

minutes

Special Audit and Risk Committee

MEETING HELD ON

MONDAY 25 NOVEMBER 2024

Acknowledgement of Traditional Custodians

The City of Joondalup acknowledges the traditional custodians of the land, the Whadjuk people of the Noongar nation, and recognises the culture of the Noongar people and the unique contribution they make to the Joondalup region and Australia. The City of Joondalup pays its respects to their Elders past and present and extends that respect to all Aboriginal and Torres Strait Islander peoples.

This document is available in alternate formats upon request

joondalup.wa.gov.au

TABLE OF CONTENTS

1	DECLARATION OF OPENING	3
2	DECLARATIONS OF FINANCIAL INTEREST / PROXIMITY INTEREST / INTEREST THAT MAY AFFECT IMPARTIALITY	4
3	APOLOGIES AND LEAVE OF ABSENCE	4
4	ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION.....	4
5	IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC	4
6	PETITIONS AND DEPUTATIONS	4
7	REPORTS	5
7.1	2023-24 ANNUAL FINANCIAL REPORT	5
7.2	SETTING OF 2025 MEETING DATES - AUDIT AND RISK COMMITTEE (WARD - ALL).....	10
8	CLOSURE	14

Note:

Clause 15.10 of the City's *Meeting Procedures Local Law 2013* states:

This local law applies generally to committee meetings except for clause 7.1 in respect of members seating and clause 7.8 in respect of limitation on members speaking.

CITY OF JOONDALUP

MINUTES OF THE SPECIAL AUDIT AND RISK COMMITTEE MEETING HELD IN CONFERENCE ROOM 1, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON MONDAY 25 NOVEMBER 2024.

ATTENDANCE

Committee Members:

Cr John Raftis	<i>Presiding Member</i>
Mayor Hon. Albert Jacob, JP	
Cr Rebecca Pizzey	<i>via electronic means</i>
Cr Lewis Hutton	
Mr Mark Hall	<i>External Member</i>

Observers:

Cr Russ Fishwick, JP

Officers:

Mr James Pearson	Chief Executive Officer	
Mr Jamie Parry	Director Governance and Strategy	
Mr Chris Leigh	Acting Director Corporate Services	
Mr Hitesh Attawalla	Manager Financial Services	<i>to 6.23pm</i>
Mrs Kylie Bergmann	Manager Governance	
Mr Peter McGuckin	Acting Manager Audit, Risk and Executive Services	

Guests:

Mr Mikey Fiorucci	Director Financial Audit Office of the Auditor General	<i>from 6.05pm to 6.23pm</i>
-------------------	---	------------------------------

1 DECLARATION OF OPENING

The Presiding Member declared the meeting open at 6.03pm.

2 DECLARATIONS OF FINANCIAL INTEREST / PROXIMITY INTEREST / INTEREST THAT MAY AFFECT IMPARTIALITY

Nil.

3 APOLOGIES AND LEAVE OF ABSENCE

3.1 LEAVE OF ABSENCE PREVIOUSLY APPROVED

Cr Christine Hamilton-Prime, JP	6 November to 25 November inclusive.
Cr John Raftis	21 November to 2 December 2024 inclusive.
Cr Rohan O'Neill	26 to 28 November 2024 inclusive.
Cr Daniel Kingston	25 to 28 November 2024 inclusive.
Mayor Albert Jacob, JP	2 to 12 December 2024 inclusive.
Cr John Raftis	12 December 2024 to 6 January 2025 inclusive.
Mayor Albert Jacob, JP	28 to 31 January 2025 inclusive.

3.2 APOLOGIES

Cr Rohan O'Neill.

4 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

5 IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

In accordance with Clause 5.2 of the City's *Meeting Procedures Local Law 2013*, this meeting is not open to the public.

6 PETITIONS AND DEPUTATIONS

Nil.

7 REPORTS

7.1 2023-24 ANNUAL FINANCIAL REPORT

WARD	All
RESPONSIBLE DIRECTOR	Mr Chris Leigh Acting Director Corporate Services
FILE NUMBER	111479
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For Council to consider and accept the *2023-24 Annual Financial Report* and Independent Auditor's Report.

EXECUTIVE SUMMARY

In accordance with Section 6.4 of the *Local Government Act 1995*, the *2023-24 Annual Financial Report* has been prepared and, together with the City's accounts, was submitted to the Office of the Auditor General of Western Australia (OAG) to conduct the annual financial audit.

The OAG has completed its audit, in accordance with the terms of their engagement and the requirements of Part 7 Division 3 of the *Local Government Act 1995* and the Independent Auditor's Report has been issued. The *Annual Financial Report* will form part of the City's 2023- 24 Annual Report.

It is therefore recommended that Council:

- 1 *BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup for the financial year 2023-24, forming Attachment 1 to this Report;*
- 2 *BY AN ABSOLUTE MAJORITY, ACCEPTS the Independent Auditor's Report for the financial year 2023-24, forming Attachment 2 to this Report;*
- 3 *NOTES the Auditor's Management Letter in respect of the financial audit for the year ended 30 June 2024, forming Attachment 3 to this Report;*
- 4 *NOTES the Auditor's Management Letter in respect of the information systems audit for the year ended 30 June 2024, forming Attachment 4 to this Report;*

-
- 5 *NOTES that no interim Management Letter was issued in respect of the financial audit for the year ended 30 June 2024.*
- 6 *NOTES the Auditor's Exit Brief in respect of the financial audit for the year ended 30 June 2024, forming Attachment 5 to this Report.*

BACKGROUND

Section 6.4 of the *Local Government Act 1995* requires local governments to prepare an annual financial report and to submit both the report and its accounts to its auditor by 30 September each year. The City of Joondalup has met those requirements and the City's auditor, the OAG, has now completed its audit of the accounts and the *2023-24 Annual Financial Report*.

The OAG undertook its audit in two stages. The interim audit was undertaken before end of the financial year, while the final audit commenced late September 2024. Following the completion of the final audit, the OAG issued a management letter which incorporated responses from management on the items noted (Attachment 3 refers).

No interim management letter was issued.

The *2023-24 Annual Financial Report* is included as Attachment 1 to this Report.

DETAILS

The preparation and submission of the Annual Financial Report to the auditors for audit are statutory requirements under the *Local Government Act 1995*.

The Annual Financial Report is required to be accepted by Council prior to the holding of the Annual General Meeting of Electors, at which the City's Annual Report containing the Annual Financial Report will be considered. The Annual Financial Report is also required to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSC).

Issues and options considered

Outcome of the Financial Audit

The financial audit has been completed with an unqualified audit report issued (Attachment 2 refers). The OAG has issued a final management letter in respect of the financial audit (Attachment 3 refers). An interim management letter was not issued. The OAG has also issued a final management letter in respect of the information systems audit (Attachment 4 refers).

End of Financial Year Position

The City has finished the financial year with a Rate Setting Statement surplus lower than estimated. An anticipated end of year surplus as at 30 June 2024 of \$3,886,421 was used as the opening balance in the *2024-25 Annual Budget*. The final end of year Statement of Financial Activity (Rate Setting Statement) surplus for 2023-24 is (\$625,519), being (\$4,511,940) less than estimated due to employee related provisions.

When comparing the actual end of year results to the estimate shown in the *2024 - 25 Annual Budget*, in summary terms the variance comprises:

Description	Sub Total	Total
Increased Operating Cash Surplus	\$ 6,666,603	
Increased Capital Revenue	\$ 587,364	
Reduced Capital Expenditure	\$ 2,045,721	\$ 9,299,688
Reduced Net Funding including equity investment movements		(\$ 13,811,628)
Net Variance		(\$ 4,511,940)

The increased cash operating surplus relative to forecast is driven primarily by a \$6,317,825 advance of the City's 2024-25 Federal Assistance Grants allocation. Lower materials & contracts expenditure \$6,643,898, other revenue/income of \$3,131,397 primarily from Catalina Estate sales, as well as increased interest earnings \$1,478,158, are the other main contributors to the increased operating cash surplus. Higher employee costs (\$5,612,039) was caused due to provision of \$4,990,903 made for an estimated value of increases to wages subject to the outcome of the enterprise bargaining agreement negotiations.

Lower materials and contracts include lower external services expenses \$3,854,387 primarily due to the capitalisation of cost associated with Project Axiom. Reduced professional fees \$947,724 including lower than anticipated consultancy and research costs as well as less than expected Waste Management costs \$478,565 mainly arising from consistently reduced recycling waste volumes driving lower processing costs as well as lower than expected general waste tipping fees.

Reduced capital expenditure pertains mainly to capital works projects that progressed to a lesser extent than anticipated by 30 June 2024, including projects that received grant funds which were not fully expended by year end. These are progressing into the following financial year. Municipal and reserve funding unspent on these projects has been carried forward or retained in reserves, respectively.

Management Letter – Financial Audit

The financial audit management letter (Attachment 3 refers) contained no significant findings, one moderate finding and two minor findings. The matters raised as well as the management responses are detailed in Attachment 3 to this Report.

Management Letter – Information Systems Audit

The scope of financial audit also covered audit of key information systems controls. The information systems audit management letter (Attachment 4 refers) contained no significant findings, five moderate findings and three minor findings. The matters raised as well as the management responses are detailed in Attachment 4 to this Report.

Legislation / Strategic Community Plan / Policy implications

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

10-Year Strategic Community Plan

Key theme 5. Leadership.

Outcome 5-4 Responsible and financially sustainable - you are provided with a range of City services which are delivered in a financially responsible manner.

Policy Not applicable.

Risk management considerations

Not applicable.

Financial / budget implications

Current financial year impact

Account no.	Not applicable
Budget Item	Closing surplus
Budget amount	\$ 3,886,421
Actual amount	\$ (625,519)
Proposed cost	\$ Not applicable
Balance	\$ (4,511,940)

All amounts quoted in this report are exclusive of GST.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

There is no legislative requirement to consult on the preparation of the Annual Financial Report, although the *Local Government Act 1995* requires the local government to hold an Annual General Meeting of Electors and the City's Annual Report, incorporating the Annual Financial Report is to be made available publicly.

COMMENT

The *Annual Financial Report for 2023-24* reflects the City's financial performance and position for the year ended 30 June 2024.

The Annual Financial Report will be made available on the City's public website as part of the City's Annual Report. A limited number of printed, bound colour copies of the Annual Report, including the Annual Financial Report, will be available for viewing at libraries, leisure centres and the customer service centre.

VOTING REQUIREMENTS

Absolute Majority.

Mr Mikey Fiorucci entered the Room at 6.05pm.

OFFICER'S RECOMMENDATION MOVED Cr Hutton, SECONDED Mayor Jacob that Council:

- 1 BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup for the financial year 2023-24, forming Attachment 1 to this Report;**
- 2 BY AN ABSOLUTE MAJORITY, ACCEPTS the Independent Auditor's Report for the financial year 2023-24, forming Attachment 2 to this Report;**
- 3 NOTES the Auditor's Management Letter in respect of the financial audit for the year ended 30 June 2024, forming Attachment 3 to this Report;**
- 4 NOTES the Auditor's Management Letter in respect of the information systems audit for the year ended 30 June 2024, forming Attachment 4 to this Report;**
- 5 NOTES that no interim Management Letter was issued in respect of the financial audit for the year ended 30 June 2024;**
- 6 NOTES the Auditor's Exit Brief in respect of the financial audit for the year ended 30 June 2024, forming Attachment 4 to this Report.**

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Cr Raftis, Mayor Jacob, Cr Hutton, Cr Pizzey and Mr Hall.
Against the Motion: Nil.

ATTACHMENTS

1. Annual Financial Report Year Ended 30 June 2024 [7.1.1 - 51 pages]
2. Independent Auditor's Report - City of Joondalup - 30 June 2024 [7.1.2 - 3 pages]
3. Financial Management Letter - City of Joondalup - 30 June 2024 [7.1.3 - 4 pages]
4. CONFIDENTIAL REDACTED - Information Systems Management Letter - City of Joondalup - 30 June 2024 [7.1.4 - 9 pages]
5. Exit Brief - City of Joondalup - 30 June 2024 [7.1.5 - 8 pages]
6. CONFIDENTIAL REDACTED - Management Representation Letter SIGNED - City of Joondalup 2024 [7.1.6 - 5 pages]

An additional Confidential Attachment 7.1.6 – Management Representation Letter SIGNED – City of Joondalup 2024 – was tabled at the Meeting. The attachment is not available to the Public.

7.2 SETTING OF 2025 MEETING DATES - AUDIT AND RISK COMMITTEE (WARD - ALL)

WARD	All
RESPONSIBLE DIRECTOR	Mr Jamie Parry Director Governance and Strategy
FILE NUMBER	107022, 02153, 101515
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

For the Audit and Risk Committee to consider the setting of committee meeting dates for 2025.

EXECUTIVE SUMMARY

In order to assist with forward planning for all Elected Members, management and staff, a schedule of meeting dates has been prepared for the Audit and Risk Committee, ensuring synergy between meeting dates and critical statutory audit operations.

The setting of the 2025 Council meeting dates was presented at the Council meeting held on 19 November 2024. Council endorsed Option 1 with Strategy Sessions to be held in week 1, Briefing Sessions to be held in week 2, and Council meetings to be held in week 4 of the month. The Option 1 schedule of meeting dates is provided at Attachment 1.

It is therefore recommended that the Audit and Risk Committee ADOPTS the following meeting dates and times for the Audit and Risk Committee of the City of Joondalup to be held at the Joondalup Civic Centre (Conference Room 1), Boas Avenue, Joondalup:

- 1 Monday 24 February 2025, commencing at 6.00pm;
- 2 Monday 19 May 2025, commencing at 6:00pm;
- 3 Monday 4 August 2025, commencing at 6:00pm;
- 4 Monday 10 November 2025, commencing at 6:00pm.

BACKGROUND

The Audit and Risk Committee was re-established at the Special Council meeting held on 6 November 2023 (CJ213-11/23 refers), and the Audit and Risk Committee's Terms of Reference were adopted at that time.

- 1 guide and assist the City in carrying out its functions:

- 1.1 under Part 6 - Financial Management, of the *Local Government Act 1995*;

-
- 1.2 in relation to audits conducted under Part 7 - Audit, of the *Local Government Act 1995*;
 - 1.3 relating to other audits and other matters related to financial management;
 - 2 review the Chief Executive Officer's report into the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal control and legislative compliance, presented to it by the Chief Executive Officer under regulation 17 of the *Local Government (Audit) Regulations 1996* and:
 - 2.1 report to the Council the results of that review;
 - 2.2 give the Council a copy of the Chief Executive Officer's report;
 - 3 review the Chief Executive Officer's report into the appropriateness and effectiveness of the City's financial management systems and procedures under regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* and:
 - 3.1 report to the Council the results of that review;
 - 3.2 give the Council a copy of the Chief Executive Officer's report;
 - 4 support the auditor of the City to conduct an audit and carry out the auditor's other duties under the *Local Government Act 1995* in respect of the City and to oversee the implementation of any actions in accordance with regulation 16(f) of the *Local Government (Audit) Regulations 1996*;
 - 5 consider the adequacy and effectiveness of internal controls by reviewing reports from the Internal Auditor, the Administration, Office of the Auditor General, consultants and other external oversight agencies as appropriate;
 - 6 enquiring with the Internal Auditor or the Administration about processes to detect and prevent fraud or corruption and to their awareness of any suspected, alleged or actual fraud or corruption and the City's response to it (subject to confidentiality considerations);
 - 7 assessing the adequacy of the annual internal audit plan and the three-year internal audit plan;
 - 8 identify and refer specific projects or investigations deemed necessary through the Chief Executive Officer, the Internal Auditor and the Council if appropriate and receive any reports detailing the results of those investigations;
 - 9 review the strategic risks to the City and the plans to minimise or respond to those risks. This includes assessing whether risks that may prevent the City from achieving its objectives or maintaining its reputation have been identified.

DETAILS

The Audit and Risk Committee is a committee required to be established in accordance with the *Local Government Act 1995* and associated regulations. It is responsible for matters associated with all aspects of financial auditing, legislative compliance, risk management and reviewing the efficiency of the City's use of resources.

Meetings of this committee are usually associated with statutory reporting requirements, including endorsement of the Annual Compliance Audit Return, appointment of the City's Auditor, and adoption of the Audited Financial Statements and Annual Report.

The Compliance Audit Return is required to be endorsed by Council and submitted to the Department of Local Government, Sport and Cultural Industries before 31 March annually.

Consideration of the City's financial audit often occurs in August / September, with the audited financial statements proposed to be finalised by the Office of Auditor General (OAG) by December, enabling review and adoption of the financial statements by the committee and Council usually by the end of December. However, in recent years the presentation of the audited financial statements to Council has been delayed.

The setting of the 2025 Council meeting dates was presented at the Council meeting held on 19 November 2024. Council endorsed Option 1 with Strategy Sessions to be held in week 1, Briefing Sessions to be held in week 2, and Council meetings to be held in week 4 of the month. The Option 1 schedule of meeting dates is provided at Attachment 1.

Issues and options considered

The Audit and Risk Committee can either:

- adopt the meeting dates as proposed in this Report
or
- amend the meeting dates.

Legislation / Strategic Community Plan / Policy implications

Legislation *City of Joondalup Meeting Procedures Local Law 2013.*
 Local Government Act 1995.
 Local Government (Audit) Regulations 1996.
 Local Government (Administration) Regulations 1996.
 Local Government (Financial Management) Regulations 1996.

10-Year Strategic Community Plan

Key theme 5. Leadership.

Outcome 5-1 Capable and effective - you have an informed and capable Council backed by a highly-skilled workforce.

5-4 Responsible and financially sustainable - you are provided with a range of City services which are delivered in a financially responsible manner.

Policy Not applicable.

Risk management considerations

Should forward planning of committee meetings not be identified, then there is a risk for meetings to be held on an ad-hoc basis, lacking coordination with other key meetings and corporate planning processes.

Financial / budget implications

Not applicable.

Regional significance

Not applicable.

Sustainability implications

Not applicable.

Consultation

Not applicable.

COMMENT

The proposed dates have been based on the statutory reporting outcomes required of the Audit and Risk Committee, the broader monthly meeting cycle of Council, as well as being cognisant of proposed meeting dates for a variety of other committees and civic events.

VOTING REQUIREMENTS

Simple Majority.

The Manager Financial Services and Mr Mikey Fiorucci left the Room at 6.23pm.

OFFICER'S RECOMMENDATION MOVED Cr Raftis, SECONDED Mayor Jacob that the Audit and Risk Committee ADOPTS the following meeting dates and times for the Audit and Risk Committee of the City of Joondalup to be held at the Joondalup Civic Centre (Conference Room 1), Boas Avenue, Joondalup:

- 1 Monday 24 February 2025, commencing at 6.00pm;**
- 2 Monday 19 May 2025, commencing at 6:00pm;**
- 3 Monday 4 August 2025, commencing at 6:00pm;**
- 4 Monday 10 November 2025, commencing at 6:00pm.**

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Cr Raftis, Mayor Jacob, Cr Hutton, Cr Pizzey and Mr Hall.
Against the Motion: Nil.

ATTACHMENTS

1. 2025 Council Meeting Dates Overview - Option 1 [7.2.1 - 1 page]

8 CLOSURE

There being no further business, the Presiding Member declared the meeting closed at 6.24pm the following Committee Members being present at that time:

CR JOHN RAFTIS
MAYOR HON. ALBERT JACOB, JP
CR LEWIS HUTTON
CR REBECCA PIZZEY
MR MARK HALL

**25 NOVEMBER 2024 - SPECIAL AUDIT AND RISK COMMITTEE
- MINUTES ATTACHMENTS**

7.1 2023-24 ANNUAL FINANCIAL REPORT.....2

7.1.1 ANNUAL FINANCIAL REPORT YEAR ENDED 30 JUNE 2024.....2

7.1.2 INDEPENDENT AUDITOR'S REPORT - CITY OF JOONDALUP - 30 JUNE
2024.....53

7.1.3 FINANCIAL MANAGEMENT LETTER - CITY OF JOONDALUP - 30 JUNE
2024.....56

7.1.5 EXIT BRIEF - CITY OF JOONDALUP - 30 JUNE 2024.....60

**7.2 SETTING OF 2025 MEETING DATES - AUDIT AND RISK COMMITTEE (WARD -
ALL).....68**

7.2.1 2025 COUNCIL MEETING DATES OVERVIEW - OPTION 1.....68

CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Notes to the Financial Report	8
Independent Auditor's Report	52

**CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

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

STATEMENT BY CEO

The accompanying financial report of the City of Joondalup has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the EIGHTEENTH day of NOVEMBER 2024



Chief Executive Officer
JAMES PEARSON

Name of Chief Executive Officer

**CITY OF JOONDALUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	2(a),27	108,795,989	108,706,400	105,527,166
Grants, subsidies and contributions	2(a)	8,995,024	8,370,275	10,733,091
Fees and charges	2(a)	45,398,410	42,816,929	42,031,725
Interest revenue	2(a)	9,964,054	5,761,204	6,444,819
Other revenue	2(a)	6,847,781	375,000	3,454,381
		180,001,258	166,029,808	168,191,182
Expenses				
Employee costs	2(b)	(75,621,657)	(70,106,394)	(66,639,170)
Materials and contracts		(57,189,547)	(59,314,523)	(53,628,849)
Utility charges		(6,037,707)	(6,321,613)	(5,756,266)
Depreciation	10(a)	(31,086,532)	(30,945,170)	(30,205,721)
Finance costs	2(b)	(289,132)	(312,521)	(268,014)
Insurance		(1,623,984)	(1,591,630)	(1,599,806)
		(171,848,559)	(168,591,851)	(158,097,826)
		8,152,699	(2,562,043)	10,093,356
Capital grants, subsidies and contributions	2(a)	7,570,170	10,624,074	9,580,228
Profit on asset disposals		416,469	432,738	199,178
Loss on asset disposals		(39,809)	(197,862)	(29,081)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,102	0	4,607
Share of net profit of associates accounted for using the equity method	22(a)	1,454,222	0	1,271,795
		9,403,154	10,858,950	11,026,727
Net result for the period	26(b)	17,555,853	8,296,907	21,120,083
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	7,985,787	0	51,598,336
Share of other comprehensive income of associates accounted for using the equity method	17, 22(b)	214,543	0	1,710,608
Total other comprehensive income for the period	17	8,200,330	0	53,308,944
Total comprehensive income for the period		25,756,183	8,296,907	74,429,027

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

**CITY OF JOONDALUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	NOTE	2024 \$	2023 \$
CURRENT ASSETS			
Cash and cash equivalents	3	50,180,587	44,278,285
Trade and other receivables	5	3,640,594	3,391,478
Other financial assets	4(a)	116,590,000	107,380,000
Inventories	6	880,249	760,689
Other assets	7	4,417,743	2,681,816
TOTAL CURRENT ASSETS		175,709,173	158,492,268
NON-CURRENT ASSETS			
Trade and other receivables	5	2,327,029	2,317,264
Other financial assets	4(b)	103,964	101,862
Inventories	6	1,095,804	2,699,325
Investment in associate	22(a)	33,733,056	29,925,789
Property, plant and equipment	8(a)	386,770,047	381,218,643
Infrastructure	9(a)	1,037,918,810	1,026,960,412
Right-of-use assets	11(a)	6,552,928	7,083,873
TOTAL NON-CURRENT ASSETS		1,468,501,638	1,450,307,168
TOTAL ASSETS		1,644,210,811	1,608,799,436
CURRENT LIABILITIES			
Trade and other payables	12	14,991,991	13,241,412
Other liabilities	13	10,579,407	6,706,122
Lease liabilities	11(b)	575,027	653,487
Borrowings	14	962,667	935,712
Employee related provisions	15	21,702,630	16,468,013
Other provisions	16	0	9,415
TOTAL CURRENT LIABILITIES		48,811,722	38,014,161
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	6,355,724	6,742,665
Borrowings	14	0	962,667
Employee related provisions	15	1,593,462	1,386,222
TOTAL NON-CURRENT LIABILITIES		7,949,186	9,091,554
TOTAL LIABILITIES		56,760,908	47,105,715
NET ASSETS		1,587,449,903	1,561,693,721
EQUITY			
Retained surplus		569,397,215	562,368,848
Reserve accounts	30	130,282,531	119,755,045
Revaluation surplus	17	887,770,158	879,569,828
TOTAL EQUITY		1,587,449,903	1,561,693,721

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



**CITY OF JOONDALUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2022		555,332,842	105,567,295	826,260,884	1,487,161,021
Comprehensive income for the period					
Net result for the period		21,120,083	0	0	21,120,083
Other comprehensive income for the period	17	0	0	53,308,944	53,308,944
Total comprehensive income for the period		21,120,083	0	53,308,944	74,429,027
Transfers from reserve accounts	30	29,115,707	(29,115,707)	0	0
Transfers to reserve accounts	30	(43,303,457)	43,303,457	0	0
Transfer from Trust Funds		103,673	0	0	103,673
Balance as at 30 June 2023		562,368,848	119,755,045	879,569,828	1,561,693,721
Comprehensive income for the period					
Net result for the period		17,555,853	0	0	17,555,853
Other comprehensive income for the period	17	0	0	8,200,330	8,200,330
Total comprehensive income for the period		17,555,853	0	8,200,330	25,756,183
Transfers from reserve accounts	30	23,215,961	(23,215,961)	0	0
Transfers to reserve accounts	30	(33,743,448)	33,743,448	0	0
Transfer from Trust Funds	31	0	0	0	0
Balance as at 30 June 2024		569,397,215	130,282,531	887,770,158	1,587,449,904

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

**CITY OF JOONDALUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		108,808,982	105,408,875
Grants, subsidies and contributions		8,678,567	12,513,642
Fees and charges		45,390,636	42,041,876
Interest revenue		9,964,054	6,444,819
Goods and services tax received		0	(319,906)
Other revenue		401,178	461,143
		<u>173,243,417</u>	<u>166,550,448</u>
Payments			
Employee costs		(69,185,106)	(65,699,057)
Materials and contracts		(58,282,349)	(54,730,334)
Utility charges		(6,037,707)	(5,756,266)
Finance costs		(289,132)	(268,014)
Insurance paid		(1,623,984)	(1,599,806)
Goods and services tax paid		144,937	0
		<u>(135,273,341)</u>	<u>(128,053,477)</u>
Net cash provided by operating activities	18(b)	<u>37,970,076</u>	<u>38,496,971</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Proceeds/(payments) from financial assets at amortised cost - Term deposits		(9,210,000)	(6,170,000)
Payments for purchase of property, plant & equipment	8(a)	(14,394,419)	(16,751,152)
Payments for construction of infrastructure	9(a)	(24,977,259)	(24,184,014)
Capital grants, subsidies and contributions		11,443,455	10,751,433
Net Distributions from investments in associates - Catalina Regional Council		5,812,240	3,749,260
Equity Investment - Mindarie Regional Council		0	0
Proceeds from sale of property, plant & equipment		847,409	415,670
Net cash provided by (used in) investing activities		<u>(30,478,574)</u>	<u>(32,188,803)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	29(a)	(935,713)	(909,513)
Payments for principal portion of lease liabilities	29(b)	(653,487)	(493,531)
Net cash provided by financing activities		<u>(1,589,200)</u>	<u>(1,403,044)</u>
Net increase (decrease) in cash held		<u>5,902,302</u>	<u>4,905,125</u>
Cash at beginning of year		44,278,285	39,269,487
Transfer from Trust Fund	31	0	103,673
Cash and cash equivalents at the end of the year	18(a)	<u><u>50,180,587</u></u>	<u><u>44,278,285</u></u>

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

**CITY OF JOONDALUP
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	27	108,795,989	108,706,400	105,527,166
Grants, subsidies and contributions		8,995,024	8,370,275	10,733,091
Fees and charges		45,398,410	42,816,929	42,031,725
Interest revenue		9,964,054	5,761,204	6,444,819
Other revenue		6,847,781	375,000	3,454,381
Profit on asset disposals		416,469	432,738	199,178
		<u>180,417,727</u>	<u>166,462,546</u>	<u>168,390,360</u>
Expenditure from operating activities				
Employee costs		(75,621,657)	(70,106,394)	(66,639,170)
Materials and contracts		(57,189,547)	(59,314,523)	(53,628,849)
Utility charges		(6,037,707)	(6,321,613)	(5,756,266)
Depreciation		(31,086,532)	(30,945,170)	(30,205,721)
Finance costs		(289,132)	(312,521)	(268,014)
Insurance		(1,623,984)	(1,591,630)	(1,599,806)
Loss on asset disposals		(39,809)	(197,862)	(29,081)
		<u>(171,888,368)</u>	<u>(168,789,713)</u>	<u>(158,126,907)</u>
Non-cash amounts excluded from operating activities	28(a)	24,569,538	30,810,294	26,799,469
Amount attributable to operating activities		<u>33,098,897</u>	<u>28,483,127</u>	<u>37,062,922</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		7,570,170	10,624,074	9,580,228
Proceeds from disposal of assets		847,409	908,750	415,670
		<u>5,812,240</u>	<u>3,333,333</u>	<u>3,749,260</u>
Net Distributions from investments in associates - Catalina Regional Council	22(b)	14,229,819	14,866,157	13,745,158
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(14,394,419)	(11,088,038)	(16,751,152)
Purchase and construction of infrastructure	9(a)	(24,977,259)	(34,921,297)	(24,184,013)
		<u>(39,371,678)</u>	<u>(46,009,335)</u>	<u>(40,935,165)</u>
Amount attributable to investing activities		<u>(25,141,859)</u>	<u>(31,143,178)</u>	<u>(27,190,007)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	30	23,215,961	17,255,542	29,115,707
Transfer from Trust Fund	31	0	0	103,673
		<u>23,215,961</u>	<u>17,255,542</u>	<u>29,219,380</u>
Outflows from financing activities				
Repayment of borrowings	29(a)	(935,713)	(935,712)	(909,513)
Payments for principal portion of lease liabilities	29(b)	(653,487)	(492,558)	(493,532)
Transfers to reserve accounts	30	(33,743,448)	(15,479,580)	(43,303,457)
		<u>(35,332,647)</u>	<u>(16,907,850)</u>	<u>(44,706,502)</u>
Amount attributable to financing activities		<u>(12,116,686)</u>	<u>347,693</u>	<u>(15,487,122)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	28(b)	3,534,128	2,262,360	9,148,335
Amount attributable to operating activities		33,098,897	28,483,127	37,062,922
Amount attributable to investing activities		(25,141,859)	(31,143,178)	(27,190,007)
Amount attributable to financing activities		(12,116,686)	347,693	(15,487,122)
Surplus or deficit after imposition of general rates	28(b)	<u>(625,519)</u>	<u>(49,998)</u>	<u>3,534,128</u>

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

**CITY OF JOONDALUP
FOR THE YEAR ENDED 30 JUNE 2024
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	12
Note 4	Other Financial Assets	12
Note 5	Trade and Other Receivables	13
Note 6	Inventories	14
Note 7	Other Assets	15
Note 8	Property, Plant and Equipment	16
Note 9	Infrastructure	18
Note 10	Fixed Assets	20
Note 11	Leases	22
Note 12	Trade and Other Payables	24
Note 13	Other Liabilities	25
Note 14	Borrowings	26
Note 15	Employee Related Provisions	27
Note 16	Other Provisions	28
Note 17	Revaluation Surplus	29
Note 18	Notes to the Statement of Cash Flows	30
Note 19	Contingent Liabilities	31
Note 20	Capital Commitments	31
Note 21	Related Party Transactions	33
Note 22	Investment in Associates	35
Note 23	Financial Risk Management	37
Note 24	Events Occurring After the End of the Reporting Period	41
Note 25	Other Significant Accounting Policies	42
Note 26	Function and Activity	43
 Information required by legislation		
Note 27	Rating Information	45
Note 28	Determination of Surplus or Deficit	46
Note 29	Borrowing and Lease Liabilities	47
Note 30	Reserve accounts	49
Note 31	Trust Funds	51

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

1. BASIS OF PREPARATION

The financial report of the City of Country which is a Class 1 local government comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

The Local Government (Financial Management) Regulations 1996 provide that:

- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls; and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the City to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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 financial 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 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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 of the financial report.

Critical accounting estimates and judgements

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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets - note 4
- impairment of financial assets - note 23
- estimation of fair values of land and buildings, and infrastructure - note 8
- estimation uncertainties made in relation to lease accounting - note 11

Fair value hierarchy information can be found in note 25

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2021-7c *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-5 *Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 *Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

- AASB 2023-1 *Amendments to Australian Accounting Standards - Supplier Finance Arrangements*

These amendments may result in additional disclosures in the case of applicable finance arrangements.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	108,795,989	0	108,795,989
Grants, subsidies and contributions	604,031	0	0	8,390,993	8,995,024
Fees and charges	14,978,073	0	30,420,337	0	45,398,410
Interest revenue	0	0	0	9,964,054	9,964,054
Other revenue	6,765,705	0	0	82,076	6,847,781
Capital grants, subsidies and contributions	0	7,570,170	0	0	7,570,170
Total	22,347,809	7,570,170	139,216,326	18,437,123	187,571,428

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	105,527,166	0	105,527,166
Grants, subsidies and contributions	448,423	0	0	10,284,668	10,733,091
Fees and charges	12,132,479	0	29,899,246	0	42,031,725
Interest revenue	0	0	0	6,444,819	6,444,819
Other revenue	3,405,768	0	0	48,613	3,454,381
Capital grants, subsidies and contributions	0	9,580,228	0	0	9,580,228
Total	15,986,670	9,580,228	135,426,412	16,778,100	177,771,410

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2024 Actual	2023 Actual
	\$	\$
Interest revenue		
Interest on reserve account funds	5,558,503	3,308,437
Other interest revenue	4,405,551	3,136,382
	<u>9,964,054</u>	<u>6,444,819</u>
Fees and charges relating to rates receivable		
Charges on instalment plan	616,179	585,392
The 2024 original budget estimate in relation to: Charges on instalment plan was \$597,500		
Other revenue		
Miscellaneous	401,179	461,142
Profit on sale of Catalina land	6,446,603	2,993,238
	<u>6,847,781</u>	<u>3,454,381</u>

(b) Expenses

Auditors remuneration and other audit costs		
- Audit of the Annual Financial Report for current FY	146,000	136,000
- Additional Annual Financial Report audit fees incurred for the previous years	0	21,906
- Certifications including grant acquittals incurred for the previous year	8,090	13,050
- Other related audit costs like bank confirmations, legal confirmations etc	1,725	3,150
	<u>155,815</u>	<u>174,106</u>
Employee Costs		
Employee benefit costs	70,706,710	62,934,176
Other employee costs	4,914,947	3,704,994
	<u>75,621,657</u>	<u>66,639,170</u>
Finance costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	289,132	268,014
	<u>289,132</u>	<u>268,014</u>

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

3. CASH AND CASH EQUIVALENTS

	Note	2024	2023
		\$	\$
Cash at bank and on hand		50,180,587	44,278,285
Total cash and cash equivalents	18(a)	50,180,587	44,278,285
Held as			
- Unrestricted cash and cash equivalents		25,908,649	25,197,118
- Restricted cash and cash equivalents	18(a)	24,271,938	19,081,167
		50,180,587	44,278,285

MATERIAL 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 and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

		2024	2023
		\$	\$
(a) Current assets			
Financial assets at amortised cost		116,590,000	107,380,000
		116,590,000	107,380,000
Other financial assets at amortised cost			
Term deposits		116,590,000	107,380,000
		116,590,000	107,380,000
Held as			
- Restricted other financial assets at amortised cost	18(a)	116,590,000	107,380,000
		116,590,000	107,380,000
(b) Non-current assets			
Financial assets at fair value through profit or loss		103,964	101,862
		103,964	101,862
Financial assets at fair value through profit or loss			
Units in Local Government House Trust - opening balance		101,862	97,255
Movement attributable to fair value increment		2,102	4,607
Units in Local Government House Trust - closing balance		103,964	101,862

MATERIAL 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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 25) due to the observable market rates).

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit or loss

The City has elected to classify the following financial assets at fair value through profit or 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 elected to recognise as fair value gains and losses through profit or loss.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

5. TRADE AND OTHER RECEIVABLES

	Note	2024 \$	2023 \$
Current			
Rates and statutory receivables		1,633,345	1,565,873
Sundry receivables		1,183,728	864,921
GST receivable		840,004	984,941
Allowance for credit losses of trade receivables	23(b)	(16,483)	(24,257)
		3,640,594	3,391,478
Non-current			
Pensioner's rates and ESL deferred		2,006,490	1,994,375
Long service leave - due from other Councils	15	320,539	322,889
		2,327,029	2,317,264

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

	Note	30 June 2024 Actual \$	30 June 2023 Actual \$
Trade and other receivables from contracts with customers		790,156	333,643
Allowance for credit losses of trade receivables	5	(16,483)	(24,257)
Total trade and other receivables from contracts with customers		773,673	309,386

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the City 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.

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 23.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

6. INVENTORIES

Note	2024	2023
	\$	\$
Current		
Inventories	163,736	143,556
Land held for resale	90,442	90,442
Assets held for transfer (Note 1)	2	2
Catalina Regional Council - Land held for sale (Note 2)	626,069	526,689
	880,249	760,689
Non-current		
Land held for resale		
Catalina Regional Council - Land held for sale (Note 2)	1,095,804	2,699,325
	1,095,804	2,699,325

The following movements in inventories occurred during the year:

Balance at beginning of year	3,460,014	2,768,026
Inventories expensed during the year	(6,524,533)	(3,379,580)
Additions to inventory	5,040,572	4,071,568
Balance at end of year	1,976,053	3,460,014

Note 1- Assets held for transfer comprises: Two lots of land to be transferred to Development WA for the Ocean Reef Marina development. The two lots were originally recognised and presented at a combined cost of \$554,785. They are now held at their net realisable value, following revaluation in 2019-20. The land was presented in the 2018-19 financial year at a combined fair value of \$63,077,000 following revaluation in 2017. In addition peripheral assets previously held at a value of \$6,598,000 (\$2,745,000 buildings and \$3,853,000 infrastructure) relevant to the development are also held at net realisable value.

Note 2 - This land relates to the Tamala Park Regional Council (TPRC's) subsequently changed to Catalina Regional Council (CRC) on 1st August 2023 which 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.

MATERIAL 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.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

7. OTHER ASSETS

	2024	2023
	\$	\$
Other assets - current		
Prepayments	1,182,732	485,602
Accrued income	3,235,011	2,196,214
	4,417,743	2,681,816

MATERIAL 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.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Artworks	Work in progress	Library Assets	Total property, plant and equipment
	\$	\$		\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	115,587,379	210,208,471	325,795,850	1,062,788	14,989,028	927,886	28,075,519	1,813,873	372,664,944
Additions	0	0	0	0	0	0	16,451,136	300,016	16,751,152
Disposals	0	0	0	0	(245,572)	0	0	0	(245,572)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	255,758	0	0	255,758
Impairment (losses) / reversals	0	(162,742)	(162,742)	0	0	(23,720)	(22,380)	0	(208,842)
Depreciation	0	(4,424,193)	(4,424,193)	(485,741)	(2,620,912)	0	0	(467,950)	(7,998,796)
Transfers	0	1,728,118	1,728,118	656,868	1,364,075	45,440	(4,127,803)	333,302	0
Balance at 30 June 2023	115,587,379	207,349,654	322,937,033	1,233,915	13,486,619	1,205,364	40,376,472	1,979,241	381,218,644
Comprises:									
Gross balance amount at 30 June 2023	115,587,379	318,888,238	434,475,617	9,372,946	27,071,629	1,205,364	40,376,472	5,572,402	518,074,429
Accumulated depreciation at 30 June 2023	0	(111,538,584)	(111,538,584)	(8,139,031)	(13,585,010)	0	0	(3,593,161)	(136,855,786)
Balance at 30 June 2023	115,587,379	207,349,654	322,937,033	1,233,915	13,486,619	1,205,364	40,376,472	1,979,241	381,218,643
Additions	0	0	0	0	0	0	14,106,513	287,906	14,394,419
Disposals	0	0	0	0	(470,749)	0	0	0	(470,749)
Revaluation (loss) / reversals transferred to profit or loss			0						0
Impairment (losses) / reversals	0	(137,391)	(137,391)	(6,561)	(180,787)	(24,718)	0	0	(349,457)
Depreciation	0	(4,464,066)	(4,464,066)	(559,134)	(2,555,176)	0	0	(444,433)	(8,022,809)
Transfers	0	4,678,422	4,678,422	629,115	4,328,194	38,688	(9,910,665)	236,246	0
Balance at 30 June 2024	115,587,379	207,426,619	323,013,998	1,297,335	14,608,101	1,219,334	44,572,320	2,058,960	386,770,047
Comprises:									
Gross balance amount at 30 June 2024	115,587,379	323,184,627	438,772,006	4,663,729	28,443,771	1,219,334	44,572,320	6,096,554	523,767,713
Accumulated depreciation at 30 June 2024	0	(115,758,008)	(115,758,008)	(3,366,394)	(13,835,670)	0	0	(4,037,594)	(136,997,666)
Balance at 30 June 2024	115,587,379	207,426,619	323,013,998	1,297,335	14,608,101	1,219,334	44,572,320	2,058,960	386,770,047

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Independent registered valuer/ Management valuation	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 - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer/ Management valuation	June 2020	Construction Costs based on recent contract prices and current condition, residual values and remaining useful life assessments
Artworks					
Artworks	2	Valuer inspection and appraisal	Independent registered valuer	June 2023	Market based evidence

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. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Footpaths	Drainage	Car Park	Bridges and Underpasses	Other Infrastructure	Lighting	Parks and Reserves	Work in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	401,838,190	87,613,810	250,679,996	15,335,166	23,269,963	5,017,204	23,007,236	137,108,537	28,971,928	972,842,030
Additions	0	0	0	0	0	0	0	0	24,184,014	24,184,014
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	51,342,578	0	51,342,578
Impairment (losses) / reversals	0	(276,885)	(17,165)	0	0	(66,141)	(12,459)	(387,971)	22,380	(738,241)
Depreciation	(9,772,660)	(2,334,920)	(3,013,473)	(423,833)	(383,813)	(133,751)	(1,308,218)	(3,299,299)	0	(20,669,967)
Transfers	2,146,529	3,170,711	420,980	139,512		496,608	1,184,573	7,081,655	(14,640,568)	0
Balance at 30 June 2023	394,212,059	88,172,717	248,070,338	15,050,844	22,886,150	5,313,920	22,871,132	191,845,500	38,537,752	1,026,960,412
Comprises:										
Gross balance at 30 June 2023	692,675,672	128,408,121	359,719,748	25,534,830	37,707,169	6,743,141	45,740,051	248,001,945	38,537,752	1,583,068,429
Accumulated depreciation at 30 June 2023	(298,463,613)	(40,235,403)	(111,649,410)	(10,483,987)	(14,821,019)	(1,429,221)	(22,868,919)	(56,156,445)	0	(556,108,017)
Balance at 30 June 2023	394,212,059	88,172,717	248,070,338	15,050,844	22,886,150	5,313,920	22,871,132	191,845,500	38,537,752	1,026,960,412
Additions	0	0	0	0	0	0	0	0	24,977,259	24,977,259
Revaluation increments / (decrements) transferred to revaluation surplus	0	(2,350)	0	0	0	0	3,194,583	4,793,555	0	7,985,788
Asset Reclassifications		15,579						(15,579)		0
Impairment (losses) / reversals	0	(250,872)	(22,114)	0	0	(74,107)	(54,431)	(209,738)	0	(611,262)
Depreciation	(9,803,082)	(2,208,503)	(3,010,255)	(440,470)	(379,111)	(139,775)	(1,360,947)	(4,051,244)	0	(21,393,387)
Transfers	2,174,049	5,405,149	1,177,434	1,515,900	0	624,890	5,360,463	7,172,398	(23,430,283)	0
Balance at 30 June 2024	386,583,026	91,131,720	246,215,403	16,126,274	22,507,039	5,724,928	30,010,800	199,534,892	40,084,728	1,037,918,810
Comprises:										
Gross balance at 30 June 2024	694,849,720	133,157,742	360,862,851	27,050,731	37,707,169	7,293,924	54,799,836	254,504,821	40,084,728	1,610,311,522
Accumulated depreciation at 30 June 2024	(308,266,694)	(42,026,022)	(114,647,448)	(10,924,457)	(15,200,130)	(1,568,996)	(24,789,036)	(54,969,929)	0	(572,392,712)
Balance at 30 June 2024	386,583,026	91,131,720	246,215,403	16,126,274	22,507,039	5,724,928	30,010,800	199,534,892	40,084,728	1,037,918,810

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value						
	Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
	Footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
	Drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments.
	Car Park	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
	Bridges and Underpasses	3	Cost approach using depreciated replacement cost	Independent registered valuer/ Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
	Other Infrastructure	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
	Lighting	3	Cost approach using depreciated replacement cost	Management valuation	June 2024	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 2023	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.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

10. FIXED ASSETS

(a) Depreciation

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

(b) Fully Depreciated Assets in Use

	2024	2023
	\$	\$
The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below.		
Furniture and equipment	2,726,250	7,458,809
Plant and equipment	3,113,321	2,754,739
Library Assets	1,967,559	1,113,666
	<u>7,807,130</u>	<u>11,327,214</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Local Government (Financial Management) Regulation 17A(5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the City's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the City.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the City to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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.

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the City is not required to comply with *AASB136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 or losses on disposal

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.

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.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Note	Right-of-use assets - land and buildings	Right-of-use assets - plant and equipment	Right-of-use assets Total
Balance at 1 July 2022		\$ 6,039,162	\$ 1,634,585	\$ 7,673,746
Depreciation		(411,687)	(178,186)	(589,873)
Balance at 30 June 2023		5,627,475	1,456,399	7,083,873
Gross balance amount at 30 June 2023		7,169,758	1,793,239	8,962,997
Accumulated depreciation at 30 June 2023		(1,542,283)	(336,840)	(1,879,123)
Balance at 30 June 2023		5,627,475	1,456,399	7,083,873
Additions/ Net adjustments to Lease Liabilities		188,086	0	188,086
Depreciation		(401,966)	(317,066)	(719,032)
Balance at 30 June 2024		5,413,595	1,139,333	6,552,928
Gross balance amount at 30 June 2024		7,357,844	1,793,238	9,151,082
Accumulated depreciation at 30 June 2024		(1,944,250)	(653,905)	(2,598,155)
Balance at 30 June 2024		5,413,595	1,139,333	6,552,928
The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:		2024 Actual		2023 Actual
		\$		\$
Depreciation on right-of-use assets		719,032		589,873
Finance charge on lease liabilities	29(b)	(238,129)		(185,738)
Total amount recognised in the statement of comprehensive income		480,903		404,135
Total cash outflow from leases		(891,616)		(679,268)
(b) Lease Liabilities				
Current		575,027		653,487
Non-current		6,355,724		6,742,665
	29(b)	6,930,751		7,396,152

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

MATERIAL 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 that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a 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.

Details of individual lease liabilities required by regulations are provided at Note 29(b).

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

11. LEASES (Continued)

(c) Lessor - Property, Plant and Equipment Subject to Lease

	2024	2023
	Actual	Actual
	\$	\$
The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.		
Less than 1 year	875,578	838,872
1 to 2 years	891,151	849,243
2 to 3 years	907,524	865,104
3 to 4 years	924,682	881,726
4 to 5 years	942,664	899,146
> 5 years	5,171,335	5,201,156
	<u>9,712,934</u>	<u>9,535,247</u>

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Rental income	847,907	782,745
---------------	---------	---------

The City leases part of facilities and land to incorporated associations, community groups, government departments and other organisations with rental payable monthly, quarterly or annually. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Lease payments include CPI increases, percentage increases or market rates. At the end of the current leases, the City typically enters into new operating leases and therefore does not expect any impact from any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

MATERIAL ACCOUNTING POLICIES

The City as Lessor

Upon entering into each contract as a lessor, the City assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the City applies AASB 15 to allocate the consideration under the contract to each component.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

12. TRADE AND OTHER PAYABLES

Current

	2024	2023
	\$	\$
Trade payables	3,807,080	3,134,113
Other payables	385,240	292,660
Accrued expenses	4,952,367	4,066,351
Rates received in advance	3,574,573	3,465,895
Bonds and deposits held	2,272,731	2,282,393
	<u>14,991,991</u>	<u>13,241,412</u>

MATERIAL ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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 of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises income for the prepaid rates that have not been refunded.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

13. OTHER LIABILITIES

	2024	2023
	\$	\$
Current		
Grants and contributions liabilities	9,357,540	5,484,255
Contract Liabilities	1,221,867	1,221,867
	<u>10,579,407</u>	<u>6,706,122</u>
Reconciliation of changes in contract liabilities		
Opening balance	1,221,867	1,221,867
Additions	0	0
Revenue from contracts with customers included as a contract liability at the start of the period	0	0
	<u>1,221,867</u>	<u>1,221,867</u>

The City expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

Reconciliation of changes in grant/contribution liabilities

Opening balance	5,484,255	4,313,050
Additions	16,151,075	14,403,248
Revenue from Grants and Contributions held as a liability at the start of the period	(12,277,790)	(13,232,043)
	<u>9,357,540</u>	<u>5,484,255</u>

Expected satisfaction of grant/contribution liabilities

Less than 1 year	9,357,540	5,484,255
	<u>9,357,540</u>	<u>5,484,255</u>

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

MATERIAL ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Grant/contribution liabilities

Grant/contribution liabilities represent the City's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the City which are yet to be satisfied. Grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25) due to the unobservable inputs, including own credit risk.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

14. BORROWINGS

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Other loans		962,667	0	962,667	935,712	962,667	1,898,379
Total secured borrowings	29(a)	962,667	0	962,667	935,712	962,667	1,898,379

Secured liabilities and assets pledged as security

Loans are secured by a floating charge over the assets of the City of Joondalup.

The City of Joondalup has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 years

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The City has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 23.

Details of individual borrowings required by regulations are provided at Note 29(a).

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2024	2023
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	5,246,336	4,679,402
Long service leave	6,825,427	6,565,922
Purchased leave	112,004	140,572
Sick Leave	934,882	955,380
Workers Compensation	3,593,078	4,126,737
Other Employee Provisions	4,990,903	0
	<u>21,702,630</u>	<u>16,468,013</u>
Total current employee related provisions	21,702,630	16,468,013
Non-current provisions		
Employee benefit provisions		
Long service leave	1,593,462	1,386,222
	<u>1,593,462</u>	<u>1,386,222</u>
Total non-current employee related provisions	1,593,462	1,386,222
Total employee related provisions	23,296,092	17,854,235

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered. Other Employee Provisions includes estimated value of increases to wages subject to outcome of the enterprise bargaining agreement negotiations.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Note	2024	2023
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	21,702,630	16,468,013
More than 12 months from reporting date	1,593,462	1,386,222
	<u>23,296,092</u>	<u>17,854,235</u>

Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	320,539	322,889
--	---	---------	---------

MATERIAL ACCOUNTING POLICIES

Employee benefits

The City's obligations for employees' annual leave, long service leave, other employee leave entitlements and increases to wages from employment bargaining agreement negotiations are recognised as employee related provisions in the Statement of Financial Position.

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

Long-term employee benefits provisions 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 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.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

16 OTHER PROVISIONS

	Other Provisions	Total
	\$	\$
Opening balance at 1 July 2023		
Current provisions	9,415	9,415
	9,415	9,415
Amounts used	(9,415)	(9,415)
Balance at 30 June 2024	0	0

Other provisions

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

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.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

17. REVALUATION SURPLUS

	2024 Opening Balance	Total Movement on Revaluation	2024 Closing Balance	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	127,878,068	0	127,878,068	127,878,068	0	127,878,068
Revaluation surplus - Buildings - specialised	141,089,543	0	141,089,543	141,089,543	0	141,089,543
Revaluation surplus - Artworks	255,758	0	255,758	0	255,758	255,758
Revaluation surplus - Infrastructure - roads	165,280,142	0	165,280,142	165,280,142	0	165,280,142
Revaluation surplus - Footpaths	79,464,052	(2,350)	79,461,702	79,464,052	0	79,464,052
Revaluation surplus - Drainage	165,440,145	0	165,440,145	165,440,145	0	165,440,145
Revaluation surplus - Car Park	4,741,097	0	4,741,097	4,741,097	0	4,741,097
Revaluation surplus - Bridges and Underpasses	26,379,892	0	26,379,892	26,379,892	0	26,379,892
Revaluation surplus - Other Infrastructure	1,718,757	0	1,718,757	1,718,757	0	1,718,757
Revaluation surplus - Lighting	6,647,764	3,194,583	9,842,347	6,647,764	0	6,647,764
Revaluation surplus - Parks and Reserves	150,208,314	4,793,555	155,001,868	98,865,736	51,342,578	150,208,314
	869,103,532	7,985,787	877,089,319	817,505,196	51,598,336	869,103,532
Revaluation surplus - Share from investments in Associates:-						
Catalina Regional Council Assets	1,060	0	1,060	1,060	0	1,060
Mindarie Regional Council Assets	10,465,236	214,543	10,679,779	8,754,628	1,710,608	10,465,236
	10,466,296	214,543	10,680,839	8,755,688	1,710,608	10,466,296
Total Revaluation Surplus	879,569,828	8,200,330	887,770,158	826,260,884	53,308,944	879,569,828

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) 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:

	Note	2024 Actual	2023 Actual
		\$	\$
Cash and cash equivalents	3	50,180,587	44,278,285
Restrictions			
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	24,271,938	19,081,167
- Financial assets at amortised cost	4	116,590,000	107,380,000
		140,861,938	126,461,167

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts	30	130,282,531	119,755,045
Grants and contributions liabilities	13	9,357,540	5,484,255
Contract liabilities	13	1,221,867	1,221,867
Total restricted financial assets		140,861,938	126,461,167

**(b) Reconciliation of Net Result to Net Cash Provided
By Operating Activities**

Net result		17,555,853	21,120,083
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		(2,102)	(4,607)
Depreciation/amortisation		31,086,532	30,205,721
(Profit)/loss on sale of asset		(376,660)	(170,097)
(Profit)/loss on sale of land held for resale		(6,446,603)	(2,993,238)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(1,713,103)	105,513
(Increase)/decrease in other assets		(1,735,927)	(1,570,707)
(Increase)/decrease in inventories		(20,180)	31,437
Increase/(decrease) in trade and other payables		1,750,579	342,661
Increase/(decrease) in employee related provisions		5,441,857	1,010,435
Capital grants, subsidies and contributions		(7,570,170)	(9,580,228)
Net cash provided by/(used in) operating activities		37,970,076	38,496,973

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	750,000	500,000
Credit card limit	48,000	47,000
Credit card balance at balance date	(23,368)	(17,053)
Total amount of credit unused	774,632	529,947

Loan facilities

Loan facilities - current	962,667	935,712
Loan facilities - non-current	0	962,667
Total facilities in use at balance date	962,667	1,898,379

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

19. CONTINGENT LIABILITIES

(a) Contaminated site – Mindarie Regional Council Landfill site

The 2021 Mandatory Auditor's Report (MAR) report recommended that further works were required to close out the following:

- The adequacy of the landfill gas monitoring network including confirmation of screening intervals.
- Assessment of the potential for off-site migration of landfill gas particularly with relation to preferential pathways.
- Ongoing assessment of landfill gas and groundwater as part of an ongoing site management plan to inform long term trends and to inform the need or otherwise for mitigation measures.
- The MAR noted further long-term assessment of Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) (in addition to other Contaminant of Potential Concern (COPCs) in groundwater including arsenic, nickel, ammonia, benzene and pathogens) would be appropriate.

The October 2023 MAR reported on those further investigations completed and provides an update on the conditions of the source site and affected site.

The purpose of the 2023 MAR audit was to:

- Confirm that the investigations undertaken adequately characterized the contamination status of the site.
- Confirm whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.
- Confirm the suitability of the site for the current and proposed land uses.
- Recommend a site classification under the Contaminated Sites Act 2003

The MAR auditor has determined, based on the analysis contained in the assessed reports, that:

- Source Site: Remains suitable for ongoing use as a Class II landfill, subject to implementation of a site management plan to prevent exposure to landfill gas, soil and groundwater contamination
- Affected Site: Remains suitable for current use as a development "buffer zone". The site is situated to the north of the MRC landfill.

The October 2023 MAR report summary of findings for the Source and Affected sites are listed below:

Source site:

- Soil – No soil investigations were completed in 2021 and 2023
- Groundwater – Groundwater results indicate impact to aquifer immediately below the landfill. Elevated levels of contaminants were above the relevant drinking water guidelines, some also exceeded the criteria for non-potable water use. No COPCs were detected in samples collected from the onsite abstraction bore above the non-potable criteria.
- Landfill gas – The site is considered capable of generating a significant quantity of landfill gases and vapours. Methane was detected at elevated levels in boreholes outside the waste mass and along the northern wall of the landfill. The extraction system appears to be effectively mitigating methane with negligible detections outside of the extraction well network. There are indications of fugitive emissions through damages areas of the cap which would require repair and maintenance.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

19 CONTINGENT LIABILITIES

Affected site:

- Groundwater results indicate some contaminants above the relevant drinking water guidelines but were below criteria for non-potable water uses. Certain COPCs detected above drinking water criteria were considered to be a reflection of natural site conditions.
- No methane has been recorded in recent events at monitoring wells outside the site boundary.

Site management plan (SMP)

A SMP was developed and received by the MRC in May 2020 and updated in May 2022. The SMP was required to provide a management plan for the site to ensure that potential hazards associated with soil, landfill gas, and groundwater contaminants are appropriately managed for the site's continued use as a landfill facility and leachate management. There are no "results" associated with this SMP, it is an ongoing document that continues to evolve to address the comprehensive management of landfill gas and groundwater in light of the most recent information obtained from periodic tests results.

The October 2023 MAR report concludes that:

- The auditor is satisfied that the information contained in the reviewed reports, considered as a whole, is sufficient to inform the current site and surrounding site condition and restrictions that may be applicable.
- Expectations of concerted effort to improve future reporting and reports to comply with relevant standards and guidelines.
- The assessments were sufficient to define the potential extents and types of contaminated media with an appropriate level of confidence.
- Investigation methodologies were sufficient to assess and manage risk.
- Ongoing assessment of landfill gas and groundwater as part of an ongoing Site Management Plan should be undertaken to inform long term trends and to inform the need or otherwise for mitigation measures.

The MRC Contaminated Site Approved Auditor recommended that MRC should continue to provide the auditor with updated information as it becomes available (ie at least a 6 monthly update following sampling and annual reporting, plus immediate notification if things change). Communication received on 3 May 2024 stated "as there has been no change in the risk profile and nothing to indicate that restrictions should change, a MAR should be submitted in 2025 following 2 years of monitoring".

(b) Contaminated sites- other

Under the contaminated sites Act 2003, the City is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Contaminated Sites Act 2003, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated - remediation required or possibly contaminated investigation required, the City may have a liability in respect of investigation or remediation expense.

During the year the City reported two suspected contaminated sites to DWER. These have been classified as "Possibly Contaminated Investigation is Required". The City is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

20. CAPITAL COMMITMENTS

	2024	2023
	\$	\$
Contracted for:		
- capital expenditure projects	11,573,143	6,808,795
	11,573,143	6,808,795
Payable:		
- not later than one year	11,573,143	6,808,795

21. RELATED PARTY TRANSACTIONS

(a) Council Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.

Note	2024 Actual	2024 Budget	2023 Actual
	\$	\$	\$
Mayor's annual allowance	142,815	142,815	140,701
Mayor's child care expenses	7,244	7,500	6,672
Mayor's other expenses	3,459	1,370	4,938
Mayor's annual allowance for ICT expenses	3,500	3,500	3,500
Mayor's travel and accommodation expenses	14	2,500	4,284
Mayor's conference/training	5,284	18,400	3,539
	162,317	176,085	163,633
Deputy Mayor's annual allowance	23,345	23,345	22,999
Deputy Mayor's meeting attendance fees	32,960	32,960	32,470
Deputy Mayor's other expenses	0	1,370	5,808
Deputy Mayor's annual allowance for ICT expenses	3,500	3,500	3,500
Deputy Mayor's travel and accommodation expenses	0	2,000	2,657
Deputy Mayor's conference/training	8,282	8,400	0
	68,087	71,575	67,434
All other council member's meeting attendance fees	362,560	362,560	357,170
All other council member's All other council member expenses	29,371	44,769	8,925
All other council member's annual allowance for ICT expenses	38,500	38,500	38,500
All other council member's travel and accommodation expenses	12,329	25,944	49,727
All other council member's Conference and Training expenses	12,424	92,719	15,463
	455,184	564,492	469,785
21(b)	685,588	812,152	700,852

(b) Key Management Personnel (KMP) Compensation

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

Note	2024 Actual	2023 Actual
	\$	\$
Short-term employee benefits	1,384,977	1,270,157
Post-employment benefits	166,591	148,569
Employee - other long-term benefits	170,886	161,639
Council member costs	685,588	700,852
	2,408,043	2,281,217

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

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

Other long-term benefits

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

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

21. RELATED PARTY TRANSACTIONS

(c) 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 guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2024 Actual	2023 Actual
	\$	\$
Mindarie Regional Council		
Sale of goods and services	206,883	181,501
Purchase of goods and services	6,170,630	6,067,198
Trade and other payables	233,378	117,844
Catalina Regional Council		
Distributions received	5,000,000	3,333,332
Reimbursements received	812,240	415,928
Payments made for settling GST liabilities	174,848	270,177
Trade and other receivables	119,256	129,087
Trade and other payables	234,902	142,107

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 council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b)

ii. Other Related Parties

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

There were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

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.

The City has significant influence over Mindarie Regional council and Catalina Regional Council; as the City is party to agreements establishing the regional councils and is correspondingly represented on the Council's of these entities.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

22. INVESTMENT IN ASSOCIATES

(a) Carrying amount of investment in associates

Set out in the table below are the associates of the City. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest		2024	2023
	2024	2023	Actual	Actual
			\$	\$
Equity in Mindarie Regional Council	16.67%	16.67%	23,446,438	22,119,135
Equity in Catalina Regional Council	16.67%	16.67%	10,286,618	7,806,654
Total equity-accounted investments			33,733,056	29,925,789
Share of associates profit/(loss) from continuing operations				
Mindarie Regional Council			1,112,761	1,071,671
Catalina Regional Council			341,461	200,123
			1,454,222	1,271,794

(b) Mindarie Regional Council

The City of Joondalup, along with the City of Wanneroo, City of Perth, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Mindarie Regional Council. The City holds 1/6 share of the land and establishment costs of the refusal disposal facility.

The City has determined it has significant influence over the Regional Council despite holding less than 20 percent of the voting rights as the City has representation on Council and participates in policy-making decisions including the decisions regarding contributions and distributions.

The tables below reflect the summarised financial information of the material investments in associates based on the audited results of the City of Joondalup. This does not reflect the City's share of those amounts. They have been amended to reflect adjustments made by the City when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Mindarie Regional Council Statement of Summarised comprehensive income	Note	2024	2023
		Actual	Actual
		\$	\$
Total operating revenues		40,686,227	39,111,122
Total operating expenses		(34,009,663)	(32,681,096)
Net Result		6,676,564	6,430,026
Other comprehensive income			
Net change on revaluation of assets		1,287,255	10,263,654
Total comprehensive income for the period		7,963,819	16,693,680
The City's interest in Mindarie Regional Council's Total Comprehensive Income (1/6th share)			
Share of associate's profit/(loss) from ordinary activities	22(a)	1,112,761	1,071,671
Share of associate's other comprehensive income arising during the period	17	214,543	1,710,608
Share of associate's total comprehensive income arising during the period		1,327,303	2,782,279
Mindarie Regional Council Summarised statement of financial position			
Current Assets		79,426,688	64,273,412
Non-Current Assets		103,118,451	100,324,693
Total Assets		182,545,139	164,598,105
Current liabilities		(16,570,400)	(5,528,381)
Non-Current Liabilities		(25,296,110)	(26,354,914)
Total Liabilities		(41,866,510)	(31,883,295)
Net assets		140,678,629	132,714,810
The City's interest in Mindarie Regional Council Net assets (1/6th share)		23,446,438	22,119,135
Movement in Carrying Amount			
Carrying amount at 1 July		22,119,135	19,336,855
Share of associate's total comprehensive income arising during the period		1,327,303	2,782,279
Contribution to equity in associate		0	0
Carrying amount at 30 June		23,446,438	22,119,135

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

22. INVESTMENT IN ASSOCIATES

(c) Catalina Regional Council

Tamala Park Regional Council (TPRC) subsequently changed to Catalina Regional Council (CRC) on 1st August 2023 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 CRC as equity investment to be used for CRC purposes.

The City has determined it has significant influence over the Regional Council despite holding less than 20 percent of the voting rights as the City has representation on Council and participates in policy-making decisions including the decisions regarding contributions and distributions

The current fair value of the equity is estimated at \$10,286,618. As per the audited financial statements of Catalina Regional Council for the year ended 30 June 2024, the City's share of Net result of operations was a profit of \$341,461. The City has recognised this profit in the Statement of Comprehensive Income in accordance with the equity method of accounting.

The tables below reflect the summarised financial information of the material investments in associates based on the audited results of the City of Joondalup. This does not reflect the City's share of those amounts. They have been amended to reflect adjustments made by the City when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

**Catalina Regional Council Statement of Summarised
Comprehensive Income**

Note	2024 Actual \$	2023 Actual \$
Total operating revenues	3,745,910	2,192,146
Total operating expenses	(1,189,846)	(1,190,176)
Net Result	2,556,064	1,001,970
Other comprehensive income		
Net change on revaluation of assets	0	(6,353)
Total Comprehensive Income	2,556,064	995,617

**The City's interest in Catalina Regional Council's
Total Comprehensive Income (1/6th share)**

	2024 Actual \$	2023 Actual \$
Share of associate's total comprehensive income as above	426,011	165,936
Additional movement in Share of associate's profit/(loss) from ordinary activities	(84,550)	34,187
Share of associate's total comprehensive income arising during the period	341,461	200,123

22(a)

**The Catalina Regional Council summarised statement of
Financial Position**

	2024 Actual \$	2023 Actual \$
Current Assets	58,594,820	44,873,314
Non-Current Assets	3,841,864	2,640,157
Total assets	62,436,684	47,513,471
Current liabilities	(628,116)	(559,922)
Non-Current Liabilities	(88,862)	(113,627)
Total liabilities	(716,978)	(673,549)
Net Assets	61,719,706	46,839,922
The City's interest in Catalina Regional Council Net Assets (1/6th share)	10,286,618	7,806,654

Movement in Carrying Value

Carrying amount at 1 July	7,806,654	9,085,982
Movement in Capital Contributions	7,950,742	2,269,808
Distributions Received	(5,812,240)	(3,749,260)
Share of associate's total comprehensive income arising during the period	341,461	200,123
Carrying amount at 30 June	10,286,618	7,806,654

22(a)

(d) Contingent liabilities related to investments in associates

Refer to Note 19(a) for contingent liabilities relating to Mindarie Regional Council.

SIGNIFICANT ACCOUNTING POLICIES**Investments in associates**

An associate is an entity over which the City has significant influence, that is it has the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Investments in associates are accounted for using the equity method. The equity method of accounting, is 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.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

23. 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 rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	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 department under policies approved by the council. The finance department 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, term deposits, and Treasury bonds 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
	%	\$	\$	\$	\$
2024					
Cash and cash equivalents	4.70%	50,180,587	0	50,171,802	8,785
Financial assets at amortised cost - term deposits	5.27%	116,590,000	116,590,000	0	0
2023					
Cash and cash equivalents	4.30%	44,278,285	0	44,269,500	8,785
Financial assets at amortised cost - term deposits	4.43%	107,380,000	107,380,000	0	0

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

23 FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity

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

	2024	2023
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	501,718	442,695

* 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 29(a).

(b) Credit risk

Trade and Other Receivables

The City's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. 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.

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

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2023 or 1 July 2024 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2024 and 30th June 2023 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2024					
Rates receivable					
Gross carrying amount	0	3,639,835	0	0	3,639,835
30 June 2023					
Rates receivable					
Gross carrying amount	0	3,560,248	0	0	3,560,248

The loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2024					
Trade and other receivables					
Gross carrying amount	1,484,528	5,290	465	13,983	1,504,267
Loss allowance	0	2,035	465	13,983	16,483
30 June 2023					
Trade and other receivables					
Gross carrying amount	1,135,938	28,500	1,690	21,682	1,187,810
Loss allowance	0	885	1,690	21,682	24,257

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for Trade and other receivables as at 30 June reconcile to the opening loss allowances as follows:

	Trade receivables		Other receivables		Contract Assets	
	2024 Actual	2023 Actual	2024 Actual	2023 Actual	2024 Actual	2023 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	24,257	14,106	0	0	0	0
Receivables written off during the year as uncollectible	13,983	21,757	0	0	0	0
Unused amount reversed	(21,757)	(11,606)	0	0	0	0
Closing loss allowance at 30 June	16,483	24,257	0	0	0	0

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on rates and statutory receivables, trade and other receivables are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

The contractual undiscounted cash flows of the City's payables 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
	\$	\$	\$	\$	\$
<u>2024</u>					
Trade and other payables	14,991,991	0	0	14,991,991	14,991,991
Lease liabilities	778,396	3,034,791	4,409,002	8,222,189	6,930,751
Borrowings	962,667	0	0	962,667	962,667
	16,733,054	3,034,791	4,409,002	24,176,847	22,885,409
<u>2023</u>					
Trade and other payables	13,241,412	0	0	13,241,412	13,241,412
Lease liabilities	872,301	2,990,001	4,901,612	8,763,914	7,396,152
Borrowings	979,875	979,875	0	1,959,750	1,898,379
	15,093,588	3,969,876	4,901,612	23,965,076	22,535,943

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no material events after 30 June 2024 that require inclusion in the notes to the financial statements.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

25. OTHER MATERIAL 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 report 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) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) 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.

j) Impairment of assets

In accordance with Australian Accounting Standards the City's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an 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.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

26. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

City operations as disclosed in this financial report encompass the following service orientated functions and activities.

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

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

26. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses	2024 Actual \$	2023 Actual \$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	7,949,078	4,289,050
General purpose funding	118,976,852	112,201,557
Law, order, public safety	3,463,040	3,477,921
Health	486,044	414,098
Education and welfare	73,867	72,633
Community amenities	24,266,178	23,953,897
Recreation and culture	14,449,086	11,581,900
Transport	642,192	811,715
Economic services	1,183,838	1,087,741
Other property and services	1,388,852	1,043,159
	<u>172,879,027</u>	<u>158,933,671</u>
Grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	15,664	633
General purpose funding	4,027,401	5,326,595
Law, order, public safety	81,983	67,278
Health	5,010	4,380
Education and welfare	50,766	44,227
Community amenities	664,821	666,172
Recreation and culture	2,560,381	4,389,938
Transport	8,627,329	9,257,102
Economic services	25,530	29,469
Other property and services	506,309	527,525
	<u>16,565,194</u>	<u>20,313,319</u>
Total Income	<u>189,444,221</u>	<u>179,246,990</u>
Expenses		
Governance	(6,539,629)	(6,387,848)
General purpose funding	(3,345,999)	(3,124,881)
Law, order, public safety	(4,340,005)	(4,047,625)
Health	(1,838,395)	(1,663,850)
Education and welfare	(2,083,183)	(2,088,194)
Community amenities	(27,143,380)	(25,750,333)
Recreation and culture	(55,669,429)	(51,203,514)
Transport	(30,125,063)	(29,219,644)
Economic services	(3,414,928)	(2,869,002)
Other property and services	(37,388,356)	(31,772,016)
Total expenses	<u>(171,888,368)</u>	<u>(158,126,907)</u>
Net result for the period	<u>17,555,853</u>	<u>21,120,083</u>
(c) Total Assets		
Governance	206,777	177,330
General purpose funding	41,872,188	37,360,485
Law, order, public safety	5,422,385	5,490,024
Health	466,715	424,366
Education and welfare	6,448,253	6,522,165
Community amenities	78,312,588	67,692,662
Recreation and culture	432,289,803	418,919,759
Transport	893,801,563	887,430,293
Economic services	24,758,308	29,553,941
Other property and services	160,632,231	155,228,411
	<u>1,644,210,811</u>	<u>1,608,799,436</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

27. RATING INFORMATION

(a) General Rates

RATE TYPE				2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2022/23
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value*	Actual Rate Revenue	Actual Reassessed Rates	Actual Total Revenue	Budget Rate Revenue	Budget Reassessed Rate	Budget Total Revenue	Actual Total Revenue
		\$		\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations							0			0	
Residential Improved		5.3237	58,509	1,498,979,676	79,801,180	516,651	80,317,831	79,801,181	250,000	80,051,181	76,229,681
Residential Vacant		10.3461	996	20,362,420	2,106,716	(196,192)	1,910,524	2,106,716	0	2,106,716	2,132,111
Commercial Improved		6.9993	983	300,548,087	21,036,262	(16,592)	21,019,670	21,038,465	0	21,038,465	20,556,129
Commercial Vacant		10.3461	20	1,384,750	143,268	27,712	170,980	143,268	0	143,268	160,607
Industrial Improved		6.3422	387	28,025,245	1,777,417	209	1,777,626	1,777,417	0	1,777,417	1,729,560
Industrial Vacant		10.3461	3	192,500	19,916		19,916	19,916	0	19,916	13,232
Unimproved valuations											
Residential		1.0657	1	1,690,000	18,010		18,010	18,010	0	18,010	17,499
Rural		1.0639	2	1,860,000	19,789		19,789	19,789	0	19,789	19,256
Total general rates			60,901	1,853,042,678	104,922,558	331,787	105,254,345	104,924,762	250,000	105,174,762	100,858,075
Minimum Payment											
Minimum payment											
Gross rental valuations											
Residential Improved		873	2,858	43,475,244	2,495,034	0	2,495,034	2,495,034	0	2,495,034	3,695,800
Residential Vacant		954	428	3,056,830	408,312	0	408,312	408,312	0	408,312	380,890
Commercial Improved		954	31	294,046	29,574	0	29,574	29,574	0	29,574	41,805
Industrial Improved		954	2	25,331	1,908	0	1,908	1,908	0	1,908	1,858
Total minimum payments			3,319	46,851,451	2,934,828	0	2,934,828	2,934,828	0	2,934,828	4,120,353
Total general rates and minimum payments			64,220	1,899,894,129	107,857,386	331,787	108,189,173	107,859,590	250,000	108,109,590	104,978,428
Specified Area Rates											
Iluka		0.593	1,982	67,959,170	403,106	1,169	404,275	403,109	0	403,109	404,863
Burns Beach		0.379	1,395	49,275,010	186,856	8,372	195,228	186,856	0	186,856	165,232
Harbour Rise		0.663	518	24,233,820	160,588	167	160,754	160,588	0	160,588	136,867
Woodvale Waters		0.657	138	4,213,560	27,683	0	27,683	27,682	0	27,682	22,225
Total amount raised from rates (excluding general rates)			4,033	145,681,560	778,233	9,708	787,941	778,235	0	778,235	729,188
Discounts											
Business Property Discount Commercial							(151,950)			(152,250)	(151,050)
Business Property Discount Industrial							(29,175)			(29,175)	(29,400)
Total Rates							108,795,989			108,706,400	105,527,166
Rate instalment interest							616,179				585,392
Rate overdue interest							117,628				121,429

The rate revenue was recognised from the rate record as soon as practicable after the City resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

28. DETERMINATION OF SURPLUS OR DEFICIT

Note	2023/24	2023/24	2022/23
	(30 June 2024	Budget	(30 June 2023
	Carried	Carried	Carried
	Forward)	Forward)	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 Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(416,469)	(432,738)	(199,178)
Movement in pensioner deferred rates and other (non-current)	(9,765)	0	(210,875)
Movement in employee benefit provisions (non-current)	207,240	100,000	(115,743)
Less: Catalina Estate - Profit on sale of Land	(6,446,603)	0	(2,993,238)
Movement of Inventory	99,379	0	83,701
Movement of Non current provision	9,415	0	0
Add: Loss on disposal of assets	39,809	197,862	29,081
Add: Depreciation	31,086,532	30,945,170	30,205,721
Non-cash amounts excluded from operating activities	24,569,538	30,810,294	26,799,469
(b) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity 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: Reserve accounts	30	(130,282,531)	(100,343,091)
Less: Current assets not expected to be received at end of year			(119,755,045)
- Land held for resale	6	0	(533,434)
Add: Current liabilities not expected to be cleared at end of year			0
- Current portion of borrowings	14	962,667	962,667
- Current portion of developer contributions held in reserve		1,221,867	935,712
- Current portion of lease liabilities	11(b)	1,221,867	1,221,867
		575,027	492,559
			653,487
Total adjustments to net current assets		(127,522,970)	(98,199,432)
			(116,943,979)
Net current assets used in the Statement of Financial Activity			
Total current assets		175,709,173	133,784,072
Less: Total current liabilities		(48,811,722)	(35,634,638)
Less: Total adjustments to net current assets		(127,522,970)	(98,199,432)
Surplus or deficit after imposition of general rates		(625,519)	(49,998)
			3,534,128

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Loan Number	Actual						Budget			
		Principal at	New Loans	Principal	Principal at	New Loans	Principal	Principal at	New Loans	Principal	Principal at
		1 July 2022	During 2022-23	Repayments During 2022-23	30 June 2023	During 2023-24	Repayments During 2023-24	30 June 2024	During 2023-24	Repayments During 2023-24	30 June 2024
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reid Promenade Multi Storey Car Park	7	2,807,892	0	(909,513)	1,898,379	0	(935,713)	962,667	1,898,379	0	962,667
Total		2,807,892	0	(909,513)	1,898,379	0	(935,713)	962,667	1,898,379	0	962,667
Total Borrowings		2,807,892	0	(909,513)	1,898,379	0	(935,713)	962,667	1,898,379	0	962,667

Loan repayments were financed by general purpose revenue.

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
						\$	\$	\$
Reid Promenade Multi Storey Car Park		7	WATC	2.85%	8/05/2025	(51,003)	(51,003)	(82,276)
Total						(51,003)	(51,003)	(82,276)
Total Finance Cost Payments						(51,003)	(51,003)	(82,276)

* WA Treasury Corporation

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

29. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual						Budget			
		Actual New Leases / Adjustments		Principal Repayments		New Leases/Adjustments During		Principal Repayments		Principal Repayments	
		Principal at 1 July 2022	During 2022-23	During 2022-23	Principal at 30 June 2023	2023-24	During 2023-24	During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Leases During 2023-24
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gym Cardio Equipment - 2		227,323	0	(118,811)	108,512	0	(108,512)	0		108,512	0
Spin Bike		82,983	0	(20,927)	62,056	0	(21,764)	40,292		62,057	0
Operation Works Depot Land		6,386,128	(136,091)	(319,745)	5,930,292	188,086	(356,108)	5,762,270		6,033,093	0
Performance Cardio		0	198,277	(5,078)	193,199	0	(24,924)	168,275			0
Bio Circuit		0	214,900	(5,504)	209,396	0	(27,014)	182,382			0
Pavi Flooring		0	21,828	(559)	21,269	0	(2,744)	18,525			0
Plate Loaded Equipment		0	305,520	(7,825)	297,695	0	(38,405)	259,290			0
Free Weights		0	149,311	(3,824)	145,487	0	(18,769)	126,718			0
Gym Accessories		0	76,680	(1,964)	74,716	0	(9,639)	65,077			0
Pin Loaded		0	362,824	(9,293)	353,531	0	(45,608)	307,923			0
Total Lease Liabilities	11(b)	6,696,434	1,193,249	(493,530)	7,396,153	188,086	(653,487)	6,930,751		6,203,662	0

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023	Lease Term - Months
						\$	\$	\$	
Gym Cardio Equipment - 2			Maia Financial Pty Ltd	2.75%	22/05/2024	(9,432)	(9,432)	(6,251)	36
Spin Bike			Maia Financial Pty Ltd	4.00%	31/03/2026	(4,123)	(4,123)	(3,318)	60
Operation Works Depot Land			Water Corporation	2.62%	22/06/2027	(174,040)	(155,374)	(163,882)	240
Performance Cardio			Maia Financial Pty Ltd	4.50%	18/04/2030	(7,921)	(7,921)	(1,833)	84
Bio Circuit			Maia Financial Pty Ltd	4.50%	18/04/2030	(8,585)	(8,585)	(1,986)	84
Pavi Flooring			Maia Financial Pty Ltd	4.50%	18/04/2030	(872)	(872)	(202)	84
Plate Loaded Equipment			Maia Financial Pty Ltd	4.50%	18/04/2030	(9,632)	(9,632)	(2,824)	84
Free Weights			Maia Financial Pty Ltd	4.50%	18/04/2030	(5,965)	(5,965)	(1,380)	84
Gym Accessories			Maia Financial Pty Ltd	4.50%	18/04/2030	(3,063)	(3,063)	(709)	84
Pin Loaded			Maia Financial Pty Ltd	4.50%	18/04/2030	(14,495)	(14,495)	(3,353)	84
Total Finance Cost Payments						(238,129)	(219,463)	(185,738)	

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

30. RESERVE ACCOUNTS

	2024 Actual Opening Balance	2024 Actual Transfer to	2024 Actual Transfer (from)	2024 Actual Closing Balance	2024 Budget Opening Balance	2024 Budget Transfer to	2024 Budget Transfer (from)	2024 Budget Closing Balance	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by legislation/agreement												
(a) Non-current long service leave	1,110,165	0	(207,240)	902,925	1,282,192	100,000	0	1,382,192	1,182,192	0	(72,027)	1,110,165
(b) Capital works Carried Forward Reserve	12,514,215	9,496,330	(11,347,293)	10,663,252	260,770	0	(233,900)	26,870	12,145,885	10,202,339	(9,834,009)	12,514,215
(c) Cash in lieu of Parking Reserve	1,414,193	71,915	0	1,486,108	1,410,802	64,947	0	1,475,750	1,367,735	46,458	0	1,414,193
(d) Joondalup Performing Arts and Cultural Facility Reserve	17,621,794	896,106	0	18,517,900	17,570,268	808,861	0	18,379,130	17,033,904	587,890	0	17,621,794
(e) Marmion Car Park Reserve	0	0	0	0	0	0	0	0	183,105	0	(183,105)	0
(f) Parking Facility Reserve	5,154,715	1,978,946	(998,814)	6,134,847	5,194,152	1,858,017	(992,212)	6,059,957	4,157,567	2,007,647	(1,010,499)	5,154,715
(g) Percy Doyle Infrastructure Reserve	447,530	215,956	0	663,486	443,731	208,775	0	652,507	85,705	361,825	0	447,530
(h) Public Art Reserve	312,049	50,000	0	362,049	312,049	0	(312,049)	0	312,049	0	0	312,049
(i) Specified area rating - Harbour Rise reserve	919	1,343	0	2,262	823	19	(823)	19	9,878	181	(9,140)	919
(j) Specified area rating - Iluka reserve	5,726	82,764	0	88,490	4,960	114	(4,960)	114	8,692	241	(3,207)	5,726
(k) Specified area rating - Woodvale Waters reserve	1,067	3,804	0	4,871	1,062	24	(1,062)	24	3,506	76	(2,515)	1,067
(l) Specified area rating - Burns Beach reserve	21,901	12,544	0	34,445	3,120	72	(3,120)	72	6,087	15,814	0	21,901
(m) Strategic Asset Reserve	22,305,376	6,052,994	(534,149)	27,824,221	22,273,125	947,766	(3,004,880)	20,216,011	10,070,030	19,896,669	(7,661,323)	22,305,376
(n) Catalina Land Sales Reserve	21,987,081	6,245,220	0	28,232,301	21,938,359	4,420,010	0	26,358,369	17,986,195	4,000,886	0	21,987,081
(o) Asset Renewal Reserve	27,560,795	5,686,782	(10,128,466)	23,119,111	22,941,722	5,193,899	(12,702,536)	15,433,085	35,799,488	2,101,189	(10,339,882)	27,560,795
(p) Waste Management Reserve	9,297,519	2,948,745	0	12,246,264	8,481,917	1,877,075	0	10,358,992	5,215,277	4,082,242	0	9,297,519
	119,755,045	33,743,448	(23,215,961)	130,282,531	102,119,053	15,479,580	(17,255,542)	100,343,091	105,567,295	43,303,457	(29,115,707)	119,755,045
Reserves related to a government policy, direction, written law or agreement	2,553,971	172,369	(207,240)	2,519,100	2,702,960	165,177	(9,966)	2,858,171	2,578,090	62,770	(86,889)	2,553,971
Reserves for any other purpose	117,201,074	33,571,078	(23,008,721)	127,763,431	99,416,093	15,314,403	(17,245,577)	97,484,920	102,989,205	43,240,687	(29,028,818)	117,201,074
	119,755,045	33,743,448	(23,215,961)	130,282,531	102,119,053	15,479,580	(17,255,542)	100,343,091	105,567,295	43,303,457	(29,115,707)	119,755,045

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

In accordance with council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

30 RESERVE ACCOUNTS (Continued)

Name of reserve account	Anticipated date of use	Related to govt/policy/law/ agreement	Purpose of the reserve account
(a) Non-current long service leave	Ongoing	Y	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	Ongoing	N	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
(c) Cash in lieu of Parking Reserve	Ongoing	Y	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 interest.
(d) Joondalup Performing Arts and Cultural Facility Reserve	Ongoing	N	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 Jinan Garden, at Lot 1001, Teakle Court. The transfer from accumulated surplus represents interest.
(e) Marmion Car Park Reserve	Ongoing	N	Created in 2013-14 to receive the State Government's contribution and the unspent portion of City of Joondalup funds for the construction of a car park next to the Marmion Angling and Aquatic Club.
(f) Parking Facility Reserve	Ongoing	N	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
(g) Percy Doyle Infrastructure Reserve	Ongoing	N	Created in 2020-21 . for the purposes of providing new infrastructure and improving existing infrastructure at Percy Doyle Reserve. Transfer from accumulated surplus represents initial funding to establish the reserve and interest.
(h) Public Art Reserve	Ongoing	N	Created in 2012-13 for the purpose of providing for the commissioning and purchase of public art works. Transfer from accumulated surplus represents
(i) Specified area rating - Harbour Rise reserve	Ongoing	Y	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.
(j) Specified area rating - Iluka reserve	Ongoing	Y	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.
(k) Specified area rating - Woodvale Waters reserve	Ongoing	Y	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.
(l) Specified area rating - Burns Beach reserve	Ongoing	Y	The reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Burns Beach specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.
(m) Strategic Asset Reserve	Ongoing	N	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 various capital works projects including Joondalup City Centre lighting.
(n) Catalina Land Sales Reserve	Ongoing	N	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 10 Year Strategic Financial Plan. The transfer from accumulated surplus
(o) Asset Renewal Reserve	Ongoing	N	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. Renamed to its current name in 2019-20.
(p) Waste Management Reserve	Ongoing	N	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,

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

31. 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 2023	Amounts In	Amounts Out	30 June 2024
	\$	\$	\$	\$
Connolly Residents Association	87,337	3,984	0	91,321
Trust Cash Reserve	6,292	1	0	6,293
Trust Fund	4,898	0	80	4,818
	98,527	3,985	80	102,432



Auditor General

INDEPENDENT AUDITOR'S REPORT 2024 City of Joondalup

To the Council of the City of Joondalup

Opinion

I have audited the financial report of the City of Joondalup (City) which comprises:

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2024 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 below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the City is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the 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
- 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 responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Joondalup for the year ended 30 June 2024 included in the annual report 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 financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.



Sandra Labuschagne
Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
19 November 2024

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Delay in capitalisation of completed projects	No		✓		✓
2. Documentation of valuation methodology	No			✓	✓
3. Unclaimed Monies	No			✓	

Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

The ratings included are preliminary ratings and could be modified pending other findings being identified, rated and the consideration of them collectively on the ratings and any potential impact on the audit opinion.

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Delay in capitalisation of completed projects

Finding 2023

We noted that at 30 June 2023, 41 projects costing \$25m relating to construction of buildings had been completed, but were incorrectly reported as work in progress in the financial statements. In addition, based on our discussions with management on the status of infrastructure projects over \$500,000, there were 14 projects costing \$10.8m that had been completed prior to 30 June 2023 but had not been capitalised in a timely manner.

The delay in capitalisation of the completed projects resulted in an:

- understatement of depreciation for 2022-23 by approximately \$643,754
- understatement of buildings and overstatement of work in progress by \$24.95m
- understatement of infrastructure assets and overstatement of work in progress by at least \$10.84m.

Status 2024

This finding has not been resolved. From the infrastructure work in progress register as of 30 June 2024, we noted 126 projects costing \$10.2m relating to construction of infrastructure assets had been completed prior to 30 June 2024 but remained as work in progress in the financial statements.

The delay in capitalisation of the completed projects resulted in an:

- understatement of depreciation for 2023-24 by approximately \$168,085
- understatement of buildings and overstatement of work in progress by \$2.66m
- understatement of infrastructure assets and overstatement of work in progress by at least \$7.57m.

Rating: Moderate

Implication

Delays in the capitalisation of completed projects could potentially result in the material misstatement of assets and depreciation reported in the City's financial statements.

Recommendation

Management should regularly review the status of ongoing capital work projects and ensure that the assets are capitalised in a timely manner. Depreciation on completed projects should commence as soon as the assets are available for use in accordance with AASB 116 *Property, Plant & Equipment*.

Management Comment:

The City regularly assesses the progress of capital works projects through reports based on the Project Tracking system weekly updates, although it is acknowledged that this process requires clearer documentation. Since June 2023 the City has filled three full-time positions to address the backlog of asset inventory updating, where all project documentation is provided as required for capitalisation and depreciation to be accurately processed.

Capitalisation does not occur automatically when construction is complete but only once all elements including asset component values – which require appropriate information from the contractor in a timely manner – are ready, as the City does not capitalise these as a single asset but as multiple components to facilitate appropriate depreciation at the component level. The City considers it appropriate to gather this information as fully as possible to support accurate component-level capitalisation and subsequent depreciation.

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

The depreciation shortfall noted in the finding is not material and has no impact on the reported values of infrastructure and property, plant & equipment of \$1.42 billion or the reported annual depreciation expense of \$31 million in the City's annual financial report for the year ended 30 June 2024.

Responsible Person: Manager Asset Management

Completion Date: Completed

2. Lack of documented valuation methodologies

Finding

The City performed an internal valuation of lighting infrastructure assets during the period, including engaging a qualified third party to perform a peer review of the City's valuation approach.

We have not identified any weaknesses with the revaluation approach adopted, however we noted that the City does not have a clearly documented valuation policy, manual or procedures which outlines the City's internal valuation methodology, processes and controls.

Rating: Minor

Implication

In the absence of a formally documented valuation process, there is an increased risk that an inappropriate valuation methodology or process may be performed particularly during times of higher staff turnover resulting in potential errors in the valuation results.

Recommendation

Management should develop an asset valuation policy and/or manual that appropriately reflects the methodology adopted by the City when performing internal valuations.

Management Comment:

The City adheres to established and documented international infrastructure asset management and international infrastructure financial asset management standards, with annual processes subject to peer reviews for compliance since 2017. It is acknowledged that clearer documentation on the overarching internal valuation methodology and process is appropriate, and the City is progressing this for completion by 31 December 2024

Responsible Person: Manager Asset Management

Completion Date: 31 December 2024

ATTACHMENT

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Unclaimed monies

Finding

During the period the City derecognised \$11,380 held as a liability at 30 June 2024 relating to 96 stale cheques were issued by the City to various individuals, clubs and organisations during 2018 to 2020.

Although immaterial to the financial report, we understand the underlying reasons for issuing these cheques may relate to historical bonds and deposits collected by the City which may have an obligation to repay these monies presently or in the future.

Rating: Minor

Implication

There is a risk that visibility of these amounts may be lost with the passage of time reducing the opportunity or likelihood that the rightful parties are able to recover these monies from the City where appropriate.

Recommendation

Management should ensure that appropriate records are maintained and efforts made to contact the affected parties to repay these funds if required. The City should also consider returning unclaimed monies to the WA Department of Treasury following the requirements of the *Unclaimed Monies Act 1990* where appropriate.

Management Comment:

The City maintains records of all cheques in its records management system even when these are written off. We acknowledge our obligation to refund these monies and are aware of the requirement of lodgement of unclaimed money (i.e. monies held for over 6 years), with the Department of Treasury. At 30 June 2024, there were no cheques older than 6 years and hence no action required at this stage.

Responsible Person: Manager Financial Services

Completion Date: Completed

**Office of the Auditor General
Western Australia**

Annual Financial Audit Exit Brief

City of Joondalup

Year ended 30 June 2024

12 November 2024



1. Introduction

Our audit was designed to enable the Auditor General to provide an opinion to Parliament on the financial statements of your City for the year ended 30 June 2024. The audit team have completed our audit and we intend to recommend to the Auditor General to issue an unqualified audit opinion.

The purpose of this brief is to advise management of the results of our audit and provide the opportunity to discuss the key issues prior to the issuing of the audit opinion.

We note that your financial statements were provided on 30th September 2024 and were ready for audit at that time. This information will be included in our Local Government results report to be tabled in Parliament.

2. Audit Coverage of Key Controls

As indicated in our Planning Summary presented at the entrance meeting, we obtained an understanding of the internal control environment to enable us to plan our audit and determine the nature, timing and extent of the testing required to be performed. Our understanding of the City's internal controls enabled us to sufficiently identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error.

As indicated in our Planning Summary presented at the entrance meeting, we tested the operating effectiveness of controls in detail within the Expenditure and Journals cycles.

The controls for the following business cycles were reconfirmed, as there had been no significant changes since they were last tested:

- Revenue
- Property, plant & Equipment
- Infrastructure
- Payroll
- Cash and Financing
- Inventory

In addition, key areas of information systems controls were audited.

3. Issues Identified During the Audit

The following is a summary of the key issues identified during the audit. Detailed audit findings and recommendations for improvement have been discussed with your management.

FINDINGS	RATING			Prior year finding
	Significant	Moderate	Minor	
Draft financial audit findings*				
1. Delay in capitalisation of completed projects		✓		✓
2. Lack of documented valuation methodologies			✓	✓
3. Unclaimed monies			✓	
Information systems audit findings				
4. Workforce management system - Deputy		✓		
5. Classification of information		✓		✓
6. Database security		✓		✓
7. Data loss prevention		✓		✓
8. Management of technical vulnerabilities		✓		✓
9. HR application - Aurion			✓	
10. Unsupported systems			✓	✓
11. Reviews of policies and frameworks for information systems			✓	✓

*The draft financial audit findings were provided to management for review and comments on 4 November 2024.

4. Audit Outcomes Relating to Risks Identified During our Audit Planning

During the planning phase of the audit we identified the following issues and key areas of audit risk. The audit outcomes for these matters are listed below:

Details of Risk / Issue	Audit Outcomes
Audit findings reported in the previous audit: Information systems (IS) findings: <ul style="list-style-type: none"> 8 moderate findings 7 minor findings. Financial audit (FA) findings: <ul style="list-style-type: none"> 4 moderate findings 1 minor findings 	We have reviewed actions taken by management to resolve the prior year findings. We noted 9 IS findings and 2 FA findings previously raised were resolved during the year. 6 IS findings and 2 FA findings were re-raised as they remained unresolved.
Capital works projects Recognition and measurement of capital costs incurred.	We have reviewed the capital works in progress balances for infrastructure and property, plant and equipment at 30 June 2024 and confirm no material errors were identified. One finding has been raised in respect of the timely capitalisation of completed projects.
Procurement risk Under the OAG new audit methodology, the procurement process and potential misappropriation of assets related to this process is an area of risk that may potentially impact the financial report. This is mainly due to the inherently large and complex procurement processes across public sector agencies.	We completed specific and tailored audit procedures covering tendering processes, purchase order processes and supplier masterfile changes to address any potential for risk. There were no findings identified from our work performed, the controls examined were found to be operating effectively.
Auditing Standards require us to consider two standard risks for all entities: <ul style="list-style-type: none"> Management override of controls Revenue recognition risk 	We can confirm that the procedures undertaken by the audit team have addressed these risks. Our procedures did not identify any instances of management override of controls or potential fraudulent revenue recognition.

Details of Risk / Issue	Audit Outcomes
<p>Key changes to auditing standards that impact your entity for the first time this year:</p> <ul style="list-style-type: none"> • AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates. • AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards. • AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction. 	<p>We have confirmed that your entity has applied the standards correctly, and ensured that the financial statements comply with the revised requirements where applicable.</p>
<p>Key changes to Local Government financial reporting requirements for the first time this year:</p> <ul style="list-style-type: none"> • Updates to the model financial statements and tiered financial reporting. • Local Government (Financial Management) Regulations 1996 – regulation 17A. 	<p>We have confirmed the City has incorporated all relevant changes to the financial report from the model financial statements.</p> <p>The City has also complied with the valuation requirements outlined in regulation 17A which were revised in October 2023.</p>
<p>Accounting estimates</p> <p>The following financial statement items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> • Provision for long service leave • Other provisions and contingent liabilities • Fair value assessments of land and buildings and infrastructure • Impairment of financial and non-financial assets • Depreciation of buildings and infrastructure 	<p>We reviewed the method and underlying data that management and where applicable third parties used when determining critical accounting estimates.</p> <p>This included considering the reasonableness of assumptions and corroborating representations.</p>

5. Information Systems – Maturity Model

As part of our information systems audit, we also completed a Capability Maturity Assessment of your Agency. A capability maturity model is a way of assessing how well developed and capable the established IT controls are and how well developed or capable they should be. A rating scale was used to evaluate your agency's capability and maturity levels in each of the audit focus areas. The scale ranges from 0 (non-existent) to 5 (optimized). The results agreed with your IT management are as follows:

Focus Area	2024 Rating	2023 Rating
Manage IT Risk	3	3
Information Security Framework	2	2
Human Resource Security	3	2
Manage Access	3	2
Endpoint Security	2	2
Network Security	3	2
Physical Security	3	3
Manage Change	3	3
Manage IT Operations	3	3
Manage Continuity	3	3

The above capability maturity ratings have been discussed with management. The number of categories in the CMM have changed compared to the previous year, to better enable the City to identify specific measures that can be taken to improve the IT environment.

6. Unadjusted and adjusted errors in the Financial Statements

The following errors and misstatements were identified in the financial statements during our audit but have not been adjusted. They have been included in the management representation letter as required by Auditing Standard ASA 320 "Materiality and audit adjustments".

In accordance with Australian Auditing Standard ASA 320 - Materiality and audit adjustments we are required to report any unadjusted errors in the financial statements within the management representation letter that are not deemed to have a material impact either individually or in aggregate on the results reported.

The following unadjusted misstatements were identified in the financial report during our audit:

Account name	Original balance \$	Actual balance \$	Variance \$	Adjusted (Y/N)
Depreciation expenses	31,086,532	31,254,617	168,085	N
Accumulated depreciation – Buildings	(115,758,008)	(115,791,289)	(33,281)	
Accumulated depreciation – Infrastructure	(572,392,712)	(572,527,516)	(134,804)	
<i>Estimation of depreciation understatement resulting from delayed capitalisation of buildings and infrastructure works in progress costs during the period.</i>				

The following misstatements were identified and corrected in the financial report during our audit:

Account name	Original balance \$	Actual balance \$	Variance \$	Adjusted (Y/N)
Fees and charges	(45,398,273)	(45,398,410)	(137)	Y
Materials and contracts	57,189,411	57,189,547	137	
Finance costs	285,980	289,132	3,152	
Cash and cash equivalents	50,183,739	50,180,587	(3,152)	
<i>Immaterial account mapping and classification adjustments posted during the audit.</i>				

Account name	Original balance \$	Actual balance \$	Variance \$	Adjusted (Y/N)
Current employee related provisions	(17,103,043)	(16,711,727)	391,316	Y
Employee costs	71,022,068	70,630,754	(391,316)	
Adjustment made relating to overstatement of workers compensation insurance on-costs component of employee provisions.				

7. Outstanding matters to complete the audit

- Clearance on the Mindarie Regional Council 2023-24 financial report

8. Variations to the Indicative Audit Fee

We are pleased to advise that there will be no variation to the indicative audit fee.

9. Actions or Issues for Next Year's Audit

- Follow up of the financial and information systems audit findings
- Implementation of any major information systems or anticipated changes in financial controls.

2025 COUNCIL AND COMMITTEE MEETING DATES SCHEDULE OPTION 1

JANUARY							FEBRUARY							MARCH							APRIL						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
			PH	2	3	4							1							1	30	31	1	2	3	4	5
5	6	7	8	9	10	11	2	3	4	5	6	7	8	2	PH	4	5	6	7	8	6	7	8	9	10	11	12
12	13	14	15	16	17	18	9	10	11	12	13	14	15	9	10	11	12	13	14	15	13	14	15	16	17	PH	19
19	20	21	22	23	24	25	16	17	18	19	20	21	22	16	17	18	19	20	21	22	PH	PH	22	23	24	PH	26
26	PH	28	29	30	31		23	24	25	26	27	28		23	24	25	26	27	28	29	27	28	29	30			

MAY							JUNE							JULY							AUGUST						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3	1	PH	3	4	5	6	7			1	2	3	4	5						1	2
4	5	6	7	8	9	10	8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9
11	12	13	14	15	16	17	15	ALGA Conference 16 - 18 June			19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16
18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23
25	26	27	28	29	30	31	29	30						27	28	29	30	31			24	25	26	27	28	29	30

SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
31	1	2	3	4	5	6				1	2	3	4							1	30	1	2	3	4	5	6
7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8	7	8	9	10	11	12	13
14	15	16	17	18	19	20	12	13	14	15	16	17	LG Election	9	10	11	12	13	14	15	14	15	16	17	18	19	20
21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	PH	PH	27
28	PH	30					26	27	28	29	30	31		23	24	25	26	27	28	29	28	29	30	31			

Strategy
Briefing

Council / SCM

Audit & Risk
Policy

Major Projects & Finance
CEO R&PRC
Budget Workshops*

PH Public Holidays
North Metro Zone*

MRC*
CRC*

National General Assembly 16 - 18 June 2025*

Note: * Denotes - Dates to be confirmed

INT24/58699