



minutes

Audit Committee

MEETING HELD ON **THURSDAY, 6 OCTOBER 2011**

TABLE OF CONTENTS

Item No	Title	Page No
	Declaration of Opening	3
	Apologies/Leave of absence	3
	Confirmation of Minutes	4
	Announcements by the Presiding Person without discussion	4
	Declarations of Interest	4
	Identification of matters for which the meeting may sit behind closed doors	4
	Petitions and deputations	4
	Reports	4
1	2010/11 Annual Financial Report	5
	Motions of which previous notice has been given	11
	Requests for Reports for future consideration	11
	Closure	11

CITY OF JOONDALUP

MINUTES OF THE AUDIT COMMITTEE MEETING HELD IN CONFERENCE ROOM 2, JOONDALUP CIVIC CENTRE, BOAS AVENUE, JOONDALUP ON THURSDAY, 4 MAY 2011

ATTENDANCE

Committee Members:

Cr Tom McLean	<i>Presiding Person</i>
Mr Robert (Andy) Cowin	<i>Deputy Presiding Person</i>
Mayor Troy Pickard	
Cr Geoff Amphlett, JP	
Cr John Chester	

Officers:

Mr Garry Hunt	Chief Executive Officer
Mr Mike Tidy	Director Corporate Services
Mr Peter McGuckin	Internal Auditor
Ms Rose Garlick	Governance Officer

In Attendance:

Mr Michael Hillgrove	Director – Audit and Assurance, Grant Thornton Audit Pty Ltd
----------------------	--

DECLARATION OF OPENING

The Presiding Person declared the meeting open at 5.37 pm.

APOLOGIES/LEAVE OF ABSENCE

Apology: Cr Christine Hamilton-Prime

Leave of Absence previously approved

Cr Trona Young	20 September to 7 October 2011 inclusive.
Cr Philippa Taylor	28 September to 14 October 2011 inclusive.
Cr John Chester	25 October to 7 November 2011 inclusive.

CONFIRMATION OF MINUTES**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 16 AUGUST 2011**

MOVED Mayor Pickard, SECONDED Cr Amphlett that the minutes of the meeting of the Audit Committee held on 16 August 2011 be confirmed as a true and correct record.

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs McLean, Amphlett, Chester, Mayor Pickard and Mr Cowin

ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

Nil.

DECLARATIONS OF INTEREST

Nil.

IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS

Nil.

PETITIONS AND DEPUTATIONS

Nil.

REPORTS**ITEM 1 2010/11 ANNUAL FINANCIAL REPORT**

WARD: All

RESPONSIBLE DIRECTOR: Mr Mike Tidy
Corporate Services

FILE NUMBER: 101895, 101515

ATTACHMENTS: Attachment 1 City of Joondalup Annual Financial Report
2010 – 2011
Attachment 2 Audit Management Letter

PURPOSE

To consider the 2010/11 Annual Financial Statements and the auditor's report.

EXECUTIVE SUMMARY

In accordance with Section 6.4 of the Local Government Act 1995, the 2010/11 Annual Financial Report has been prepared and, together with the City's accounts, has been submitted to the City's auditors to conduct their annual audit.

The City's auditors have completed their audit, in accordance with the terms of their engagement and the requirements of Part 7 Division 3 of the Local Government Act 1995, and have submitted their audit report. A Concise Financial Report (Financial Statements without supporting notes) will form part of the 2010/11 Annual Report.

The auditors' report and the Annual Financial Report for the 2010/11 financial year are presented to the Committee for its consideration.

It is recommended that the Audit Committee RECOMMENDS that Council, BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup and the accompanying Audit Report for the financial year 2010/11 forming Attachment 1 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 the 30 September each year. The City of Joondalup has met those requirements and the City's auditors have completed their audit of the accounts and the Annual Financial Report for the financial year 2010/11.

As has been past practice, a Concise Financial Report has also been prepared for inclusion in the City's Annual Report. The Annual Financial Report for the financial year 2010/11 is included as Attachment 1 to this Report

DETAILS

Issues and options considered:

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

The Annual Financial Report needs to be accepted by Council in order to enable the holding of a General Meeting of Electors, at which the City's Annual Report containing the Concise Financial Report will be considered. The Annual Financial Report is also required to be submitted to the CEO of the Department of Local Government.

Outcome of the Audit

The audit has been completed with no issues of significance raised and the audit report is unqualified (Attachment 1 refers). The auditor has provided a Management Letter (Attachment 2 refers) in regards to other matters that the Auditor wishes to bring to the attention of the Audit Committee and advises that there are none.

In terms of form and presentation, there are no changes to the Annual Financial Report of any consequence from the previous year. There have also been no significant changes to requirements under the Accounting Standards in terms of presentation or disclosure.

End of Financial Year Position

The City has finished the Financial Year with a Rate Setting Statement surplus greater than estimated. An estimated 30 June 2011 end of year surplus of \$2,046,117 was used as the opening balance in the 2011/12 Budget. The final end of year Rate Setting Statement surplus for 2010/11 is \$941,351 greater at \$2,987,468. This is unchanged from the amount reported to Council at its September 2011 meeting in the report on the Financial Activity Statement for the Period Ended 30 June 2011.

In summary terms the additional \$941,351 surplus is made up of:

Description	Sub Total	Total
Additional Operating Surplus	\$ 700,568	
Additional Capital Revenue	\$ 343,269	
Reduced Capital Expenditure	\$4,212,777	\$5,256,614
Less Reduced Funding Requirements		(\$4,315,263)
Net Variance		\$ 941,351

There are a number of offsets between revenue, expenditure and funding requirements:

- Increased revenue and reduced expenditure for parking is offset by a larger net transfer to the Parking Facility Reserve - \$429,000 more than anticipated;
- Increased recycling revenue and reduced expenditure for refuse is offset by the subsidy transfer from the Waste Management Reserve not being required - \$676,000 less than anticipated; and
- Decreased capital expenditure for works and plant, the bulk of which represents carry forwards and is therefore offset by a larger than expected transfer to the carry forward reserve \$2,928,000.

After allowing for these offsets the adjusted surplus is made up of:

Description	Sub Total	Total
Reduced Operating (Deficit)	(\$ 266,000)	
Additional Capital Revenue	\$ 343,000	
Reduced Capital Expenditure	\$1,146,000	\$1,223,000
Less Reduced Funding Requirements		(\$ 282,000)
Net Variance		\$ 941,000

As can be seen the main underlying reason for the net additional surplus of \$941,000 is largely related to capital revenue and expenditure.

The largest variations are:

Description	Amount
A higher than expected grant recoup for the Burns Beach Rd MRRG final claim as a result of a review of total project expenditure	\$ 467,000
Community Bus not proceeded with	\$ 160,000
Delays in Fleet purchase and savings on purchases made	\$ 509,000
	\$1,136,000

The balance of the variance is made up of numerous line items.

Legislation/Strategic Plan/Policy Implications

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

“A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government’s CEO of the auditor’s report on that financial report.”

Section 5.53 of the Local Government Act 1995 states:

5.53 Annual Reports

- (1) *The local government is to prepare an annual report for each financial year.*
- (2) *The annual report is to contain:*
 - (f) *the financial report for the financial year;*

Section 5.54 of the Local Government Act 1995 states:

5.54. Acceptance of annual reports

- (1) *Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.*

** Absolute majority required.*

- (2) *If the auditor’s report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor’s report becomes available.*

Section 6.4 of the Local Government Act 1995 states:

6.4 Financial report

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*
 - (a) *be prepared and presented in the manner and form prescribed; and*
 - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
 - (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
 - (b) *the annual financial report of the local government for the preceding financial year.*

Strategic Plan

Key Focus Area: Leadership and Governance.

Objective: 1.1 To ensure that the processes of local governance are carried out in a manner that is ethical, transparent and accountable.

Policy:

Not applicable.

Risk Management Considerations:

Not applicable.

Financial/Budget Implications:

Account No:	Opening Balance
Budget Item:	
Budget Amount:	\$ 2,046,117
Actual:	\$ 2,987,468
Proposed Cost:	\$ N/A
Balance:	\$ 941,351

All figures 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, but the Local Government Act 1995 requires a General Meeting of Electors to be held and the City's Annual Report, incorporating the Concise Financial Report, to be made available publicly. The full Annual Financial Report will also be publicly available.

COMMENT

The Annual Financial Report will be made available on the City's public website. A minimal number of printed, bound colour copies will be available for viewing at Libraries, Leisure Centres and Customer Services Centres.

In order for the City to meet its legislative requirements, it is recommended that the Council accepts the Annual Financial Report for the financial year 2010/11.

VOTING REQUIREMENTS

Absolute Majority.

During discussions the Chief Executive Officer advised that in accordance with the Local government (Financial Management) Regulations 1996, a four yearly report of the effectiveness of the financial management systems and procedures of the City was conducted by an independent third party audit firm. The report is referenced in the minutes for information to Committee Members:

'City of Joondalup – 2010 Financial Management Systems and Procedures Review – September 2010.'

OFFICER'S RECOMMENDATION: that the Audit Committee RECOMMENDS that Council, BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup and the accompanying Audit Report for the financial year 2010/11, forming Attachment 1 to this Report.

MOVED Cr Amphlett, SECONDED Cr Chester that the Audit Committee RECOMMENDS that Council, BY AN ABSOLUTE MAJORITY, ACCEPTS the Annual Financial Report of the City of Joondalup and the accompanying Audit Report for the financial year 2010/11, forming Attachment 1 to this Report, subject to the following amendment:

1 Page 30 of the Annual Financial Report 2010-2011 to read as follows:

“The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.”

The Motion was Put and

CARRIED (5/0)

In favour of the Motion: Crs McLean, Amphlett, Chester, Mayor Pickard and Mr Cowin

Appendix 1 refers

To access this attachment on electronic document, click here: [Attach1agnAudit061011.pdf](#)

MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

REQUESTS FOR REPORTS FOR FUTURE CONSIDERATION

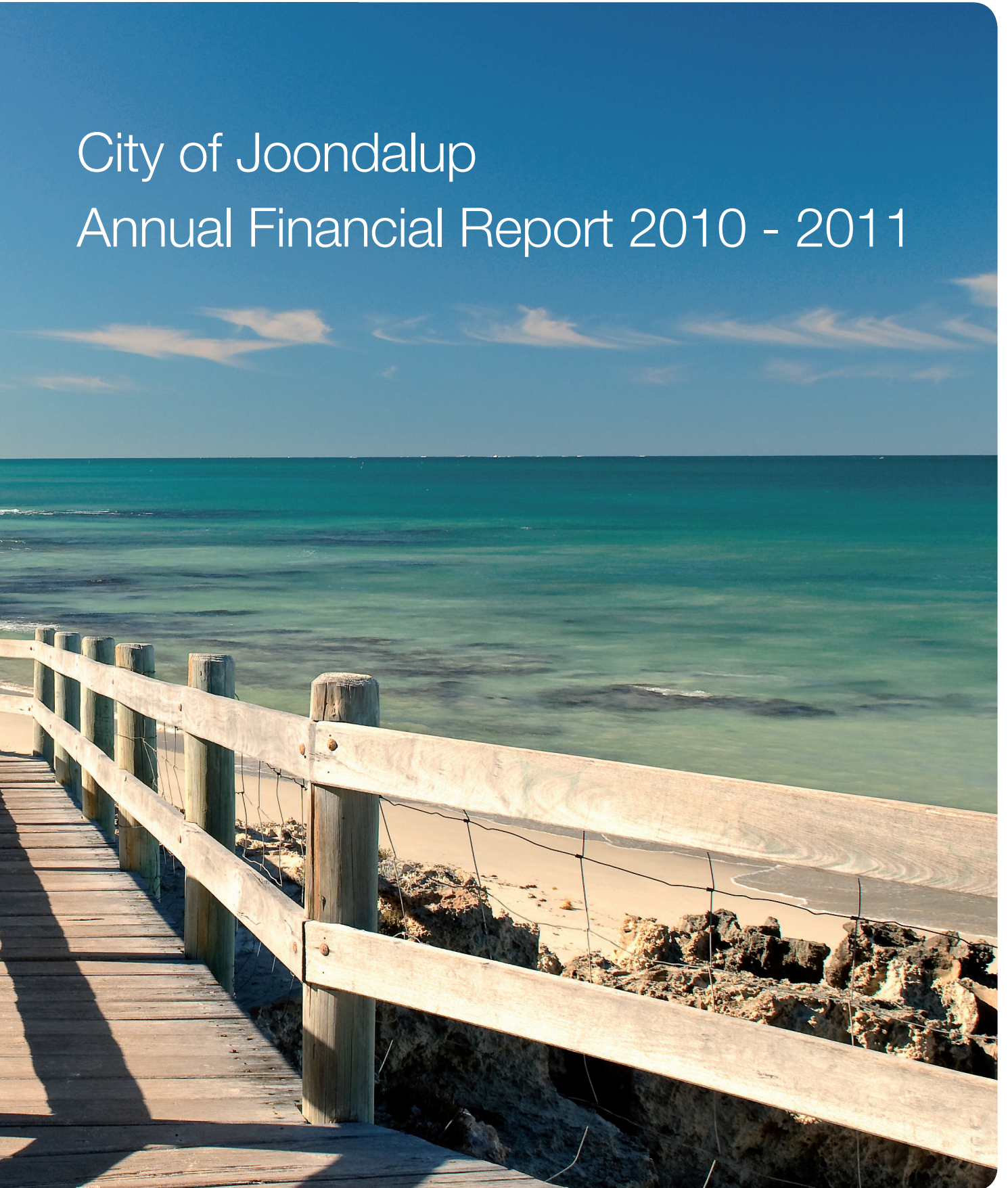
Cr Amphlett requested a report be provided to the Audit Committee at the appropriate time, concerning the evaluation of the withdrawal of the Stirling City Council, from the Mindarie Regional Council Resource Recovery Facility.

CLOSURE

There being no further business, the Presiding Person declared the Meeting closed at 6.00 pm; the following Members being present at that time:

Cr Tom McLean
Mr Robert (Andy) Cowin
Mayor Troy Pickard
Cr Geoff Amphlett, JP
Cr John Chester

City of Joondalup Annual Financial Report 2010 - 2011



CITY OF JOONDALUP
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

TABLE OF CONTENTS

Independent Auditor Report	1
Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Statement of Rating Information	9
Notes to and Forming Part of the Financial Report	10-50
Addendum - New Accounting Standards and Interpretations	51



10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT TO THE RATEPAYERS OF THE CITY OF JOONDALUP

Report on the Financial Report

We have audited the accompanying financial report of the City of Joondalup, which comprises the Statement of Financial Position as at 30 June 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, for the year ended 30 June 2011, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Councils' responsibility for the financial report

The Council of the City of Joondalup is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the City of Joondalup's financial position and of their performance.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's opinion on the financial report

In our opinion, the financial report of the City of Joondalup:

- (i) gives a true and fair view of the City of Joondalup's financial position as at 30 June 2011 and of its performance for the financial year ended 30 June 2011, and
- (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations),
- (iii) are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Director – Audit & Assurance

Perth, 27th September 2011

CITY OF JOONDALUP
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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 other information for the financial year ended 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the City of Joondalup at 30th June 2011 and the results of the operations for the financial year then ended in accordance with Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the *27th* day of *September* 2011.



Garry Hunt
Chief Executive Officer

**CITY OF JOONDALUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2011**

	NOTE	2011 Actual \$	2011 Budget \$	2010 Actual \$
REVENUE				
Rates	2	69,861,079	69,420,408	64,159,659
Grants and Subsidies	5	3,983,235	3,119,042	3,856,379
Contributions, Reimbursements and Donations		2,988,901	2,417,419	2,577,486
Fees and Charges	4	30,132,016	28,596,520	28,154,034
Profit on Disposal of Assets	20	53,556	105,164	76,457
Interest Earnings	6	5,397,611	3,798,858	3,851,271
Other Revenue		252,506	121,000	407,078
		112,668,904	107,578,411	103,082,364
EXPENSE				
Employee Costs		(44,329,162)	(45,149,333)	(41,992,471)
Materials and Contracts		(40,470,460)	(40,915,704)	(39,598,726)
Utilities		(4,766,532)	(4,641,753)	(3,805,794)
Depreciation & Amortisation	3(a)	(21,795,849)	(21,306,833)	(20,753,236)
Loss on Disposal of assets	20	(221,761)	(62,490)	(117,262)
Insurance		(1,297,373)	(1,239,486)	(1,212,548)
Interest Expense	3(a)	(620,437)	(699,800)	(243,124)
		(113,501,574)	(114,015,399)	(107,723,161)
Net Result from Operating Activities		(832,670)	(6,436,988)	(4,640,797)
Non-Operating Activities				
Grants and Subsidies	5	8,330,965	9,840,460	8,671,386
Acquired Infrastructure Assets & Capital Contributions	3(b)	551,725	1,725,000	586,357
Net Surplus		8,050,020	5,128,472	4,616,946
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	15, 33	38,471	-	20,885,626
Total Comprehensive Income		8,088,491	5,128,472	25,502,572

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

CITY OF JOONDALUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 Actual \$	2011 Budget \$	2010 Actual \$
REVENUE				
Governance		121,601	31,240	-
General Purpose Funding		78,687,775	75,754,260	71,684,185
Law, Order, Public Safety		495,603	422,089	286,548
Health		288,254	217,250	202,661
Education and Welfare		423,243	259,532	354,274
Community Amenities		19,990,290	19,182,500	18,915,853
Recreation and Culture		7,734,365	7,239,638	7,065,398
Transport		3,565,533	2,643,978	3,341,989
Economic Services, Other Property & Services		1,362,240	1,827,924	1,231,456
		112,668,904	107,578,411	103,082,364
EXPENSE EXCLUDING FINANCE COSTS				
Governance		(4,402,800)	(5,657,512)	(4,356,566)
General Purpose Funding		(2,484,001)	(2,596,938)	(2,253,938)
Law, Order, Public Safety		(3,945,909)	(4,305,825)	(3,600,749)
Health		(1,264,054)	(1,731,213)	(1,297,520)
Education and Welfare		(1,929,477)	(2,101,878)	(1,820,396)
Community Amenities		(20,896,022)	(26,039,760)	(22,233,669)
Recreation & Culture		(26,917,148)	(37,068,380)	(26,202,753)
Transport		(26,714,458)	(28,416,663)	(24,029,038)
Economic Services, Other Property & Services		(24,327,268)	(5,397,430)	(21,685,408)
		(112,881,137)	(113,315,599)	(107,480,037)
Net Operating Surplus		(212,233)	(5,737,188)	(4,397,673)
Finance Costs				
General Purpose Funding		(620,437)	(699,800)	(243,124)
		(620,437)	(699,800)	(243,124)
Capital Grants and Contributions				
Grants for the development of assets		8,330,965	9,840,460	8,671,386
Acquired Infrastructure Assets	3(b)	460,841	1,725,000	586,357
Other capital contributions	3(b)	90,884	-	-
Net Surplus		8,050,020	5,128,472	4,616,946
Other Comprehensive Income				
Changes on revaluation of non-current assets	15, 33	38,471	-	20,885,626
Total Comprehensive Income		8,088,491	5,128,472	25,502,572

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

**CITY OF JOONDALUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	NOTE	2011 \$	2010 \$
CURRENT ASSETS			
Cash and Cash Equivalents	16(a)	66,889,699	59,257,668
Trade and Other Receivables	7	5,709,257	5,260,674
Inventories		63,817	51,382
TOTAL CURRENT ASSETS		72,662,773	64,569,724
NON-CURRENT ASSETS			
Other Receivables	7	1,946,716	2,251,039
Equity Contributions in Other Unlisted Entities	8	3,155,193	3,121,901
Property, Plant and Equipment	9	288,820,640	294,411,656
Infrastructure Assets	10	509,200,149	499,897,627
TOTAL NON-CURRENT ASSETS		803,122,698	799,682,223
TOTAL ASSETS		875,785,471	864,251,947
CURRENT LIABILITIES			
Trade and Other Payables	11	11,810,454	10,492,064
Borrowings	12	1,479,763	1,189,974
Provisions	13	7,876,809	7,523,159
TOTAL CURRENT LIABILITIES		21,167,026	19,205,197
NON-CURRENT LIABILITIES			
Borrowings	12	10,457,332	9,066,521
Provisions	13	1,460,326	1,367,933
TOTAL NON-CURRENT LIABILITIES		11,917,658	10,434,454
TOTAL LIABILITIES		33,084,684	29,639,651
NET ASSETS		842,700,787	834,612,296
EQUITY			
Retained Surplus		536,326,563	535,954,074
Reserves - Cash Backed	14	48,526,878	40,849,347
Reserves - Asset Revaluation	15	257,847,346	257,808,875
TOTAL EQUITY		842,700,787	834,612,296

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 2011**

	NOTE	2011 Actual \$	2010 Actual \$
RETAINED SURPLUS			
Balance as at 1 July 2010		535,954,074	531,928,797
Net result		8,050,020	4,616,946
Transfer to Reserves		(7,677,531)	(591,669)
Balance as at 30 June 2011		536,326,563	535,954,074
RESERVES - CASH BACKED			
Balance as at 1 July 2010		40,849,347	40,257,678
Transfer from Retained Surplus		7,677,531	591,669
Balance as at 30 June 2011	14	48,526,878	40,849,347
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2010		257,808,875	236,923,249
Change in Revaluation	33	38,471	20,885,626
Balance as at 30 June 2011	15	257,847,346	257,808,875
TOTAL EQUITY		842,700,787	834,612,296

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 2011**

	NOTE	2011 Actual \$	2011 Budget \$	2010 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		69,817,646	68,915,206	64,147,130
Grants and Subsidies		3,983,235	3,119,042	3,856,379
Contributions, Reimbursements and Donations		2,988,901	2,392,098	2,577,486
Fees and Charges		29,637,256	28,546,084	26,960,878
Interest Earnings		6,062,695	3,795,393	3,218,487
Good and Services Tax		8,308,053	-	7,029,610
Other		252,511	121,000	407,079
		<u>121,050,297</u>	<u>106,888,823</u>	<u>108,197,049</u>
Payments				
Employee Costs		(43,937,172)	(44,973,333)	(40,501,465)
Materials and Contracts		(39,809,439)	(39,864,636)	(38,286,436)
Utilities		(4,766,532)	(4,356,391)	(3,805,794)
Insurance		(1,297,373)	(1,239,486)	(1,212,548)
Interest Expense		(620,437)	(699,800)	(219,651)
Goods and Services Tax		(8,183,205)	-	(7,024,924)
		<u>(98,614,158)</u>	<u>(91,133,646)</u>	<u>(91,050,818)</u>
Net Cash Provided By Operating Activities	16(b)	22,436,139	15,755,177	17,146,231
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(2,871,880)	(11,302,913)	(7,718,497)
Payments for Construction of Infrastructure		(22,586,912)	(26,655,847)	(20,856,210)
Capital Investment Mindarie RC		(33,292)	-	(43,541)
Capital Recovery MRF		302,982	-	(31,225)
Grants/Contributions for the Development of Assets		8,421,849	9,840,460	8,671,386
Proceeds from Sale of Assets		282,545	406,000	367,657
		<u>(16,484,708)</u>	<u>(27,712,300)</u>	<u>(19,610,430)</u>
Net Cash Used In Investing Activities		(16,484,708)	(27,712,300)	(19,610,430)
Cash Flows from Financing Activities				
Repayment of Borrowings	21(a)	(1,243,400)	(1,279,959)	(647,464)
Proceeds from borrowing	21(a)	2,924,000	2,924,100	6,685,000
		<u>1,680,600</u>	<u>1,644,141</u>	<u>6,037,536</u>
Net Cash Provided By Financing Activities		1,680,600	1,644,141	6,037,536
Net Increase (Decrease) in Cash Held		7,632,031	(10,312,982)	3,573,337
Cash at Beginning of Year		59,257,668	56,343,627	55,684,331
Cash and Cash Equivalents at the End of the Year	16(a)	<u><u>66,889,699</u></u>	<u><u>46,030,645</u></u>	<u><u>59,257,668</u></u>

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

**CITY OF JOONDALUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 Actual \$	2011 Budget \$	2010 Actual \$
OPERATING REVENUES			
Rates	69,861,079	69,420,408	64,159,659
Grants & Subsidies	3,983,235	3,119,042	3,856,379
Contributions, Reimbursements and Donations	2,988,901	2,417,419	2,577,486
Profit on Disposal	53,556	105,164	76,457
Fees & Charges	30,132,016	28,596,520	28,154,034
Interest Earnings	5,397,611	3,798,858	3,851,271
Other Revenue	252,506	121,000	407,078
	<u>112,668,904</u>	<u>107,578,411</u>	<u>103,082,364</u>
EXPENSES			
Employee Costs	(44,329,162)	(45,149,333)	(41,992,471)
Materials & Contracts	(40,470,460)	(40,915,704)	(39,598,726)
Utilities	(4,766,532)	(4,641,753)	(3,805,794)
Depreciation & Amortisation on Assets	(21,795,849)	(21,306,833)	(20,753,236)
Loss on Disposal and Revaluation	(221,761)	(62,490)	(117,262)
Insurance Expense	(1,297,373)	(1,239,486)	(1,212,548)
Interest Expense	(620,437)	(699,800)	(243,124)
	<u>(113,501,574)</u>	<u>(114,015,399)</u>	<u>(107,723,161)</u>
DEFICIT FROM OPERATIONS	(832,670)	(6,436,988)	(4,640,797)
OPERATING NON-CASH ADJUSTMENTS			
Depreciation on Assets	21,795,849	21,306,833	20,753,236
Loss on Disposal	221,761	62,490	117,262
Profit on Disposal	(53,556)	(105,164)	(76,457)
OPERATING CASH SURPLUS	21,131,384	14,827,171	16,153,244
CAPITAL REVENUE			
Capital Grants	8,330,965	9,840,460	8,671,386
Contributions & Reimbursements - Non Operating	90,884	-	-
Acquired Infrastructure Assets	460,841	1,725,000	586,357
	<u>8,882,690</u>	<u>11,565,460</u>	<u>9,257,743</u>
CAPITAL EXPENDITURE			
Capital Projects	(1,541,868)	(3,979,222)	(6,975,089)
Capital Works	(22,586,912)	(31,922,178)	(19,593,854)
Motor Vehicle Replacement	(1,297,682)	(2,057,360)	(968,349)
Loan Repayments (Principal)	(1,243,400)	(1,279,959)	(647,464)
Equity Investment	(33,292)	-	(31,227)
	<u>(26,703,154)</u>	<u>(39,238,719)</u>	<u>(28,215,983)</u>
CAPITAL DEFICIT	(17,820,464)	(27,673,259)	(18,958,240)
BUDGET SURPLUS/(DEFICIT)	3,310,920	(12,846,088)	(2,804,996)
FUNDING			
Proceeds from Disposal	282,545	406,000	367,657
Surplus Carried Forward	4,608,378	1,212,195	1,538,743
Loans	2,924,000	2,924,100	6,685,000
Transfers from Reserves	11,939,438	14,030,494	12,183,950
Transfer to Reserves	(19,616,972)	(3,974,479)	(12,775,619)
Transfer to Accumulated Surplus	(460,841)	(1,725,000)	(586,357)
NET BUDGET SURPLUS/(DEFICIT)	2,987,468	27,222	4,608,378

**CITY OF JOONDALUP
STATEMENT OF RATING INFORMATION
FOR THE YEAR ENDED 30 JUNE 2011**

	General Rates				Minimum Payments				Total
	Ratable Value	No of properties	Rate in \$	Rate Yield	Ratable Value	No of properties	Minimum payment	Rate Yield	
General Rates-Gross Rental Value (GRV)	\$		c	\$	\$		\$	\$	\$
Residential Improved	727,379,261	44,122	6.0676	44,134,464	120,746,045	12,586	659	8,294,174	52,428,638
Residential Not Improved	39,644,455	1,379	6.0676	2,405,467	597,650	93	659	61,287	2,466,754
Commercial Improved	165,628,564	1,001	7.1509	11,843,933	983,993	123	672	82,656	11,926,589
Commercial Non Improved	782,499	15	12.1351	94,957	-	-	672	-	94,957
Industrial Improved	15,664,659	379	6.7254	1,053,511	50,663	6	672	4,032	1,057,543
Industrial Not Improved	238,250	8	12.1351	28,912	-	-	672	-	28,912
	949,337,688	46,904		59,561,244	122,378,351	12,808		8,442,149	68,003,393
General Rate-Unimproved Value (UV)									
Residential	7,450,021	4	0.7113	52,992	-	-	-	-	52,992
Rural	1,549,936	2	0.7079	10,972	-	-	-	-	10,972
Total UV	8,999,957	6		63,964					63,964
Interim Rates									470,529
Total Rate Levy									68,537,886
Early Payment Prizes (Note 2a)									(51,232)
Net General Rates									68,486,654
Specified Area Rates - Gross Rental Value									
Iluka	41,111,246	1,579	0.16513	67,887					67,887
Woodvale Waters	2,457,265	137	1.39932	34,385					34,385
Harbour Rise	16,608,593	500	0.47411	78,743					78,743
Total Specified Area Rates									181,015
Interest on Outstanding Rates									545,889
Instalment Administration Charges									647,521
Total Rates Revenue									69,861,079

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

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

(b) The Local Government Reporting Entity

The financial statements forming part of this report have been prepared on the basis of a single fund (Municipal Fund). Monies held in Trust, of which the City has legal custody but is unable to deploy for its purposes, have been excluded from the financial statements and the cash position at the reporting date.

(c) Goods and Services Tax

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

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

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

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity 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.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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

(e) Trade and Other Receivables

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

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

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business.

Inventories comprise consumables held for the City's operations.

(g) Acquisition of Assets

Assets acquired during the year are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition, subject to a capitalisation threshold applied to specific classes of assets as follows:

Furniture	\$2,000
Office Equipment	\$2,000
Motor Vehicle	\$2,000
Plant & Equipment	\$2,000
Computer Equipment	\$2,000
Computer Software	\$20,000

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

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

(h) Property, Plant and Equipment

Recognition

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure that the carrying amount does not differ significantly from that determined using fair value at the reporting date.

(i) Infrastructure Assets

Recognition

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

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

Revaluation

Certain infrastructure asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

Land under Roads

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

(j) Depreciation of Non-Current Assets

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

Property, Plant & Equipment

Freehold Land	Nil	Artwork	Nil
Light Vehicles	7.50%	Buildings	2.50%
Heavy Vehicles	10.50%	Mobile Plant	12.50%
Computer Equipment	33.33%	Furniture & Office Equipment	10.00%
Other Equipment	10.00%	Computer Software (>\$20,000)	33.33%

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

Infrastructure Assets

Parks & Reserves

Playgroup Equipment	10.00%
Sports Facilities	10.0%-20.0%
Picnic Facilities	10.00%
Park Benches	8.00%
Fencing	5.0%-10.0%
Reticulation	13.0%-20.0%
Park Structure	5.0%-10.0%
Pathways	5.0%-10.0%
Lighting	13.00%
Oval development	Nil

Engineering

Roads/Traffic Management	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%
Roberson Road Cycleway	2.5%-16.0%
Beach Access Ways	2.5%-10.0%
Hard-court Surface	2.5%-20.0%
Bus Shelter	2.0%
Underpasses/Bridges	1.0%-10.0%
Joondalup City Lighting	2.0%-16.0%
Ocean Reef Marina	2.0%-4.0%

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

(k) Financial Assets

Classification

The City classifies its financial assets in the category 'Loans and Receivables', as defined in AASB 139 'Financial Instruments Recognition and Measurement' and 'Cash and Cash Equivalents'. The classification reflects the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and, in the case of any assets classified as held-to maturity, re-evaluates this designation at each reporting date.

(i) Receivables

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

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Recognition and derecognition

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

(l) Estimation of Fair Value

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

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

(m) Impairment

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

amount of the asset is made in accordance with AASB 136 'Impairment of Assets' and appropriate adjustments made.

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

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

(n) Trade and Other Payables

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

(o) Employee Benefits

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

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

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

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

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

(p) Interest-bearing Loans and Borrowings

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

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

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Borrowing costs are recognised as an expense when incurred.

(q) Provisions

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

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

(r) Rates

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

(s) Grants, Donations and Other Contributions

All grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 3(b). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

(t) Superannuation

The City of Joondalup makes statutory contributions to the Local Government Superannuation Plan on behalf of its employees. The Plan is a defined contribution scheme. The expense related to these contributions is recognised in the Statement of Comprehensive Income.

(u) Works in Progress

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

(v) Rounding Off Figures

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

(w) Comparative Figures

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

(x) Current and Non-Current Classification

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

(y) Crown Land

In accordance with Regulation 16 of the Local Government (Financial Management) Regulations 1996 and current accounting standards Crown land set aside as a public road reserve or other public thoroughfare or under the control of a local government under Section 3.53 of the Local Government Act 1995 or vested Crown land under the control of a local government by virtue of the operation of the Land Act or the Town Planning and Development Act has not been brought to account as an asset of the City. Improvements or structures placed upon such land have been accounted for as assets of the City.

(z) New Accounting Standards and Interpretations

At the date of authorisation of this financial report, there were a number of Standards and Interpretations that were issued but not yet effective. These have not been adopted for the

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

reporting period ended 30 June 2011, and the City's assessment of these new standards and interpretations has been provided in the Addendum to the financial statements.

(za) Critical Accounting Estimates

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

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

2. RATING AND VALUATIONS

(a) Gross Rental Values

The Department of Land Information (Landgate) conducts a Triennial Valuation which provides the City with both Gross Rental Values (GRV) and Unimproved Values (UV) for the purpose of calculating Rates. For the vast majority of properties, the values supplied were effective from 1 July 2008 and will continue for 3 years from that date.

(b) Differential Rates

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

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

None of the differential rates are more than twice the lowest differential rate as applied in the financial year ended 30 June 2011.

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

Object

The rates-in-the-dollar (\$) are calculated to provide the shortfall in income required to enable the City to provide necessary works and services in the 2010/2011 Financial Year after taking into account all non-rate sources of income.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Reason – Gross Rental Value Based Differential Rates

Residential Improved and Not Improved – the rate in the dollar has been set to ensure that the proportion of total rate revenue derived from residential property remains consistent with previous years.

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

Commercial Not Improved – the rate in the dollar has been set to ensure that the proportion of total rate revenue derived from commercial property remains consistent with previous years and is higher than commercial improved property in an effort to promote development of this category of property thereby stimulating growth and development in the community.

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

Industrial Not Improved – the rate in the dollar has been set to ensure that the proportion of total rate revenue derived from industrial property remains consistent with previous years and is higher than industrial improved property in an effort to promote development of this category of property thereby stimulating growth and development in the community.

Reason – Unimproved Value Based Differential Rates

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

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

(c) Minimum Payments

A minimum payment of \$659 is applied to GRV residential improved and not improved and UV residential and rural rate categories in recognition that every property receives some minimum level of benefit from works and services provided.

A minimum payment of \$672 is applied to GRV commercial and industrial both improved and not improved rate categories in recognition that every property receives some minimum level of benefit from works and services provided and the higher minimum compared to other rate categories recognises the higher demand on City infrastructure and services from the activity on commercial and industrial property.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

(d) Concessions and waivers

No concessions were provided for in the 2010/11 financial year.

(e) Rates Early Payment Discount and Incentive Scheme

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

- Full payment of all current and arrears of rates (including specified area rates), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees (inclusive of GST) within 28 days of the issue date on the annual rate notice:
 - eligibility to enter the early payment incentive draw which included a range of prizes sponsored by a number of organisations and thus at no cost to the City, as well as two environmentally-friendly vehicles purchased by the City.
 - a pool of prize winners was chosen by a computerised random selection process, the integrity of which was authenticated by the City's auditor. The winners were invited to attend a prize draw function during which the prizes were allocated in a secondary draw process.

The total of early payment incentives against rates was as follows:

	2011 Actual \$	2011 Budget \$	2010 Actual \$
Rates-Early Payment Incentives & Prizes	51,232	75,000	68,565
	51,232	75,000	68,565

(f) Rates Payment Options

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

• **One Instalment**

Payment in full within 28 days of the issue date of the annual rate notice and eligibility to enter the rates incentive scheme for prizes.

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

- **Two Instalments**

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

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

- **Four Instalments**

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

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

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

Instalment Charges and Calculation of Interest

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

- **Two Instalments:**

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

- **Four Instalments:**

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

50% of the total current general rate (including specified area rate), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated from the due date of second instalment to the due date of the third instalment; and

25% of the total current general rate (including specified area rate), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated from the due date of third instalment to the due date of the fourth instalment.

• **Special Payment Arrangements**

Special monthly or fortnightly payment arrangements were made with the City for those ratepayers who were unable to pay in full or according to the instalment plans offered. An administration fee of \$33.00 per assessment was charged on all payment arrangements and penalty interest of 11.00% pa was applied to the outstanding balance until the account was paid in full.

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

	2011 Actual \$	2011 Budget \$	2010 Actual \$
Interest on Outstanding Rates	545,889	576,300	528,722
Installment Administration Chgs	647,521	580,400	561,983
	1,193,410	1,156,700	1,090,705

Ratepayers had the option of paying rates in four equal instalments, due on 27th August 2010, 29th October 2010, 31 December 2010 and 4th March 2011. An administration fee of \$12 and interest of 5.5% per annum applied for the final three instalments. Rates not paid by due date or by instalment incurred a penalty interest of 11% on outstanding amounts.

(g) Late Payment Interest

The Council, in accordance with the provisions of Section 6.13 and Section 6.51 of the Local Government Act 1995, imposed interest on all current and arrears general rates (including specified area rate), current and arrears domestic refuse charges and current and arrears private swimming pool inspection fees (inclusive of GST) at a rate of 11.00% per annum, calculated on a simple interest basis on arrears amounts that remain unpaid and current amounts that remain unpaid 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until the instalment is paid. Excluded are deferred rates, instalment amounts not due under the four-payment option, registered pensioner portions and current government pensioner rebate amounts. Such interest was charged once per month on the outstanding balance on the day of calculation for the number of days as previously detailed. These statements reflect an amount of \$481,027 generated from interest charged on outstanding rates.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

(h) Emergency Services Levy Interest Charged

In accordance with the provisions of section 36S of the Fire and Emergency Services Authority of Western Australia Act 1998, the City imposed interest on all current and arrears amounts of emergency services levy at a rate of 11.00% per annum, calculated on a simple interest basis on amounts of which remain unpaid after 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until the instalment is paid. Excluded are instalment current amounts not yet due under the two or four-payment option, registered pensioner and current government pensioner rebate amounts. Such interest is charged once per month on the outstanding balance on the day of calculation for the number of days.

(i) Emergency Services Remittance Option B

The City elected to remit the current year Emergency Services Levy to Fire and Emergency Services Authority under Option B. Under Option B the City acquired the current year ESL when the annual rates were levied. The City remitted the ESL to FESA in quarterly payments – September 2010 (30%), December 2010 (30%), March 2011 (30%) and June 2011 (10%). The City invests the Emergency Services Levy receipts as part of its municipal funds investments. The ESL levies received and the ESL liability to FESA are reflected in the City's Balance Sheet and the cash flow impacts are included in the Cash Flow Statement.

(j) Domestic Refuse Charges

The Council, BY AN ABSOLUTE MAJORITY in accordance with Part IV of the Health Act 1911 (as amended) imposed the following domestic refuse charges for the 2010/11 financial year, including a charge for a recycling service to be provided to all ratepayers:

- \$277.00 per existing unit serviced, and
- Collection from within the property boundary: Additional cost \$52 (inclusive of GST).
- New service \$277.00 plus cost of bin and bin delivery \$61.79(inclusive of GST).

(k) 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 2010-11 financial year, a Private Swimming Pool Inspection Fee of \$13.75 (inclusive of GST) on those properties owning a private swimming pool.

(l) Specified Area Rating Iluka

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

A rate in the dollar of 0.16513¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$67,887.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

(m) Specified Area Rating Woodvale Waters

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2010/2011 financial year, a specified area rate for the area of Woodvale Waters for maintaining enhanced landscaping services.

A rate in the dollar of 1.39932¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$34,385

(n) Specified Area Rating Harbour Rise

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2010/2011 financial year, a specified area rate for the area of Harbour Rise for maintaining enhanced landscaping services.

A rate in the dollar of 0.47411¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$78,743

(o) Write Off of Rates and Charges

The total value of rates and charges from previous years written off during the year was \$13,649.24.

(p) Schedule of Valuations and Rate Revenue

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

3. REVENUES AND EXPENSES	Note	2011 \$	2010 \$
(a) Result from Ordinary Activities			
Auditors Remuneration			
Statutory		28,750	27,500
Other Services		1,388	2,580
		<u>30,138</u>	<u>30,080</u>
Depreciation			
Buildings		5,629,457	5,475,346
Furniture and Equipment		873,588	397,032
Plant and Equipment		1,547,573	1,487,989
Parks and Reserves		2,925,081	2,883,370
Roads		6,853,094	6,676,783
Footpaths		592,265	517,936
Drainage		2,307,250	2,280,453
Other Infrastructure		1,067,541	1,034,327
		<u>21,795,849</u>	<u>20,753,236</u>
Interest Expenses			
Interest on Loans	21(a)	614,361	242,608
Other		6,076	516
		<u>620,437</u>	<u>243,124</u>

(b) Acquired Infrastructure Assets

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

Roads	275,857	435,595
Footpaths	57,387	97,422
Drainage	127,597	53,340
	<u>460,841</u>	<u>586,357</u>

Contributions to Property, Plant and Equipment from FESA recognised as revenue and included in the Statement of Comprehensive Income under Contribution, Reimbursements and Donations are as follows:

Fleet, Plant & Equipment	90,884	-
	<u>551,725</u>	<u>586,357</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

4. FEES & CHARGES	2011	2011	2010
	Actual	Budget	Actual
	\$	\$	\$
By Nature			
Rubbish Collection Fees	15,752,864	15,635,265	14,959,114
Membership Fees	1,997,202	2,195,978	1,978,182
Admission Fees	1,574,155	1,461,390	1,369,496
Building Licence Fees	1,081,709	1,140,000	1,196,114
Learn to Swim Program Fees	1,301,894	1,035,586	1,020,294
Court Sport Revenue	491,862	564,821	494,617
Facilities Hire	640,163	481,626	530,037
Development Application Fees	695,623	550,000	589,607
Property Rental	559,369	496,000	567,952
Inspection Fees	436,883	310,000	319,830
Land Purchase Enquiries Fees	218,647	234,700	277,254
Parking Infringements	1,329,773	1,100,000	1,229,639
Other infringements and fines	278,328	242,500	252,768
Commission	200,916	162,034	201,432
On-Street Parking Fee	634,310	570,000	577,578
Off Street Parking Fees	867,815	686,000	741,557
Cash in Lieu of Parking Spaces	-	100,000	81,000
Term Programme Activities Fees	331,269	295,551	259,416
Dog Registration Fees	217,644	264,000	227,222
Eating House Licences & Registrations	48,862	118,000	101,535
Environmental Health Services - Immunisation	69,694	54,000	50,708
Merchandise Sales & Other Sales	215,923	228,885	197,917
Other Miscellaneous Charges	1,187,111	670,184	930,765
	<u>30,132,016</u>	<u>28,596,520</u>	<u>28,154,034</u>
By Program			
General Purpose Funding	234,883	220,082	262,985
Law, Order & Public Safety	396,813	365,800	355,372
Health	278,941	205,250	187,875
Education & Welfare	168,599	58,586	134,105
Community Amenities	18,059,515	17,883,781	17,320,142
Recreation & Culture	7,091,619	6,610,495	6,383,141
Transport	3,457,021	2,564,726	2,972,001
Economic Services	2,657	-	3,291
Other Property and Services	441,968	687,800	535,122
	<u>30,132,016</u>	<u>28,596,520</u>	<u>28,154,034</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

5. GRANT REVENUE		2011	2010
		\$	\$
By Nature and Type:			
Grants and Subsidies - operating			
Dept. for Child Protection		103,062	99,146
Dept. for Community Development		1,000	2,000
Dept. of Family and Community Services		40,294	60,621
Dept. of Sport and Recreation		-	85,000
Dept. of Education, Employment & WR		15,095	37,933
Grants Commission		3,218,463	3,043,781
Dept. of Infrast & Transport		-	200,000
Healthways		30,000	30,000
Lotteries Commission		100,375	60,000
Other Grants		474,946	237,898
		<u>3,983,235</u>	<u>3,856,379</u>
Grants and Subsidies - non-operating			
Black Spot Funding		189,836	1,221,854
Dept. Planning & Infrastructure		-	360,000
Regional & Local Community Infrastructure Programme		1,516,550	-
Main Roads Direct Grant		3,868,547	3,061,149
Main Roads-Federal Assistance		1,703,673	1,867,478
Metro Regional Road Programme		336,620	859,962
Roads to Recovery Programme		705,735	1,197,775
Other Government Grants		10,004	103,168
		<u>8,330,965</u>	<u>8,671,386</u>
		<u>12,314,200</u>	<u>12,527,765</u>
6. CASH INVESTMENTS	Note	2011	2010
		\$	\$
Unrestricted		18,471,122	18,528,201
Restricted	14	48,526,878	40,849,347
	16(a)	<u>66,998,000</u>	<u>59,377,548</u>
Cash investments comprise the following:			
Term Deposits		65,000,000	56,000,000
11AM Deposits		1,998,000	2,765,000
ANZ Cash Plus		-	612,548
	16(a)	<u>66,998,000</u>	<u>59,377,548</u>
Interest earned on money in reserve		2,583,667	1,975,971
Interest earned on other money		2,813,944	1,875,300
		<u>5,397,611</u>	<u>3,851,271</u>

Cash investments comprise short term money market deposits.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

7. TRADE AND OTHER RECEIVABLES	Note	2011 \$	2010 \$
Current			
Rates Outstanding		646,450	603,017
Sundry Debtors		2,135,335	1,479,878
Prepayments		938,303	491,910
Accrued Income		1,127,694	1,792,778
GST Receivable		871,475	905,287
Less Provision for Doubtful Debts		<u>(10,000)</u>	<u>(12,196)</u>
		<u>5,709,257</u>	<u>5,260,674</u>
Non-Current			
Rates/ESL Receivable - Pensioners Deferred		1,214,612	1,177,171
Contributions to Upgrade Material Recovery Facility		669,557	972,539
Long Service Leave Due From - Other Councils		<u>62,547</u>	<u>101,329</u>
		<u>1,946,716</u>	<u>2,251,039</u>
8. EQUITY CONTRIBUTIONS IN OTHER UNLISTED ENTITIES			
Capital Investment - Mindarie Regional Council		422,004	388,712
Capital Investment - Tamala Park Regional Council		2,703,573	2,703,573
Local Government House		<u>29,616</u>	<u>29,616</u>
		<u>3,155,193</u>	<u>3,121,901</u>

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

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

9. PROPERTY, PLANT & EQUIPMENT

Movement in Carrying Amounts

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

At Cost/Valuation	Balance at 30/06/2010 \$	Additions \$	Disposals \$	Transfers, Adjustments & Revaluation \$	Balance at 30/06/2011 \$
Freehold Land	131,917,461	-	-	-	131,917,461
Buildings	158,236,039	110,002	(208,000)	-	158,138,041
Artworks	515,963	24,896	-	38,471	579,330
Furniture, Computer Equipment & Computer Software	8,020,887	474,297	(2,289,464)	-	6,205,720
Fleet, Plant & Equipment	15,358,892	1,733,944	(769,828)	-	16,323,008
	<u>314,049,242</u>	<u>2,343,139</u>	<u>(3,267,292)</u>	<u>38,471</u>	<u>313,163,560</u>
Accumulated Depreciation	Balance at 30/06/2010 \$	Disposals \$	Depreciation \$	Transfers, Adjustments & Revaluation \$	Balance at 30/06/2011 \$
Freehold Land	-	-	-	-	-
Buildings	(11,100,761)	109,300	(5,629,456)	-	(16,620,917)
Artworks	-	-	-	-	-
Furniture, Computer Equipment & Computer Software	(5,533,528)	2,289,464	(873,587)	-	(4,117,651)
Fleet, Plant & Equipment	(4,934,573)	449,868	(1,547,574)	-	(6,032,279)
	<u>(21,568,862)</u>	<u>2,848,632</u>	<u>(8,050,617)</u>	<u>-</u>	<u>(26,770,847)</u>
Written-Down Value	Balance at 30/06/2010 \$	Additions \$	Disposals \$	Depreciation, Adjustments & Revaluation \$	Balance at 30/06/2011 \$
Freehold Land	131,917,461	-	-	-	131,917,461
Buildings	147,135,278	110,002	(98,700)	(5,629,456)	141,517,124
Artworks	515,963	24,896	-	38,471	579,330
Furniture, Computer Equipment & Computer Software	2,487,359	474,297	-	(873,587)	2,088,069
Plant & Equipment	10,424,319	1,733,944	(319,960)	(1,547,574)	10,290,729
	<u>292,480,380</u>	<u>2,343,139</u>	<u>(418,660)</u>	<u>(8,012,146)</u>	<u>286,392,713</u>
Capital Acquisitions in Progress	Balance at 30/06/2010 \$	Expense Additions \$	Capitalised \$	Adjustments \$	Balance at 30/06/2011 \$
Freehold Land	-	-	-	-	-
Buildings	1,383,287	495,252	(97,957)	-	1,780,582
Artworks	600	24,296	(24,896)	-	-
Furniture, Computer Equipment & Computer Software	141,845	860,260	(532,363)	-	469,742
Plant & Equipment	405,544	1,459,743	(1,687,684)	-	177,603
	<u>1,931,276</u>	<u>2,839,551</u>	<u>(2,342,900)</u>	<u>-</u>	<u>2,427,927</u>
Total	<u>294,411,656</u>	<u>5,182,690</u>	<u>(2,761,560)</u>	<u>(8,012,146)</u>	<u>288,820,640</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

10. INFRASTRUCTURE ASSETS

Movement in Carrying Amounts

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

At Cost/Valuation	Balance at 30/06/2010	Additions	Disposals	Transfers and Adjustments	Balance at 30/06/2011
	\$	\$	\$	\$	\$
Roads	475,500,915	7,167,210	-	-	482,668,125
Footpaths	26,132,751	287,711	-	-	26,420,462
Drainage	183,540,106	526,657	-	-	184,066,763
Reserves	55,011,790	2,055,330	-	-	57,067,120
Other Infrastructure	53,482,274	432,435	-	-	53,914,709
	<u>793,667,836</u>	<u>10,469,343</u>	<u>-</u>	<u>-</u>	<u>804,137,179</u>
Accumulated Depreciation	Balance at 30/06/2010	Disposals	Depreciation	Transfers and Adjustments	Balance at 30/06/2011
	\$	\$	\$	\$	\$
Roads	(204,687,432)	-	(6,853,094)	-	(211,540,526)
Footpaths	(11,987,535)	-	(592,265)	-	(12,579,800)
Drainage	(58,774,934)	-	(2,307,250)	-	(61,082,184)
Reserves	(32,123,686)	-	(2,925,081)	-	(35,048,767)
Other Infrastructure	(12,616,029)	-	(1,067,541)	-	(13,683,570)
	<u>(320,189,616)</u>	<u>-</u>	<u>(13,745,231)</u>	<u>-</u>	<u>(333,934,847)</u>
Written-Down Value	Balance at 30/06/2010	Additions	Depreciation	Revaluations and Adjustments	Balance at 30/06/2011
	\$	\$	\$	\$	\$
Roads	270,813,483	7,167,210	(6,853,094)	-	271,127,599
Footpaths	14,145,216	287,711	(592,265)	-	13,840,662
Drainage	124,765,172	526,657	(2,307,250)	-	122,984,579
Reserves	22,888,104	2,055,330	(2,925,081)	-	22,018,353
Other Infrastructure	40,866,245	432,435	(1,067,541)	-	40,231,139
	<u>473,478,220</u>	<u>10,469,343</u>	<u>(13,745,231)</u>	<u>-</u>	<u>470,202,332</u>
Capital Work in Progress	Balance at 30/06/2010	New Work Added	Completed and Capitalised	Adjustments	Balance at 30/06/2011
	\$	\$	\$	\$	\$
Buildings	5,066,914	7,288,962	-	-	12,355,876
Reserves	3,838,180	2,580,545	(2,055,330)	-	4,363,395
Roads	14,479,410	11,344,860	(6,891,353)	-	18,932,917
Footpaths	1,550,274	370,077	(230,324)	-	1,690,027
Drainage	573,275	501,833	(399,060)	-	676,048
Other Infrastructure	911,354	500,635	(432,435)	-	979,554
	<u>26,419,407</u>	<u>22,586,912</u>	<u>(10,008,502)</u>	<u>-</u>	<u>38,997,817</u>
Total	<u>499,897,627</u>	<u>33,056,255</u>	<u>(23,753,733)</u>	<u>-</u>	<u>509,200,149</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

11. TRADE AND OTHER PAYABLES	Note	2011	2010
		\$	\$
Current			
Trade Payables		5,007,309	5,901,281
Sundry Payables		243,257	258,539
Accrued Expenses		5,314,529	3,337,288
Income in Advance		1,020,183	860,821
Goods & Service Tax (GST) Payable		225,176	134,135
		<u>11,810,454</u>	<u>10,492,064</u>

12. BORROWINGS

Current - Loan Borrowings	28(d)	1,479,763	1,189,974
Non-Current Loan Borrowings		10,457,332	9,066,521
Total Borrowings	21(a)	<u>11,937,095</u>	<u>10,256,495</u>

Current loan borrowings represent the current portion of existing long-term liabilities as detailed in note 21.

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

13. PROVISIONS	Note	2011	2010
		\$	\$
Current			
Provision for Annual Leave		3,026,905	2,927,283
Provision for Long Service Leave		2,622,096	2,691,074
Provision for Sick leave		133,810	125,968
Provision for Workers Compensation		2,001,548	1,728,002
Provision for Write-off of Assets		62,892	30,805
Provisions-Other		29,558	20,027
		<u>7,876,809</u>	<u>7,523,159</u>
Non-Current			
Provision for Long Service Leave		1,134,897	1,020,670
Provision for Long Service Leave due to Other Councils		325,429	347,263
		<u>1,460,326</u>	<u>1,367,933</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

14. RESERVES - CASH BACKED

	2011 Actual \$	2011 Budget \$	2010 Actual \$
a) Cash in Lieu of Parking			
Opening Balance	925,585	923,614	881,404
Amount Set Aside / Transfer to Reserve	81,734	57,622	44,181
Amount Used / Transfer from Reserve	-	-	-
	1,007,319	981,236	925,585

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

(b) Cash in Lieu of Public Open Space

Opening Balance	1,465,417	1,462,297	1,395,468
Amount Set Aside / Transfer to Reserve	90,800	91,229	69,949
Amount Used / Transfer from Reserve	-	-	-
	1,556,217	1,553,526	1,465,417

Created in 1993/94 with money previously held in Trust Fund representing funds received from developers in lieu of providing public open space and will be utilised to fund future public open space requirements. Funds transferred to the reserve represent interest.

(c) Waste Management

Opening Balance	2,828,848	2,862,200	3,979,213
Amount Set Aside / Transfer to Reserve	174,485	149,708	166,457
Amount Used / Transfer from Reserve	(25,700)	(925,073)	(1,316,822)
	2,977,633	2,086,835	2,828,848

The Domestic Cart-Refuse Collection Reserve was renamed to the Waste Management Reserve and its purpose changed in 2009/10. The purpose of the reserve is to fund and support waste management including but not limited to refuse collection, waste management initiatives and programs, infrastructure and buildings and legal expenses associated with waste management but excluding vehicles, plant and equipment. Funds transferred to the reserve represent interest. Funds transferred from the reserve represent the cost of upgrades to the Wanneroo Materials Recovery Facility.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

14. RESERVES - CASH BACKED (continued)	2011	2011	2010
	Actual \$	Budget \$	Actual \$
(d) Vehicle, Plant and Equipment			
Opening Balance	1,853,399	1,849,454	1,764,931
Amount Set Aside / Transfer to Reserve	114,840	115,382	88,468
Amount Used / Transfer from Reserve	-	-	-
	<u>1,968,239</u>	<u>1,964,836</u>	<u>1,853,399</u>

Created in 2008/09 to provide for the replacement of City's fleet of vehicles, plant and equipment by consolidating several previous separate reserves. Funds transferred to the reserve represent interest.

e) Cash in Lieu of City Centre Parking

Opening Balance	447,465	446,512	426,106
Amount Set Aside / Transfer to Reserve	111,235	27,857	21,359
Amount Used / Transfer from Reserve	-	-	-
	<u>558,700</u>	<u>474,369</u>	<u>447,465</u>

Created in 1995/96 by the former City of Wanneroo to accumulate funds received from developers within the Joondalup central business district in lieu of providing car parking and will be utilised to fund future city centre car parking requirements. Transfers from reserves fund car park works. Funds transferred to the reserve represent interest.

(f) Library Literacy Program

Opening Balance	-	-	16,083
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	(16,083)
	<u>-</u>	<u>-</u>	<u>-</u>

Created in 2003/04 with proceeds from the sale of donated and surplus library books with such funds to be used for the development of literacy programs to be held at the city's libraries in future years. The council resolved to discontinue the Library Literacy Reserve during 2009/10.

(g) Capital Works Carried Forward

Opening Balance	10,830,038	12,925,230	11,354,607
Amount Set Aside / Transfer to Reserve	9,565,608	-	10,032,103
Amount Used / Transfer from Reserve	(10,830,038)	(11,559,510)	(10,556,672)
	<u>9,565,608</u>	<u>1,365,720</u>	<u>10,830,038</u>

Created in 2006/07 to hold unspent capital works funds carried forward to subsequent financial year(s). The transfer from reserve is to fund capital works carried forward from

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

14. RESERVES - CASH BACKED (continued)

	2011 Actual \$	2011 Budget \$	2010 Actual \$
--	-------------------	-------------------	-------------------

2009/10. The transfer to reserve is funds for capital works carried forward to 2011/12.

(h) Ocean Reef Marina Project

Opening Balance	150,353	150,033	143,176
Amount Set Aside / Transfer to Reserve	1,037,087	-	7,177
Amount Used / Transfer from Reserve	-	(150,033)	-
	1,187,440	-	150,353

Created in 2008/09 for the purpose of planning, developing and managing the Ocean Reef Marina Project, comprising the launching facility and the adjacent foreshore lands from the previous Ocean Reef Boat Launching Facility Reserve. The transfer to reserve is the carry forward to fund the concept plan for the Ocean Reef Marina Project.

(i) Joondalup Performing Arts and Cultural Facility Reserve

Opening Balance	918,334	916,520	894,177
Amount Set Aside / Transfer to Reserve	4,354,911	52,500	44,316
Amount Used / Transfer from Reserve	(35,627)	(150,000)	(20,159)
	5,237,618	819,020	918,334

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 to more appropriately reflect the intent of this project for a multi-purpose cultural facility. Funds transferred to the reserve represent interest as well as surplus funds for future requirements. The transfer from reserve is to undertake scoping for the development of the facility.

(j) Section 20A Land

Opening Balance	39,657	39,573	37,764
Amount Set Aside / Transfer to Reserve	2,457	2,468	1,893
Amount Used / Transfer from Reserve	-	-	-
	42,114	42,041	39,657

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

(k) Specified Area Rating – Harbour Rise

Opening Balance	37,479	38,589	35,319
Amount Set Aside / Transfer to Reserve	1,650	2,030	2,160
Amount Used / Transfer from Reserve	(21,698)	(12,104)	-
	17,431	28,515	37,479

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

14. RESERVES - CASH BACKED (continued)

	2011 Actual \$	2011 Budget \$	2010 Actual \$
--	-------------------	-------------------	-------------------

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Harbour Rise specified area. The transfer from reserve is to fund works undertaken in the specified area Harbour Rise.

(l) Specified Area Rating – Iluka

Opening Balance	120,430	107,889	102,958
Amount Set Aside / Transfer to Reserve	5,140	6,731	17,472
Amount Used / Transfer from Reserve	(74,951)	-	-
	50,619	114,620	120,430

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Iluka specified area. The transfer from reserve is to fund works undertaken in the specified area Iluka.

(m) Strategic Asset Management

Opening Balance	18,838,642	18,798,537	17,939,418
Amount Set Aside / Transfer to Reserve	2,382,769	2,388,385	899,224
Amount Used / Transfer from Reserve	(700,000)	(700,000)	-
	20,521,411	20,486,922	18,838,642

Created in 2009/10 when the Asset Replacement Reserve was merged with the Strategic Asset Management Reserve for the purpose of funding the acquisition and development of new and renewal of existing City infrastructure and building assets. Funds transferred to the reserve represent surplus funds for future requirements and interest. The transfer from reserve is to fund the Padbury Community Centre, Gibson Park.

(n) Town Planning Scheme No 10 (Revoked)

Opening Balance	-	116,703	274,214
Amount Set Aside / Transfer to Reserve	-	3,726	-
Amount Used / Transfer from Reserve	-	(113,974)	(274,214)
	-	6,455	-

Created in 1993/94 by the former City of Wanneroo with funds previously held in Trust Fund. Represents residual funds from Town Planning Scheme No 10 (Revoked) to be utilised on the provision of facilities generally within or in close proximity of the scheme area.

(o) Community Facilities - Kingsley

Opening Balance	66,872	66,730	63,680
Amount Set Aside / Transfer to Reserve	-	4,163	3,192
Amount Used / Transfer from Reserve	-	-	-
	66,872	70,893	66,872

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

14. RESERVES - CASH BACKED (continued)

	2011 Actual \$	2011 Budget \$	2010 Actual \$
--	-------------------	-------------------	-------------------

Created in 2005/06 for the purpose of funding the construction, development and maintenance of community facilities in the suburb of Kingsley. The reserve was established with funds realised from the disposal of land known as Yagan pre-school, which was located in Poimena Mews, Kingsley.

(p) Community Facilities - Currambine/Kinross

Opening Balance	944,793	942,781	899,695
Amount Set Aside / Transfer to Reserve	-	58,818	45,098
Amount Used / Transfer from Reserve	-	-	-
	944,793	1,001,599	944,793

Created in 2009/10 from the merger of the Community Facilities Reserve and the Community Facilities Reserve-Currambine/Kinross for the purpose of funding the construction, development and maintenance of community facilities.

(q) Parking Facility

Opening Balance	1,382,035	594,047	49,465
Amount Set Aside / Transfer to Reserve	1,694,254	1,013,860	1,332,570
Amount Used / Transfer from Reserve	(251,425)	(419,800)	-
	2,824,864	1,188,107	1,382,035

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 to reserve represents the parking operating surplus and interest. The transfer from reserve is to fund the Infringements Issuing system and the CAT Bus.

Total Reserve-Cash Backed

Opening Balance	40,849,347	42,240,709	40,257,678
Amount Set Aside / Transfer to Reserve	19,616,970	3,974,479	12,775,619
Amount Used / Transfer from Reserve	(11,939,439)	(14,030,494)	(12,183,950)
Closing Balance 30 June 2011	48,526,878	32,184,694	40,849,347

The balances of reserves held at the reporting date are expected to be used for their purposes as and when the expenditure is included in the annual budget as determined and approved by Council.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

15. RESERVES - ASSET REVALUATION	2011 Actual \$	2010 Actual \$
(a) Roads		
Opening Balance	25,615,714	25,615,714
Revaluation Increment	-	-
	<u>25,615,714</u>	<u>25,615,714</u>
(b) Artworks		
Opening Balance	136,745	136,745
Revaluation Increment	38,471	-
	<u>175,216</u>	<u>136,745</u>
(c) Land and Buildings		
Opening Balance	211,170,790	211,170,790
Revaluation Increment	-	-
	<u>211,170,790</u>	<u>211,170,790</u>
(d) Other Infrastructure Assets		
Opening Balance	20,885,626	-
Revaluation Increment	-	20,885,626
	<u>20,885,626</u>	<u>20,885,626</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>257,847,346</u></u>	<u><u>257,808,875</u></u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

16. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	Note	2011 \$	2010 \$
Cash Assets			
Cash on Hand		10,005	9,905
Investment	6	66,998,000	59,377,548
		<u>67,008,005</u>	<u>59,387,453</u>
Interest-bearing liabilities			
Bank Overdraft	21(b)	(118,306)	(129,785)
		<u>66,889,699</u>	<u>59,257,668</u>
Cash and Cash Equivalents			

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

	2011 \$	2010 \$
Net Result from Operating Activities	8,050,020	4,616,946
Depreciation & Amortisation	21,795,849	20,753,237
(Profit)/Loss on Sale of Assets	168,205	40,805
(Increase)/Decrease in Receivables	(9,621)	(927,931)
Increase/(Decrease) in Payables	(43,586)	(349,872)
Increase/(Decrease) in Employee Provisions	404,425	1,415,095
Increase/(Decrease) in Other Provisions	41,618	3,370
Increase/(Decrease) in Income in Advance	159,361	127,295
Increase/(Decrease) in Accrued Expenses	1,202,614	1,717,253
(Increase)/Decrease in Accrued Income	10,968	(1,134,429)
(Increase)/Decrease in Prepayments	(446,393)	203,283
(Increase)/Decrease in Doubtful Debts	(2,196)	(9,696)
(Increase)/Decrease in Inventory	(12,435)	(51,382)
Grants/Contributions for development of assets	(8,421,849)	(8,671,386)
Contributions for Assets	(460,841)	(586,357)
Net Cash from Operating Activities	<u>22,436,139</u>	<u>17,146,231</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

17. CONTINGENT LIABILITIES

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

18. COMMITMENTS FOR MAJOR EXPENDITURE AND OPERATING LEASES

(a) Major Expenditure Commitments

2011 **2010**
\$ **\$**

At the reporting date, the city is committed to the following major expenditure commitments which are due for payment within one year:

Major Expenditure Commitments	4,304,599	2,279,098
-------------------------------	------------------	------------------

(e) Project Operating Lease Income

Future Minimum Lease Income Expected

Up to 1 yr	581,224	496,000
1-5 yrs	846,809	1,089,159
> 5 years	2,410,006	2,601,869
	3,838,039	4,187,028

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

(f) Projected Operating Lease Commitments

Up to 1 yr	323,049	303,849
1-5 yrs	1,546,159	1,378,898
> 5 years	3,569,315	3,856,283
	5,438,523	5,539,030

The City leases various properties, including the Works Operation Centre. Annual escalations are based on CPI, unless otherwise provided for in the lease agreement.

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

19. TRUST FUNDS

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

	2011	2010
	\$	\$
Balance brought forward on 01 July 2010	1,346,082	1,520,824
Amounts received during the year	621,507	1,324,599
Amounts paid out during the year	(537,494)	(1,543,954)
Interest earned on monies held in trust	15,105	44,613
Balance carried forward at 30 June 2011	<u>1,445,200</u>	<u>1,346,082</u>

The balance of Trust Funds represents facilities bonds and other security deposits held that the City has no entitlement to at the reporting date.

20. DISPOSALS OF ASSETS-2010/11 FINANCIAL YEAR

The following assets were disposed of during the year.

Asset Class disposed of	Net Book Value	Sales Price	Profit	Loss
	\$	\$	\$	\$
Furniture/ Computer Equipment	98,699	-	-	98,699
Fleet, Plant & Equipment	319,964	282,545	53,556	90,975
	418,663	282,545	53,556	189,674

Provision for write off of assets during 2010/11	<u>\$32,087</u>
Total Reported Loss on Disposal	<u>\$221,761</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

21. INFORMATION ON BORROWINGS

(a) Loan Repayments

Purpose of Loan	Year Drawn	Balance 1-Jul-10	New Loans	Interest Expense	Principal Repayment	Balance 30-Jun-11	Unspent Balance
Craigie Leisure Centre	2004/05	1,714,096	-	94,392	(304,579)	1,409,517	-
Sorrento Beach	2005/06	602,103	-	34,432	(86,136)	515,967	-
Fee Pd Parking & Addition of car bays	2008/09	1,255,296	-	54,966	(292,093)	963,203	-
Aquatic Facilities Upgrade	2009/10	5,800,000	-	334,144	(440,024)	5,359,976	-
Streetscape Enhancement – West Coast Drive	2009/10	885,000	-	50,986	(67,142)	817,858	-
Seacrest Sports Facility	2010/11	-	841,320	13,074	(15,373)	825,947	230,042
Forrest Park Sports Facility	2010/11	-	553,500	8,602	(10,113)	543,387	157,010
Fleur Frame Pavilion Upgrade	2010/11	-	1,529,180	23,765	(27,940)	1,501,240	167,412
		10,256,495	2,924,000	614,361	(1,243,400)	11,937,095	554,464

Additional borrowings of \$2,924,000 were drawn during the year to fund the Seacrest and Forrest Parks Sports facilities and the upgrade to the Fleur Frame Pavilion, under the Regional and Local Community Infrastructure Programme (RLCIP).

The unspent loan balance is expected to be spent during the following financial year 2011/12.

(b) Overdraft

	2011	2010
	\$	\$
Bank Overdraft Facility Limit	500,000	500,000
Bank Overdraft at Reporting Date	118,306	129,785
Credit Amount Unused	<u>381,694</u>	<u>370,215</u>

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

22. 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 2010/11 financial year, a specified area rate for the suburb of Iluka.

	2011	2010
	\$	\$
During the 2010/11 financial year the income and expenditure was as follows:		
Balance 1 July 2010	120,430	102,958
2010/11 Rate Income	67,887	63,572
Interest	5,140	5,462
Expenditure	(142,838)	(51,562)
Surplus in Reserve at 30 June 2011	50,619	120,430

23. 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 2010/11 financial year, a specified area rate for the area of Woodvale Waters.

	2011	2010
	\$	\$
During the 2010/11 financial year the income and expenditure was as follows:		
Balance 1 July 2010	-	-
2010/11 Rate Income	34,385	31,271
Expenditure	(34,385)	(31,271)
Surplus in Reserve at 30 June 2011	-	-

24. 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 2010/11 financial year, a specified area rate for the area of Harbour Rise Estate.

	2011	2010
	\$	\$
During the 2010/11 financial year the income and expenditure was as follows:		
Balance 1 July 2010	37,479	35,319
2010/11 Rate Income	78,743	78,996
Interest	1,650	1,780
Expenditure	(100,441)	(78,616)
Surplus in Reserve at 30 June 2011	17,431	37,479

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

25. COUNCILLORS' REMUNERATION

	2011 Actual \$	2011 Budget \$	2010 Actual \$
The following fees, expenses and allowances were paid to council members and/or the mayor			
Elected Members Allowances	217,640	217,200	213,496
Elected Members Conferences/Training	91,229	120,000	56,332
Elected Members Presentation Items	3,296	12,000	9,603
Elected Members Travel & Child Care	22,034	17,000	27,776
Other Specified Expenses	3,961	22,000	3,750
	338,160	388,200	310,957

26. MAJOR LAND TRANSACTIONS

There were no major land transactions during the 2010/11 financial year, as defined in Regulation 7(b) of the Local Government (Functions and General) Regulations 1996.

27. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings during the 2010/11 financial year.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

28. FINANCIAL RISK MANAGEMENT

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

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

The City held the following financial instruments at balance date:

	Note	Carrying Value		Fair Value	
		2011	2010	2011	2010
		\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	a)	66,889,699	59,257,668	66,889,699	59,257,668
Receivables	b)	7,655,973	7,511,713	7,655,973	7,511,713
Equity Investments		<u>3,155,193</u>	<u>3,121,901</u>	<u>3,155,193</u>	<u>3,121,901</u>
		<u><u>77,700,865</u></u>	<u><u>69,891,282</u></u>	<u><u>77,700,865</u></u>	<u><u>69,891,282</u></u>
Financial Liabilities					
Payables	c)	11,810,454	10,492,064	11,810,454	10,492,064
Borrowings	d)	<u>11,937,095</u>	<u>10,256,495</u>	<u>11,937,095</u>	<u>10,256,495</u>
		<u><u>23,747,549</u></u>	<u><u>20,748,559</u></u>	<u><u>23,747,549</u></u>	<u><u>20,748,559</u></u>

Fair value is determined as follows:

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

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

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

28. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

(b) Receivables

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

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

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

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

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

(c) Interest rate risk

The following table details the City's exposure to interest rate risks as at the reporting date as well as the previous reporting date (30 June 2010).

	Interest Rate at Reporting Date %	At Variable Interest Rate \$	Fixed Interest Rate Maturity				Total \$
			< 1 year	1 - 5 Years	> 5 Years	Non-Interest Bearing	
			\$	\$	\$	\$	
2010/11							
Financial Assets							
Cash	-	-	-	-	-	10,005	10,005
Receivables	-	-	-	-	-	5,062,807	5,062,807
Rates & ESL Receivable	11.00	-	-	646,450	-	-	646,450
BOQ Term Deposit	6.25	5,500,000	-	-	-	-	5,500,000
Bankwest Term Deposit	6.00	7,500,000	-	-	-	-	7,500,000
St. George Bank Term Deposit	6.03	12,000,000	-	-	-	-	12,000,000
Macquarie Term Deposit	6.15	1,000,000	-	-	-	-	1,000,000
Westpac Term Deposit	6.08	8,500,000	-	-	-	-	8,500,000
NAB Term Deposit	6.01	17,500,000	-	-	-	-	17,500,000
Suncorp Term Deposit	6.31	8,500,000	-	-	-	-	8,500,000
Commonwealth	6.08	4,500,000	-	-	-	-	4,500,000
WA Treasury Corporation 11AM	4.70	1,998,000	-	-	-	-	1,998,000
Total Assets		66,998,000	-	646,450	-	5,072,812	72,717,262
Financial Liabilities							
Trade payables	-	-	-	-	-	11,810,454	11,810,454
Borrowings	5.79	-	322,601	1,086,916	-	-	1,409,517
"	5.95	-	91,378	424,589	-	-	515,967
"	4.72	-	306,125	657,078	-	-	963,203
"	5.87	-	466,428	2,162,894	2,730,654	-	5,359,976
"	5.87	-	71,170	330,028	416,660	-	817,858
"	6.16	-	222,061	1,037,331	1,611,182	-	2,870,574
Bank overdraft	8.71	118,306	-	-	-	-	118,306
Employee entitlements	-	-	-	-	-	9,337,135	9,337,135
Total Liabilities		118,306	1,479,763	5,698,836	4,758,496	21,147,589	33,202,990
2009/10							
Financial Assets							
Cash	-	-	-	-	-	9,905	9,905
Receivables	-	-	-	-	-	4,657,657	4,657,657
Rates & ESL Receivable	11.00	-	-	603,017	-	-	603,017
BOQ Term Deposit	5.95	5,500,000	-	-	-	-	5,500,000
Bankwest Term Deposit	5.90	13,000,000	-	-	-	-	13,000,000
ANZ Cash Plus Fund	8.61	612,548	-	-	-	-	612,548
St. George Bank Term Deposit	5.80	8,500,000	-	-	-	-	8,500,000
Macquarie Term Deposit	5.95	3,000,000	-	-	-	-	3,000,000
Westpac Term Deposit	5.91	8,000,000	-	-	-	-	8,000,000
NAB Term Deposit	6.00	11,000,000	-	-	-	-	11,000,000
Suncorp Term Deposit	6.33	7,000,000	-	-	-	-	7,000,000
WA Treasury Corporation 11AM	3.00	2,765,000	-	-	-	-	2,765,000
Total Assets		59,377,548	-	603,017	-	4,667,562	64,648,127
Financial Liabilities							
Trade payables	-	-	-	-	-	10,492,064	10,492,064
Borrowings	5.95	-	304,579	1,409,517	-	-	1,714,096
"	5.79	-	86,136	515,966	-	-	602,102
"	4.72	-	292,093	963,204	-	-	1,255,297
"	5.87	-	440,024	2,040,457	3,319,519	-	5,800,000
"	5.87	-	67,142	311,346	506,512	-	885,000
Bank overdraft	8.71	129,785	-	-	-	-	129,785
Employee entitlements	-	-	-	-	-	8,891,092	8,891,092
Total Liabilities		129,785	1,189,974	5,240,490	3,826,031	19,383,156	29,769,436

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

(c) Interest rate risk continued

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

(d) Payables and Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2011</u>					
Payables	11,810,454	-	-	11,810,454	11,810,454
Borrowings	<u>1,479,763</u>	<u>5,698,836</u>	<u>4,758,496</u>	<u>11,937,095</u>	<u>11,937,095</u>
	<u>13,290,217</u>	<u>5,698,836</u>	<u>4,758,496</u>	<u>23,747,549</u>	<u>23,747,549</u>
<u>2010</u>					
Payables	10,492,064	-	-	10,492,064	10,492,064
Borrowings	<u>1,189,974</u>	<u>5,240,490</u>	<u>3,826,031</u>	<u>10,256,495</u>	<u>10,256,495</u>
	<u>11,682,038</u>	<u>5,240,490</u>	<u>3,826,031</u>	<u>20,748,559</u>	<u>20,748,559</u>

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

29. EVENTS AFTER THE REPORTING DATE

There were no material events after 30 June 2011 that require inclusion in the notes to the financial statements.

30. TOWN PLANNING AND LAND DEVELOPMENT SCHEME – MINDARIE

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

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

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

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

31. JOONDALUP NORMALISATION AGREEMENT

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

The Memorandum Of Agreement (MOA) required LandCorp to make a contribution of \$5.24m to the City of Joondalup for works previously completed by the City and to be carried out by the City in the future. The terms of settlement are not specified in the agreement however the City received \$1.9m in June 2004 and brought this revenue to account in 2003/04. The City received \$2.8m during 2005/06 as further settlement and this was recognised as revenue during 2005/06. The final payment of \$540,000 was conditional on LandCorp receiving possession of Lot 701 at the corner of Collier Pass and Joondalup Drive, which was leased to the City until December 2007. The lease has now expired and the City is still in possession of the land on holdover provisions, subject to further negotiation and agreement with LandCorp.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

32. STATUTORY FINANCIAL RATIOS

	2011	2010	2009
Current Ratio	1.14	1.24	1.08
Untied Cash to Trade Creditors Ratio	3.67	3.12	2.44
Debt Ratio	3.8%	3.4%	2.6%
Debt Service Ratio	1.6%	0.9%	0.5%
Gross Debt to Revenue Ratio	10.6%	9.9%	4.3%
Gross Debt to Economically Realisable Assets Ratio	3.3%	2.8%	1.2%
Rate Coverage Ratio	62.0%	62.2%	63.2%
Outstanding Rates Ratio	0.9%	0.9%	1.0%

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied Cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total Liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

**CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

33. ASSET REVALUATION

During the reporting year the City undertook a revaluation of its artworks. The revaluation was carried out by Dusseldorf during May 2011 based on fair value as defined in AASB 116. The revaluation resulted in a net revaluation surplus of \$38,471 credited directly to the Artwork revaluation reserve.

**CITY OF JOONDALUP
ADDENDUM TO THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the City for the annual reporting period ended 30 June 2011. The City has assessed the possible impact of relevant standards or interpretations, as set out below:

Title and Topic	Issued	Applicable (*)	Impact
AASB 9 – Financial Instruments	December 2010	1 January 2013	Not material. This standard was revised to improve and simplify the classification and measurement of financial assets to supplement the requirements of AASB 139. The City may need to reclassify financial assets to comply with AASB 9, but no material change is anticipated to the current basis of measurement. The impact on financial reports, therefore, is expected to be immaterial.
AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASB 1; AASB 7)	November 2010	1 July 2011	Nil. The City does not engage in transfers of financial assets as envisaged in the standard, so no impact is anticipated in financial reports.
AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127)	December 2010	1 January 2013	Nil. The City does not anticipate any material impact from AASB 9 and the amendments effected in other accounting standards as a result of AASB 9 are not expected to have any material effect on the City's financial reports.
AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery	December 2010	1 January 2012	Nil. The City is not subject to tax, so no impact is

**CITY OF JOONDALUP
ADDENDUM TO THE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

of Underlying Assets (AASB 112)				anticipated from this standard.
AASB 2010-9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First – Time Adopters (AASB 1)	December 2010	1 July 2011		Nil. The amendments effected are not expected to have any material effect on the City's financial reports.
AASB 2011-1 & 2: Amendments to Australian Accounting Standards arising from the Tasman Convergence Project (AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134 & AASB 1054 and Interpretations 2, 112 & 113)	May 2011	1 July 2011 & 1 July 2013		Nil. This forms part of the AASB's convergence project to harmonise Australian and New Zealand accounting standards. These amendments are part of Phase 1, covering for-profit entities complying with IFRS. As the City does not fall into this category, no material impact is anticipated on financial reports.

Notes:

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



Grant Thornton

Audit Committee
City of Joondalup
90 Boas Avenue
Joondalup WA 6027

10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin.wa@au.gt.com
W www.granthornton.com.au

29 September 2011

Dear Sirs

AUDIT MANAGEMENT LETTER FOR THE YEAR ENDED 30 JUNE 2011

We have completed our audit of the financial report of the City of Joondalup for the year ended 30 June 2011. Our audit is planned and conducted so as to enable us to express an opinion on the statutory financial report. We assume no responsibility to design audit procedures to identify defalcations or irregularities to report to you, which a more extensive or special examination might identify.

Such matters might of course be revealed during the course of our work. If this is the case, the matters would be reported to you. We advise that we have not encountered any matters during the course of our audit that we believe should be brought to your attention.

This does not mean that there are no matters for which you should be aware in meeting your responsibilities, nor does this report absolve you from taking appropriate action to meet these responsibilities.

We appreciate the opportunity to be of service to you and take this opportunity to thank your staff for their assistance and co-operation during the course of our audit.

If you have any queries in respect of the report please do not hesitate to contact Michelle Spain or myself.

Yours sincerely
GRANT THORNTON AUDIT PTY LTD

M J Hillgrove
Director – Audit & Assurance

Grant Thornton Audit Pty Ltd ACN 130 913 594, a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389.

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation.