



MEETING OF THE AUDIT COMMITTEE

to be held on

TUESDAY 24 OCTOBER 2006

in Conference Room 3,
Joondalup Civic Centre, Boas Avenue, Joondalup
commencing at 5.30 pm

GARRY HUNT
Chief Executive Officer
20 October 2006

CITY OF JOONDALUP

Notice is hereby given that a meeting of the **AUDIT COMMITTEE** will be held in Conference Room 3, Joondalup Civic Centre, Boas Avenue, Joondalup on **TUESDAY 24 OCTOBER 2006** commencing at **5.30 pm**.

GARRY HUNT
Chief Executive Officer
20 October 2006

Joondalup
Western Australia

AGENDA

Committee Members

Cr Tom McLean – Presiding Person
Cr Steve Magyar – Deputy Presiding Person
Mayor Troy Pickard
Cr Geoff Amphlett
Cr Michele John
Cr Sue Hart
Cr Richard Currie

Deputies

Cr Kerry Hollywood
Cr Albert Jacob

Cr John Park
Cr Marie Evans
Cr Brian Corr
Cr Russ Fishwick

Terms of Reference

To oversee the internal and external Audit and Risk Management and Compliance functions of the City.

DECLARATION OF OPENING

APOLOGIES/LEAVE OF ABSENCE

Leave of absence previously approved:

Mayor Troy Pickard	16 October 2006 - 30 October 2006 inclusive
Cr T McLean	17 October 2006 - 09 November 2006 Inclusive
Cr G Amphlett	23 October 2006 - 03 November 2006 inclusive

CONFIRMATION OF MINUTES

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 10 OCTOBER 2006

RECOMMENDATION

That the minutes of the meeting of the Audit Committee held on 10 October 2006 be confirmed as a true and correct record.

ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION**DECLARATIONS OF INTEREST****IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS****PETITIONS AND DEPUTATIONS****REPORTS**

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Item 3	Review of Level of Delegation to the CEO in Relation to Write-off of Monies	10

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION****CLOSURE**

ITEM 1 2005/06 ANNUAL FINANCIAL REPORT - [50068]**WARD:** All**RESPONSIBLE** Mr Mike Tidy
DIRECTOR: Corporate Services

PURPOSE

To consider the 2005/06 Annual Financial Statements and the auditor's report.

EXECUTIVE SUMMARY

In accordance with Section 6.4 of the Local Government Act 1995, the 2005/06 Annual Financial Report has been prepared and the accounts and the report have been submitted to the City's auditors.

The City's auditors have completed their audit of Council's accounts and the Annual Financial Report for the 2005/06 financial year in accordance with the terms of their appointment and the requirements of the Local Government Act 1995 Part 7 Division 3 and submitted their report. An abridged set of Financial Statements will form part of the 2005/06 Annual Report.

The auditors report and the Annual Financial Report for the financial year 2005/06 are submitted for the Committee's consideration.

The following recommendation is provided for the Audit Committee's consideration:

That the Audit Committee RECOMMENDS that Council, BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup and the accompanying audit report for the financial year 2005/06 forming Attachment 1 to this Report.

BACKGROUND

Section 6.4 of the Local Government Act 1995 sets out the requirements for a local government to prepare an annual financial report and to submit both the report and its accounts to its auditor by 30 September each year. The City of Joondalup has met these requirements and the City's auditors have completed the audit of Council's accounts and Annual Financial Report for the financial year 2005/06.

As has been past practice, an abridged version of the Annual Financial Report has also been prepared for inclusion in the City's Annual Report. The Annual Financial Report for the financial year 2005/06 is included with this report at Attachment 1.

DETAILS

Issues and options considered:

The preparation of an Annual Financial Report and the submission of the report and the City's accounts to the auditors for audit are statutory requirements of the Local Government Act 1995.

The Annual Financial Report needs to be accepted by Council in order to enable the holding of an Annual General Meeting of Electors at which the City's Annual Report containing the abridged version of the financial report will be considered. The Annual Financial Report is also required to be submitted to the Executive Director of the Department of Local Government and Regional Development.

Link to Strategic Plan:

Strategy 4.1 of the City's Strategic Plan 2003-2008:

"To manage the business in a responsible and accountable manner"

Legislation – Statutory Provisions:

Local Government (Financial Management) Regulation 51(2) states:

"A copy of the annual financial report of a local government is to be submitted to the Executive Director within 30 days of the receipt by the CEO of the auditor's report on that financial report."

Section 5.53 of the Local Government Act 1995 states:

5.53 Annual Reports

(1) *The local government is to prepare an annual report for each financial year.*

(2) *The annual report is to contain:*

.....

(f) *the financial report for the financial year;*

.....

Section 5.54 of the Local Government Act 1995 states:

6.4 Financial report

(1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*

(2) *The financial report is to —*

(a) *be prepared and presented in the manner and form prescribed; and*

(b) *contain the prescribed information.*

- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
- (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
 - (b) *the annual financial report of the local government for the preceding financial year.*

Risk Management considerations:

The risk associated with not accepting the Annual Financial Report for the financial year 2005/06 is that it could lead to failure to set a date for the Annual General Meeting of Electors resulting in non-compliance with the requirements of the Local Government Act 1995.

Financial/Budget Implications:

Nil.

Policy Implications:

Nil.

Regional Significance:

Nil.

Sustainability Implications:

Nil.

Consultation:

There is no legislative requirement to consult on the preparation of the Annual Financial Report, but the Local Government Act 1995 requires an Annual General Meeting of Electors to be held and the City's Annual Report incorporating the abridged financial report to be made available publicly. The full Annual Financial Report will also be publicly available.

COMMENT

In order for the City to meet its legislative requirements, it is recommended that the Council accepts the Annual Financial Report for the financial year 2005/06.

ATTACHMENTS

Attachment 1 Annual Financial Report for the financial year 2005/06.

VOTING REQUIREMENTS

Absolute Majority

RECOMMENDATION

That the Audit Committee RECOMMENDS that Council, BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup and the accompanying audit report for the financial year 2005/06 forming Attachment 1 to this Report.

Appendix 1 refers

ITEM 2 QUARTERLY REPORT- CORPORATE CREDIT CARD USAGE - [098820 [18049] [50068]

WARD: All

RESPONSIBLE Mr Mike Tidy
DIRECTOR: Director Corporate Services

PURPOSE

The purpose of this report is to provide the Audit Committee with details of the corporate credit card usage of the CEO for the quarter ended 30 September 2006.

EXECUTIVE SUMMARY

At its meeting held on 11 October 2005, Council inter alia resolved that a quarterly report on the corporate credit card usage of the CEO and Mayor is to be prepared and presented to the Audit Committee - CJ210-10/05. The report for the quarter ended 30 September 2006 is attached.

It is recommended that the Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 30 September 2006 as shown on Attachment 1 to this Report.

BACKGROUND

The information to be provided in the Warrant of Payments on the usage of corporate credit cards was the subject of extensive investigation by the City, details of which were reported to Council on 11 October 2005.

Following its deliberation, it was resolved:

That Council:

- 1 *AGREES that the payee name be provided on the single line credit card payments included in the Warrant of Payments;*
- 2 *AMENDS the wording of the recommendation in the Warrant of Payments report to reflect the CEO's delegated power to make payments and Councils procedural role in noting the report;*
- 3 *REQUESTS that the Director of Corporate Services prepare a quarterly report for the Audit Committee on the corporate credit card usage of the CEO and Mayor.*

DETAILS

At its meeting held on 11 October 2005, Council considered the advice received from the City's legal representatives, the City's Auditors and the Department of Local Government on the details to be provided in the Warrant of Payments in relation to credit cards. Following its deliberation, Council inter alia requested the Director of Corporate Services to prepare a quarterly report for the Audit Committee on the corporate credit card usage of the CEO and Mayor.

The quarterly report as requested is provided per Attachment 1.

Issues and options considered:

As provided in CJ210 – 10/05.

Link to Strategic Plan:

The list of payments links to the Strategic Plan outcome of: “The City of Joondalup is a sustainable and accountable business” and in particular objective 4.1 which is “to manage the business in a responsible and accountable manner”.

Legislation – Statutory Provisions:

Regulation 11(1) of the Local Government (Financial Management) Regulations 1996 requires a local government to develop procedures for the authorisation and payment of accounts to ensure that there is effective security for, and properly authorised use of credit cards.

Risk Management considerations:

In accordance with the City's procedure 5.9 Use of Credit/Charge Cards, the CEO's credit card has a maximum limit of \$5,000. All expenditure incurred by the CEO by way of credit card is authorised by the Director Corporate Services. It is also a requirement, by resolution of Council, that the CEO's credit card expenditure is reviewed by the Audit Committee on a quarterly basis. The procedure additionally covers matters such as the issue and return of credit cards, lost or stolen cards, what purchases can be made by credit cards, documentation requirements and management review.

Financial/Budget Implications:

Not Applicable.

Policy Implications:

Not Applicable.

Regional Significance:

Not Applicable.

Sustainability Implications:

By ensuring that expenditure is incurred in accordance with procedures and within budget parameters, financial viability and sustainability is maintained.

Consultation:

Not Applicable.

COMMENT

The CEO's credit card usage is in accordance with procedure 5.9 Use of Credit/Charge Cards and the Contract of Employment of the CEO, with all expenditure being business related and authorised by the Director Corporate Services.

ATTACHMENTS

Attachment 1 CEO Quarterly Credit Card Expenditure for the Quarter Ended 30 September 2006.

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That the Audit Committee NOTES the report on the corporate credit card usage of the CEO for the quarter ended 30 September 2006 as shown on Attachment 1 to this Report.

Appendix 2 refers

ITEM 3 REVIEW OF LEVEL OF DELEGATION TO THE CEO IN RELATION TO WRITE-OFF OF MONIES - [23171] [50068]

WARD: All

RESPONSIBLE Mr Mike Tidy
DIRECTOR: Director Corporate Services

PURPOSE

The purpose of this report is to review the level of delegation to the CEO in relation to the write-off of monies as requested by Council at its meeting of 6 June 2006.

EXECUTIVE SUMMARY

Council has requested the Audit Committee to undertake a review of the existing delegation for Write-Off of Monies. The review has examined similar delegations in place at a number other local governments. It is clear that there is no industry standard or benchmark and the Council needs to determine its own level of delegation in relation to its own particular circumstances.

Having given consideration to all of these issues it is recommended that Council:

- 1 *NOTES the review undertaken by the Audit Committee of the Write-off of Monies delegation; and*
- 2 *DETERMINES that there be no change to the existing delegation for the Write-off of Monies.*

BACKGROUND

At its meeting of 6 June 2006 Council resolved as follows:

- 1 NOTES the minutes of the Audit Committee meeting held on 26 April 2006 forming Attachment 1 to Report CJ079-06/06;
- 2 APPROVES an amendment to the Chief Executive Officer's 'Authority To Write-Off Monies' as detailed in the Register Of Delegated Authority to read:

'Delegation to – Chief Executive Officer –individual items to \$20,000, subject to a report being provided to the Audit Committee on a six (6) monthly basis on the exercise of this delegation for amounts between \$100 and \$20,000';
- 3 REQUESTS the Audit Committee to review the level of delegation to the CEO to write-off monies before the end of the year 2006;

- 4 REQUESTS the Audit Committee to include the following references in the determination of the appropriate level of delegation to write-off monies:
- (a) The Local Government Act 1995, Section 1.3(2) (c) and (d), that is greater accountability of local governments to their communities and more efficient and effective local government;
 - (b) The Local Government Act 1995, Section 2.7(1):
 - (1) That the Council directs and controls the local government's affairs and is responsible for the performance of the local government's functions;
 - (2) Without limiting subsection (1), the Council is to oversee the allocation of the local government's finances and resources;
 - (c) The Local Government Act 1995, Section 5.41 (d) – the CEO's functions to manage the day to day operations of the local government;
- 5 REQUESTS the Audit Committee to refer to the Shire of Busselton and City of Wanneroo delegations for the write-off of monies.

DETAILS

Issues and options considered:

The current delegation for the write-off of monies has a limit for individual items up to \$20,000.

Item 4 of the resolution of 6 June 2006 sets out various provisions of the Local Government Act 1995 that the Audit Committee (the Committee) is asked to reference in their review of this delegation.

Section 1.3(2) of the act talks about the act being intended to result in:

- (c) greater accountability of local governments to their communities; and
- (d) more efficient and effective local government.

The current delegation clearly sets out to achieve both of these objectives. There are regular six monthly reports to Council via the Committee of all write-offs that have been approved under delegation. A review of these indicates that the vast majority of write-offs are minor in nature. It would not be efficient or effective for reports to be continually going to Council for approval. Not only is administrative efficiency an issue being able to respond in a timely manner to customers is also very important.

Section 2.7 of the act talks about the role of the council and amongst other things sets out that:

- (1) The council —
 - (a) directs and controls the local government's affairs; and
 - (b) is responsible for the performance of the local government's functions.

- (2) Without limiting subsection (1), the council is to —
- (a) oversee the allocation of the local government's finances and resources; and
 - (b) determine the local government's policies.

A delegation with regular reporting procedures addresses all of these elements. The Council is setting out in the delegation what powers can be exercised and in what circumstances. It is therefore directing and controlling the financial arrangements in relation to write-offs. Through regular reporting it is then able to have oversight of how the delegation has been exercised and therefore obtain comfort that it is in accordance with Council's intentions. This is overseeing the allocation of the City's finances and resources.

Section 5.41 of the act deals with the functions of the CEO and amongst other things provides that the CEO's functions are to;

- (d) manage the day-to-day operations of the local government;
- (i) perform any other function specified or delegated by the local government or imposed under this Act or any other written law as a function to be performed by the CEO.

By exercising the delegation in relation to the write-off of monies the CEO is taking responsibility for managing the day-to-day operations of the City but within a framework that is open and accountable and also ensures that the Council is fulfilling its obligations under the act in terms of responsibility, efficiency and effectiveness.

There is therefore a sound argument that the delegation meets the requirements and intent of the provisions of the act that the Committee has been asked to consider in its review.

Item 5 of the resolution of the 6 June 2006 requested that the Audit Committee refer to the delegations that the Shire of Busselton and the City of Wanneroo have in place for the write-off of monies. These have been included with the others that have been examined and are summarised in attachment 1. There is nothing particularly significant about the delegation that these two local authorities have in place.

Other than the Shire of Busselton all the other authorities are modest to large sized metropolitan authorities. As can be seen there is a large variety of levels of delegation with various limits. These range from several local authorities that have no delegations in place at all, up the City of Stirling where the limit is set at \$50,000. This limit is an annual one and it does not apply to rates and service charges. The City of Perth has a maximum individual write-off limit of \$10,000 and a maximum annual aggregate limit of \$20,000. The City of Wanneroo's delegation, which is only \$500 also does not relate to rates debts.

Clearly there is no industry trend or common level of practice in relation to the delegations and Council therefore needs to consider its own circumstances in relation to the limit that it applies to a delegation to write-off monies.

The last three reports to the Committee on the exercise of the delegation cover its application over the combined period of two years from June 2004 to June 2006. Over this period the total of write-offs amounted to only \$12,983. These were all rates write-offs and were spread over literally hundreds of transactions. Individually most are very small with largest amounting to several hundred dollars.

Although this is fairly normal for rates it is general debtors where the amounts could potentially be larger. There has not been any general debtor write-offs in the period referred to but there are several current outstanding debts that are in difficulty eg a company in liquidation, which may result in the necessity for a full or partial write-off. The full debt in this example is \$6,921.20.

This needs to be kept in perspective and considered in the context of the size of the organisation. It is not unusual for end of month debtors balances to be in the order of \$1.5m at different times of the year. There will be occasions where a quick response to a request for write-off needs to be dealt with and there needs to be a reasonable level of delegation to deal with this. Within this context the current \$20,000 limit to the level of delegation does not seem unreasonable. It should be noted that the delegation is not used frivolously. All avenues of recovery are explored bearing in mind the potential cost of that recovery action. In the example used there will be no write-off until all avenues for recovery have been exhausted.

Link to Strategic Plan:

- 4.2.1 Provide efficient and effective service delivery
- 4.3.3 Provide fair and transparent decision making processes

Legislation – Statutory Provisions:

In addition to the sections already referred to, section 6.12 of the Local Government Act 1995 sets out Council's powers in relation to the write-off of amounts of money. Sections 5.42 and 5.43 then set out the provisions in relation to the delegation of power to the CEO.

Risk Management considerations:

The risk management considerations are really about ensuring that there is proper exercise of the delegation and that there is appropriate oversight of the decisions made to write-off monies. As the delegation currently stands there are requirements that a report of the exercise of the delegation be provided to the Committee on a six monthly basis.

Financial/Budget Implications:

The budget implications of write-offs will vary from year to year. In recent times the amount of total debt written off in a financial year has not been significant with the total value of write-offs for the last two full financial years only amounting to \$12,983. In this context the budget implications are minor.

Policy Implications:

There are no policy implications, this report relates to the delegation only.

Regional Significance:

Not Applicable.

Sustainability Implications:

Not Applicable.

Consultation:

Not Applicable.

COMMENT

It is quite apparent from looking at what other Councils are doing in relation to delegating power to write-off monies that there is no common or standard industry practice. It is really up to Council to determine what its needs are for its requirements and circumstance.

From a practical point of view in terms of efficiency, effectiveness and responding to customers in a timely manner it is clear that there needs to be some level of delegation to write-off monies.

Historically most of the write-offs are rates, albeit in very small amounts representing rounding errors or minor short payments of accounts. It could be argued that given the recent history of the level of write-offs that the current level of delegation that is in place is quite high. It is important to appreciate however that on a day-to-day management basis it is essential to have flexibility when negotiating the recovery of outstanding monies and to be able to make decisions quickly in relation to issues associated with the recovery of debts.

It is considered therefore that the current delegation and the level of delegation to write-off monies for individual items up to \$20,000 is appropriate to the needs of the City of Joondalup. It is also considered that the Council's and CEO's obligations in relation to openness, accountability, efficiency and effectiveness are appropriately addressed in the delegation and associated reporting requirements.

ATTACHMENTS

Attachment 1 Summary of Write-Off Delegations and Limits of Other Councils.

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That the Audit Committee recommends that Council:

- 1 NOTES the review undertaken by the Audit Committee of the Write-off of Monies delegation;**
- 2 DETERMINES that there be no change to the existing level of delegation for the Write-off of Monies.**

Appendix 3 refers

**APPENDICES FOR AGENDA OF
THE AUDIT COMMITTEE MEETING
TUESDAY 24 OCTOBER 2006**

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CITY OF JOONDALUP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

CITY OF JOONDALUP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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Independent audit report to the Ratepayers of City of Joondalup

Scope

The financial report and the Chief Executive Officers responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, Statement of General Purpose Funding, Statement of Rating Information, a summary of significant accounting policies and other explanatory notes and the Chief Executive Officers declaration for the Council of the City of Joondalup ("the City") for the financial year ended 30 June 2006 as set out on pages 1 to 46.

The Council of the City of Joondalup is responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1995 Part 6 and Accounting Standards in Australia. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the ratepayers of the City of Joondalup. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Local Government Act 1995 Part 6 and Accounting Standards in Australia so as to present a view which is consistent with our understanding of the City's financial position, the results of its operations, its changes in equity and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.


The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with the Local Government Act 1995 Part 6 and applicable Accounting Standards in Australia, the financial position of the City as at 30 June 2006 and the results of its operations, its changes in equity and its cash flows for the year ended on that date.

We did not during the course of our audit, become aware of any instances where the City of Joondalup did not comply with the requirements of the Local Government Act 1995 Part 6 and the Local Government (Financial Management) Regulations 1996.


DELOITTE TOUCHE TOHMATSU

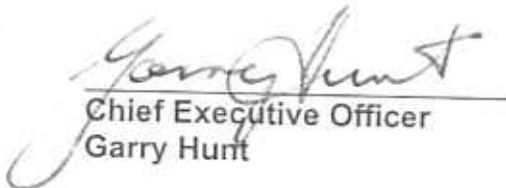

AT Richards
Partner
Chartered Accountants
Perth, 12 October 2006

CITY OF JOONDALUP

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Joondalup being the annual financial report and supporting notes and other information for the financial year ended 30 June 2006 are in my opinion properly drawn up to present fairly the financial position of the City of Joondalup at 30 June 2006 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under the Act.

Signed on the 12th day of October 2006



Chief Executive Officer
Garry Hunt

CITY OF JOONDALUP
INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006
(BY PROGRAMME)

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	Note	Actual 2006 \$	Adopted Budget 2006 \$	Actual 2005 \$
REVENUE FROM OPERATIONS				
General Purpose Funding		60,626,680	58,463,514	53,561,611
Governance		1,840	-	9,527
Law, Order, Public Safety		564,910	621,443	481,298
Health		238,791	234,853	353,203
Education and Welfare		270,565	406,247	294,744
Community Amenities		9,753,342	9,810,877	8,287,505
Recreation and Culture		3,091,707	5,127,080	2,861,015
Transport		10,998,031	8,397,103	4,759,357
Economic Services		1,174,041	1,188,962	1,095,303
Other Property and Services		394,000	390,093	397,049
Total Revenues	2b	87,113,907	84,640,172	72,100,612
EXPENSES FROM OPERATIONS				
General Purpose Funding		262,343	1,158,584	741,083
Governance		1,645,021	8,019,032	6,988,364
Law, Order, Public Safety		3,824,848	3,150,790	2,979,397
Health		1,315,080	1,402,946	1,417,823
Education and Welfare		1,862,133	1,545,247	1,415,509
Community Amenities		11,975,467	11,022,121	9,553,237
Recreation and Culture		23,534,773	23,854,733	22,830,732
Transport		20,451,379	17,567,983	16,597,175
Economic Services		1,051,902	1,346,152	1,277,314
Other Property and Services		7,309,163	7,499,293	5,546,913
Total Expenses	2b	73,232,109	76,566,881	69,347,547
CHANGES IN NET ASSETS RESULTING FROM OPERATIONS	2b	13,881,798	8,073,291	2,753,065

Notes to the Financial Statements are included on pages 8 to 46.

**CITY OF JOONDALUP
BALANCE SHEET
AS AT 30 JUNE 2006**

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	Note	Actual 2006 \$	Actual 2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	13	48,560,656	40,572,513
Trade and other Receivables	6	1,862,647	2,225,017
TOTAL CURRENT ASSETS		<u>50,423,303</u>	<u>42,797,530</u>
NON CURRENT ASSETS			
Trade and other Receivables	6	1,423,133	1,389,092
Property, Plant & Equipment	7	506,519,172	497,896,471
TOTAL NON CURRENT ASSETS		<u>507,942,305</u>	<u>499,285,563</u>
TOTAL ASSETS		<u>558,365,608</u>	<u>542,083,093</u>
CURRENT LIABILITIES			
Trade and other Payables	8	7,930,986	6,727,829
Provisions	8	5,922,443	5,525,855
Borrowings	26	310,025	228,493
TOTAL CURRENT LIABILITIES		<u>14,163,454</u>	<u>12,482,177</u>
NON CURRENT LIABILITIES			
Borrowings	26	3,361,482	2,771,507
Provisions	8	918,307	788,843
TOTAL NON CURRENT LIABILITIES		<u>4,279,789</u>	<u>3,560,350</u>
TOTAL LIABILITIES		<u>18,443,243</u>	<u>16,042,527</u>
NET ASSETS		<u>539,922,365</u>	<u>526,040,566</u>
EQUITY			
Retained Earnings		515,638,588	503,979,812
Reserves	9	24,283,777	22,060,754
TOTAL EQUITY		<u>539,922,365</u>	<u>526,040,566</u>

Notes to the Financial Statements are included on pages 8 to 46.

CITY OF JOONDALUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

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	Note	Actual 2006 \$	Actual 2005 \$
RETAINED EARNINGS			
Balance at Beginning of Financial Year		503,979,813	500,255,712
Change in Net Assets Resulting from Operations	2b	13,881,798	2,753,065
Net transfers from/(to) Reserves		(2,223,023)	971,036
Balance at End of Financial Year		515,638,588	503,979,813
RESERVES - CASH BACKED			
Balance at Beginning of Financial Year		22,060,754	23,031,789
Net amount transferred (from)/ to Retained Earnings		2,223,023	(971,036)
Balance at End of Financial Year	9	24,283,777	22,060,753
TOTAL EQUITY		539,922,365	526,040,566

Notes to the Financial Statements are included on pages 8 to 46.

**CITY OF JOONDALUP
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

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	Note	Actual 2006 Inflows (Outflows) \$	Adopted Budget 2006 Inflows (Outflows) \$	Actual 2005 Inflows (Outflows) \$
Cash Flows from Operating Activities				
Receipts:				
Rates – General		49,592,555	49,023,290	46,415,018
Rates – Specified Area Rate Iluka		121,350	122,672	98,511
Government Grants & Subsidies		4,730,458	4,650,782	5,773,406
Contributions, Reimbursements, Donations		5,426,825	975,736	1,408,240
Fees & Charges		14,443,653	15,305,852	12,657,223
Interest Earned		3,451,631	2,248,000	2,917,089
Revenue from Other Councils		181,242	126,000	159,438
		<u>77,947,714</u>	<u>72,452,332</u>	<u>69,428,925</u>
Payments:				
Employee Costs		(27,083,379)	(30,474,382)	(26,179,635)
Materials, Contracts, Suppliers		(24,933,230)	(25,669,345)	(22,917,154)
Utilities (gas, electricity, water)		(3,040,006)	(3,164,388)	(2,815,963)
Interest Expense		(188,101)	(218,444)	-
Insurance Expenses		(932,952)	(939,272)	(909,534)
Other Expenses		(53,978)	(44,000)	(34,517)
		<u>(56,231,646)</u>	<u>(60,509,831)</u>	<u>(52,856,803)</u>
Net Cash Provided by Operating Activities	15	21,716,068	11,942,501	16,572,122
Cash Flows from Investing Activities				
Payments for Property, Plant & Equipment:				
Purchase of Land		-	(3,318,612)	-
Purchase of Artworks		(10,000)	(20,000)	(47,432)
Purchase of Furniture and Equipment		(491,076)	(1,643,778)	(484,946)
Purchase of Vehicles and Plant		(1,846,190)	(3,688,100)	(1,600,584)
		<u>(2,347,266)</u>	<u>(8,670,490)</u>	<u>(2,132,962)</u>
Payments for New Community Infrastructure				
Construction of Infrastructure Assets		(15,937,206)	(25,974,145)	(15,844,472)
		<u>(15,937,206)</u>	<u>(25,974,145)</u>	<u>(15,844,472)</u>
Receipts:				
Proceeds from Sale of Property, Plant & Equipment		635,329	1,560,000	626,534
		<u>635,329</u>	<u>1,560,000</u>	<u>626,534</u>
Net Cash used in Investing Activities		(17,649,143)	(33,084,635)	(17,350,900)

	Note	Actual 2006 Inflows (Outflows) \$	Adopted Budget 2006 Inflows (Outflows) \$	Actual 2005 Inflows (Outflows) \$
Cash Flows From Government				
Government Grants & Subsidies		3,249,710	4,435,283	1,679,546
Net Cash from Government		3,249,710	4,435,283	1,679,546
Cashflows from Financing Activities				
Repayment of Borrowings	27	(228,493)	(228,493)	-
Proceeds from Borrowings	27	900,000	900,000	3,000,000
Net Cash provided from Financing Activities		671,507	671,507	3,000,000
Net Increase (Decrease) in cash and cash equivalents		7,988,143	(16,035,344)	3,900,768
Cash and cash equivalents at Beginning of the Financial Year		40,572,513	40,251,742	36,671,745
Cash and cash equivalents at the End of the Financial Year	13	48,560,656	24,216,398	40,572,513

Notes to the Financial Statements are included on pages 8 to 46.

CITY OF JOONDALUP
STATEMENT OF GENERAL PURPOSE FUNDING
FOR THE YEAR ENDED 30 JUNE 2006

11

	ACTUAL 2005/2006 \$	BUDGET 2005/2006 \$	BUDGET VALUATIONS \$
<u>General Rates</u>			
GRV Rate in \$ - 6.9420	45,342,018	45,342,018	594,286,175
UV Rate in \$ - 0.5426	302,695	302,695	30,941,194
<u>Minimum Payment</u>			
GRV Assessments (Comm/Ind)	80,295	80,295	521,138
GRV Assessments (Residential)	3,369,360	3,369,360	56,968,331
<u>Interim Rates</u>			
GRV	184,433	200,000	
General Rates Levied	49,278,801	49,294,368	682,716,838
Less Discount Allowed (Note 3a)	(579,541)	(800,000)	
Total General Rates Levied	48,699,260	48,494,368	
Plus- Late Payment Interest (Note 3c)	329,564	305,758	
Plus- Administration Fees (Note 3b)	438,555	350,621	
Total Rates Revenue	49,467,379	49,150,747	
General Purpose Grant			
General (Untied) Grant	4,206,984	4,214,768	
Other General Purpose Income			
Pensioners' Deferred Rates	52,586	50,000	
Contributions	3,448,100	2,800,000	
Interest on Investments	3,451,631	2,248,000	
Total General Purpose Income Shown on Income Statement	60,626,680	58,463,515	

Notes to the Financial Statements are included on pages 8 to 46.

CITY OF JOONDALUP
STATEMENT OF RATING INFORMATION
FOR THE YEAR ENDED 30 JUNE 2006

	GENERAL RATES			
	Rateable Value	No of Properties	Rate in \$	Rate Yield
	\$			\$
General Rate - Gross Rental Value (GRV)				
Residential	526,556,125	49,706	6.9420	36,553,535
Commercial Improved	115,151,577	807	6.9420	7,993,822
Commercial Not Improved	512,200	27	6.9420	35,557
Industrial	10,934,941	364	6.9420	759,104
Sub-Total GRV	653,154,843	50,904		45,342,018
General Rate - Unimproved Value (UV)				
Residential	55,320,011	8	0.05426	300,166
Rural	466,000	2	0.05426	2,529
Total UV	55,786,011	10		302,695
Interim Rates				184,938
				45,829,651
Discount Allowed (Note 3a)				
TOTAL RATES LEVIED				
Interest on Outstanding Rates (Note 3c)				
Instalment Administration Charge (Note 3b)				
TOTAL RATES REVENUE				

MINIMUM PAYMENTS				
Rateable Value	No of Properties	Minimum Payment	Rate Yield	TOTAL
\$		\$	\$	\$
44,175,196	6,672	505	3,369,360	39,922,895
977,872	152	505	76,760	8,070,582
7,250	1	505	505	36,062
37,529	6	505	3,030	762,134
45,197,847	6,831		3,449,655	48,791,673
				300,166
				2,529
				302,695
			(505)	184,433
				49,278,801
				(579,541)
				48,699,260
				329,564
				438,555
				49,467,379

1 SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of these financial statements are:

(a) Basis of Accounting

This financial report is a general purpose financial report and has been prepared in accordance with applicable Australian Accounting Standards, other mandatory professional reporting requirements and the Local Government Act 1995 and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting.

First Time adoption of AIFRS - Annual Financial Report

This is the City's first set of financial statements prepared using Australian Equivalents to International Financial Reporting Standards ("AIFRS"). The Financial Statements for the year ended 30 June 2006 is the first report covered by AIFRS and AASB1 "First time adoption of Australian equivalent to International Reporting Standards". The preparation of the annual financial report in accordance with AIFRS resulted in changes to the accounting policies as compared to the most recent annual financial statements prepared under previous Generally Accepted Accounting Principles ("previous GAAP"). This resulted in no numeric changes to the financial statements.

The accounting policies set out below have been consistently applied to all periods presented in this financial report. They have also been applied in preparing an opening AIFRS balance sheet as at 1 July 2004 for the purpose of the transition to Australian Accounting Standards – AIFRS as required by AASB 1. The impact of the transition from previous GAAP to AIFRS is explained in Note 28.

Compliance with IFRS

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRS. This financial report of the City complies with AIFRS and interpretations adopted by the International Accounting Standards Board with the following exceptions:

- AIFRS includes specific provisions relating to not-for-profit entities not included in IFRS.
- AAS 27 Financial Reporting by Local Governments applies and there is no equivalent standard in IFRS.

Non-compliance with IFRS includes:

- The recognition of non-reciprocal revenue.
- The definition of value in use for the purpose of estimating the recoverable amount for impaired assets under AASB 136.

At the date of authorisation of this financial report, there were a number of Standards and Interpretations that were issued but not yet effective, however the council anticipate that the adoption of these Standards and Interpretations in future reporting periods will have no material impact on the council.

(b) The Local Government Reporting Entity

The financial statements forming part of this report have been prepared on the basis of a single consolidated fund (Municipal Fund). Monies held in Council's Trust Fund have been excluded from the consolidated financial statements, but a separate statement of those monies appears at Note 11 to these financial statements.

(c) Property, Plant and Equipment

Property, plant and equipment, excluding infrastructure assets are carried at cost less accumulated depreciation. Items of property, plant and equipment, including buildings but excluding freehold land and artworks, are depreciated over their estimated useful lives on a straight-line basis. Depreciation has been charged to the Income Statement. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

Depreciation Rates:

Freehold Land	Nil	Artworks	Nil
Light Vehicles	7.5%	Buildings	2.5%
Heavy Vehicles	10.5%	Mobile Plant	12.5%
Computer Equipment	33.4%	Furniture & Office Equipm	10.0%
Other Equipment	10.0%	Computer Software (over \$10,000)	20.0%

Property, Plant and Equipment are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use.

Infrastructure Assets

Reserves and Engineering Infrastructure assets acquired prior to 30 June 1997 were brought to account as a non-current asset at their estimated depreciated replacement cost at that time, (deemed cost). Additions subsequent to 30 June 1997 are recorded at cost. Infrastructure Assets acquired by the City from contributions by developers are recorded as additions to assets and the income recorded in the Income Statement.

Infrastructure Assets acquired and constructed during the year are depreciated over their estimated useful lives on a straight-line basis from the commencement of the following financial year. Depreciation has been charged to the Income Statement.

Engineering Infrastructure Assets (reserves, roads, footpaths, drainage and other engineering assets) are depreciated over their estimated useful lives on a straight-line basis and are only depreciated from the commencement of the following financial year.

In accordance with Regulation 16 of the Local Government (Financial Management) Regulations 1996, land under roads has not been recognised as an asset in the Balance Sheet.

Depreciation Rates:**Parks and Reserves -**

Playground Equipment	10.00%
Sports Facilities	10.0% - 20.0%
Picnic Facilities	10.00%
Park Benches	8.00%
Fencing	5.0% - 10.0%
Reticulation	13.0% - 20.0%
Park Structures	5.0% - 10.0%
Pathways	5.0% - 10.0%
Lighting	13.00%
Oval Development	Nil

Engineering -

Roads/Traffic Management	2.0% - 5.0%
Drainage	1.25%
Car Parking	2.50%
Public Access Ways	2.5% - 4.0%
Footpaths/Bicycle Facilities	2.0% - 4.0%
Robertson Road Cycleway	2.5% - 16.0%
Beach Access Ways	2.5% - 10.0%
Hardcourt Surfaces	2.5% - 20.0%
Bus Shelters	2.0%
Underpasses/Bridges	1.0% - 10.0%
Joondalup City Lighting	2.0% - 16.0%
Ocean Reef Boat Harbour	2.0% - 4.0%

Certain infrastructure assets listed above include various components with each component depreciated separately.

(d) Rates

The rating and reporting periods coincide. All rates levied for the year are recognised as revenues. All outstanding rates are fully collectable and therefore no allowance has been made for doubtful debts. In accordance with the Rates and Charges (Rebates and Deferments) Act 1992, the City offers eligible pensioners and seniors the option to defer the payment of rates or to obtain a rebate from the Western Australian State Government. All eligible pensioners registered under the Rates & Charges (Rebates and Deferments) Act 1992 may obtain a rebate or defer their rates for full payment upon sale of their property. Pensioners who hold a Commonwealth Concession Card and a Pensioner Health Benefit Card, a State Concession Card, Seniors Card or a Commonwealth Seniors Health Card can apply to be eligible for this State scheme. There is no cost to the City under this scheme as interest is received from the State Government for pensioner deferred rates.

(e) Grants, Donations and Other Contributions

All grants, donations and other contributions have been recognised as revenues when the City obtains control over the assets comprising the contribution. Expenditure of those monies has been made or in the case of unexpended monies at balance date will be made in the manner specified under the conditions upon which the City received those monies.

(f) **Cash and Cash Equivalents**

Cash and Cash Equivalents comprise cash on hand, deposits held at call with financial institutions, and other managed trust units that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(g) **Investments**

Investments in managed funds are marked to market and reported at their fair values as at the reporting date. Investment in short term deposits are valued at cost. Interest revenues are recorded as they accrue.

(h) **Employee Entitlements**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and are capable of being measured reliably.

When some or all of the economic benefit required to settle a provision is expected to be recovered from another Local Government it is recorded in receivables at time of settlement.

Provisions made in respect of wages and salaries, annual leave and long service leave expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of long service leave which is not expected to be settled within 12 months is measured at the present value of the estimated future cash outflows to be made by the City in respect of services provided by employees up to the reporting date.

(i) **Superannuation Fund**

The City makes a statutory contribution to the Local Government Superannuation Plan on behalf of its employees. The expense relating to those contributions has been included in the Income Statement.

(j) **Works in Progress**

Major buildings, reserves and infrastructure assets which have not been completed at 30 June 2006 have been recorded as works in progress.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Crown Land

In accordance with the provisions of AAS27 and Local Government (Financial Management) Regulations 16 Crown land set aside as a public road reserve or other public thoroughfare or under the control of a local government under Section 3.53 of the Local Government Act 1995 or vested Crown land under the control of a local government by virtue of the operation of the Land Act or the Town Planning and Development Act has not been brought to account as an asset of the City. Improvements or structures placed upon such land have been accounted for as assets of the City.

(l) Payables

Trade Payables and other accounts payable are recognised when the City becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Receivables

Trade Receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office. It is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of current assets and current liabilities.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating flows.

(o) Acquisition of Assets

Assets acquired during the year are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)**(p) Revaluation of Non Current Assets**

The Australian Accounting Standard 38 Revaluation of Non-Current Assets was introduced for reporting periods commencing on or after 1 July 2000. This Accounting Standard requires the City to elect the method of valuing classes of non current assets for the year ending 30 June 2001 and onwards. The City has elected to continue to value its non current assets on a cost basis, (deemed cost).

(q) Rounding off of Figures

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

(r) Comparatives

Changes have been reflected to the 2005 Government Grants figures in the Cashflow Statement and note 15 to enable accurate comparisons.

2 OPERATING REVENUES AND EXPENSES

	Note	Actual 2006 \$	Adopted Budget 2006 \$	Actual 2005 \$
(a) The change in net assets resulting from operations was arrived at after charging/(crediting) the following items:				
Depreciation:	1c			
Buildings		1,720,221	1,694,700	1,699,211
Furniture/Office Computer Equipment		485,065	512,950	503,247
Plant and Vehicles		796,846	674,040	754,801
Other Equipment		56,287	69,120	64,345
Infrastructure Assets-Reserves		2,056,707	2,250,000	2,010,252
Infrastructure Assets-Engineering		9,979,989	9,830,000	9,857,460
		<u>15,095,115</u>	<u>15,030,810</u>	<u>14,889,316</u>
(b) Operating Expenses and Revenues Classified According to Nature and Type:				
Operating Revenues				
Rates – General		49,467,380	48,494,368	45,858,520
Rates - Specified Area		119,156	116,592	85,409
Government Grants and Subsidies	4b	7,964,605	9,024,744	7,317,930
Contributions, Reimbursements & Donations		11,547,947	8,475,736	2,418,508
Profit on Asset Disposals		51,757	74,596	382,003
Fees and Charges	4a	14,330,190	16,080,136	12,961,715
Interest Earnings		3,451,631	2,248,000	2,917,089
Other Revenue		181,241	126,000	159,438
		<u>87,113,907</u>	<u>84,640,172</u>	<u>72,100,612</u>
Operating Expenses				
Employee Costs		27,609,431	30,632,012	27,212,259
Materials, Contracts and Suppliers		25,864,812	26,494,914	23,328,407
Utilities (gas, electricity, water etc)		3,383,513	3,164,388	2,815,963
Depreciation on Non-Current Assets		15,095,114	15,030,810	14,889,316
Loss on Asset Disposals		104,208	260,485	136,311
Interest Expense		188,101	0	21,240
Insurance Expense		932,952	939,272	909,534
Other (FESA Contribution)		53,978	45,000	34,517
		<u>73,232,109</u>	<u>76,566,881</u>	<u>69,347,547</u>
Changes in Net Assets Resulting from Operations		<u>13,881,798</u>	<u>8,073,291</u>	<u>2,753,065</u>

2 OPERATING REVENUES AND EXPENSES (continued)

(c) Individually Significant Items

Contributions to Infrastructure Assets from developers was more than anticipated and has been included in note 8 Property, Plant and Equipment, with the revenue included in the Income Statement under Contributions, Reimbursements and Donations as follows: -

Note	Actual 2006	Adopted Budget 2006	Actual 2005
	\$	\$	\$
Buildings	-	175,000	0
Parks and Reserves	-	105,000	0
Roads, Drainage, Footpaths etc	6,121,122	3,470,000	1,679,895
	<u>6,121,122</u>	<u>3,750,000</u>	<u>1,679,895</u>

(d) Conditions over Grants and Contributions

Grants and contributions which were recognised as revenues during the year and which were obtained on the condition that they be expended on the acquisition of current and non current assets but have yet to be applied in that manner at the reporting date were:

	Actual 2006 \$	Actual 2005 \$
Community Road Safety	2,500	-
Conservation and Land Management	-	35,000
Independent Living	-	8,960
Healthways – Extreme Youth Festival	-	5,000
Department of Planning & Infrastructure - Wood Burners	-	6,600
	<u>2,500</u>	<u>55,560</u>

3 RATES AND SERVICE CHARGES - PAYMENT OPTIONS

(a) Rates Discount and Incentive Scheme

Council, in accordance with the provisions of Section 6.46 of the Local Government Act 1995, offered the following discount and early payment incentives for the payment of rates and charges:-

- Full payment of all current and arrears of rates (including specified area rates), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees (inclusive of GST) within 28 days of the issue date on the annual rate notice:
 - a 2.5% discount on 2005/2006 general rates only; and
 - eligibility to enter the early payment incentive draw which included a range of prizes sponsored by a number of organisations and thus at no cost to the City.
 - a pool of prize winners was chosen by a computerised random selection process, the authentication of which has been authenticated by the Council's auditor. The prize winners pool was invited to attend a prize draw function during which the prizes were allocated in a secondary draw process.

These statements reflect that \$579,541 was allowed for discounts for the early payment of rates.

(b) Rates Payment Options

The City, in accordance with the provisions of Section 6.45 of the Local Government Act 1995, offered the following payment options for the payment of rates (including specified area rates), Emergency Services Levy, domestic refuse charges, private swimming pool inspection fees and property surveillance & security charge inclusive of GST:

• One Instalment

Payment in full within 28 days of the issue date of the annual rate notice and eligibility for a 2.5% discount on current general rates only and eligibility to enter the rates incentive scheme for prizes.

Payment in full within 35 days of the issue date of the annual rate notice.

• Two Instalments

The first instalment of 50% of the total current rates (including specified area rates), domestic refuse charge, private swimming pool inspection fee inclusive of GST, instalment charge, plus the total outstanding arrears payable within 35 days of date of issue of the annual rate notice.

The second instalment of 50% of the total current rates (including specified area rates), Emergency Services Levy, domestic refuse charge, private swimming pool inspection fee inclusive of GST, instalment charge, payable 63 days after due date of first rate instalment.

• Four Instalments

The first instalment of 25% of the total current rates (including specified area rates), Emergency Services Levy, domestic refuse charge, private swimming pool inspection fee inclusive of GST, instalment charge plus the outstanding arrears payable within 35 days of the issue of the annual rate notice.

(b) Rates Payment Options (continued)

The second, third and fourth instalment, each of 25% of the total current rates (including specified area rates), Emergency Services Levy, domestic refuse charge, private swimming pool inspection fee inclusive of GST, instalment charge payable as follows:

- 2nd instalment – 63 days after due date of 1st instalment
- 3rd instalment – 63 days after due date of 2nd instalment
- 4th instalment – 63 days after due date of 3rd instalment

Instalment Charges and Calculation of Interest

The instalment options were subject to an administration fee of \$8.00 for each instalment two, three and four, together with an interest charge at 5.5% per annum, calculated on a simple interest basis on: -

- **Two Instalments:**

50% of the total current general rate (including specified area rates), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated 35 days from the issue date of the annual rate notice to 63 days after the due date of the first instalment;

- **Four Instalments:**

An administration fee of \$8.00 for each instalment two, three and four, together with an interest charge at 5.5% per annum, calculated on a simple interest basis on:

- 75% of the total current general rate (including specified area rates), Emergency Services Levy, domestic refuse charge, and private swimming pool inspection fees inclusive of GST calculated 35 days from issue date of the annual rate notice to 63 days after the due date of the first instalment
- 50% of the total current general rate (including specified area rate), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated from the due date of second instalment to the due date of the third instalment; and
- 25% of the total current general rate (including specified area rate), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated from the due date of third instalment to the due date of the fourth instalment.

- **Special Payment Arrangements**

Special monthly or fortnightly payment arrangements were made with the City for those ratepayers who were unable to pay in full or according to the instalment plans offered. An administration fee of \$25.00 per assessment was charged on all payment arrangements and penalty interest of 11.00% pa was applied to the outstanding balance until the account was paid in full.

These statements reflect that \$438,555 was generated from instalment costs charged on outstanding rates.

(c) **Late Payment Interest**

The Council, in accordance with the provisions of Section 6.13 and Section 6.51 of the Local Government Act 1995, imposed interest on all current and arrears general rates (including specified area rate), current and arrears domestic refuse charges, current and arrears private swimming pool inspection fees (inclusive of GST) and arrears property surveillance & security charge at a rate of 11.00% per annum, calculated on a simple interest basis on arrears amounts that remain unpaid and current amounts that remain unpaid 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until the instalment is paid. Excluded are deferred rates, instalment amounts not due under the four-payment option, registered pensioner portions and current government pensioner rebate amounts. Such interest was charged once per month on the outstanding balance on the day of calculation for the number of days as previously detailed. These statements reflect an amount of \$329,564 generated from interest charged on outstanding rates.

(d) **Emergency Services Levy Interest Charged**

In accordance with the provisions of section 36S of the Fire and Emergency Services Legislation (Emergency Services Levy) Amendment Act 2002, IMPOSES interest on all current and arrears amounts of emergency services levy at a rate of 11.00% per annum, calculated on a simple interest basis on amounts of which remain unpaid after 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until the instalment is paid. Excluded are instalment current amounts not yet due under the two or four-payment option, registered pensioner and current government pensioner rebate amounts. Such interest to be charged once per month on the outstanding balance on the day of calculation for the number of days.

(e) **Emergency Services Remittance Option B**

The City elected to remit the 2005/06 Emergency Services Levy to Fire and Emergency Services Legislation under Option B. Under Option B the City acquired the 2005/06 ESL when the 2005/06 rates were levied. The City remitted the 2005/06 ESL to FESA in quarterly payments – September 2005 (30%), December 2005 (30%), March 2006 (30%) and June 2006 (10%). The City invests the Emergency Services Levy receipts as part of its municipal funds investments. The 2005/06 ESL levies received and the 2005/06 ESL liability to FESA are reflected in the City's Balance Sheet and the cashflow impacts are included in the Cash Flow Statement.

(f) **Domestic Refuse Charges**

The Council, BY AN ABSOLUTE MAJORITY in accordance with Division 5 of Part IV of the Health Act 1911 (as amended) imposed the following domestic refuse charges for the 2005/2006 financial year:

- \$155.00 per existing unit serviced; and
- Additional bin collection service \$170.50 (inclusive of GST)
- Collection from within the property boundary:
Additional cost \$46.20 (inclusive of GST).
- New service \$155.00 plus cost of bin and bin delivery \$40.60 (inclusive of GST).
- Optional recycling cart \$84.70 (inclusive of GST).
- Optional recycling cart – sort and collect recycling cart \$35.20 (inclusive of GST).

3 RATES AND SERVICE CHARGES - PAYMENT OPTIONS (continued)

(g) Private Swimming Pool Inspection Fees

The Council, in accordance with the provisions of Section 245A (8) of the Local Government (Miscellaneous Provisions) Act 1960 imposed for the 2005/2006 financial year, a Private Swimming Pool Inspection Fee of \$13.75 (inclusive of GST) on those properties owning a private swimming pool.

(h) Prescribed Services – Specified Area Rating Iluka

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2005/2006 financial year, a specified area rate for the area of Iluka for maintaining enhanced landscaping services.

A rate in the dollar of 0.262984¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$50,162.

(i) Prescribed Services – Specified Area Rating Woodvale Waters

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2005/2006 financial year, a specified area rate for the area of Woodvale Waters for maintaining enhanced landscaping services.

A rate in the dollar of 1.2081¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$21,496.

(j) Prescribed Services – Specified Area Rating Harbour Rise

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2005/2006 financial year, a specified area rate for the area of Harbour Rise for maintaining enhanced landscaping services.

A rate in the dollar of 0.54932¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$47,498.

(k) Write Off Rates and Charges

The total value of rates and charges from previous years written off during the year was \$8,918.04

(l) Schedule of Valuations and Rate Revenue

The schedule of valuations and rate revenue is shown on the "2005/2006 Statement of Rating Information".

4(a) FEES & CHARGES INFORMATION

The City did not impose a service charge as defined under the Local Government Act 1995.

The total revenue from fees and charges by programme as required under regulation 41 of the Local Government (Financial Management) Regulations 1996 are shown below.

By Programme

	Note	Actual 2006	Budget 2006 \$
General Purpose Funding		-	656,378
Governance		-	-
Law Order and Public Safety		458,964	498,561
Health		228,009	224,044
Education and Welfare		54,525	76,585
Community Amenities		9,591,933	9,522,214
Recreation and Culture		2,505,342	3,459,849
Transport		174,388	326,649
Economic Services		1,173,113	1,185,688
Other Property and Services		143,916	130,168
		<hr/>	<hr/>
	2b	14,330,190	16,080,136

4(b) GOVERNMENT GRANTS INFORMATION**By Programme**

	Actual 2006 \$	Budget 2006 \$
General Purpose Funding	4,259,569	4,256,985
Law Order and Public Safety	68,662	57,915
Health	25	983
Education and Welfare	182,554	292,718
Community Amenities	56,097	163,076
Recreation and Culture	121,953	859,181
Transport	3,255,180	3,356,820
Economic Services	51	1,966
Other Property and Services	20,514	35,100
	<hr/>	<hr/>
2b	7,964,605	9,024,744

5 INVESTMENTS

	Note	Actual 2006 \$	Actual 2005 \$
Restricted		24,286,277	22,116,314
Unrestricted		24,274,379	18,456,199
		<hr/>	<hr/>
	13	48,560,656	40,572,513
		<hr/>	<hr/>

Investments comprise short term deposits and managed unit trusts held with financial institutions.

The following restrictions have been imposed by regulations or other externally imposed requirements: - (Note 9 provides detailed information on Reserves).

Asset Replacement Reserve		11,305,949	7,388,412
Cash in Lieu of Parking Reserve		357,380	357,381
Cash in Lieu of Public Open Space Reserve		1,174,790	1,158,044
Community Facilities Reserve		344,000	344,000
Domestic Cart - Refuse Collection Reserve		2,347,136	1,495,701
Heavy Vehicles Replacement Reserve		717,804	738,916
Hodges Drive Drainage Reserve		309	158,759
Joondalup City Centre Public Parking Reserve		358,722	237,222
Leisure Centres Capital Improvements Reserve		1,451,694	3,960,208
Library Literacy Program Reserve		4,400	17,601
Light Vehicles Replacement Reserve		316,004	548,229
Ocean Reef Boat Launching Facility Reserve		148,738	155,991
Performing Arts Facility Reserve		1,330,507	1,748,709
Plant Replacement Reserve		1,036,689	999,794
Rates Revaluation Reserve		100,000	130,000
Section 20A Land Reserve		31,792	31,792
Specified Area Rating Harbour Rise Reserve		0	13,051
Special Area Rating Iluka Reserve		72,579	113,479
Sorrento Beach Foreshore Enhancement		139,232	828,295
Strategic Asset Management Reserve		2,531,158	1,192,594
Town Planning Scheme 10 Reserve		253,415	430,076
Wanneroo Bicentennial Trust Reserve		12,500	12,500
Community Facilities Kingsley Reserve		248,979	0
Sub-Total Reserves	9	<hr/> 24,283,777	<hr/> 22,060,754
Unspent Government Grants and Contributions		2,500	55,560
		<hr/>	<hr/>
		24,286,277	22,116,314
		<hr/>	<hr/>

Expenditure of funds held in Reserves is under the direction of Council. Expenditure of unspent Government Grants and Contributions can only be spent for the purpose intended.

6 RECEIVABLES

	Actual 2006 \$	Actual 2005 \$
Current		
Rates Receivables Outstanding	444,137	561,821
ESL Receivable Outstanding	21,722	31,419
Trade Receivables (i)	481,459	663,475
Allowance for Doubtful Debts	(7,097)	(31,424)
Prepaid Expenses	239,787	225,392
Accrued Income	85,913	76,900
Goods & Services Tax (GST) Receivable	596,726	697,434
	<hr/>	<hr/>
	1,862,647	2,225,017
	<hr/>	<hr/>

(i) The average credit period on services is 35 days. No interest is charged on the trade receivables for the first 35 days from the date of the invoice. Thereafter, interest is charged at 11% per annum on the outstanding balance.

Non-Current

Rates Receivable Outstanding - Pensioners	1,000,480	976,172
ESL Receivable Outstanding - Pensioners	50,056	33,766
Deferred Receivable - Local Government House	29,616	29,616
Capital Investment - Mindarie Regional Council	274,288	274,288
Capital Advance - City of Wanneroo	21,500	75,250
LSL - Other Councils	47,193	0
	<hr/>	<hr/>
	1,423,133	1,389,092
	<hr/>	<hr/>

Deferred Receivable - Local Government House - the City holds five units valued at \$5,923.24 each. These units are revalued every three years with the next revaluation due in 2007/2008.

Capital Investment - Mindarie Regional Council - represents the City's contributions made as follows:

1988	\$ 5,000
1989	\$ 25,000
1990	\$116,500
1991	\$ 54,583
1992	\$ 73,205

to assist with the initial operations of the waste treatment facilities. Repayment deferred until agreed to by all constituent Councils.

Capital Advance to the City of Wanneroo - represents an advance for the upgrade of the Materials Recovery Facility at Wangara in joint participation between the Cities of Wanneroo, Swan and Joondalup. The amount is to be repaid to the City of Joondalup over five years.

7 PROPERTY, PLANT AND EQUIPMENT

Fixed Assets at Cost	Freehold Land at Cost	Buildings at Cost	Artworks, Furniture and Computer Equipment at Cost	Other Equipment at Cost	Mobile Plant and Vehicles at Cost	TOTAL
	\$	\$	\$	\$	\$	\$
Balance 1 July 2004	3,027,048	68,062,579	6,740,419	1,375,969	7,890,847	87,096,862
Transfers and Adjustments	-	713,171	62,628	2,932	794	779,525
Additions	-	-	388,289	57,124	1,581,134	2,026,547
Disposals	-	(47,079)	(55,776)	-	(1,025,057)	(1,127,912)
Balance 30 June 2005	3,027,048	68,728,671	7,135,560	1,436,025	8,447,718	88,775,022
Transfers and Adjustments	-	(99,037)	74,480	(4,040)	45,558	16,961
Additions	-	845,090	422,396	92,629	1,771,400	3,131,515
Disposals	-	-	(142,531)	-	(1,361,298)	(1,503,829)
Balance 30 June 2006	3,027,048	69,474,724	7,489,905	1,524,614	8,903,378	90,419,670
Accumulated Depreciation						
Balance 1 July 2004	-	(16,422,269)	(5,168,127)	(1,088,206)	(2,301,441)	(24,980,043)
Additions	-	(1,699,211)	(503,247)	(64,345)	(754,801)	(3,021,604)
Disposals	-	21,513	55,776	-	455,616	532,905
Balance 30 June 2005	-	(18,099,967)	(5,615,598)	(1,152,551)	(2,600,626)	(27,468,742)
Additions	-	(1,720,221)	(485,065)	(56,287)	(796,846)	(3,058,419)
Disposals	-	-	131,551	-	684,497	816,048
Balance 30 June 2006	-	(19,820,188)	(5,969,112)	(1,208,838)	(2,712,976)	(29,711,113)
Net Book Value						
As at 30 June 2005	3,027,048	50,628,704	1,519,962	283,474	5,847,092	61,306,280
As at 30 June 2006	3,027,048	49,654,536	1,520,793	315,777	6,190,402	60,708,557

7 PROPERTY, PLANT AND EQUIPMENT (continued)

Infrastructure Assets	Reserves	Roads	Footpaths	Drainage	Other Infrastructure	TOTAL
	\$	\$	\$	\$	\$	\$
Gross Carrying Amount						
Balance 1 July 2004						
Deemed Cost Pre-1997	16,971,546	184,422,507	8,170,671	125,616,531	21,313,677	356,494,932
Cost Post - 1997	17,816,465	88,300,172	5,488,038	19,621,460	6,909,979	138,136,114
Additions	1,194,690	3,516,771	714,447	736,155	226,684	6,388,747
Disposals	(48,398)	-	-	-	-	(48,398)
Balance 30 June 2005						
Deemed Cost Pre-1997	16,923,148	184,422,507	8,170,671	125,616,531	21,313,677	356,446,534
Cost Post - 1997	19,011,155	91,816,944	6,202,485	20,357,615	7,136,664	144,524,863
Additions	3,829,857	15,603,232	873,369	1,775,286	272,522	22,354,266
Disposals	-	-	-	-	-	-
Balance 30 June 2006	39,764,160	291,842,683	15,246,525	147,749,432	28,722,863	523,325,663
Accumulated Depreciation						
Balance 1 July 2004	(9,792,316)	(37,828,366)	(2,154,850)	(14,661,890)	(4,836,319)	(69,273,741)
Additions	(2,010,252)	(6,526,195)	(418,824)	(2,199,412)	(713,029)	(11,867,712)
Disposals	48,398	-	-	-	-	48,398
Balance 30 June 2005	(11,754,170)	(44,354,561)	(2,573,674)	(16,861,302)	(5,549,348)	(81,093,055)
Additions	(2,056,707)	(6,615,910)	(436,479)	(2,208,614)	(718,986)	(12,036,696)
Disposals	-	-	-	-	-	-
Balance 30 June 2006	(13,810,877)	(50,970,471)	(3,010,153)	(19,069,916)	(6,268,334)	(93,129,751)
Net Book Value						
As at 30 June 2005	24,180,133	231,884,889	11,799,482	129,112,844	22,900,992	419,878,340
As at 30 June 2006	25,953,283	240,872,212	12,236,372	128,679,516	22,454,529	430,195,912

7 PROPERTY, PLANT AND EQUIPMENT (continued)

Fixed Assets Work In Progress	Computer Equipment	Vehicles	Buildings	TOTAL		
	\$	\$	\$	\$		
Balance 30 June 2005	9,924	75,245	6,919,780	7,004,949		
Balance 30 June 2006	0	0	11,260,011	11,260,011		
Infrastructure Assets Work In Progress	Reserves	Roads	Footpaths	Drainage	Other Infrastructure	TOTAL
	\$	\$	\$	\$	\$	\$
Balance 30 June 2005	2,775,960	6,550,793	81,001	175,883	123,265	9,706,902
Balance 30 June 2006	1,820,381	1,734,975	64,551	129,253	605,528	4,354,688
		Actual 2006 \$		Actual 2005 \$		
Net Book Value of Property Plant & Equipment		506,519,172		497,896,471		

	Actual 2006 \$	Actual 2005 \$
Payables		
Current		
Trade Payables (i)	3,925,813	3,408,182
Sundry Payables	1,261,199	1,598,998
Accrued Expenses	2,484,409	1,425,559
Income in Advance	206,095	220,430
Goods & Services Tax (GST) Payable	53,470	74,660
	<u>7,930,986</u>	<u>6,727,829</u>

(i) The average credit period on purchases of goods and services from external suppliers is 2 months. No interest is charged on the trade payables for the first 60 days from the date of the invoice. The council has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Provisions

Current

Provision for Annual Leave	2,322,096	2,177,694
Provision for Long Service Leave	2,389,534	2,455,220
Provision for Workers Compensation	1,210,148	892,618
Provision for Purchased Leave	665	323
	<u>5,922,443</u>	<u>5,525,855</u>

Non Current

Provision for Long Service Leave	<u>918,307</u>	<u>788,843</u>
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Non current long service leave relates to employees with less than seven years service as per AAS 30.
Note: Number of employees (FTE) at end of financial year (2006) 472 (2005) 463

9 RESERVES

	Actual 2006 \$	Adopted Budget \$	Actual 2005 \$
(a) Asset Replacement Reserve			
Opening Balance	7,388,412	7,188,411	7,233,986
Transfer from Accumulated Surplus	3,948,098	3,300,000	-
Transfer from Domestic Cart Replacement Reserve	-	-	200,000
Transfer to Accumulated Surplus	(30,561)	(6,954,426)	(45,574)
	<hr/>	<hr/>	<hr/>
Closing Balance	11,305,949	3,533,985	7,388,412
	<hr/>	<hr/>	<hr/>
Expenditure from this Reserve required only when approved developments are identified.			
(b) Cash in Lieu of Parking Reserve			
Opening Balance	357,381	357,380	357,381
Transfer From Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	<hr/>	<hr/>	<hr/>
Closing Balance	357,381	357,380	357,381
	<hr/>	<hr/>	<hr/>
Expenditure from this Reserve required only when approved developments are identified.			
(c) Cash in Lieu of Public Open Space Reserve			
Opening Balance	1,158,044	1,158,045	1,066,539
Transfer From Accumulated Surplus	16,746	-	91,505
Transfer to Accumulated Surplus	-	-	-
	<hr/>	<hr/>	<hr/>
Closing Balance	1,174,790	1,158,045	1,158,044
	<hr/>	<hr/>	<hr/>
Expenditure from this Reserve required only when approved developments are identified.			
(d) Community Facilities Reserve			
Opening Balance	344,000	344,000	344,000
Transfer From Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
	<hr/>	<hr/>	<hr/>
Closing Balance	344,000	344,000	344,000
	<hr/>	<hr/>	<hr/>
Expenditure from this Reserve required only when approved developments are identified.			

9 RESERVES (continued)

	Actual 2006 \$	Adopted Budget \$	Actual 2005 \$
(e) Domestic Cart – Refuse Collection Reserve			
Opening Balance	1,495,701	1,695,701	1,272,228
Transfer From Accumulated Surplus	851,435	714,802	423,473
Transfer to Accumulated Surplus	-	-	-
Transfer to Asset Replacement Reserve	-	(25,000)	(200,000)
Closing Balance	2,347,136	2,385,503	1,495,701
Expenditure from this Reserve is ongoing.			
(f) Heavy Vehicles Replacement Reserve			
Opening Balance	738,916	738,917	843,935
Transfer from Accumulated Surplus	120,910	134,334	169,575
Transfer to Accumulated Surplus	(142,022)	(675,000)	(274,594)
Closing Balance	717,804	198,251	738,916
Expenditure from this Reserve is ongoing and relates to the heavy vehicle replacement programme.			
(g) Hodges Drive Drainage Reserve			
Opening Balance	158,759	158,759	196,309
Transfer from Accumulated Surplus	(158,450)	(158,450)	(37,550)
Closing Balance	309	309	158,759
Expenditure from this Reserve is only when required.			
(h) Joondalup City Centre Parking Reserve			
Opening Balance	237,222	237,222	229,122
Transfer from Accumulated Surplus	121,500	-	8,100
Transfer to Accumulated Surplus	-	-	-
Closing Balance	358,722	237,222	237,222
Expenditure from this Reserve is only when required.			

9 RESERVES (continued)

	Actual 2006 \$	Adopted Budget \$	Actual 2005 \$
(i) Joondalup Normalisation Agreement Reserve			
Opening Balance	-	-	-
Transfer from Accumulated Surplus	2,800,000	2,800,000	-
Transfer to Accumulated Surplus	(2,800,000)	(2,800,000)	-
Transfer to Asset Replacement Reserve	-	-	-
	<hr/>	<hr/>	<hr/>
Closing Balance	0	0	0
<hr/>			
Transactions from this Reserve will occur on receipt of Normalisation funds.			
<hr/>			
(j) Leisure Centres Capital Replacement Reserve			
Opening Balance	3,960,208	3,960,208	7,416,195
Transfer from Accumulated Surplus	-	450,000	2,200,000
Transfers to Accumulated Surplus	(2,508,514)	(3,947,141)	(5,655,987)
	<hr/>	<hr/>	<hr/>
Closing Balance	1,451,694	463,067	3,960,208
<hr/>			
Expenditure from this Reserve is required only when works on the Craigie Leisure Centre project are undertaken.			
<hr/>			
(k) Library Literacy Program Reserve			
Opening Balance	17,601	17,600	7,605
Transfer from Accumulated Surplus	-	-	9,996
Transfers to Accumulated Surplus	(13,200)	-	-
	<hr/>	<hr/>	<hr/>
Closing Balance	4,401	17,600	17,601
<hr/>			
Expenditure from this Reserve is required only when this project is undertaken.			
<hr/>			
(l) Light Vehicles Replacement Reserve			
Opening Balance	548,229	548,230	468,385
Transfer from Accumulated Surplus	384,299	501,139	456,863
Transfer to Accumulated Surplus	(616,524)	(878,500)	(377,019)
	<hr/>	<hr/>	<hr/>
Closing Balance	316,004	170,869	548,229
<hr/>			
Expenditure from this Reserve is ongoing and relates to the light vehicle replacement programme.			
<hr/>			

9 RESERVES (continued)

	Actual 2006 \$	Adopted Budget \$	Actual 2005 \$
(m) Mullaloo Beach Foreshore Enhancement			
Opening Balance	-	-	-
Transfer from Accumulated Surplus	-	-	267,748
Transfer to Accumulated Surplus	-	-	(267,748)
	<hr/>	<hr/>	<hr/>
Closing Balance	0	0	0
	<hr/>	<hr/>	<hr/>
Expenditure from this Reserve is required only when approved developments are identified.			
(n) Ocean Reef Boat Launching Facility Reserve			
Opening Balance	155,991	155,991	55,991
Transfer from Accumulated Surplus	-	900,000	100,000
Transfer to Accumulated Surplus	(7,253)	(1,030,645)	-
	<hr/>	<hr/>	<hr/>
Closing Balance	148,738	25,346	155,991
	<hr/>	<hr/>	<hr/>
Expenditure from this Reserve is required only when approved developments are identified.			
(o) Performing Arts Facility Reserve			
Opening Balance	1,748,709	1,748,709	1,688,971
Transfer from Accumulated Surplus	-	-	122,294
Transfer to Accumulated Surplus	(418,202)	(1,187,444)	(62,556)
	<hr/>	<hr/>	<hr/>
Closing Balance	1,330,507	561,265	1,748,709
	<hr/>	<hr/>	<hr/>
Expenditure from this Reserve is required only when this project is undertaken.			
(p) Plant Replacement Reserve			
Opening Balance	999,794	999,795	991,582
Transfer from Accumulated Surplus	362,070	402,034	375,688
Transfer to Accumulated Surplus	(325,175)	(617,500)	(367,476)
	<hr/>	<hr/>	<hr/>
Closing Balance	1,036,689	784,329	999,794
	<hr/>	<hr/>	<hr/>
Expenditure from this Reserve is ongoing and relates to the plant replacement programme.			

9 RESERVES (continued)

	Actual 2006 \$	Adopted Budget \$	Actual 2005 \$
(q) Rate Revaluation Reserve			
Opening Balance	130,000	130,000	65,000
Transfer From Accumulated Surplus	165,000	165,000	65,000
Transfer to Accumulated Surplus	(195,000)	(195,000)	-
Closing Balance	100,000	100,000	130,000
Expenditure from this Reserve is required triennially to fund revaluation expenses			
(r) Section 20A Land Reserve			
Opening Balance	31,792	31,792	31,792
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
Closing Balance	31,792	31,792	31,792
Expenditure from this reserve is required only when approved developments are identified.			
(s) Sorrento Beach Foreshore Enhancement			
Opening Balance	828,295	900,000	-
Transfer from Accumulated Surplus	900,000	900,000	2,247,864
Transfer to Accumulated Surplus	(1,589,063)	(1,800,000)	(1,419,569)
Closing Balance	139,232	0	828,295
Expenditure from this Reserve is required only when approved developments are identified.			
(t) Specified Area Rating – Harbour Rise Reserve			
Opening Balance	13,051	13,051	57,833
Transfer from Accumulated Surplus	-	-	13,051
Transfer to Accumulated Surplus	(13,051)	(13,051)	(57,833)
Closing Balance	0	0	13,051
Funds to be transferred to operating revenue on 1st July 2005.			

9 RESERVES (continued)

	Actual 2006 \$	Adopted Budget \$	Actual 2005 \$
(u) Specified Area Rating - Iluka Reserve			
Opening Balance	113,479	113,479	131,578
Transfer from Accumulated Surplus	72,579	-	113,479
Transfer to Accumulated Surplus	(113,479)	(113,479)	(131,578)
Closing Balance	72,579	0	113,479
Funds to be transferred to operating revenue on 1st July 2005.			
(v) Strategic Asset Management Reserve			
Opening Balance	1,192,594	1,192,594	-
Transfer from Accumulated Surplus	1,338,564	1,808,564	1,192,594
Closing Balance	2,531,158	3,001,158	1,192,594
(w) Town Planning Scheme No 10 (Revoked)			
Opening Balance	430,076	430,077	560,857
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	(176,663)	(208,678)	(130,781)
Closing Balance	253,413	221,399	430,076
Expenditure from this reserve is required only when approved developments are identified.			
(x) Wanneroo Bicentennial Trust Reserve			
Opening Balance	12,500	12,500	12,500
Transfer from Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	-
Closing Balance	12,500	12,500	12,500
(y) Community Facilities Reserve - Kingsley			
Opening Balance	-	-	-
Transfer from Accumulated Surplus	248,979	-	-
Transfer to Accumulated Surplus	-	-	-
Closing Balance	248,979	0	0

9 RESERVES (continued)

	Actual 2006 \$	Adopted Budget \$	Actual 2005 \$
Grand Total of Reserves			
Opening Balance	22,060,754	22,132,461	23,031,790
Transfer from Accumulated Surplus	11,330,180	12,075,873	7,857,229
Transfer to Accumulated Surplus	(9,107,157)	(20,604,314)	(8,828,265)
Transfer to Another Reserve	-	-	200,000
Transfer from Another Reserve	-	-	(200,000)
	<hr/>	<hr/>	<hr/>
Closing Balance	24,283,777	13,604,020	22,060,754
	<hr/>	<hr/>	<hr/>

10 SUPERANNUATION

The City of Joondalup makes superannuation contributions in respect of its employees to the Western Australian Local Government Superannuation Plan (WALGSP) established in respect of all Local Governments in the WA. Contributions made include Superannuation Guarantee Levy of 9% and employer contributions as per Council policy.

The financial statements of the WALGSP for the year ended 30 June 2005 were not qualified by its auditors. The assets of the WALGSP were sufficient to meet its liabilities at that date. The City of Joondalup does not have any liability for outstanding superannuation benefits associated with the WALGSP.

The amount of superannuation contributions paid by the City of Joondalup during the reporting period:
 - Actual \$3,101,519 Budget \$3,247,305 (Actual 2004/2005 \$3,083,612 Budget 2004/2005 \$3,160,448).

11 TRUST FUNDS

	Opening Balance 1/7/2005 \$	Receipts \$	Payments \$	Closing Balance 30/6/2006 \$
Funds over which the Local Government has no control and which are not included in the financial statements are as follows:-				
Trust Bonds	-	2,734,532	(1,125,602)	1,608,930
Unclaimed Monies	32,498	-	-	32,498
Unclaimed Wages	1,485	-	-	1,485
	<u>33,983</u>	<u>2,734,532</u>	<u>(1,125,602)</u>	<u>1,642,913</u>

12 TOWN PLANNING AND LAND DEVELOPMENT SCHEME - MINDARIE

In June 1978 Lot 17 Marmion Avenue, Mindarie, a 432 hectare property situated approximately 2 kilometres north of Burns Beach and 30 kilometres north of the Perth City Centre was purchased jointly by the former City of Wanneroo, the former City of Perth and the City of Stirling as tenants in common in equal shares to provide for a future sanitary disposal site.

Subsequently, the Mindarie Regional Council was established by the three Councils and in 1990 leased approximately 251 hectares for this purpose. The lease provides for an initial term of 21 years, with an option for renewal for a further 21 years.

On 1 July 1998 the former City of Wanneroo's one third share was split equally between the City of Joondalup and the City of Wanneroo, in accordance with the Joondalup and Wanneroo Order 1998, the assets and liabilities were allocated by determination of the Joint Commissioners.

It is envisaged that the southern portion of Lot 17 encompassing the leased area will eventually be used for regional open space/recreational purposes. The north and western portions have been identified as future urban development with the potential for subdivision and resale.

13 RECONCILIATION OF CASH

For the purposes of the statement of cash flows, the City of Joondalup considers cash to include cash on hand and cash held in banks and investments. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows:

	Actual 2006 \$	Actual 2005 \$
Cash Assets		
Cash on Hand	6,855	6,584
Investments	49,538,666	40,191,073
Cash at Bank	(984,865)	374,856
	<u>48,560,656</u>	<u>40,572,513</u>
	<u><u> </u></u>	<u><u> </u></u>
Interest Bearing Liabilities		
Bank Overdraft	-	-
	<u><u> </u></u>	<u><u> </u></u>
	<u><u> </u></u>	<u><u> </u></u>
Net Cash Balance	<u><u>48,560,656</u></u>	<u><u>40,572,513</u></u>

Cash and investments is restricted by regulations or other externally imposed requirements \$24,286,277 (refer Note 5) and the net balance of \$24,274,379 is required to fund unpaid creditors, provisions and to fund carried forward works as at the end of year.

14 GAIN (LOSS) ON DISPOSAL OF ASSETS BY CLASS

	Actual Net Book \$	Budget Net Book \$	Actual Sale Price \$	Budget Sale Price \$	Actual Gain (Loss) \$	Budget Gain (Loss) \$
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Furniture and Office Equipment	675	-	-	-	(675)	-
Computer Equipment	10,305	-	-	-	(10,305)	-
Mobile Plant	106,953	174,573	82,609	124,500	(24,344)	(50,073)
Other Equipment	-	-	-	-	-	-
Vehicles	569,848	1,276,316	521,987	1,140,500	(47,861)	(135,816)
<hr/>						
Gain (Loss) on Disposal of Assets	687,781	1,450,889	604,596	1,265,000	(83,185)	(185,889)
<hr/>						

15 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS FOR THE YEAR ENDED 30 JUNE 2006

	Actual 2006 \$	Actual 2005 \$
Change in Net Assets Resulting from Operations	13,881,798	2,753,065
<u>Add Back</u>		
Depreciation	15,095,115	14,889,316
Decrease in Receivables	294,124	384,770
Increase in Payables	1,314,507	786,762
Increase in Income in Advance	-	220,430
Increase in Accrued Expenses	1,053,365	283,672
Decrease in Stock in Hand	-	226
Decrease in Accrued Income	-	47,568
Decrease in Doubtful Debts	-	175
Decrease in Accrued GST	79,517	-
Decrease in Clearing Accounts	5,485	-
Increase in Provisions	526,052	1,034,374
Loss on Sale of Assets (net)	52,451	-
	<u>18,420,616</u>	<u>17,647,293</u>
 Sub Total	 <u>32,302,414</u>	 <u>20,400,358</u>
 <u>Deduct</u>		
Government Grants	3,249,710	1,679,546
Increase in Prepayments	16,895	18,350
Profit on Sale of Assets	-	245,691
Increase in Doubtful Debts	-	-
Increase in Deferred Debtors	40,598	33,897
Increase in Accrued Income	9,012	-
Decrease in Income in Advance	14,335	-
Decrease in Bond Payables	1,134,674	-
Increase in Accrued GST	-	170,508
Contribution of Assets	6,121,122	1,679,895
	<u>10,586,346</u>	<u>3,827,887</u>
 Net Cash Provided By Operating Activities	 <u>21,716,068</u>	 <u>16,572,471</u>

16 CREDIT STANDBY FACILITIES

	Actual 2006	Actual 2005
Bank Overdraft Limit	500,000	500,000
Bank Overdraft at Reporting Date	-	-
	<u>500,000</u>	<u>500,000</u>
 Total Amount Unused/(Exceeding Offset Limit)	 <u>500,000</u>	 <u>500,000</u>

17 COMMITMENTS FOR MAJOR EXPENDITURE

	Actual 2006 \$	Actual 2005 \$
At the reporting date, the City had entered into contracts for the following major expenditure:		
Buildings Works	4,000,951	514,472
Engineering Works	7,203,231	3,123,066
Parks Works	580,648	259,600
	<hr/>	<hr/>
	11,784,830	3,897,138
	<hr/>	<hr/>

These expenditures are due for payment:

Not later than One Year	11,784,830	3,897,138
	<hr/>	<hr/>
	11,784,830	3,897,138
	<hr/>	<hr/>

18 OTHER EXPENSES

	Actual 2006 \$	Adopted Budget 2006 \$	Actual 2005 \$
(a) Elected Members Expenses			
Members Costs are paid monthly in arrears:			
Elected Members Allowances	26,043	171,000	-
Elected Members Conferences/Training	-	85,000	-
Elected Members Presentation Items	8,393	1,000	-
Elected Members Travel, Child Care and Other Specified Expenses	15,158	67,500	-
	<u>49,594</u>	<u>324,500</u>	<u>0</u>
Elected Members Allowances comprise of – Mayoral and Deputy Mayoral Allowances, Members Meeting Fees and Telecommunications Allowance.			
(b) Commissioners Expenses			
Commissioners Costs are paid monthly in arrears:			
Commissioners Allowances	185,497	-	215,440
Commissioners Travel, Child Care and Other Specified Expenses	18,212	-	21,518
	<u>203,709</u>	<u>0</u>	<u>236,958</u>
Commissioners Allowances comprise – Chairman and Deputy Chairman Allowances Commissioners Allowances. Fees paid were approved by the Minister for Local Government and Regional Development			
It was assumed when preparing the 2004/05 budget that the Elected Members would return to coincide with the local government elections held on the 7 May 2005.			
(c) Auditors Expenses			
Annual Audit Fee - Deloitte	31,000	30,500	29,500
Other Audit Fees	9,705	20,000	22,360
	<u>40,705</u>	<u>50,500</u>	<u>51,860</u>

Note – Increase in audit fees relates to additional fees for internal audit procedures and auditing government grant acquittals as required by both State and Federal Government authorities.

19 GENERAL PURPOSE FUNDING

	Actual 2006	Adopted Budget 2006	Actual 2005
	\$	\$	\$
Rates General	48,699,260	48,494,368	45,858,520
Fees and Charges on Rates	768,119	656,378	690,506
Grants Commission - GP Grants	4,206,984	4,214,768	4,042,538
Interest on Deferred Pensioner Rates	52,586	50,000	52,958
Interest on Investments	3,451,633	2,248,000	2,917,089
Other Miscellaneous Reimbursements	-	-	-
Contributions	3,448,098	2,800,000	-
	<hr/>	<hr/>	<hr/>
	60,626,680	58,463,514	53,561,611
	<hr/>	<hr/>	<hr/>

Note: Contribution from Landcorp – Joondalup Normalisation Agreement.

20 MAJOR LAND TRANSACTIONS

During the 2005/2006 financial year the City did not dispose of any land but entered into an agreement on 13 November 2004 to purchase a portion of Lot 500 Grand Boulevard and Kendrew Ave Joondalup for \$595,000. A deposit of \$59,500 was paid on 4th April 2005. Settlement is anticipated to occur during 2006/2007 when the balance of \$535,500 will be paid.

21 PRESCRIBED SERVICES - SPECIFIED AREA RATE - ILUKA

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2005/2006 financial year, a specified area rate for the suburb of Iluka.

During the 2005/2006 financial year the income and expenditure was as follows;

Balance 1 st July 2005	113,479
2005/06 Rate income	50,162
Expenditure for the area of Iluka	<u>(91,062)</u>
Surplus Transferred to Reserve as at 30 June 2006	<u>72,579</u>

22 PRESCRIBED SERVICES - SPECIFIED AREA RATE – WOODVALE WATERS

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2005/2006 financial year, a specified area rate for the area of Woodvale Waters.

During the 2005/2006 financial year the income and expenditure was as follows;

Balance 1 st July 2005	0
2005/06 Rate income	21,496
Expenditure for the area of Woodvale Waters	<u>(21,496)</u>
Surplus Transferred to Reserve as at 30 June 2006	<u>0</u>

23 PRESCRIBED SERVICES – SPECIFIED AREA RATE – HARBOUR RISE

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 did not impose for the 2005/2006 financial year, a specified area rate for the area of Harbour Rise Hillarys.

During the 2005/2006 financial year the income and expenditure was as follows;

Balance 1 st July 2005	13,051
2005/06 Rate income	47,498
Expenditure for Area of Harbour Rise	<u>(60,549)</u>
Surplus Transferred to Reserve as at 30 June 2006	<u>0</u>

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the accounts.

(b) The following table details the City's exposure to interest rate risks as at the reporting date.

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity				Total \$
			\$	1 to 5 Years \$	More than 5 Years \$	Non- Interest Bearing \$	
2005/2006							
Financial Assets							
Cash						6,855	6,855
Receivables						1,396,788	1,396,788
Rates & ESL Receivable	11.00			465,859			465,859
Investments							
ANZ Cash Plus Fund	5.86	6,880,023					6,880,023
Deutsche Cash Plus	6.07	8,456,071					8,456,071
Perpetual Enhanced A	5.84	8,425,411					8,425,411
Perpetual Enhanced AA	5.74	4,449,462					4,449,462
ING Enhanced	6.33	5,873,405					5,873,405
Perennial Cash	5.84	8,738,278					8,738,278
11AM	5.44	6,716,015					6,716,015
Total		49,538,665		465,859		1,403,643	51,408,167
Financial Liabilities							
Trade payables						7,930,986	7,930,986
Borrowings	5.95		68,012	407,399	424,589		900,000
"	5.79		242,013	1,442,577	1,086,916		2,771,506
Bank overdraft	9.25	984,865					984,865
Employee entitlements						6,840,750	6,840,750
Total		984,865	310,025	1,849,976	1,511,505	14,771,736	19,428,107
2004/2005							
Financial Assets							
Cash						381,440	381,440
Receivables						1,663,201	1,663,201
Rates & ESL Receivable	11.00			593,240			593,240
Investments							
ANZ Cash Plus Fund	5.85	8,417,899					8,417,899
CFS Wsale Prem Cash	5.16	2,033,476					2,033,476
Deutsche Cash Plus	6.16	8,866,788					8,866,788
Macquarie Diversified	5.74	9,000,426					9,000,426
Macquarie Income Plus	5.74	3,019,284					3,019,284
Perennial Cash	5.70	8,253,200					8,253,200
11AM	5.40	600,000					600,000
Total Assets		40,191,073				2,044,641	42,828,954
Financial Liabilities							
Trade payables						6,706,589	6,706,589
Borrowings	5.79		228,493	1,142,465	1,629,042		3,000,000
Bank overdraft						-	-
Employee entitlements						6,314,698	6,314,698
Total Liabilities						13,021,287	16,021,287

24 FINANCIAL INSTRUMENTS

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the council. The council has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Council measures credit risk on a fair value basis.

The council does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the accounts.

25 JOONDALUP NORMALISATION AGREEMENT

During 2004, the City of Joondalup and the Western Australia Land Authority (LandCorp) entered into a Memorandum of Agreement to complete the normalisation of the City of Joondalup. The Memorandum of Agreement (MOA) recognises the historical evolution and contemporary position of Joondalup in terms of the Western Australia Land Authority Act 1992 (as amended) and the "Joondalup Centre Plan – Completion 2001 Modification". The process of "normalisation" is a transitional process through which the strategic regional centre would become operationally and perceptually transformed from a development project to an established centre.

The Memorandum Of Agreement (MOA) required LandCorp to make a contribution of \$5.24m to the City of Joondalup for works previously completed by the City and to be carried out by the City in the future.

The terms of settlement are not specified in the agreement however the City received \$1.9m in June 2004 and brought this revenue to account in 2003/04. The City received \$2.8m during 2005/06 as further settlement and this was recognised as revenue during 2005/06. The final payment of \$540,000 is conditional on LandCorp receiving possession of vacant land currently leased by LandCorp to the City which is due to expire in December 2007.

26 BORROWINGS

	Actual 2006 \$	Actual 2005 \$
Borrowings Short Term		
Current		
Borrowings Short Term	310,025	228,493
	310,025	228,493
Non Current		
Borrowings Long Term	3,361,482	2,771,507
	3,361,482	2,771,507

27 BORROWINGS

50

Loan	Balance 1/7/05	Loans Raised	Budget Interest & Charges	Actual Interest & Charges	Budget Principal Repayments	Actual Principal Repayments	Budget Principal 30/6/06	Actual Principal 30/6/06
Craigie Leisure Centre	3,000,000	-	218,444	180,794	228,493	228,493	2,771,507	2,771,507
Sorrento Beach	-	900,000	-	-	-	-	900,000	900,000

Loans Raised in The Financial Year

Loan - Sorrento Beach
 Lender- WA Treasury Corporation
 10 Year Loan @ 5.95% p.a.
 Amount Borrowed \$900,000
 Amount Expended \$900,000

28 FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Reconciliation of Equity at 1 July 2004

There were no material differences between Equity in the opening AIFRS Balance Sheet and the Equity in the 1 July 2004 Balance Sheet presented under previous GAAP.

(b) Reconciliation of Equity at 1 July 2005

There were no material differences between Equity in the 30 June 2005 Balance Sheet presented under AIFRS and the Equity in the 1 July 2005 Balance Sheet presented under previous GAAP.

(c) Reconciliation of Net Result for the Year Ended 30 June 2005

There were no material differences between the Net Result for the year ended 30 June 2005 presented under AIFRS and the Net Result for the year ended 30 June 2005 presented under previous GAAP.

(d) Explanation of Material Adjustments to the Cash Flow Statement

There are no material differences between the Cash Flow Statement presented under AIFRS and the Cash Flow Statement presented under previous GAAP.

ADDITIONAL DISCLOSURES FOR LOCAL GOVERNMENT

PERFORMANCE MEASUREMENTS

	2001/2002	2001/2002	2003/2004	2004/2005	2005/2006
a) Current Ratio	1.76	1.76	1.6	1.66	1.85
b) Debt Ratio	0.02	0.02	0.02	0.02	0.03
c) Debt Service Ratio	0	0	0	0	0
d) Rate Coverage Ratio	0.61	0.61	0.58	0.63	0.57
e) Outstanding Rates	0.05	0.05	0.03	0.03	0.03
f) Gross Debt to Economically Realisable Assets Ratio				0.01	0.01
g) Gross Debt to Revenue Ratio				0.04	0.04
g) Untied Cash to Unpaid Trade Creditors Ratio				5.42	6.19

Formulae for calculation of ratios:

- a) **Current Ratio**

$$\frac{\text{Current Assets minus Restricted Assets}}{\text{Current Liabilities minus Liabilities Associated with Restricted Assets}}$$
- b) **Debt Ratio**

$$\frac{\text{Total Liabilities}}{\text{Total Assets}}$$
- c) **Debt Service Ratio**

$$\frac{\text{Debt Service Costs}}{\text{Available Operating Revenue}}$$
- d) **Rate Coverage Ratio**

$$\frac{\text{Net Rate Revenue}}{\text{Operating Revenue}}$$
- e) **Outstanding Rates**

$$\frac{\text{Rates Outstanding}}{\text{Rates Collectable}}$$
- f) **Gross Debt to Economically Realisable Assets Ratio**

$$\frac{\text{Gross Debt}}{\text{Economically Realisable Assets}}$$
- g) **Gross Debt to Revenue Ratio**

$$\frac{\text{Gross Debt}}{\text{Total Revenue}}$$
- h) **Untied Cash to Unpaid Trade Creditors Ratio**

$$\frac{\text{Untied Cash}}{\text{Unpaid Trade Creditors}}$$

CEO's CREDIT CARD EXPENDITURES - QUARTER ENDED 30 SEPTEMBER 2006		
	Description	Amount
27-Jul-06	Monthly Credit Card Charge	\$3.75
30-Jun-06	Membership for Institute of Company Directors	\$396.00
25-Jul-06	Qantas Club Membership	\$355.00
July total		\$754.75
27-Aug-06	Monthly Credit Card Charge	\$3.75
28-Jul-06	Budget Meeting (CEO & Directors)	\$335.30
29-Jul-06	Stationary Items	\$150.76
07-Aug-06	City of Perth Parking (MHR Interviews)	\$8.00
07-Aug-06	CEO membership - International City/Country Management Association	\$187.50
08-Aug-06	Wilson Parking (PCA Lunch)	\$11.00
August total		\$696.31
27-Sep-06	Monthly Credit Card Charge	\$3.75
Sept total		\$3.75

SUMMARY OF WRITE-OFF DELEGATIONS AND LIMITS OF OTHER COUNCILS

	DA	Limit	Action over limit	Policy
City of Belmont	Yes	\$2,000	Council	No
Canning City Council	No	All to council	n/a	No
Cockburn City Council	No	All to council	n/a	No
City of Fremantle	No	All to council	n/a	No
City of Gosnells	Yes	\$1,000	Council	No
Melville City Council	No	All to council	n/a	No
City of Perth	Yes	Max individual \$10,000 Max annual aggregate \$20,000	Council	No
City of South Perth	Yes	\$1,000	Council	No
City of Stirling	Yes	\$50,000 annual limit Other than rates/service charges	Council	No
Swan City Council	Yes	\$100	Council Quarterly report	No
City of Wanneroo	Yes	\$500 Other than rates debts	Council	Yes
Shire of Busselton	Yes	\$1,000 For debtors older than 12 months	Council	No