

CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

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**CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the

20th

day of

December

2020



Chief Executive Officer

Garry Hunt

Name of Chief Executive Officer



CITY OF JOONDALUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	26(a)	104,739,695	104,109,458	101,462,101
Operating grants and subsidies	2(a)	6,346,238	5,813,788	4,927,101
Contributions, Reimbursements and Donations	2(a)	1,859,217	1,013,160	1,390,683
Fees and charges	2(a)	38,642,594	42,165,954	41,568,588
Interest earnings	2(a)	3,598,979	3,668,336	4,604,849
Other revenue		1,503,998	535,856	1,302,860
		156,690,721	157,306,552	155,256,182
Expenses				
Employee costs	2(b)	(61,285,629)	(65,187,584)	(63,256,435)
Materials and contracts	2(b)	(45,987,461)	(51,053,002)	(48,555,779)
Utility charges		(5,742,917)	(5,978,544)	(5,707,046)
Depreciation on non-current assets	11(b)	(31,377,088)	(32,590,981)	(30,698,919)
Interest expenses	2(b)	(526,151)	(558,311)	(478,486)
Insurance expenses		(1,418,200)	(1,405,410)	(1,417,346)
		(146,337,446)	(156,773,832)	(150,114,011)
		10,353,275	532,720	5,142,171
Non-Operating Activities				
Grants and subsidies	2(a)	6,172,432	5,234,345	5,993,028
Other contributions	2(a)	2,083,219	140,733	798,358
Profit on asset disposals	11(a)	817,793	88,946	759,819
(Loss) on asset disposals	11(a)	(295,694)	(280,841)	(218,623)
Fair value adjustments to financial assets at fair value through profit or loss	8(b)	1,441	-	10,252
Share of profit or (loss) of associates and joint ventures accounted for using the equity method	22(b)	531,359	-	379,723
		9,310,550	5,183,183	7,722,557
Net result for the period		19,663,825	5,715,903	12,864,728
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11(c)	(66,722,222)	-	(903,388)
Total other comprehensive income for the period		(66,722,222)	-	(903,388)
Total comprehensive income for the period		(47,058,397)	5,715,903	11,961,340

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 30TH JUNE 2020

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue			
2(a)			
Governance	707,913	33,674	375,571
General purpose funding	112,432,516	111,776,481	110,244,013
Law, order, public safety	1,018,528	881,878	1,080,148
Health	527,522	531,500	519,390
Education and welfare	112,095	222,127	214,392
Community amenities	23,367,513	22,614,608	23,097,829
Recreation and culture	9,021,707	11,509,876	11,487,917
Transport	7,302,455	7,724,413	6,141,380
Economic services	948,619	1,066,468	1,076,166
Other property and services	1,251,853	945,527	1,019,376
	156,690,721	157,306,552	155,256,182
Expenses			
2(b)			
Governance	(9,712,628)	(6,313,756)	(6,524,292)
General purpose funding	(4,856,370)	(2,829,888)	(2,738,691)
Law, order, public safety	(5,654,826)	(4,376,614)	(6,884,003)
Health	(1,808,801)	(1,739,837)	(2,189,494)
Education and welfare	(3,066,889)	(2,327,112)	(2,863,780)
Community amenities	(28,846,487)	(26,379,666)	(29,172,281)
Recreation and culture	(48,818,862)	(47,026,400)	(55,673,306)
Transport	(34,569,407)	(34,165,204)	(36,332,844)
Economic services	(1,870,634)	(2,229,771)	(3,293,814)
Other property and services	(6,606,391)	(28,827,272)	(3,963,020)
	(145,811,295)	(156,215,521)	(149,635,525)
Finance Costs			
2(b)			
General purpose funding	(526,151)	(558,311)	(478,486)
	(526,151)	(558,311)	(478,486)
	10,353,275	532,720	5,142,171
Non-Operating Activities			
2(a)			
Grants and subsidies	6,172,432	5,234,345	5,993,028
2(a)			
Other contributions	2,083,219	140,733	798,358
11(a)			
Profit on disposal of assets	817,793	88,946	759,819
11(a)			
(Loss) on disposal of assets	(295,694)	(280,841)	(218,623)
8(b)			
Fair value adjustments to financial assets at fair value through profit or loss	1,441	-	10,252
Share of net profit (loss) of associates and joint ventures accounted for using the equity method	531,359	-	379,723
	9,310,550	5,183,183	7,722,557
Net result for the period	19,663,825	5,715,903	12,864,728
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
11(c)			
Changes in asset revaluation surplus	(66,722,222)	-	(903,388)
Total other comprehensive income for the period	(66,722,222)	-	(903,388)
Total comprehensive income for the period	(47,058,397)	5,715,903	11,961,340

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

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CITY OF JOONDALUP
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2020

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	125,021,982	111,629,542
Trade receivables	5	5,571,476	4,014,542
Inventories	6	1,784,789	245,434
Other current assets	7	1,427,614	1,913,056
TOTAL CURRENT ASSETS		133,805,861	117,802,574
NON-CURRENT ASSETS			
Trade receivables	5	1,942,814	1,877,568
Other financial assets	8(b)	89,026	87,585
Inventories	6	17,134,223	17,261,243
Investments accounted for using the equity method	22(a)	19,186,815	19,581,936
Property, plant and equipment	9	372,777,727	436,190,819
Right-of-use assets	12	6,539,758	-
Infrastructure	10	917,451,547	921,444,118
TOTAL NON-CURRENT ASSETS		1,335,121,910	1,396,443,269
TOTAL ASSETS		1,468,927,771	1,514,245,843
CURRENT LIABILITIES			
Trade and other payables	13	12,140,746	15,137,883
Borrowings	14(a)	2,445,660	3,324,328
Lease liabilities	12	362,194	-
Contract liabilities	25	1,977,599	-
Employee related provisions	15	14,638,174	14,614,228
Other provisions	16	66,705	67,321
TOTAL CURRENT LIABILITIES		31,631,078	33,143,760
NON-CURRENT LIABILITIES			
Borrowings	14(a)	4,644,486	7,090,146
Lease Liabilities	12	6,270,158	-
Employee related provisions	15	1,520,060	1,669,509
TOTAL NON-CURRENT LIABILITIES		12,434,704	8,759,655
TOTAL LIABILITIES		44,065,782	41,903,415
NET ASSETS		1,424,861,989	1,472,342,428
EQUITY			
Retained surplus		566,803,446	551,361,102
Reserves - cash backed	4	86,595,611	82,402,047
Revaluation surplus	11(c)	771,462,932	838,579,279
TOTAL EQUITY		1,424,861,989	1,472,342,428

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



CITY OF JOONDALUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2018		546,746,801	74,151,620	839,482,667	1,460,381,088
Comprehensive income					
Net result for the period		12,864,728	-	-	12,864,728
Other comprehensive income	11(c)	-	-	(903,388)	(903,388)
Total comprehensive income		12,864,728	-	(903,388)	11,961,340
Transfers from/(to) reserves		(8,250,427)	8,250,427	-	-
Balance as at 30 June 2019		551,361,102	82,402,047	838,579,279	1,472,342,428
Initial application of AASB 15/1058	30(a)	(2,515,739)			(2,515,739)
Transfers (from)/to surplus	11(c)	394,125		(394,125)	-
		549,239,488	82,402,047	838,185,154	1,469,826,689
Comprehensive income					
Net result for the period		19,663,825	-	-	19,663,825
Other comprehensive income	11(c)	-	-	(66,722,222)	(66,722,222)
Total comprehensive income		19,663,825	-	(66,722,222)	(47,058,397)
Transfers (from)/to reserves		(4,193,564)	4,193,564		-
Transfers from/(to) trust funds		2,093,697	-	-	2,093,697
Balance as at 30 June 2020		566,803,446	86,595,611	771,462,932	1,424,861,989

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

CITY OF JOONDALUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		104,243,686	104,144,015	101,327,283
Grants and subsidies		5,429,541	5,813,788	4,009,889
Contributions, reimbursements and donations		1,859,217	1,013,160	1,390,683
Fees and charges		38,642,594	42,104,759	41,568,588
Interest received		3,598,979	3,943,907	4,604,849
Other revenue		1,150,134	535,856	1,302,870
		154,924,151	157,555,485	154,204,162
Payments				
Employee costs		(64,175,327)	(64,602,464)	(62,220,992)
Materials and contracts		(45,874,408)	(50,784,406)	(48,173,361)
Utility charges		(5,742,917)	(5,946,504)	(5,707,046)
Interest expenses		388,152	(579,721)	(526,165)
Insurance paid		(1,418,200)	(1,405,410)	(1,417,346)
Goods and services tax paid		(211,097)	-	8,720
		(117,033,797)	(123,318,505)	(118,036,190)
Net cash provided by (used in) operating activities	17	37,890,354	34,236,980	36,167,972
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(7,463,250)	(6,047,568)	(9,994,070)
Payments for construction of infrastructure		(22,858,537)	(33,332,701)	(21,369,845)
Non-operating grants, subsidies and contributions		5,312,482	5,375,078	6,791,386
Proceeds from sale of property, plant & equipment		1,508,256	3,178,800	679,733
Distributions received from Tamala Park RC		641,408	500,000	773,804
Net cash provided by (used in) investment activities		(22,859,641)	(30,326,391)	(23,118,992)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(3,324,328)	(3,324,328)	(3,201,863)
Repayment of lease liabilities	12	(407,643)	-	-
Net cash provided by (used in) financing activities		(3,731,971)	(3,324,328)	(3,201,863)
Net increase (decrease) in cash held		11,298,743	586,261	9,847,117
Cash at beginning of year		111,629,542	101,528,668	100,085,669
Transfer from trust fund		2,093,697	2,002,728	1,696,756
Cash and cash equivalents at the end of the year	17	125,021,982	104,117,657	111,629,542

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

CITY OF JOONDALUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	27 (b)	5,581,095	1,573,190	4,428,425
		5,581,095	1,573,190	4,428,425
Revenue from operating activities (excluding rates)				
Rates		712,302	698,945	567,080
Grants and Subsidies		6,344,616	5,813,788	4,927,101
Contributions, Reimbursements and Donations		1,859,217	1,013,160	1,390,683
Profit on asset disposals		817,793	88,946	759,819
Fees and charges		38,642,594	42,165,954	41,568,588
Interest earnings		3,598,979	3,668,336	4,604,849
Other revenue		1,503,998	535,856	1,302,871
		53,479,499	53,984,985	55,120,991
Expenditure from operating activities				
Employee costs		(61,285,629)	(65,187,584)	(63,256,435)
Materials and contracts		(45,987,461)	(51,053,002)	(48,555,779)
Utility charges		(5,742,917)	(5,978,544)	(5,707,046)
Depreciation on non-current assets		(31,377,088)	(32,590,981)	(30,698,919)
Loss on asset disposals		(295,694)	(280,841)	(218,623)
Interest expenses		(526,151)	(558,311)	(478,486)
Insurance expenses		(1,418,200)	(1,405,410)	(1,417,346)
		(146,633,140)	(157,054,672)	(150,332,634)
Non-cash amounts excluded from operating activities	27(a)	31,845,525	32,882,876	30,040,573
Amount attributable to operating activities		(55,727,022)	(68,613,621)	(60,742,645)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		5,312,482	5,375,078	6,791,386
Proceeds from disposal of assets	11(a)	1,508,256	3,178,800	679,733
Purchase of property, plant and equipment	9(a)	(7,463,250)	(5,436,568)	(9,994,070)
Purchase and construction of infrastructure	10(a)	(22,858,537)	(35,335,429)	(21,369,845)
Distributions received from Tamala Park RC		641,408	500,000	773,804
Equity investment in Mindarie Regional Council		-	-	-
Amount attributable to investing activities		(22,859,641)	(31,718,119)	(23,118,992)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(3,324,328)	(3,324,328)	(3,201,863)
Repayment of lease liabilities	12	(407,643)	-	-
Transfers to reserves (restricted assets)	4	(16,065,719)	(14,548,145)	(27,684,580)
Transfers from reserves (restricted assets)	4	11,872,155	13,139,643	19,434,153
Transfer from Trust Fund		2,093,697	2,002,729	-
Amount attributable to financing activities		(5,831,838)	(2,730,101)	(11,452,290)
Surplus/(deficit) before imposition of general rates		(84,418,500)	(103,061,841)	(95,313,927)
Total amount raised from general rates	26	104,027,393	103,410,513	100,895,021
Surplus/(deficit) after imposition of general rates	27(b)	19,608,893	348,672	5,581,094

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

1. BASIS OF PREPARATION

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

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

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

From 1 July 2019, the City has applied AASB 16 *Leases* which requires leases to be included by lessees in Statement of Financial Position. Also, the FM regs have been amended to specify the vested land is a right of use (ROU) asset to be measured at cost. All ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested

Basis of preparation (Continued)

improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

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

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 which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 to these financial statements.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
By Nature and Type:			
Operating grants and subsidies			
Current Grants			
Department of Local Gov sport and cultural industries - Financial Assistance Grant	5,744,520	5,540,616	4,506,811
Department of Communities	9,970	1,000	15,291
Department of Local Gov sport and cultural industries - Clubs in Focus and Blackthorne Nature Play	10,000	10,000	20,000
FESA	93,950	77,672	130,602
Department of Transport	79,053	75,000	84,124
Healthways	10,000	10,000	10,000
Lotteries commission	45,000	45,000	45,000
Department of Industry, Innovation and Science	155,206	-	-
Department of Fire and Emergency	159,520	-	-
Department of Infrastructure, Transport Cities and Regional Development	7,500		
Other Grants	31,519	54,500	115,272
	6,346,238	5,813,788	4,927,100
Non-operating grants and subsidies			
Capital Grants			
Main Roads Black Spot Funding	377,747	109,000	537,647
Main Roads Direct Grant	533,932	533,932	500,152
Department of Local Gov sport and cultural industries - Financial Assistance Grant	-	-	1,015,908
Main Roads - Metro Regional Road Programme	1,460,788	1,231,933	1,396,095
Department of Infrastructure Regional Development and Cities - Roads to Recovery Programme	1,403,040	1,068,000	100,338
Department of Water and Environmental Regulation	354,000	708,000	354,000
Department of Local Gov sport and cultural industries - Blackthorne Nature Park	84,560	112,747	380,412
Lotterywest	618,839	500,000	-
Department of Transport	194,937	275,000	90,000
Sport Australia	-	-	742,000
Dept Industry Innovation and Science	20,000	675,000	735,000
Public Transport Authority	938,725	-	-
Department of the Prime Minister and Cabinet	-	-	14,136
Other Government Grants	185,864	20,733	127,340
	6,172,432	5,234,345	5,993,028
Total Grant Revenue	12,518,670	11,048,133	10,920,128
By Program:			
Operating grants and subsidies			
General purpose funding	3,457,427	3,324,688	3,281,047
Law, order, public safety	159,520	-	53,830
Education and welfare	(11,803)	3,500	3,409
Community amenities	134,560	75,000	69,477
Recreation and culture	86,000	67,000	97,291
Transport	2,352,998	2,265,928	1,281,450
Other property and services	167,537	77,672	140,596
	6,346,238	5,813,788	4,927,100
Non-operating grants and subsidies			
Community amenities	1,106,225	708,000	378,136
Recreation and culture	1,513,114	908,480	1,340,139
Transport	3,553,093	3,617,865	4,274,753
	6,172,432	5,234,345	5,993,028
Total grants and subsidies	12,518,670	11,048,133	10,920,128

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

(a) Revenue (continued)

By Nature and Type:

Contributions, Reimbursements and Donations

Current

Contributions	149,349	214,650	318,236
Reimbursements	1,709,868	798,510	1,072,447
	1,859,217	1,013,160	1,390,683

Non-operating Contributions

Capital contributions	2,083,219	140,733	798,358
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By Program:

Contributions, Reimbursements and Donations

Governance	3,539	33,674	19,280
General purpose funding	156,726	189,400	207,776
Law, order, public safety	25,384	26,662	21,368
Health	9,730	7,500	7,774
Education and welfare	45,076	40,524	41,952
Community amenities	884,833	72,716	70,442
Recreation and culture	534,097	483,296	637,299
Transport	52,744	22,935	98,705
Economic services	3,360	3,968	3,240
Other property and services	143,729	132,486	282,847
	1,859,217	1,013,160	1,390,683

Non-operating Contributions

Community amenities	125,053	100,000	-
Recreation and culture	307,247	40,733	634,938
Transport	-	-	163,421
Other property and services	1,650,919	-	-
	2,083,219	140,733	798,359

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

Until 30 June 2019

Grants, donations and other contributions are recognised as revenues when the City obtains control over the assets comprising the contributions.

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

Grants, donations and other contributions (Continued)

From 01 July 2019

Current grants, donations and other contributions received are recognised as income when the amounts are receivable.

Capital grants, donations and other contributions received are recognised as revenues when the City fulfils its obligations, if any, on contracts/agreements relating to those grants and contributions. The City recognises a liability to the extent of any unfulfilled obligations on those contracts/agreements and recognise as income only when those obligations are met in future.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Fees and Charges (By Nature and Type)			
Refuse Charges	20,614,416	20,599,457	20,509,536
Membership Fees	2,384,362	2,850,000	2,988,244
Learn to Swim Program Fees	1,357,983	2,416,332	2,466,674
User Entry Fees	1,739,879	2,026,325	1,988,626
Off Street Parking Fees	1,277,297	1,410,000	1,235,005
On Street Parking Fee	1,138,956	1,224,000	1,138,413
Parking Infringements	920,922	1,250,000	1,019,282
Inspection Fees	1,003,051	1,017,389	985,947
Development Application Fees	711,668	850,000	905,082
Facilities Hire	750,585	1,036,986	967,062
Other Miscellaneous Charges	838,652	1,043,164	1,065,792
Building Licence Fees	588,892	680,000	634,305
Property Rental	792,039	864,700	833,189
Court Sport Revenue	406,642	633,243	563,243
Rates Instalments Administration Fee	637,153	657,000	642,396
Fines Enforcement	637,188	610,000	598,437
Dog Registration Fees	440,689	420,491	486,589
Term Program Activities Fees	173,535	258,860	248,667
Merchandise Sales and Other Sales	236,733	270,780	340,042
Private Property Agreements	133,992	118,500	150,588
Land Purchase Enquiries Fees	232,156	220,000	228,713
Multi Storey Car Park Parking Fees	782,398	789,050	599,854
Other Building & Development Charges	91,845	130,000	181,102
Commission	142,754	147,920	153,631
Credit Card Surcharge	137,464	145,418	143,709
Immunisation Fees	142,060	114,000	139,357
Library Fines and Penalties	55,859	79,800	72,676
Personal Training	83,451	112,539	102,527
Park Hire	109,632	90,000	91,950
Cat Registration Fee	80,343	100,000	87,950
	38,642,594	42,165,954	41,568,588
Fees and Charges (By Program)			
General purpose funding	984,295	1,005,488	994,949
Law, order, public safety	833,624	855,216	1,004,950
Health	517,792	524,000	511,616
Education and welfare	78,822	178,104	169,030
Community amenities	22,348,121	22,466,891	22,458,000
Recreation and culture	7,697,484	10,260,636	10,186,813
Transport	4,896,714	5,435,550	4,761,225
Economic services	945,260	1,062,500	1,071,886
Other property and services	340,484	377,569	410,118
	38,642,594	42,165,954	41,568,588

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Interest earnings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest earned on Reserve Accounts	1,045,385	1,674,249	1,749,591
Rates instalment and penalty interest (refer Note 26(c))	783,879	772,400	760,153
Interest earned on Other Investments	1,769,715	1,221,687	2,095,105
	3,598,979	3,668,336	4,604,849

(b) Expenses

Employee costs

Salaries and Wages	50,898,134	54,154,687	52,472,920
Superannuation Guarantee	5,008,900	5,137,593	5,005,520
Workers Compensation	1,511,586	1,511,267	1,531,151
Other	3,867,009	4,384,037	4,246,844
	61,285,629	65,187,584	63,256,435

Materials and contracts

Elected Member Costs	646,511	761,653	676,957
Administration Costs	1,173,663	1,835,638	1,115,360
Rental and Property charges	843,050	1,075,164	1,405,428
Telephone and Communication charges	708,219	837,868	821,349
Finance Related Costs	657,191	532,684	523,431
Professional Charges**	1,785,245	2,341,271	2,773,224
Public Relations costs	811,540	1,378,506	1,146,741
Computing Costs	2,084,115	2,462,577	1,776,940
Contributions & Donations	1,187,192	1,831,489	2,015,046
Purchase of Minor Equipments	2,346,254	3,034,749	3,031,503
Travel and Vehicle Maintenance expenses	1,667,202	1,717,392	1,838,145
Waste Management costs	16,819,968	16,252,886	16,370,006
External Contractors and Services	11,569,647	13,230,241	11,753,034
Other materials and services	3,687,662	3,760,882	3,308,615
	45,987,461	51,053,002	48,555,779

**Auditors remuneration

(included in Professional charges above)

- Audit of the Annual Financial Report	72,000	78,000	69,110
- Other services	2,600	-	2,500
	74,600	78,000	71,610

Interest expenses (finance costs)

Borrowings (refer Note 14(b))	334,382	302,331	478,486
Lease Liabilities	191,769	224,620	-
	526,151	526,951	478,486

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

Revenue recognition policy on main sources of fees and charges

Revenue Category	Nature of Goods and Services	When obligations typically satisfied	Payment Terms	Timing of Revenue recognition
Refuse Charges	Charge for refuse collection and processing	Over time	Payment dates per rates notice	When rates notice is issued
Membership fees	Sports/recreation activities	Over time	In full in advance	When the fees are paid
Learn to swim program	Sports/recreation activities	Over time	In full on booking	When the fees are paid
User entry fees	Sports/recreation activities	Single point in time	At point of sale/entry	When the fees are paid
Off street parking fees	Car parking	Single point in time	At point of sale/entry	When the fees are paid
On street parking fees	Car parking	Single point in time	At point of sale/entry	When the fees are paid
Multi Storey car parking fees	Car parking	Single point in time	At point of sale/entry	When the fees are paid
Parking and other infringements	Fines for breaches of legislation	Single point in time	Payment in full within defined time	When payment is received

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

Revenue recognition policy on main sources of fees and charges (continued)

Revenue Category	Nature of Goods and Services	When obligations typically satisfied	Payment Terms	Timing of Revenue recognition
Inspection fees:				
Pool inspections	Statutory - Compliance safety check	Single point in time	In accordance with rates notice due date	When rates notice is issued
Other inspections	Statutory - Regulatory, food, health and safety	Single point in time	Full payment prior to inspection	When the fees are paid
Development application fees	Compliance with legislation	Single point in time	In full on application	When the fees are paid
Facilities hire	Use of City facilities	Single point in time	In full at point of sale/booking	When the fees are paid
Property rental	Use of building space	Over time	Defined time from invoice issue	Upon issue of invoice

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		8,491,982	5,099,542
Term deposits		116,530,000	106,530,000
		125,021,982	111,629,542
Comprises:			
- Unrestricted cash and cash equivalents		37,499,924	27,530,739
- Restricted cash and cash equivalents		87,522,058	84,098,803
		125,021,982	111,629,542
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Non-Current Long Service Leave	4	1,359,636	1,511,317
Capital Works Carried Forward Reserve	4	13,337,090	11,706,412
Cash in Lieu of Parking Reserve	4	1,351,015	1,221,867
Joondalup Performing Arts and Cultural Facility Res	4	16,819,773	16,617,407
Marmion Car Park Reserve	4	183,105	183,105
Parking Facility Reserve	4	3,059,950	2,195,871
Public Art Reserve	4	212,049	212,049
Specified Area Rating - Harbour Rise Reserve	4	3,862	10,590
Specified Area Rating - Iluka Reserve	4	13,414	760
Specified Area Rating - Woodvale Waters Reserve	4	6,092	19,205
Specified Area Rating - Burns Beach Reserve	4	6,457	6,329
Strategic Asset Reserve	4	16,584,455	18,066,474
Tamala Park Land Sales Reserve	4	14,124,630	13,915,689
Asset Renewal Reserve	4	5,997,695	6,050,243
Waste Management Reserve	4	13,536,388	10,684,729
		86,595,611	82,402,047
Bonds and Retention Money	13	926,447	1,696,756
Total restricted cash and cash equivalents		87,522,058	84,098,803
Unspent grants/contributions			1,293,872
Contract Liabilities	25	1,977,599	

Unspent grants/contributions balance was included in the Capital Expenditure Carried Forward Reserve in prior years. The current balance of unspent grants/contributions is shown separately as Grant liabilities in the Statement of Financial Position.

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

4. RESERVES - CASH BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
(a) Non-Current Long Service Leave	1,511,317		(151,681)	1,359,636	1,451,800	100,000	-	1,551,800	1,731,800		(220,483)	1,511,317
(b) Capital Works Carried Forward Reserve	11,706,412	10,252,814	(8,622,136)	13,337,090	6,168,668	-	(6,168,668)	-	11,685,278	11,706,412	(11,685,278)	11,706,412
(c) Cash in Lieu of Parking Reserve	1,221,867	140,493	(11,345)	1,351,015	1,212,444	28,079	(11,345)	1,229,178	1,308,910	34,278	(121,321)	1,221,867
(d) Joondalup Performing Arts and Cultural Facility Reserve	16,617,407	249,155	(46,789)	16,819,773	16,597,770	380,949	(450,479)	16,528,240	16,246,677	445,128	(74,398)	16,617,407
(e) Marmion Car Park Reserve	183,105	-	-	183,105	183,105	-	-	183,105	183,105	-	-	183,105
(f) Parking Facility Reserve	2,195,871	2,001,605	(1,137,526)	3,059,950	1,922,496	2,122,100	(1,009,452)	3,035,144	1,555,114	1,625,188	(984,431)	2,195,871
(g) Public Art Reserve	212,049	-	-	212,049	217,159	2,788	(194,628)	25,319	167,049	50,000	(5,000)	212,049
(h) Specific Area Rating - Harbour Rise Reserve	10,590	108	(6,836)	3,862	6,779	89	(5,898)	970	33,556	598	(23,564)	10,590
(i) Specific Area Rating - Iluka Reserve	760	12,654	-	13,414	141	2	(141)	2	10,518	153	(9,911)	760
(j) Specific Area Rating - Woodvale Waters Reserve	19,205	188	(13,301)	6,092	13,494	157	(13,494)	157	13,140	6,065	-	19,205
(k) Specific Area Rating - Burns Beach Reserve	6,329	128	-	6,457	5,901	96	(3,539)	2,458	1,898	4,431	-	6,329
(l) Strategic Asset Reserve	18,066,474	258,199	(1,740,218)	16,584,455	19,604,327	3,220,188	(5,282,000)	17,542,515	12,770,184	7,917,669	(2,621,379)	18,066,474
(m) Tamala Park Land Sales Reserve	13,915,689	208,941	-	14,124,630	13,909,048	829,447	-	14,738,495	12,886,007	1,029,682	-	13,915,689
(n) Asset Renewal Reserve	6,050,243	89,775	(142,323)	5,997,695	5,728,763	5,521,054	-	11,249,817	4,190,714	1,859,529	-	6,050,243
(o) Waste Management Reserve	10,684,729	2,851,659	-	13,536,388	9,836,535	2,343,196	-	12,179,731	11,367,670	3,005,447	(3,688,388)	10,684,729
	82,402,047	16,065,719	(11,872,155)	86,595,611	76,858,430	14,548,145	(13,139,643)	78,266,931	74,151,620	27,684,580	(19,434,153)	82,402,047

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

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

Name of Reserve		Purpose of the reserve
(a)	Non-Current Long Service Leave	Created in 2012/13 to facilitate the funding of the non-current portion of long service leave liabilities to City employees.
(b)	Capital Works Carried Forward Reserve	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.
(c)	Cash in Lieu of Parking Reserve	Created in 1993/94 with funds previously held in 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 includes transfer from Parking Facility Reserve and interest.
(d)	Joondalup Performing Arts & Cultural Facility	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 2005-06 and again in 2009-10 to more appropriately reflect its intent. The transfer from Reserve was mainly to fund the Jhan Garden, at Lot 1001, Teakle Court. The transfer from accumulated surplus represents interest.
(e)	Marmion Car Park Reserve	Created in 2013-14 to receive 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.
(f)	Parking Facility Reserve	Created in 2008-09 to hold the operating surpluses arising from the paid parking in the Joondalup City Centre 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 parking operating surplus and interest. Transfer to accumulated surplus is to fund repayments on the \$8,500,000 loan taken in 2014-15 to construct the Reid Promenade Car Park and the transfer to the Cash in lieu of Parking reserve.
(g)	Public Art Reserve	Created in 2012-13 for the purpose of providing for the commissioning and purchase of public art works.
(h)	Specified Area Rating - Harbour Rise Reserve	The reserve was 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 interest. Transfers from the reserve are to fund works undertaken in the Harbour Rise specified area.
(i)	Specified Area Rating - Iluka Reserve	The reserve was 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.
(j)	Specified Area Rating - Woodvale Waters Reserve	The reserve was 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 Woodvale area. Transfers from accumulated surplus represents interest.
(k)	Specified Area Rating - Burns Beach Reserve	The reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Burnsbeach specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.
(l)	Strategic Asset Reserve	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 represents interest. Transfer from reserve was for the funding of Joondalup City Centre lighting project.
(m)	Tamala Park Land Sales Reserve	This reserve was created in 2013-14 to receive the City of Joondalup's share of the dividends from the proceeds of the sales of Tamala Park land to be held and subsequently applied for the purpose of 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 interest.
(n)	Asset Renewal Reserve	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 interest.
(o)	Waste Management Reserve	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 and buildings and legal expenses associated with waste management but excluding vehicles, plant and equipment. Transfer from accumulated surplus represents the waste management services operating surplus and interest.

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
Allowance for impairment of receivables	
GST receivable	

Non-current

Pensioner's rates and ESL deferred	
Long Service Leave - Due from Other Councils	

2020	2019
\$	\$
1,979,100	1,548,338
2,669,401	1,764,155
(97,904)	(107,733)
1,020,879	809,782
5,571,476	4,014,542
1,861,175	1,761,743
81,639	115,825
1,942,814	1,877,568

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 28.

Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

6. INVENTORIES

Current

	2020	2019
	\$	\$
Inventories	135,253	154,993
Land held for resale	1,649,532	90,441
Assets held for transfer*	4	-
	1,784,789	245,434

Non-current

Land held for resale		
Cost of acquisition - Opening Balance	14,009,867	14,169,697
Disposals during the year	(99,580)	(159,830)
	13,910,287	14,009,867
Development costs	3,223,936	3,251,376
	17,134,223	17,261,243

The following movements in inventories occurred during the year:

Carrying amount at 1 July	17,506,677	17,565,747
Receipts/additions during the year	2,254,152	819,786
Issues/Disposals during the year	(844,718)	(878,734)
Adjustments during the year	2,901	(122)
Carrying amount at 30 June	18,919,012	17,506,677

*Assets held for transfer comprises:

- Two lots of land to be transferred to DevelopmentWA for the Ocean Reef Marina Development Project. The two lots were originally recognised and presented at a combined cost of \$554,785. The lots have subsequently been regularly revalued and presented at fair value in accordance with the Local Government (*Financial Management*) Regulations 1996. The combined fair value at which the land was presented in the previous financial year was \$63,077,000, based on the last revaluation done in 2017. The lots are now revalued at 30 June 2020 at their net realisable value of \$1 each.
- Road Infrastructure assets to be transferred to Main Roads WA on reclassification of a portion of Ocean Reef Road, between Marmion Avenue and the boundary of the City to the City of Wanneroo.

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured 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.

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

7. OTHER ASSETS

Other current assets

Prepayments

Accrued Income

2020	2019
\$	\$
443,960	475,123
983,654	1,437,933
1,427,614	1,913,056

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

8. OTHER FINANCIAL ASSETS

(a) Current assets

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

- Unlisted equity investments

Units in Local Government House Trust

During the year, the following gains/(losses) were recognised in profit and loss:
Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services

2020	2019
\$	\$
89,026	87,585
89,026	87,585
89,026	87,585
89,026	87,585
1,441	10,252
1,441	10,252

The City holds 5 units out of a total of 620 fully paid ordinary Units in the Local Government House Trust. Changes in the fair value of Units in the Trust recognised as non-current financial assets at fair value through profit and loss have not been recognised nor considered as they are unlikely to be material and unable to be reliably determined at the time of preparation of these statements.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 28.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 30 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land - freehold land	Buildings - specialised	non- Furniture and equipment*	Plant and equipment*	Artworks*	Easements*	Library Assets*	Work in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	190,437,996	213,554,835	1,550,667	13,458,741	761,813	459	-	15,391,829	435,156,340
Additions	-	-	-	-	-	-	-	9,994,070	9,994,070
(Disposals)	-	-	-	(791,476)	-	-	-	-	(791,476)
Impairment (losses) / reversals	-	17,485	(81,387)	(196,763)	(12,813)	(459)	-	(386,005)	(659,942)
Depreciation (expense)	-	(4,963,189)	(668,975)	(1,876,009)	-	-	-	-	(7,508,173)
Transfers	-	3,873,317	326,111	6,586,759	58,618	-	-	(10,844,805)	-
Carrying amount at 30 June 2019	190,437,996	212,482,448	1,126,416	17,181,252	807,618	-	-	14,155,089	436,190,819
Comprises:									
Gross carrying amount at 30 June 2019	190,437,996	352,839,772	7,254,329	24,171,589	807,618	-	-	14,155,089	589,666,393
Accumulated depreciation at 30 June 2019	-	(140,357,324)	(6,127,913)	(6,990,337)	-	-	-	-	(153,475,574)
Carrying amount at 30 June 2019*	190,437,996	212,482,448	1,126,416	17,181,252	807,618	-	-	14,155,089	436,190,819
Additions	-	-	-	-	-	-	2,004,791	7,463,250	9,468,041
(Disposals)	(1,353,000)	-	-	(372,910)	-	-	-	-	(1,725,910)
Revaluation increments / (decrements) transferred to revaluation surplus	(73,061,309)	11,263,327	-	-	-	-	-	-	(61,797,982)
Impairment (losses) / reversals	(1,559,091)	(24,200)	-	-	(19,042)	-	-	-	(43,242)
Classified as Held for Sale	-	(4,767,760)	(568,537)	(2,418,611)	-	-	-	-	(1,559,091)
Depreciation (expense)	-	1,728,791	387,388	2,027,723	42,292	-	-	-	(7,754,908)
Transfers to/ (from)	-	220,682,606	945,267	16,417,454	830,868	-	228,949	(4,415,143)	-
Carrying amount at 30 June 2020	114,464,596	320,892,699	7,641,717	25,258,374	830,868	-	5,360,130	17,203,196	491,651,580
Comprises:									
Gross carrying amount at 30 June 2020	114,464,596	320,892,699	7,641,717	25,258,374	830,868	-	(3,126,390)	17,203,196	491,651,580
Accumulated depreciation at 30 June 2020	-	(100,210,093)	(6,696,450)	(8,840,920)	-	-	-	-	(118,873,853)
Carrying amount at 30 June 2020	114,464,596	220,682,606	945,267	16,417,454	830,868	-	2,233,740	17,203,196	372,777,727

* Until 30 June 2019, all property, plant and equipments were valued at their fair value. From 1 July 2019, other than land and buildings, all items are valued at depreciated cost.

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2 & 3	Market approach using recent observable market data for similar properties	Independent registered valuer/ Management	June 2020	Price per hectare, with reference to current zoning of land. Market values were used unless there were some restrictions or other factors associated with the land.
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer/ Management	June 2020	Construction Costs based on recent contract prices and current condition, residual values and remaining useful life assessments

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

CITY OF JOONDALUP
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10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - Roads		Footpaths		Drainage		Parks and Reserves		Car Park		Bridges and Underpasses		Other Infrastructure		Lighting		Work in Progress		Total Infrastructure	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	365,168,727	79,641,657	268,755,438	134,835,936	13,641,878	30,300,699	2,633,837	17,737,779	11,059,711	923,776,662										
Additions	-	-	-	-	-	-	-	-	-	21,369,845										
(Disposals)	-	-	-	-	-	-	-	-	-	-										
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-	-	-	-	-	-	-	-										
Impairment (losses) / reversals	-	(94,862)	(16,425)	(335,671)	-	-	-	-	-	(1,171,580)										(1,171,580)
Depreciation (expense)	(10,101,932)	(2,121,199)	(4,600,323)	(3,112,121)	(332,528)	(550,529)	(94,252)	(1,208,827)	-	(409,098)										
Transfers	6,699,792	1,304,168	1,166,767	5,853,453	258,911	-	904,156	4,407,709	-	(22,121,711)										
Carrying amount at 30 June 2019	361,766,587	78,729,764	265,305,457	137,242,597	13,568,261	29,750,170	3,443,741	19,678,715	11,958,826	921,444,118										
Comprises:																				
Gross carrying amount at 30 June 2019	693,888,960	119,775,048	406,560,588	175,589,532	26,085,695	42,595,695	3,972,934	43,308,458	11,958,826	1,523,735,736										
Accumulated depreciation at 30 June 2019	(332,122,373)	(41,045,284)	(141,255,131)	(38,346,935)	(12,517,434)	(12,845,525)	(529,193)	(23,629,743)	-	(602,291,618)										
Carrying amount at 30 June 2019	361,766,587	78,729,764	265,305,457	137,242,597	13,568,261	29,750,170	3,443,741	19,678,715	11,958,826	921,444,118										
Additions	-	-	-	-	-	-	-	-	-	22,858,537										
Revaluation increments / (decrements) transferred to revaluation surplus	(3,772,407)	-	-	-	-	-	-	-	-	(3,772,407)										
Impairment (losses) / reversals	-	(167,114)	(32,903)	(121,592)	-	-	-	-	-	(86,873)										
Depreciation (expense)	(10,309,719)	(2,052,787)	(4,846,121)	(3,161,612)	(337,214)	(474,888)	(64,433)	(1,183,830)	-	(948,097)										
Transfers to/ (from)	6,164,695	1,118,482	220,883	2,789,091	203,164	-	113,905	3,558,675	(14,168,895)	(22,230,604)										
Carrying amount at 30 June 2020	353,849,156	77,628,345	260,847,316	136,748,484	13,434,211	29,275,282	3,493,213	21,966,687	20,208,853	917,451,547										
Comprises:																				
Gross carrying amount at 30 June 2020	692,717,411	120,355,995	406,726,892	178,137,005	26,288,859	42,595,695	4,130,985	43,938,133	20,208,853	1,535,099,828										
Accumulated depreciation at 30 June 2020	(338,868,255)	(42,727,650)	(145,879,576)	(41,386,521)	(12,854,648)	(13,320,413)	(537,772)	(21,971,446)	-	(617,648,281)										
Carrying amount at 30 June 2020	353,849,156	77,628,345	260,847,316	136,748,484	13,434,211	29,275,282	3,493,213	21,966,687	20,208,853	917,451,547										

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition, residual values and remaining useful life assessments.
Footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition, residual values and remaining useful life assessments.
Drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition, residual values and remaining useful life assessments.
Parks and Reserves	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments.
Car Park	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition, residual values and remaining useful life assessments.
Bridges and Underpasses	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition, residual values and remaining useful life assessments.
Other Infrastructure	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs and current condition, residual values and remaining useful life assessments.
Lighting	3	Cost approach using depreciated replacement cost	Management valuation	June 2019	Construction costs and current condition, residual values and remaining useful life assessments.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

11. PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

land;
 buildings; and
 infrastructure.

All assets in the above classes are revalued in accordance with the mandatory measurement framework.

In relation to the initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the relevant asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land and buildings and infrastructure assets is determined at least every five years in accordance with the regulatory framework.

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

Land under roads prior to 1 July 2019

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

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

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

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the City.

Land under roads from 1 July 2019

As a result of amendments to the Local Government (Financial management) Regulations 1996, effective from 1 July 2019, vested land, including land under roads, are treated as ROU assets measured at zero cost. Therefore the previous inconsistency with AASB 1051 in respect on non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the balance sheet.

Vested improvements from 1 July 2019

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

Refer to Note 12 that details the significant accounting policies applying to leases (including ROU assets).

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11. PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (Continued)

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	1,353,000	1,156,418	-	(196,582)	2,940,000	2,793,000	-	(147,000)	-	-	-	-
Plant and equipment	372,910	351,838	78,041	(99,112)	430,695	385,800	88,946	(133,841)	791,476	679,733	106,880	(218,623)
Tamala Park Land Sales	99,580	839,332	739,752	-	-	-	-	-	159,830	812,769	652,939	-
	1,825,490	2,347,588	817,793	(295,694)	3,370,695	3,178,800	88,946	(280,841)	951,306	1,492,502	759,819	(218,623)

11. PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (Continued)

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	4,767,760	5,221,390	4,963,189
Furniture and equipment	568,537	589,751	668,975
Plant and equipment	2,418,611	1,822,930	1,876,009
Right of Use Assets (Leases)	500,237	470,664	-
Infrastructure - Roads	10,309,719	10,330,494	10,101,932
Footpaths	2,052,787	2,147,126	2,121,199
Drainage	4,646,121	4,614,649	4,600,323
Parks and Reserves	3,161,612	3,591,852	3,112,121
Car Park	337,214	345,102	332,528
Bridges and Underpasses	474,888	551,298	550,529
Other Infrastructure	64,433	0	94,252
Lighting	1,183,830	1,235,763	1,208,827
Impairment	891,339	1,669,961	1,069,040
	31,377,088	32,590,980	30,698,924

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life	Asset Class	Useful life
Buildings	10 to 100 years	Parks and Reserves:	
Furniture and equipment	3 to 10 years	Fencing	15 to 30 years
Plant and equipment	3 to 13 years	Furniture and Amenities	10 to 50 years
Library assets	8 to 12 years	Hard Landscaping	10 to 50 years
Artworks	Nil	Irrigation	20 to 50 years
Infrastructure Assets:		Marine	20 years
Roads/Traffic Management	30 to 100 years	Park and POS Signage	15 to 20 years
Footpaths	10 to 100 years	Playspace	20 years
Drainage	75 to 100 years	POS Structure	20 to 100 years
Car Parks	30 to 100 years	Soft Landscaping	10 to 40 years
Bridges and Underpasses	70 to 100 years	Sporting Infrastructure	10 to 50 years
Lighting	25 to 40 years	Waste	10 years
Other Infrastructure assets	10 to 70 years		

Depreciation (Continued)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

11. PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (Continued)

(c) REVALUATION SURPLUS

	2020 Opening Balance	Adjustment*	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	214,784,367		-	(73,061,309)	(73,061,309)	141,723,058	214,784,367	-	-	-	214,784,367
Revaluation surplus - Buildings - non-specialised	135,875,361		11,263,327	-	11,263,327	147,138,688	135,875,361	-	-	-	135,875,361
Revaluation surplus - Plant and equipment	124,769	(124,769)	-	-	-	-	124,769	-	-	-	124,769
Revaluation surplus - Artworks	269,356	(269,356)	-	-	-	-	269,356	-	-	-	269,356
Tamala Park Assets	1,060		-	-	-	1,060	1,060	-	-	-	1,060
Mindarie Regional Council Assets	5,397,916		-	(1,151,833)	(1,151,833)	4,246,083	5,129,724	268,192	-	268,192	5,397,916
Revaluation surplus - Infrastructure - Roads	112,439,886		-	(3,772,407)	(3,772,407)	108,667,479	112,439,886	-	-	-	112,439,886
Revaluation surplus - Footpaths	68,344,614		-	-	-	68,344,614	68,344,614	-	-	-	68,344,614
Revaluation surplus - Drainage	163,985,902		-	-	-	163,985,902	163,985,902	-	-	-	163,985,902
Revaluation surplus - Parks and Reserves	101,007,064		-	-	-	101,007,064	101,007,064	-	-	-	101,007,064
Revaluation surplus - Car Park	2,177,904		-	-	-	2,177,904	2,177,904	-	-	-	2,177,904
Revaluation surplus - Bridges and Underpasses	26,994,513		-	-	-	26,994,513	26,994,513	-	-	-	26,994,513
Revaluation surplus - Other Infrastructure	453,308		-	-	-	453,308	453,308	-	-	-	453,308
Revaluation surplus - Lighting	6,723,259		-	-	-	6,723,259	7,894,839	-	(1,171,580)	(1,171,580)	6,723,259
	838,579,279	(394,125)	11,263,327	(77,985,549)	(66,722,222)	771,462,932	838,482,667	268,192	(1,171,580)	(903,388)	838,579,279

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

*Balance in revaluation reserves for Plant and Equipment and Artworks are transferred to retained surplus as at 01 July 2019 pursuant to amendments made to Financial Management Regulations 17A (2b). Refer to Note 31 for accounting policy change.

12. LEASES

Right-of- use assets

Balance as at 1 July 2019:

Land
Plant and Equipments

Depreciation
Net adjustment to Lease Liabilities

Carrying amount at 30 June 2020

Land
Plant and Equipments

Lease Liabilities

Balance as at 1 July 2019

Current
Non-current

Net adjustment to Right-of-Use Assets
Principal Repayments

Balance as at 30 June 2020

Current
Non-current

	2020	2019
	\$	\$
	6,594,697	-
	296,388	-
	6,891,085	-
	(500,237)	-
	148,910	-
	6,503,818	-
	35,940	-
	6,539,758	-
	425,716	-
	6,465,369	-
	6,891,085	
	148,910	-
	(407,643)	-
	362,194	-
	6,270,158	-
	6,632,352	-

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Leases (continued)

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

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

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

13. TRADE AND OTHER PAYABLES

Current

Trade Payables
 Sundry Payables
 Accrued Expenses
 Rates Received in Advance
 Other Payables
 Bonds and Retention Money

NOTE	2020	2019
	\$	\$
	4,008,373	4,911,992
	1,477,498	563,195
	3,906,427	5,512,097
	1,113,960	1,021,111
	708,041	1,432,732
	926,447	1,696,756
	12,140,746	15,137,883

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition, except for bonds and retention money that are repaid as per the related agreements.

CITY OF JOONDALUP

14. INFORMATION ON BORROWINGS

	2020	2019
(a) Borrowings	\$	\$
Current	2,445,660	3,324,328
Non-current	4,644,486	7,090,146
	7,090,146	10,414,474

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020						30 June 2020						30 June 2020						30 June 2020					
				Actual Principal 1 July 2019	Actual New Loans	Actual repayments	Actual Interest	Budget Principal	Budget outstanding	Actual Principal 1 July 2019	Actual New Loans	Actual repayments	Actual Interest	Budget Principal	Budget outstanding	Actual Principal 1 July 2019	Actual New Loans	Actual repayments	Actual Interest	Budget Principal	Budget outstanding						
Community amenities																											
Braddon Park	8	WATC	2.21%	731,073	-	361,508	16,980	369,565	731,073	-	361,508	16,743	369,565	1,084,701	-	353,628	27,412	731,073									
Recreation and culture																											
Aquatic Facilities Upgrade	4	WATC	5.87%	743,442	-	743,442	29,894	0	743,442	-	743,442	29,151	0	1,444,799	-	701,357	76,702	743,442									
Streetscape Enhancement - West Coast	5	WATC	5.87%	113,440	0	113,440	4,561	0	113,439	0	113,439	4,561	0	220,457	-	107,017	11,704	113,440									
Sacrest Sports Facility	6	WATC	6.16%	186,628	9,884	104,194	9,884	82,434	186,629	9,884	104,194	9,583	82,435	284,644	-	186,628	16,688	186,628									
Forest Park Sports Facility	6	WATC	6.16%	122,783	68,549	68,549	6,568	54,234	122,783	68,549	68,549	6,305	54,233	187,267	-	64,084	10,979	122,783									
Fleur Frame Pavilion Upgrade	6	WATC	6.16%	339,214	18,147	189,384	18,147	149,830	339,215	18,147	189,384	17,418	149,831	517,367	-	178,153	30,332	339,214									
Warwick Hockey Facility	9	WATC	2.37%	2,791,427	-	908,577	75,089	1,882,850	2,791,427	-	908,577	143,987	1,882,850	3,678,766	-	887,359	102,619	2,791,427									
Transport																											
Reid Promenade Multi Storey Car Park	7	WATC	2.85%	5,386,467	-	835,234	173,159	4,551,233	5,386,467	-	835,234	143,583	4,551,233	6,198,315	-	811,848	202,050	5,386,467									
				10,414,474	-	3,324,328	334,382	7,090,146	10,414,474	-	3,324,327	302,331	7,090,147	13,616,336	-	3,201,862	478,486	10,414,474									
				10,414,474	-	3,324,328	334,382	7,090,146	10,414,474	-	3,324,327	302,331	7,090,147	13,616,336	-	3,201,862	478,486	10,414,474									

All loan repayments were financed by general purpose revenue.

14. INFORMATION ON BORROWINGS (Continued)

	2020	2019
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Credit card limit	47,000	47,000
Credit card balance at balance date	(8,546)	(24,199)
Total amount of credit unused	538,454	522,801

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the City becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Risk

Information regarding exposure to risk can be found at Note 28.

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15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Purchased Leave	Provision for Sick Leave	Provision for Workers Compensation	Total
	\$	\$				\$
Opening balance at 1 July 2019						
Current provisions	4,644,369	6,285,252	127,036	994,195	2,562,776	14,614,228
Non-current provisions	-	1,669,509	-	-	-	1,669,509
	4,644,369	7,954,761	127,036	994,195	2,562,776	16,283,737
Additional provision	293,469	10,237	(35,097)	120,588	(514,700)	(125,503)
Balance at 30 June 2020	4,937,838	7,964,998	92,539	1,114,783	2,048,076	16,158,234
Comprises						
Current	4,937,838	6,444,938	92,539	1,114,783	2,048,076	14,638,174
Non-current	-	1,520,060	-	-	-	1,520,060
	4,937,838	7,964,998	92,539	1,114,783	2,048,076	16,158,234
Amounts are expected to be settled on the following basis:	2020	2019				
Less than 12 months after the reporting date	\$	\$				
More than 12 months from reporting date	14,638,174	14,614,228				
	1,520,060	1,669,509				
	16,158,234	16,283,737				

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

16. OTHER PROVISIONS

	Other Provisions	Total
	\$	\$
Opening balance at 1 July 2019		
Current provisions	67,321	67,321
	67,321	67,321
Additional provision	(616)	(616)
Balance at 30 June 2020	66,705	66,705
Comprises		
Current	66,705	67,321
	66,705	67,321

Other Provisions include a provision for study activities by specific employees, represented by salary deductions from those employees, as well as marginal provision for write-off/impairment of certain classes of lower value assets, including furniture and equipment.

	2020	2019
	\$	\$
Provision for study activities	57,290	57,906
Provision for write-off of assets	9,415	9,415
	66,705	67,321

17. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	125,021,982	104,117,657	111,629,542
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	19,663,825	5,715,903	12,864,728
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(532,800)		(389,975)
Depreciation	31,377,088	32,590,980	30,698,919
(Profit)/loss on sale of asset	(522,099)	191,895	(541,196)
Library assets addition	(353,864)	-	-
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(1,622,181)	(96,598)	(1,043,300)
(Increase)/decrease in other assets	485,442	340,617	(17,510)
(Increase)/decrease in inventories	19,740	(5,000)	(57,150)
Increase/(decrease) in payables	(2,243,027)	144,816	885,986
Increase/(decrease) in provisions	(126,119)	729,445	558,856
Grants contributions for the development of assets	(8,255,651)	(5,375,078)	(6,791,386)
Net cash from operating activities	37,890,354	34,236,980	36,167,972

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	57,209,157	50,866,094
General purpose funding	28,904,140	27,172,661
Law, order, public safety	5,889,192	5,481,961
Health	386,220	595,753
Education and welfare	6,652,813	6,796,033
Community amenities	65,657,263	63,901,623
Recreation and culture	288,330,822	281,474,732
Transport	777,587,537	783,817,267
Economic services	23,164,819	22,582,975
Other property and services	215,145,809	271,556,745
	1,468,927,771	1,514,245,844

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 for non performance of the contract is 1/6 of \$87.5m amounting to \$14.6m. The term of the guarantee is 20 years and in the event of early termination of the guarantee the maximum amount payable by the City under the guarantee is 1/6 of \$95m amounting to \$15.8m.

Contaminated site – Tamala Park Landfill site

In February 2020, MRC received the Mandatory Auditor's Report (MAR) as requested by the Department of Water and Environmental Regulation (DWER) in respect of the Tamala Park Waste Management Facility site. Among other things, the purpose of the report was to confirm that earlier investigations undertaken adequately characterised the contamination status of the site and whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site. The report notes that groundwater impacts from landfill activities are currently evident in the aquifer immediately beneath the landfill at concentrations above the relevant DWER irrigation or drinking water guidelines. Further testing and analysis is still required to understand the full extent of the offsite impact on potential ground water contamination. The MRC has commenced work on the MAR recommendations identified. At this stage, it is not possible to make a reasonable estimate of the financial impact that may arise from possible remedial action.

20. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

2020	2019
\$	\$
5,506,343	4,543,811
5,506,343	4,543,811
5,506,343	4,543,811

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the City, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Payments associated with short term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

21. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the Mayor.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Elected Members Allowances	585,343	585,343	579,994
Elected Members Conferences/Training	27,698	128,100	61,884
Elected Members Travel and Child Care	24,998	32,000	25,176
Other Specified Expenses	8,472	16,210	9,903
	646,511	761,653	676,957

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the City during the year are as follows:

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	1,375,302	1,370,865
Post-employment benefits	110,317	129,032
Other long-term benefits	33,268	21,137
	1,518,887	1,521,034

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

21. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

	2020 Actual	2019 Actual
	\$	\$
The following transactions occurred with related parties:		
Mindarie Regional Council (Note 22)		
Sale of goods and services	141,171	189,020
Purchase of goods and services	7,454,098	9,995,787
Trade and other receivables	11,297	473,406
Trade and other payables	2,238	11,117
Tamala Park Regional Council (Note 22)		
Distributions received	500,000	666,667
Reimbursements received	142,960	102,448
Payments made for settling GST liabilities	48,780	73,674
Trade and other receivables	3,675	6,061
Trade and other payables	12,806	10,626

Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

The associate person of KMP was employed by the City under normal employment terms and conditions.

iii. Entities subject to significant influence by the City

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

22. Investment in Associates

	2020	2019
	\$	\$
(a) Carrying amount of investment in associate		
Mindarie Regional Council	11,370,164	11,963,253
Tamala Park Regional Council	7,816,651	7,618,683
	19,186,815	19,581,936
(b) Share of profit/(loss) from continuing operations		
Mindarie Regional Council	558,744	377,285
Tamala Park Regional Council	(27,385)	2,438
	531,359	379,723

Mindarie Regional Council

The City holds 1/6 share in the equity capital of Mindarie Regional Council and its current fair value is estimated at \$11,785,731. As per the audited financial statements of Mindarie Regional Council for the year ended 30 June 2020, the City's share of Net Result of operations was a loss of \$177,522. The City has recognised the income in the Statement of Comprehensive income and the revaluation surplus in the Asset Revaluation Reserve in accordance with the equity method of accounting.

- Share of associates profit/(loss) from ordinary activities	558,744	377,285
- Share of associates other comprehensive income arising during the period	(1,151,833)	268,192
- Share of associates total comprehensive income arising during the period	(593,089)	645,477
Carrying amount at 1 July	11,963,253	11,317,776
- Share of associates total comprehensive income arising during the period	(593,089)	645,477
Carrying amount at 30 June	11,370,164	11,963,253

Share of joint operations

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

Current Assets	6,776,601	6,207,893
Non-Current Assets	10,781,812	9,861,892
Total assets	17,558,413	16,069,785
Current liabilities	(1,392,588)	(1,247,897)
Non-Current Liabilities	(4,795,661)	(2,858,635)
Total liabilities	(6,188,249)	(4,106,532)
Net Assets	11,370,164	11,963,253

22. Investment in Associates (continued)

Tamala Park Regional Council

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 1/6 equity in the land. The West Australian 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 the equity is estimated at \$7,816,651. As per the audited financial statements of Tamala Park Regional Council for the year ended 30 June 2020, the City's share of Net Result of operations was a loss of \$27,385. The City has recognised this income in the Statement of Comprehensive Income in accordance with the equity method of accounting.

Carrying amount of investment in associate

	2020	2019
	\$	\$
- Share of associates profit/(loss) from ordinary activities	(27,385)	2,438
- Share of associates total comprehensive income arising during the period	(27,385)	2,438
Carrying amount at 1 July	7,618,683	7,620,895
Movement in Capital Contributions	866,761	769,154
Distributions Received	(641,408)	(773,804)
- Share of associates total comprehensive income arising during the period	(27,385)	2,438
Carrying amount at 30 June	7,816,651	7,618,683

Share of joint operations

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

Current Assets	7,586,213	7,386,803
Non-Current Assets	292,936	287,214
Total assets	7,879,149	7,674,017
Current liabilities	(57,504)	(54,381)
Non-Current Liabilities	(4,995)	(953)
Total liabilities	(62,499)	(55,334)
Net Assets	7,816,651	7,618,683

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

Interests in joint arrangements (Continued)

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

23. MAJOR LAND TRANSACTIONS

Tamala Park Land Sales

(a) Details

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. TPRC has developed and sold 940 lots of land to date. The City's share of Sales Proceeds of land to date is \$42,542,377.

(b) Current year transactions

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Sale Proceeds	1,506,829	-	1,656,448
Development and Selling Costs	(640,060)	-	(887,293)
	866,769	-	769,155

(c) Expected future cash flows

	2020/21	2021/22	2022/23	2023/24	Total
	\$	\$	\$	\$	\$
Cash outflows					
- Development costs	(3,567,065)	(5,241,318)	(5,245,636)	(4,834,611)	(18,888,630)
	(3,567,065)	(5,241,318)	(5,245,636)	(4,834,611)	(18,888,630)
Cash inflows					
- Sale proceeds	7,066,598	9,340,747	8,930,084	9,488,923	34,826,353
	7,066,598	9,340,747	8,930,084	9,488,923	34,826,353
Net cash flows	3,499,534	4,099,429	3,684,448	4,654,313	15,937,723

(d) Assets and liabilities

	2020	2019
	\$	\$
Land held for sale (Note 6)		
Cost of acquisition	13,910,287	14,009,867
Development cost	3,223,936	3,251,376
	17,134,223	17,261,243

24. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings during the 2019-20 financial year.

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25. CONTRACT LIABILITIES

	2020	2019
	\$	\$
Contract liabilities from contracts/agreements with customers	36,885	-
Contract liabilities from transfers for recognisable non financial assets	1,940,714	-
Total Grant liabilities	1,977,599	-
Expected satisfaction of grant/contract liabilities:		
Performance obligations from contracts with customers are expected to be recognised as revenue is accordance with the following time bands		
1 year	1,977,599	-
	1,977,599	-

Movement in grant/contract liabilities:

	Opening Balance 01/07/19	Reclassification on initial application at 1 July 2019	Additions 2019/20	Income Recognised 2019/20	Closing Balance 30/06/20
	\$		\$	\$	\$
Operating Grants	-	1,622	5,744,520	(5,709,257)	36,885
Non-operating Grants	-	1,292,250	5,599,029	(6,172,432)	718,847
Contract Liabilities for developer contributions	-	1,221,867	0	0	1,221,867
	-	2,515,739	11,343,549	(11,881,689)	1,977,599

Grant/contract liabilities

Grant liabilities represent the City's outstanding obligation to satisfy the terms and conditions in return for consideration received. Contract liabilities for developer contributions were funded from Cash in lieu of parking reserve in prior years. The balance in the reserve representing the City's existing obligations on those contracts are included as contract liabilities on application of AASB 1058 (Refer Note 30a) Liabilities are recognised as revenue when the performance obligations in the underlying contracts are satisfied.

26. RATING INFORMATION

(a) Rates

RATE TYPE Differential general rate / general rate

Gross rental valuations

	Rate in \$	Number of Properties	2019/20 Actual Value	2019/20 Actual Rate	2019/20 Actual Interim Rates	2019/20 Actual Total Revenue	2019/20 Budget Rate	2019/20 Budget Interim Rate	2019/20 Budget Total Revenue	2018/19 Actual Total Revenue
Residential Improved	5.5886	53,752	1,310,966,874	73,264,520	500,085	73,764,604	73,265,524	250,000	73,515,524	71,469,237
Residential Vacant	11.1772	947	18,104,140	2,023,536	146,912	2,170,448	2,023,536	-	2,023,537	2,143,977
Commercial Improved	6.8854	946	292,891,424	20,166,746	177,389	20,344,135	20,166,746	-	20,166,746	19,752,456
Commercial Vacant	11.1772	21	1,103,000	123,284	17,233	140,517	123,285	-	123,285	122,143
Industrial Improved	5.8666	385	29,047,610	1,704,107	34,599	1,738,706	1,704,107	-	1,704,107	1,685,137
Industrial Vacant	11.1772	4	250,000	27,943	(8,304)	19,639	27,943	-	27,943	26,774
Unimproved valuations										
Residential	1.0349	1	1,580,000	16,351	-	16,351	16,351	-	16,351	15,991
Rural	1.0300	2	1,730,000	17,819	-	17,819	17,819	-	17,819	17,426
Sub-Total		56,058	1,655,673,048	97,344,307	867,913	98,212,220	97,345,311	250,000	97,595,312	95,233,142

Minimum \$

Gross rental valuations

Residential Improved	909	6,185	92,158,288	5,622,165	-	5,622,165	5,622,165	-	5,622,165	5,552,694
Residential Vacant	929	212	1,498,390	196,948	-	196,948	196,948	-	196,948	116,352
Commercial Improved	929	38	367,547	35,302	-	35,302	35,302	-	35,302	31,815
Industrial Improved	929	3	41,528	2,787	-	2,787	2,787	-	2,787	2,727
Sub-Total		6,438	94,065,753	5,857,202	-	5,857,202	5,857,202	-	5,857,202	5,703,588
Early Payment Prizes										
Total amount raised from general rate		62,496	1,749,738,801	103,201,509	867,913	104,069,422	103,202,513	250,000	103,452,514	100,936,730
Specified Area Rate (refer Note 26(b))						(42,029)			(42,000)	(41,709)
Totals						104,027,393			103,410,514	100,895,021
						712,302			698,945	567,080
						104,739,695			104,109,458	101,462,101

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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26. RATING INFORMATION (Continued)

(b) Specified Area Rate												
Specified Area	Rate in \$	Basis of Valuation	2019/20				2019/20				2018/19	
			Rateable	Rate	Interim	Total	Rateable	Rate	Interim	Total	Actual	Total
			Value	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue
Iluka	0.675	60,388,230	407,886	8,963	416,849	407,889	-	-	407,889	293,487		
Burns Beach	0.336	41,875,370	140,492	4,393	144,885	140,492	-	-	140,492	133,235		
Woodvale Waters	0.255	4,087,720	10,429	-	10,429	10,429	-	-	10,429	23,769		
Harbour Rise	0.672	20,842,180	140,135	4	140,139	140,135	-	-	140,135	116,589		
			698,942	13,360	712,302	698,945	-	-	698,945	567,080		

26. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	23 Aug 2019	0.00	0.0%	0%
Option Two				
First instalment	23 Aug 2019	12.00	5.5%	11%
Second Instalment	25 Oct 2019	12.00	5.5%	11%
Option Three				
First instalment	23 Aug 2019	12.00	5.5%	11%
Second Instalment	25 Oct 2019	12.00	5.5%	11%
Third Instalment	27 Dec 2019	12.00	5.5%	11%
Fourth Instalment	28 Feb 2020	12.00	5.5%	11%

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Interest on unpaid rates	422,397	411,500	403,928
Interest on instalment plan	361,483	360,900	356,225
Charges on instalment plan	637,153	657,000	642,396
	1,421,032	1,429,400	1,402,549

27. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20
	(30 June 2020)	(30 June 2020)	(1 July 2019)
Note	Carried Forward)	Carried Forward)	Brought Forward)
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	11(a)	(817,793)	(88,946)
Less: Non-cash grants and contributions for assets		(353,864)	-
Movement in pensioner deferred rates (non-current)		(65,247)	(54,859)
Movement in inventory (non-current)		1,559,095	-
Movement in employee benefit provisions (non-current)		(149,449)	100,000
Add: Loss on disposal of assets	11(a)	295,694	280,841
Add: Depreciation on assets	11(b)	31,377,088	32,590,981
Non cash amounts excluded from operating activities		31,845,525	32,882,876
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - restricted cash	3	(86,595,611)	(78,266,931)
Add: Borrowings	14(a)	2,445,660	3,324,328
Add: Lease liabilities	12	362,194	-
Add: Contract liabilities for developer contributions	25	1,221,867	-
Total adjustments to net current assets		(82,565,890)	(74,942,603)
Net current assets used in the Rate Setting Statement			
Total current assets		133,805,861	107,533,653
Less: Total current liabilities		(31,631,078)	(32,242,379)
Less: Total adjustments to net current assets		(82,565,890)	(74,942,603)
Net current assets used in the Rate Setting Statement		19,608,893	5,581,095

28. FINANCIAL RISK MANAGEMENT

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	1.49%	125,021,982	116,530,000	5,775,340	2,716,642
Financial assets at amortised cost	11%	7,477,065	3,840,275	-	3,636,790
2019					
Cash and cash equivalents	2.71%	111,629,542	106,530,000	3,392,551	1,706,991
Financial assets at amortised cost	11%	6,520,262	3,310,081	-	3,210,181

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	1,261,456	1,132,326

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

The City's major receivables comprise rates annual charges and user fees and charges. 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 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.

To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for rates receivable.

No expected credit loss was forecast on 30 June 2020 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

		Overdue*			
	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Gross carrying amount	-	3,840,275	-	-	3,840,275
02 July 2019					
Rates receivable					
Gross carrying amount	-	3,310,081	-	-	3,310,081

* includes deferred pensioner's rates and ESL levy covered by legislation (Refer. Note 5)

The expected credit loss on sundry receivables is based on individual assessment of the sundry debtor accounts considering the historical losses experienced in prior years for that type of debtors and adjusted to reflect the current and forward looking macroeconomic factors to settle the outstanding amounts on their due dates.

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Sundry Receivables					
Gross carrying amount	2,463,960	69,156	3,314	132,972	2,669,401
Loss allowance	-	-	-	97,904	97,904
30 June 2019					
Sundry Receivables					
Gross carrying amount	1,613,922	39,783	1,727	108,723	1,764,155
Loss allowance	-	-	-	107,733	107,733

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables, Lease Liabilities 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 and disclosed in Note 14(c).

The contractual undiscounted cash flows of the City's payables lease liabilities and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	14,118,345	-	-	14,118,345	14,118,345
Lease Liabilities	478,991	2,394,954	5,268,899	8,142,844	6,632,352
Borrowings	2,616,625	4,886,198	-	7,502,823	7,090,146
	17,213,961	7,281,152	5,268,899	29,764,012	27,840,843
2019					
Payables	15,137,883	-	-	15,137,883	15,137,883
Borrowings	3,603,627	6,522,948	979,875	11,106,450	10,414,474
	18,741,510	6,522,948	979,875	26,244,333	25,552,357

29. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2019	Amounts Received/ Transfers	Amounts Paid	Transfer to Municipal Funds	30 June 2020
	\$	\$	\$		\$
Restricted Trust Creditors:					
Burns Beach Dual Use Path Funds	1,954,941	-		(1,930,000)	24,941
Duffy House Funds	272,727			(163,697)	109,030
Conolly Residents Association	84,233	993	-	-	85,226
	2,311,901	993	-	(2,093,697)	219,197

30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

The City adopted the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information has been restated under this approach, and the City recognised the cumulative effect of initially applying the Standards as adjustments to the opening balance of retained surplus at the date of initial application (1 July 2019)

Under this transition method, the City applied the standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application.

In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019)			
	1 July 2019	Reclassification	30-June-2019 under AASB 118 and 1004
	\$	\$	\$
Grant Liabilities from transfers for recognisable non financial assets	1,292,250	1,292,250	-
Grant Liabilities from contracts/agreements with customers	1,622	1,622	-
Contract Liabilities for developer contributions for car parking	1,221,867	1,221,867	-
Adjustment to retained surplus from adoption of AASB 15/ 1058	2,515,739	2,515,739	-

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of new standards as compared to the previous applicable standards prior to the change.			
	30 June 2020	Adjustments	30 June 2020 under AASB 118 and 1004
	\$	\$	\$
Fees and Charges	38,642,594	-	38,642,594
Operating grants and subsidies	6,346,238	35,263	6,381,501
Non-operating grants and subsidies	6,172,432	(916,053)	5,256,379
	51,161,264	(880,790)	50,280,474

(b) AASB 16: Leases

The City adopted the modified retrospective approach on transition to AASB 16 from 1 July 2019.

In applying AASB 16, under the specific transition provisions chosen, the City did not restate comparatives for prior periods. Following the practical expedient permitted by the Standard, the City has excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application.

The City has assessed the right-of-use assets for impairment at the date of transition and has not identified any impairments to its right-of-use assets. Where the lease term at initial application ended within 12 months, the City has accounted for these as short-term leases.

	Note	2020
		\$
Operating lease commitments at 30 June 2019 applying AAS 117		8,660,124
Discount applied using incremental borrowing rate		1,769,040
Lease liability recognised as at 1 July 2019 discounted using the City's incremental borrowing rate at the date of transition.	12	6,891,085
Lease Liability - Current		425,716
Lease Liability - Non-current		6,465,368
Right-of-use assets recognised at 1 July 2019	12	6,891,085

31. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

In accordance with the changes, the City was not required to remove the values attributable to certain crown land assets as the City does not have crown land assets at 1 July 2019. The City was required to reverse the revaluation surplus on Plant and Equipment, and Artworks assets as at 1 July 2019. These assets are now measured at cost, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. For further details relating to these changes, refer to Note 11(c)

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

	Note	Carrying amount 30 June 2019	Reclassification	Carrying amount 1 July 2019
		\$	\$	\$
Revaluation Surplus	11 (c)	838,579,279	(394,125)	838,185,154

32. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

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 the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The City selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

i) Impairment of assets

In accordance with Australian Accounting Standards the City's cash generating non-specialised 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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

33. ACTIVITIES/PROGRAMS

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES

GOVERNANCE

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

ACTIVITIES

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

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

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

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

To provide an operational framework for environmental and community health.

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

EDUCATION AND WELFARE

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

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.

HOUSING

Provision of housing and leased accommodation

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

COMMUNITY AMENITIES

To provide services required by the community.

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

RECREATION AND CULTURE

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

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.

TRANSPORT

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

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.

ECONOMIC SERVICES

To help promote the City and its economic well being.

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

OTHER PROPERTY AND SERVICES

To monitor and control Council's overheads and operating accounts.

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

34. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.46	1.02	1.04
Asset consumption ratio	0.61	0.60	0.61
Asset renewal funding ratio	1.00	1.24	0.88
Asset sustainability ratio	0.45	0.66	0.67
Debt service cover ratio	11.45	9.73	6.49
Operating surplus ratio	0.07	0.04	(0.05)
Own source revenue coverage ratio	1.03	1.00	0.93

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio*	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

*Operating revenue includes profit on asset disposals and operating expenses includes loss on asset disposals.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Joondalup

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Joondalup which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the City of Joondalup:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 11 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A of the Regulations requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Regulations did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

The Council is responsible for overseeing the City's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the City:
 - a. The Asset Sustainability Ratio as reported in Note 34 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' basic standard of 0.9 for the last three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Joondalup for the year ended 30 June 2020 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
7 December 2020