-	17,818	-	-	17,818	-	(17,818)	-	-
Get Online (Good Things Foundation)	-	1,500	(1,284)	-	216	-	(216)	-	-
Health My Way (Digital Health)	-	5,000	-	-	5,000	-	(3,000)	-	2,000
Be Connected Next Stage	15,000	-	(15,000)	-	-	-	-	-	-
Abbeville Park Upgrade	87,183	-	(2,419)	-	84,764	15,792	(100,556)	-	-
Houghton Park BMX Track	-	-	-	-	-	100,000	(58,928)	-	41,072
Jindinga Park New Play Area	-	-	-	-	-	84,252	(21,840)	-	62,412
Studmaster Park Footbridge & Tower	-	-	-	-	-	198,445	(4,700)	-	193,745
Halesworth Park Butler North District Open Space Master Plan	1,229,076	-	(232,988)	-	996,088	-	(996,088)	-	-
Donnelly Park Upgrade playground & access	-	-	-	-	-	78,160	-	-	78,160
Chesterfield Park Upgrade playground & lighting	-	-	-	-	-	60,400	-	-	60,400
Wonambi Park Construction	-	-	-	-	-	106,838	(14,248)	-	92,590
Bellport Park new play are installation	-	-	-	-	-	111,206	(9,553)	-	101,653
Quinn's Mindarie Community Centre New Play area installation	-	-	-	-	-	48,850	(8,700)	-	40,150
Breakwater Park construction & play equipment	-	-	-	-	-	93,792	(15,359)	-	78,433
Dalvik Park Upgrade Senior Recreation space	-	-	-	-	-	36,264	(2,922)	-	33,342
My Life My Words Project	5,209	-	(5,209)	-	-	-	-	-	-

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## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-19	Received <sup>2</sup> 2020	Expended <sup>3</sup> 2020	Refunded <sup>4</sup> 2020	Closing Balance <sup>1</sup> 30-Jun-20	Received <sup>2</sup> 2021	Expended <sup>3</sup> 2021	Refunded <sup>4</sup> 2021	Closing Balance 30-Jun-21
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>(d). Grants, Subsidies &amp; Contributions (continued)</b>									
<b>Grant/Subsidy/Contribution (continued)</b>									
<b>Roads</b>									
Prindiville Road Intersection Upgrade Contribution	83,845	-	-	-	83,845	-	(79,862)	-	3,983
Prindiville Road Intersection Upgrade Contribution	64,927	-	-	-	64,927	-	(64,927)	-	-
Prindiville Road Intersection Upgrade Contribution	57,555	-	-	-	57,555	-	(57,555)	-	-
Prindiville Road Intersection Upgrade Contribution	160,229	-	-	-	160,229	-	(160,229)	-	-
Lot 75 Cooper Street Madeley	10,000	-	-	-	10,000	-	-	-	10,000
Lancaster Industrial Park	76,747	-	-	-	76,747	-	-	-	76,747
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	431,026	-	-	-	431,026	-	(431,026)	-	-
Geary Ray - Drainage Upgrade- High Road	11,135	-	-	-	11,135	-	-	-	11,135
Roundabout - Driver Road & Waterford Parade Stage 7 Ashdale Gardens	18,000	-	-	-	18,000	-	-	-	18,000
Construction of Roundabout Intersection of Librizzi Parade & Basico Avenue (Olive Ridge Stage 1 & 2)	20,265	-	-	-	20,265	-	-	-	20,265
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	785,494	-	-	-	785,494	-	-	-	785,494

(continued on next page)

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-19	Received <sup>2</sup> 2020	Expended <sup>3</sup> 2020	Refunded <sup>4</sup> 2020	Closing Balance <sup>1</sup> 30-Jun-20	Received <sup>2</sup> 2021	Expended <sup>3</sup> 2021	Refunded <sup>4</sup> 2021	Closing Balance 30-Jun-21
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>(d). Grants, Subsidies &amp; Contributions (continued)</b>									
<b>Grant/Subsidy/Contribution (continued)</b>									
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	14,652,905	-	(14,652,905)	-	-	-	-	-	-
Blackmore Avenue Traffic Calming	27,248	80,000	(107,248)	-	-	-	-	-	-
Wanneroo Road/Prindville Drive Intersection	31,427	-	-	-	31,427	-	(31,427)	-	-
Install Skid resistant treatment Gnangara Road & Alexander Drive	12,599	48,000	(25,099)	(11,900)	23,600	-	-	(23,600)	-
Signalised intersection Banksia Grove (Ghost Gum & Joondalup Drive)	35,817	-	(35,817)	-	-	-	-	-	-
Dual Carriageway Blackberry Drive to Joondalup Drive	669,020	1,453,333	(2,122,353)	-	-	-	-	-	-
Connolly Drive to Benenden Avenue Road Improvement	603,475	1,233,066	(1,836,541)	-	-	-	-	-	-
Civic Drive access to Wanneroo Shopping Centre	-	-	-	-	-	62,126	(16,108)	-	46,018
Project Management cost for New Pathways various locations	-	-	-	-	-	384,397	(78,169)	-	306,228
Gumblossom Park Quinns Rocks Pathway	-	-	-	-	-	78,160	(9,621)	-	68,539

(continued on next page)

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

### Note 2. Operating Revenues and Expenses (continued)

	Opening Balance <sup>1</sup> 1-Jul-19	Received <sup>2</sup> 2020	Expended <sup>3</sup> 2020	Refunded <sup>4</sup> 2020	Closing Balance <sup>1</sup> 30-Jun-20	Received <sup>2</sup> 2021	Expended <sup>3</sup> 2021	Refunded <sup>4</sup> 2021	Closing Balance <sup>1</sup> 30-Jun-21
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>(d). Grants, Subsidies &amp; Contributions (continued)</b>									
<b>Grant/Subsidy/Contribution (continued)</b>									
Stockland WA - East Landsdale	85,101	-	-	-	85,101	-	-	-	85,101
Main Roads Western Australia - Agreement Ocean Reef Road	-	60,190	-	-	60,190	-	(60,190)	-	-
Church Street New Pathways	-	8,000	(7,754)	(246)	-	-	-	-	-
Belvedere Hills Stage 5 Hocking	-	8,838	-	-	8,838	-	(8,838)	-	-
Bus Shelters at various locations	-	-	-	-	-	73,850	(397)	-	73,453
Lot 33 Lancaster Road Wangara	-	32,035	(16,490)	-	15,545	-	(15,545)	-	-
Design traffic signal mast arms at Ocean Reef Road	-	64,000	(55,835)	-	8,165	-	-	(8,165)	-
Garden Park Drive Wanneroo Roads to Recovery	-	122,500	(121,457)	-	1,043	40,000	(41,043)	-	-
Bennett Road Quinns Roads to Recovery	-	2,500	-	-	2,500	-	(2,500)	-	-
Hartman Drive, Hepburn Ave to Gnangara Road	-	2,400,000	(1,450,000)	-	950,000	600,000	(1,550,000)	-	-
Lot 69 Kingsway Road future works	-	17,469	-	-	17,469	-	-	-	17,469
<b>Safer WA</b>									
CCTV Upgrade various locations	-	-	-	-	-	241,089	(42,732)	-	198,357
<b>Total Unspent Grants, Subsidies &amp; Contributions</b>	<b>23,856,710</b>	<b>8,106,419</b>	<b>(22,808,251)</b>	<b>(14,266)</b>	<b>9,140,612</b>	<b>7,910,413</b>	<b>(7,522,289)</b>	<b>(47,670)</b>	<b>9,481,066</b>

#### 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 2021

## Note 3. Cash and Cash Equivalents

	Notes	2021 Actual \$	2020 Actual \$
<b>Unrestricted</b>			
Cash - Municipal		66,242,688	37,307,928
Cash on Hand		12,976	12,976
		<u>66,255,664</u>	<u>37,320,904</u>
<b>Restricted</b>			
Reserves - Cash Backed		226,011,711	218,226,930
Reserves - Development Contribution Plans		18,918,601	14,906,801
Town Planning Schemes		87,273,063	88,632,352
Unspent Grants		9,481,066	9,140,612
Unspent Loans		6,672,993	6,799,926
		<u>348,357,434</u>	<u>337,706,621</u>
<b>Total Cash and Cash Equivalents</b>	17(a)	<u>414,613,098</u>	<u>375,027,525</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Asset Renewal Reserve	15(b)	34,938,862	10,390,035
Asset Replacement Reserve	15(c)	28,968,342	6,792,888
Carried Forward Capital Projects Reserve	15(d)	3,728,681	3,953,277
Cash Paid in Lieu of Public Open Space Prior to 10 April 2006 Reserve	15(e)	2,554,736	-
Coastal Infrastructure Management Reserve	15(f)	15,872,524	15,960,896
Domestic Refuse Reserve	15(g)	13,156,108	10,115,190
Golf Course Reserve	15(h)	1,311,425	948,084
Strategic Land Reserve	15(i)	6,029,093	4,493,301
Leave Liability Reserve	15(j)	15,006,085	14,767,108
Loan Repayment Reserve	15(k)	56,450,457	54,411,047
Neerabup Development Reserve	15(l)	4,387,201	4,711,173
Plant Replacement Reserve	15(m)	16,802,775	15,178,128
Regional Open Space Reserve	15(n)	18,415,711	14,252,148
Section 152 Reserve	15(o)	740,388	779,660
Strategic Projects/Initiatives Reserve	15(p)	167,516	54,067,731
TPS 20 - District Distributor Road	15(q)	7,364,620	7,292,332
Yanchep Bus Reserve	15(r)	117,187	113,932
<b>Total Reserves - Cash Backed</b>		<u>226,011,711</u>	<u>218,226,930</u>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 3. Cash and Cash Equivalents (continued)

	Notes	2021 Actual \$	2020 Actual \$
Alkimos/Eglinton Coastal Corridor Community Facilities Reserve	15(a)	17,399,405	14,906,801
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	15(s)	1,519,196	-
<b>Total Development Contribution Plans</b>		<b>18,918,601</b>	<b>14,906,801</b>
Berkley Road Local Structure Plan	37(b)	3,102,688	3,076,723
East Wanneroo Cell 1		5,062,794	6,563,316
East Wanneroo Cell 2		9,623,039	8,646,590
East Wanneroo Cell 3		766,328	796,760
East Wanneroo Cell 4		11,891,165	12,090,599
East Wanneroo Cell 5		4,900,920	6,066,897
East Wanneroo Cell 6		24,046,864	23,856,818
East Wanneroo Cell 7		2,879,724	2,505,819
East Wanneroo Cell 8		5,004,207	5,481,155
East Wanneroo Cell 9		19,466,587	18,803,507
Town Planning Scheme No 5 - Landsdale	37(a)	528,747	744,168
<b>Total Town Planning Schemes</b>		<b>87,273,063</b>	<b>88,632,352</b>
Unspent Grants and Contributions	2(d)	9,481,066	9,140,612
Unspent Loans	26(b)	6,672,993	6,799,926
<b>Total Unspent Grants and Loans</b>		<b>16,154,059</b>	<b>15,940,538</b>
<b>Total Restricted Cash</b>		<b>348,357,434</b>	<b>337,706,621</b>

#### SIGNIFICANT ACCOUNTING POLICY

##### 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.



## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 4. Investments

		2021	2020	2020
	Notes	Actual	Restated Actual	Actual
		\$	\$	\$
<b>Non-Current</b>				
<b>Equity Accounted Investments</b>				
Tamala Park Regional Council	20(i)	9,161,550	7,816,650	7,816,650
Mindarie Regional Council	20(ii)	3,922,080	4,721,898	11,370,150
Local Government House Trust	20(iii)	92,258	89,026	89,026
<b>Total Non-Current Investments</b>		<b>13,175,888</b>	<b>12,627,574</b>	<b>19,275,826</b>

#### SIGNIFICANT ACCOUNTING POLICY

##### 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.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 5. Trade and Other Receivables

	2021 Actual	2020 Actual
	\$	\$
<b>Current</b>		
Rates Outstanding (inclusive of Waste and Swimming Pool Inspection Fees)	9,500,496	11,946,576
Sundry Debtors	1,526,899	1,158,942
Accrued Income	1,703,696	2,962,900
Goods & Services Tax Receivable	1,547,479	1,673,284
Prepayments	2,078,698	1,511,668
Less: Expected Credit Loss	(464,668)	(642,930)
<b>Total Current Trade &amp; Other Receivables</b>	<b>15,892,600</b>	<b>18,610,440</b>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	4,098,119	3,712,310
<b>Total Non-Current Trade &amp; Other Receivables</b>	<b>4,098,119</b>	<b>3,712,310</b>

#### SIGNIFICANT ACCOUNTING POLICY

##### 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.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 6. Inventories

	2021 Actual	2020 Actual
	\$	\$
<b>Current</b>		
Consumables & Materials	304,083	347,448
<b>Total Current Inventories</b>	<b>304,083</b>	<b>347,448</b>

#### SIGNIFICANT ACCOUNTING POLICIES

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

Raw materials and stores, work in progress and finished goods are stated at the lower of cost 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.

##### (ii) Land Held for Sale/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.

##### (iii) Library books

All library books are expensed at the point of acquisition either through purchase or inheritance.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 6. Inventories

	2021 Actual	2020 Actual
	\$	\$
<b>Non-Current</b>		
Land Held for Sale- Development Costs	21,764,680	21,866,609
<b>Total Non-Current Inventories</b>	<b>21,764,680</b>	<b>21,866,609</b>

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.

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 7a. Property, Plant and Equipment

	Note	2021 Actual \$	2020 Actual \$
Land - Fair Value		121,763,000	130,767,422
Land - Cost (Additions after Valuation)		-	3,468,762
		121,763,000	134,236,184
Buildings - Fair Value		206,236,901	171,147,700
Buildings - Cost (Additions after Valuation)		-	19,900,265
Buildings - Less Accumulated Depreciation		-	(11,202,297)
		206,236,901	179,845,668
Furniture & Fittings - Opening Net Book Value		8,034,696	6,622,097
Furniture & Fittings - Cost (Additions - Current Year)		3,047,688	4,651,146
Furniture & Fittings - Less Accumulated Depreciation (Current Year)		(2,192,917)	(3,238,547)
		8,889,467	8,034,696
Plant & Equipment - Opening Net Book Value (Less Disposals - Current Year)		16,146,241	17,407,439
Plant & Equipment - Cost (Additions - Current Year)		8,208,666	3,343,356
Plant & Equipment - Less Accumulated Depreciation (Current Year)		(2,833,616)	(3,429,931)
		21,521,291	17,320,864
Leasehold Assets - Opening Net Book Value (Less Adjustments - Current Year)*		218,747	345,725
Leasehold Assets - Less Accumulated Depreciation (Current Year)		(75,257)	(113,223)
		143,490	232,502
Works in Progress - Cost		18,502,079	8,839,337
		18,502,079	8,839,337
<b>Total Property, Plant &amp; Equipment</b>	7(b)	<b>377,056,228</b>	<b>348,509,251</b>

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 measured under the cost model.

\*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 2021

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

## Movements in Carrying Amounts

	Notes	Land	Buildings	Furniture & Fittings	Plant & Equipment	Leasehold Assets	Works in Progress	Total
		\$	\$	\$	\$	\$	\$	\$
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)	-
<b>Property, Plant &amp; Equipment at 30 June 2020</b>		<b>134,236,184</b>	<b>179,845,668</b>	<b>8,034,696</b>	<b>17,320,864</b>	<b>232,502</b>	<b>8,839,337</b>	<b>348,509,251</b>
Balance as at 1 July 2020		134,236,184	179,845,668	8,034,696	17,320,864	232,502	8,839,337	348,509,251
Additions	23	-	2,715,394	1,621,797	8,208,666	-	13,624,777	26,170,634
Disposals	24	-	-	-	(1,174,623)	-	-	(1,174,623)
Adjustments		(32,810)	-	-	-	(13,755)	-	(46,565)
Revaluation - Increments	16	-	27,378,681	-	-	-	-	27,378,681
Revaluation - (Decrements)	16	(12,440,374)	-	-	-	-	-	(12,440,374)
Depreciation	2(a)	-	(6,238,986)	(2,192,917)	(2,833,616)	(75,257)	-	(11,340,776)
Transfers from Works in Progress		-	2,536,144	1,425,891	-	-	(3,962,035)	-
<b>Property, Plant &amp; Equipment at 30 June 2021</b>		<b>121,763,000</b>	<b>206,236,901</b>	<b>8,889,467</b>	<b>21,521,291</b>	<b>143,490</b>	<b>18,502,079</b>	<b>377,056,228</b>



## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 8a. Infrastructure Assets

	Notes	2021 Actual \$	2020 Actual \$
Roads - Fair Value		1,236,959,732	1,236,959,732
Roads - Cost (Disposals after Valuation)		(36,887,455)	-
Roads - Less Accumulated Depreciation		(15,848,345)	-
		<u>1,184,223,932</u>	<u>1,236,959,732</u>
Drainage - Fair Value		403,380,504	403,380,504
Drainage - Cost (Disposals after Valuation)		(6,383,925)	-
Drainage - Less Accumulated Depreciation		(3,467,917)	-
		<u>393,528,662</u>	<u>403,380,504</u>
Other Infrastructure - Fair Value		58,253,574	58,253,574
Other Infrastructure - Cost (Additions after Valuation)		72,165	-
Other Infrastructure - Less Accumulated Depreciation		(2,473,019)	-
		<u>55,852,720</u>	<u>58,253,574</u>
Pathways - Fair Value		89,138,139	89,138,139
Pathways - Cost (Additions after Valuation)		1,661,823	-
Pathways - Less Accumulated Depreciation		(3,064,681)	-
		<u>87,735,281</u>	<u>89,138,139</u>
Car Parks - Fair Value		31,687,791	31,687,791
Car Parks - Cost (Additions after Valuation)		25,760	-
Car Parks - Less Accumulated Depreciation		(774,985)	-
		<u>30,938,566</u>	<u>31,687,791</u>
Reserves - Fair Value		133,335,767	133,335,767
Reserves - Cost (Additions after Valuation)		7,514,388	-
Reserves - Less Accumulated Depreciation		(6,175,811)	-
		<u>134,674,344</u>	<u>133,335,767</u>
Works in Progress - Cost		<u>35,274,888</u>	<u>53,918,943</u>
		35,274,888	53,918,943

#### Total Infrastructure

8(b) 1,922,228,393 2,006,674,450

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 2021

## Note 8b. Infrastructure Assets (continued)

## Movements in Carrying Amounts

	Notes	Roads Fair Value	Drainage Fair Value	Other Infrastructure Fair Value	Pathways Fair Value	Car Parks Fair Value	Reserves Fair Value	Works in Progress Cost	Total
		\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2019		1,140,903,277	372,181,502	57,471,172	134,779,607	42,961,663	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	10,571,328	35,344,780	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)	-
<b>Infrastructure at 30 June 2020</b>		<b>1,236,959,732</b>	<b>403,380,504</b>	<b>58,253,574</b>	<b>89,138,139</b>	<b>31,687,791</b>	<b>133,335,767</b>	<b>53,918,943</b>	<b>2,006,674,450</b>
Balance as at 1 July 2020		1,236,959,732	403,380,504	58,253,574	89,138,139	31,687,791	133,335,767	53,918,943	2,006,674,450
Additions	23	17,228,418	4,299,152	72,165	1,605,415	11,663	6,260,546	16,520,024	45,997,383
Disposals	24	(87,740,478)	(10,898,204)	-	-	-	-	-	(98,638,682)
Depreciation (Expense)	2(a)	(15,848,345)	(3,467,917)	(2,473,019)	(3,064,681)	(774,985)	(6,175,811)	-	(31,804,758)
Transfers from Works in Progress		33,624,605	215,127	-	56,408	14,097	1,253,842	(35,164,079)	-
<b>Infrastructure at 30 June 2021</b>		<b>1,184,223,932</b>	<b>393,528,662</b>	<b>55,852,720</b>	<b>87,735,281</b>	<b>30,938,566</b>	<b>134,674,344</b>	<b>35,274,888</b>	<b>1,922,228,393</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 8c. Fixed Assets

##### SIGNIFICANT ACCOUNTING POLICIES

###### 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 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 (including vested improvements) 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 every three 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.

Individual assets that are plant and equipment type assets and right-of-use assets are measured using the cost model in accordance with *Local Government (Financial Management) Regulation 17A (2)(b) and 17A (2)(c)*.

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.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 8c. Fixed Assets (continued)

##### **SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **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 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.

##### **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.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 8c. Fixed Assets (continued)

##### SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Buildings	40 years
Bus Shelters*	30 - 50 years
Computer Hardware	3 years
Computer Software	2 years
Pathways*	25 - 70 years
Furniture & Equipment (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)
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.

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.

##### 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.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 9. Contract Assets

	2021 Actual	2020 Actual
	\$	\$
<b>(a) Contract Assets</b>		
Assets Constructed Ahead of Receiving Grants	-	185,356
<b>Total Contract Assets</b>	<b>-</b>	<b>185,356</b>
<b>Classified as:</b>		
Current Contract Assets	-	185,356
<b>Total Contract Assets</b>	<b>-</b>	<b>185,356</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Contract Assets

On 1 July 2019 the City adopted "AASB 15 Revenue from Contracts with Customers". The contract assets have arisen on adoption of AASB 15.

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.

#### Note 10. Contract and Other Liabilities

	2021 Actual	2020 Actual
	\$	\$
<b>Contract Liabilities</b>		
Grants & Contributions Received Upfront	9,481,065	9,140,612
Town Planning Scheme & Development Contribution Plan Deferred Income	92,003,198	88,968,393
<b>Total Contract Liabilities</b>	<b>101,484,263</b>	<b>98,109,005</b>
<b>Classified as:</b>		
Current Contract Liabilities	28,103,766	10,227,250
Non-current Contract Liabilities	73,380,497	87,881,755
<b>Total Contract Liabilities</b>	<b>101,484,263</b>	<b>98,109,005</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Contract and Other Liabilities

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 liabilities have arisen on adoption of AASB 15 and AASB 1058.

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 2021

#### Note 11. Lease Liabilities

	2021 Actual	2020 Actual
	\$	\$
<b>Classified as:</b>		
Current Lease liability	76,123	104,797
Non-current Lease Liability	56,389	126,156
<b>Total Lease Liabilities</b>	<b>132,512</b>	<b>230,953</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Leases

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



## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 12. Trade and Other Payables

	2021 Actual	2020 Actual
	\$	\$
<b>Current</b>		
Trade Payables	25,480,067	31,344,263
Bonds & Security Deposits	14,561,841	7,721,647
<b>Total Current Trade and Other Payables</b>	<b>40,041,908</b>	<b>39,065,910</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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.

#### Note 13. Borrowings

	Note	2021 Actual	2020 Actual
		\$	\$
<b>Non-Current</b>			
Loans	26(a)	74,334,488	74,334,488
<b>Total Non-Current Borrowings</b>		<b>74,334,488</b>	<b>74,334,488</b>

Additional details on borrowings is provided in Note 26.

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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 2021

#### Note 14. Provisions

	2021 Actual	2020 Actual
	\$	\$
<b>Current</b>		
Annual Leave	6,526,695	6,552,064
Long Service Leave	6,753,797	6,472,299
Time in Lieu	152,701	124,642
Workers Compensation	4,356,360	3,284,222
COVID-19 Leave	1,340,000	-
Purchased Leave	40,200	60,167
Sick Leave	234,288	263,307
Environmental Rehabilitation	2,240,000	2,240,000
<b>Total Current Provisions</b>	<b>21,644,041</b>	<b>18,996,701</b>
<b>Non-Current</b>		
Long Service Leave	1,725,594	1,742,745
Headworks Levy Refund - Town Planning Schemes	12,089,010	10,672,618
<b>Total Non-Current Provisions</b>	<b>13,814,604</b>	<b>12,415,363</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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, Annual Leave, Sick 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.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 14. Provisions (continued)

**SIGNIFICANT ACCOUNTING POLICIES****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.

**Movements in Provisions**

<b>Class of Provision</b>	<b>Opening Balance as at 1/7/20</b>	<b>Additional Provisions</b>	<b>Decrease due to Payments</b>	<b>Closing Balance as at 30/6/21</b>
	\$	\$	\$	\$
Annual Leave	6,552,064	5,628,703	(5,654,072)	<b>6,526,695</b>
Long Service Leave	8,215,044	1,351,310	(1,086,963)	<b>8,479,391</b>
Time in Lieu	124,642	260,885	(232,826)	<b>152,701</b>
Workers Compensation	3,284,222	1,786,307	(714,169)	<b>4,356,360</b>
COVID-19 Leave	-	1,340,000	-	<b>1,340,000</b>
Purchased Leave	60,167	159,113	(179,080)	<b>40,200</b>
Sick Leave	263,307	(25,981)	(3,038)	<b>234,288</b>
Headworks Levy Refund - Town Planning Schemes	10,672,618	3,278,286	(1,861,894)	<b>12,089,010</b>
Environmental Rehabilitation	2,240,000	-	-	<b>2,240,000</b>
<b>TOTAL</b>	<b>31,412,064</b>	<b>13,778,623</b>	<b>(9,732,042)</b>	<b>35,458,645</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 15. Reserves - Cash Backed

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>(a). Alkimos/Eglinton Coastal Corridor Community Facilities Reserve</b>			
Opening Balance	14,906,801	14,827,861	13,770,740
Amount Set Aside / Transfer to Reserve	2,576,081	743,302	1,200,219
Amount Used / Transfer from Reserve	(83,477)	(54,191)	(64,158)
	<u>17,399,405</u>	<u>15,516,972</u>	<u>14,906,801</u>
<b>(b). Asset Renewal Reserve</b>			
Opening Balance	10,390,035	10,375,101	11,304,366
Amount Set Aside / Transfer to Reserve	27,534,636	2,576,345	2,213,084
Amount Used / Transfer from Reserve	(2,985,809)	(1,925,000)	(3,127,415)
	<u>34,938,862</u>	<u>11,026,446</u>	<u>10,390,035</u>
<b>(c). Asset Replacement Reserve</b>			
Opening Balance	6,792,888	6,129,526	5,814,062
Amount Set Aside / Transfer to Reserve	24,175,777	3,040,728	2,133,029
Amount Used / Transfer from Reserve	(2,000,323)	(2,169,413)	(1,154,203)
	<u>28,968,342</u>	<u>7,000,841</u>	<u>6,792,888</u>
<b>(d). Carried Forward Capital Projects Reserve</b>			
Opening Balance	3,953,277	3,953,277	3,741,959
Amount Set Aside / Transfer to Reserve	3,728,681	-	3,953,277
Amount Used / Transfer from Reserve	(3,953,277)	(3,953,277)	(3,741,959)
	<u>3,728,681</u>	<u>-</u>	<u>3,953,277</u>
<b>(e). Cash Paid in Lieu of Public Open Space Prior to 10 April 2006 Reserve</b>			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	2,554,736	-	-
	<u>2,554,736</u>	<u>-</u>	<u>-</u>
<i>Detailed breakdown of Cash Paid in Lieu of Public Open Space Prior to 10 April 2006 Reserve:</i>			
Alexander Heights	250,371	-	-
Lot 1& 2 Berkley Road, Marangaroo	547,541	-	-
Lot 962, Anchorage Drive, Mindarie	600,374	-	-
Lot 29 Badgerup Road, Wanneroo	246,761	-	-
Neaves Road, Mariginiup	65,177	-	-
Burbridge Avenue Koondoola	199,324	-	-
Quinns Beach Estate	259,179	-	-
Lot 23, Badgerup Road, Gnangara	96,060	-	-
Lot 100, St Andrews Drive, Yanchep	120,075	-	-
Lot 46 Backshall Place, Wanneroo	108,121	-	-
182, Badgerup Road, Wanneroo	61,753	-	-
	<u>2,554,736</u>	<u>-</u>	<u>-</u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 15. Reserves - Cash Backed (continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>(f). Coastal Infrastructure Management Reserve</b>			
Opening Balance	15,960,896	15,836,652	13,872,726
Amount Set Aside / Transfer to Reserve	157,807	116,534	2,286,253
Amount Used / Transfer from Reserve	(246,179)	(660,000)	(198,083)
	<u>15,872,524</u>	<u>15,293,186</u>	<u>15,960,896</u>
<b>(g). Domestic Refuse Reserve</b>			
Opening Balance	10,115,190	12,119,709	11,786,825
Amount Set Aside / Transfer to Reserve	7,559,676	908,653	243,316
Amount Used / Transfer from Reserve	(4,518,758)	(5,160,853)	(1,914,951)
	<u>13,156,108</u>	<u>7,867,509</u>	<u>10,115,190</u>
<b>(h). Golf Course Reserve</b>			
Opening Balance	948,084	966,816	655,283
Amount Set Aside / Transfer to Reserve	456,679	207,114	324,593
Amount Used / Transfer from Reserve	(93,338)	(145,000)	(31,792)
	<u>1,311,425</u>	<u>1,028,930</u>	<u>948,084</u>
<b>(i). Strategic Land Reserve</b>			
Opening Balance	4,493,301	4,373,106	3,314,767
Amount Set Aside / Transfer to Reserve	1,552,883	1,532,179	1,178,534
Amount Used / Transfer from Reserve	(17,091)	-	-
	<u>6,029,093</u>	<u>5,905,285</u>	<u>4,493,301</u>
<b>(j). Leave Liability Reserve</b>			
Opening Balance	14,767,108	11,883,620	1,857,505
Amount Set Aside / Transfer to Reserve	238,977	1,039,779	12,909,603
	<u>15,006,085</u>	<u>12,923,399</u>	<u>14,767,108</u>
<b>(k). Loan Repayment Reserve</b>			
Opening Balance	54,411,047	54,404,297	23,439,125
Amount Set Aside / Transfer to Reserve	2,039,410	600,334	30,971,922
	<u>56,450,457</u>	<u>55,004,631</u>	<u>54,411,047</u>
<b>(l). Neerabup Development Reserve</b>			
Opening Balance	4,711,173	4,140,865	5,056,832
Amount Set Aside / Transfer to Reserve	46,245	29,374	99,741
Amount Used / Transfer from Reserve	(370,217)	(1,300,489)	(445,400)
	<u>4,387,201</u>	<u>2,869,750</u>	<u>4,711,173</u>
<b>(m). Plant Replacement Reserve</b>			
Opening Balance	15,178,128	15,985,945	12,662,183
Amount Set Aside / Transfer to Reserve	4,060,193	5,973,734	5,062,494
Amount Used / Transfer from Reserve	(2,435,546)	(7,936,638)	(2,546,549)
	<u>16,802,775</u>	<u>14,023,041</u>	<u>15,178,128</u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 15. Reserves - Cash Backed (continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>(n). Regional Open Space Reserve</b>			
Opening Balance	14,252,148	14,216,337	11,513,696
Amount Set Aside / Transfer to Reserve	4,163,563	4,104,611	2,738,452
	<u>18,415,711</u>	<u>18,320,948</u>	<u>14,252,148</u>
<b>(o). Section 152 Reserve (formerly Section 20A Land Reserve)</b>			
Opening Balance	779,660	765,345	1,361,636
Amount Set Aside / Transfer to Reserve	7,626	5,595	24,170
Amount Used / Transfer from Reserve	(46,898)	(5,000)	(606,146)
	<u>740,388</u>	<u>765,940</u>	<u>779,660</u>
<b>(p). Strategic Projects/Initiatives Reserve</b>			
Opening Balance	54,067,731	72,311,285	102,306,917
Impact of Changes in Accounting Standards	-	-	(7,069,492)
Amount Set Aside / Transfer to Reserve	315,010	2,574,661	6,162,230
Amount Used / Transfer from Reserve	(54,215,225)	(12,996,875)	(47,331,924)
	<u>167,516</u>	<u>61,889,071</u>	<u>54,067,731</u>
<b>(q). TPS 20 - District Distributor Road Headworks Reserve</b>			
Opening Balance	7,292,332	7,270,122	7,144,381
Amount Set Aside / Transfer to Reserve	72,288	53,497	147,951
	<u>7,364,620</u>	<u>7,323,619</u>	<u>7,292,332</u>
<b>(r). Yanchep Bus Reserve</b>			
Opening Balance	113,932	117,145	110,204
Amount Set Aside / Transfer to Reserve	3,255	5,862	3,728
	<u>117,187</u>	<u>123,007</u>	<u>113,932</u>
<b>(s). Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve</b>			
Opening Balance	-	(83,657)	-
Amount Set Aside / Transfer to Reserve	1,817,868	1,440,846	270,020
Amount Used / Transfer from Reserve	(298,672)	(378,443)	(270,020)
	<u>1,519,196</u>	<u>978,746</u>	<u>-</u>
<b>Total Reserves</b>	<u><u>244,930,312</u></u>	<u><u>237,861,321</u></u>	<u><u>233,133,731</u></u>
<b>Summary of Reserves</b>			
Opening Balance	233,133,731	249,593,352	229,713,207
Impact of amended Section 154 of the Planning and Development Act	2,554,736	-	-
	<u>235,688,467</u>	<u>249,593,352</u>	<u>229,713,207</u>
<b>Reserve Transfers</b>			
Impact of Changes in Accounting Standards	-	-	(7,069,492)
Amount Set Aside/Transfer to Reserve	80,506,655	24,953,148	71,922,616
Amount Used/Transfer from Reserve	(71,264,810)	(36,685,179)	(61,432,600)
	<u>9,241,845</u>	<u>(11,732,031)</u>	<u>3,420,524</u>
<b>Total Reserves</b>	<u><u>244,930,312</u></u>	<u><u>237,861,321</u></u>	<u><u>233,133,731</u></u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 15. Reserves - Cash Backed (continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Summary of Reserve Transfers</b>			
<b>Impact of Changes in Accounting Standards</b>			
Strategic Projects/Initiatives Reserve	-	-	(7,069,492)
<b>Impact of amended Section 154 of the Planning and Development Act 2005</b>			
Cash Paid in Lieu of Public Open Space Prior to 10 April 2006 Reserve	2,554,736	-	-
<b>Transfers to Reserves</b>			
Alkimos/Eglinton Coastal Corridor Community	2,576,081	743,302	1,200,219
Asset Renewal Reserve	27,534,636	2,576,345	2,213,084
Asset Replacement Reserve	24,175,777	3,040,728	2,133,029
Carried Forward Capital Projects Reserve	3,728,681	-	3,953,277
Coastal Infrastructure Management Reserve	157,807	116,534	2,286,253
Domestic Refuse Reserve	7,559,676	908,653	243,316
Golf Course Reserve	456,679	207,114	324,593
Strategic Land Reserve	1,552,883	1,532,179	1,178,534
Leave Liability Reserve	238,977	1,039,779	12,909,603
Loan Repayment Reserve	2,039,410	600,334	30,971,922
Neerabup Development Reserve	46,245	29,374	99,741
Plant Replacement Reserve	4,060,193	5,973,734	5,062,494
Regional Open Space Reserve	4,163,563	4,104,611	2,738,452
Section 152 Reserve	7,626	5,595	24,170
Strategic Projects/Initiatives Reserve	315,010	2,574,661	6,162,230
TPS 20 - District Distributor Road	72,288	53,497	147,951
Yanchep Bus Reserve	3,255	5,862	3,728
Yanchep/Two Rocks Coastal Corridor	1,817,868	1,440,846	270,020
<b>Total Transfers to Reserves</b>	<b>80,506,655</b>	<b>24,953,148</b>	<b>71,922,616</b>
<b>Transfers from Reserves</b>			
Alkimos/Eglinton Coastal Corridor Community	(83,477)	(54,191)	(64,158)
Asset Renewal Reserve	(2,985,809)	(1,925,000)	(3,127,415)
Asset Replacement Reserve	(2,000,323)	(2,169,413)	(1,154,203)
Carried Forward Capital Projects Reserve	(3,953,277)	(3,953,277)	(3,741,959)
Coastal Infrastructure Management Reserve	(246,179)	(660,000)	(198,083)
Domestic Refuse Reserve	(4,518,758)	(5,160,853)	(1,914,951)
Golf Course Reserve	(93,338)	(145,000)	(31,792)
Strategic Land Reserve	(17,091)	-	-
Neerabup Development Reserve	(370,217)	(1,300,489)	(445,400)
Plant Replacement Reserve	(2,435,546)	(7,936,638)	(2,546,549)
Section 152 Reserve	(46,898)	(5,000)	(606,146)
Strategic Projects/Initiatives Reserve	(54,215,225)	(12,996,875)	(47,331,924)
Yanchep/Two Rocks Coastal Corridor	(298,672)	(378,443)	(270,020)
<b>Total Transfers from Reserves</b>	<b>(71,264,810)</b>	<b>(36,685,179)</b>	<b>(61,432,600)</b>
<b>Total Net Transfer to/(from) Reserves</b>	<b>11,796,581</b>	<b>(11,732,031)</b>	<b>3,420,524</b>



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 15. Reserves - Cash Backed (continued)

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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.

\* Effective from 1 July 2021, the Asset Renewal Reserve and the Asset Replacement Reserve have been combined to create a new Reserve "Asset Replacement/Enhancement Reserve".

##### **Carried Forward Capital Projects Reserve**

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

##### **Cash Paid in Lieu of Public Open Space Prior to 10 April 2006 Reserve**

To be used for holding any remaining unexpended funds received in lieu of Public Open Space prior to 10 April 2006 under the Town Planning and Development Act 1928. Separate sub-reserve accounts are maintained for each sub-division.

##### **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.

##### **Golf Course Reserve**

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

##### **Strategic Land Reserve**

To be used for receiving the proceeds of the sale of significant property assets, acquisition, leasing, development and/or disposal of land under the City of Wanneroo Strategic Land Policy.

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 15. Reserves - Cash Backed (continued)

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##### **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 2021

#### Note 16. Reserves - Asset Revaluation

	Notes	2021 Actual \$	2020 Actual \$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:			
<b>(a). Land</b>			
Opening Balance		117,376,557	123,162,588
Financial Management Regulation Amendments		-	(2,835,911)
Revaluation Decrement	7(b)	(12,440,374)	-
Realisation on Asset Disposals	7(b)	-	(2,950,120)
		<b>104,936,183</b>	<b>117,376,557</b>
<b>(b). Buildings</b>			
Opening Balance		44,729,231	44,729,231
Revaluation Increment	7(b)	27,378,681	-
		<b>72,107,912</b>	<b>44,729,231</b>
<b>(c). Plant &amp; Equipment</b>			
Opening Balance		3,640,213	3,640,213
		<b>3,640,213</b>	<b>3,640,213</b>
<b>(d). Equity Accounted Investments</b>			
Opening Balance		4,247,142	5,398,964
Revaluation Decrement	20(ii)(b)	(308,484)	(1,151,822)
		<b>3,938,658</b>	<b>4,247,142</b>
<b>(e). Other Infrastructure</b>			
Opening Balance		879,321,424	887,317,267
Revaluation Increment	8(b)	-	124,083,308
Revaluation Decrement	8(b)	-	(132,079,151)
		<b>879,321,424</b>	<b>879,321,424</b>
<b>Total Asset Revaluation Reserves</b>		<b>1,063,944,390</b>	<b>1,049,314,567</b>
<b><u>Summary of Asset Revaluation Reserve</u></b>			
Opening Balance		1,049,314,567	1,064,248,263
Financial Management Regulation Amendments		-	(2,835,911)
		<b>1,049,314,567</b>	<b>1,061,412,352</b>
<b>Movements During the Year</b>			
Realisation on Asset Disposals		-	(2,950,120)
Revaluation Increment		27,378,681	124,083,308
Revaluation Decrement		(12,748,858)	(133,230,973)
		<b>14,629,823</b>	<b>(12,097,785)</b>
<b>Total Asset Revaluation Reserves</b>		<b>1,063,944,390</b>	<b>1,049,314,567</b>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 17. Notes to the Statement of Cash flows

	Notes	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>(a). Reconciliation of Cash</b>				
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	<b>414,613,098</b>	<b>367,529,977</b>	<b>375,027,525</b>
<b>(b). Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>				
Net Result		(43,911,830)	2,059,114	54,191,525
Depreciation	2a	43,145,534	42,863,029	43,195,331
(Profit)/Loss on Sale of Assets	24	95,838,213	14,573,123	(1,196,733)
Share of Net (Profits) or Losses of Associates/Joint Ventures	20	583,531	-	(533,451)
Town Planning Scheme Income (Inc. Interest)		(4,686,768)	(10,667,481)	(11,592,576)
Town Planning Scheme Expenses		3,974,234	6,759,073	7,516,566
Decrease/(Increase) in Receivables		1,971,247	(1,288,139)	5,311,543
(Decrease) in Expected Credit Loss		(178,262)	-	(95,275)
(Increase)/Decrease in Inventories		43,365	46,637	(33,101)
(Decrease)/Increase in Payables & Accruals		4,287,536	1,101,665	(442,689)
Increase in Employee Leave Entitlements		218,051	1,039,779	621,322
Increase in Other Provisions		2,412,138	-	1,048,737
Grants/Contributions		(39,194,030)	(20,141,674)	(46,536,875)
<b>Net Cash from Operating Activities</b>		<b>64,502,959</b>	<b>36,345,126</b>	<b>51,454,324</b>
<b>(c). Undrawn Borrowing Facilities Credit Standby Arrangements</b>				
Credit Card Limit		550,000	550,000	550,000
Credit Card Balance at Balance Date		(2,478)	(50,000)	(45,910)
<b>Total Amount of Credit Unused</b>		<b>547,522</b>	<b>500,000</b>	<b>504,090</b>
The City of Wanneroo currently has the facility credit limit of \$550,000 (2020: \$550,000) with total amount of credit cards currently in use is \$334,000 (2020: \$340,000).				
<b>Loan Facilities</b>				
Loan Facilities - Non-Current	13	74,334,488	76,334,197	74,334,488
<b>Total Facilities in Use at Balance Date</b>		<b>74,334,488</b>	<b>76,334,197</b>	<b>74,334,488</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 18. Contingent Liabilities

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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.

On 19 August 2021 MRC obtained approval to end the Resource Recovery Facility Agreement (RRFA) and the City paid one sixth of \$85M amounting to \$14.2M on 24 August 2021, extinguishing the guarantee. Refer Note 35 for further details.

##### **(ii) Bank Guarantees**

The City of Wanneroo currently holds bank guarantees of \$13,093,647 (2020: \$11,147,171) 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 (MRC)**

In February 2020, MRC received its first Mandatory Auditor's Report (MAR) as requested by the Department of Water and Environmental Regulation (DWER) in respect to the Tamala Park Waste Management Facility site.

Among other things, the purpose of the MAR is to confirm that earlier investigations 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.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 18. Contingent Liabilities (continued)

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##### Source site:

- All soils samples returned results below established criteria.
- Groundwater results indicate impact to the aquifer immediately below the landfill levels above relevant drinking water established criteria, although some results are reflective of naturally occurring conditions. Groundwater on site remains suitable for controlled industrial use on site without an unacceptable risk.
- Landfill gas results indicate that the existing extraction system is working effectively, with negligible detection of landfill gas outside the extraction network.

##### Affected site:

- Groundwater results indicate some contaminants above relevant drinking water established criteria but not criteria for non-potable uses. Elevated levels of some identified contaminants are also known to occur naturally in the local environment.
- No landfill gas detected outside the site boundary.

Currently, DWER has classified the site as “Contaminated – Remediation Required” and the affected site as “Contaminated – Restricted Use”.

The MRC has commenced further work on implementing the recommendations of this most recent MAR, to determine the magnitude and extent of contamination including risks to human health, the environment and environmental values. Specifically, this work is focused upon assessing the adequacy of the landfill gas monitoring network, the potential for the subterranean migration of landfill gas, and the continued compilation and assessment of both gas and groundwater results to further inform future mitigation measures. Therefore, it is not possible to make a reasonable estimate as to the financial impact that may arise from any possible future remedial action at this point in time.

#### **(v) City v Tah Land**

In 2016, the City commenced legal proceedings against Tah Land Pty Ltd seeking to enforce obligations under a Deed of Agreement between the parties. The trial in the first instance was heard in November 2019 with judgement handed down in July 2020 in favour of Tah Land. As part of that judgement a cost order was made requiring the City to pay Tah Land's costs as agreed or assessed.

The City appealed the judgement to the Supreme Court of Appeal and the appeal hearing was in August 2021. The City is awaiting the judgement of the appeal and if the judgement is in favour of Tah Land, it is highly likely that the City will be subject to a further cost order requiring the City to pay Tah Land's costs of the trial in the first instance and the appeal as agreed or assessed. It is expected that the costs that the City may be liable for, is in the vicinity of \$500,000.

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 19. Capital and Leasing Commitments

	2021 Actual	2020 Actual
	\$	\$
<b>Capital Expenditure Commitments</b>		
<b>Contracted for:</b>		
Land and Building Works	3,435,463	2,457,496
Engineering Works	1,540,736	2,773,736
Parks Works	992,392	737,012
Plant and Equipment Works	10,834,957	5,158,933
<b>Total Capital Expenditure Commitments</b>	<b>16,803,548</b>	<b>11,127,177</b>
<b>Payable:</b>		
Not later than one year	16,803,548	11,127,177
<b>Total Capital Expenditure Commitments</b>	<b>16,803,548</b>	<b>11,127,177</b>

## 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 the subdivided Mindarie Lot 118 which was initially purchased in 1981 to provide a refuse landfill site for member councils of the Mindarie Regional Council.

	2021 Actual	2020 Actual
	\$	\$
<b>(a) Retained Surplus Attributable to Equity Accounted Investments (TPRC)</b>		
Balance at the beginning of the year	275,062	301,795
Share of (Loss) /Profit from operating activities after tax	(95,429)	(26,733)
<b>Balance at end of the financial year</b>	<b>179,633</b>	<b>275,062</b>
<b>(b) Carrying Amount of Equity Accounted Investments (TPRC)</b>		
Balance at beginning of the financial year	7,816,650	7,618,683
Share of (Loss)/Profit from operating activities after tax	(95,429)	(26,733)
Distribution to participants	(1,500,000)	(500,000)
Movement in Capital Contributions	2,940,329	724,700
<b>Balance at end of the financial year</b>	<b>9,161,550</b>	<b>7,816,650</b>



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 20. Equity Accounted Investments (continued)

The City's interest in the Tamala Park Regional Council as at 30 June 2021 and 30 June 2020 is as follows:

##### Interest in Tamala Park Regional Council

Current Assets	8,944,696	7,586,213
Non-Current Assets	287,121	292,936
<b>Total Assets</b>	<b>9,231,817</b>	<b>7,879,149</b>
Current Liabilities	(70,062)	(57,504)
Non-Current Liabilities	(205)	(4,995)
<b>Total Liabilities</b>	<b>(70,267)</b>	<b>(62,499)</b>
<b>Net Assets</b>	<b>9,161,550</b>	<b>7,816,650</b>

##### 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:

	2021 Actual	2020 Actual
	\$	\$
Income from Sales	5,046,853	1,214,167
Development Expenses	(1,274,089)	(441,229)
<b>Surplus/(Deficit)</b>	<b>3,772,764</b>	<b>772,938</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## 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. The City of Wanneroo has contributed one sixth of the land and establishment costs of the refuse disposal facility on Mindarie Lot 118. 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.

	2021	2020	2020
	Actual	Restated* Actual	Actual
	\$	\$	\$
<b>(a) Retained Surplus Attributable to Equity Accounted Investments (MRC)</b>			
Balance at the beginning of the year	(205,142)	5,884,366	5,884,366
Share of Profit from operating activities after tax	(491,334)	(6,089,508)	558,744
<b>Balance at end of the financial year</b>	<b>(696,476)</b>	<b>(205,142)</b>	<b>6,443,110</b>
<b>(b) Carrying Amount of Equity Accounted Investments (MRC)</b>			
Balance at beginning of the financial year	4,721,898	11,963,228	11,963,228
Share of Profit from operating activities after tax	(491,334)	(6,089,508)	558,744
Share of Revaluation of assets	(308,484)	(1,151,822)	(1,151,822)
<b>Balance at end of the financial year</b>	<b>3,922,080</b>	<b>4,721,898</b>	<b>11,370,150</b>
The City's interest in the Mindarie Regional Council as at 30 June 2021 and 30 June 2020 is as follows:			
<b>Interest in Mindarie Regional Council</b>			
Current Assets	7,087,810	6,776,601	6,776,601
Non-Current Assets	15,098,858	17,189,237	10,781,798
<b>Total Assets</b>	<b>22,186,668</b>	<b>23,965,838</b>	<b>17,558,399</b>
Current Liabilities	(2,413,280)	(2,354,730)	(1,392,588)
Non-Current Liabilities	(15,851,308)	(16,889,210)	(4,795,661)
<b>Total Liabilities</b>	<b>(18,264,588)</b>	<b>(19,243,940)</b>	<b>(6,188,249)</b>
<b>Net Assets</b>	<b>3,922,080</b>	<b>4,721,898</b>	<b>11,370,150</b>

\*Refer to Note 38(i)

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## 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 2021 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.

	2021 Actual	2020 Actual
	\$	\$
<b>(a) Retained Surplus Attributable to Equity Accounted Investments (LGHT)</b>		
Balance at the beginning of the year	89,026	87,586
Share of Profit from operating activities after tax	3,232	1,440
<b>Balance at end of the financial year</b>	<b>92,258</b>	<b>89,026</b>

**(b) Carrying Amount of Equity Accounted Investments (LGHT)**

Balance at beginning of the financial year	89,026	87,586
Share of profit/(loss) from operating activities after tax	3,232	1,440
<b>Balance at end of the financial year</b>	<b>92,258</b>	<b>89,026</b>

The City's interest in Local Government House Trust as at 30 June 2021 and 30 June 2020 is as follows:

**Interest in Local Government House Trust**

Current Assets	27,053	18,905
Non-Current Assets	190,865	199,603
<b>Total Assets</b>	<b>217,918</b>	<b>218,508</b>
Current Liabilities	(125,660)	(129,482)
Non-Current Liabilities	-	-
<b>Total Liabilities</b>	<b>(125,660)</b>	<b>(129,482)</b>
<b>Net Assets</b>	<b>92,258</b>	<b>89,026</b>

	2021 Actual	2020 Restated Actual	2020 Actual
	\$		\$
<b>Total Carrying Amount - Equity Accounted Investments</b>	<b>13,175,888</b>	<b>12,627,574</b>	<b>19,275,826</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 20. Equity Accounted Investments (continued)

	Share of Profit/(Loss)			Share of Net Assets		
	2021	2020	2020	2021	2020	2020
	Actual	Restated Actual	Actual	Actual	Restated Actual	Actual
	\$	\$	\$	\$	\$	\$
<b>Summary of Investments</b>						
Tamala Park Regional Council	(95,429)	(26,733)	(26,733)	9,161,550	7,816,650	7,816,650
Mindarie Regional Council	(491,334)	(6,089,508)	558,744	3,922,080	4,721,898	11,370,150
Local Government House Trust	3,232	1,440	1,440	92,258	89,026	89,026
<b>Total</b>	<b>(583,531)</b>	<b>(6,114,801)</b>	<b>533,451</b>	<b>13,175,888</b>	<b>12,627,574</b>	<b>19,275,826</b>

**SIGNIFICANT ACCOUNTING POLICY****Interest 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 4 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.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 21. Trust Funds

	Balance 30-Jun-21	Amounts Paid/ Transferred	Amounts Received	Balance 01-Jul-20
	\$	\$	\$	\$
Miscellaneous/Appeals	78,061	(24,054)	34,054	68,061
Public Open Spaces	856,174	(2,925,818)	18,746	3,763,246
	<b>934,235</b>	<b>(2,949,872)</b>	<b>52,800</b>	<b>3,831,307</b>

#### SIGNIFICANT ACCOUNTING POLICY

##### Money Paid in Lieu of Public Open Space

Section 154 of the *Planning and Development Act 2005* was amended on 20 July 2020. Prior to 20 July 2020 all money received by a local government under section 153 of the *Planning and Development Act 2005* was to be paid into a separate account of the "trust fund" of the local government established under section 6.9 of the Act.

In Accordance with the amended Section 154 of the *Planning and Development Act 2005*, unexpended funds received in lieu of public open space prior to 10 April 2006 and after 12 September 2020 will be transferred to a separate reserve account. Funds received from 10 April 2006 until 11 September 2020 will remain in trust funds. Refer to note 15 for details on the reserve.

#### Note 22. Total Assets Classified by Program

	2021 Actual	2020 Restated * Actual
	\$	\$
Governance	69,792,699	63,780,919
Law, Order & Public Safety	2,064,917	2,124,287
Health	2,566,720	1,881,993
Education & Welfare	1,961,316	1,742,272
Community Amenities	81,126,283	84,129,535
Recreation & Culture	386,703,624	358,002,981
Transport	1,714,709,611	1,801,093,836
Economic Services	551,983	3,719,797
Other Property & Services	61,596,394	60,574,692
Unallocated	448,059,542	410,510,651
	<b>2,769,133,089</b>	<b>2,787,560,963</b>

\*Refer to Note 38 Associate Entity Restatement and Guarantee Payment

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 23. Acquisition of Assets

	Notes	2021 Actual	2020 Actual
		\$	\$
<b>By Asset Class</b>			
<i>Property, Plant &amp; Equipment</i>			
	7(b)		
- Land		-	6,368,913
- Buildings		2,715,394	7,082,233
- Furniture & Fittings		1,621,797	1,948,887
- Plant & Equipment		8,208,666	3,343,356
- Leasehold Assets		-	345,725
- Works in Progress		13,624,777	5,634,072
<i>Infrastructure</i>			
	8(b)		
- Roads		17,228,418	16,955,995
- Drainage		4,299,152	2,742,335
- Other Infrastructure		72,165	141,956
- Pathways		1,605,415	1,755,642
- Car Parks		11,663	112,970
- Reserves		6,260,546	10,571,328
- Works in Progress		16,520,024	35,344,780
		<b>72,168,017</b>	<b>92,348,192</b>
		\$	\$

The City received assets to the value of \$21,137,602 from developers. The value of these assets is included in total value of Acquisition of Assets \$72,168,017 in Note 23 The value of the assets by Class are as follows:

	2021 Actual	2020 Actual
	\$	\$
<b>Infrastructure</b>		
Roads	9,405,153	6,267,123
Drainage	4,489,109	2,616,703
Parks & Gardens	4,582,011	2,774,666
Pathways	1,577,899	796,869
Other Infrastructure	1,083,430	-
	<b>21,137,602</b>	<b>12,455,361</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 24. Disposal of Assets

	Note	Net Book Value		Sale Price		Profit/(Loss)	
		Actual	Budget	Actual	Budget	Actual	Budget
<b>2021</b>		\$	\$	\$	\$	\$	\$
The following assets were disposed of during the year.							
<i>Land Held for Resale</i>		2,213,147	-	5,046,583	-	2,833,436	-
<b>By Asset Class</b>							
<i>Property, Plant &amp; Equipment and Infrastructure</i>							
Land		-	-	-	200,000	-	200,000
Roads	8(b)	87,740,478	13,699,065	-	-	(87,740,478)	(13,699,065)
Drainage	8(b)	10,898,204	-	-	-	(10,898,204)	-
Plant & Equipment	7(b)	1,174,623	1,950,908	1,141,656	876,850	(32,967)	(1,074,058)
		<b>102,026,452</b>	<b>15,649,973</b>	<b>6,188,239</b>	<b>1,076,850</b>	<b>(95,838,213)</b>	<b>(14,573,123)</b>
<b>By Program</b>							
<i>Property, Plant &amp; Equipment and Infrastructure</i>							
Transport	8(b)	98,638,682	13,699,065	-	-	(98,638,682)	(13,699,065)
Other Property & Services		3,387,770	1,950,908	6,188,239	1,076,850	2,800,469	(874,058)
<b>Total</b>		<b>102,026,452</b>	<b>15,649,973</b>	<b>6,188,239</b>	<b>1,076,850</b>	<b>(95,838,213)</b>	<b>(14,573,123)</b>

	Note	Net Book Value		Sale Price		Profit/(Loss)	
		Actual	Budget	Actual	Budget	Actual	Budget
<b>2020</b>		\$	\$	\$	\$	\$	\$
The following assets were disposed of during the previous year.							
<i>Land Held for Resale</i>		1,195,593	-	2,639,333	-	1,443,740	-
<b>By Asset Class</b>							
<i>Property, Plant &amp; Equipment and Infrastructure</i>							
Land	7(b)	109,880	-	109,880	500,000	-	500,000
Roads		-	13,699,065	-	-	-	(13,699,065)
Furniture & Fittings	7(b)	153,500	-	-	-	(153,500)	-
Plant & Equipment	7(b)	625,310	1,310,314	531,803	984,250	(93,507)	(326,064)
		<b>2,084,283</b>	<b>15,009,379</b>	<b>3,281,016</b>	<b>1,484,250</b>	<b>1,196,733</b>	<b>(13,525,129)</b>
<b>By Program</b>							
<i>Property, Plant &amp; Equipment and Infrastructure</i>							
Recreation & Culture	7(b)	153,500	-	-	-	(153,500)	-
Transport	7(b)	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
<b>Total</b>		<b>2,084,283</b>	<b>15,009,379</b>	<b>3,281,016</b>	<b>1,484,250</b>	<b>1,196,733</b>	<b>(13,525,129)</b>

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

	2021 Actual	2021 Budget	2020 Actual
<b>Summary</b>	\$	\$	\$
Profit on Asset Disposals	2,833,436	248,176	1,443,740
Loss on Asset Disposals*	(98,671,649)	(14,821,299)	(247,007)
<b>Net Profit/(Loss) on Disposal of Assets</b>	<b>(95,838,213)</b>	<b>(14,573,123)</b>	<b>1,196,733</b>

\*The Loss on Asset Disposals of (\$98.6) million was mainly due to the transfer of responsibility of Ocean Reef Road / Gngara Road and Marmion Avenue to Main Roads WA effective from 7 May 2021.



## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 25. Financial Ratios

	Amounts	Indicator	Target <sup>(8)</sup>	Prior Period
	2021	2021		2020
<i>Liquidity Ratio</i>				
<b>1. Current Ratio</b> <sup>(1)</sup>				
Current Assets less Restricted Current Assets	81,803,547	<b>1.09 : 1</b>	> 1.00 : 1	1.10 : 1
Current Liabilities less Liabilities Associated with Restricted Assets	75,357,102			
<i>Debt Ratio</i>				
<b>2. Debt Service Cover Ratio</b> <sup>(2)</sup>				
Operating Surplus before Interest and Depreciation Expenses	(35,568,562)	<b>-8.10 : 1</b>	> 2.00 : 1	12.46 : 1
Principal and Interest Repayments	4,391,764			
<i>Coverage Ratio</i>				
<b>3. Own Source Revenue Coverage Ratio</b> <sup>(3)</sup>				
Own Source Operating Revenue	191,928,666	<b>0.66 : 1</b>	> 0.40 : 1	0.95 : 1
Operating Expense	292,734,153			
<i>Financial Performance Ratio</i>				
<b>4. Operating Surplus Ratio</b> <sup>(4)</sup>				
Operating Revenue less Operating Expense	(83,818,394)	<b>-0.44 : 1</b>	> 0.01 : 1	0.02 : 1
Own Source Operating Revenue	191,928,666			
<i>Asset Management Ratios</i>				
<b>5. Asset Consumption Ratio</b> <sup>(5)</sup>				
Depreciated Replacement Cost of Depreciable Assets	2,201,878,463	<b>1.00 : 1</b>	> 0.50 : 1	0.78 : 1
Current Replacement Cost of Depreciable Assets	2,197,513,090			
<b>6. Asset Sustainability Ratio</b> <sup>(6)</sup>				
Capital Renewal and Replacement Expenditure	31,318,821	<b>0.73 : 1</b>	> 0.90 : 1	0.39 : 1
Depreciation Expense	43,145,534			
<b>7. Asset Renewal Funding Ratio</b> <sup>(7)</sup>				
NPV of Planned Capital Renewals over 10 years	265,896,402	<b>1.02 : 1</b>	> 0.75 : 1	1.01 : 1
NPV of Required Capital Expenditure over 10 years	260,351,568			

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 25. Financial Ratios (continued)

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##### Notes

- <sup>(1)</sup> This ratio is designed to focus on the liquidity position of the City that has arisen from past year's transactions.
- <sup>(2)</sup> This ratio is the measurement of the City's ability to repay its debt including lease payments. In 2021, the benchmark has not been met due to \$98.6 million loss from disposals of Ocean Reef Road / Gnangara Road and Marmion Avenue to Main Roads WA. It is expected substantial cost savings in future years by this disposal.
- <sup>(3)</sup> This ratio is the measurement of the City's ability to cover its costs through its own revenue efforts.
- <sup>(4)</sup> 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. In 2021, the benchmark has not been met due to the above mentioned disposal of Ocean Reef Road / Gnangara Road and Marmion Avenue to Main Roads WA.
- <sup>(5)</sup> This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.
- <sup>(6)</sup> 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. In 2021, the benchmark has not been met as the City's renewal and replacement expenditure are below depreciation as the assets are either new or in good condition and do not require immediate attention.
- <sup>(7)</sup> This ratio is a measure of the ability of the City to fund its projected asset renewal/replacements in the future.
- <sup>(8)</sup> 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 2021

#### Note 26. Information on Borrowings

	Principal 1-Jul-20	New Loans	Principal 30-Jun-21	Interest Repayments	
	\$	\$	Actual	Budget	Actual
					Budget
	\$	\$		\$	\$
<b>(a). Loans</b>					
<b>WATC Loans</b>					
<b>Recreation and Culture</b>					
- Wanneroo Regional Museum & Library	10,416,178	-	10,416,178	10,416,178	705,675
- Construct Community Centre - Butler	278,000	-	278,000	278,000	18,834
- Develop Accessible and Inclusive Playground	222,000	-	222,000	222,000	15,040
- Kingsway Regional Sporting Complex	23,133,603	-	23,133,603	23,133,603	1,567,254
- Upgrade Aquamotion	7,926,000	-	7,926,000	7,926,000	536,970
- Yanchep Active Open Space	56,460	-	56,460	56,460	3,825
- Kingsway Regional Playground	650,000	-	650,000	650,000	44,036
- Yanchep Lagoon - Brazier Road Realignment	3,859,181	-	3,859,181	3,859,181	261,452
- Yanchep Surf Life Saving Club	1,157,500	-	1,157,500	1,157,500	78,418
- Southern Suburbs Library	6,015,422	-	6,015,422	6,015,422	407,533
- Yanchep District Playing Fields	4,556,300	-	4,556,300	4,556,009	70,172
<b>Transport</b>					
- Pinjar Road - Wanneroo & Carosa Road	728,849	-	728,849	728,849	49,378
- Upgrade Rocca Way Dundobar Road	54,715	-	54,715	54,715	3,707
- Flynn Drive Neerabup - Construct Road	1,623,298	-	1,623,298	1,623,298	109,975
					85,100
					49,301
					3,701
					109,804

(continued on next page)





## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 27(a). Rating Information

Rate Type	Rate in the \$ 2021	Number of Properties 2021	Rateable Value 2021	Actual Rate Revenue 2021	Actual Interim Rates 2021	Actual Back Rates 2021	Actual Total Revenue 2021	Budget Rate Revenue 2021	Budget Interim Rate 2021	Budget Total Revenue 2021	Actual Total Revenue 2020
	Cents		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Differential General Rate</b>											
GRV - Residential Improved	7.6953	61,248	1,098,256,162	82,468,263	1,107,829	55,699	83,631,791	82,464,663	1,250,000	83,714,663	88,103,963
GRV - Residential Vacant	13.4160	2,139	43,487,982	5,750,771	105,357	31,913	5,888,041	5,704,973	-	5,704,973	6,031,926
GRV - Commercial/Industrial Improved	7.7080	2,791	323,876,535	24,193,818	443,994	31,907	24,669,719	24,032,333	250,000	24,282,333	24,313,678
GRV - Commercial/Industrial Vacant	7.1860	177	11,490,027	874,240	(29,091)	(5,180)	839,969	889,880	-	889,880	859,822
UV - Residential Improved	0.3850	188	149,072,947	577,327	(21,789)	408	555,946	562,697	-	562,697	564,605
UV - Residential Vacant	0.5622	48	630,355,000	3,702,114	(19,394)	(6,045)	3,676,675	3,702,115	-	3,702,115	3,211,894
UV - Commercial/Industrial Improved	0.2833	37	65,120,348	205,167	(8,499)	-	196,668	205,167	-	205,167	207,143
UV - Commercial/Industrial Vacant	0.3283	12	30,750,000	106,402	(2,725)	(228)	103,449	106,402	-	106,402	113,285
UV - Rural and Mining Improved	0.3762	381	535,720,000	2,020,025	(4,332)	1,739	2,017,432	2,034,320	-	2,034,320	2,032,847
UV - Rural and Mining Vacant	0.4991	86	78,910,235	407,881	(6,839)	(6,221)	394,821	407,880	-	407,880	409,968
<b>Sub-Total</b>		<b>67,107</b>	<b>2,967,039,236</b>	<b>120,306,008</b>	<b>1,564,511</b>	<b>103,992</b>	<b>121,974,511</b>	<b>120,110,430</b>	<b>1,500,000</b>	<b>121,610,430</b>	<b>125,849,131</b>

GRV = Gross Rental Value

UV = Unimproved Value

# City of Wanneroo

## Notes to the Financial Statements for the year ended 30 June 2021

### Note 27(a). Rating Information (continued)

			Number of Properties 2021	Rateable Value 2021	Actual		Budget		Actual	
					Total Revenue	2021	Total Revenue	2021	Total Revenue	2020
					\$	\$	\$	\$		
Minimum Rates										
		988	11,339	130,093,614	11,200,244	11,211,824	5,720,520			
		970	1,964	10,545,088	1,905,080	1,925,450	1,730,286			
		1,344	786	10,563,660	1,127,616	1,048,320	747,264			
		1,344	32	393,700	43,008	43,008	51,072			
		672	106	640,652	988	71,232	75,264			
		988	1	189,652	1,940	988	988			
		970	2	46,500	9,408	1,940	2,973			
		1,344	7	2,053,000	-	6,720	9,408			
		980	1	248,000	980	980	980			
		928	33	216,712	30,624	30,624	34,336			
			14,271	154,990,578	14,319,888	14,341,086	8,373,091			

GRV = Gross Rental Value  
UV = Unimproved Value

<b>136,294,399</b>	<b>135,951,516</b>	<b>134,222,222</b>
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Ex Gratia Rates

24,640	20,000	23,851
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### Totals

<b>136,319,039</b>	<b>135,971,516</b>	<b>134,246,073</b>
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## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2021

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

	Notes	2021 Actual \$	2020 Actual \$
<b>Current Assets</b>			
Cash - Unrestricted	3	66,255,664	37,320,904
Cash - Restricted Town Planning Schemes	3	87,273,063	88,632,352
Cash - Restricted Unspent Grants	3	9,481,066	9,140,612
Cash - Restricted Reserves	3	244,930,312	233,133,731
Cash - Restricted Unspent Loans	3	6,672,993	6,799,926
Rates - Current	5	9,500,496	11,946,576
Sundry Debtors (net of Expected Credit Loss)	5	1,062,231	516,012
Accrued Income	5	1,703,696	2,962,900
GST Receivable	5	1,547,479	1,673,284
Prepayments	5	2,078,698	1,511,668
Contract Assets	9	-	185,356
Inventories	6	304,083	347,448
		<b>430,809,781</b>	<b>394,170,769</b>
<b>Current Liabilities</b>			
Trade Payables	12	25,480,067	31,344,263
Bonds & Security Deposits	12	14,561,841	7,721,647
Contract Liabilities	10	28,103,766	10,227,250
Lease Liability	11	76,123	104,797
Current Employee Benefits Provision	14	18,064,041	16,756,701
Other Current Provisions	14	3,580,000	2,240,000
		<b>89,865,838</b>	<b>68,394,658</b>
<b>Net Current Assets</b>		<b>340,943,943</b>	<b>325,776,111</b>
<b>Less:</b>			
Cash - Restricted	3	(348,357,434)	(337,706,621)
Town Planning Schemes Receivables		(648,800)	(644,154)
Contract Assets	9	-	(185,356)
<b>Add Back:</b>			
Cash Backed Employee Provisions	14	13,280,492	13,024,364
Town Planning Schemes Payables		1,228,244	4,541,388
Contract Liabilities		26,552,348	10,173,059
<b>Surplus</b>		<b>32,998,793</b>	<b>14,978,791</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 28. Discounts, Incentives, Concessions & Write-offs

	Type	2021	2021	2020
		Actual	Budget	Actual
		Cost / Value	Cost / Value	Cost / Value
		\$	\$	\$
<b>(a) Discounts/Concessions</b>				
Debts Written Off	Write Off	11,949	-	33,330
One-off COVID-19 Rates Concession	Concession	2,690,130	2,697,700	-
Financial Hardship Concession	Concession	7,393	500,000	-
Community Groups Rates Waiver	Waiver	127,094	121,386	98,041
		<b>2,836,566</b>	<b>3,319,086</b>	<b>131,371</b>

#### 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 2020/21 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.
- Kingsway Little Athletics Centre
- 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 Boxing Club Inc.
- Wanneroo Amateur Football Club Inc, Wanneroo Cricket Club, Wanneroo Junior Cricket Club Inc and Wanneroo Junior Football Club Inc. (Wanneroo Showgrounds Clubrooms)
- 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 2021

#### Note 29. Interest Charges and Instalments

	Interest Rate %	2021 Actual	2021 Budget	2020 Actual
		\$	\$	\$
Interest on Overdue Rates	5%	728,985	1,570,538	1,492,022
Interest on Instalments Plan	3%	322,021	294,860	647,871
		<b>1,051,006</b>	<b>1,865,398</b>	<b>2,139,893</b>
Administration Charges on Instalment Plan		370,867	402,000	394,569
		<b>1,421,873</b>	<b>2,267,398</b>	<b>2,534,462</b>

##### Option 1 (Full Payment)

Full amount of Rates and Service Charges, including arrears, to be paid on or before 35 days from the issue date appearing on the Rate notice (due: 14 September 2020).

##### Option 2 (Two instalments)

First instalment to be received on or before 35 days after the issue date appearing on the Rate notice, including all arrears and half of the current Rates and Service Charges (due: 14 September 2020). The second and final instalment will be due and payable 63 days after the due date of the first instalment (due: 16 November 2020).

##### Option 3 (Four instalments)

First instalment to be received on or before 35 days after the issue date appearing on the Rate notice, including all arrears and a quarter of the current Rates and Service Charges (due: 14 September 2020). The second, third and fourth instalments are to be made at 63 day intervals, thereafter (due: 16 November 2020, 18 January 2021 and 22 March 2021).

##### Option 4 (Five instalments)

First instalment to be received on or before 35 days after the issue date appearing on the Rate notice, including all arrears and a fifth of the current Rates and Service Charges (due: 14 September 2020). The second, third, fourth and fifth instalments are to be made at 63 day intervals, thereafter (due: 16 November 2020, 18 January 2021, 22 March 2021 and 24 May 2021).

##### Cost of the instalment Options

The cost of the instalment options will comprise of simple interest of 3% (2020: 5.5%) per annum, calculated from the date the first instalment is due and payable (14 September 2020), together with an Administration Fee of \$5.00 for each instalment. It is estimated this will generate income of \$696,860.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 29. Interest Charges and Instalments (continued)

##### Special Arrangements and Late Payment Penalty

An interest rate of 5% (2020: 8.45%) per annum will be charged on all Rates, both current and arrears, that remain unpaid after 35 days from the issue date (10 August 2020) of the Rate notice. It is estimated this will generate income of \$1,570,538.

In addition to the Late Payment Interest, an Administration Fee of \$30 (2020: \$30) per assessment will be charged to any Ratepayers wishing to enter into special payment agreements with the City.

In accordance with the provisions of Section 6.46 of the Act, a Local Government is empowered to offer a discount or other incentive for the early payment of rates. Whilst no discount is offered for 2020/21, an allowance of \$10,000 for the purchase of prizes has been included in the Annual Budget. The City will provide 100 x \$100 vouchers from local businesses for a prize draw of Ratepayers who pay per one of the four available payment options by the 1st Due date (14 September 2020).

#### Note 30. Fees and Charges

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Governance	25,352	65,513	15,552
General Purpose Funding	551,569	513,800	492,943
Law, Order & Public Safety	510,383	667,750	836,583
Health	342,151	229,244	338,233
Education & Welfare	200,325	64,340	129,370
Community Amenities	33,227,389	32,168,023	32,276,016
Recreation & Culture	10,165,955	8,573,720	8,083,140
Transport	884,419	539,818	547,594
Economic Services	2,848,939	1,327,420	1,670,299
Other Property & Services	81,420	6,394	48,354
	<b>48,837,902</b>	<b>44,156,022</b>	<b>44,438,084</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 31. Grants, Subsidies and Contributions

	2021 Actual	2020 Actual
	\$	\$

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

##### (a). By Nature & Type

Operating Grants, Subsidies & Contributions	16,987,093	13,364,998
Non-Operating Grants, Subsidies & Contributions	39,194,030	46,536,875
	<b>56,181,123</b>	<b>59,901,873</b>

##### (b). By Program

Governance	714,071	301,890
General Purpose Funding	9,081,730	8,737,585
Law, Order & Public Safety	628,167	1,100,116
Health	26,784	58,555
Education & Welfare	235,670	234,849
Community Amenities	6,144,192	343,585
Recreation & Culture	9,837,603	9,589,637
Transport	28,256,281	38,885,778
Economic Services	84	2,151
Other Property & Services	1,256,541	647,727
	<b>56,181,123</b>	<b>59,901,873</b>

#### Note 32. Employee Costs

	2021 Actual	2020 Actual
	\$	\$
Salaries & Wages	64,344,813	67,652,877
Superannuation	7,406,416	7,264,749
Conference & Training	375,537	500,997
Fringe Benefits Tax	215,878	243,041
Workers' Compensation Insurance	1,745,310	(1,200,268)
Protective Clothing & Uniforms	283,653	337,131
Staff Amenities	33,440	38,482
External Labour Hire	1,217,819	1,692,509
<b>Total Employee Costs</b>	<b>75,622,866</b>	<b>76,529,518</b>
Less: Capitalised Costs	(3,841,520)	(3,302,089)
	<b>71,781,346</b>	<b>73,227,429</b>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2021

#### 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	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Financial Assets</b>					
Cash & Cash Equivalents	3	414,613,098	375,027,525	414,613,098	375,027,525
Receivables (Current & Non-Current)	5	19,990,719	22,322,750	19,990,719	22,322,750
		<u>434,603,817</u>	<u>397,350,275</u>	<u>434,603,817</u>	<u>397,350,275</u>
<b>Financial Liabilities</b>					
Payables (Current & Non-Current)	12	40,041,908	39,065,910	40,041,908	39,065,910
Borrowings (Current & Non-Current)	13	74,334,488	74,334,488	74,334,488	74,334,488
		<u>114,376,396</u>	<u>113,400,398</u>	<u>114,376,396</u>	<u>113,400,398</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 2021

#### 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 legislation. 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-21	30-Jun-20
	\$	\$
<b>Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments</b>		
Equity	4,146,131	3,750,275
Statement of Comprehensive Income	4,146,131	3,750,275

#### 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 2021

#### 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 the City to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. The City 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-21	30-Jun-20
	\$	\$
<b>Rates and Annual Charges Outstanding</b>		
0 - 30 Days	245,811	455,899
30 - 60 Days	95,286	176,827
60 - 90 Days	89,030	148,422
Over 90 Days	9,070,369	11,165,428
	<u>9,500,496</u>	<u>11,946,576</u>
<b>Sundry Debtors Outstanding</b>		
0 - 30 Days	493,829	262,807
30 - 60 Days	36,815	89,467
60 - 90 Days	357,867	6,396
Over 90 Days	638,388	800,272
	<u>1,526,899</u>	<u>1,158,942</u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## 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
	\$	\$	\$	\$	\$
<b>2021</b>					
Payables	40,041,908	-	-	40,041,908	40,041,908
Borrowings	4,378,924	80,628,822	14,478,280	99,486,026	74,334,488
	<b>44,420,832</b>	<b>80,628,822</b>	<b>14,478,280</b>	<b>139,527,934</b>	<b>114,376,396</b>
<b>2020</b>					
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
	<b>43,565,681</b>	<b>22,607,346</b>	<b>78,126,150</b>	<b>144,299,177</b>	<b>113,400,398</b>

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-21		30-Jun-20	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed <sup>1</sup>	6.77%	65,334,488	6.77%	65,334,488
Bank Loans - Variable <sup>2</sup>	1.87%	9,000,000	2.08%	9,000,000
		<b>74,334,488</b>		<b>74,334,488</b>

**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 2021

#### 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:**

2021	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	
		\$	\$	\$	\$
<b>Property, Plant &amp; Equipment</b>					
- Land	30/06/2021	-	121,763,000	-	121,763,000
- Buildings	30/06/2021	-	-	206,236,901	206,236,901
- Furniture & Fittings	30/06/2018	-	7,802,764	1,086,704	8,889,468
- Leased Asset	30/06/2020	-	143,490	-	143,490
- Plant & Equipment	30/06/2019	-	12,755,379	8,765,911	21,521,290
<b>Total Property, Plant &amp; Equipment</b>		<b>-</b>	<b>142,464,633</b>	<b>216,089,516</b>	<b>358,554,149</b>
<b>Infrastructure</b>					
- Reserves	30/06/2020	-	-	134,674,344	134,674,344
- Roads	30/06/2020	-	-	1,184,223,932	1,184,223,932
- Pathways	30/06/2020	-	-	87,735,281	87,735,281
- Car Parking	30/06/2020	-	-	30,938,566	30,938,566
- Drainage	30/06/2020	-	-	393,528,662	393,528,662
- Other Infrastructure	30/06/2020	-	-	55,852,720	55,852,720
<b>Total Infrastructure</b>		<b>-</b>	<b>-</b>	<b>1,886,953,505</b>	<b>1,886,953,505</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## 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)

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	
		\$	\$	\$	\$
<b>Property, Plant &amp; Equipment</b>					
- 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
<b>Total Property, Plant &amp; Equipment</b>		<b>-</b>	<b>93,718,395</b>	<b>245,951,517</b>	<b>339,669,912</b>
<b>Infrastructure</b>					
- 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	30/06/2017	-	-	58,253,574	58,253,574
<b>Total Infrastructure</b>		<b>-</b>	<b>-</b>	<b>1,952,755,508</b>	<b>1,952,755,508</b>

## (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 2021

#### Note 34. Fair Value Measurements (continued)

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##### (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 2021

#### 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 and Furniture & Fittings**

The City uses the cost model for Plant and Equipment and Furniture and Fittings as per Regulation 17A of the Local Government (Financial Management) Regulations 1996.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 34. Fair Value Measurements (continued)

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

###### **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 2021

## 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
	\$	\$	\$	\$	\$
<b>Opening Balance - 1/7/19</b>	165,668,570	201,533,538	1,140,903,277	134,779,607	1,642,884,992
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)
<b>Closing Balance - 30/6/20</b>	<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>
Purchases (Gross Book Value)	5,251,538	7,514,387	50,853,023	1,661,823	65,280,771
Disposals (WDV)	-	-	(87,740,477)	-	(87,740,477)
Depreciation & Impairment	(6,238,986)	(6,175,811)	(15,848,345)	(3,064,681)	(31,327,823)
Transfers from/(to) Level 2 FV hierarchy	19,900,265	-	-	-	19,900,265
FV Gains - Other Comprehensive Income	27,378,681	-	-	-	27,378,681
<b>Closing Balance - 30/6/21</b>	<u>206,236,901</u>	<u>134,674,344</u>	<u>1,184,223,932</u>	<u>87,735,281</u>	<u>1,612,870,458</u>

	Furniture & Fittings	Drainage	Car Parking	Other Infra-structure	Total
	\$	\$	\$	\$	\$
<b>Opening Balance - 1/7/19</b>	1,135,504	372,181,502	42,961,653	57,471,172	473,749,831
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
<b>Closing Balance - 30/6/20</b>	<u>982,004</u>	<u>403,380,505</u>	<u>31,687,791</u>	<u>58,253,574</u>	<u>494,303,874</u>
Purchases (Gross Book Value)	2,297,617	4,514,278	25,760	72,165	6,909,820
Disposals (WDV)	-	(10,898,203)	-	-	(10,898,203)
Depreciation & Impairment	(2,192,917)	(3,467,918)	(774,985)	(2,473,019)	(8,908,839)
<b>Closing Balance - 30/6/21</b>	<u>1,086,704</u>	<u>393,528,662</u>	<u>30,938,566</u>	<u>55,852,720</u>	<u>481,406,652</u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2021

## 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
	\$	\$	\$
<b>Opening Balance - 1/7/19</b>	80,805,000	7,154,000	87,959,000
Disposals (WDV)	(2,835,911)	(98,979)	(2,934,890)
<b>Closing Balance - 30/6/20</b>	<u>77,969,089</u>	<u>7,055,021</u>	<u>85,024,110</u>
Disposals (WDV)	-	1,710,890	1,710,890
Transfers from/(to) Level 2 FV hierarch	(77,969,089)	-	(77,969,089)
<b>Closing Balance - 30/6/21</b>	<u>-</u>	<u>8,765,911</u>	<u>8,765,911</u>

## City of Wanneroo

### Notes to the Financial Statements for the year ended 30 June 2021

#### Note 35. Events occurring after the Reporting Period

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Events that occur between the end of the reporting period (ending 30 June 2021) 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 2021.

##### **(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 2021 and which are only indicative of conditions that arose after 30 June 2021.

#### **Guarantees**

Subsequent to the balance sheet date on 19 August, the Mindarie Regional Council (MRC) determined to terminate its arrangement in relation to Resource Recovery Facility early. The City was called on to contribute to termination in proportion to its one sixth share in MRC. Council of City of Wanneroo endorsed the payment approval of a total \$14.2M to the MRC. Payment was made on 24 August 2021, fully extinguishing the City's obligation under the RRFA. No adjustments have been made to the financial statements at 30 June 2021. Refer to Note 20(ii).

# City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

### 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 20 for details of these interests.

#### Council Members Allowances

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members:			
<b>Mayor - Tracey Roberts JP</b>			
Mayor's Allowance	89,753	89,753	89,753
Meeting Fees	47,516	47,516	47,516
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	15	2,000	914
	<u>140,784</u>	<u>142,769</u>	<u>141,683</u>
<b>Deputy Mayor, Central Ward Council Member</b>			
<b>- Frank Cvitan JP</b> (elected October 2019 as the Deputy Mayor)			
Deputy Mayor's Allowance	22,438	22,438	25,727
Meeting Fees	31,678	31,678	21,032
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	2,900	2,000	4,074
	<u>60,516</u>	<u>59,616</u>	<u>54,333</u>
<b>Central Ward Council Member</b>			
<b>- Jacqueline Huntley</b>			
Meeting Fees	34,275	31,678	19,474
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	183	2,000	1,299
	<u>37,958</u>	<u>37,178</u>	<u>24,273</u>

## City of Wanneroo

Notes to the Financial Statements  
for the year ended 30 June 2021

## Note 36. Transactions with Related Parties (continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Central Ward Council Member - Paul Miles</b>			
Meeting Fees	31,678	31,678	31,678
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	9,831	2,000	4,221
	<u>45,009</u>	<u>37,178</u>	<u>39,399</u>
<b>Central Ward Council Member - Dot Newton JP</b>			
Meeting Fees	31,678	31,678	31,678
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	-	2,000	-
	<u>35,178</u>	<u>37,178</u>	<u>35,178</u>
<b>Central Ward Council Member - Samantha Fenn*</b>			
Meeting Fees	-	-	9,607
Telecommunication Allowance	-	-	-
Travelling & Other Expenses	-	-	-
	<u>-</u>	<u>-</u>	<u>9,607</u>
<b>North Coast Ward Council Member - Linda Aitken</b>			
Meeting Fees	31,678	31,678	31,678
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	1,912	2,000	2,374
	<u>37,090</u>	<u>37,178</u>	<u>37,552</u>
<b>North Coast Ward Council Member - Chris Baker</b>			
Meeting Fees	31,678	31,678	22,071
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	3,066	2,000	1,677
	<u>38,244</u>	<u>37,178</u>	<u>27,248</u>
<b>North Coast Ward Council Member - Sonet Coetzee</b>			
Meeting Fees	31,678	31,678	31,678
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	1,059	2,000	1,477
	<u>36,237</u>	<u>37,178</u>	<u>36,655</u>
<b>North Coast Ward Council Member - Lewis Flood</b>			
Meeting Fees	31,678	31,678	31,678
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	5,033	2,000	4,495
	<u>40,211</u>	<u>37,178</u>	<u>39,673</u>
<b>North Coast Ward Council Member</b>			
<b>- Natalie Sangalli</b> (ceased October 2019 as the Deputy Mayor)			
Deputy Mayor's Allowance	-	-	10,646
Meeting Fees	31,678	31,678	28,389
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	-	2,000	-
	<u>35,178</u>	<u>37,178</u>	<u>42,535</u>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 36. Transactions with Related Parties (continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>North Coast Ward Council Member - Russell Driver*</b>			
Meeting Fees	-	-	9,357
Telecommunication Allowance	-	-	-
Travelling & Other Expenses	-	-	964
	-	-	10,321
<b>South Ward Council Member - Hugh Nguyen</b>			
Meeting Fees	31,678	31,678	31,678
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	-	2,000	-
	35,178	37,178	35,178
<b>South Ward Council Member - Vinh Nguyen</b>			
Meeting Fees	31,678	31,678	22,071
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	-	2,000	-
	35,178	37,178	25,571
<b>South Ward Council Member - Glynis Parker</b>			
Meeting Fees	31,678	31,678	22,071
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	1,391	2,000	652
	36,569	37,178	26,223
<b>South Ward Council Member - Denis Hayden*</b>			
Meeting Fees	-	-	2,250
Telecommunication Allowance	-	-	-
Travelling & Other Expenses	-	-	-
	-	-	2,250
<b>South Ward Council Member - Brett Treby</b>			
Meeting Fees	31,678	31,678	31,678
Telecommunication Allowance	3,500	3,500	3,500
Other Expenses Reimbursements	4,304	2,000	2,236
	39,482	37,178	37,414
<b>South Ward Council Member - Domenic Zappa</b>			
Meeting Fees	31,678	31,678	31,678
Telecommunication Allowance	3,500	3,500	3,500
Travelling & Other Expenses	-	2,000	-
	35,178	37,178	35,178

**Note:**

i) Terms of Council Members identified with an asterix(\*) expired October 2019.

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 36. Transactions with Related Parties (continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$

Summary of Council Members Remuneration and Allowances:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Mayor's Allowance & Meeting Fees	137,269	89,753	137,269
Deputy Mayor's Allowance & Meeting Fees	54,116	22,438	57,405
Meeting Fees	414,411	491,008	388,714
Telecommunication Allowance	52,500	52,500	52,500
Travelling & Other Expenses	29,694	30,000	24,383
	<b>687,990</b>	<b>685,699</b>	<b>660,271</b>

#### SIGNIFICANT ACCOUNTING POLICY

##### Council Members Remuneration

Section 44 of the Regulations was amended to include the remuneration for "each person" instead of the total amount paid to council members.

#### Key Management Personnel (KMP) Compensation Disclosures

The compensation paid to Key Management Personnel comprises:

	2021 Actual	2020 Actual
	\$	\$
Short-Term Employee Benefits	1,555,196	1,606,151
Post-Employment Benefits	140,521	174,323
Long-Term Benefits	34,304	34,179
<b>Total</b>	<b>1,730,021</b>	<b>1,814,653</b>

##### 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.



## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

## Note 37. Town Planning Schemes and Development Contribution Plans

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### **Town Planning Schemes and Development Contribution Plans**

The Town Planning Schemes are mainly related to the development of standard infrastructures. The Development Contribution Plans are related to the development of district community facilities.

East Wanneroo Development Area Cells 1-9 (TPSs) are 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 TPS. However, the Yanchep/Two Rocks Community Facilities and Alkimos/Eglinton Community Facilities (DCPs) are governed by the State Planning Policy 3.6 Development Contributions For Infrastructure 2021 (SPP 3.6) and Schedule 14 and 15 of DPS2 whereby Clause 16 of Schedule 14 of DPS2 requires the City to establish and maintain a reserve account for each DCP in accordance with Act.

Annual reviews are completed for East Wanneroo Development Area Cells 1-9, Alkimos/Eglinton Community Facilities and Yanchep/Two Rocks Community Facilities.

Final Income and Expenditure Statements are published on the City's website once the Annual Financial Statements are adopted by Council.

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 37. Town Planning Schemes and Development Contribution Plans (continued)

## (a) Town Planning Scheme No 5 - Landsdale

An industrial zone guided development, which was gazetted in 1973. The works involved local infrastructure, servicing and upgrading of the abutting section of Gngangara Road. The total area of the scheme is approximately 100 hectares (ha). An internal audit of the remaining works has occurred and all works are complete with the exception of several minor land acquisitions along Gngangara Road (between Atwell Street and Mirrabooka Avenue). The upgrade/construction of Gngangara Road will be partly funded by TPS5 and the East Wanneroo Cell 8 Cost Sharing Arrangement.

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Statement of Comprehensive Income</b>			
<b>- Town Planning Scheme No 5 - Landsdale</b>			
<b>Operating Income</b>			
Development Headworks Levy Including Interest on Investments	220,036	6,788	6,449
	<b>220,036</b>	<b>6,788</b>	<b>6,449</b>
<b>Operating Expense</b>			
Administration Allocation	(16,588)	-	(6,449)
Legal Fees	(10,000)	-	-
Contract Expenses	(20,660)	-	-
Compensation Payments - Road Reserves	(172,788)	-	-
	<b>(220,036)</b>	<b>-</b>	<b>(6,449)</b>
<b>Net Result</b>	<b>-</b>	<b>6,788</b>	<b>-</b>
	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Statement of Financial Position</b>			
<b>- Town Planning Scheme No 5 - Landsdale</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalent Assets	528,747	759,094	744,168
<b>Total Current Assets</b>	<b>528,747</b>	<b>759,094</b>	<b>744,168</b>
<b>TOTAL ASSETS</b>	<b>528,747</b>	<b>759,094</b>	<b>744,168</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred Income	528,747	-	744,168
<b>Total Non-Current Liabilities</b>	<b>528,747</b>	<b>-</b>	<b>744,168</b>
<b>TOTAL LIABILITIES</b>	<b>528,747</b>	<b>-</b>	<b>744,168</b>
<b>NET ASSETS</b>	<b>-</b>	<b>759,094</b>	<b>-</b>

## City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

## Note 37. Town Planning Schemes and Development Contribution Plans (continued)

**(b) 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.

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Statement of Comprehensive Income</b>			
<b>- Berkley Road Local Structure Plan</b>			
<b>Operating Income</b>			
Development Headworks Levy Including Interest on Investments	4,531	27,939	11,286
	<b>4,531</b>	<b>27,939</b>	<b>11,286</b>
<b>Operating Expense</b>			
Administration Allocation	(4,531)	-	(11,286)
	<b>(4,531)</b>	<b>-</b>	<b>(11,286)</b>
<b>Net Result</b>	<b>-</b>	<b>27,939</b>	<b>-</b>

	Actual	Budget	Actual
	\$	\$	\$
<b>Statement of Financial Position</b>			
<b>- Berkley Road Local Structure Plan</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalent Assets	3,102,688	3,129,093	3,076,723
<b>Total Current Assets</b>	<b>3,102,688</b>	<b>3,129,093</b>	<b>3,076,723</b>
<b>TOTAL ASSETS</b>	<b>3,102,688</b>	<b>3,129,093</b>	<b>3,076,723</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred Income	3,102,688	-	3,076,723
<b>Total Non-Current Liabilities</b>	<b>3,102,688</b>	<b>-</b>	<b>3,076,723</b>
<b>TOTAL LIABILITIES</b>	<b>3,102,688</b>	<b>-</b>	<b>3,076,723</b>
<b>NET ASSETS</b>	<b>-</b>	<b>3,129,093</b>	<b>-</b>

## City of Wanneroo

### Notes to the Financial Statements

for the year ended 30 June 2021

#### Note 37. Town Planning Schemes and Development Contribution Plans (continued)

##### (c) 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 2020/2021 or 2019/2020.

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Statement of Financial Position</b>			
<b>- Neerabup Industrial Area Structure Plan</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	3,448,943	3,448,943	3,448,943
<b>Total Current Liabilities</b>	<b>3,448,943</b>	<b>3,448,943</b>	<b>3,448,943</b>
<b>TOTAL LIABILITIES</b>	<b>3,448,943</b>	<b>3,448,943</b>	<b>3,448,943</b>
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Accumulated Surplus/(Deficit)	(3,448,943)	(3,448,943)	(3,448,943)
<b>TOTAL EQUITY</b>	<b>(3,448,943)</b>	<b>(3,448,943)</b>	<b>(3,448,943)</b>

# City of Wanneroo

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 38. Associate Entity Restatement and Guarantee Payment

#### (i) Mindarie Regional Council (MRC) - Prior Period Restatement

The service concession arrangement relates to the 20-year Resource Recovery Facility Agreement (RRFA) with an agreement end date of 2030. Under the agreement the operator has responsibility to manage the facility for the purpose of processing the member councils' waste on behalf of MRC. On termination of the agreement MRC will assume all rights and responsibilities in relation to the assets and liabilities of the Service Concession

MRC adopted AASB 1059 Service Concession Arrangements: Grantors (issued December 2014) on 1 July 2019 resulting in changes to accounting policies. In accordance with transition provisions of AASB 1059, MRC adopted the new rules retrospectively by recognising and measuring service concession assets and related liabilities on 1 July 2020.

The impact of adopting AASB 1059 Service Concession Assets on the City's Financial Statements is as follows:

	Previously Reported 30 June 2020	Application of AASB 1059 Increase	Restated 30 June 2020
<b>(a) Changes to the Statement of Comprehensive Income</b>			
Net Share of Interests in Controlled Entities, Associated Entities & Joint Ventures	533,451	(6,648,252)	(6,114,801)
<b>(b) Changes to the Statement of Financial Position</b>			
Investments	19,275,826	(6,648,252)	12,627,574
<b>(c) Resulting Impact on Retained Surplus</b>			
		(6,648,252)	
<b>(d) Total Assets Classified by Program (Note 22)</b>			
Unallocated	2,794,209,215	(6,648,252)	2,787,560,963
	417,158,903	(6,648,252)	410,510,651

#### (ii) Guarantee Payment

Subsequent to balance sheet date, MRC determined to terminate its arrangement early in relation to RRFA noted above. MRC's early termination payment to the operator was guaranteed by the member councils. On 24 August 2021 the City paid its one sixth proportion amounting to \$14.2M (Refer to Note 35(ii) Guarantees). The City's financial statements at 30 June 2021 do not incorporate the \$14.2M payout and it will be reported in next year's financial statements.