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

We have audited the accompanying financial report of City of Joondalup, which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity, statement of cash flows, and rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Chief Executive Officer.

### **Responsibility of Council for the financial report**

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

### **Auditor's responsibility**

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

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

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

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reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

**Independence**

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

**Auditor's Opinion**

In our opinion,

- a the financial report of City of Joondalup
  - i presents fairly, in all material respects, the City of Joondalup's financial position as at 30 June 2014 and of its performance and cash flows for the year then ended ; and
  - ii complies with Australian Accounting Standards (including the Australian Accounting Interpretations);
  - iii is prepared in accordance with the requirements of the Local Government act 1995 (as amended) and Regulations under that Act.

**Other Matter**

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner - Audit & Assurance

Perth, 1 October 2014

**CITY OF JOONDALUP**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Joondalup being the annual financial report and supporting notes and other information for the financial year ended 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the City of Joondalup at 30 June 2014 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

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Signed on the 1<sup>st</sup> day of October 2014.

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Garry Hunt

Chief Executive Officer

**CITY OF JOONDALUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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**CITY OF JOONDALUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>REVENUE</b>				
Rates	3 (q)	82,573,393	81,884,952	77,390,492
Grants and Subsidies	7	2,349,439	4,305,925	4,146,871
Contributions, Reimbursements and Donations		2,073,239	2,258,993	2,039,458
Interest Earnings	8	4,740,101	4,545,377	5,720,488
Profit on Disposal of Assets	22	3,927,540	75,812	2,199,816
Fees and Charges	6	37,743,422	37,468,658	35,454,496
Other Revenue		271,806	147,500	471,132
		<b>133,678,940</b>	<b>130,687,217</b>	<b>127,422,753</b>
<b>EXPENSE</b>				
Employee Costs		(55,127,264)	(55,626,943)	(51,791,112)
Materials and Contracts		(47,435,690)	(49,374,973)	(46,846,840)
Utilities		(6,029,342)	(6,139,451)	(6,075,148)
Depreciation, Impairment & Revaluation Decrement	4	(27,476,675)	(21,016,218)	(25,301,724)
Loss on Disposal of assets	22	(200,087)	(215,682)	(232,067)
Interest Expense	24(a)	(488,961)	(490,458)	(582,814)
Insurance		(1,625,926)	(1,602,758)	(1,429,157)
		<b>(138,383,945)</b>	<b>(134,466,483)</b>	<b>(132,258,862)</b>
<b>Net Result from Operating Activities</b>		<b>(4,705,005)</b>	<b>(3,779,266)</b>	<b>(4,836,109)</b>
<b>Non-Operating Activities</b>				
Grants and Subsidies	7	4,318,894	5,834,548	9,254,652
Other Capital Contributions		1,484,104	330,000	209,555
Acquired Infrastructure Assets	5	-	500,000	1,837,337
<b>Profit/(Loss)</b>		<b>1,097,993</b>	<b>2,885,282</b>	<b>6,465,435</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	17	363,171,530	-	(10,708,137)
<b>Total Comprehensive Income</b>		<b>364,269,523</b>	<b>2,885,282</b>	<b>(4,242,702)</b>

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 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>REVENUE</b>				
Governance		4,029,307	21,504	1,910,995
General Purpose Funding		89,748,743	90,639,285	87,357,761
Law, Order, Public Safety		912,210	776,383	578,174
Health		358,329	287,000	331,756
Education and Welfare		469,072	422,663	436,610
Community Amenities		17,582,320	23,389,807	10,445,416
Recreation and Culture		11,949,070	9,875,122	10,486,531
Transport		7,811,436	4,401,481	12,330,282
Other Property & Services		818,453	873,972	3,545,228
		<b>133,678,940</b>	<b>130,687,217</b>	<b>127,422,753</b>
<b>EXPENSE EXCLUDING FINANCE COSTS</b>				
Governance		(5,820,799)	(6,085,701)	(5,017,878)
General Purpose Funding		(2,879,255)	(2,909,009)	(2,649,471)
Law, Order, Public Safety		(4,733,442)	(4,692,841)	(4,366,616)
Health		(1,555,045)	(1,534,224)	(1,422,562)
Education and Welfare		(2,207,538)	(2,271,131)	(2,193,490)
Community Amenities		(27,165,020)	(29,182,136)	(27,729,943)
Recreation & Culture		(36,405,253)	(36,011,389)	(29,936,929)
Transport		(30,638,209)	(23,327,151)	(28,419,918)
Economic Services		(334,723)	(510,722)	(418,202)
Other Property & Services		(26,155,700)	(27,451,721)	(29,521,039)
		<b>(137,894,984)</b>	<b>(133,976,025)</b>	<b>(131,676,048)</b>
<b>Net Operating Surplus</b>		<b>(4,216,044)</b>	<b>(3,288,808)</b>	<b>(4,253,295)</b>
<b>Finance Costs</b>				
General Purpose Funding		(488,961)	(490,458)	(582,814)
		<b>(488,961)</b>	<b>(490,458)</b>	<b>(582,814)</b>
<b>Capital Grants and Contributions</b>				
Grants for the development of assets		4,318,894	5,834,548	9,254,652
Other Capital Contributions		1,484,104	330,000	209,555
Acquired Infrastructure Assets	5	-	500,000	1,837,337
<b>Profit/(Loss)</b>		<b>1,097,993</b>	<b>2,885,282</b>	<b>6,465,435</b>
<b>Other Comprehensive Income</b>				
<b>Changes on revaluation of non-current assets</b>	17	363,171,530	-	(10,708,137)
<b>Total Comprehensive Income</b>		<b>364,269,523</b>	<b>2,885,282</b>	<b>(4,242,702)</b>

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

**CITY OF JOONDALUP  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

	NOTE	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	8	72,069,087	75,612,053
Trade and Other Receivables	9	4,945,569	4,867,065
Inventories		80,296	92,032
<b>TOTAL CURRENT ASSETS</b>		<b>77,094,952</b>	<b>80,571,150</b>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	9	1,871,120	1,724,123
Equity Investments	10	7,642,834	5,519,447
Property, Plant and Equipment	11	283,844,002	279,183,046
Infrastructure Assets	12	868,074,789	506,193,709
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,161,432,745</b>	<b>792,620,325</b>
<b>TOTAL ASSETS</b>		<b>1,238,527,697</b>	<b>873,191,475</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	13	10,404,485	9,759,328
Borrowings	14	1,399,466	1,655,978
Provisions	15	11,752,972	10,218,288
<b>TOTAL CURRENT LIABILITIES</b>		<b>23,556,923</b>	<b>21,633,594</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	5,836,515	7,235,980
Provisions	15	2,083,126	1,969,006
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,919,641</b>	<b>9,204,986</b>
<b>TOTAL LIABILITIES</b>		<b>31,476,564</b>	<b>30,838,580</b>
<b>NET ASSETS</b>		<b>1,207,051,133</b>	<b>842,352,895</b>
<b>EQUITY</b>			
Retained Surplus		542,657,848	535,282,252
Reserve Accounts	16.2	51,788,922	57,637,810
Reserves - Asset Revaluation	17	612,604,363	249,432,833
<b>TOTAL EQUITY</b>		<b>1,207,051,133</b>	<b>842,352,895</b>

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 2014**

	NOTE	2014 Actual \$	2013 Actual \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2013		535,282,252	532,644,946
Net result		1,097,993	6,465,435
Transfer from/(to) Reserves		5,848,887	(2,362,949)
Transfer from/(to) Trust Funds		428,716	(1,465,180)
<b>Balance as at 30 June 2014</b>		<b>542,657,848</b>	<b>535,282,252</b>
<b>RESERVES ACCOUNTS</b>			
Balance as at 1 July 2013		57,637,810	55,274,861
Transfer from/(to) Retained Surplus		(5,848,888)	2,362,949
<b>Balance as at 30 June 2014</b>	16.2	<b>51,788,922</b>	<b>57,637,810</b>
<b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2013		249,432,833	260,140,970
Change in Revaluation		363,171,530	(10,708,137)
<b>Balance as at 30 June 2014</b>	17	<b>612,604,363</b>	<b>249,432,833</b>
<b>TOTAL EQUITY</b>		<b>1,207,051,133</b>	<b>842,352,895</b>

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 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		82,379,737	81,826,911	77,446,854
Grants and Subsidies		2,349,439	4,305,925	4,146,871
Contributions, Reimbursements and Donations		2,073,239	2,258,993	2,038,999
Fees and Charges		37,847,297	37,579,258	35,515,634
Interest Earnings		4,617,178	4,717,972	5,762,969
Good and Services Tax		-	-	-
Other		243,378	147,500	587,283
		<u>129,510,268</u>	<u>130,836,559</u>	<u>125,498,610</u>
<b>Payments</b>				
Employee Costs		(53,480,158)	(54,371,005)	(50,476,559)
Materials and Contracts		(46,233,352)	(49,923,696)	(47,337,397)
Utilities		(6,029,342)	(6,139,451)	(6,075,148)
Insurance		(1,625,926)	(1,602,758)	(1,429,157)
Interest Expense		(488,961)	(490,458)	(582,814)
Goods and Services Tax		(62,042)	-	(124,995)
		<u>(107,919,781)</u>	<u>(112,527,368)</u>	<u>(106,026,070)</u>
<b>Net Cash Provided By Operating Activities</b>	18	<b>21,590,487</b>	<b>18,309,191</b>	<b>19,472,540</b>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(5,654,598)	(13,429,428)	(5,052,556)
Payments for Construction of Infrastructure		(26,263,425)	(26,599,253)	(26,197,748)
Capital Investment Mindarie RC		(39,710)	(39,712)	(37,423)
Dividends received from Tamala Park Regional Council		1,759,107	-	-
Capital Recovery MRF		-	229,557	160,000
Grants/Contributions for the Development of Assets		5,770,044	6,164,548	9,464,207
Proceeds from Sale of Assets		522,390	681,100	6,025,617
		<u>(23,906,192)</u>	<u>(32,993,188)</u>	<u>(15,637,903)</u>
<b>Net Cash Used In Investing Activities</b>		<b>(23,906,192)</b>	<b>(32,993,188)</b>	<b>(15,637,903)</b>
<b>Cash Flows from Financing Activities</b>				
Public Open Space Reserve - Transfer to Trust Funds		-	-	(1,465,180)
Transfer from Trust Fund		428,716	641,463	-
Repayment of Borrowings	24(a)	(1,655,977)	(1,655,971)	(1,565,373)
<b>Net Cash Provided By Financing Activities</b>		<b>(1,227,261)</b>	<b>(1,014,508)</b>	<b>(3,030,553)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(3,542,966)</b>	<b>(15,698,505)</b>	<b>804,084</b>
Cash at Beginning of Year		75,612,053	71,975,780	74,807,969
<b>Cash and Cash Equivalents at the End of the Year</b>	8	<b><u>72,069,087</u></b>	<b><u>56,277,275</u></b>	<b><u>75,612,053</u></b>

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

**CITY OF JOONDALUP  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>OPERATING REVENUE</b>				
Rates		82,573,393	81,884,952	77,390,492
Government Grants & Subsidies - Operating		2,349,439	4,305,925	4,146,871
Contributions, Reimbursements and Donations - Operating		2,073,239	2,258,993	2,039,458
Profit on Disposal		3,927,540	75,812	2,199,816
Fees & Charges		37,743,422	37,468,658	35,454,496
Interest Earnings		4,740,101	4,545,377	5,720,488
Other Revenue		271,806	147,500	471,132
		<u>133,678,940</u>	<u>130,687,217</u>	<u>127,422,753</u>
<b>EXPENSES</b>				
Employee Costs		(55,127,264)	(55,626,943)	(51,791,112)
Materials & Contracts		(47,435,690)	(49,374,973)	(46,846,840)
Utilities		(6,029,342)	(6,139,451)	(6,075,148)
Depreciation, Impairment & Revaluation Decrement		(27,476,675)	(21,016,218)	(25,301,724)
Loss on Disposal		(200,087)	(215,682)	(232,067)
Insurance Expense		(1,625,926)	(1,602,758)	(1,429,157)
Interest Expense		(488,961)	(490,458)	(582,814)
		<u>(138,383,945)</u>	<u>(134,466,483)</u>	<u>(132,258,862)</u>
<b>DEFICIT FROM OPERATIONS</b>		<b>(4,705,005)</b>	<b>(3,779,266)</b>	<b>(4,836,109)</b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>				
Depreciation, Impairment & Revaluation Decrement		27,476,675	21,016,218	25,301,724
Loss on Disposal of Assets		200,087	215,682	232,067
Profit on Disposal of Assets		(3,927,540)	(75,812)	(2,199,816)
Movement in Non-current Items	28	433,199	242,999	65,911
<b>OPERATING CASH SURPLUS</b>		<b>19,477,416</b>	<b>17,619,821</b>	<b>18,563,777</b>
<b>NON-OPERATING REVENUE</b>				
Capital Grants		4,318,894	5,834,548	9,254,652
Contributions & Reimbursements - Non Operating		1,451,150	330,000	209,555
Equity Distribution - Tamala Park Regional Council		1,759,107	-	-
Acquired Infrastructure Assets		-	500,000	1,837,337
		<u>7,529,151</u>	<u>6,664,548</u>	<u>11,301,544</u>
<b>CAPITAL EXPENDITURE</b>				
Capital Projects		(3,348,033)	(4,474,194)	(1,704,908)
Capital Works		(26,263,425)	(32,855,563)	(26,197,860)
Motor Vehicle Replacement		(2,306,567)	(2,738,500)	(3,348,017)
Loan Repayments (Principal)		(1,655,977)	(1,655,977)	(1,565,373)
Equity Investment		(39,710)	(39,712)	(2,321,738)
		<u>(33,613,712)</u>	<u>(41,763,946)</u>	<u>(35,137,896)</u>
<b>CAPITAL DEFICIT</b>		<b>(26,084,561)</b>	<b>(35,099,398)</b>	<b>(23,836,352)</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(6,607,145)</b>	<b>(17,479,577)</b>	<b>(5,272,575)</b>
<b>FUNDING</b>				
Proceeds from Disposal of Assets		522,390	681,100	8,309,932
Surplus Carried Forward		986,719	1,735,647	5,423,834
Material Recovery Facility		-	229,557	160,000
Transfers from Reserves		15,587,567	18,480,027	17,400,905
Transfer to Reserves		(9,852,800)	(3,788,217)	(21,732,860)
Transfer from Trust Funds		428,716	641,463	-
Transfer to Trust Funds		-	-	(1,465,180)
Transfer to Accumulated Surplus		-	(500,000)	(1,837,337)
<b>NET OPERATING SURPLUS/(DEFICIT)</b>		<b>1,065,447</b>	<b>-</b>	<b>986,719</b>

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

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

## **1. SIGNIFICANT ACCOUNTING POLICIES**

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

### **(a) Basis of Accounting**

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

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

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

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

### **(c) Goods and Services Tax**

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

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

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

### **(d) Cash and Cash Equivalents**

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

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

**(e) Trade and Other Receivables**

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

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

**(f) Inventories**

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

Inventories comprise consumables held for the City's operations.

**(g) Acquisition of Assets**

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

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

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

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

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

***Recognition***

Property, plant and equipments 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.

### ***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 revalued with sufficient regularity to ensure that the carrying amount does not differ significantly from that determined using fair value at the reporting date. The amendments to the Financial Management Regulations mandating the use of Fair Value imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

#### **(i) Infrastructure Assets**

##### ***Recognition***

Reserves and Engineering infrastructure assets acquired prior to 30 June 1997 were brought to account as non-current assets at their estimated depreciated replacement cost at that time (deemed cost). Additions subsequent to 30 June 1997 are recorded at cost. 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. The amendments to the Financial Management Regulations mandating the use of Fair Value imposes a further minimum of 3 years requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

#### ***Land under Roads***

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

## (j) Depreciation of Non-Current Assets

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

### Property, Plant & Equipment

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

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

### Infrastructure Assets

#### Parks & Reserves

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

#### Engineering

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

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

## **(k) Financial Assets**

### **Classification**

The City classifies its financial assets in the 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.

### **(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.

### **Recognition and derecognition**

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

### **(l) Estimation of Fair Value**

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

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

### **(m) Impairment**

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

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

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



#### **(n) Trade and Other Payables**

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

#### **(o) Employee Benefits**

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

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

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the 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 approximate to the amortised cost of the unpaid loan liabilities.

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

#### **Borrowing Costs**

Borrowing costs are recognised as an expense when incurred.

#### **(q) Provisions**

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



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

#### **(r) Rates**

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

#### **(s) Grants, Donations and Other Contributions**

All grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed 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.

#### **(t) Superannuation**

The City of Joondalup makes statutory contributions to the Local Government Superannuation Plan on behalf of its employees. The Plan is an accumulation benefit 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 reporting period ended 30 June 2014, and the City's assessment of these new standards and interpretations has been provided in the Addendum to the financial statements.

### **(za) Critical Accounting Estimates**

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

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

## **2. PROGRAM ACTIVITIES**

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

**(a) Governance**

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

**(b) General Purpose Funding**

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

**(c) Law, Order and Public Safety**

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

**(d) Health**

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

**(e) Education and Welfare**

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

**(f) Housing**

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

**(g) Community Amenities**

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

**(h) Recreation and Culture**

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

**(i) Transport**

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

**(j) Economic Services**

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

**(k) Other Property and Services**

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

**3. RATING AND VALUATIONS**

**(a) Gross Rental Values**

The 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 2011 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 2014.

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 2013/2014 Financial Year after taking into account all non-rate sources of income.

**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 \$767 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 \$783 is applied to GRV commercial and industrial both improved and not improved rate categories in recognition that every property receives some minimum level of benefit from works and services provided and the higher minimum compared to other rate categories recognises the higher demand on City infrastructure and services from the activity on commercial and industrial property.

#### **(d) Concessions and waivers**

No concessions were provided for in the 2013/14 financial year.

#### **(e) Rates Early Payment Incentive Scheme**

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

- Full payment of all current and arrears of rates (including specified area rates), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees within 28 days of the issue date on the annual rate notice:
- Eligibility to enter the early payment incentive draw which included a range of prizes sponsored by a number of organisations and thus at no cost to the City, as well as 2 environmentally-friendly vehicles purchased by the City.

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- 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 cost of the rates early payment incentives was as follows:

	2014 Actual \$	2014 Budget \$	2013 Actual \$
Rates - Early Payment Incentives & Prizes	67,919	75,000	61,578
	<u>67,919</u>	<u>75,000</u>	<u>61,578</u>

#### (f) Rates Payment Options

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

##### One Instalment

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

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

##### • Two Instalments

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

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

##### • Four Instalments

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

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

- 2nd instalment – 63 days after due date of 1st instalment

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

### Instalment Charges and Interest

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

### Special Payment Arrangements

Special monthly or fortnightly payment arrangements were made with the City for those ratepayers who were unable to pay in full or according to the instalment plans offered. An administration fee of \$34.00 per assessment was charged on all payment arrangements paid by Direct Debit (bank account only) or \$52 if paid by another method. Penalty interest of 11.00% pa was applied to the outstanding balance until the account was paid in full.

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

	2014 Actual \$	2014 Budget \$	2013 Actual \$
Interest on Outstanding Rates	596,326	597,350	579,104
Instalment Administration Charges	617,306	630,000	633,771
	<u>1,213,632</u>	<u>1,227,350</u>	<u>1,212,875</u>

Ratepayers had the option of paying rates in four equal instalments, due on 23 August 2013, 25 October 2013, 27 December 2013 and 28 February 2014. 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, current and arrears private swimming pool inspection fees and arrears property surveillance & security charge at a rate of 11.00% per annum, calculated on a simple interest basis on arrears amounts that remain unpaid and current amounts that remain unpaid 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until the instalment is paid. Excluded are deferred rates, instalment amounts not due under the four-payment option, registered pensioner portions and current government pensioner rebate amounts. Such interest was charged once per month on the outstanding balance on the day of calculation for the number of days as previously detailed. These statements reflect an amount of \$349,988 generated from interest charged on outstanding rates.



#### **(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 2013 (30%), December 2013 (30%), March 2014 (30%) and June 2014 (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 2013/14 financial year, including a charge for a recycling service to be provided to all ratepayers:

- \$333.00 per existing unit serviced, and
- Collection from within the property boundary: Additional cost \$53.30 (inclusive of GST).
- New service \$333.00 plus cost of bin and bin delivery \$67.65 (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 2013-2014 financial year, a Private Swimming Pool Inspection Fee of \$23.10 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 2013/2014 financial year, a specified area rate for the area of Iluka for maintaining enhanced landscaping services.

A rate in the dollar of 0.51053¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$226,864.



**(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 2013/2014 financial year, a specified area rate for the area of Woodvale Waters for maintaining enhanced landscaping services.

A rate in the dollar of 0.56710¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$17,645.

**(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 2013/2014 financial year, a specified area rate for the area of Harbour Rise for maintaining enhanced landscaping services.

A rate in the dollar of 0.58982¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$99,296.

**(o) Write Off of Rates and Charges**

The total value of rates and charges from previous years written off during the year was \$10,363 (2013 - \$12,173).

**(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.

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**(q) STATEMENT OF RATING INFORMATION**

	General Rates				Minimum Payments				Total		
	Ratable Value \$	No of Properties	Rate Cents in \$	Rate Yield \$	Ratable Value \$	No of Properties	Minimum payment	Rate Yield \$	Ratable Value	No of Properties	Rate Yield \$
<b>General Rate - GRV</b>											
Residential Improved	1,025,576,916	53,001	5.8036	59,520,382	63,325,536	5,164	767	3,960,788	1,088,902,452	58,165	63,481,172
Residential Not Improved	21,937,650	1,054	8.1772	1,793,886	1,476,186	198	767	151,866	23,413,836	1,252	1,945,752
Commercial Improved	205,496,798	879	7.0784	14,545,885	206,143	26	783	20,358	205,702,941	905	14,566,245
Commercial Not Improved	1,458,700	11	11.6070	169,311	-	-	783	-	1,458,700	11	169,311
Industrial Improved	23,380,553	385	6.4741	1,513,680	8,644	1	783	783	23,389,197	386	1,514,463
Industrial Not Improved	331,000	6	11.6070	38,419	-	-	783	-	331,000	6	38,419
	1,278,181,617	55,336		77,581,564	65,016,509	5,389		4,133,795	1,343,198,126	60,725	81,715,362
<b>General Rate - UV</b>											
Residential	2,750,000	2	0.8737	24,027	-	-	-	-	2,750,000	2	24,027
Rural	1,710,000	2	0.8695	14,868	-	-	-	-	1,710,000	2	14,868
<b>Total UV</b>	4,460,000	5		38,895	-	-	-	-	4,460,000	5	38,895
Interim Rates											543,250
<b>Total Rate Levy</b>	1,282,641,617	55,341		77,620,459	65,016,509	5,389		4,133,795	1,347,658,126	60,730	82,297,507
Early Payment Prizes (Note 3(e))											(67,919)
<b>Net General Rates</b>											82,229,588
<b>Specified Area Rates - GRV</b>											
Iluka	43,699,380	1,730	0.51053	223,098	-	-	-	-	43,699,380	1,730	223,098
Iluka - Interim Adjustments	-		-	3,766	-	-	-	-	-		3,766
Woodvale Waters	3,111,420	138	0.56710	17,645	-	-	-	-	3,111,420	138	17,645
Harbour Rise	16,691,440	499	0.58982	98,449	-	-	-	-	16,691,440	499	98,449
Harbour Rise-Interim Adjustments	-		-	847	-	-	-	-	-		847
<b>Total Specified Area Rates</b>	63,502,240	2,367		343,806	-	-	-	-	63,502,240	2,367	343,805
<b>Total Rates Revenue</b>											82,573,393

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4. REVENUE AND EXPENSES	Note	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>Result from Ordinary Activities</b>				
<b>Audit Expenses</b>				
Statutory Audit		32,000	36,580	29,500
Other Expenses		678	-	115
		<b>32,678</b>	<b>36,580</b>	<b>29,615</b>
<b>Depreciation, Impairment &amp; Revaluation Decrement</b>				
Buildings		4,896,938	5,908,881	6,871,415
Furniture and Equipment		821,269	830,466	1,156,841
Plant and Equipment		1,107,361	1,656,871	1,638,760
Parks and Reserves		2,040,378	1,700,000	1,807,617
Roads		11,353,622	7,200,000	8,214,154
Footpaths		1,855,264	550,000	619,446
Drainage		4,144,084	2,320,000	2,354,340
Bridges and Passes		346,516		
Other Infrastructure		750,190	850,000	1,675,077
Impairment/Revaluation Decrement	11,12	161,053	-	964,074
		<b>27,476,675</b>	<b>21,016,218</b>	<b>25,301,724</b>

#### 5. Acquired Infrastructure Assets

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

Roads	-	300,000	1,309,653
Footpaths	-	50,000	174,537
Drainage	-	150,000	353,147
	-	<b>500,000</b>	<b>1,837,337</b>

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**6. FEES & CHARGES**

	<b>2014 Actual \$</b>	<b>2014 Budget \$</b>	<b>2013 Actual \$</b>
<b>By Nature</b>			
Rubbish Collection Fees	19,227,386	19,201,400	17,983,503
Membership Fees	2,316,368	2,344,423	2,212,678
Admission Fees	1,859,717	1,988,181	1,957,061
Building Licence Fees	751,542	860,000	852,441
Learn to Swim Program Fees	2,140,762	1,886,457	1,839,901
Court Sport Revenue	588,273	605,398	562,372
Facilities Hire	808,329	799,839	722,458
Development Application Fees	1,009,971	650,000	729,897
Property Rental	672,301	608,692	650,483
Inspection Fees	605,982	634,088	551,837
Land Purchase Enquiries Fees	265,006	205,300	276,466
Parking Infringements	1,154,448	1,310,000	1,290,175
Other infringements and fines	318,201	376,900	297,792
Commission	158,766	176,950	187,630
On-Street Parking Fee	1,016,017	1,130,000	919,472
Off Street Parking Fees	1,036,231	1,200,000	1,082,912
Term Programme Activities Fees	342,111	364,589	363,482
Dog Registration Fees	401,227	224,000	216,062
Cat Registration Fee	209,720	196,000	-
Eating House Licences & Registrations	61,462	44,000	52,248
Environmental Health Services - Immunisation	117,898	63,000	121,509
Merchandise Sales & Other Sales	493,533	471,276	457,137
Rates Instalment Administration Charges	617,306	630,000	633,771
Other Miscellaneous Charges	1,570,865	1,498,165	1,493,209
	<b>37,743,422</b>	<b>37,468,658</b>	<b>35,454,496</b>
<b>By Program</b>			
General Purpose Funding	987,536	976,346	1,012,447
Law, Order & Public Safety	860,610	711,200	513,051
Health	349,034	276,500	320,740
Education & Welfare	169,421	164,045	166,165
Community Amenities	22,089,990	21,644,488	20,562,607
Recreation & Culture	8,921,469	8,934,536	8,530,249
Transport	3,966,879	4,362,266	3,930,280
Economic Services	-	-	-
Other Property and Services	398,483	399,277	418,957
	<b>37,743,422</b>	<b>37,468,658</b>	<b>35,454,496</b>

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**7. GRANT REVENUE AND SUBSIDIES**

	<b>2014 Actual \$</b>	<b>2014 Budget \$</b>	<b>2013 Actual \$</b>
<b>By Nature and Type:</b>			
<b>Grants and Subsidies - operating</b>			
Dept. for Child Protection	115,651	101,421	114,240
Dept. for Community Development	1,000	1,000	1,000
Dept. of Family and Community Services	34,150	34,150	34,150
Dept. of Sport and Recreation	181,350	153,550	178,350
FESA	84,388	76,000	77,000
Grants Commission	1,587,668	3,411,806	3,459,158
Dept. of Infrast & Transport	-	-	682
Healthways	33,251	22,008	34,950
Lotteries Commission	152,407	151,398	155,000
Other Grants	159,574	354,592	92,341
	<u>2,349,439</u>	<u>4,305,925</u>	<u>4,146,871</u>
<b>Grants and Subsidies - non-operating</b>			
Black Spot Funding	565,264	748,800	960,966
Regional & Local Community Infrastructure Programme	-	-	-
Main Roads Direct Grant	382,050	370,000	384,501
Main Roads-Federal Assistance	872,943	2,230,000	1,990,151
Metro Regional Road Programme	671,831	723,642	3,575,968
Roads to Recovery Programme	1,274,302	648,221	1,083,397
Lotterywest	-	-	-
FESA	-	-	132,646
Other Government Grants	552,504	1,113,885	1,127,023
	<u>4,318,894</u>	<u>5,834,548</u>	<u>9,254,652</u>
<b>Total Grant Revenue</b>	<u><b>6,668,333</b></u>	<u><b>10,140,473</b></u>	<u><b>13,401,523</b></u>
<b>By Program:</b>			
Governance	7,248	-	-
Gen Purpose Funding	1,587,669	3,411,806	3,459,158
Law, Order and Public Safety	-	100,000	-
Education & Welfare	255,490	212,269	3,852
Community Amenities	37,489	285,000	219,391
Recreation & Culture	825,541	708,735	40,682
Transport	3,787,201	4,906,663	1,277,825
Economic Services	-	400,000	8,227,502
Oth Property & Services	167,695	116,000	173,113
<b>Total Grant Revenue</b>	<u><b>6,668,333</b></u>	<u><b>10,140,473</b></u>	<u><b>13,401,523</b></u>

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8. CASH AND CASH EQUIVALENTS	Note	2014 \$	2013 \$
Cash on Hand		10,045	9,295
Cash at Bank		146,042	-
11AM Deposits		3,113,000	2,378,000
Term Deposits		68,800,000	73,500,000
		<u>72,069,087</u>	<u>75,887,295</u>
Bank Overdraft		-	(275,242)
		<u><b>72,069,087</b></u>	<u><b>75,612,053</b></u>
Unrestricted		18,197,039	16,271,184
Restricted Reserve Accounts	16	53,872,048	59,606,816
		<u><b>72,069,087</b></u>	<u><b>75,878,000</b></u>
Interest earned on Reserve Accounts		1,807,952	2,208,776
Interest on Outstanding rates		596,326	579,104
Interest earned on Other Investments		2,335,823	2,932,608
		<u><b>4,740,101</b></u>	<u><b>5,720,488</b></u>

## 9. TRADE AND OTHER RECEIVABLES

### Current

Rates Outstanding	796,290	602,634
Sundry Debtors	1,444,557	1,375,179
Prepayments	65,644	448,869
Accrued Income	1,584,009	1,461,086
GST Receivable	1,057,569	981,797
Less Provision for Doubtful Debts	(2,500)	(2,500)
	<u><b>4,945,569</b></u>	<u><b>4,867,065</b></u>

### Non-Current

Rates/ESL Receivable - Pensioners Deferred	1,375,576	1,311,001
Contributions to Upgrade Material Recovery Facility	399,083	309,557
Long Service Leave Due From - Other Councils	96,461	103,565
	<u><b>1,871,120</b></u>	<u><b>1,724,123</b></u>

## 10. EQUITY CONTRIBUTIONS IN OTHER UNLISTED ENTITIES

Capital Investment - Mindarie Regional Council	541,652	501,943
Capital Investment - Tamala Park Regional Council	7,071,566	4,987,888
Local Government House	29,616	29,616
	<u><b>7,642,834</b></u>	<u><b>5,519,447</b></u>

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

The current fair value of equity is estimated at \$7,071,566. TPRC had subdivided and sold 225 lots measuring an area of 73,391m<sup>2</sup> of land during the year with a total sales value of \$53,390,358. The City's share of sales proceeds after deducting development and selling costs was \$4,780,004. The City made a profit of \$3,923,776 from the value of land.

City has received the audited financial statements of Tamala Park Regional Council for the year ended 30 June 2014. The City has revalued the equity investment using the equity method of accounting. This has resulted in a write down of \$291,583 in the value of investments. This amount has been charged to the Statement of Comprehensive Income. Also, an amount of \$1,253 being the City's share of revaluation increment in the Tamala Park Regional Council's assets has been transferred directly to the asset revaluation account created for this purpose.

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

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## 11. PROPERTY, PLANT & EQUIPMENT

### Movement in Carrying Amounts

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

#### At Cost/Valuation

	Balance at 30/06/2013	Additions	Disposals	Transfers, Adjustments & Revaluation	Balance at 30/06/2014
	\$	\$	\$	\$	\$
Freehold Land	100,503,428		(961,006)	-	99,542,422
Buildings	163,325,274	7,242,431	(162,679)	-	170,405,026
Artworks	624,742	83,066	-	-	707,808
Furniture, Computer Equipment & Computer Software	6,751,173	578,480	-	-	7,329,653
Fleet, Plant & Equipment	11,037,676	2,427,269	(648,840)	-	12,816,105
Easements	459	-	-	-	459
	<b>282,242,752</b>	<b>10,331,246</b>	<b>(1,772,525)</b>	<b>-</b>	<b>290,801,473</b>

#### Accumulated Depreciation

	Balance at 30/06/2013	Disposals	Depreciation	Transfers, Adjustments & Revaluation	Balance at 30/06/2014
	\$	\$	\$	\$	\$
Freehold Land	-	-	-	-	-
Buildings	(1,277,973)	162,679	(4,896,938)	-	(6,012,232)
Artworks	-	-	-	-	-
Furniture, Computer Equipment & Computer Software	(5,543,453)	-	(821,269)	-	(6,364,722)
Fleet, Plant & Equipment	(83,920)	34,906	(1,107,362)	-	(1,156,376)
Easements	-	-	-	-	-
	<b>(6,905,346)</b>	<b>197,585</b>	<b>(6,825,569)</b>	<b>-</b>	<b>(13,533,330)</b>

#### Written-Down Value

	Balance at 30/06/2013	Additions	Disposals	Depreciation, Adjustments & Revaluation	Balance at 30/06/2014
	\$	\$	\$	\$	\$
Freehold Land	100,503,428	-	(961,006)	-	99,542,422
Buildings	162,047,301	7,242,431	-	(4,896,938)	164,392,794
Artworks	624,742	83,066	-	-	707,808
Furniture, Computer Equipment & Computer Software	1,207,720	578,480	-	(821,269)	964,931
Plant & Equipment	10,953,758	2,427,269	(613,934)	(1,107,362)	11,659,731
Easements	459	-	-	-	459
	<b>275,337,408</b>	<b>10,331,246</b>	<b>(1,574,940)</b>	<b>(6,825,569)</b>	<b>277,268,145</b>

#### Capital Acquisitions in Progress

	Balance at 30/06/2013	Additions	Capitalised	Impairment/ Adjustments	Balance at 30/06/2014
	\$	\$	\$	\$	\$
Freehold Land	-	-	-	-	-
Buildings	2,973,666	2,397,017	(385,717)	224,598	5,209,564
Artworks	23,850	63,562	(83,066)	-	4,346
Furniture, Computer Equipment & Computer Software	255,789	556,880	(578,480)	(74,811)	159,378
Plant & Equipment	592,333	2,670,093	(2,427,269)	(279,477)	555,680
Tamala Park Land Development	-	646,889	-	-	646,889
	<b>3,845,638</b>	<b>6,334,441</b>	<b>(3,474,532)</b>	<b>(129,690)</b>	<b>6,575,857</b>
<b>Total</b>	<b>279,183,046</b>	<b>16,665,687</b>	<b>(5,049,472)</b>	<b>(6,955,259)</b>	<b>283,844,002</b>



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## 12. INFRASTRUCTURE ASSETS

### Movement in Carrying Amounts

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

<b>At Cost/Valuation</b>					
	<b>Balance at 30/06/2013</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers, Impairment &amp; Revaluation</b>	<b>Balance at 30/06/2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Roads	517,643,792	9,163,632	-	206,725,962	733,533,386
Footpaths	28,643,816	963,122	-	65,234,935	94,841,873
Drainage	186,836,311	756,064	-	197,422,179	385,014,554
Reserves	75,897,924	7,258,648	-	(848,781)	82,307,791
Car Parks	15,070,941	285,565	-	(403,329)	14,953,177
Bridges and Passes	27,561,129	220,493	-	3,576,697	31,358,319
Other Infrastructure	15,916,503	406,267	-	-	16,322,770
Traffic Signals and lighting	821,496	-	-	-	821,496
	<b>868,391,912</b>	<b>19,053,791</b>	<b>-</b>	<b>471,707,663</b>	<b>1,359,153,366</b>
<b>Accumulated Depreciation</b>					
	<b>Balance at 30/06/2013</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Transfers, Impairment &amp; Revaluation</b>	<b>Balance at 30/06/2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Roads	(226,696,383)	-	(11,353,622)	(39,571,420)	(277,621,425)
Footpaths	(13,819,190)	-	(1,855,264)	(15,617,641)	(31,292,095)
Drainage	(65,776,483)	-	(4,144,084)	(50,381,167)	(120,301,734)
Reserves	(43,594,704)	-	(2,040,378)	817,418	(44,817,664)
Car Parks	(7,004,437)	-	(221,609)	2,359,088	(4,866,958)
Bridges and Passes	(1,709,233)	-	(346,516)	(6,175,027)	(8,230,776)
Other Infrastructure	(9,183,696)	-	(446,397)	-	(9,630,093)
Traffic Signals and lighting	(332,149)	-	(82,183)	-	(414,332)
	<b>(368,116,275)</b>	<b>-</b>	<b>(20,490,053)</b>	<b>(108,568,749)</b>	<b>(497,175,077)</b>
<b>Written-Down Value</b>					
	<b>Balance at 30/06/2013</b>	<b>Additions</b>	<b>Depreciation</b>	<b>Transfers, Impairment &amp; Revaluation</b>	<b>Balance at 30/06/2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Roads	290,947,409	9,163,632	(11,353,622)	167,154,542	455,911,961
Footpaths	14,824,626	963,122	(1,855,264)	49,617,294	63,549,778
Drainage	121,059,828	756,064	(4,144,084)	147,041,012	264,712,820
Reserves	32,303,220	7,258,648	(2,040,378)	(31,363)	37,490,127
Car Parks	8,066,504	285,565	(221,609)	1,955,759	10,086,219
Bridges and Passes	25,851,896	220,493	(346,516)	(2,598,330)	23,127,543
Other Infrastructure	6,732,807	406,267	(446,397)	-	6,692,677
Traffic Signals and lighting	489,347	-	(82,183)	-	407,164
	<b>500,275,637</b>	<b>19,053,791</b>	<b>(20,490,053)</b>	<b>363,138,914</b>	<b>861,978,289</b>
<b>Capital Work in Progress</b>					
	<b>Balance at 30/06/2013</b>	<b>New Work Added</b>	<b>Completed and Capitalised</b>	<b>Impairment/ Adjustments</b>	<b>Balance at 30/06/2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Buildings	4,764,326	2,849,721	(7,031,206)	-	582,841
Roads	522,042	8,957,890	(9,163,632)	-	316,300
Footpaths	253,755	709,367	(963,122)	-	-
Drainage	460	755,604	(756,064)	-	-
Reserves	352,805	11,027,476	(7,258,648)	-	4,121,633
Car Parks	-	1,032,140	(285,565)	-	746,575
Bridges and Passes	-	220,493	(220,493)	-	-
Other Infrastructure	-	406,267	(406,267)	-	-
Traffic Signals and lighting	24,684	304,467	-	-	329,151
	<b>5,918,072</b>	<b>26,263,425</b>	<b>(26,084,997)</b>	<b>-</b>	<b>6,096,500</b>
<b>Total</b>	<b>506,193,709</b>	<b>45,317,216</b>	<b>(46,575,050)</b>	<b>363,138,914</b>	<b>868,074,789</b>

### **Valuation of Infrastructure Assets:**

The City's assets are being progressively revalued to fair value in accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996. As part of this process the following infrastructure assets have been revalued this financial year as at the balance sheet date.

1. Road Networks
2. Footpath Networks
3. Car Parks
4. Drainage Networks
5. Bridges and Passes

AASB 13 requires fair value to be measured according to the following hierarchy.

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

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

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

The revaluation of the above infrastructure assets were conducted by Management except for the class of Bridges and Passes. Revaluation of Bridges and Passes was conducted by external valuers who had the relevant technical expertise in valuation of this class of assets (using Level 2 and Level 3 inputs in the fair value measurement hierarchy).

Management has used the technical expertise of its Infrastructure Management Services staff for valuing the other four classes of infrastructure assets. No market based evidence was available for determining the fair value of these classes of assets because of their specialised nature. Fair value of these assets have been arrived at based on their depreciated replacement cost. Management has used the unit rates of construction, age and condition of these assets as inputs (Level 2 and Level 3 in the fair value measurement hierarchy) into its valuation methodology. The unit rates and valuation methodology were further reviewed independently by an external valuer to confirm that the unit rates and valuation methodology were adequate and conformed to industry standards.

The revaluation resulted in an overall increase in net value of Roads (\$167,154,542), Footpaths (\$49,617,294), Car Parks (\$1,955,759), Drainage (\$147,041,012) and a decrease in net value of Bridges and Passes (\$2,598,330). The increase in net values of classes of assets have been credited directly to the respective Revaluation Reserves in the Equity. The decrease in net value of Bridges and Passes has been set off against the balance in the Bridges and Passes Revaluation Reserve.

During the year some of the infrastructure assets, which were previously in the class "Other Infrastructure Assets" were reclassified to the asset class "Parks and Reserves". The carrying costs of the assets reclassified amounted to \$2,775,370. This reclassification has been done to represent better the true nature of these assets by keeping in alignment with the City's Asset Management Plan and its proper accounting. In this reclassification process some assets were identified as impaired and charged to the Statement of Comprehensive income. The impairment charges amounted to \$31,363. Both these classes of assets, "Other Infrastructure Assets" and "Parks and Reserves", will be revalued in 2014/15

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<b>13. TRADE AND OTHER PAYABLES</b>	<b>Note</b>	<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Trade Payables		3,504,939	2,175,318
Sundry Payables		473,280	380,894
Accrued Expenses		4,458,775	5,480,079
Income in Advance		1,709,829	1,479,105
Goods & Service Tax (GST) Payable		257,662	243,932
		<b>10,404,485</b>	<b>9,759,328</b>

**14. BORROWINGS**

Current - Loan Borrowings		1,399,466	1,655,978
Non-Current Loan Borrowings		5,836,515	7,235,980
<b>Total Borrowings</b>	<b>24(a)</b>	<b>7,235,981</b>	<b>8,891,958</b>

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

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

<b>15. PROVISIONS</b>	<b>Note</b>	<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Provision for Annual Leave		3,993,937	3,677,768
Provision for Long Service Leave		3,901,713	3,314,683
Provision for Sick leave		223,856	199,507
Provision for Workers Compensation		3,574,195	2,968,757
Provision for Write-off of Assets		19,697	19,697
Provisions-Other		39,574	37,876
		<b>11,752,972</b>	<b>10,218,288</b>
<b>Non-Current</b>			
Provision for Long Service Leave		1,710,008	1,625,788
Provision for Long Service Leave due to Other Councils		373,118	343,218
		<b>2,083,126</b>	<b>1,969,006</b>

## 16. RESTRICTED RESERVE ACCOUNTS

	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>16.1 Non-Current Long Service Leave</b>			
Opening Balance	1,969,006	2,071,265	-
Amount Set Aside / Transfer to Reserve	114,120	242,999	1,969,006
Amount Used / Transfer from Reserve	-	-	-
	<u>2,083,126</u>	<u>2,314,264</u>	<u>1,969,006</u>

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

## 16.2 Equity Reserve Accounts

### (a) Cash in Lieu of Parking

Opening Balance	1,121,895	1,109,061	1,068,771
Amount Set Aside / Transfer to Reserve	44,157	45,268	53,124
Amount Used / Transfer from Reserve	-	-	-
	<u>1,166,052</u>	<u>1,154,329</u>	<u>1,121,895</u>

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 from accumulated surplus represent interest.

### (b) Cash in Lieu of Public Open Space

Opening Balance	-	-	1,651,155
Amount Set Aside / Transfer to Reserve	-	-	75,571
Amount Used / Transfer from Reserve	-	-	(1,726,726)
	<u>-</u>	<u>-</u>	<u>-</u>

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. Transfer to reserve from accumulated surplus represents interest. Due to the fiduciary nature of the funds received the balance in the Reserve has been transferred back to the Trust Fund.

## 16. RESTRICTED RESERVE ACCOUNTS (Continued)

	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>(c) Waste Management</b>			
Opening Balance	2,429,042	3,155,189	4,074,223
Amount Set Aside / Transfer to Reserve	333,604	338,520	157,704
Amount Used / Transfer from Reserve	-	(1,200,786)	(1,802,885)
	<u>2,762,646</u>	<u>2,292,923</u>	<u>2,429,042</u>

The Domestic Cart-Refuse Collection Reserve was renamed to the Waste Management Reserve and its purpose changed in 2009/10. The intended 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.

<b>(d) Vehicle, Plant and Equipment</b>			
Opening Balance	2,088,592	1,491,197	2,536,154
Amount Set Aside / Transfer to Reserve	82,097	55,612	123,690
Amount Used / Transfer from Reserve	(5,544)	(257,400)	(571,252)
	<u>2,165,145</u>	<u>1,289,409</u>	<u>2,088,592</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.

<b>(e) Cash in Lieu of City Centre Parking</b>			
Opening Balance	622,249	615,130	592,784
Amount Set Aside / Transfer to Reserve	24,491	25,107	29,465
Amount Used / Transfer from Reserve	-	-	-
	<u>646,740</u>	<u>640,237</u>	<u>622,249</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. Transfer from reserves fund car park works. The transfer to the reserve represents interest.

<b>(f) Capital Expenditure Carried Forward</b>			
Opening Balance	11,164,825	3,281,349	11,070,086
Amount Set Aside / Transfer to Reserve	2,651,824	-	10,593,227
Amount Used / Transfer from Reserve	(11,164,825)	(3,281,349)	(10,498,488)
	<u>2,651,824</u>	<u>-</u>	<u>11,164,825</u>

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

## 16. RESTRICTED RESERVE ACCOUNTS (Continued)

	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>(g) Marmion Car Park Reserve</b>			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	1,890,598	-	-
Amount Used / Transfer from Reserve	-	-	-
	<u>1,890,598</u>	<u>-</u>	<u>-</u>

Created this financial year to receive the State Government's contribution and accumulate funds for the future construction of a car park next to the Marmion Angling and Aquatic Club.

<b>(h) Ocean Reef Marina Project</b>			
Opening Balance	1,144,251	653,822	1,476,458
Amount Set Aside / Transfer to Reserve	34,758	16,027	63,552
Amount Used / Transfer from Reserve	(522,338)	(522,338)	(395,759)
	<u>656,671</u>	<u>147,511</u>	<u>1,144,251</u>

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. Transfer from reserve to accumulated surplus fund the concept plan for the Ocean Reef Marina Project.

<b>(i) Joondalup Performing Arts and Cultural Facility Reserve</b>			
Opening Balance	10,776,224	10,353,508	5,412,569
Amount Set Aside / Transfer to Reserve	421,904	319,847	5,574,074
Amount Used / Transfer from Reserve	(114,027)	(859,528)	(210,419)
	<u>11,084,101</u>	<u>9,813,827</u>	<u>10,776,224</u>

Created in 2000/01 to assist with the design and development of a regional performing arts facility in the Joondalup city centre. The reserve was renamed in 2005/06 to more appropriately reflect the intent of this project for a multi-purpose cultural facility

<b>(j) Section 20A Land</b>			
Opening Balance	46,901	46,364	44,680
Amount Set Aside / Transfer to Reserve	1,846	1,892	2,221
Amount Used / Transfer from Reserve	-	-	-
	<u>48,747</u>	<u>48,256</u>	<u>46,901</u>

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

## 16. RESTRICTED RESERVE ACCOUNTS (Continued)

	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>(k) Specified Area Rating - Harbour Rise</b>			
Opening Balance	3,101	-	18,495
Amount Set Aside / Transfer to Reserve	760	-	524
Amount Used / Transfer from Reserve	-	-	(15,918)
	<u>3,861</u>	<u>-</u>	<u>3,101</u>

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

### (l) Specified Area Rating - Iluka

Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	4,035	-	-
Amount Used / Transfer from Reserve	-	-	-
	<u>4,035</u>	<u>-</u>	<u>-</u>

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

### (m) Strategic Asset Management

Opening Balance	21,853,067	20,719,204	21,773,336
Amount Set Aside / Transfer to Reserve	807,873	719,862	1,057,940
Amount Used / Transfer from Reserve	(2,655,323)	(6,165,233)	(978,209)
	<u>20,005,617</u>	<u>15,273,833</u>	<u>21,853,067</u>

Created in 2004/05 for the purpose of funding the maintenance, refurbishment, replacement and disposal of assets in the most effective required manner, at the level of service for future and present requirements. During 2009/10 Asset Replacement Reserve was merged with the Strategic Asset Management Reserve with a purpose to fund the acquisition and development of new and renewal of existing City infrastructure and building assets.

### (n) Specified Area Rating - Woodvale

Opening Balance	33,011	40,829	35,254
Amount Set Aside / Transfer to Reserve	18,596	1,666	1,655
Amount Used / Transfer from Reserve	(2,919)	-	(3,898)
	<u>48,688</u>	<u>42,495</u>	<u>33,011</u>

Created in 2011/12 to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Woodvale specified area. Transfers from the reserve are to fund works undertaken in the specified area Woodvale.



## 16. RESTRICTED RESERVE ACCOUNTS (Continued)

	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>(o) Community Facilities - Currambine/Kinross</b>			
Opening Balance	-	-	1,059,390
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	(1,059,390)
	<u>-</u>	<u>-</u>	<u>-</u>

Created in 2007/08 for the purpose of funding the construction, development and maintenance of community facilities. During 2009/10 the Community Facilities Reserve was merged with the Community Facilities Reserve-Currambine/Kinross.

<b>(p) Parking Facility</b>			
Opening Balance	6,210,494	5,997,578	4,461,506
Amount Set Aside / Transfer to Reserve	1,667,650	2,021,417	1,886,949
Amount Used / Transfer from Reserve	(1,079,353)	(6,052,000)	(137,961)
	<u>6,798,791</u>	<u>1,966,995</u>	<u>6,210,494</u>

Created in 2008/09 to hold the operating surpluses arising from the paid parking in the Joondalup City Centre to be applied in the development and provision of facilities and services, both parking and non parking, in the Joondalup City Centre. The transfer from accumulated surplus represents the parking operating surplus and interest

<b>(q) Town Planning Scheme No:10</b>			
Opening Balance	43,238	42,984	-
Amount Set Aside / Transfer to Reserve	-	-	43,238
Amount Used / Transfer from Reserve	(43,238)	(42,984)	-
	<u>-</u>	<u>-</u>	<u>43,238</u>

Created in 1993-94 by the former City of Wanneroo with residual funds from Town Planning Scheme No 10 (Revoked) and will be utilised on the provision of facilities generally within or in close proximity of the scheme area. This money can only be spent in the Town Planning Scheme No 10 area.

<b>(r) Public Art</b>			
Opening Balance	100,920	98,409	-
Amount Set Aside / Transfer to Reserve	55,021	-	100,920
Amount Used / Transfer from Reserve	-	(98,409)	-
	<u>155,941</u>	<u>-</u>	<u>100,920</u>

Created this financial year for the purpose of providing for the commissioning and purchase of public art works.



## 16. RESTRICTED RESERVE ACCOUNTS (Continued)

	2014 Actual \$	2014 Budget \$	2013 Actual \$
<b>(t) TPRC Reserve</b>			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	1,699,465	-	-
Amount Used / Transfer from Reserve	-	-	-
	<u>1,699,465</u>	<u>-</u>	<u>-</u>

Created this financial year to receive the City's share of the dividends from proceeds of the sales of Tamala Park land to be held and subsequently applied for the purpose of investing in income producing facilities, to build significant one-off community facilities and to assist with developing significant infrastructure assets.

<b>Total Equity Reserve Accounts</b>	<u>51,788,923</u>	<u>32,669,815</u>	<u>57,637,810</u>
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### **Total Restricted Reserve Accounts**

Opening Balance	59,606,816	49,675,889	55,274,861
Amount Set Aside / Transfer to Reserve	9,852,799	3,788,217	21,732,860
Amount Used / Transfer from Reserve	(15,587,567)	(18,480,027)	(17,400,905)
Closing Balance 30 June 2014	<u>53,872,048</u>	<u>34,984,079</u>	<u>59,606,816</u>

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**17. RESERVES – ASSET REVALUATION**

	<b>2014 Actual \$</b>	<b>2013 Actual \$</b>
<b>(a) Artworks</b>		
Opening Balance	175,216	175,216
Revaluation Increment	-	-
	<b>175,216</b>	<b>175,216</b>
<b>(b) Land and Buildings</b>		
Opening Balance	200,393,909	211,170,790
Revaluation Decrement	-	(10,776,881)
	<b>200,393,909</b>	<b>200,393,909</b>
<b>(c) Roads</b>		
Opening Balance	25,615,714	25,615,714
Revaluation Increment	167,154,542	-
	<b>192,770,256</b>	<b>25,615,714</b>
<b>(d) Footpaths</b>		
Opening Balance	-	-
Revaluation Increment	49,617,294	-
	<b>49,617,294</b>	<b>-</b>
<b>(e) Drainage</b>		
Opening Balance	-	-
Revaluation Increment	147,041,012	-
	<b>147,041,012</b>	<b>-</b>
<b>(f) Car Parks</b>		
Opening Balance	-	-
Revaluation Increment	1,955,759	-
	<b>1,955,759</b>	<b>-</b>
<b>(g) Bridges and Passes</b>		
Opening Balance	20,885,626	20,885,626
Revaluation Increment	(2,598,330)	-
	<b>18,287,296</b>	<b>20,885,626</b>
<b>(h) Other Infrastructure Assets</b>		
Opening Balance	2,362,368	2,293,624
Revaluation Increment	-	68,744
	<b>2,362,368</b>	<b>2,362,368</b>
<b>(i) Tamala Park Assets</b>		
Opening Balance	-	-
Revaluation Increment	1,253	-
	<b>1,253</b>	<b>-</b>
<b>Total Asset Revaluation Reserves</b>		
Opening Balance	249,432,833	260,140,970
Amount Set Aside / Transfer to Reserve	365,769,860	(10,708,137)
Amount Used / Transfer from Reserve	(2,598,330)	-
Closing Balance 30 June 2014	<b>612,604,363</b>	<b>249,432,833</b>

## 18. NOTES TO THE CASH FLOW STATEMENT

### Reconciliation of Net Cash Provided by Operating Activities to Net Result

	2014 \$	2013 \$
<b>Net Result from Operating Activities</b>	<b>1,097,993</b>	<b>6,465,435</b>
Depreciation, Impairment & Revaluation Decrement	27,476,675	25,301,724
(Profit)/Loss on Sale of Assets	(3,727,453)	(1,967,749)
(Increase)/Decrease in Receivables	(396,277)	(508,641)
Increase/(Decrease) in Payables	1,435,737	(523,414)
Increase/(Decrease) in Employee Provisions	1,647,105	1,314,552
Increase/(Decrease) in Other Provisions	1,698	4,000
Increase/(Decrease) in Income in Advance	230,724	374,088
Increase/(Decrease) in Accrued Expenses	(1,021,304)	241,940
(Increase)/Decrease in Accrued Income	(122,923)	42,481
(Increase)/Decrease in Prepayments	383,225	64,570
(Increase)/Decrease in Inventory	11,736	(34,443)
Grants/Contributions for development of assets	(4,318,894)	(9,254,652)
Non-operating contributions & reimbursements	(1,484,104)	(209,555)
Investment movement in Tamala Park- Regional Council using Equity Method	291,582	-
Impairment of Non-current Receivables	84,967	-
Developer's contribution to Infrastructure Assets	-	(1,837,337)
Easements recognised due to legislative requirements	-	(459)
<b>Net Cash from Operating Activities</b>	<b>21,590,487</b>	<b>19,472,540</b>

## 19. CONTINGENT LIABILITIES

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

## 20. COMMITMENTS FOR MAJOR EXPENDITURE AND OPERATING LEASES

	2014	2013
	\$	\$

### (a) Capital Expenditure Commitments

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

Major Expenditure Commitments	<u>2,186,509</u>	<u>4,743,607</u>
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### (b) Projected Operating Lease Income

Future Minimum Lease Income Expected

Up to 1 yr	549,056	515,329
1 - 5 yrs	700,263	1,025,390
> 5 yrs	2,367,834	3,028,981
	<u>3,617,153</u>	<u>4,569,700</u>

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

### (c) Projected Operating Lease Commitments

Future Minimum Lease Payments Expected

Up to 1 yr	536,500	529,822
1 - 5 yrs	2,082,285	1,971,861
> 5 yrs	4,981,406	5,389,241
	<u>7,600,191</u>	<u>7,890,924</u>

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

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## 21. TRUST FUNDS

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

	2014	2013
	\$	\$
<b>Balance brought forward on 01 July 2013</b>	2,655,169	1,477,167
Amounts received during the year	462,876	1,919,649
Amounts paid out during the year	(352,328)	(771,676)
Interest earned on monies held in trust	64,639	30,029
<b>Balance carried forward at 30 June 2014</b>	<b>2,830,357</b>	<b>2,655,169</b>
<b>Cash in lieu of Public Open Space:</b>		
Opening Balance	1,465,180	-
Transfer from Municipal Fund	-	1,465,180
Transfer to Municipal Fund	(428,716)	-
Interest earned	31,666	-
<b>Closing Balance</b>	<b>1,068,130</b>	<b>1,465,180</b>
Bonds, Retention Money	1,762,227	1,189,989
<b>Trust Funds as at 30 June 2014</b>	<b>2,830,357</b>	<b>2,655,169</b>

## 22. DISPOSALS OF ASSETS-2013/14 FINANCIAL YEAR

The following assets were disposed of during the year.

Asset Class Disposed of	Net Book Value	Sale Price	Profit	Loss
	\$	\$	\$	\$
Fleet, Plant & Equipment	613,935	501,023	3,764	116,676
Land	104,778	21,367	-	83,411
Land (TPRC lots sale)	856,228	4,780,004	3,923,776	-
	<b>1,574,941</b>	<b>5,302,394</b>	<b>3,927,540</b>	<b>200,087</b>

## 23. TOTAL ASSETS CLASSIFIED BY PROGRAM

	2014	2013
	\$	\$
Governance	21,916,319	22,209,580
General Purpose Funding	6,514,160	13,250,417
Law, Order, Public Safety	904,545	855,748
Health	48,558	52,283
Education and Welfare	4,308,772	4,451,106
Community Amenities	317,075,910	206,727,898
Recreation and Culture	174,672,233	169,857,681
Transport	569,099,305	318,290,145
Economic Services	2,277,334	2,184,026
Other Property and services	141,710,561	135,312,591
	<b>1,238,527,697</b>	<b>873,191,475</b>

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## 24. INFORMATION ON BORROWINGS

### (a) Loan Repayments

Purpose of Loan	Year Drawn	Balance 1-Jul-13	New Loans	Interest Expense	Principal Repayment	Balance 30-Jun-14	Unspent Balance
Craigie Leisure Centre	2004/05	745,227	-	34,445	(361,907)	383,320	-
Sorrento Beach	2005/06	327,652	-	16,372	(102,834)	224,818	-
Fee Pd Parking & Addition of car bays	2008/09	336,246	-	8,415	(336,246)	0	-
Aquatic Facilities Upgrade	2009/10	4,399,133	-	247,911	(524,083)	3,875,050	-
Streetscape Enhancement – West Coast Drive	2009/10	671,247	-	38,032	(79,968)	591,279	-
Seacreast Sports Facility	2010/11	694,133	-	41,371	(72,203)	621,930	-
Forrest Park Sports Facility	2010/11	456,667	-	27,217	(47,502)	409,165	-
Fleur Frame Pavilion Upgrade	2010/11	1,261,653	-	75,197	(131,234)	1,130,419	-
		8,891,958	-	488,961	(1,655,977)	7,235,981	-

### (b) Overdraft

	2014	2013
	\$	\$
Bank Overdraft Facility Limit	500,000	500,000
Bank Overdraft at Reporting Date	-	275,242
<b>Credit Amount Unused</b>	<b>500,000</b>	<b>224,758</b>

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

## 25. SPECIFIED AREA RATE – 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 2013/14 financial year, a specified area rate for the suburb of Iluka.

	2014 \$	2013 \$
Balance 1 July 2013	-	-
2013/14 Rate Income	226,865	146,064
Interest	78	
Expenditure	(222,907)	(146,064)
<b>Surplus in Reserve at 30 June 2014</b>	<b><u>4,035</u></b>	<b><u>-</u></b>

## 26. 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 2013/14 financial year, a specified area rate for the area of Woodvale Waters.

	2014 \$	2013 \$
Balance 1 July 2013	33,011	35,254
2013/14 Rate Income	17,645	34,166
Interest	1,577	1,655
Expenditure	(3,545)	(38,064)
<b>Surplus in Reserve at 30 June 2014</b>	<b><u>48,688</u></b>	<b><u>33,011</u></b>

## 27. 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 2013/14 financial year, a specified area rate for the area of Harbour Rise Estate.

	2014 \$	2013 \$
Balance 1 July 2013	3,101	18,495
2013/14 Rate Income	99,297	100,394
Interest	134	524
Expenditure	(98,671)	(116,312)
<b>Surplus in Reserve at 30 June 2014</b>	<b><u>3,861</u></b>	<b><u>3,101</u></b>



## 28. MOVEMENT IN NON-CURRENT ITEMS

	2014 Actual \$	2014 Budget \$	2013 Actual \$
Movement in Non-current Receivables	(57,471)	-	(52,740)
Movement in Non-current Provisions	114,120	242,999	118,651
Movement in equity investments using Equity method	291,583	-	-
Impairment of Non-current Receivables	84,967	-	-
	<u>433,199</u>	<u>242,999</u>	<u>65,911</u>

## 29. COUNCILLORS' REMUNERATION

	2014 Actual	2014 Budget	2013 Actual
The following fees, expenses and allowances were paid to council members and/or to the mayor			
Elected Members Allowances	547,089	517,200	217,400
Elected Members Conferences/Training	62,945	120,300	63,426
Elected Members Presentation Items	88	700	3,307
Elected Members Travel & Child Care	22,828	26,500	26,008
Other Specified Expenses	51,758	37,970	17,636
	<u>684,708</u>	<u>702,670</u>	<u>327,777</u>

## 30. MAJOR LAND TRANSACTIONS

### Reid Promenade Car Park.

The Council had approved the construction of a multi storey car park at the land owned by the City between Boas Avenue and Reid Promenade. The Project started in June 2014 and is expected to be complete by June 2015. Total estimated cost of the project on completion is \$19,765,500, which will be partly funded by a bank loan of \$10,000,000 and the balance from Reserves.

### Capital Expenditure as at 30 June 2014

Architects fee/ Consultancy costs	459,075
Additional land purchases and settlement costs	42,475
Quantity surveying costs	33,100
Project management costs	199,368
Administration costs	4,337
Total Expenditure	<u>738,355</u>

### 31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings during the 2013/14 financial year.

### 32. FINANCIAL RISK MANAGEMENT

The City's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The City's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the City. The City does not engage in 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	
		2014	2013	2014	2013
		\$	\$	\$	\$
<b>Financial Assets</b>					
Cash and cash equivalents	8	72,069,087	75,612,053	72,069,087	75,612,053
Receivables	9	6,816,689	6,591,188	6,816,689	6,591,188
Equity Investments	10	7,642,834	5,519,447	7,642,834	5,519,447
		<b>86,528,610</b>	<b>87,722,688</b>	<b>86,528,610</b>	<b>87,722,688</b>
<b>Financial Liabilities</b>					
Payables	13	10,404,485	9,759,328	10,404,485	9,759,328
Borrowings	24 (a)	7,235,981	8,891,958	7,334,669	9,213,130
		<b>17,640,466</b>	<b>18,651,286</b>	<b>17,739,155</b>	<b>18,972,458</b>

Fair value is determined as follows:

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

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

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

## **32. FINANCIAL RISK MANAGEMENT (Continued)**

### **(a) Cash and Cash Equivalents**

The City's objective is to maximise its return on cash and cash equivalents whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). The City has an investment policy 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  
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**(c) Interest rate risk**

The following table details the City's exposure to interest rate risks as at the reporting date as well as the previous reporting date (30 June 2014).

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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 2013).

	Interest Rate at Reporting Date	At Variable Interest Rate	Fixed Interest Rate Maturity				Total
			< 1 year	1 - 5 Years	> 5 Years	Non-Interest Bearing	
	%	\$	\$	\$	\$	\$	\$
<b>2012/13</b>							
<b>Financial Assets</b>							
Cash	-	-	-	-		9,295	9,295
Bank Overdraft	8.98	(275,242)	-	-		-	(275,242)
Receivables	-	-	-	-		4,264,431	4,264,431
Rates & ESL Receivable	11.00	-	-	602,634		-	602,634
ING	4.22	-	19,000,000	-		-	19,000,000
Westpac Term Deposit	4.28	-	19,500,000	-		-	19,500,000
NAB Term Deposit	4.27	-	19,900,000	-		-	19,900,000
Suncorp Term Deposit	4.42	-	15,100,000	-		-	15,100,000
WA Treasury Corporation 11AM	2.70	2,378,000	-	-		-	2,378,000
<b>Total Financial Assets</b>		<b>2,102,758</b>	<b>73,500,000</b>	<b>602,634</b>	<b>-</b>	<b>4,273,726</b>	<b>80,479,118</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	-	-		9,759,328	9,759,328
Borrowings	5.79	-	102,834	224,818		-	327,652
"	5.95	-	361,907	383,320		-	745,227
"	4.72	-	336,246	-		-	336,246
"	5.87	-	524,083	3,313,426	561,623	-	4,399,132
"	5.87	-	79,968	477,840	113,439	-	671,247
"	6.16	-	250,939	1,969,060	192,455	-	2,412,454
Employee entitlements	-	-	-	-		12,187,294	12,187,294
<b>Total Financial Liabilities</b>		<b>-</b>	<b>1,655,977</b>	<b>6,368,464</b>	<b>867,517</b>	<b>21,946,622</b>	<b>30,838,580</b>

**(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 \$
<b><u>2014</u></b>					
Payables	10,404,485	-	-	10,404,485	10,404,485
Borrowings	1,807,306	6,559,398	296,603	8,663,307	7,235,981
	<b><u>12,211,791</u></b>	<b><u>6,559,398</u></b>	<b><u>296,603</u></b>	<b><u>19,067,792</u></b>	<b><u>17,640,466</u></b>
<b><u>2013</u></b>					
Payables	9,759,328	-	-	9,759,328	9,759,328
Borrowings	2,154,365	7,078,939	1,584,369	10,817,672	8,891,958
	<b><u>11,913,693</u></b>	<b><u>7,078,939</u></b>	<b><u>1,584,369</u></b>	<b><u>20,577,000</u></b>	<b><u>18,651,286</u></b>

### **33. EVENTS AFTER THE REPORTING DATE**

There were no material events after 30 June 2014 that requires inclusion in the notes to the financial statements.

### **34. TOWN PLANNING AND LAND DEVELOPMENT SCHEME – MINDARIE**

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

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

On 1 July 1998 the former City of Wanneroo's one third shares 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 with the potential for subdivision and resale.

### **35. JOONDALUP NORMALISATION AGREEMENT**

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

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



### 36. STATUTORY FINANCIAL RATIOS

	2014	2013	2012
Current Ratio	0.99	0.97	1.19
Debt Service Cover Ratio	10.84	9.81	10.05
Operating Surplus Ratio	(0.04)	(0.04)	(0.005)
Own Source Revenue Coverage Ratio	0.95	0.93	0.95
Asset consumption Ratio	0.67	0.58	-
Asset renewal funding Ratio	0.83	-	-
Asset sustainability Ratio	0.40	0.69	-

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Debt Service Cover Ratio	$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{Principal and interest}}$
Operating Surplus Ratio	$\frac{\text{Operating revenue minus operating expense}}{\text{Own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{Own source operating revenue}}{\text{Operating expense}}$
Asset Consumption Ratio	$\frac{\text{Depreciated Replacement Cost of Assets}}{\text{Current Replacement Costs of Depreciable Assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of Planned Capital Renewals over 5 years}}{\text{NPV of required Capital Expenditure over 5 years}}$
Asset Sustainability Ratio	$\frac{\text{Capital Renewal and Replacement expenditure}}{\text{Depreciation Expenditure}}$

CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### New Accounting Standards and Interpretations for Application in Future Periods

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

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

	Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i)	AASB 9 – Financial Instruments	December 2013	1 January 2017	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2013	1 January 2017	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iii)	AASB 2011 – 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 131, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(iv)	AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.  This Standard is not expected to significantly impact the Council's financial statements.

CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014

## 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title and topic	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(v)	AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	<p>This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.</p> <p>It is not expected to have a significant impact on Council.</p>
(vi)	AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	<p>This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.</p> <p>It is not expected to have a significant impact on Council.</p>
(vii)	AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	<p>Part A of this standard makes various editorial corrections to Australian Accounting Standards.</p> <p>Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.</p> <p>Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.</p> <p>As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.</p>

CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2014

**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Adoption of New and Revised Accounting Standards**

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

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 – 2
AASB 11	AASB 2011 - 7	AASB 2012 – 3
AASB 12	AASB 2011 - 9	AASB 2012 – 5
AASB 119	AASB 2011 – 10	AASB 2012 - 10
AASB 127		

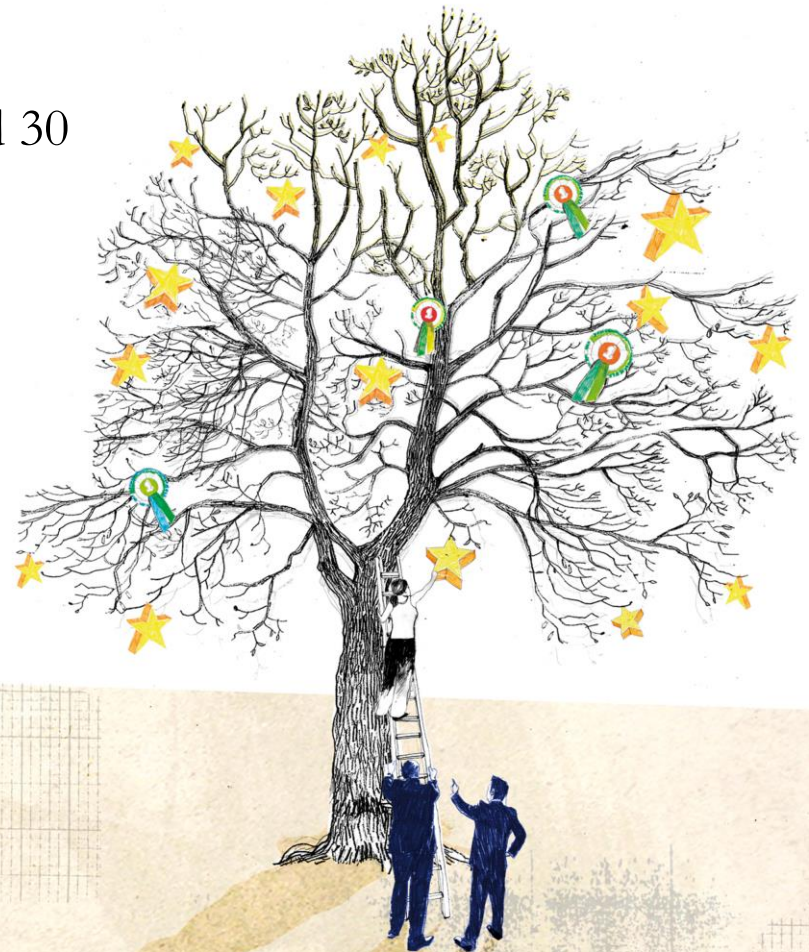
Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation,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

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# City of Joondalup

Report to the Audit Committee for the year ended 30  
June 2014

**October 2014**



The Audit Committee  
City of Joondalup  
PO Box 21  
WA 6919

30 June 2014

Dear Sirs / Madams

**CITY OF JOONDALUP  
REPORT TO THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2014**

Please find attached our Report to the Audit Committee for the year ended 30 June 2014. We confirm our audit work is complete and that we have issued an unqualified audit opinion.

We trust that you find this report informative and we appreciate the opportunity to be of service to you.

If you have any queries or wish to discuss any issues further, please do not hesitate to contact myself.

Yours faithfully  
GRANT THORNTON PTY LTD.



M J Hillgrove  
Partner – Audit & Assurance

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## **1 Executive summary**

### **1.1 Scope of the audit**

We have conducted an independent audit of the financial statements in order to express an opinion on it to the Ratepayers of City of Joondalup.

Our audit has been conducted in accordance with Australian Auditing Standards with the objective of obtaining reasonable assurance about whether the financial report is free from material misstatement.

The scope of our audit was in accordance with the terms of our Engagement Letter.

### **1.2 Materiality**

Materiality is the magnitude of a misstatement or an omission from the financial report or related disclosures that the audit team believes would make it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the misstatement or omission.

Our audit has been conducted based on a quantitative materiality, this was determined using the benchmark of 2% of expenditures. Materiality benchmarks are selected to represent the measure which is most relevant to the users of the financial report.

### **1.3 Assessment of internal controls**

The audit team has assessed internal controls. The results of our audit did not identify any significant deficiencies in internal controls that may lead to material misstatements in the future financial reports.

### **1.4 Summary of unadjusted differences**

We have not identified any uncorrected audit differences that could, in our judgement, either individually or in aggregate have a significant effect on the financial report for the year ended 30 June 2014.

### **1.5 Developments in financial reporting**

There were no changes in Australian Accounting Standards during the year that impacted on the City of Joondalup financial report.

### 1.6 Current year areas of focus

Our audit procedures were focused on those areas of City of Joondalup's activities that are considered to represent the key audit risks identified in our planning memorandum and through discussions with management and the Audit Committee during the course of our audit. We are satisfied that these key areas of focus have been addressed appropriately and are properly reflected in the City's financial report.

Focus area	Response
Infrastructure	<p>We reviewed the accounting treatment of the revaluation and ensured that the amounts were accounted for correctly and in-line with the valuations as performed by the third-party experts: BG&amp;E Pty Ltd and Talis Consultants Pty Ltd. No exceptions were noted.</p> <p>We also assessed the qualification of the experts as well as the adequacy of the data, inputs and techniques used to determine fair value of the infrastructure assets. It was noted that the experts are adequately qualified to determine the valuation of the assets and that the methods utilised were appropriate.</p>
Rates revenue	Analytical procedures were performed which compared actual amounts recorded to budgeted figures with any significant variances investigated and resolved. No exceptions were noted.
Grants revenue	A schedule of grant revenues was obtained and significant balances were vouched to grant agreements and proof of receipt to ensure accuracy. No exceptions were noted.
General liabilities and provision	We examined all payments made by the City of Joondalup subsequent to 30 June 2014 and performed a test to ensure that any significant payments that pertained to fiscal 2014 were properly reflected as a liability. No exceptions were noted.
Leave and long service leave liabilities	Our procedures included a review of the leave and long service leave balances outstanding at year-end. We tested specific balances and vouched key information such as hourly rates and leave hours available to supporting documents. No exceptions were noted.
Employee and vendor data	We obtained the employee and vendor master files in search of potential fraudulent activity. This included a search for duplicate bank accounts, fictitious employees (those with invalid TFNs), and those vendors who had the same bank details as employees. There was no indication of fraudulent activity noted.

### 1.7 Disclaimer

This report has been prepared for the Audit Committee and management of the City of Joondalup only. It should not be quoted or referred to, in whole or in part, without our prior written consent. No warranty is given to, and no liability will be accepted from, any party other than the City of Joondalup.

### **1.8 An opportunity for feedback**

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

You will shortly be receiving a Client Satisfaction Survey from us, via email; we would appreciate it if you would take the time to complete the survey as your feedback is important to us.

## **2 Report of audit differences findings and analysis**

### **Status of accounting records**

Our audit procedures include an assessment of the status of the accounting records and reconciliations. The status of the accounting records is of an appropriate standard, and we did not note any significant issues that warrant reporting to the Audit Committee.

### **2.1 Audit differences**

In performing our audit for the year ended 30 June 2014, we did not identify any audit differences.

### **2.2 Disclosure deficiencies**

No disclosure deficiencies were noted in our review of the financial statements.

### 3 Specific reporting requirements

Reporting requirement	Description
<b>3.1 Fraud</b>	<ul style="list-style-type: none"> <li>we are required by Auditing Standards to consider the risk of fraud in planning the nature and extent of our audit tests. In performing our audit we have not become aware of any incidence of fraud.</li> <li>we have also inquired with management and the Audit Committee, and obtained in writing, representations regarding the existence of fraud, policies and procedures in place to prevent and detect fraud, noting no instances of fraud that management are aware of.</li> </ul>
<b>3.2 Errors, irregularities and illegal acts</b>	<ul style="list-style-type: none"> <li>we have noted no errors or irregularities that would cause the financial report to contain a material misstatement. As part of our normal statutory audit, no apparent illegal acts have come to our attention (including matters required to be reported under S311 of the Corporations Act).</li> </ul>
<b>3.3 Books &amp; records and conduct of review</b>	<ul style="list-style-type: none"> <li>we have been presented with all the necessary books and records and explanations requested of management to support the amounts and disclosures contained in the financial statements in a timely and efficient manner.</li> <li>we take this opportunity to thank Krishnan Nair and Said Hafez for their assistance and courtesy during our audit.</li> </ul>
<b>3.4 Compliance with laws &amp; regulations</b>	<ul style="list-style-type: none"> <li>in performing our audit procedures we have not become aware of any non-compliance with applicable laws or regulations that would have an impact on the determination of material amounts and disclosures in the financial report.</li> <li>we have also received representations from management confirming that the City is in compliance with all laws and regulations that impact the organisation.</li> </ul>
<b>3.5 Appropriateness of accounting policies</b>	<ul style="list-style-type: none"> <li>we consider that the accounting policies adopted in the financial statements are appropriately disclosed. There have been no significant changes to the accounting policies applied by the company for the year ended 30 June 2014.</li> </ul>
<b>3.6 Going concern</b>	<ul style="list-style-type: none"> <li>as part of our audit, we have assessed and agreed with the conclusions reached by management concerning the application of the going concern concept.</li> </ul>
<b>3.7 Disagreements with management</b>	<ul style="list-style-type: none"> <li>there have been no significant disagreements with management during the course of the audit.</li> </ul>

Reporting requirement	Description
<b>3.8 Independence</b>	<ul style="list-style-type: none"><li>• internal independence checks are performed every 12 months before commencement of the full year engagements to ensure that firm-wide no conflicts have arisen.</li><li>• we confirm that, as at the date of this report, we are independent having regard to Grant Thornton's policies, professional rules and relevant statutory requirements regarding auditor independence.</li><li>• during the year ended 30 June 2014, Grant Thornton has not provided any non-audit services to the City of Joondalup.</li></ul>

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