

**CITY OF  
JOONDALUP**

**ANNUAL**

**FINANCIAL STATEMENTS**

**30-Jun-03**

**CITY OF JOONDALUP**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**  
**INDEX**

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**INDEPENDENT AUDIT REPORT TO THE  
RATEPAYERS OF CITY OF JOONDALUP**

**Scope**

We have audited the financial report of the City of Joondalup for the financial year ended 30 June 2003 as set out on pages 3 to 42. The Council is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the ratepayers of the City of Joondalup.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Local Government Act 1995, Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the City's financial position, the results of its operations and its cash flows.

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

**Audit Opinion**

In our opinion, the financial report presents fairly in accordance with the Local Government Act 1995, applicable Accounting Standards and other mandatory professional reporting requirements in Australia the financial position of the City of Joondalup as at 30 June 2003 and the results of its operations and its cash flows for the year then ended.

In the course of our audit we have obtained all of the information and explanations that we require from the Council.

**Statutory Compliance**

We did not during the course of our audit, become aware of any instances where the City did not comply with the requirements of the Local Government Act 1995.

*Deloitte Touche Tohmatsu*  
**DELOITTE TOUCHE TOHMATSU**

*L Karamfiles*

**L Karamfiles**  
**Partner**  
Chartered Accountants  
Perth, WA 9 October 2003

## SCHEDULE 2

### Form 1

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

#### STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Joondalup being the annual financial report and supporting notes and other information for the financial year ended 30 June 2003 are in my opinion properly drawn up to present fairly the financial position of the City of Joondalup at 30 June 2003 and the results of the operations for the financial year then ended in accordance with the *Australian Accounting Standards* (except to the extent that these have been varied in the Statement of Accounting Policies required by Australian Accounting Standard AAS 6 "Accounting Policies" and the accompanying notes to the annual financial report) and comply with the provisions of the *Local Government Act 1995* and the regulations under the Act.

Signed on the 9th day of October 2003



Chief Executive Officer  
Denis Ian Smith

**CITY OF JOONDALUP**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2003**  
**(BY PROGRAMME)**

REVENUES	Note	Actual 2003 \$	Adopted Budget 2003 \$	Actual 2002 \$
General Purpose Funding		46,751,939	46,519,788	44,633,180
Governance		8,717	135	-
Law, Order, Public Safety		609,830	396,361	606,286
Health		258,536	178,333	78,689
Education and Welfare		249,039	212,321	366,463
Community Amenities		7,870,505	7,687,417	8,011,433
Recreation and Culture		3,814,196	1,140,146	1,283,588
Transport		9,112,516	5,074,320	7,256,290
Economic Services		1,117,375	1,040,623	813,852
Other Property and Services		250,041	5,113,902	429,195
<b>Total Operating Revenues</b>	<b>2b</b>	<b>70,042,694</b>	<b>67,363,346</b>	<b>63,478,976</b>
<b>EXPENSES</b>				
General Purpose Funding		679,535	712,615	-
Governance		3,789,278	3,778,784	1,018,561
Law, Order, Public Safety		4,644,283	4,285,597	4,742,892
Health		1,262,552	1,528,809	971,915
Education and Welfare		1,242,001	1,278,650	2,037,670
Community Amenities		9,308,601	11,711,430	9,126,658
Recreation and Culture		21,184,024	18,259,340	18,262,020
Transport		16,942,061	15,802,940	18,034,996
Economic Services		1,345,715	380,163	1,046,606
Other Property and Services		5,818,268	5,800,429	4,574,678
<b>Total Operating Expenses</b>	<b>2b</b>	<b>66,216,318</b>	<b>63,538,757</b>	<b>59,815,996</b>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<b>2b</b>	<b>3,826,376</b>	<b>3,824,589</b>	<b>3,662,980</b>

Significant variances between actual and budget are shown in note 25

Notes to the Financial Statements are included on pages 9 to 42

**CITY OF JOONDALUP**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Actual 2003 \$	Actual 2002 \$
<b>CURRENT ASSETS</b>			
Cash Assets	14	33,258,679	31,596,791
Receivables	6	2,269,207	3,050,401
Inventories	7	1,406	7,009
<b>TOTAL CURRENT ASSETS</b>		<b>35,529,292</b>	<b>34,654,201</b>
<b>CURRENT LIABILITIES</b>			
Payables	9	4,804,576	4,665,096
Provisions	9	4,340,075	3,916,288
Interest Bearing Liabilities	14	1,439,570	1,813,618
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,584,221</b>	<b>10,395,002</b>
<b>NET CURRENT ASSETS</b>		<b>24,945,071</b>	<b>24,259,199</b>
<b>NON CURRENT ASSETS</b>			
Receivables	6	1,363,861	1,523,171
Property, Plant & Equipment	8	492,635,092	489,224,321
<b>TOTAL NON CURRENT ASSETS</b>		<b>493,998,953</b>	<b>490,747,492</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	9	666,226	555,269
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>666,226</b>	<b>555,269</b>
<b>NET NON CURRENT ASSETS</b>		<b>493,332,727</b>	<b>490,192,223</b>
<b>NET ASSETS</b>		<b>518,277,798</b>	<b>514,451,422</b>
<b>EQUITY</b>			
Accumulated Surplus		500,842,243	498,105,845
Reserves	10	17,435,555	16,345,577
<b>TOTAL EQUITY</b>		<b>518,277,798</b>	<b>514,451,422</b>

Notes to the Financial Statements are included on pages 9 to 42

**CITY OF JOONDALUP  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Actual 2003 \$	Actual 2002 \$
<b>RESERVES - CASH BACKED</b>			
Balance at Beginning of Financial Year		16,345,577	13,543,822
Net amount transferred to Accumulated Surplus		1,089,978	2,801,755
		<hr/>	<hr/>
Balance at End of Financial Year	10	17,435,555	16,345,577
		<hr/>	<hr/>
<b>ACCUMULATED SURPLUS</b>			
Balance at Beginning of Financial Year		498,105,845	497,244,620
Change in Net Assets Resulting from Operations	2b	3,826,376	3,662,980
Net transfers from/(to) Reserves		(1,089,978)	(2,801,755)
		<hr/>	<hr/>
Balance at End of Financial Year		500,842,243	498,105,845
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>518,277,798</b>	<b>514,451,422</b>
		<hr/>	<hr/>

Notes to the Financial Statements are included on pages 9 to 42

**CITY OF JOONDALUP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Actual 2003 Inflows (Outflows) \$	Adopted Budget 2003 Inflows (Outflows) \$	Actual 2002 Inflows (Outflows) \$
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
Rates - General		41,161,807	41,350,388	40,458,139
Rates - Specified Area Rate Iluka		173,912	135,194	114,320
Government Grants & Subsidies		6,467,179	9,290,075	7,258,686
Contributions, Reimbursements, Donations		2,133,159	6,097,350	1,491,850
Fees & Charges		12,432,991	9,845,037	8,759,433
Interest Earnings		2,053,424	1,596,000	1,724,425
Revenue from Other Councils		121,906	95,275	144,490
Total Receipts		64,544,378	68,409,319	59,951,343
<b>Payments:</b>				
Employee Costs		(23,918,087)	(22,882,345)	(21,773,164)
Materials, Contracts, Suppliers		(22,459,025)	(21,908,263)	(20,104,243)
Utilities (gas, electricity, water)		(2,826,615)	(2,585,283)	(2,504,213)
Insurance Expenses		(833,822)	(864,164)	(667,269)
Other Expenses		(821,841)	(771,990)	-
Total Payments		(50,859,390)	(49,012,045)	(45,048,889)
<b>Net Cash Provided by Operating Activities</b>	<b>16</b>	<b>13,684,988</b>	<b>19,397,274</b>	<b>14,902,454</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
Proceeds from Sale of Assets		904,397	1,140,814	375,835
Total Receipts:		904,397	1,140,814	375,835
<b>Payments:</b>				
Purchase of Land		-	(3,000,000)	-
Purchase of Artworks		(14,655)	(10,000)	(8,580)
Purchase of Furniture and Equipment		(767,239)	(818,844)	(367,405)
Purchase of Vehicles and Plant		(1,836,703)	(2,307,160)	(1,039,829)
Construction of Infrastructure Assets		(9,934,852)	(22,803,524)	(10,149,423)
Total Payments		(12,553,449)	(28,939,528)	(11,565,237)
<b>Net Cash (used in) Investing Activities</b>		<b>(11,649,052)</b>	<b>(27,798,714)</b>	<b>(11,189,402)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>2,035,936</b>	<b>(8,401,440)</b>	<b>3,713,052</b>
<b>Cash at Beginning of the Financial Year</b>		<b>29,783,173</b>	<b>29,783,173</b>	<b>26,070,121</b>
<b>Cash at the End of the Financial Year</b>	<b>14</b>	<b>31,819,109</b>	<b>21,381,733</b>	<b>29,783,173</b>

Significant variances between actual and budget are shown in note 26

Notes to the Financial Statements are included on pages 9 to 42



# CITY OF JOONDALUP

## STATEMENT OF GENERAL PURPOSE FUNDING

AS AT 30 JUNE 2003

GENERAL PURPOSE FUNDING	ACTUAL 2002/2003	BUDGET 2002/2003	BUDGET VALUATIONS
	\$	\$	\$
<b><u>General Rates</u></b>			
GRV Rate in \$ - 6.46 cents	36,575,278	36,743,810	568,789,698
UV Rate in \$ - 0.505 cents	142,911	154,930	30,679,194
<b><u>Minimum Rate</u></b>			
GRV Assessments (Comm/Ind)	30,128	29,700	343,050
GRV Assessments (Residential)	4,234,500	4,234,500	58,854,934
UV Assessments	450	450	121,000
<b><u>Interim Rates</u></b>			
GRV	429,406	500,000	
UV	428		
<b>Total General Rates Levied</b>	<b>41,413,101</b>	<b>41,663,390</b>	
Less Discount Allowed (Note 3a)	(1,103,789)	(1,036,778)	
<b>Total Amount Made Up from Rates</b>	<b>40,309,312</b>	<b>40,626,612</b>	
Plus - Late Payment Interest (Note 3c)	272,746	238,564	
Plus Administration Fees (Note 3b)	244,372	230,212	
<b>Total Rates Levied</b>	<b>40,826,430</b>	<b>41,095,388</b>	
<b>General Purpose Grant</b>			
General (Untied) Grant	3,814,787	3,780,400	
<b>Other General Purpose Income</b>			
Pensioners' Deferred Rates Interest	57,298	48,000	
Interest on Investments	2,053,424	1,596,000	
<b>Total General Purpose Income Shown on Operating Statement</b>	<b>46,751,939</b>	<b>46,519,788</b>	

Notes to the Financial Statements are included on pages 9 to 42

**CITY OF JOONDALUP**  
**STATEMENT OF RATING INFORMATION**  
As at 30 June 2003

	GENERAL RATES				MINIMUM RATES			
	Rateable Value	No of Properties	Rate in \$	Rate Yield	Rateable Value	No of Properties	Minimum Rate	Rate Yield
<b>General Rate - GRV</b>								
Residential	459,648,006	45,889	6.4600	29,686,529	\$ 58,854,934	9,410	\$ 450	4,234,500
Commercial Improved	100,811,103	791	6.4600	6,350,809	182,480	38	450	17,100
Commercial Not Improved	556,350	33	6.4600	37,986	57,400	11	450	4,950
Industrial	7,774,239	335	6.4600	499,954	103,170	17	450	8,078
<b>Sub Total GRV</b>	568,789,698	47,048		36,575,278	59,197,984	9,476		4,264,628
<b>General Rate - UV</b>								
Residential	2,123,000	8	0.5050	2,752				2,752
Rural	28,556,194	4	0.5050	140,159	121,000	1	450	450
<b>Total UV</b>	30,679,194	12		142,911	121,000	1		450
Interim Rates				429,406				428
				37,147,595				4,265,078
Discount Allowed (Note 3a)								(1,103,789)
<b>TOTAL RATES LEVIED</b>								40,309,312
Interest on Outstanding Rates (Note 3c)								272,746
Installment Administration Charge (Note 3b)								244,372
<b>TOTAL RATES REVENUE</b>								40,826,430

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Accounting**

These general purpose financial statements have been drawn up in accordance with the accounting concepts, standards and disclosure requirements of the Australian accounting bodies, the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996. They have been prepared on the accrual basis under the convention of historical cost accounting and include the requirements of Australian Accounting Standard AAS27.

**(b) The Local Government Reporting Entity**

The financial statements forming part of this report have been prepared on the basis of a single consolidated fund (Municipal Fund). Monies held in Council Trust Fund have been excluded from the consolidated financial statements, but a separate statement of those monies appears at Note 12 to these financial statements.

**(c) Depreciation**

**Property, Plant and Equipment (Excluding Infrastructure Assets)**

Property, plant and equipment, excluding infrastructure assets are carried at cost. Items of property, plant and equipment, including buildings but excluding freehold land and artworks, are depreciated over their estimated useful lives on a straight-line basis. Depreciation has been charged to the Operating Statement.

**Depreciation Rates:**

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

**Infrastructure Assets**

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

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

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

In accordance with the Local Government (Financial Management Regulations 1996) Section 16, land under roads has not been recognised as an asset in the statement of financial position.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Depreciation Rates:**

<b>Reserves -</b>	Playground Equipment	10.0%
	Sports Facilities	10.0% - 20.0%
	Picnic Facilities	10.0%
	Park Benches	8.0%
	Fencing	5.0% - 10.0%
	Reticulation	13.0% - 20.0%
	Park Structures	5.0% - 10.0%
	Pathways	5.0% - 10.0%
	Lighting	13.0%
	Oval Development	Nil
<b>Engineering -</b>	Roads/Traffic Management	2.0% - 5.0%
	Drainage	1.25%
	Car Parking	2.5%
	Public Access Ways	2.5% - 4.0%
	Footpaths/Bicycle Facilities	2.0% - 4.0%
	Robertson Road Cycleway	2.5% - 16.0%
	Beach Access Ways	2.5% - 10.0%
	Hardcourt Surfaces	2.5% - 20.0%
	Bus Shelters	2.0%
	Underpasses/Bridges	1.0% - 10.0%
	Joondalup City Lighting	2.0% - 16.0%
	Ocean Reef Boat Harbour	2.0% - 4.0%

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

**(d) Rates**

The rating and reporting periods coincide. All rates levied for the year are recognised as revenues. All outstanding rates are fully collectable and therefore no provision has been made for doubtful debts. In accordance with the Rates and Charges (Rebates and Deferments) Act 1992, the City offers eligible pensioners and seniors the option to defer the payment of rates or to obtain a rebate from the Western Australian State Government.

**(e) Grants, Donations and Other Contributions**

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

**(f) Investments**

All investments are valued at cost and interest on those investments is recognised as revenue when earned.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Employee Entitlements**

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

Provisions have been made in respect of sick leave (for staff transferred to Community Vision Inc and Meerilinga Young Childrens Service) to be settled when a claim is made from those organisations within each twelve months until those employees either leave that organisation or use up their entitlements.

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

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

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

**(h) Superannuation Fund**

The City contributes to the Local Government Superannuation Plan with contributions to the fund made by employees. The expense relating to those contributions has been included in the operating statement.

**(i) Land Held for Resale**

Land purchased for development and/or resale is valued at cost. Cost includes the cost of acquisition, development and interest incurred on financing of the land during its development. Interest and other holding charges incurred after development is complete are recognised immediately as expenses.

Revenue arising from the sale of property (if applicable) is recognised in the Operating Statement at the time of signing a binding contract of sale.

**(j) Works in Progress**

Major buildings, Reserves and Infrastructure Assets which have not been completed at 30 June have been recorded as works in progress.

**(k) Crown Land**

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

**(l) Accounts Payable**

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Receivables**

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

**(n) Goods and Services Tax**

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

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

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

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

**(o) Acquisition of Assets**

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

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

**(p) Inventories**

Inventories are valued at the lower of cost and net realisable value.

**(q) Revaluation of Non Current Assets**

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

**(r) Rounding off of Figures**

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**2. OPERATING REVENUES AND EXPENSES**

	Note	Actual 2003 \$	Adopted Budget 2003 \$	Actual 2002 \$
(a) The change in net assets resulting from operations was arrived at after charging/(crediting) the following items:				
<b>Depreciation:</b>	<b>1c</b>			
Buildings		1,631,007	1,601,087	1,608,440
Furniture/Office Computer Equipment		589,662	881,119	1,202,764
Plant and Vehicles		708,211	687,772	671,309
Other Equipment		76,926	98,367	81,374
Infrastructure Assets - Reserves		2,042,273	1,520,000	1,669,713
Infrastructure Assets - Engineering		9,331,302	8,745,500	9,025,323
		<u>14,379,381</u>	<u>13,533,845</u>	<u>14,258,923</u>
(b) Operating Expenses and Revenues Classified According to Nature and Type:		Actual 2003 \$	Adopted Budget 2003 \$	Actual 2002 \$
<b>Operating Revenues</b>				
Rates - General		40,309,312	40,626,612	38,701,435
Rates - Specified Area		158,106	135,193	-
Government Grants and Subsidies		6,309,122	8,557,602	7,608,637
Contributions, Reimbursements & Donations		8,508,134	6,229,823	4,852,412
Profit on Asset Disposals		69,447	59,027	79,016
Fees and Charges		12,513,242	10,063,814	10,368,562
Interest Earnings		2,053,424	1,596,000	1,724,424
Other Revenue		121,907	95,275	144,490
		<u>70,042,694</u>	<u>67,363,346</u>	<u>63,478,976</u>

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**2. OPERATING REVENUES AND EXPENSES (Continued)**

	Note	Actual 2003 \$	Adopted Budget 2003 \$	Actual 2002 \$
<b>Operating Expenses</b>				
Employee Costs		24,481,175	23,182,345	21,902,193
Materials, Contracts and Suppliers		22,570,162	22,208,265	19,613,307
Utilities (gas, electricity, water etc)		2,826,615	2,685,283	2,504,213
Depreciation on Non - Current Assets		14,379,381	13,533,845	14,258,923
Loss on Asset Disposals		303,322	292,865	116,084
Insurance Expense		833,822	864,164	667,269
Other (FESA Contribution)		821,841	771,990	754,007
		<u>66,216,318</u>	<u>63,538,757</u>	<u>59,815,996</u>
Changes in Net Assets Resulting from Operations		<u>3,826,376</u>	<u>3,824,589</u>	<u>3,662,980</u>

**(c) Individually Significant Items**

Contributions to Infrastructure Assets from developers was more than anticipated and has been included in note 8 Property, Plant and Equipment, with the revenue included in the operating statement under contributions, reimbursements and donations as follows:-

	Note	Actual 2003 \$	Adopted Budget 2003 \$	Actual 2002 \$
Parks and Reserves		259,540	50,000	107,547
Roads, Drainage, Footpaths etc		6,115,435	4,832,000	3,253,013
		<u>6,374,975</u>	<u>4,882,000</u>	<u>3,360,560</u>

Included in actual 2002/2003 results as Roads, Drainage, Footpaths and Street Lighting is \$1,900,580 for assets provided from Landcorp for Edith Cowen University Village which was not expected to be handed over until 2003/2004. Included in Parks and Reserves actual is \$64,940 for Negresco Park, Currambine and \$119,970 for Menteith Park, Kinross handed over earlier than expected.

**(d) Borrowing Costs**

The City did not have any loan borrowings.



CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003

2. OPERATING REVENUES AND EXPENSES (Continued)

(e) Conditions over Grants and Contributions

	Actual 2003 \$	Actual 2002 \$
Grants and contributions which were recognised as revenues during the year and which were obtained on the condition that they be expended on the acquisition of current and non current assets but have yet to be applied in that manner at the reporting date were:		
Main Roads – Various Road Programmes	3,558	-
Black Spot Program – Marmion Ave/Shenton Ave, Connolly	21,333	-
Black Spot Program – Marmion Ave/Mari Road, Duncraig	1,133	-
Volunteer Resource Centre	5,550	-
Youth Holiday Program	2,000	-
Healthways – Extreme Youth Festival	3,000	-
Recreation for People with Disabilities	2,400	-
Childrens Book Week	1,200	-
Black Spot Program – Warwick/Dorchester Roads, Warwick	-	58,013
Black Spot Program – Whitfords/Kingsley Roads, Kingsley	-	58,328
Black Spot Program – Hodges/Constellation Roads, Ocean Reef	-	52,302
MRRP – Shenton Avenue, Joondalup	156,057	443,525
FLRG – Giles Avenue, Padbury	-	3,695
FLRG – Marmion Avenue, Sorrento	-	26,000
Financial Counselling	-	11,960
Anchors Youth Services	-	594
CBD Enhancement – Promotions Officer	-	10,522
	<hr/> 196,231 <hr/>	<hr/> 664,939 <hr/>

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**3. RATES AND SERVICE CHARGES - PAYMENT OPTIONS**

**(a) Rates Discount and Incentive Scheme**

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

- Full payment of all current and arrears of rates, (including specified area rates), domestic refuse charge and private swimming pool inspection fees inclusive of GST within 28 days of the issue date on the annual rate notice:
  - a 5% discount on 2002/2003 general rates only; and
  - eligibility to enter the early payment incentive draw which included a range of prizes sponsored by a number of organisations and thus at no cost to the City.
  - Prizewinners were chosen by a computerized random selection process. They were then invited to attend a draw during which prizes and prize winners names were drawn. Details of sponsors and prizes were placed in sealed envelopes and placed in separate boxes. The Mayor drew an envelope out of the sponsors' box and announced the prize. The sponsors' representative selected the prizewinners' envelope and presented the prize.

These statements reflect that \$1,103,789 was allowed for discounts for the early payment of rates.

**(b) Rates Payment Options**

The City, in accordance with the provisions of Section 6.45 of the Local Government Act 1995, offered the following payment options for the payment of rates (including specified area rates), domestic refuse charges, private swimming pool inspection fees and Property Surveillance & Security Charge inclusive of GST:

• **One Instalment**

Payment in full within 28 days of the issue date of the annual rate notice and eligibility for a 5% discount on current general rates only and eligibility to enter the rates incentive scheme for prizes.

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

• **Two Instalments**

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

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

• **Four Instalments**

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**3. RATES AND SERVICE CHARGES - PAYMENT OPTIONS (Continued)**

**(b) Rates Payment Options (continued)**

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

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

The instalment options were subject to an administration fee of \$5.00 for each instalment two, three and four, together with an interest charge at 5.5% per annum, calculated on a simple interest basis on:

- **Two Instalments:**

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

- **Four Instalments:**

An administration fee of \$5.00 for each instalment two, three and four, together with and interest charged at 5.5% per annum, calculated on a simple interest basis on :

75% of the total current general rate (including specified area rates), domestic refuse charge, and private swimming pool inspection fees inclusive of GST calculated 35 days from the issue date of the annual rate notice 63 days after the due date of the first instalment;

50% of the total current general rate (including specified area rate), domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated from the date of issue of the annual rate;

Notice to 63 days after the date of the 1<sup>st</sup> instalment to the due date of the 2<sup>nd</sup> instalment and 50% of the total current rate (including specified area rate), domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated from the date of issue of the annual rate notice of 63 days after the due date of the 2<sup>nd</sup> instalment to the due date of the third instalment.

- **Special Payment Arrangements**

Special monthly or fortnightly payment arrangements were made with the City for those ratepayers who were unable to pay in full or according to the instalment plans offered. An administration fee of \$20.00 per assessment was charged on all payment arrangements and penalty interest of 8.95% pa was applied to the outstanding balance until the account is paid in full.

These statements reflect that \$244,372 was generated from instalment costs charged on outstanding rates.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**3. RATES AND SERVICE CHARGES - PAYMENT OPTIONS (Continued)**

**(c) Late Payment Interest**

The Council, in accordance with the provisions of Section 6.13 and Section 6.51 of the Local Government Act 1995, imposed interest on all current and arrears general rates (including specified area rate), current and arrears domestic refuse charges, current and arrears private swimming pool inspection fees (inclusive of GST) and arrears property surveillance & security charge at a rate of 8.95% per annum, calculated on a simple interest basis on arrears amounts that remain unpaid and current amounts that remain unpaid 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until the instalment is paid. Excluded are deferred rates, instalment amounts not due under the four-payment option, registered pensioner portions and current government pensioner rebate amounts. Such interest was charged once per month on the outstanding balance on the day of calculation for the number of days as previously detailed.

These statements reflect an amount of \$272,746 generated from interest charged on outstanding rates.

**(d) Domestic Refuse Charges**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of the Health Act 1911 imposed the following domestic refuse charges for the 2002/2003 financial year:

- \$122.00 per existing unit serviced; and
- Additional services \$134.20 (inclusive of GST)
- Collection from within the property boundary :
  - (a) Existing services \$122.00
  - (b) Additional cost \$41.20 inclusive of GST.
- New service \$122.00 + Bin and delivery \$39.60 inclusive of GST.
- Optional recycling cart \$84.70 inclusive of GST.
- Optional recycling cart – sort and collect recycling cart \$35.20 inclusive of GST.

**(e) Private Swimming Pool Inspection Fees**

The Council, in accordance with the provisions of Section 245A (8) of the Local Government (Miscellaneous Provisions) Act 1960 imposed for the 2002/2003 financial year, a Private Swimming Pool Inspection Fee of \$13.75 (inclusive of GST) on those properties owning a private swimming pool.

**(f) Prescribed Services – Specified Area Rating Iluka**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2002/2003 financial year, a specified area rate for the area of Iluka for enhanced landscaping services.

A rate in the dollar of 0.6167¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$82,274.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**3. RATES AND SERVICE CHARGES - PAYMENT OPTIONS (Continued)**

**(g) Prescribed Services – Specified Area Rating Woodvale Waters**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2002/2003 financial year, a specified area rate for the area of Woodvale Waters for enhanced landscaping services.

A rate in the dollar of 1.3319¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$21,606.

**(h) Prescribed Services – Specified Area Rating Harbour Rise**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2002/2003 financial year, a specified area rate for the area of Harbour Rise for enhanced landscaping services.

A rate in the dollar of 1.1105¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$54,226.

**(i) Write Off Rates and Charges**

The total value of rates and charges from previous years written off during the year was \$7,430.

**(j) Schedule Of Valuations and Rate Revenue**

The schedule of valuations and rate revenue is shown on the Statement of 2002/2003 Rating Information on page 8 of this report.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**4 (a). FEES AND CHARGES INFORMATION**

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

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

By Programme	Note	Actual 2003 \$	Budget 2003 \$
General Purpose Funding		517,118	468,777
Law Order and Public Safety		371,440	374,720
Health		183,303	153,573
Education and Welfare		40,516	23,142
Community Amenities		7,318,324	7,255,922
Recreation and Culture	1	2,889,840	622,501
Transport		76,128	84,228
Economic Services		1,079,319	1,038,393
Other Property and Services		37,254	42,557
		<b>12,513,242</b>	<b>10,063,813</b>

1. Fees and charges for Craigie Leisure Centre, Sorrento/Duncraig Recreation Centre and Ocean Ridge Recreation Centre were not included in the adopted budget. An offset between income and expenditure of a \$500,000 expense only was included in adopted budget (refer note 26).

**4 (b). GOVERNMENT GRANTS INFORMATION**

The total revenue from government grants by programme as required under Australian Accounting Standard AAS27 paragraph 86(b) are shown below.

By Programme	Note	Actual 2003 \$	Budget 2003 \$
General Purpose Funding		3,874,085	3,828,400
Education and Welfare		159,807	179,307
Community Amenities		102,589	61,267
Recreation and Culture		156,440	132,926
Transport	1	2,016,201	4,355,702
		<b>6,309,122</b>	<b>8,557,602</b>

1. Main Roads WA Specific Grant \$1,280,000 and Metro Regional Road Program Grant \$620,000 for the extension of Railway Tunnel for dual carriageway - Marmion Avenue to Joondalup Drive and Roundabout at Pontiac Way/access Road to Joondalup Arena were not received.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**5. INVESTMENTS**

	Actual 2003 \$	Actual 2002 \$
Restricted	17,631,786	17,010,516
Unrestricted	14,187,323	12,767,977
	<hr/> 31,819,109	<hr/> 29,778,493

Investments comprise short term deposits held with financial institutions.

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

Asset Replacement Reserve	7,163,348	7,034,398
Cash in Lieu of Parking Reserve	363,874	419,551
Cash in Lieu of Public Open Space Reserve	832,339	704,311
Domestic Cart - Refuse Collection Reserve	2,724,138	2,333,125
Heavy Vehicles Replacement Reserve	710,481	578,926
Hodges Drive Drainage Reserve	187,309	179,309
Joondalup City Centre Public Parking Reserve	52,022	455,373
Leisure Centres Capital Improvements Reserve	14,445	14,445
Library Literacy Program Reserve	1,162	-
Light Vehicles Replacement Reserve	638,684	924,799
Ocean Reef Boat Launching Facility Reserve	53,491	51,266
Performing Arts Facility Reserve	3,135,459	2,044,774
Plant Replacement Reserve	708,378	563,086
Section 20A Land Reserve	30,292	28,962
Special Area Rate Harbour Rise Reserve	28,336	-
Special Area Rate Iluka Reserve	5,330	-
Town Planning Scheme 10 Reserve	773,967	986,539
Wanneroo Bicentennial Trust Reserve	12,500	26,713
Unspent Government Grants and Contributions	196,231	664,939
	<hr/> 17,631,786	<hr/> 17,010,516

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

**6. RECEIVABLES**

	Actual 2003 \$	Actual 2002 \$
<b>Current</b>		
Rates Receivables Outstanding	569,456	957,523
Trade Receivables	812,803	773,585
Allowance for Doubtful Debts	(37,165)	(58,662)
Prepaid Expenses	156,302	173,384
Accrued Income	284,479	759,548
Goods & Services Tax (GST) Receivable	483,332	445,023
	<hr/> 2,269,207	<hr/> 3,050,401

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**6. RECEIVABLES**

	Actual 2003 \$	Actual 2002 \$
<b>Non-Current</b>		
Rates Receivable Outstanding - Pensioners Deferred	907,956	855,266
Deferred Receivable - Wanneroo Basketball Association	-	169,000
Deferred Receivable - Local Government House	20,367	20,367
Capital Advance - Mindarie Regional Council	274,288	274,288
Capital Advance - City of Wanneroo	161,250	204,250
	<hr/> 1,363,861 <hr/>	<hr/> 1,523,171 <hr/>

Deferred Receivable - Wanneroo Basketball Association - Council at its March 2003 meeting authorised to waive the outstanding debt owed by the club to the City under a Deed of Variation entered into between both parties in 1987.

Deferred Receivable - Local Government House - the City holds five units valued at \$4,073.38 each. These units are revalued every three years with the next revaluation being January 2004.

Capital Investment - Mindarie Regional Council - contributions made between 1988 - 1993 to assist with the initial operations of the waste treatment facilities.

Capital Advance - City of Wanneroo - advance for the upgrade of the Materials Recovery Facility at Wangara in joint participation between the Cities of Wanneroo, Swan and Joondalup and is to be repaid over five years at \$43,000 per year.

**7. INVENTORIES**

	Actual 2003 \$	Actual 2002 \$
Materials - Cost	<hr/> 1,406 <hr/>	<hr/> 7,009 <hr/>



**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**8. PROPERTY, PLANT AND EQUIPMENT**

Fixed Assets At Cost	Freehold Land at Cost \$	Buildings at Cost \$	Artworks, Furniture and Computer Equipment at Cost \$	Other Equipment at Cost \$	Mobile Plant and Vehicles at Cost \$	TOTAL \$
<i>Gross Carrying Amount</i>						
Balance at 30 June 2002	3,027,048	65,186,991	6,010,814	1,266,828	7,571,808	83,063,489
Transfers and Adjustments	-	724,419	673	-	8,294	733,386
Additions	-	296,573	781,218	52,190	1,776,221	2,906,202
Disposals	-	-	(175,136)	(6,660)	(1,791,776)	(1,973,572)
Balance at 30 June 2003	3,027,048	66,207,983	6,617,569	1,312,358	7,564,547	84,729,505
<i>Accumulated Depreciation/Amortisation</i>						
Balance at 30 June 2002	-	(13,132,908)	(4,470,231)	(964,905)	(1,930,414)	(20,498,458)
Additions	-	(1,631,007)	(589,662)	(76,926)	(708,211)	(3,005,806)
Disposals	-	-	157,193	4,440	673,667	835,300
Balance at 30 June 2003	-	(14,763,915)	(4,902,700)	(1,037,391)	(1,964,958)	(22,668,964)
Net Book Value	3,027,048	51,444,068	1,714,869	274,967	5,599,589	62,060,541
As at 30 June 2002	3,027,048	52,054,083	1,540,582	301,923	5,641,394	62,565,030
As at 30 June 2003	3,027,048	51,444,068	1,714,869	274,967	5,599,589	62,060,541

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	2003 \$	2002 \$
Buildings	1,631,007	1,608,440
Plant and Vehicles	708,211	671,309
Plant and equipment	76,926	81,374
Artworks, Furniture and Computer Equipment	589,662	1,202,764
	3,005,806	3,563,887

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**8. PROPERTY, PLANT AND EQUIPMENT (contd)**

Infrastructure Assets	Reserves	Roads	Footpaths	Drainage	Other Infrastructure	TOTAL
	\$	\$	\$	\$	\$	\$
<i>Gross Carrying Amount</i>						
Balance at 30 June 2002						
Deemed Cost Pre - 1997	17,016,746	184,422,507	8,170,671	125,616,531	21,313,677	356,540,132
Cost	14,570,285	74,439,230	4,190,838	16,905,138	4,130,008	114,235,499
Additions	2,091,955	8,214,809	742,274	1,701,165	1,494,593	14,244,796
Disposals	(45,200)	-	-	-	-	(45,200)
Balance at 30 June 2003	33,633,786	267,076,546	13,103,783	144,222,834	26,938,278	484,975,227
<i>Accumulated Depreciation/Amortisation</i>						
Balance at 30 June 2002	(5,875,111)	(25,398,587)	(1,363,223)	(10,309,477)	(3,495,054)	(46,441,452)
Additions	(2,042,273)	(6,117,313)	(386,676)	(2,165,690)	(661,623)	(11,373,575)
Disposals	45,200	-	-	-	-	45,200
Balance at 30 June 2003	(7,872,184)	(31,515,900)	(1,749,899)	(12,475,167)	(4,156,677)	(57,769,827)
Net Book Value	25,761,602	235,560,646	11,353,884	131,747,667	22,781,601	427,205,400
As at 30 June 2002	25,711,920	233,463,150	10,998,286	132,212,192	21,948,631	424,334,179
As at 30 June 2003	25,761,602	235,560,646	11,353,884	131,747,667	22,781,601	427,205,400

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	2003 \$	2002 \$
Reserves	2,042,273	1,669,713
Roads	6,117,313	5,840,566
Footpaths	386,676	365,050
Drainage	2,165,690	2,150,731
Other Infrastructure	661,623	668,976
	<b>11,373,575</b>	<b>10,695,036</b>

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**8. PROPERTY, PLANT AND EQUIPMENT (contd)**

	Actual 2003 \$	Actual 2002 \$
Work in Progress - Buildings	856,099	323,862
Work in Progress - Reserves	68,696	315,967
Work in Progress - Roads	1,653,553	1,555,860
Work in Progress - Drainage	94,343	60,159
Work in Progress - Footpaths	43,427	14,908
Work in Progress - Car Parking	448,705	-
Work in Progress - Other Engineering	204,328	54,356
	<b>3,369,151</b>	<b>2,325,112</b>
 Net Book Value of Property, Plant and Equipment	 <b>492,635,092</b>	 <b>489,224,321</b>

**9. PAYABLES AND PROVISIONS**

Current	Actual 2003 \$	Actual 2002 \$
<b>Payables</b>		
Trade Payables	2,261,056	2,124,766
Sundry Payables	1,444,549	1,357,359
Accrued Expenses	1,005,649	1,117,994
Goods & Services Tax (GST) Payable	93,322	64,977
	<b>4,804,576</b>	<b>4,665,096</b>
 <b>Provisions</b>		
Provision for Annual Leave	2,160,551	2,123,989
Provision for Long Service Leave	1,605,837	1,456,847
Provision for Sick Leave	45,750	58,056
Provision for Workers Compensation Premium	527,937	277,396
	<b>4,340,075</b>	<b>3,916,288</b>
 <b>Non Current</b>		
Provision for Long Service Leave	<b>666,226</b>	<b>555,269</b>

Non current long service leave relates to employees who have less than seven years service as per AAS 30.

**Note:** Number of Employees (FTE) at end of financial year (2003) 437 (2002) 439

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**10. RESERVES**

	Actual 2003 \$	Adopted Budget 2003 \$	Actual 2002 \$
<b>(a) Asset Replacement Reserve</b>			
Opening Balance	7,034,398	7,034,398	6,733,227
Transfer from Accumulated Surplus	142,250	160,000	301,171
Transfer to Accumulated Surplus	(13,300)	(6,657,500)	-
<b>Closing Balance</b>	<b>7,163,348</b>	<b>536,898</b>	<b>7,034,398</b>
Expenditure for this Reserve required only when approved developments are identified			
<b>(b) Cash in Lieu of Parking Reserve</b>			
Opening Balance	419,551	419,551	402,769
Transfer From Accumulated Surplus	16,890	19,000	17,982
Transfer to Accumulated Surplus	(72,567)	(65,000)	(1,200)
<b>Closing Balance</b>	<b>363,874</b>	<b>373,551</b>	<b>419,551</b>
Expenditure for this Reserve required only when approved developments identified			
<b>(c) Cash in Lieu of Public Open Space Reserve</b>			
Opening Balance	704,311	704,311	674,169
Transfer From Accumulated Surplus	139,028	34,000	30,142
Transfer to Accumulated Surplus	(11,000)	(12,000)	-
<b>Closing Balance</b>	<b>832,339</b>	<b>726,311</b>	<b>704,311</b>
Expenditure for this Reserve is ongoing.			
<b>(d) Domestic Cart – Refuse Collection Reserve</b>			
Opening Balance	2,333,125	2,333,125	1,136,748
Transfer From Accumulated Surplus	391,013	468,200	1,236,377
Transfer to Accumulated Surplus	-	-	(40,000)
<b>Closing Balance</b>	<b>2,724,138</b>	<b>2,801,325</b>	<b>2,333,125</b>
Expenditure for this Reserve is ongoing.			

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**10. RESERVES (continued)**

	Actual 2003 \$	Adopted Budget 2003 \$	Actual 2002 \$
<b>(e) Heavy Vehicles Replacement Reserve</b>			
Opening Balance	578,926	578,926	446,943
Transfer from Accumulated Surplus	183,248	199,165	190,778
Transfer to Accumulated Surplus	(51,693)	(55,000)	(58,795)
	<hr/>	<hr/>	<hr/>
<b>Closing Balance</b>	<b>710,481</b>	<b>723,091</b>	<b>578,926</b>
	<hr/>	<hr/>	<hr/>
Expenditure for this Reserve is ongoing and relates to the heavy vehicle replacement programme			
<b>(f) Hodges Drive Drainage Reserve</b>			
Opening Balance	179,309	179,309	171,633
Transfer from Accumulated Surplus	8,000	9,000	7,676
	<hr/>	<hr/>	<hr/>
<b>Closing Balance</b>	<b>187,309</b>	<b>188,309</b>	<b>179,309</b>
	<hr/>	<hr/>	<hr/>
Expenditure for this Reserve is only when required.			
<b>(g) Joondalup City Centre Parking Reserve</b>			
Opening Balance	455,373	455,373	395,709
Transfer from Accumulated Surplus	35,895	22,150	59,664
Transfer to Accumulated Surplus	(439,246)	(461,705)	-
	<hr/>	<hr/>	<hr/>
<b>Closing Balance</b>	<b>52,022</b>	<b>15,818</b>	<b>455,373</b>
	<hr/>	<hr/>	<hr/>
Expenditure from this Reserve is only when required.			
<b>(h) Leisure Centres Capital Replacement Reserve</b>			
Opening Balance	14,445	14,445	-
Transfer From Accumulated Surplus	-	-	14,445
	<hr/>	<hr/>	<hr/>
<b>Closing Balance</b>	<b>14,445</b>	<b>14,445</b>	<b>14,445</b>
	<hr/>	<hr/>	<hr/>
Expenditure from this Reserve when approved.			

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**10. RESERVES (continued)**

	Actual 2003 \$	Adopted Budget 2003 \$	Actual 2002 \$
<b>(i) Library Literacy Program Reserve</b>			
Opening Balance	-	-	-
Transfer from Accumulated Surplus	1,162	-	-
	<hr/>	<hr/>	<hr/>
Closing Balance	<u>1,162</u>	<u>-</u>	<u>-</u>
Expenditure for this Reserve is required only when this project is undertaken.			
<b>(j) Light Vehicles Replacement Reserve</b>			
Opening Balance	924,799	924,799	683,260
Transfer from Accumulated Surplus	489,038	597,243	468,586
Transfer to Accumulated Surplus	(775,153)	(982,909)	(227,047)
	<hr/>	<hr/>	<hr/>
Closing Balance	<u>638,684</u>	<u>539,133</u>	<u>924,799</u>
Expenditure for this Reserve is ongoing and relates to the light vehicle replacement programme			
<b>(k) Ocean Reef Launching Facility Reserve</b>			
Opening Balance	51,266	51,266	49,070
Transfer From Accumulated Surplus	2,225	2,500	2,196
	<hr/>	<hr/>	<hr/>
Closing Balance	<u>53,491</u>	<u>53,766</u>	<u>51,266</u>
Expenditure for this Reserve is required only when approved developments are identified.			
<b>(l) Performing Arts Facility Reserve</b>			
Opening Balance	2,044,774	2,044,774	1,000,000
Transfer from Accumulated Surplus	1,090,685	1,102,000	1,044,774
	<hr/>	<hr/>	<hr/>
Closing Balance	<u>3,135,459</u>	<u>3,146,774</u>	<u>2,044,774</u>
Expenditure for this Reserve is required only when this project is undertaken.			

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**10. RESERVES (continued)**

	Actual 2003 \$	Adopted Budget 2003 \$	Actual 2002 \$
<b>(m) Plant Replacement Reserve</b>			
Opening Balance	563,086	563,086	465,592
Transfer from Accumulated Surplus	328,382	354,532	330,693
Transfer to Accumulated Surplus	(183,090)	(387,050)	(233,199)
	<hr/>	<hr/>	<hr/>
<b>Closing Balance</b>	<b>708,378</b>	<b>530,568</b>	<b>563,086</b>
	<hr/>	<hr/>	<hr/>
Expenditure for this Reserve is ongoing and relates to the plant replacement programme			
<b>(n) Property Surveillance &amp; Security Charge Reserve</b>			
Opening Balance	-	-	362,094
Transfer From Accumulated Surplus	-	-	-
Transfer to Accumulated Surplus	-	-	(362,094)
	<hr/>	<hr/>	<hr/>
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
<b>(o) Section 20A Land Reserve</b>			
Opening Balance	28,962	28,962	27,721
Transfer from Accumulated Surplus	1,330	1,500	1,241
	<hr/>	<hr/>	<hr/>
<b>Closing Balance</b>	<b>30,292</b>	<b>30,462</b>	<b>28,962</b>
	<hr/>	<hr/>	<hr/>
Expenditure from this reserve is required only when approved developments are identified.			
<b>(p) Special Area Rate Harbour Rise Reserve</b>			
Opening Balance	-	-	-
Transfer from Accumulated Surplus	28,336	-	-
	<hr/>	<hr/>	<hr/>
<b>Closing Balance</b>	<b>28,336</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
Funds to be transferred to operating revenue on 1 July 2003			

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**10. RESERVES (continued)**

	Actual 2003 \$	Adopted Budget 2003 \$	Actual 2002 \$
<b>(q) Special Area Rating - Iluka Reserve</b>			
Opening Balance	-	-	24,797
Transfer from Accumulated Surplus	5,330	-	-
Transfer to Accumulated Surplus	-	-	(24,797)
<b>Closing Balance</b>	<b>5,330</b>	<b>-</b>	<b>-</b>
Funds to be transferred to operating revenue on 1 July 2003.			
<b>(r) Town Planning Scheme No 10 (Revoked)</b>			
Opening Balance	986,539	986,539	944,522
Transfer from Accumulated Surplus	43,345	48,750	42,017
Transfer to Accumulated Surplus	(255,917)	(527,054)	-
<b>Closing Balance</b>	<b>773,967</b>	<b>508,235</b>	<b>986,539</b>
Expenditure from this reserve is required only when approved developments are identified.			
<b>(s) Wanneroo Bicentennial Trust</b>			
Opening Balance	26,713	26,713	25,568
Transfer from Accumulated Surplus	-	-	1,145
Transfer to Accumulated Surplus	(14,213)	(26,713)	-
<b>Closing Balance</b>	<b>12,500</b>	<b>-</b>	<b>26,713</b>
Expenditure from this Reserve will be in 2002/2003 for community funding.			
<b>Grand Total of Reserves</b>			
Opening Balance	16,345,577	16,345,577	13,543,822
Transfer from Accumulated Surplus	2,906,157	3,018,040	3,748,887
Transfer to Accumulated Surplus	(1,816,179)	(9,174,931)	(947,132)
<b>Closing Balance</b>	<b>17,435,555</b>	<b>10,188,686</b>	<b>16,345,577</b>



**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**11. SUPERANNUATION**

The City of Joondalup makes superannuation contributions in respect of its employees to the Western Australian Local Government Superannuation Plan (WALGSP) established in respect of all Local Governments in the WA.

Contributions made include Superannuation Guarantee Levy of 9% and employer contributions as per Council policy described below.

The financial statements of the WALGSP for the year ended 30 June 2002 were not qualified by its auditors. The assets of the WALGSP were sufficient to meet its liabilities at that date. The City of Joondalup does not have any liability for outstanding superannuation benefits associated with the WALGSP.

The amount of superannuation contributions paid by the City of Joondalup during the reporting period was Actual \$2,883,469 - Budget \$2,868,627 (Actual 2001/2002 \$2,764,593).

**12. TRUST FUNDS**

	Opening Balance 1/7/2002 \$	Receipts \$	Payments \$	Closing Balance 30/6/2003 \$
Funds over which the Local Government has no control and which are not included in the financial statements are as follows:-				
Unclaimed Monies	29,179	358	26	29,511
Unclaimed Wages	1,485	-	-	1,485
	<hr/>	<hr/>	<hr/>	<hr/>
	30,664	358	26	30,996
	<hr/>	<hr/>	<hr/>	<hr/>

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**13. TOWN PLANNING AND LAND DEVELOPMENT SCHEME - MINDARIE**

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

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

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

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

**14. RECONCILIATION OF CASH**

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

	Actual 2003 \$	Actual 2002 \$
<b>Cash Assets</b>		
Cash Advances	9,780	4,680
Investments	33,248,899	31,592,111
	<hr/> 33,258,679	<hr/> 31,596,791
<b>Interest Bearing Liabilities</b>		
Bank Overdraft	(1,439,570)	(1,813,618)
	<hr/>	<hr/>
<b>Net Cash Balance</b>	<hr/> 31,819,109	<hr/> 29,783,173

Cash and investments is restricted by regulations or other externally imposed requirements \$17,631,786. (refer Note 5) and the net balance of \$14,187,323 is required to fund unpaid creditors, provisions and to fund carried forward works as at the end of year.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**15. GAIN (LOSS) ON DISPOSAL OF ASSETS BY CLASS**

	Actual Net Book Value	Budget Net Book Value	Actual Sale Price	Budget Sale Price	Actual Gain (Loss) on Disposal	Budget Gain (Loss) on Disposal
	\$	\$	\$	\$	\$	\$
Furniture and Office Equipment	4,728	-	555	-	(4,173)	-
Computer Equipment	13,214	-	360	-	(12,854)	-
Mobile Plant	79,560	108,062	76,167	115,950	(3,393)	12,662
Other Equipment	2,221	-	-	-	(2,221)	-
Vehicles	1,038,549	1,271,364	827,315	1,024,864	(211,234)	(246,500)
<b>Gain (Loss) on Disposal of Assets</b>	<b>1,138,272</b>	<b>1,379,426</b>	<b>904,397</b>	<b>1,140,814</b>	<b>(233,875)</b>	<b>(233,838)</b>

**16. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS FOR THE YEAR ENDED 30 JUNE 2003**

	Actual 2003 \$	Actual 2002 \$
<b>Change in Net Assets Resulting from Operations</b>	<b>3,826,376</b>	<b>3,662,980</b>
<u>Add Back</u>		
Depreciation	14,379,381	14,258,923
Decrease in Receivables	327,352	366,742
Increase in Payables	223,480	-
Decrease in Deferred Debtors	159,310	-
Decrease in Stock in Hand	5,603	-
Decrease in Accrued Income	475,069	-
Decrease in Prepayments	17,082	-
Increase in Accrued Expenses	-	321,220
Increase in Provisions	534,744	284,087
Decrease in Accrued GST	-	77,842
Loss on Sale of Assets (net)	233,875	37,068
<b>Sub Total</b>	<b>20,182,272</b>	<b>19,008,862</b>
<u>Deduct</u>		
Contribution of Assets	6,374,975	3,360,560
Increase in Prepayments	-	69,561
Increase in Deferred Debtors	-	23,490
Increase in Stock	-	2,990
Increase in Accrued Income	-	481,351
Decrease in Payables	-	168,456
Decrease in Accrued Expenses	112,345	-
Increase in Accrued GST	9,964	-
<b>Net Cash Provided By Operating Activities</b>	<b>13,684,988</b>	<b>14,902,454</b>

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**17. CREDIT STANDBY FACILITIES**

	Actual 2003 \$	Actual 2002 \$
Bank Offset Limit	500,000	500,000
Bank Overdraft at Reporting Date	1,439,570	1,813,618
	<hr/>	<hr/>
Total Amount Unused/(Exceeding Offset Limit)	<b>(939,570)</b>	<b>(1,313,618)</b>
	<hr/>	<hr/>

Note: The actual overdraft balance as at 30 June 2003 as shown above includes unrepresented cheques. The Bank Overdraft at reporting date reflects the position as shown in the City's books of account. However, as part of Council's investment strategy the actual bank balance is monitored daily and is seldom permitted to go into overdraft.

**18. COMMITMENTS FOR MAJOR EXPENDITURE**

	Actual 2003 \$	Actual 2002 \$
At the reporting date, the City had entered into contracts for the following major expenditure:		
Buildings Works	44,700	1,590,188
Engineering Works	298,078	1,019,460
Parks Works	136,962	294,272
	<hr/>	<hr/>
	<b>479,740</b>	<b>2,903,920</b>
	<hr/>	<hr/>

These expenditures are due for payment:

Not later than One Year	479,740	2,903,920
	<hr/>	<hr/>
	<b>479,740</b>	<b>2,903,920</b>
	<hr/>	<hr/>

It is anticipated that all committed works at the end of the year will be completed in the next financial year.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**19. OTHER EXPENSES**

	Actual 2003	Adopted Budget 2003	Actual 2002
	\$	\$	\$
<b>(a) Elected Members Expenses</b>			
Members Costs are paid monthly in arrears:			
Elected Members Allowances/Remuneration	193,347	201,000	201,001
Elected Members Conferences/Training	32,694	80,000	29,481
Elected Members Presentation Items	3,155	-	4,804
Elected Members Travel, Child Care and Other Specified Expenses	30,330	37,500	9,865
	<u>259,526</u>	<u>318,500</u>	<u>245,151</u>
Elected Members Allowances/Remuneration comprise – Mayoral and Deputy Mayoral Allowances Members Meeting Fees and Telecommunications Allowance.			
<b>(b) Auditors Expenses</b>			
Annual Audit Fee – Deloitte Touche Tohmatsu	<u>31,000</u>	<u>31,900</u>	<u>30,000</u>

**20. GENERAL PURPOSE FUNDING**

	Actual 2003	Adopted Budget 2003	Actual 2002
	\$	\$	\$
Rates General	40,309,312	40,626,612	38,701,435
Fees and Charges on Rates	517,118	468,776	532,849
Grants Commission - GP Grants	3,814,787	3,780,400	3,623,014
Interest on Deferred Pensioner Rates	57,298	48,000	51,458
Interest on Investments - Municipal	1,551,101	1,031,000	1,120,264
Interest on Investments - Reserves	502,323	565,000	604,160
	<u>46,751,939</u>	<u>46,519,788</u>	<u>44,633,180</u>

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**21. MAJOR LAND TRANSACTIONS**

During the 2002/2003 financial year the City did not purchase or dispose of any land.

On 21 May 2001 the City leased the Craigie Leisure Centre, Ocean Ridge Leisure Centre and the Sorrento/Duncraig Leisure Centre to the RANS Management Group. On the 12 June 2002 RANS Management Group appointed a voluntary administrator, Carson McLellan PPD and subsequently entered into liquidation. The City negotiated with the Administrator to retake possession of those operations/facilities with effect from 12 July 2002.

**22. PRESCRIBED SERVICES - SPECIFIED AREA RATE – ILUKA**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2002/2003 financial year, a specified area rate for the suburb of Iluka.

During the 2002/2003 financial year the income and expenditure was as follows;

Income available from the Specified Area Rate	\$82,274
Expenditure for the area of Iluka	<u>\$76,944</u>
Surplus Transferred to Reserves for 2003/04	<u>\$ 5,330</u>

**23. PRESCRIBED SERVICES - SPECIFIED AREA RATE – WOODVALE WATERS**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2002/2003 financial year, a specified area rate for the area of Woodvale Waters.

During the 2002/2003 financial year the income and expenditure was as follows;

Income available from the Specified Area Rate	\$21,606
Expenditure for the area of Woodvale Waters	<u>\$39,017</u>
Council's contribution for the year 2002/2003	<u>(\$17,411)</u>

**24. PRESCRIBED SERVICES – SPECIFIED AREA RATE – HARBOUR RISE**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2002/2003 financial year, a specified area rate for the area of Harbour Rise Hillarys.

During the 2002/2003 financial year the income and expenditure was as follows;

Income available from the Specified Area Rate	\$54,223
Expenditure for Area of Harbour Rise Hillarys	<u>\$25,887</u>
Surplus Transferred to Reserves for 2003/04	<u>\$28,336</u>

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**25. OPERATING REVENUE AND EXPENSES (BY PROGRAMME) FOR THE YEAR ENDING 2003**

**Operating Revenue Significant Variances**

**General Purpose Funding**

The City incurred delays in expenditure, received additional income and improved its rates collections which resulted in additional funds being available for investment.

The City received interest of \$457,424 over the estimated budget during 2002/03.

**Law Order and Public Safety**

Contribution of \$36,145 and Lotteries Commission Grant of \$150,000 towards the Mullaloo Surf Life Saving Club extensions not included in adopted budget.

**Community Amenities**

Contributions for Cash in Lieu of Public Open Space \$108,800 and Joondalup City Centre Parking \$16,200 not included in adopted budget. Funds have been transferred to Reserves.

**Recreation and Culture**

Due to the impact of RANS going into liquidation in late June 2002, the adopted budget for Leisure Centres included a net offset between income and expenditure of \$500,000 against expenditure. The actual Income was \$2,058,067.

Contribution from developers for Parks Infrastructure Assets \$210,000 more than anticipated (refer note 2c).

**Transport**

In the 2002/03 adopted budget \$4,832,000 for Contributions from Developers for Infrastructure Assets was allocated to Other Property and Services. This has subsequently been more appropriately classified as Transport. Actual contributions from developers was \$1,283,435 more than anticipated (refer note 2c).

Non operating grants of \$1,900,000 for a bridge development was not received (refer note 4b).

**Other Property and Services**

In the 2002/03 adopted budget \$4,832,000 for Contributions from Developers for infrastructure assets was allocated to Other Property and Services. This has subsequently been more appropriately classified to Transport.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**25. OPERATING REVENUE AND EXPENSES (BY PROGRAMME) FOR THE YEAR ENDING 2003**

Operating Expenses Significant Variances

**Law Order and Public Safety**

The 2002/03 adopted budget included an allocation of Governance Costs of approximately \$360,000. This has subsequently been more appropriately classified to Law Order and Public Safety.

**Health Services**

Expenditures were less than anticipated in Employee Costs \$52,376, Consultancy Costs \$46,250 and Pest Control Costs \$16,000.

**Community Amenities**

The 2002/03 adopted budget included an allocation of Governance Costs of approximately \$2,200,000. This has subsequently been more appropriately classified from Community Amenities.

Transfer to Reserves for Cash in Lieu of Public Open Space \$108,800 and Joondalup City Centre Parking \$16,200 were not included in adopted budget.

**Recreation and Culture**

Adopted budget for Leisure Centres only included a net offset between income and expenditure of \$500,000 against expenditure whereby actual expenditure was \$2,626,360 (refer note relating to income).

The 2002/03 adopted budget included an allocation of Governance Costs of approximately \$400,000. This has subsequently been more appropriately classified to Recreation and Culture.

Depreciation on Reserves Infrastructure Assets \$522,273 greater than anticipated.

**Transport**

Depreciation on Infrastructure Assets \$585,800 and materials \$415,478 were more than anticipated.

**Economic Services**

The 2002/03 adopted budget included an allocation of Governance Costs of approximately \$965,000. This has subsequently been more appropriately classified to Economic Services.



**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**26. CASHFLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2003**

**Revenue Significant Variances**

**Rates - General**

The City achieved an excellent rates collection result and improved the cash received from its rates debtors.

**Government Grants and Subsidies**

Non operating grants from Main Roads WA Specific, MetroRegional Road Program and Roads to Recovery Program were not received in 2002/2003.

**Contributions, Reimbursements & Donations**

The 2002/03 adopted budget included \$4,882,000 for Contribution from Developers. This has subsequently been classified as a non cash item.

**Fees and Charges**

Income for Fees and Charges for Leisure Centres was not included in the adopted budget a net adjustment of \$500,000 was included as a budget expense only due to the RANS Management Group handing back the Leisure Centres to the City in mid July 2002.

**Interest Earnings**

The City's investment portfolio is in accordance with the City's investment policy which limits exposure to any single financial institution. The City receives advice from Grove Financial Services Pty Ltd in relation to the most suitable investment portfolio to meet the City's risk guidelines. Interest earnings were greater than anticipated due to additional holdings resulting from underspending, additional income and better than expected rates collections.

**Expenses Significant Variances**

**Employee Costs**

The 2002/03 adopted budget included a net cost for Leisure Centres of \$500,000. Contract/Agency labour for the Leisure Centres of \$1.89m forms part of the net funding but was not separately shown in the adopted budget.

**Materials, Contracts and Suppliers**

Purchases for external materials was greater than estimated .

**Land Purchases**

Purchase of Land for the new works depot site delayed until 2003/2004.

**Purchase of Vehicles and Plant**

Delivery of several vehicles and plant purchases have been delayed until 2003/2004.

**Construction of Infrastructure Assets**

The variance in budget to actual was a direct reflection of several major capital projects not being commenced during the year. These have been included as carried forward works to be undertaken in 2003/2004.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**27. FINANCIAL INSTRUMENTS**

**(a) Significant Accounting Policies**

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

**(b) Interest Rate Risk**

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

			Fixed Interest Rate Maturity				
	Average Interest Rate %	Variable Interest Rate \$	Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$	Non-Interest Bearing \$	Total \$
<b>2002/2003</b>							
<b>Financial Assets</b>							
Cash						9,780	9,780
Receivables						2,269,207	2,269,207
Investments	4.85		33,248,899				33,248,899
<b>Total</b>			<b>33,248,899</b>			<b>2,278,987</b>	<b>35,527,886</b>
<b>Financial Liabilities</b>							
Trade payables						4,804,576	4,804,576
Bank overdraft	7.65	1,439,570					1,439,570
Employee entitlements						5,006,301	5,006,301
<b>Total</b>		<b>1,439,570</b>				<b>9,810,877</b>	<b>11,250,447</b>

			Fixed Interest Rate Maturity				
	Average Interest Rate %	Variable Interest Rate \$	Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$	Non-Interest Bearing \$	Total \$
<b>2001/2002</b>							
<b>Financial Assets</b>							
Cash						4,680	4,680
Receivables						4,573,572	4,573,572
Investments	4.05		31,592,111				31,592,111
<b>Total Assets</b>			<b>31,592,111</b>			<b>4,578,252</b>	<b>36,170,363</b>
<b>Financial Liabilities</b>							
Trade payables						4,665,096	4,665,096
Bank overdraft	7.45	1,813,618					1,813,618
Employee entitlements						4,471,557	4,471,557
<b>Total Liabilities</b>		<b>1,813,618</b>				<b>9,136,653</b>	<b>10,950,271</b>

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**27. FINANCIAL INSTRUMENTS (Continued)**

**(c) Credit Risk**

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

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

**(d) Net Fair Value**

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

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ADDITIONAL DISCLOSURES FOR LOCAL GOVERNMENT

PERFORMANCE MEASUREMENTS

	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003
a) Current Ratio	1.30:1	1.86:1	1.73:1	1.76:1	1.69:1
b) Debt Ratio	0.07:1	0.02:1	0.02:1	0.02:1	0.02:1
c) Debt Service Ratio	0.00:1	0.00:1	0.00:1	0.00:1	0.00:1
d) Rate Coverage Ratio	0.51:1	0.58:1	0.56:1	0.61:1	0.57:1
e) Outstanding Rates	0.07:1	0.08:1	0.06:1	0.05:1	0.04:1

Formulae for calculation of ratios:

(a) Current Ratio

$$\frac{\text{Current Assets minus Restricted Assets}}{\text{Current Liabilities minus Liabilities Associated with Restricted Assets}}$$

(b) Debt Ratio

$$\frac{\text{Total Liabilities}}{\text{Total Assets}}$$

(c) Debt Service Ratio

$$\frac{\text{Debt Service Costs}}{\text{Available Operating Revenue}}$$

(d) Rate Coverage Ratio

$$\frac{\text{Net Rate Revenue}}{\text{Operating Revenue}}$$

(e) Outstanding Rates

$$\frac{\text{Rates Outstanding}}{\text{Rates Collectable}}$$