

CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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 2015 are in my opinion properly drawn up to present fairly the financial position of the City of Joondalup at 30 June 2015 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 that Act.

Signed on the 28th day of October 2015.


Garry Hunt
Chief Executive Officer

CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

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CITY OF JOONDALUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
REVENUE				
Rates	3 (q)	87,213,374	86,466,338	82,573,393
Grants and Subsidies	7	5,849,873	4,095,510	2,349,439
Contributions, Reimbursements and Donations	4	1,419,787	1,477,802	2,073,239
Interest Earnings	8	4,674,144	4,027,651	4,740,101
Profit on Disposal of Assets	22	4,570,792	431,228	3,927,540
Fees and Charges	6	38,526,436	39,103,040	37,743,422
Other Revenue		605,058	123,000	271,806
		142,859,464	135,724,569	133,678,940
EXPENSE				
Employee Costs		(56,814,375)	(58,065,565)	(55,127,264)
Materials and Contracts		(46,504,500)	(50,669,375)	(47,435,690)
Utilities		(5,733,481)	(6,165,121)	(6,029,342)
Depreciation, Impairment & Revaluation Decrement	4	(29,582,283)	(19,331,487)	(27,476,675)
Loss on Disposal of Assets	22	(239,802)	(1,275,392)	(200,087)
Interest Expense	24(a)	(455,328)	(616,230)	(488,961)
Insurance		(1,612,867)	(1,639,249)	(1,625,926)
		(140,942,636)	(137,762,419)	(138,383,945)
Net Result from Operating Activities		1,916,828	(2,037,850)	(4,705,005)
Non-Operating Activities				
Grants and Subsidies	7	8,952,318	9,277,327	4,318,894
Other Capital Contributions		406,950	-	1,484,104
Acquired Infrastructure Assets	5	-	500,000	-
Equity Distribution		-	2,500,000	-
Profit/(Loss)		11,276,096	10,239,477	1,097,993
Other Comprehensive Income				
Changes on revaluation of non-current assets	17	112,874,638	-	363,171,530
Total Comprehensive Income		124,150,734	10,239,477	364,269,523

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

**CITY OF JOONDALUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
REVENUE				
Governance		5,007,969	34,704	4,029,307
General Purpose Funding		97,833,156	94,652,354	89,748,743
Law, Order, Public Safety		843,521	943,477	912,210
Health		404,742	323,000	358,329
Education and Welfare		498,887	451,951	469,072
Community Amenities		23,042,307	23,454,044	17,582,320
Recreation and Culture		10,236,243	10,628,495	11,949,070
Transport		4,043,849	4,017,249	7,811,436
Other Property & Services		948,790	1,219,295	818,453
		142,859,464	135,724,569	133,678,940
EXPENSE EXCLUDING FINANCE COSTS				
Governance		(8,339,651)	(8,297,763)	(5,820,799)
General Purpose Funding		(2,430,390)	(2,468,000)	(2,879,255)
Law, Order, Public Safety		(5,360,891)	(5,688,583)	(4,733,442)
Health		(1,863,789)	(1,939,831)	(1,555,045)
Education and Welfare		(2,648,504)	(2,718,035)	(2,207,538)
Community Amenities		(29,500,940)	(32,343,449)	(27,165,020)
Recreation & Culture		(48,239,100)	(48,632,148)	(36,405,253)
Transport		(34,829,287)	(27,500,921)	(30,638,209)
Economic Services		(1,384,121)	(1,370,544)	(334,723)
Other Property & Services		(5,890,634)	(6,186,914)	(26,155,700)
		(140,487,307)	(137,146,189)	(137,894,984)
Net Operating Surplus before Finance Costs		2,372,156	(1,421,620)	(4,216,044)
Finance Costs				
General Purpose Funding		(455,328)	(616,230)	(488,961)
Net Result from Operating Activities		1,916,828	(2,037,850)	(4,705,005)
Capital Grants and Contributions				
Grants for the development of assets	7	8,952,318	9,277,327	4,318,894
Other Capital Contributions		406,950	-	1,484,104
Acquired Infrastructure Assets	5	-	500,000	-
Equity Distribution		-	2,500,000	-
Profit/(Loss)		11,276,096	10,239,477	1,097,993
Other Comprehensive Income				
Changes on revaluation of non-current assets	17	112,874,638	-	363,171,530
Total Comprehensive Income		124,150,734	10,239,477	364,269,523

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

**CITY OF JOONDALUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and Cash Equivalents	8	88,083,406	72,069,087
Trade and Other Receivables	9	6,040,601	4,945,569
Inventories		70,370	80,296
TOTAL CURRENT ASSETS		94,194,377	77,094,952
NON-CURRENT ASSETS			
Other Receivables	9	1,520,537	1,871,120
Equity Investments	10	8,628,975	7,642,834
Property, Plant and Equipment	11	280,500,566	283,844,002
Infrastructure Assets	12	988,474,447	868,074,789
TOTAL NON-CURRENT ASSETS		1,279,124,525	1,161,432,745
TOTAL ASSETS		1,373,318,902	1,238,527,697
CURRENT LIABILITIES			
Trade and Other Payables	13	13,037,624	10,404,485
Borrowings	14	1,823,565	1,399,466
Provisions	15	12,336,956	11,752,972
TOTAL CURRENT LIABILITIES		27,198,145	23,556,923
NON-CURRENT LIABILITIES			
Borrowings	14	12,512,950	5,836,515
Provisions	15	1,845,280	2,083,126
TOTAL NON-CURRENT LIABILITIES		14,358,230	7,919,641
TOTAL LIABILITIES		41,556,375	31,476,564
NET ASSETS		1,331,762,527	1,207,051,133
EQUITY			
Retained Surplus		542,448,011	542,657,848
Reserve Accounts	16.2	63,835,515	51,788,922
Reserves - Asset Revaluation	17	725,479,001	612,604,363
TOTAL EQUITY		1,331,762,527	1,207,051,133

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

**CITY OF JOONDALUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 Actual \$	2014 Actual \$
RETAINED SURPLUS			
Balance as at 1 July 2014		542,657,848	535,282,252
Net result		11,276,096	1,097,993
Transfer from/(to) Reserves		(12,046,593)	5,848,887
Transfer from/(to) Trust Funds		560,660	428,716
Balance as at 30 June 2015		542,448,011	542,657,848
RESERVES ACCOUNTS			
Balance as at 1 July 2014		51,788,922	57,637,810
Transfer from/(to) Retained Surplus		12,046,593	(5,848,888)
Balance as at 30 June 2015	16.2	63,835,515	51,788,922
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2014		612,604,363	249,432,833
Change in Revaluation		112,874,638	363,171,530
Balance as at 30 June 2015	17	725,479,001	612,604,363
TOTAL EQUITY		1,331,762,527	1,207,051,133

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

**CITY OF JOONDALUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		87,027,875	86,234,963	82,379,737
Grants and Subsidies		5,849,873	4,095,510	2,349,439
Contributions, Reimbursements and Donations		1,419,787	1,477,802	2,073,239
Fees and Charges		37,983,721	38,994,621	37,847,297
Interest Earnings		5,134,588	4,048,838	4,617,178
Other		519,753	122,998	243,378
		<u>137,935,597</u>	<u>134,974,732</u>	<u>129,510,268</u>
Payments				
Employee Costs		(56,464,237)	(57,113,565)	(53,480,158)
Materials and Contracts		(44,455,604)	(49,925,584)	(46,233,352)
Utilities		(5,733,481)	(6,165,121)	(6,029,342)
Insurance		(1,612,867)	(1,639,249)	(1,625,926)
Interest Expense		(455,328)	(623,969)	(488,961)
Goods and Services Tax		(285,595)	-	(62,042)
		<u>(109,007,112)</u>	<u>(115,467,488)</u>	<u>(107,919,781)</u>
Net Cash Provided By Operating Activities	18	28,928,485	19,507,244	21,590,487
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(4,272,503)	(14,579,669)	(5,654,598)
Payments for Construction of Infrastructure		(31,706,469)	(37,207,644)	(26,263,425)
Capital Investment Mindarie RC		(42,126)	(42,135)	(39,710)
Distributions received from Tamala Park Regional Council		5,237,093	2,500,000	1,759,107
Materials Recovery Facility		399,083	-	-
Grants/Contributions for the Development of Assets		9,281,247	9,277,327	5,770,044
Proceeds from Sale of Assets		528,315	3,890,150	522,390
		<u>(20,575,360)</u>	<u>(36,161,971)</u>	<u>(23,906,192)</u>
Net Cash Used In Investing Activities		(20,575,360)	(36,161,971)	(23,906,192)
Cash Flows from Financing Activities				
Transfer from Trust Fund		560,660	296,395	428,716
Proceeds from Borrowing		8,500,000	13,045,423	-
Repayment of Borrowings	24(a)	(1,399,466)	(1,804,454)	(1,655,977)
		<u>7,661,194</u>	<u>11,537,364</u>	<u>(1,227,261)</u>
Net Cash Provided By (Used in) Financing Activities		7,661,194	11,537,364	(1,227,261)
Net Increase (Decrease) in Cash Held		16,014,319	(5,117,363)	(3,542,966)
Cash at Beginning of Year		72,069,087	68,096,883	75,612,053
Cash and Cash Equivalents				
at the End of the Year	8	<u>88,083,406</u>	<u>62,979,520</u>	<u>72,069,087</u>

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

**CITY OF JOONDALUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
OPERATING REVENUE				
Rates		87,213,374	86,466,338	82,573,393
Government Grants & Subsidies - Operating		5,849,873	4,095,510	2,349,439
Contributions, Reimbursements and Donations - Operating		1,419,787	1,477,802	2,073,239
Profit on Disposal		4,570,792	431,228	3,927,540
Fees & Charges		38,526,436	39,103,040	37,743,422
Interest Earnings		4,674,144	4,027,651	4,740,101
Other Revenue		605,058	123,000	271,806
		<u>142,859,464</u>	<u>135,724,569</u>	<u>133,678,940</u>
EXPENSES				
Employee Costs		(56,814,375)	(58,065,565)	(55,127,264)
Materials & Contracts		(46,504,500)	(50,669,375)	(47,435,690)
Utilities		(5,733,481)	(6,165,121)	(6,029,342)
Depreciation, Impairment & Revaluation Decrement		(29,582,283)	(19,331,487)	(27,476,675)
Loss on Disposal		(239,802)	(1,275,392)	(200,087)
Insurance Expense		(1,612,867)	(1,639,249)	(1,625,926)
Interest Expense		(455,328)	(616,230)	(488,961)
		<u>(140,942,636)</u>	<u>(137,762,419)</u>	<u>(138,383,945)</u>
SURPLUS/(DEFICIT) FROM OPERATIONS		1,916,828	(2,037,850)	(4,705,005)
OPERATING NON-CASH ADJUSTMENTS				
Depreciation, Impairment & Revaluation Decrement		29,582,283	19,331,487	27,476,675
Loss on Disposal of Assets		239,802	1,275,392	200,087
Profit on Disposal of Assets		(4,570,792)	(431,228)	(3,927,540)
Movement in Non-current Items	28	(371,662)	120,000	433,199
CASH SURPLUS/(DEFICIT) FROM OPERATIONS		26,796,459	18,257,801	19,477,416
NON-OPERATING REVENUE				
Capital Grants		8,952,318	9,277,327	4,318,894
Contributions & Reimbursements - Non Operating		328,929	-	1,451,150
Equity Distribution - Tamala Park Regional Council		5,237,093	2,500,000	1,759,107
Acquired Infrastructure Assets		-	500,000	-
		<u>14,518,340</u>	<u>12,277,327</u>	<u>7,529,151</u>
CAPITAL EXPENDITURE				
Capital Projects		(2,929,898)	(5,338,865)	(3,348,033)
Capital Works		(31,706,469)	(44,446,548)	(26,263,425)
Motor Vehicle Replacement		(1,342,595)	(2,295,686)	(2,306,567)
Loan Repayments (Principal)		(1,399,466)	(1,804,454)	(1,655,977)
Equity Investment		(42,126)	(42,135)	(39,710)
		<u>(37,420,554)</u>	<u>(53,927,688)</u>	<u>(33,613,712)</u>
CAPITAL SURPLUS/(DEFICIT)		(22,902,214)	(41,650,361)	(26,084,561)
SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL FUNDING		3,894,245	(23,392,560)	(6,607,145)
Surplus Carried Forward		1,065,447	146,474	986,719
Proceeds from Disposal of Assets		528,315	3,890,150	522,390
Proceeds from Borrowings		8,500,000	13,045,423	-
Material Recovery Facility		399,083	-	-
Transfers from Reserves		7,520,243	15,521,228	15,587,567
Transfer to Reserves		(19,328,991)	(8,970,004)	(9,852,800)
Transfer from Trust Funds		560,660	296,395	428,716
Transfer to Accumulated Surplus		-	(500,000)	-
SURPLUS/(DEFICIT)		3,139,002	37,106	1,065,447

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

This Financial Report is a general purpose financial report that consists of Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement and notes accompanying these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of the financial report are:

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

(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 Trust, of which the City has legal custody but is unable to deploy for its purposes, have been excluded from the consolidated financial statements and the cash position at the reporting date.

(c) Goods and Services Tax

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

The 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 cash flow.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank, cash on hand and other short-term deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, including bank overdrafts which form an integral part of the City's cash management, and are repayable on demand.

(e) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost for material uncollectible amounts using the effective interest rate method, less any allowance.

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

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories comprise consumables held for the City's operations.

(g) 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, subject to a capitalisation threshold applied to specific classes of assets as follows:

Furniture	\$5,000
Office Equipment	\$5,000
Motor Vehicle	\$5,000
Plant & Equipment	\$5,000
Computer Equipment	\$5,000
Computer Software	\$20,000

All other classes of assets are capitalised, regardless of the initial cost of 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.

(h) Property, Plant and Equipment***Recognition***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework prescribed by the Local Government (Financial Management) Regulations 1996. Property, plant and equipments are carried at fair value. Additions since the date of valuation are shown at cost and depreciated and it is considered that for those additions, cost less accumulated depreciation approximates their fair value. 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 Statement of Comprehensive Income. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Revaluation

All asset classes are revalued on a regular basis such that the carrying values are not materially different from their fair value. Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are revalued with sufficient regularity to ensure that the carrying amount does not differ significantly from that determined using fair value at the reporting date. Local Government (Financial Management) Regulations 1996 mandating the use of Fair Value impose a further minimum requirement that all assets carried at a revalued amount will be revalued at least every 3 years.

(i) Infrastructure Assets**Recognition**

Reserves and Engineering infrastructure assets acquired prior to 30 June 1997 were brought to account as non-current assets at their estimated depreciated replacement cost at that time (deemed cost). Additions subsequent to 30 June 1997 are recorded at cost. All infrastructure assets are revalued in accordance with the mandatory measurement framework prescribed by the Local Government (Financial Management) Regulations 1996 and are carried at their fair value. Infrastructure assets acquired by the City from contributions by developers are recorded as additions to assets and the income recorded in the Statement of Comprehensive Income.

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.

Revaluation

All infrastructure asset classes are revalued on a regular basis such that the carrying values are not materially different from their fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits. All additions after the date of valuation are shown at cost less accumulated depreciation, where applicable, and it is considered that in those cases their carrying costs approximates the fair value. Depreciation has been charged to the Statement of Comprehensive Income.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date. Local Government (Financial Management) Regulations 1996 mandating the use of Fair Value impose a further minimum requirement that all assets carried at a revalued amount will be revalued at least every 3 years.

Land under Roads

Council has elected not to recognise the value of land under roads acquired before 1 July 2008 in accordance with AASB 1051. In addition, the City of Joondalup is required by Regulation 16 of the Local Government (Financial Management) Regulations 1996 not to recognise a value for land under roads.

(j) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets. Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Depreciation rates are:

Property, Plant & Equipment

Freehold Land	Nil	Artwork	Nil
Light Vehicles	7.50%	Buildings	1.2%-20.0%
Heavy Vehicles	10.50%	Mobile Plant	12.50%
Computer Equipment	33.33%	Furniture & Office Equipment	10.00%
Other Equipment	10.00%	Computer Software (>\$20,000)	33.33%

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

Parks & Reserves

Playgroup 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 Structure	5.0%-10.0%
Pathways	5.0%-10.0%
Lighting	13.00%
Oval development	Nil

Engineering

Roads/Traffic Management	1.0%-5.0%
Drainage	1.25%
Car parking	2.5%
Public Access ways	2.5%-4.0%
Footpaths/Bicycle Facilities	2.0%-4.0%
Roberson Road Cycleway	2.5%-16.0%
Beach Access Ways	2.5%-10.0%
Hard-court Surface	2.5%-20.0%
Bus Shelter	2.0%
Underpasses/Bridges	1.0%-10.0%
Joondalup City Lighting	2.0%-16.0%
Ocean Reef Marina	2.0%-4.0%

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

(k) Financial Assets**Classification**

The City classifies its financial assets in the categories 'Loans and Receivables', as defined in AASB 139 Financial Instruments Recognition and Measurement, and 'Cash and Cash Equivalents'. The classification reflects the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Receivables are included in trade and other receivables in the balance sheet.

Recognition and derecognition

The City recognises its financial assets on the date that the City's right to receive cash flows from these assets has been established. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the City has transferred substantially all the risks and rewards of ownership.

(l) Estimation of Fair Value

The fair value of financial assets and financial liabilities is estimated for recognition and measurement. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the City for similar financial instruments.

(m) Impairment

In accordance with Australian Accounting Standards the City's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 'Impairment of Assets' and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

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

(n) Trade and Other Payables

Trade and other payables are recognised when the City becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are generally settled within 30 days of recognition.

(o) Employee Benefits

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

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

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

(ii) Long Service Leave (Long-term Benefits)

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.

(p) Interest-bearing Loans and Borrowings

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The City currently has fixed-interest borrowings that are settled by fixed payments over the term of the loans. The actual outstanding balances on these loans approximate to the amortised cost of the unpaid loan liabilities.

Borrowings are classified as current liabilities unless the City has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

(q) Provisions

Provisions are recognised when the City has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(r) 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 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.

(s) Grants, Donations and Other Contributions

All grants, donations and other contributions in respect of which the City is not required to make a reciprocal transfer of economic benefits are recognised as revenue when the City obtains control over the assets comprising the contribution.

After being recognised as revenue, conditional grants and contributions are recognised as an expense and liability when the City fails to meet the specific conditions attached to a grant or contribution and becomes liable for its re-payment or refund.

Capital grants unspent are treated as restricted assets and are deducted from the available funds in the determination of the Opening and Closing Funds for the purpose of the Rate Setting Statement.

(t) Superannuation

The City of Joondalup makes statutory contributions to the WA Local Government Superannuation Plan and other Funds as nominated by its employees. The expense related to these contributions is recognised in the Statement of Comprehensive Income.

(u) Works in Progress

Major buildings, reserves and infrastructure or other assets which have not been completed at the reporting date have been recorded as works in progress.

(v) Rounding Off Figures

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

(w) Comparative Figures

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

(x) Current and Non-Current Classification

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

(y) Crown Land

In accordance with Regulation 16 of the Local Government (Financial Management) Regulations 1996 and current accounting standards 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.

(z) New Accounting Standards and Interpretations

At the date of authorisation of this financial report, there were a number of Standards and Interpretations that were issued but not yet effective. These have not been adopted for the reporting period ended 30 June 2015, and the City's assessment of these new standards and interpretations has been provided in the Addendum to the financial statements.

(za) Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

2. PROGRAM ACTIVITIES

Statements of Comprehensive Income have been provided by program and by nature. Broad definitions of each program are as follows:

(a) Governance

Governance relates to elected members costs and other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific City services.

(b) General Purpose Funding

Rates income and expenditure, Grants Commission and pensioner deferred rates interest.

(c) Law, Order and Public Safety

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety.

(d) Health

Prevention and treatment of human illnesses, including inspection of premises/food control, immunisation and child health services.

(e) Education and Welfare

Provision, management and support services for families, children and the aged and disabled within the community, including pre-school playgroups, day and after school care, assistance to schools and senior citizens support groups. Provision of aged persons units and resident funded units.

(f) Housing

Provision of housing and leased accommodation where the City acts as landlord.

(g) Community Amenities

Town planning and development, rubbish collection services, stormwater drainage, the provision of public conveniences, bus shelters, roadside furniture and litter control.

(h) Recreation and Culture

Provision of facilities and support for organisations concerned with leisure time activities and sport, support for the performing and creative arts. This includes maintenance of halls, aquatic centres, recreation and community centres, parks, gardens, sports grounds and the operation of libraries.

(i) Transport

Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and the City works operation centre, including development, plant purchase and maintenance.

(j) Economic Services

Rural services, pest control and the implementation of building controls.

(k) Other Property and Services

Public works overheads, plant/vehicle operations, sundry and other outlays that cannot be assigned to one of the preceding programs.

3. RATING AND VALUATIONS**(a) Gross Rental Values**

The Western Australian Land Information Authority (Landgate) conducts a Triennial Valuation which provides the City with both Gross Rental Values (GRV) and Unimproved Values (UV) for the purpose of calculating Rates. For the vast majority of properties, the values supplied were effective from 1 July 2014 and will continue for 3 years from that date.

(b) Differential Rates

The City of Joondalup has applied differential rates as empowered under Section 6.33 of the Local Government Act 1995. The differential rates are levied on all rateable land within the City according to the predominant purpose for which the land is held or used. Should the predominant land use forming the basis for the imposition of the differential rates change during the year, the City is not required to amend the assessment of rates payable on that land on account of that change.

The rates are set at differential levels that provide, as far as is practically possible, a fair and equitable distribution of the rate burden to each category of land having regard to its demands on the City's services.

None of the differential rates are more than twice the lowest differential rate as applied in the financial year ended 30 June 2015.

The objects and reasons for the imposition of each differential rate are:

Object

The rates-in-the-dollar (\$) are calculated to provide the shortfall in income required to enable the City to provide necessary works and services in the 2014-15 financial year after taking into account all non-rate sources of income.

Reason – Gross Rental Value Based Differential Rates

Residential Improved – the rate in the dollar has been set to ensure that the proportion of total rate revenue derived from residential property remains consistent with previous years.

Residential Vacant - the rate in the dollar has been set to ensure that the proportion of total rate revenue derived from residential property remains consistent with previous years and is higher than residential improved property to recognise the different valuation method and in an effort to promote development of this category of property thereby stimulating growth and development in the community.

Commercial Improved – the rate in the dollar has been set to ensure that the proportion of total rate revenue derived from commercial property remains consistent with previous years and recognises the higher demand on City infrastructure and services from the activity on commercial property.

Commercial Vacant – the rate in the dollar has been set to ensure that the proportion of total rate revenue derived from commercial property remains consistent with previous years and is higher than commercial improved property in an effort to promote development of this category of property thereby stimulating growth and development in the community.

Industrial Improved – the rate in the dollar has been set to ensure that the proportion of total rate revenue derived from industrial property remains consistent with previous years and recognises the higher demand on City infrastructure and services from the activity on industrial property.

Industrial Vacant – the rate in the dollar has been set to ensure that the proportion of total rate revenue derived from industrial property remains consistent with previous years and is higher than industrial improved property in an effort to promote development of this category of property thereby stimulating growth and development in the community.

Reason – Unimproved Value Based Differential Rates

Residential – the rate in the dollar has been set to ensure that the proportion of total rate revenue derived from residential property remains consistent with previous years.

Rural – the rate in the dollar has been set to ensure that the proportion of total rate revenue derived from rural property remains consistent with previous years.

(c) Minimum Payments

A minimum payment of \$797 is applied to GRV residential improved and not improved and UV residential and rural rate categories in recognition that every property receives some minimum level of benefit from works and services provided.

A minimum payment of \$814 is applied to GRV commercial and industrial both improved and not improved rate categories in recognition that every property receives some minimum level

of benefit from works and services provided and the higher minimum compared to other rate categories recognises the higher demand on City infrastructure and services from the activity on commercial and industrial property.

(d) Concessions and waivers

No concessions were provided for in the 2014-15 financial year.

(e) Rates Early Payment Incentive Scheme

Council, in accordance with the provisions of Section 6.46 of the Local Government Act 1995, offered the following 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 within 28 days of the issue date on the annual rate notice:
- 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, as well as a vehicle purchased by the City.
- A pool of prize winners was chosen by a computerised random selection process, the integrity of which has been authenticated by the City's auditor. The winners were invited to attend a prize draw function during which the prizes were allocated in a secondary draw process.

The total cost of the rates early payment incentives was as follows:

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Rates - Early Payment Incentives & Prizes	31,194	40,000	67,919
	<u>31,194</u>	<u>40,000</u>	<u>67,919</u>

(f) 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.

• **One Instalment**

Payment in full within 28 days of the issue date of the annual rate notice 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, 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, 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, instalment charge plus the outstanding arrears payable within 35 days of the issue of the annual rate notice.

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, 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 Interest

The instalment options were subject to an administration fee of \$12.00 for each of instalments two, three and four, together with an interest charge at 5.5% per annum, calculated on a simple interest basis on the unpaid balance of rates and refuse charges.

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 \$34.00 per assessment was charged on all payment arrangements paid by Direct Debit (bank account only) or \$52.00 if paid by another method. Penalty interest of 11.00% pa was applied to the outstanding balance until the account was paid in full.

Details of interest and administrative charges on rates were as follows:-

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Interest on Outstanding Rates	674,207	604,850	596,326
Instalment Administration Charges	616,413	621,650	617,306
	<u>1,290,620</u>	<u>1,226,500</u>	<u>1,213,632</u>

Ratepayers had the option of paying rates in four equal instalments, due on 22 August 2014, 24 October 2014, 26 December 2014 and 27 February 2015. An administration fee of \$12 and interest of 5.5% per annum applied for the final three instalments. Rates not paid by due date or by instalment incurred a penalty interest of 11.00% on outstanding amounts.

(g) 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 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.

(h) Emergency Services Levy Interest Charged

In accordance with the provisions of section 36S of the Fire and Emergency Services Authority of Western Australia Act 1998, the City imposed 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 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 is charged once per month on the outstanding balance on the day of calculation for the number of days.

(i) Emergency Services Remittance Option B

The City elected to remit the current year Emergency Services Levy to the Department of Fire and Emergency Services (DFES) under Option B. Under Option B the City acquired the current year ESL when the annual rates were levied. The City remitted the ESL to DFES in quarterly payments – September 2014 (30%), December 2014 (30%), March 2015 (30%) and June 2015 (10%). The City invests the Emergency Services Levy receipts as part of its municipal funds investments. The ESL levies received and the ESL liability to DFES are reflected in the City's Balance Sheet and the cash flow impacts are included in the Cash Flow Statement.

(j) Domestic Refuse Charges

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of the Waste Avoidance and Resource Recovery Act 2007 imposed the following domestic refuse charges for the 2014-15 financial year, including a charge for a recycling service to be provided to all ratepayers:

- \$346.00 per existing unit serviced, and
- Collection from within the property boundary: Additional cost \$56.00 (inclusive of GST).
- New service \$346.00 plus cost of bin and bin delivery \$65.00 (inclusive of GST).

(k) Private Swimming Pool Inspection Fees

The Council, in accordance with the provisions of the Building Act 2011 imposed for the 2014-2015 financial year, a Private Swimming Pool Inspection Fee of \$31.02 on those properties owning a private swimming pool.

(l) 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 2014-15 financial year, a specified area rate for the area of Iluka for maintaining enhanced landscaping services.

A rate in the dollar of 0.51521¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$287,110.16.

(m) 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 2014-15 financial year, a specified area rate for the area of Woodvale Waters for maintaining enhanced landscaping services.

A rate in the dollar of 0.50106¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$18,592.00

(n) 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 2014-15 financial year, a specified area rate for the area of Harbour Rise for maintaining enhanced landscaping services.

A rate in the dollar of 0.52718¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$113,179.72.

(o) Write Off of Rates and Charges

The total value of rates and charges from previous years written off during the year was \$11,284.00 (2014 - \$10,363).

(p) Schedule of Valuations and Rate Revenue

The schedule of valuations and rate revenue is shown on the Statement of Rating Information included in this report.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

(q) STATEMENT OF RATING INFORMATION

	General Rates				Minimum Payments				Total		
	Ratable Value \$	No of Properties	Rate Cents in \$	Rate Yield \$	Ratable Value \$	No of Properties	Minimum Payment	Rate Yield \$	Ratable Value	No of Properties	Rate Yield \$
General Rate - GRV											
Residential Improved	1,244,632,448	52,889	4.9903	62,110,896	81,582,300	5,512	797	4,393,064	1,326,214,748	58,401	66,503,962
Residential Vacant	19,778,700	908	7.0548	1,395,348	2,436,470	260	797	207,220	22,215,170	1,168	1,602,568
Commercial Improved	264,130,940	900	6.1062	16,128,363	310,404	32	814	26,048	264,441,344	932	16,154,413
Commercial Vacant	906,500	13	9.9806	90,474	-	-	814	-	906,500	13	90,474
Industrial Improved	25,670,340	374	5.5857	1,433,868	49,948	4	814	3,256	25,720,288	378	1,437,124
Industrial Vacant	345,000	7	9.9806	34,433	-	-	783	-	345,000	7	34,433
	1,555,463,928	55,091		81,193,383	84,379,122	5,808		4,629,588	1,639,843,050	60,899	85,822,974
General Rate - UV											
Residential	1,580,000	1	0.9078	14,343	-	-	-	-	1,580,000	1	14,343
Rural	1,730,000	2	0.9034	15,629	-	-	-	-	1,730,000	2	15,629
Total UV	3,310,000	3		29,972	-	-	-	-	3,310,000	3	29,972
Interim Rates											972,739
Total Rate Levy	1,558,773,928	55,094		81,223,355	84,379,122	5,808		4,629,588	1,643,153,050	60,902	86,825,685
Early Payment Prizes (Note 3(e))											(31,194)
Net General Rates											86,794,491
Specified Area Rates - GRV											
Iluka	53,170,590	1,730	0.51521	273,940	-	-	-	-	53,170,590	1,730	273,940
Iluka - Interim Adjustments	-		-	13,170	-	-	-	-	-		13,170
Woodvale Waters	3,708,900	138	0.50106	18,584	-	-	-	-	3,708,900	138	18,584
Woodvale Waters - Interim Adjustments				8							8
Harbour Rise	21,208,880	499	0.52718	111,809	-	-	-	-	21,208,880	499	111,809
Harbour Rise-Interim Adjustments	-		-	1,371	-	-	-	-	-	-	1,371
Total Specified Area Rates	78,088,370	2,367		418,882	-	-	-	-	78,088,370	2,367	418,882
Total Rates Revenue											87,213,374

4. REVENUE AND EXPENSES	Note	2015 Actual \$	2015 Budget \$	2014 Actual \$
Result from Ordinary Activities				
Contributions, Reimbursements and Donations				
Contributions and Donations		293,947	211,665	212,689
Reimbursements and Recoveries		1,125,840	1,266,137	1,860,550
		1,419,787	1,477,802	2,073,239
Audit Expenses				
Statutory Audit		34,500	34,000	32,000
Other Expenses		330	-	678
		34,830	34,000	32,678
Depreciation, Impairment & Revaluation Decrement				
Buildings		5,041,283	4,820,180	4,896,938
Furniture and Equipment		383,299	792,512	821,269
Plant and Equipment		1,267,040	1,099,646	1,107,361
Parks and Reserves		3,627,984	1,700,000	2,040,378
Roads		11,582,713	7,200,000	11,353,622
Footpaths		1,871,316	550,000	1,855,264
Drainage		4,151,645	2,320,000	4,144,084
Bridges and Passes		346,515	-	346,516
Other Infrastructure		1,308,603	849,150	750,190
Impairment/Revaluation Decrement		1,885	-	161,053
		29,582,283	19,331,487	27,476,675

5. Acquired Infrastructure Assets

Contributions to Infrastructure Assets from developers recognised as revenue and included in the Income Statement under Contributions, Reimbursements and Donations are as follows:

Roads	-	300,000	-
Footpaths	-	50,000	-
Drainage	-	150,000	-
	-	500,000	-

6. FEES & CHARGES

	2015 Actual \$	2015 Budget \$	2014 Actual \$
By Nature			
Rubbish Collection Fees	20,073,556	19,950,200	19,227,386
Membership Fees	2,163,516	2,475,502	2,316,368
Admission Fees	1,845,391	2,056,473	1,859,717
Building Licence Fees	763,149	800,000	751,542
Learn to Swim Program Fees	2,252,318	2,214,481	2,140,762
Court Sport Revenue	594,126	630,892	588,273
Facilities Hire	888,175	769,859	808,329
Development Application Fees	827,512	900,000	1,009,971
Property Rental	756,129	662,857	672,301
Inspection Fees	835,516	771,202	605,982
Land Purchase Enquiries Fees	257,086	217,200	265,006
Parking Infringements	1,091,212	1,130,000	1,154,448
Other infringements and fines	309,795	362,080	318,201
Commission	188,621	183,950	158,766
On-Street Parking Fee	973,648	1,219,000	1,016,017
Off Street Parking Fees	998,267	986,512	1,036,231
Term Programme Activities Fees	296,552	368,829	342,111
Dog Registration Fees	527,448	407,093	401,227
Cat Registration Fee	69,284	196,910	209,720
Eating House Licences & Registrations	82,264	47,000	61,462
Environmental Health Services - Immunisation	104,451	84,000	117,898
Merchandise Sales & Other Sales	442,732	470,439	493,533
Rates Instalment Administration Charges	616,413	621,650	617,306
Other Miscellaneous Charges	1,569,275	1,576,911	1,570,865
	38,526,436	39,103,040	37,743,422
By Program			
General Purpose Funding	984,412	963,246	987,536
Law, Order & Public Safety	802,626	896,052	860,610
Health	394,067	312,500	349,034
Education & Welfare	175,116	174,139	169,421
Community Amenities	22,937,388	22,784,555	22,089,990
Recreation & Culture	8,920,927	9,583,668	8,921,469
Transport	3,832,813	3,995,654	3,966,879
Other Property and Services	479,086	393,226	398,483
	38,526,436	39,103,040	37,743,422

7. GRANT REVENUE AND SUBSIDIES

	2015	2015	2014
	Actual	Budget	Actual
	\$	\$	\$
By Nature and Type:			
Grants and Subsidies - operating			
Dept. for Child Protection and Family Support	99,139	114,840	115,651
Dept. for Local Government and Communities	1,000	1,000	1,000
Dept. of Social Services	26,467	34,833	34,150
Dept. of Sport and Recreation	65,000	153,350	181,350
Dept. of Fire and Emergency Services	97,596	82,336	84,388
Grants Commission	5,225,859	3,472,652	1,587,668
Dept. of Infrastructure and Transport	30,000	-	-
Healthways	39,500	28,004	33,251
Lotteries Commission	128,000	125,003	152,407
Other Grants	137,312	83,492	159,574
	<u>5,849,873</u>	<u>4,095,510</u>	<u>2,349,439</u>
Grants and Subsidies - non-operating			
Black Spot Funding	172,609	566,667	565,264
Regional & Local Community Infrastructure Programme		-	-
Main Roads Direct Grant	398,700	380,000	382,050
Main Roads-Federal Assistance	3,185,472	2,225,000	872,943
Metro Regional Road Programme	3,667,920	3,545,385	671,831
Roads to Recovery Programme	1,050,000	1,050,000	1,274,302
Other Government Grants	477,617	1,510,275	552,504
	<u>8,952,318</u>	<u>9,277,327</u>	<u>4,318,894</u>
Total Grant Revenue	<u>14,802,191</u>	<u>13,372,837</u>	<u>6,668,333</u>
By Program:			
Governance	5,225,860	3,472,652	7,248
Gen Purpose Funding	7,929	15,000	1,587,669
Law, Order and Public Safety	30,947	13,600	-
Education & Welfare	271,995	230,673	255,490
Community Amenities	909	-	37,489
Recreation & Culture	566,230	1,799,975	825,541
Transport	8,522,783	7,718,602	3,787,201
Economic Services	41,578	-	-
Oth Property & Services	133,960	122,335	167,695
Total Grant Revenue	<u>14,802,191</u>	<u>13,372,837</u>	<u>6,668,333</u>

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8. CASH AND CASH EQUIVALENTS	Note	2015 \$	2014 \$
Cash on Hand		11,045	10,045
Cash at Bank		2,909,361	146,042
11AM Deposits		6,643,000	3,113,000
Term Deposits		78,520,000	68,800,000
		<u>88,083,406</u>	<u>72,069,087</u>
Bank Overdraft		-	-
		<u>88,083,406</u>	<u>72,069,087</u>
Unrestricted		22,402,611	18,197,039
Restricted Reserve Accounts	16	65,680,795	53,872,048
		<u>88,083,406</u>	<u>72,069,087</u>
Interest earned on Reserve Accounts		1,840,477	1,807,952
Interest on Outstanding rates		674,207	596,326
Interest earned on Other Investments		2,159,460	2,335,823
		<u>4,674,144</u>	<u>4,740,101</u>
9. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding (Including Refuse and Swimming Pool Insp)		981,789	796,290
Sundry Debtors		2,149,551	1,444,557
Prepayments		507,864	65,644
Accrued Income		1,123,565	1,584,009
GST Receivable		1,280,332	1,057,569
Less Provision for Doubtful Debts		(2,500)	(2,500)
		<u>6,040,601</u>	<u>4,945,569</u>
Non-Current			
Rates/ESL Receivable - Pensioners Deferred		1,468,650	1,375,576
Contributions to Upgrade Material Recovery Facility		-	399,083
Long Service Leave Due From - Other Councils		51,887	96,461
		<u>1,520,537</u>	<u>1,871,120</u>
10. EQUITY CONTRIBUTIONS IN OTHER UNLISTED ENTITIES			
Capital Investment - Mindarie Regional Council		583,778	541,652
Capital Investment - Tamala Park Regional Council		8,015,581	7,071,566
Local Government House		29,616	29,616
		<u>8,628,975</u>	<u>7,642,834</u>

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- The Mindarie Regional Council (MRC), of which the City is an equity holder, has developed a Resource Recovery Facility (RRF). In this process, the MRC borrowed \$3.5m to acquire the land on which the RRF will be developed. Due to the time lag between the loan repayment and the RRF operation and charges, the MRC Council approved that its equity holders be charged for the repayment obligations under the land purchase loan. The methodology adopted for this charge was to treat the interest component of the repayment amount as an additional expense in substitution of an increase in the gate fee chargeable and to treat the principal repayment component as an additional equity contribution to the capital of the MRC.
- The Tamala Park Regional Council (TPRC) was established in January 2006 for the purpose of the development of the Tamala Park land jointly owned by seven local governments, including the City of Joondalup, which has one-sixth equity in the land. The West Australia Planning Commission (WAPC) requested that a portion of this land be retained as "Bush Forever", which the Commission was prepared to acquire and pay for. The "Bush Forever" land was disposed of by the joint owners to the WAPC in November 2006. The City of Joondalup's share of the proceeds of disposal was \$2,703,573 which was subsequently contributed to the TPRC as equity investment to be used for TPRC purposes.

The current fair value of equity is estimated at \$8,015,581. TPRC had subdivided and sold 215 lots measuring an area of 74,655m² of land during the year with a total sales value of \$60,073,460. The City's share of sales proceeds after deducting development and selling costs was \$5,438,620. The City made a profit of \$4,564,145 from the sale of land.

City has received the audited financial statements of Tamala Park Regional Council for the year ended 30 June 2015. The City's share of Net Result of operations of Tamala Park Regional Council was \$84,279. This amount was credited to the Statement of Comprehensive Income in accordance with the equity method of accounting.

The City's interest in other unlisted entities has been recognised in the financial statements at cost of contributed equity.

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11. PROPERTY, PLANT & EQUIPMENT

Movement in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year

At Cost/Valuation

	Balance at 30/06/2014	Additions	Disposals	Transfers, Adjustments & Revaluation	Balance at 30/06/2015
	\$	\$	\$	\$	\$
Freehold Land	99,542,422		(874,475)	-	98,667,947
Buildings	170,405,026	1,582,710	-	(569,993)	171,417,743
Artworks	707,808	39,694	-	73,794	821,296
Furniture, Computer Equipment & Computer Software	7,329,653	398,439	(1,781,589)	-	5,946,503
Fleet, Plant & Equipment	12,816,105	2,225,791	(897,151)	-	14,144,745
Easements	459	-	-	-	459
	290,801,473	4,246,634	(3,553,215)	(496,199)	290,998,693

Accumulated Depreciation

	Balance at 30/06/2014	Disposals	Depreciation	Transfers, Adjustments & Revaluation	Balance at 30/06/2015
	\$	\$	\$	\$	\$
Freehold Land	-	-	-	-	-
Buildings	(6,012,232)	-	(5,041,283)	214,102	(10,839,413)
Artworks	-	-	-	-	-
Furniture, Computer Equipment & Computer Software	(6,364,722)	1,777,369	(383,299)	-	(4,970,652)
Fleet, Plant & Equipment	(1,156,376)	129,620	(1,267,040)	-	(2,293,796)
Easements	-	-	-	-	-
	(13,533,330)	1,906,989	(6,691,622)	214,102	(18,103,861)

Written-Down Value

	Balance at 30/06/2014	Additions	Disposals	Depreciation, Adjustments & Revaluation	Balance at 30/06/2015
	\$	\$	\$	\$	\$
Freehold Land	99,542,422	-	(874,475)	-	98,667,947
Buildings	164,392,794	1,582,710	-	(5,397,174)	160,578,330
Artworks	707,808	39,694	-	73,794	821,296
Furniture, Computer Equipment & Computer Software	964,931	398,439	(4,220)	(383,299)	975,851
Plant & Equipment	11,659,729	2,225,791	(767,531)	(1,267,040)	11,850,949
Easements	459	-	-	-	459
	277,268,143	4,246,634	(1,646,226)	(6,973,719)	272,894,832

Capital Acquisitions in Progress

	Balance at 30/06/2014	Additions	Capitalised	Impairment/ Adjustments	Balance at 30/06/2015
	\$	\$	\$	\$	\$
Freehold Land	-	852	-	-	852
Buildings	5,209,564	1,900,165	-	(9,823)	7,099,906
Artworks	4,346	136,134	(39,694)	-	100,786
Furniture, Computer Equipment & Computer Software	159,378	542,012	(398,439)	-	302,951
Plant & Equipment	555,680	1,771,350	(2,225,791)	-	101,239
Tamala Park Land Development	646,889	-	(646,889)	-	-
	6,575,857	4,350,513	(3,310,813)	(9,823)	7,605,734
Total	283,844,000	8,597,147	(4,957,039)	(6,983,542)	280,500,566

Valuation of Property, Plant and Equipment:

As required by the Local Government (Financial Management) Regulation 1996, the City completed the first cycle of progressive revaluation of all property, plant and equipment to fair value during the reporting period.

AASB 13 Fair Value Measurement sets out the framework for measurement of fair value. This Standard requires fair value to be measured according to the following hierarchy.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

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

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

All of the City's artworks were revalued during the reporting period. The valuation was done independently by a Government approved valuer following the industry standards for valuing artworks (using Level 2 or Level 3 inputs in the fair value measurement hierarchy). The valuation resulted in an increase of \$73,794 which was transferred to the Artworks Revaluation Reserve.

During the reporting period, the City also revalued Furniture, Computer Equipment and Computer Software to fair value (using Level 3 inputs in the fair value measurement hierarchy). Fair value was determined to approximate depreciated historical cost (Written Down value) as there is no active market for these assets and the City utilises these asset types until they reach the end of their useful life and are then scrapped.

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CITY OF JOONDALUP
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12. INFRASTRUCTURE ASSETS

Movement in Carrying Amounts

The following represents the movement in the carrying amounts of each class of Infrastructure Assets between the beginning and the end of the current financial year.

At Cost/Valuation					
	Balance at 30/06/2014	Additions	Disposals	Transfers, Impairment & Revaluation	Balance at 30/06/2015
	\$	\$	\$	\$	\$
Roads	733,533,386	8,868,567	-	-	742,401,953
Footpaths	94,841,873	1,168,711	-	-	96,010,584
Drainage	385,014,554	995,797	-	-	386,010,351
Parks and Reserves	82,307,791	8,893,795	-	92,199,880	183,401,466
Car Parks	14,953,177	374,813	-	-	15,327,990
Bridges and Passes	31,358,319	9,404	-	-	31,367,723
Other Infrastructure	16,322,770	157,924	-	9,286,760	25,767,454
Traffic Signals and lighting	821,496	457,186	-	-	1,278,682
	1,359,153,366	20,926,197	-	101,486,640	1,481,566,203
Accumulated Depreciation					
	Balance at 30/06/2014	Disposals	Depreciation	Transfers, Impairment & Revaluation	Balance at 30/06/2015
	\$	\$	\$	\$	\$
Roads	(277,621,425)	-	(11,582,713)	-	(289,204,138)
Footpaths	(31,292,095)	-	(1,871,316)	-	(33,163,411)
Drainage	(120,301,734)	-	(4,151,645)	-	(124,453,379)
Parks and Reserves	(44,817,664)	-	(3,627,984)	14,266,461	(34,179,187)
Car Parks	(4,866,958)	-	(221,609)	-	(5,088,567)
Bridges and Passes	(8,230,776)	-	(346,515)	-	(8,577,291)
Other Infrastructure	(9,630,093)	-	(690,519)	(2,596,366)	(12,916,978)
Traffic Signals and lighting	(414,332)	-	(396,475)	-	(810,807)
	(497,175,077)	-	(22,888,776)	11,670,095	(508,393,758)
Written-Down Value					
	Balance at 30/06/2014	Additions	Depreciation	Transfers, Impairment & Revaluation	Balance at 30/06/2015
	\$	\$	\$	\$	\$
Roads	455,911,961	8,868,567	(11,582,713)	-	453,197,815
Footpaths	63,549,778	1,168,711	(1,871,316)	-	62,847,173
Drainage	264,712,820	995,797	(4,151,645)	-	261,556,972
Parks and Reserves	37,490,127	8,893,795	(3,627,984)	106,466,341	149,222,279
Car Parks	10,086,219	374,813	(221,609)	-	10,239,423
Bridges and Passes	23,127,543	9,404	(346,515)	-	22,790,432
Other Infrastructure	6,692,677	157,924	(690,519)	6,690,394	12,850,476
Traffic Signals and lighting	407,164	457,186	(396,475)	-	467,875
	861,978,289	20,926,197	(22,888,776)	113,156,735	973,172,445
Capital Work in Progress					
	Balance at 30/06/2014	New Work Added	Completed and Capitalised	Impairment/ Adjustments	Balance at 30/06/2015
	\$	\$	\$	\$	\$
Buildings	1,321,196	13,846,559	(1,582,710)	-	13,585,045
Roads	316,300	8,656,016	(8,868,567)	(1,885)	101,864
Footpaths	-	1,180,122	(1,168,711)	-	11,411
Drainage	-	995,797	(995,797)	-	-
Parks and Reserves	4,121,633	5,459,780	(8,893,795)	9,823	697,441
Car Parks	8,220	491,851	(374,813)	-	125,258
Bridges and Passes	-	9,404	(9,404)	-	-
Other Infrastructure	-	938,907	(157,924)	-	780,983
Traffic Signals and lighting	329,151	128,035	(457,186)	-	-
	6,096,500	31,706,471	(22,508,907)	7,938	15,302,002
Total	868,074,789	52,632,668	(45,397,683)	113,164,673	988,474,447

Valuation of Infrastructure Assets:

As required by the Local Government (Financial Management) Regulations 1996, the City completed the first cycle of progressive revaluation of all its Infrastructure assets to fair value.

The City revalued its 'Parks and Reserves' and 'Other Infrastructure' assets during the reporting period. The revaluation of these infrastructure assets was conducted by Management using the technical expertise within the City's Asset Management unit. No market based evidence was available for determining the fair value of these classes of assets because of their specialised nature. Fair value of these assets was arrived at based on their depreciated replacement cost. Management has used the unit rates of construction/replacement, age and condition of these assets as inputs (Level 2 and Level 3 in the fair value measurement hierarchy in Note 11) into its valuation methodology. The unit rates and valuation methodology were further reviewed independently by an external valuer to confirm that the unit rates and valuation methodology were appropriate and conformed to industry standards.

The revaluation resulted in an overall increase in net value of Parks and Reserves (\$106,260,257), and Other Infrastructure assets (\$6,540,587). The increase in net values has been credited directly to the Revaluation Reserve in Equity.

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13. TRADE AND OTHER PAYABLES	Note	2015	2014
		\$	\$
Current			
Trade Payables		3,310,018	3,504,939
Sundry Payables		456,510	473,280
Accrued Expenses		7,155,658	4,458,775
Income in Advance		1,920,608	1,709,829
Goods & Service Tax (GST) Payable		194,830	257,662
		13,037,624	10,404,485

14. BORROWINGS

Current - Loan Borrowings		1,823,565	1,399,466
Non-Current Loan Borrowings		12,512,950	5,836,515
Total Borrowings	24(a)	14,336,515	7,235,981

Current loan borrowings represent the current portion of existing long-term liabilities as detailed in Note 24.

The City does not include outstanding bank overdraft balances as current borrowings, as overdrafts represent a normal banking arrangement and are included as part of cash and cash equivalents.

15. PROVISIONS	Note	2015	2014
		\$	\$
Current			
Provision for Annual Leave		4,095,880	3,993,937
Provision for Long Service Leave		4,643,096	3,901,713
Provision for Sick leave		239,608	223,856
Provision for Workers Compensation		3,305,383	3,574,195
Provision for Write-off of Assets		9,415	19,697
Provisions-Other		43,574	39,574
		12,336,956	11,752,972
Non-Current			
Provision for Long Service Leave		1,540,931	1,710,008
Provision for Long Service Leave due to Other Councils		304,349	373,118
		1,845,280	2,083,126

16. RESTRICTED RESERVE ACCOUNTS

	2015 Actual \$	2015 Budget \$	2014 Actual \$
16.1 Non-Current Long Service Leave			
Opening Balance	2,083,126	2,109,006	1,969,006
Amount Set Aside / Transfer to Reserve		120,000	114,120
Amount Used / Transfer from Reserve	(237,846)	-	-
	<u>1,845,280</u>	<u>2,229,006</u>	<u>2,083,126</u>

Created in 2012-13 to facilitate the funding of the non-current portion of long service leave liabilities to City employees.

16.2 Equity Reserve Accounts

(a) Capital Expenditure Carried Forward Reserve

Opening Balance	2,651,824	1,738,016	11,164,825
Amount Set Aside / Transfer to Reserve	7,650,788	-	2,651,824
Amount Used / Transfer from Reserve	(2,549,293)	(1,699,192)	(11,164,825)
	<u>7,753,319</u>	<u>38,824</u>	<u>2,651,824</u>

Created in 2006-07 to hold unspent capital works funds carried forward to subsequent financial year(s). The transfer to accumulated surplus is to fund capital works previously carried forward.

(b) Cash in Lieu of Parking Reserve

Opening Balance	1,166,052	1,165,936	1,121,895
Amount Set Aside / Transfer to Reserve	41,780	43,953	44,157
Amount Used / Transfer from Reserve	-	-	-
	<u>1,207,832</u>	<u>1,209,889</u>	<u>1,166,052</u>

Created in 1993-94 with funds previously held in the Trust Fund. Represents funds received from developers in lieu of providing car parking. Funds transferred from the reserve will be utilised to fund future car parking requirements. Funds transferred to the reserve from accumulated surplus represent interest.

16. RESTRICTED RESERVE ACCOUNTS (Continued)

	2015 Actual \$	2015 Budget \$	2014 Actual \$
(c) Cash in Lieu of City Centre Parking Reserve			
Opening Balance	646,740	646,676	622,249
Amount Set Aside / Transfer to Reserve	-	24,377	24,491
Amount Used / Transfer from Reserve	(646,740)	-	-
	<u>-</u>	<u>671,053</u>	<u>646,740</u>

Renamed in 2010-11 with an updated purpose. The reserve is to hold funds received from developers as cash in lieu of providing car parking for developments within the Joondalup City Centre, and is to be used to fund future car parking requirements in the City Centre. Transfer to accumulated surplus is for funding the construction of Reid Promenade Car Park.

(d) Joondalup Performing Arts and Cultural Facility Reserve			
Opening Balance	11,084,101	11,045,138	10,776,224
Amount Set Aside / Transfer to Reserve	394,443	3,811,175	421,904
Amount Used / Transfer from Reserve	(151,106)	(905,485)	(114,027)
	<u>11,327,438</u>	<u>13,950,828</u>	<u>11,084,101</u>

Created in 2000-01 to assist with the design and development of a regional performing arts facility in the Joondalup City Centre. The reserve was renamed in 2009-10 to more appropriately reflect the intent of this project for a multi-purpose cultural facility. Transfer from accumulated surplus represents interest.

(e) Marmion Car Park Reserve			
Opening Balance	1,890,598	1,723,904	-
Amount Set Aside / Transfer to Reserve	65,645	46,138	1,890,598
Amount Used / Transfer from Reserve	(117,038)	(1,000,000)	-
	<u>1,839,205</u>	<u>770,042</u>	<u>1,890,598</u>

Created in 2013-14 to hold the State Government's contribution and the unspent portion of City of Joondalup funds for the future construction of a car park next to the Marmion Angling and Aquatic Club. The transfer from accumulated surplus represents interest and the transfer to accumulated surplus is to fund the car park construction project.

16. RESTRICTED RESERVE ACCOUNTS (Continued)

	2015 Actual \$	2015 Budget \$	2014 Actual \$
(f) Ocean Reef Marina Reserve			
Opening Balance	656,671	656,578	1,144,251
Amount Set Aside / Transfer to Reserve	14,403	-	34,758
Amount Used / Transfer from Reserve	(509,373)	(656,578)	(522,338)
	161,701	-	656,671

Created in 1998-99. The City renamed this reserve in 2009-10 and updated its purpose to the planning, development and management of the Ocean Reef Marina Project. Transfer from reserve to accumulated surplus funds the preparation of requirements for the environmental assessment as well as the Local Structure Plan and the Business Case for the Ocean Reef Development Project. Transfer from accumulated surplus represents interest.

(g) Parking Facility Reserve			
Opening Balance	6,798,791	6,536,157	6,210,494
Amount Set Aside / Transfer to Reserve	1,461,490	1,497,026	1,667,650
Amount Used / Transfer from Reserve	(3,214,029)	(7,966,500)	(1,079,353)
	5,046,252	66,683	6,798,791

Created in 2008-09 to hold the operating surpluses arising from paid parking in the Joondalup City Centre. The reserve is to be applied in the development and provision of facilities and services, both parking and non parking, in the Joondalup City Centre. The transfer from accumulated surplus represents the parking operating surplus and interest. Transfer to accumulated surplus is for funding the construction of Reid Promenade Car Park.

(h) Public Art Reserve			
Opening Balance	155,941	155,928	100,920
Amount Set Aside / Transfer to Reserve	4,933	3,080	55,021
Amount Used / Transfer from Reserve	(36,551)	(148,473)	-
	124,323	10,535	155,941

Created in 2012-13 for the purpose of providing for the commissioning and purchase of public art works. The transfer from Accumulated Surplus represents interest. Transfer to accumulated surplus is to fund the establishment of artworks at Central Walk.

16. RESTRICTED RESERVE ACCOUNTS (Continued)

	2015 Actual \$	2015 Budget \$	2014 Actual \$
(i) Section 20A Land Reserve			
Opening Balance	48,747	48,742	46,901
Amount Set Aside / Transfer to Reserve	1,747	1,837	1,846
Amount Used / Transfer from Reserve	-	-	-
	50,494	50,579	48,747

Created in 1993-94 by the former City of Wanneroo to comply with the Department of Land Administration guidelines on the sale of unwanted Section 20A 'Public Recreation' reserve land that requires that the proceeds be applied to capital improvements on other recreation reserves in the general locality. The transfer to the reserve represents interest.

(j) Specified Area Rating - Harbour Rise Reserve			
Opening Balance	3,861	-	3,101
Amount Set Aside / Transfer to Reserve	3,404	-	760
Amount Used / Transfer from Reserve	-	-	-
	7,265	-	3,861

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Harbour Rise specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.

(k) Specified Area Rating - Iluka Reserve			
Opening Balance	4,035	-	-
Amount Set Aside / Transfer to Reserve	5,810	-	4,035
Amount Used / Transfer from Reserve	-	-	-
	9,845	-	4,035

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Iluka specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.

(l) Specified Area Rating - Woodvale Reserve			
Opening Balance	48,688	34,307	33,011
Amount Set Aside / Transfer to Reserve	1,740	1,293	18,596
Amount Used / Transfer from Reserve	(254)	-	(2,919)
	50,174	35,600	48,688

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Woodvale specified area. Transfers from the reserve are to fund works undertaken in the specified area Woodvale. Transfer to reserve represents interest.

16. RESTRICTED RESERVE ACCOUNTS (Continued)

	2015 Actual \$	2015 Budget \$	2014 Actual \$
(m) Strategic Asset Management Reserve			
Opening Balance	20,005,617	17,814,754	21,853,067
Amount Set Aside / Transfer to Reserve	1,836,441	618,216	807,873
Amount Used / Transfer from Reserve	(58,013)	(2,830,647)	(2,655,323)
	<u>21,784,045</u>	<u>15,602,323</u>	<u>20,005,617</u>

The reserve was created in 2010-11 from the merger of the old Strategic Asset Management and Asset Replacement Reserves, and is intended to fund the acquisition and development of new and renewal of existing City infrastructure and building assets. The transfer from accumulated surplus includes interest.

(n) Tamala Park Land Sales Reserve			
Opening Balance	1,699,465	1,699,379	-
Amount Set Aside / Transfer to Reserve	5,320,121	2,611,184	1,699,465
Amount Used / Transfer from Reserve	-	-	-
	<u>7,019,586</u>	<u>4,310,563</u>	<u>1,699,465</u>

This reserve was created in 2013-14 to hold the City's share of the dividends received from the proceeds of the sales of Tamala Park land to be applied for investing in income producing facilities, to build significant one-off community facilities and to assist with the cash flow requirements of developing significant infrastructure assets aligned to the 20 Year Strategic Financial Plan. The transfer from accumulated surplus represents dividends received and interest.

(o) Town Planning Scheme No:10 (Revoked) Reserve			
Opening Balance	-	-	43,238
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	(43,238)
	<u>-</u>	<u>-</u>	<u>-</u>

Created in 1993-94 by the former City of Wanneroo with residual funds from Town Planning Scheme No 10 (Revoked) and to be utilised on the provision of facilities generally within or in close proximity of the scheme area. No movements occurred during the reporting period.

16. RESTRICTED RESERVE ACCOUNTS (Continued)

	2015 Actual \$	2015 Budget \$	2014 Actual \$
(p) Vehicle, Plant and Equipment Reserve			
Opening Balance	2,165,145	2,097,701	2,088,592
Amount Set Aside / Transfer to Reserve	330,749	125,653	82,097
Amount Used / Transfer from Reserve	-	-	(5,544)
	<u>2,495,894</u>	<u>2,223,354</u>	<u>2,165,145</u>

Created in 2008-09 by consolidating the Heavy Vehicle, Light Vehicle and Plant Replacement reserves with the purpose of supporting the funding of vehicle, plant and equipment purchases. The transfer from accumulated surplus represents surplus municipal funding of the fleet replacement program as recommended in the Fleet Asset Management Plan, and interest.

(q) Waste Management Reserve			
Opening Balance	2,762,646	1,909,866	2,429,042
Amount Set Aside / Transfer to Reserve	2,195,496	66,072	333,604
Amount Used / Transfer from Reserve	-	(314,353)	-
	<u>4,958,142</u>	<u>1,661,585</u>	<u>2,762,646</u>

Renamed in 2009-10 and its purpose updated. The reserve is to fund and support waste management services including but not limited to refuse collection, waste management initiatives and programs, infrastructure buildings and legal expenses associated with waste management but excluding vehicles, plant and equipment. Transfer from Accumulated Surplus includes interest.

Total Equity Reserve Accounts			
Closing Balance as at 30 June 2015	<u>63,835,515</u>	<u>40,601,858</u>	<u>51,788,923</u>

Total Restricted Reserve Accounts	Note			
Opening Balance		53,872,048	49,382,088	59,606,816
Amount Set Aside / Transfer to Reserve		19,328,990	8,970,004	9,852,799
Amount Used / Transfer from Reserve		(7,520,243)	(15,521,228)	(15,587,567)
Closing Balance 30 June 2015	8	<u>65,680,795</u>	<u>42,830,864</u>	<u>53,872,048</u>

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17. RESERVES – ASSET REVALUATION

	2015 Actual \$	2014 Actual \$
(a) Artworks		
Opening Balance	175,216	175,216
Revaluation Increment	73,794	-
	249,010	175,216
(b) Land and Buildings		
Opening Balance	200,393,909	200,393,909
Revaluation Increment	-	-
	200,393,909	200,393,909
(c) Roads		
Opening Balance	192,770,256	25,615,714
Revaluation Increment		167,154,542
	192,770,256	192,770,256
(d) Footpaths		
Opening Balance	49,617,294	-
Revaluation Increment		49,617,294
	49,617,294	49,617,294
(e) Drainage		
Opening Balance	147,041,012	-
Revaluation Increment		147,041,012
	147,041,012	147,041,012
(f) Parks and Reserves		
Opening Balance	-	-
Revaluation Increment	106,260,257	-
	106,260,257	-
(g) Car Parks		
Opening Balance	1,955,759	-
Revaluation Increment		1,955,759
	1,955,759	1,955,759
(h) Bridges and Underpasses		
Opening Balance	18,287,296	20,885,626
Revaluation Decrement	-	(2,598,330)
	18,287,296	18,287,296
(i) Other Infrastructure Assets		
Opening Balance	2,362,368	2,362,368
Revaluation Increment	6,540,587	
	8,902,955	2,362,368
(j) Tamala Park Assets		
Opening Balance	1,253	-
Revaluation Increment	-	1,253
	1,253	1,253
Total Asset Revaluation Reserves		
Opening Balance	612,604,363	249,432,833
Amount Set Aside / Transfer to Reserve	112,874,638	365,769,860
Amount Used / Transfer from Reserve	-	(2,598,330)
Closing Balance 30 June 2015	725,479,001	612,604,363

18. NOTES TO THE CASH FLOW STATEMENT**Reconciliation of Net Cash Provided by Operating Activities to Net Result**

	2015	2014
	\$	\$
Net Result from Operating Activities	1,916,828	(4,705,005)
Depreciation, Impairment & Revaluation Decrement	29,582,283	27,476,675
(Profit)/Loss on Sale of Assets	(4,330,990)	(3,727,453)
(Increase)/Decrease in Receivables	(1,161,756)	(396,277)
Increase/(Decrease) in Payables	(274,523)	1,435,737
Increase/(Decrease) in Employee Provisions	352,420	1,647,105
Increase/(Decrease) in Other Provisions	(6,282)	1,698
Increase/(Decrease) in Income in Advance	210,779	230,724
Increase/(Decrease) in Accrued Expenses	2,696,883	(1,021,304)
(Increase)/Decrease in Accrued Income	460,444	(122,923)
(Increase)/Decrease in Prepayments	(442,212)	383,225
(Increase)/Decrease in Inventory	9,926	11,736
Investment movement in Tamala Park- Regional Council using Equity Method	(84,279)	291,582
Movement in Non-current items	(1,036)	84,967
Net Cash from Operating Activities	<u>28,928,485</u>	<u>21,590,487</u>

19. CONTINGENT LIABILITIES

At its meeting held on September 2007 Council resolved to acknowledge and accept the contingent liability resulting from the provision of an irrevocable financial guarantee on behalf of Mindarie Regional Council (MRC) for its contractual liability to the Contractor undertaking the development of the Resource Recovery Facility. The extent of the City's contingent liability is proportional and several (not joint and several) and is limited to 1/6 of any subsequent payment to the Contractor. The maximum amount that may be payable by the City under the Guarantee is 1/6 of \$88.2m amounting to \$14.7m. The term of the guarantee is 20 years unless the MRC liability under the agreement with the contractor is fully extinguished earlier.

20. COMMITMENTS FOR MAJOR EXPENDITURE AND OPERATING LEASES

	2015 \$	2014 \$
(a) Capital Expenditure Commitments		
At the reporting date, the City is committed to the following major expenditure commitments which are due for payment within one year:		
Major Expenditure Commitments	<u>12,715,179</u>	<u>2,186,509</u>
(b) Projected Operating Lease Income		
Future Minimum Lease Income Expected		
Up to 1 yr	593,591	549,056
1 - 5 yrs	1,858,912	700,263
> 5 yrs	<u>5,174,763</u>	<u>2,367,834</u>
	<u>7,627,266</u>	<u>3,617,153</u>

The City holds properties which are leased to Mindarie Regional Council, various corporations and community organisations.

(c) Projected Operating Lease Commitments

Future Minimum Lease Payments Expected

Up to 1 yr	497,722	536,500
1 - 5 yrs	2,144,753	2,082,285
> 5 yrs	<u>4,421,215</u>	<u>4,981,406</u>
	<u>7,063,690</u>	<u>7,600,191</u>

The lease commitments are for the City's Works Operation Centre. Annual lease payment escalations are based on CPI, unless otherwise provided for in the lease agreement.

21. TRUST FUNDS

Monies held at balance sheet date over which the City has no control and which are not included in the financial statements are as follows:

	2015	2014
	\$	\$
Balance brought forward on 01 July 2014	2,401,640	2,655,169
Amounts received during the year	441,824	462,876
Amounts paid out during the year	(963,640)	(781,044)
Interest earned on monies held in trust	58,614	64,639
Balance carried forward at 30 June 2015	1,938,438	2,401,640
Opening Balance - Cash in Lieu of Public Open Space	1,068,130	1,465,180
Transfer to Municipal Fund	(560,660)	(428,716)
Interest earned	21,576	31,666
Closing Balance - Cash in Lieu of Public Open Space	529,046	1,068,130
Bonds, Retention Money	1,409,392	1,333,510
Trust Funds as at 30 June 2015	1,938,438	2,401,640

22. DISPOSALS OF ASSETS

The following assets were disposed of during the year.

Asset Class Disposed of	Net Book Value	Sale Price	Profit	Loss
	\$	\$	\$	\$
Fleet, Plant & Equipment	761,470	528,315	6,647	239,802
Land (TPRC lots sale)	874,475	5,438,620	4,564,145	-
	1,635,945	5,966,935	4,570,792	239,802

Furniture, Computer Equipment impaired 10,281

Per Note 11 **1,646,226**

23. TOTAL ASSETS CLASSIFIED BY PROGRAM

	2015	2014
	\$	\$
Governance	21,668,973	21,916,319
General Purpose Funding	16,687,328	6,514,160
Law, Order, Public Safety	602,551	904,545
Health	2,061,073	2,238,558
Education and Welfare	2,762,165	4,308,772
Community Amenities	320,590,778	317,075,910
Recreation and Culture	288,429,912	172,482,233
Transport	576,392,086	569,099,305
Economic Services	3,555,119	2,277,334
Other Property and services	140,568,917	141,710,561
	1,373,318,902	1,238,527,697

24. INFORMATION ON BORROWINGS**(a) Loan Repayments**

Purpose of Loan	Year Drawn	Balance 1-Jul-14	New Loans	Interest Expense	Principal Repayment	Balance 30-Jun-15
Craigie Leisure Centre	2004-05	383,320	-	12,995	(383,320)	-
Sorrento Beach	2005-06	224,818	-	10,033	(109,091)	115,727
Aquatic Facilities Upgrade	2009-10	3,875,050	-	216,334	(555,531)	3,319,519
Streetscape Enhancement – West Coast Drive	2009-10	591,279	-	32,806	(84,766)	506,513
Seacreast Sports Facility	2010-11	621,930	-	36,807	(76,754)	545,176
Forrest Park Sports Facility	2010-11	409,165	-	24,215	(50,496)	358,669
Fleur Frame Pavilion Upgrade	2010-11	1,130,419	-	66,900	(139,508)	990,911
Multi-storey Car Park	2014-15	-	8,500,000	55,238	-	8,500,000
Total		7,235,981	8,500,000	455,328	(1,399,466)	14,336,515

(b) Overdraft

	2015	2014
	\$	\$
Bank Overdraft Facility Limit	500,000	500,000
Bank Overdraft at Reporting Date	-	-
Credit Amount Unused	500,000	500,000

The bank overdraft is disclosed as part of cash and cash equivalents as the overdraft facility forms part of the City's regular banking arrangements. The balances above represent the overdraft in the City's financial records and not the actual balance of funds held with the bank at the reporting date, due to timing differences in payments and receipts recorded.

25. 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 imposed for the 2014-15 financial year, a specified area rate for the area of Harbour Rise Estate.

	Note	2015	2014
		\$	\$
Balance 1 July 2014		3,861	3,101
2014-15 Rate Income		113,180	99,297
Interest		196	134
Expenditure		(109,972)	(98,671)
Surplus in Reserve at 30 June 2015	16(j)	<u>7,265</u>	<u>3,861</u>

26. 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 2014-15 financial year, a specified area rate for the suburb of Iluka.

	Note	2015	2014
		\$	\$
Balance 1 July 2014		4,035	-
2014-15 Rate Income		287,110	226,865
Other Income		52,871	-
Interest		244	78
Expenditure		(334,415)	(222,907)
Surplus in Reserve at 30 June 2015	16(k)	<u>9,845</u>	<u>4,035</u>

27. 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 2014-15 financial year, a specified area rate for the area of Woodvale Waters.

	Note	2015	2014
		\$	\$
Balance 1 July 2014		48,688	33,011
2014-15 Rate Income		18,592	17,645
Interest		1,740	1,577
Expenditure		(18,846)	(3,545)
Surplus in Reserve at 30 June 2015	16(l)	<u>50,174</u>	<u>48,688</u>

28. MOVEMENT IN NON-CURRENT ITEMS

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Movement in Non-current Receivables	(48,500)	-	(57,471)
Movement in Non-current Provisions	(237,846)	120,000	114,120
Movement in equity investments using Equity method	(84,279)	-	291,583
Impairment of Non-current Receivables	-	-	84,967
Movement in Non-current Assets	(11,318)	-	-
Impairment of Non-current Assets	10,281	-	-
	(371,662)	120,000	433,199

29. ELECTED MEMBERS' REMUNERATION

	2015 Actual	2015 Budget	2014 Actual
The following fees, expenses and allowances were paid to Council Members and/or to the Mayor			
Elected Members Allowances	572,022	556,750	547,089
Elected Members Conferences/Training	89,688	125,800	62,945
Elected Members Presentation Items	-	500	88
Elected Members Travel & Child Care	22,460	26,500	22,828
Other Specified Expenses	21,376	30,560	51,758
	705,547	740,110	684,708

30. MAJOR LAND TRANSACTIONS**Reid Promenade Car Park.**

The Council had approved the construction of a multi storey car park at the land owned by the City between Boas Avenue and Reid Promenade. The Project started in June 2014 and is expecting completion by October 2015. Total estimated cost of the project on completion is \$17,864,500, which is partly funded by a bank loan of \$8,500,000 and the balance from Reserves.

Capital Expenditure as at 30 June 2015

Architects fee/ Consultancy costs	637,217
Additional land purchases and settlement costs	42,475
Quantity surveying costs	66,600
Design Costs	34,987
Project management costs	361,436
Construction Costs	11,930,783
Communication Infrastructure	20,179
Administration costs	5,448
Total Expenditure	13,099,125

31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings during the 2014-15 financial year.

32. FINANCIAL RISK MANAGEMENT

The City's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The City's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the City. The City does not engage in any material transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The City held the following financial instruments at balance date:

		Carrying Value		Fair Value	
	Note	2015	2014	2015	2014
		\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	8	88,083,406	72,069,087	88,083,406	72,069,087
Receivables	9	7,561,138	6,816,689	7,561,138	6,816,689
Equity Investments	10	8,628,975	7,642,834	8,628,975	7,642,834
		<u>104,273,519</u>	<u>86,528,610</u>	<u>104,273,519</u>	<u>86,528,610</u>
Financial Liabilities					
Payables	13	13,037,624	10,404,485	13,037,624	10,404,485
Borrowings	24 (a)	14,336,515	7,235,981	15,257,015	7,334,669
		<u>27,374,139</u>	<u>17,640,466</u>	<u>28,294,639</u>	<u>17,739,155</u>

Fair value is determined as follows:

Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.

Equity investments - estimated to the carrying value which approximates net realisable value.

Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

32. FINANCIAL RISK MANAGEMENT (Continued)**(a) Cash and Cash Equivalents**

The City's objective is to maximise its return on cash and cash equivalents whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). The City has an investment policy which is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and cash equivalents is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the City.

The City manages these risks by diversifying its portfolio and only places surplus cash with banking institutions with high credit ratings. The City may also seek advice from independent advisers (where applicable) before placing any cash and investments.

(b) Receivables

The City's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through various incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The City is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The City makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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(c) Interest rate risk

The following table details the City's exposure to interest rate risks as at the reporting date as well as the previous reporting date (30 June 2015).

			Fixed Interest Rate Maturity				
	Interest Rate at Reporting Date	At Variable Interest Rate	< 1 year	1 - 5 Years	> 5 Years	Non-Interest Bearing	Total
	%	\$	\$	\$	\$	\$	\$
2014-15							
Financial Assets							
Cash	-	-	-	-	-	11,045	11,045
Bank (Westpac)	-	2,909,361	-	-	-	-	2,909,361
Receivables	-	-	-	-	-	5,058,812	5,058,812
Rates & ESL Receivable	11.00	-	-	981,789	-	-	981,789
Term Deposits:							
ING	3.58	-	2,000,000	-	-	-	2,000,000
Westpac	2.94	-	12,050,000	-	-	-	12,050,000
NAB	3.18	-	22,400,000	-	-	-	22,400,000
Bank of Queensland	3.36	-	8,800,000	-	-	-	8,800,000
Suncorp	3.20	-	14,670,000	-	-	-	14,670,000
Bendigo Bank	3.33	-	9,500,000	-	-	-	9,500,000
Rural Bank	3.52	-	9,100,000	-	-	-	9,100,000
WA Treasury Corporation 11AM	1.95	6,643,000	-	-	-	-	6,643,000
Total Financial Assets		9,552,361	78,520,000	981,789	-	5,069,857	94,124,007
Financial Liabilities							
Trade payables	-	-	-	-	-	13,037,624	13,037,624
Borrowings	5.95	-	115,727	-	-	-	115,727
“	5.87	-	588,865	2,730,654	-	-	3,319,519
“	5.87	-	89,853	416,660	-	-	506,513
“	6.16	-	283,574	1,611,182	-	-	1,894,756
“	2.85	-	745,546	4,091,461	3,662,993	-	8,500,000
Employee entitlements	-	-	-	-	-	14,182,236	14,182,236
Total Financial Liabilities		-	1,823,565	8,849,957	3,662,993	27,219,860	41,556,375

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	Interest Rate at Reporting Date	At Variable Interest Rate	Fixed Interest Rate Maturity				
			< 1 year	1 - 5 Years	> 5 Years	Non- Interest Bearing	Total
	%	\$	\$	\$	\$	\$	\$
2013-14							
Financial Assets							
Cash	-	-	-	-	-	10,045	10,045
Bank (Westpac)	-	146,042	-	-	-	-	146,042
Receivables	-	-	-	-	-	4,149,279	4,149,279
Rates & ESL Receivable	11.00	-	-	796,290	-	-	796,290
Term Deposits:							
ING	3.78	-	9,000,000	-	-	-	9,000,000
Westpac	3.72	-	15,600,000	-	-	-	15,600,000
NAB	3.73	-	13,500,000	-	-	-	13,500,000
Bank of Queensland	3.81	-	8,000,000	-	-	-	8,000,000
Suncorp	3.68	-	1,000,000	-	-	-	1,000,000
Bendigo Bank	3.75	-	6,700,000	-	-	-	6,700,000
Rural Bank	3.82	-	11,000,000	-	-	-	11,000,000
St.George Bank	3.75	-	4,000,000	-	-	-	4,000,000
WA Treasury Corporation 11AM	2.45	3,113,000	-	-	-	-	3,113,000
Total Financial Assets		3,259,042	68,800,000	796,290	-	4,159,324	77,014,656
Financial Liabilities							
Trade payables	-	-	-	-	-	10,404,485	10,404,485
Borrowings	5.79	-	109,091	115,727	-	-	224,818
"	5.95	-	383,320	-	-	-	383,320
"	5.87	-	555,531	2,576,077	743,442	-	3,875,050
"	5.87	-	84,766	506,513	-	-	591,279
"	6.16	-	266,758	1,608,257	286,499	-	2,161,514
Employee entitlements	-	-	-	-	-	13,836,098	13,836,098
Total Financial Liabilities		-	1,399,466	4,806,574	1,029,941	24,240,583	31,476,564

(c) Interest rate risk continued

Money market investments are held to maturity which negates any risk associated with movements in interest rates.

(d) Payables and Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the City's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2015</u>					
Payables	13,037,624	-	-	13,037,624	13,037,624
Borrowings	2,388,209	10,347,041	4,899,374	17,634,625	14,336,515
	<u>15,425,833</u>	<u>10,347,041</u>	<u>4,899,374</u>	<u>30,672,249</u>	<u>27,374,139</u>
<u>2014</u>					
Payables	10,404,485	-	-	10,404,485	10,404,485
Borrowings	1,807,306	6,559,398	296,603	8,663,307	7,235,981
	<u>12,211,791</u>	<u>6,559,398</u>	<u>296,603</u>	<u>19,067,792</u>	<u>17,640,466</u>

33. EVENTS AFTER THE REPORTING DATE

There were no material events after 30 June 2015 that require inclusion in the notes to the financial statements.

34. 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, with the assets and liabilities 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 are being subdivided and developed for residential purposes by the Tamala Park Regional Council (Note 10).

35. 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 perceptionally 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 was conditional on LandCorp receiving possession of Lot 701 at the corner of Collier Pass and Joondalup Drive, which was leased to the City until December 2007. The lease has now expired and the City is still in possession of the land on holdover provisions, subject to further negotiation and agreement with LandCorp.

36. STATUTORY FINANCIAL RATIOS

	2015	2014	2013
Current Ratio	1.05	0.99	0.97
Debt Service Cover Ratio	17.23	10.84	9.81
Operating Surplus Ratio	0.01	(0.04)	(0.04)
Own Source Revenue Coverage Ratio	0.97	0.95	0.93
Asset Consumption Ratio	0.64	0.63	0.58
Asset Renewal Funding Ratio	0.70	0.68	-
Asset Sustainability Ratio	0.48	0.54	0.69

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Debt Service Cover Ratio	$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{Principal and interest}}$
Operating Surplus Ratio	$\frac{\text{Operating revenue minus operating expense}}{\text{Own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{Own source operating revenue}}{\text{Operating expense}}$
Asset Consumption Ratio	$\frac{\text{Depreciated Replacement Cost of Assets}}{\text{Current Replacement Costs of Depreciable Assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of Planned Capital Renewals over 10 years}}{\text{NPV of required Capital Expenditure over 10 years}}$
Asset Sustainability Ratio	$\frac{\text{Capital Renewal and Replacement expenditure}}{\text{Depreciation Expenditure}}$

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows.

	Title	Issued / Compiled	Applicable⁽¹⁾	Impact
(i)	AASB 9 – Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2013	1 January 2018	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iii)	AASB 15 Revenue from Contracts with customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv)	AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3 : <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since the adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the City's financial statements</p>
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	August 2014	1 January 2016	<p>This Standard amends AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the City currently uses the expected pattern of consumption of economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant effect.</p>
(vii)	AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the Accounting Standards arising from the issuance of AASB 15.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(viii)	AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix)	AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>
	AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (AASB 10, 124 & 1049)	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 2011-7	AASB 2013-8
AASB 2012-3	AASB 2013-9 Parts A & B
AASB 2013-3	

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

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Independent Auditor's Report To the Ratepayers of City of Joondalup

We have audited the accompanying financial report of City of Joondalup, which comprises the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity, statement of cash flows, and rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Chief Executive Officer.

Responsibility of Council for the financial report

The Council of the City of Joondalup is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995. This responsibility includes such internal controls as Council determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the City of Joondalup's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Joondalup's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion,

- a the financial report of City of Joondalup
 - i presents fairly, in all material respects, the City of Joondalup's financial position as at 30 June 2015 and of its performance and cash flows for the year then ended ; and
 - ii complies with Australian Accounting Standards (including the Australian Accounting Interpretations);
 - iii is prepared in accordance with the requirements of the Local Government act 1995 (as amended) and Regulations under that Act.

Other Matter

I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996, as they relate to the financial statements.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance
Perth, 6 November 2015

City of Joondalup

Audit Findings Report

To the Audit Committee for the year ended 30 June 2015



The Audit Committee
City of Joondalup
90 Boas Avenue
Joondalup WA 6027

9 November 2015

Dear Sirs/Madams,

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REPORT TO THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2015

Please find attached our Report to the Audit Committee for the year ended 30 June 2015.

We are pleased to note that we have issued an unqualified audit report.

We take this opportunity to extend our appreciation to the finance team for their assistance and cooperation during the course of the audit. In particular, we thank Krishnan Nair for his rigorous efforts in providing supporting documentation and deliverables in a timely and orderly fashion.

This report has been prepared for the Audit Committee of City of Joondalup. It should not be quoted or referred to, in whole or in part, without our prior written consent. No warranty is given to, and no liability will be accepted from, any party other than City of Joondalup. This report should be read in conjunction with our audit engagement letter and any other formal correspondence addressed to the Audit Committee regarding this year's audit.

We strive for a high level of client satisfaction, and our business is built around the relationships we maintain with our clients. We want to hear feedback from our clients, both positive and negative, to ensure the services we provide exceed

expectations. If you receive our Client Satisfaction Survey, we would greatly appreciate if you would please take the time to provide your feedback.

We trust that you find this report informative and we appreciate the opportunity to be of service to you. If you have any queries or wish to discuss any issues further, please do not hesitate to contact either Graeme Morissey or myself.

Yours faithfully

GRANT THORNTON AUDIT PTY LTD



M J Hillgrove
Partner

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Key areas of audit focus

Account description	Type	Value – 2015 \$000	Value – 2014 \$000	Risk	Management judgement
Operating Revenue	Revenue	142,859	133,678	✓	x
Non-Operating Grants, Subsidies and Contributions	Revenue	9,359	5,803	✓	x
Receivables	Asset	6,041	4,946	✓	x

Details of risk

Revenue relates to the following:

- Rates
- Grants and subsidies
- Contributions, reimbursements and donations
- Fees and charges
- Interest earnings
- Other revenue

Each of these revenue streams are recognised under varying revenue recognition criteria and, thus, the Council's recognition of revenue in the period is scrutinised against the criteria, ensuring validity in recording of the related transactions and balances.

Audit procedures performed

- For Rates recorded, we performed analytical procedures, comparing amounts recorded in the year to approved budgets by Council and investigating any significant variations.
- Rates receivable balances were tested on a sample basis to ensure the debtor balance was valid and appropriately classified. This test placed an emphasis on pensioner balances that had been deferred. For those accounts deferred, we ensured the ratepayer was a certified pensioner.

- On a sample basis, grants and subsidy amounts recorded were traced to grant agreements and proof of receipt. The focus of this test was to ensure that grants and subsidies recorded were received and in the full control of the Council.
- For interest earnings, our audit procedures compared amounts recorded to our expectations, which were formed by recomputing interest earned based on cash and term deposit balances held throughout the year and the related interest rates.
- We performed substantive testing on amounts recorded as fees and charges, tracing recorded entries to supporting deposits or invoices. A high level analysis of each trial balance account was used to identify any significant variances from budget. These variances were investigated and resolved through discussions with management and corroborating evidence.

Conclusion

The substantive procedures did not detect any material misstatement of the revenue and receivable balances.



Key areas of audit focus

Account description	Type	Value – 2015 \$000	Value – 2014 \$000	Risk	Management judgement
Property, Plant & Equipment	Asset	280,501	283,844	✓	✓
Infrastructure	Asset	988,474	868,075	✓	✓
Changes on revaluation	Other Comprehensive Income	112,875	363,172	✓	✓
Depreciation	Expense	29,582	27,477	✓	✓

Details of risk

Property, plant and equipment and infrastructure are key risk areas for the City of Joondalup given the judgment applied in computing fair value amounts as in line with legislation, as well as determining and calculating the depreciation charge.

Expenditures in the year are also at risk of being recorded inappropriately if capitalisation policies are not being followed correctly.

Audit procedures performed

- Asset reconciliation schedules were verified to the trial balance and financial report amounts.
- We reviewed the depreciation charge, comparing the amounts recorded to our own calculated expectations using asset cost and written-down balances, useful lives of the assets, and depreciation rates as outlined in Note 1(j) of the financial report.
- For those expenditures incurred and capitalised in the period, we selected a sample from invoices and charges, and vouched to supporting documentation to ensure the expenditures were capital by nature.
- Management performed an internal valuation of its infrastructure assets, inclusive of Parks and Reserves, and Other Infrastructure. Our approach to auditing the fair value determination and related adjustments is outlined below:
 - We obtained an understanding of the processes and controls in place at the Council to record fair value. This was accomplished via discussions with the Infrastructure team and review of the infrastructure register and systems. We were able to gain comfort over how management ensured its valuation was inclusive of all assets in the Council's jurisdiction.
 - We scrutinised management's inputs and calculations. This included a re-calculation of the fair value from management's work sheets. On a sample basis, unit costs and units of measurement were traced to source documents. For example, costs per unit of paving were vouched to source documents. Lengths and widths of infrastructure assets were traced to source survey results.
 - We noted that the fair value change recorded on Property, Plant and Equipment assets – that being art work - was not material. Our audit approach included only a brief review of the techniques and calculations involved. We ensured accuracy in system computations and traced asset registers to the trial balance and financial report to ensure completeness.

Conclusion

We noted no material misstatement of Property, Plant and Equipment, Infrastructure assets and the related depreciation expense or revaluation adjustments.



Key areas of audit focus

Account description	Type	Value – 2015 \$000	Value – 2014 \$000	Risk	Management judgement
Employee Costs	Expenditure	56,814	55,127	✓	x
Employee Entitlements	Liability	14,182	13,836	✓	✓

Details of risk

The recording of the employee entitlement provision requires rigorous tracking, a reliance on payroll systems and also includes the application of management's judgements and estimates. Management applies wage inflation rates and discount factors for those entitlements that are expected to be realised beyond one year from the balance date. On-costs, such as superannuation, are also factored into the computations.

Employee costs are the most significant costs of the Council. Thus, there is risk that the costs are not being accounted for appropriately in the period and that fictitious or fraudulent activity is occurring in the payment of employees.

Audit procedures performed

- We performed a review of payroll expenditures recorded in the period, using disaggregated payroll information by department and by month. We analysed the data against both budgeted figures and prior period comparatives. Any significant variances were discussed with management and corroborated through the review of source documents, such as employee contracts, termination letters or letters of resignation.
- The annual leave and long service leave schedules were reviewed to ensure that management was appropriately and reasonably applying wage inflation rates, discount factors, and on-costs.

- We tested the annual leave and long service leave schedules by ensuring each schedule contained all entitled employees. This was performed by using our audit software to match employees included on the last pay run in the period to the schedules. Any unmatched employees were reviewed with management and resolved. Typically, an employee did not appear on the annual leave schedule because they were not entitled given their casual status.
- On a sample basis, we selected employee data from the annual leave and long service leave schedule, comparing all inputs to source documents. An example of this is employee leave taken in the period. This data was traced to evidence of leave approval by management.
- The Employee Masterfile was reviewed for any potentially fictitious employees set-up in the system. Our audit software has the capability to detect duplicate bank accounts, duplicate employee addresses and invalid TFN numbers in the system.

Conclusions

Per the substantives procedures performed, no material misstatements of employee entitlements and costs were identified.



Key areas of audit focus

Account description	Type	Value – 2015 \$000	Value – 2014 \$000	Risk	Management judgement
Operating Expenses	Expenditure	54,546	55,780	✓	x
Trade and Other Payables	Liability	13,038	10,404	✓	✓

Details of risk

The Council expends significant amounts on its operating activities and derives large trade payable and accrual balances. There is a risk that the accruals and trade payable balances owing as at 30 June 2015 are understated due to the timing of invoices received from suppliers and the nature of the estimates required for accruals.

Audit procedures performed

- We obtained the creditors (trade payables) sub ledger and used our audit software to search for debit balances or duplicate invoices within the sub ledger.
- We reviewed the Vendor Masterfile to identify employees that were paid through Accounts Payable as well as reviewing for duplicate or missing bank accounts and addresses. Where exceptions were noted, we obtained explanations from management and corroborated those explanations.
- We reviewed the calculations of prepayments and accruals and ensured they were reasonable by agreeing to supporting documentation.

- We performed an analytical review of operating expenses by comparing general ledger account balances to prior year and budgets. Where significant variations were identified, we obtained explanations from management and corroborated those explanations.
- In order to search for possible unrecorded misstatements, our audit procedures included a review of disbursements incurred by the Council post 30 June 2015. For significant disbursements, we ensured that the related payable was captured in the correct period.

Conclusions

The substantive procedures did not uncover any material misstatement of expenses, prepayments or accruals.



Control deficiency classifications

We have ranked the issues raised in order of their importance and risk to City of Joondalup, (including the COSO classification which is a generally accepted framework for evaluating controls over financial reporting) to enable you to prioritise. The key to the colour coding used below is as follows:



Material weakness

Critical area that represents relatively high risk to the City of Joondalup since this is a material weakness; i.e. a control gap that may result in material misstatements and has a likelihood of occurrence that is not remote. Action should be taken immediately.

Significant deficiency

Important matter that represents medium risk to City of Joondalup, which would be classified as a significant deficiency; i.e. a control gap that may result in material misstatements but has a remote likelihood of occurrence. Action should be undertaken to rectify the issue before the next reporting period.

Deficiency

Housekeeping or administrative matter that represents relatively low risk to City of Joondalup, which is a deficiency, i.e. a control gap that is assessed to result in inconsequential misstatements.



Current year findings

We are pleased to report that there were **no control deficiencies** identified.



Fraud

Scope of audit services regarding fraud

In accordance with Auditing Standard ASA240, our required objectives with regards to fraud are:

- To identify and assess the risks of **material misstatement** of the financial report due to fraud;
- To obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- To respond appropriately to fraud or suspected fraud identified during the audit

Responsibility of the directors and management

The directors and management are required to consider the risk of fraud within the company, and are responsible for maintaining a system of internal control to prevent, or detect material misstatements to the financial statements arising from instances of fraud.

Detailed fraud detection services?

Grant Thornton's Forensic Consulting division specialise in providing fraud detection services, and can efficiently perform this value-add service. This testing is designed to detect fraud of values far lower than audit materiality.

What have we done in our audit to address the risk of fraud?

- Considered conditions present that increase the risk of fraud
- Conducted planning discussions with management regarding the risk or existence of fraud, policies and procedures in place to prevent and detect fraud
- Planned the nature and extent of our audit tests having regard to the risk of fraud.
- Reviewed accounting estimates for management bias
- Evaluated the business rationale for unusual transactions
- Maintained professional scepticism throughout the audit
- Reviewed the appropriateness of journal entries and year-end accounting adjustments
- Evaluated if any identified audit misstatements are indicative of fraud
- Incorporated unpredictable audit procedures into our audit plan and testing

Conclusion

Management confirmed that to the best of its knowledge and belief there have been no instances of fraud during the period, and our procedures did not uncover any matters to report.



Communication of audit matters with those charged with governance

In accordance with Auditing Standards, we are required to communicate a number of matters with those charged with governance which is covered by our audit planning report, within this audit findings report, and in the table below.

Matters for Grant Thornton to consider	Description*	Exceptions
Irregularities and illegal acts	We have not become aware of any material irregularities or illegal acts	No
Non-compliance with laws and regulations	We have not become aware of any material non-compliance with laws and regulations	No
Access to books & records, and conduct of audit	We have been presented with all the necessary books and records and explanations requested of management	No
Appropriateness of accounting policies	We have not detected any material deficiencies in the accounting policies disclosed	No

Matters for Grant Thornton to consider	Description*	Exceptions
Material uncertainties and going concern	We have not detected any material deficiencies in management's assessment of the going concern assumption.	No
Disagreements with management	We have had no material disagreements with management	No
Independence of auditor	National internal independence checks are performed annually	No
Expected modifications to the audit report	No exceptions noted.	No

* Reference to "material" implies the exception would cause the financial report to be materially misstated.



Developments in financial reporting

Contained within Note 1 of the financial statements are new accounting standards that may impact on the company in future reporting periods.

Below is an update on the status of accounting standards which are proposed to be subject to major changes:

Standard	Applicable from annual periods	Links for further information
AASB 15 Revenue from customers with contracts	Commencing 1 January 2018	TA Alert 2014-04 IFRS Newsletter (June 2014) – Special Edition on Revenue
AASB 9 Financial Instruments	Commencing 1 January 2018	TA Alert 2009-22 , TA Alert 2010-49 , TA Alert 2013-13 , TA Alert 2014-09
Leases (upcoming new standard)	Uncertain, unlikely before 1 January 2018	IASB's Leases Project webpage

Technical Accounting (TA) Alerts and other technical resources

We understand the task of keeping up with changes can be daunting, particularly given the length of some of the new standards; to assist you with this we publish TA Alerts on our website (www.grantthornton.com.au).

TA Alerts also cover some contentious/difficult accounting concepts which the technical teams of both Grant Thornton International and Grant Thornton Australia have received a number of queries requiring guidance/clarification; [available on our website here](#).

In addition, there are a range of other IFRS/technical resources available on our website, including:

- [IFRS Top 20 Tracker financial](#)
- [Impairment of Assets - A guide to applying IAS 36 in practice](#)
- [Under control? A Practical guide to applying IFRS 10 consolidated Financial Statements](#)
- [Navigating the accounting for business combinations: Applying IFRS 3 in practice](#)
- [Deferred tax: A Chief Financial Officer's guide to avoiding the pitfalls](#)
- [AASB 107: Statement of Cash Flows – A guide to avoiding common pitfalls and application issues](#)
- [AASB 132: Financial Instruments Presentation – Liability or equity?](#)
- [Intangible Assets in a Business Combination – Identifying and Valuing Intangibles under IFRS/AASB 3: Business Combinations](#)
- [Example financial statements](#)

Grant Thornton also has dedicated technical resources/National Audit Support division which can either be contacted via your audit contact or directly on nationalaudit.support@au.gt.com.



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