



Annual Financial Report 2017/18



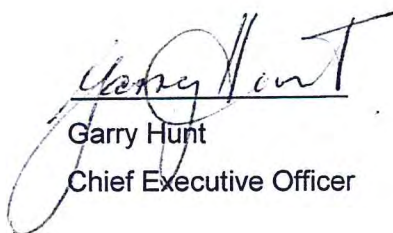
CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Joondalup for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the City of Joondalup at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 12th day of *November* 2018.


Garry Hunt
Chief Executive Officer



CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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CITY OF JOONDALUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
REVENUE				
Rates	3 (q)	97,619,354	97,542,300	95,346,185
Grants and Subsidies	6	3,663,391	3,983,552	5,629,542
Contributions, Reimbursements and Donations	4	1,110,183	869,387	988,909
Interest Earnings	4	4,060,248	3,108,951	4,029,504
Profit on Disposal of Assets	21	2,493,092	1,493,563	1,665,332
Fees and Charges	5	40,408,752	40,525,044	39,846,708
Other Revenue		883,246	146,448	485,889
		150,238,266	147,669,245	147,992,069
EXPENSE				
Employee Costs		(61,784,669)	(64,934,762)	(63,276,373)
Materials and Contracts		(49,802,779)	(51,846,987)	(51,075,404)
Utilities		(5,520,726)	(5,706,215)	(5,512,427)
Depreciation, Impairment & Revaluation Decrement	4	(34,042,783)	(28,989,014)	(32,618,882)
Loss on Disposal of Assets	21	(254,008)	(670,524)	(289,223)
Interest Expense	23(a)	(617,125)	(662,030)	(591,748)
Insurance		(1,404,180)	(1,542,343)	(1,559,972)
		(153,426,270)	(154,351,875)	(154,924,029)
Net Result from Operating Activities		(3,188,004)	(6,682,630)	(6,931,960)
Non-Operating Activities				
Grants and Subsidies	6	10,704,057	9,026,605	12,178,798
Other Capital Contributions		136,497	-	739,432
Income from Equity Investments		276,798	-	43,334
Reclassification of Land Held for Sale - Revaluation Decrement thereof		-	-	(2,048,596)
Profit/(Loss)		7,929,348	2,343,975	3,981,008
Other Comprehensive Income				
Changes on revaluation of non-current assets	16	(22,577,195)	-	75,458,397
Total Other Comprehensive Income		(22,577,195)	-	75,458,397
Total Comprehensive Income		(14,647,847)	2,343,975	79,439,405

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 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
REVENUE				
Governance		3,040,653	176,688	1,780,979
General Purpose Funding		105,611,097	104,557,752	105,301,630
Law, Order, Public Safety		1,052,498	1,040,019	1,089,638
Health		485,265	434,500	428,329
Education and Welfare		249,673	248,128	289,365
Community Amenities		22,537,090	22,259,668	22,420,311
Recreation and Culture		11,018,670	10,794,388	10,361,543
Transport		4,496,448	4,649,978	4,432,969
Economic Services		817,743	1,000,320	945,881
Other Property & Services		929,129	2,507,804	941,424
		150,238,266	147,669,245	147,992,069
EXPENSE EXCLUDING FINANCE COSTS				
Governance		(7,366,998)	(7,618,193)	(7,586,550)
General Purpose Funding		(2,167,162)	(2,603,301)	(2,446,864)
Law, Order, Public Safety		(6,428,146)	(6,645,991)	(6,295,806)
Health		(2,213,424)	(2,267,120)	(2,225,554)
Education and Welfare		(2,732,467)	(2,834,777)	(2,696,348)
Community Amenities		(29,084,515)	(30,763,165)	(29,323,237)
Recreation & Culture		(50,844,252)	(51,102,379)	(54,231,589)
Transport		(36,130,438)	(34,830,356)	(35,435,316)
Economic Services		(2,997,534)	(3,355,355)	(3,045,541)
Other Property & Services		(12,844,209)	(11,669,208)	(11,045,476)
		(152,809,145)	(153,689,845)	(154,332,281)
Net Operating Surplus before Finance Costs		(2,570,879)	(6,020,600)	(6,340,212)
Finance Costs				
General Purpose Funding		(617,125)	(662,030)	(591,748)
Net Result from Operating Activities		(3,188,004)	(6,682,630)	(6,931,960)
Non-Operating Activities				
Grants and Subsidies	6	10,704,057	9,026,605	12,178,798
Other Capital Contributions		136,497	-	739,432
Income from Equity Investments		276,798	-	43,334
Reclassification of Land Held for Sale - Revaluation		-	-	(2,048,596)
Decrement thereof		-	-	(2,048,596)
Profit/(Loss)		7,929,348	2,343,975	3,981,008
Other Comprehensive Income				
Changes on revaluation of non-current assets	16	(22,577,195)	-	75,458,397
Total Other Comprehensive Income		(22,577,195)	-	75,458,397
Total Comprehensive Income		(14,647,847)	2,343,975	79,439,405

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



CITY OF JOONDALUP
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018	2017	01 July 2016
		\$	Restated \$	Restated \$
CURRENT ASSETS				
Cash and Cash Equivalents	7	100,085,669	91,237,574	86,595,746
Trade and Other Receivables	8	4,921,635	3,934,437	4,621,753
Inventories		188,284	144,976	70,380
TOTAL CURRENT ASSETS		105,195,588	95,316,987	91,287,879
NON-CURRENT ASSETS				
Non-Current Receivables	8	1,822,709	1,755,733	1,605,991
Equity Investments	9	19,016,005	17,829,913	19,079,530
Land Held for Sale	38	17,377,463	16,426,814	17,334,686
Property, Plant and Equipment	10	442,999,519	449,315,470	324,137,867
Infrastructure Assets	11	932,312,203	954,793,693	997,495,394
TOTAL NON-CURRENT ASSETS		1,413,527,899	1,440,121,623	1,359,653,468
TOTAL ASSETS		1,518,723,487	1,535,438,610	1,450,941,347
CURRENT LIABILITIES				
Trade and Other Payables	12	12,555,140	11,214,834	10,811,784
Borrowings	13	3,201,862	3,084,741	2,126,295
Provisions	14	14,060,403	14,520,320	12,249,526
TOTAL CURRENT LIABILITIES		29,817,405	28,819,895	25,187,605
NON-CURRENT LIABILITIES				
Borrowings	13	10,414,474	13,616,336	12,155,655
Provisions	14	1,731,800	1,594,724	1,629,837
TOTAL NON-CURRENT LIABILITIES		12,146,274	15,211,060	13,785,492
TOTAL LIABILITIES		41,963,679	44,030,955	38,973,097
NET ASSETS		1,476,759,808	1,491,407,655	1,411,968,250
EQUITY				
Retained Surplus		559,686,247	556,410,702	556,784,772
Reserve Accounts	15	74,151,620	69,497,817	65,142,739
Reserves - Asset Revaluation	16	842,921,941	865,499,136	790,040,739
TOTAL EQUITY		1,476,759,808	1,491,407,655	1,411,968,250

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 2018**

	NOTE	RETAINED SURPLUS \$	RESERVES ACCOUNTS \$	RESERVES ASSET REVALUATION \$	TOTAL EQUITY \$
Balance as at 1 July 2016		551,482,892	65,142,739	785,124,090	1,401,749,721
Correction of errors		5,301,880	-	4,916,649	10,218,529
Restated Balance		556,784,772	65,142,739	790,040,739	1,411,968,250
Comprehensive Income					
Net Result		3,981,008	-	-	3,981,008
Changes on Revaluation of Non-Current Assets	16	-	-	75,458,397	75,458,397
Total Comprehensive Income		3,981,008	-	75,458,397	79,439,405
Transfer from/(to) Reserves		(4,355,078)	4,355,078	-	-
Balance as at 30 June 2017		556,410,702	69,497,817	865,499,136	1,491,407,655
Comprehensive Income					
Net Result		7,929,348	-	-	7,929,348
Changes on Revaluation of Non-Current Assets	16	-	-	(22,577,195)	(22,577,195)
Total Comprehensive Income		7,929,348	-	(22,577,195)	(14,647,847)
Transfer from/(to) Reserves		(4,653,803)	4,653,803	-	-
Balance as at 30 June 2018		559,686,247	74,151,620	842,921,941	1,476,759,808

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 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		97,508,665	97,371,618	95,159,380
Grants and Subsidies		3,663,391	3,983,552	5,629,542
Contributions, Reimbursements and Donations		1,110,183	869,387	988,909
Fees and Charges		40,754,415	40,502,010	39,777,122
Interest Earnings		3,818,800	3,406,289	4,402,579
Good and Services Tax		-	-	201,409
Other		883,246	146,448	485,889
		<u>147,738,700</u>	<u>146,279,304</u>	<u>146,644,830</u>
Payments				
Employee Costs		(62,111,510)	(63,812,122)	(61,044,692)
Materials and Contracts		(48,487,591)	(51,882,439)	(50,523,469)
Utilities		(5,520,726)	(5,709,567)	(5,512,427)
Insurance		(1,404,180)	(1,542,342)	(1,559,972)
Interest Expense		(617,125)	(644,755)	(591,748)
Goods and Services Tax		(173,627)	-	-
		<u>(118,314,759)</u>	<u>(123,591,225)</u>	<u>(119,232,308)</u>
Net Cash Provided By Operating Activities	17	29,423,941	22,688,079	27,412,522
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(11,468,531)	(10,108,269)	(15,442,979)
Payments for Construction of Infrastructure		(20,265,067)	(33,704,011)	(26,792,874)
Capital Investment Mindarie RC		(12,303)	(47,443)	(47,442)
Distributions received from Tamala Park Regional Council		719,002	666,667	1,880,761
Grants/Contributions for the Development of Assets		10,840,554	9,026,605	12,918,230
Proceeds from Sale of Assets		2,695,240	6,150,700	2,294,483
		<u>(17,491,105)</u>	<u>(28,015,751)</u>	<u>(25,189,821)</u>
Net Cash Used In Investing Activities		(17,491,105)	(28,015,751)	(25,189,821)
Cash Flows from Financing Activities				
Proceeds from Borrowing	23(a)	-	-	4,545,423
Repayment of Borrowings	23(a)	(3,084,741)	(3,004,841)	(2,126,296)
		<u>(3,084,741)</u>	<u>(3,004,841)</u>	<u>2,419,127</u>
Net Cash Provided By (Used in) Financing Activities		(3,084,741)	(3,004,841)	2,419,127
Net Increase (Decrease) in Cash Held		8,848,095	(8,332,513)	4,641,828
Cash at Beginning of Year		91,237,574	84,276,960	86,595,746
Cash and Cash Equivalents				
at the End of the Year	7	<u>100,085,669</u>	<u>75,944,447</u>	<u>91,237,574</u>

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

**CITY OF JOONDALUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
OPERATING REVENUE				
Specified Area Rates		600,247	589,482	503,675
Government Grants & Subsidies - Operating		3,663,391	3,983,552	5,629,542
Contributions, Reimbursements and Donations - Operating		1,110,183	869,387	988,909
Profit on Disposal		2,493,092	1,493,563	1,665,332
Fees & Charges		40,408,752	40,525,044	39,846,708
Interest Earnings		4,060,248	3,108,951	4,029,504
Other Revenue		883,246	241,448	485,889
		<u>53,219,159</u>	<u>50,811,427</u>	<u>53,149,559</u>
OPERATING EXPENSES				
Employee Costs		(61,784,669)	(64,934,762)	(63,276,373)
Materials & Contracts		(49,802,779)	(51,846,987)	(51,075,404)
Utilities		(5,520,726)	(5,706,215)	(5,512,427)
Depreciation, Impairment & Revaluation Decrement		(34,042,783)	(28,989,014)	(32,618,882)
Loss on Disposal		(254,008)	(670,524)	(289,223)
Insurance Expense		(1,404,180)	(1,542,343)	(1,559,972)
Interest Expense		(617,125)	(662,030)	(591,748)
		<u>(153,426,270)</u>	<u>(154,351,875)</u>	<u>(154,924,029)</u>
SURPLUS/(DEFICIT) FROM OPERATIONS		(100,207,111)	(103,540,448)	(101,774,470)
OPERATING NON-CASH ADJUSTMENTS				
Depreciation, Impairment & Revaluation Decrement		34,042,783	28,989,014	32,618,882
Asset Development Contribution written off		888,263	-	-
Loss on Disposal of Assets		254,008	670,524	289,223
Profit on Disposal of Assets		(2,493,092)	(1,493,563)	(1,665,332)
Movement in Non-current Receivables		(66,976)	-	(149,742)
Movement in Non-current Provisions		137,076	100,000	(35,113)
CASH SURPLUS/(DEFICIT) FROM OPERATIONS		(67,445,049)	(75,274,473)	(70,716,552)
NON-OPERATING REVENUE				
Capital Grants		10,704,057	9,026,605	12,178,798
Contributions & Reimbursements - Non Operating		136,497	-	739,432
Equity Distribution - Tamala Park Regional Council		719,002	666,667	1,880,761
		<u>11,559,556</u>	<u>9,693,272</u>	<u>14,798,991</u>
CAPITAL EXPENDITURE				
Capital Projects		(2,271,870)	(6,903,691)	(3,849,461)
Capital Works		(26,971,667)	(33,684,227)	(36,980,902)
Motor Vehicle Replacement		(2,490,061)	(3,201,000)	(1,405,490)
Loan Repayments (Principal)		(3,084,741)	(3,004,841)	(2,126,296)
Equity Investment		(12,303)	(47,443)	(47,442)
		<u>(34,830,642)</u>	<u>(46,841,202)</u>	<u>(44,409,591)</u>
CAPITAL SURPLUS/(DEFICIT)		(23,271,086)	(37,147,930)	(29,610,600)
SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL		(90,716,135)	(112,422,403)	(100,327,152)
FUNDING				
Surplus Brought Forward		84,016	440,602	3,083,830
Proceeds from Disposal of Assets		2,695,240	6,150,700	2,294,483
Proceeds from Borrowings		-	-	4,545,423
Transfers from Reserves		14,448,824	18,709,313	15,955,879
Transfer to Reserves		(19,102,627)	(9,831,030)	(20,310,957)
Amount raised from General Rates	3(r)	97,019,107	96,952,818	94,842,510
SURPLUS/(DEFICIT) Carried Forward	34	4,428,425	-	84,016

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 Preparation

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

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

(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 net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of current assets or current liabilities, as the case may be.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, Plant and Equipment

Recognition

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework prescribed by the Local Government (Financial Management) Regulations 1996. Property, plant and equipment are carried at fair value. Additions since the date of valuation are shown at cost and depreciated and it is considered that for those additions, cost less accumulated depreciation approximates their fair value. 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

All asset classes are revalued on a regular basis such that the carrying values are not materially different from their 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. Local Government (Financial Management) Regulations 1996 mandating the use of Fair Value impose a further minimum requirement that 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. All infrastructure assets are revalued in accordance with the mandatory measurement framework prescribed by the Local Government (Financial Management) Regulations 1996 and are carried at their fair value. 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.

Revaluation

All infrastructure asset classes are revalued on a regular basis such that the carrying values are not materially different from their 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. All additions after the date of valuation are shown at cost less accumulated depreciation, where applicable, and it is considered that

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Infrastructure Assets (Continued)

in those cases their carrying costs approximates the fair value. Depreciation has been charged to the Statement of Comprehensive Income.

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 the carrying amount does not differ significantly from that determined using fair value at reporting date. Local Government (Financial Management) Regulations 1996 mandating the use of Fair Value impose a further minimum requirement that all assets carried at a revalued amount will be revalued at least every 3 years.

Land under Roads

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

Effective as at 1 July 2008, Council elected not to recognise AASB 1051.8 any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

(j) Fair Value Hierarchy

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

Level 1

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

Level 2

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fair Value Hierarchy (Continued)

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

(k) 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	1.0%-10.0%
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

Fencing	3.33%-6.67%
Furniture and Amenities	2.0%-10.0%
Hard Landscaping	2.0%-10.0%
Irrigation	2.0%-5.0%
Marine	5.0%
Park and POS Signage	5.0%-6.67%
Playspace	5.0%
POS Structure	1.0%-5.0%
Soft Landscaping	2.5%-10.0%
Sporting Infrastructure	2.0%-10.0%
Waste	10.0%

Engineering

Roads/Traffic Management	1.0%-3.33%
Footpaths	1.0%-10.0%
Drainage	1.0%-1.33%
Car parking	1.0%-3.33%
Bridges and Underpasses	1.0%-1.43%
Lighting	2.5%-4.0%
Other Infrastructure Assets	1.43%-10.0%

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Depreciation of Non-Current Assets (Continued)

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

(l) Financial Assets and Liabilities

Classification

The City classifies its financial assets in the categories 'Loans and Receivables', as defined in AASB 139 Financial Instruments Recognition and Measurement, and 'Cash and Cash Equivalents'. The classification reflects the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Classification of financial liabilities depends on the purpose for which the liabilities were entered into. The City classifies its financial liabilities as 'Payables' and 'Borrowings' which reflects the purpose for which the liabilities have been incurred. Management determines the classification of its financial liabilities at initial recognition.

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.

Payables

Payables are non-derivative financial liabilities with fixed or determinable repayments that are not quoted in an active market. They are included in current liabilities, except for those expected to be settled more than 12 months after the balance sheet date which are classified as non-current liabilities. Payables are included in trade and other payables 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.

Financial liabilities are recognised at fair value when the City becomes a party to the contractual provisions pertaining to the financial instrument. Financial liabilities are derecognised where the contractual obligations are discharged, cancelled or have expired. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

(n) 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.

(o) 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.

(p) 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 City 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Employee Benefits (Continued)

(iii) Purchased Leave

Provision made for deductions made from employees' salaries who have opted to avail this benefit till they become eligible for this self-funded leave

(q) 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.

(r) 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.

(s) Leases

The City does not own any assets under finance leases. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(t) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Grants, Donations and Other Contributions

All grants, donations and other contributions in respect of which the City is not required to make a reciprocal transfer of economic benefits are recognised as revenue when the City obtains control over the assets comprising the contribution.

After being recognised as revenue, conditional grants and contributions are recognised as an expense and liability when the City fails to meet the specific conditions attached to a grant or contribution and becomes liable for its re-payment or refund.

Capital grants unspent are treated as restricted assets and are deducted from the available funds in the determination of the Opening and Closing Funds for the purpose of the Rate Setting Statement.

(v) Superannuation

The City of Joondalup makes statutory contributions to the WA Local Government Superannuation Plan and other Funds as nominated by its employees. The expense related to these contributions is recognised in the Statement of Comprehensive Income.

(w) 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.

(x) Rounding Off Figures

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

(y) Comparative Figures

Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year (Refer Note 36).

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

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

(za) 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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(za) Crown Land (Continued)

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.

In accordance with *Local Government (Financial Management)* Regulation 16(a)(ii), the City was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance. The City was required to record these assets at cost upon initial recognition, in accordance with AASB 116, and subsequently classify these as land and revalued along with other land in accordance with other policies detailed in the financial report.

Improvements or structures placed upon such land have been accounted for as assets of the City.

(zb) Land Held for Sale

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

Land held for sale is classified as current when development works on lots being developed are completed as at the balance date.

(zc) 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.

(zd) 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 City.

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued) New Accounting Standards and Interpretations (continued)			
Title	Issued / Compiled	Applicable (¹)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 City, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. The effect of this standard will depend on the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFPs. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Lease entered into at below market rates; and - Volunteer services <p>While it is not possible to quantify the financial impact (or materiality) of these key areas until the details of future transactions are known, they will all have application to the City's operations.</p>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ZC) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is as follows:

(i) AASB 2016-4 Amendments to Australian Accounting Standards—Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities.	1 January 2017
(ii) AASB 2016-7 Amendments to Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017

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.

2. PROGRAM ACTIVITIES (Continued)

(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) Concessions and waivers

No concessions were provided for in the 2017-18 financial year.

(b) 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 a vehicle purchased by the City.
- A pool of prize winners was chosen by a computerised random selection process, the integrity of which has been authenticated by the City's internal 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:

	2018 Actual \$	2018 Budget \$	2017 Actual \$
Rates - Early Payment Incentives & Prizes	42,858	45,000	41,805
	<u>42,858</u>	<u>45,000</u>	<u>41,805</u>

3. RATING AND VALUATIONS (Continued)

(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 due on 18 August 2017 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 due on 25 August 2017.

- **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 due on 25 August 2017.

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 due on 27 October 2017.

- **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 due on 25 August 2017.

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 on 27 October 2017
- 3rd instalment – 63 days after due date of 2nd instalment on 29 December 2017
- 4th instalment – 63 days after due date of 3rd instalment on 2 March 2018

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 charges.

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

3. RATING AND VALUATIONS (Continued)

(f) Rates Payment Options (continued)

by Direct Debit (bank account only) or \$52.00 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:-

	2018 Actual \$	2018 Budget \$	2017 Actual \$
Interest on Outstanding Rates	710,202	651,600	684,720
Instalment Administration Charges	631,576	639,200	626,684
	<u>1,341,778</u>	<u>1,290,800</u>	<u>1,311,404</u>

Ratepayers had the option of paying rates in four equal instalments, due on 25 August 2017, 27 October 2017, 29 December 2017 and 02 March 2018. 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 11.00% 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

(g) Late Payment Interest (Continued)

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.

(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 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 the Department of Fire and Emergency Services (DFES) 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 DFES in quarterly payments – September 2017 (30%), December 2017 (30%), March 2018 (30%) and

3. RATING AND VALUATIONS (Continued)

(i) Emergency Services Remittance Option B (Continued)

June 2018 (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 DFES 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 the provisions of the Waste Avoidance and Resource Recovery Act 2007 imposed the following domestic refuse charges for the 2017-18 financial year, including a charge for a recycling service to be provided to all ratepayers:

- \$346.00 per service
- New refuse service – Establishment and delivery \$70.00

(k) Private Swimming Pool Inspection Fees

The Council, in accordance with the provisions of the Building Act 2011 imposed for the 2017-18 financial year, a Private Swimming Pool Inspection Fee of \$36.43 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 2017-18 financial year, a specified area rate for the area of Iluka for maintaining enhanced landscaping services.

A rate in the dollar of 0.52861¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$316,017.

(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 2017-18 financial year, a specified area rate of zero cents in the dollar for the area of Woodvale Waters for maintaining enhanced landscaping services.

(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 2017-18 financial year, a specified area rate for the area of Harbour Rise for maintaining enhanced landscaping services.

A rate in the dollar of 0.734080¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$152,296.

(o) Specified Area Rating Burns Beach

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 2017-18 financial year, a specified area rate for the area of Harbour Rise for maintaining enhanced landscaping services

3. RATING AND VALUATIONS (Continued)

A rate in the dollar of 0.325750¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$131,934.

(p) Write Off of Rates and Charges

The total value of rates and charges from previous years written off during the year was \$11,657 (2017 - \$11,838).

(q) Schedule of Valuations and Rate Revenue

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

3. RATING AND VALUATIONS (Continued)

(r) STATEMENT OF RATING INFORMATION

	General Rates				Minimum Payments				Total			Budget
	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 \$	Rate Yield \$
Differential General Rate - GRV												
Residential Improved	1,290,244,733	53,102	5.3090	68,499,093	93,202,948	6,255	863	5,398,065	1,383,447,681	59,357	73,897,158	74,146,067
Residential Vacant	19,816,400	956	10.6180	2,104,105	507,110	72	883	63,576	20,323,510	1,028	2,167,681	2,167,681
Commercial Improved	288,893,616	940	6.5409	18,896,243	323,027	33	883	29,139	289,216,643	973	18,925,382	18,925,382
Commercial Vacant	1,010,000	19	10.6180	107,242	-	-	883	-	1,010,000	19	107,242	107,242
Industrial Improved	28,298,505	382	5.5731	1,577,104	41,528	3	883	2,649	28,340,033	385	1,579,753	1,579,753
Industrial Vacant	369,500	7	10.6180	39,234	-	-	883	-	369,500	7	39,234	39,234
	1,628,632,754	55,406		91,223,021	94,074,613	6,363		5,493,429	1,722,707,367	61,769	96,716,450	96,965,359
Differential General Rate - UV												
Residential	1,580,000	1	0.9831	15,533	-	-	-	-	1,580,000	1	15,533	15,533
Rural	1,730,000	2	0.9784	16,926	-	-	-	-	1,730,000	2	16,926	16,926
	3,310,000	3		32,459	-	-		-	3,310,000	3	32,459	32,459
Interim Rates											313,056	-
Total Rate Levy	1,631,942,754	55,409		91,255,480	94,074,613	6,363		5,493,429	1,726,017,367	61,772	97,061,965	96,997,818
Early Payment Prizes (Note 3(e))											(42,858)	(45,000)
Net General Rates											97,019,107	96,952,818
Specified Area Rates - GRV												
Iluka	58,951,450	1,875	0.52861	311,623	-	-	-	-	58,951,450	1,875	311,623	311,623
Iluka - Interim Adjustments				4,394							4,394	-
Burns Beach	39,827,700	1,201	0.32575	129,739	-	-	-	-	39,827,700	1,201	129,739	129,739
Burns Beach - Interim Adjustments				2,195							2,195	-
Harbour Rise	20,177,700	500	0.73408	148,120	-	-	-	-	20,177,700	500	148,120	148,120
Harbour Rise-Interim Adjustments				4,176							4,176	-
Total Specified Area Rates	118,956,850	3,576		600,247	-	-	-	-	118,956,850	3,576	600,247	589,482
Total Rates Revenue											97,619,354	97,542,300

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

4. REVENUE AND EXPENSES	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
Result from Ordinary Activities				
Contributions, Reimbursements and Donations				
Contributions and Donations		226,300	260,504	264,054
Reimbursements and Recoveries		883,883	608,883	724,855
		1,110,183	869,387	988,909
Audit Expenses (included within Materials and Contracts)				
Statutory Audit		76,000	35,000	35,840
Other Expenses		6,833	-	6,470
		82,833	35,000	42,310
Depreciation, Impairment & Revaluation Decrement				
Buildings		5,356,457	3,953,766	4,354,703
Furniture and Equipment		533,721	341,219	538,516
Plant and Equipment		1,784,846	1,492,795	1,535,496
Parks and Reserves		4,288,592	3,571,902	4,081,939
Roads		9,828,142	11,612,815	11,607,928
Footpaths		2,110,073	2,068,026	2,058,232
Drainage		4,563,775	4,183,149	4,190,570
Bridges and Under Passes		548,942	346,514	346,947
Lighting		1,101,172	1,053,635	1,056,303
Other Infrastructure		391,059	365,194	420,075
Impairment/Revaluation Decrement		3,536,004	-	2,428,173
		34,042,783	28,989,014	32,618,882
Asset Development Contribution written off (included within Materials and Contracts)		888,263	-	-
As Per Notes 10 & 11		34,930,327	28,989,014	32,618,882
Interest Earnings				
Interest earned on Reserve Accounts		1,610,629	1,415,386	1,605,720
Interest on Outstanding Rates		710,202	651,600	684,720
Interest earned on Other Investments		1,739,417	1,041,965	1,739,064
		4,060,248	3,108,951	4,029,504

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

5 FEES & CHARGES

	2018 Actual \$	2018 Budget \$	2017 Actual \$
By Nature			
Rubbish Collection Fees	20,490,394	20,337,912	20,361,772
Membership Fees	2,828,565	2,410,009	2,622,443
Admission Fees	1,713,068	1,785,877	1,767,524
Building Licence Fees	596,302	700,000	659,261
Learn to Swim Program Fees	2,092,381	2,459,817	1,842,220
Court Sport Revenue	580,792	680,761	620,823
Facilities Hire	1,058,789	894,767	985,823
Development Application Fees	906,274	850,000	932,165
Property Rental	865,868	1,065,167	941,916
Inspection Fees	982,756	1,000,569	956,187
Land Purchase Enquiries Fees	226,357	224,000	224,825
Parking Infringements	964,642	1,100,000	1,111,571
Other infringements and fines	352,444	289,160	286,883
Commission	165,667	172,050	159,561
On-Street Parking Fees	1,195,531	1,218,885	1,169,505
Off Street Parking Fees	1,190,718	1,193,949	1,086,518
Cash in Lieu of Parking Spaces	-	-	10,000
Multi Storey Car Parking Fees	489,528	318,782	313,923
Term Programme Activities Fees	242,542	269,064	227,340
Dog Registration Fees	482,974	610,863	570,410
Cat Registration Fee	111,561	102,150	102,787
Eating House Licences & Registrations	92,868	87,500	84,374
Environmental Health Services - Immunisation	153,159	100,000	111,957
Merchandise Sales & Other Sales	429,520	396,104	432,283
Rates Instalment Administration Charges	631,576	639,200	626,684
Other Miscellaneous Charges	1,564,476	1,618,458	1,637,953
	40,408,752	40,525,044	39,846,708

By Program

General Purpose Funding	984,007	982,072	976,805
Law, Order & Public Safety	1,031,571	1,024,373	1,060,102
Health	479,097	425,000	421,249
Education & Welfare	189,708	196,657	195,477
Community Amenities	22,465,395	22,225,703	22,338,555
Recreation & Culture	9,591,381	9,489,796	9,096,256
Transport	4,431,314	4,577,186	4,358,235
Economic Services	814,504	997,000	941,487
Other Property and Services	421,775	607,257	458,542
	40,408,752	40,525,044	39,846,708

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

6. GRANT REVENUE AND SUBSIDIES	2018 Actual \$	2018 Budget \$	2017 Actual \$
By Nature and Type:			
Grants and Subsidies - operating			
Dept. for Local Government and Communities	10,000	-	38,945
Dept. of Family and Community Services	-	-	-
Dept. of Sport and Recreation	190,000	202,000	205,350
Dept. of Fire and Emergency Services	112,333	334,919	147,153
Grants Commission	3,206,772	3,348,510	5,092,577
Department of Transport	20,095	-	23,676
Healthways	11,000	-	13,500
Lotteries Commission	45,000	45,000	45,000
Other Grants	68,191	53,123	63,341
	3,663,391	3,983,552	5,629,542
Grants and Subsidies - non-operating			
Black Spot Funding	739,709	1,152,667	1,011,528
Main Roads Direct Grant	296,718	515,216	501,605
Main Roads-Federal Assistance	2,172,287	3,387,505	3,301,698
Metro Regional Road Programme	2,059,910	1,788,105	1,639,853
Roads to Recovery Programme	2,001,621	982,279	3,037,867
Department of Premier and Cabinet	-	-	400,000
Dept. of Infrastructure and Regional Development	40,000	-	38,348
Main Roads - Other	-	30,000	-
Lotterywest	41,020	200,000	63,855
Dept. of Fire and Emergency Services	936,185	-	-
Water Corporation	708,000	-	-
Department of Transport	601,586	125,000	675,971
Department of Sport	555,936	645,833	1,184,288
Other Government Grants	551,085	200,000	323,785
	10,704,057	9,026,605	12,178,798
Total Grant Revenue	14,367,448	13,010,157	17,808,340
By Program:			
Governance	5,000	-	-
Gen Purpose Funding	3,206,772	3,348,510	5,092,576
Law, Order and Public Safety	1,152,270	200,000	143,785
Education & Welfare	12,409	1,500	78,945
Community Amenities	737,986	-	700
Recreation & Culture	1,109,542	1,219,633	2,782,178
Transport	7,512,391	7,905,595	9,540,028
Economic Services	500,000	-	-
Oth Property & Services	131,078	334,919	170,128
Total Grant Revenue	14,367,448	13,010,157	17,808,340

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

6 (a) CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Balance as at 01/07/2016 (1)	Received 2016/17 (2)	Expended 2016/17 (3)	Balance as at 30/06/2017 (1)	Received 2017/18 (2)	Expended 2017/18 (3)	Balance as at 30/06/2018
Operating Grants	14,850	536,964	(513,869)	37,945	456,620	(494,565)	-
Total	14,850	536,964	(513,869)	37,945	456,620	(494,565)	-
<u>Non-operating Grants:</u>							
Building Construction	39,725	138,348	(178,073)	-	1,016,185	(958,978)	57,207
Foreshore and Natural Areas Mgmt.	-	80,000	-	80,000	-	(80,000)	-
New Paths	-	167,107	(167,107)	-	101,586	(101,586)	-
Path Replacement	498,182	499,720	(997,902)	-	41,020	(41,020)	-
Major Projects	20,697	1,621,283	(1,641,980)	-	1,851,585	(1,143,585)	708,000
Parks Equipment	-	61,063	(61,063)	-	106,491	(106,491)	-
Stormwater Drainage	-	-	-	-	25,000	(25,000)	-
Major Road Construction	861,641	1,058,686	(1,735,792)	184,535	1,270,667	(1,071,202)	384,000
Road Preservation & Resurfacing	-	4,120,640	(4,120,640)	-	3,087,582	(3,023,582)	64,000
Blackspot	7,308	1,011,528	(806,371)	212,465	739,709	(696,491)	255,683
Street Lighting	-	118,725	(118,725)	-	291,945	(291,945)	-
Total	1,427,553	8,877,100	(9,827,653)	477,000	8,531,770	(7,539,880)	1,468,890

Notes:

(1) – Grants/contributions previously recognised as revenue that were not expended at the commencement of the reporting period.

(2) – New grants/contributions which were recognised as revenues during the reporting period.

(3) – Grants/contributions which had been recognised as revenues in a previous reporting period and current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

(4) – The closing balance at 30 June 2018 was included in the Capital Expenditure Carried Forward Reserve.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

7. CASH AND CASH EQUIVALENTS	Note	2018 \$	2017 \$
Cash on Hand		11,795	11,195
Cash at Bank		33,874	366,379
11AM Deposits		2,710,000	1,555,000
Term Deposits		97,330,000	89,305,000
		<u>100,085,669</u>	<u>91,237,574</u>
Unrestricted		25,934,049	21,739,757
Restricted	15	74,151,620	69,497,817
		<u>100,085,669</u>	<u>91,237,574</u>

8. TRADE AND OTHER RECEIVABLES

Current

Rates Outstanding (Including Refuse and Swimming Pool Insp)	1,468,378	1,357,689
Sundry Debtors	741,710	956,647
Prepayments	687,023	10,652
Accrued Income	1,208,522	967,074
GST Receivable-NET	818,502	644,875
Less Provision for Doubtful Debts	(2,500)	(2,500)
	<u>4,921,635</u>	<u>3,934,437</u>

Non-Current

Rates/ESL Receivable - Pensioners Deferred	1,665,755	1,636,071
Long Service Leave Due From - Other Councils	156,954	119,662
	<u>1,822,709</u>	<u>1,755,733</u>

9. EQUITY INVESTMENTS

Capital Investment - Mindarie Regional Council	11,317,776	10,935,848
Capital Investment - Tamala Park Regional Council	7,620,895	6,864,449
Local Government House	77,334	29,616
	<u>19,016,005</u>	<u>17,829,913</u>

The City holds 1/6 share in the equity capital of Mindarie Regional Council and its current fair value is estimated at \$11,317,776. As per the audited financial statements of Mindarie Regional Council for the year ended 30 June 2018, the City's share of Net Result of operations was \$201,329 and the share of net revaluation surplus on change in fair value of its assets was \$168,296. The City has recognized the income in the Statement of Comprehensive Income and the revaluation surplus in the Asset Revaluation Reserve in accordance with the equity method of accounting.

9. EQUITY INVESTMENTS (Continued)

- 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 \$7,620,895. TPRC had subdivided and sold 71 lots measuring an area of 25,275m² of land during the year with a total sales value of \$22,285,000. The City's share of sales proceeds after deducting development and selling costs was \$2,683,649. The City made a profit of \$2,398,346 from the sale of land.

As per the audited financial statements of Tamala Park Regional Council for the year ended 30 June 2018, the City's share of Net Result of operations was \$27,751. The City has recognized this income in the Statement of Comprehensive Income in accordance with the equity method of accounting.

- Local Government House – The City owns 5 units in the Local Government House Trust. The City has recognised the increase in value of these units based on the Trust's audited financial report as at 30 June 2017. The Trust's audited financial report as at 30 June 2018 was not available at the time of finalising the City's financial report, any movement is not expected to be material. The increase in value of the units, \$47,718 was credited to the Statement of Comprehensive Income.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

10. 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 Valuation

	Balance at 30/06/2017	Additions	Disposals	Transfers, Adjustments & Revaluation	Balance at 30/06/2018
	\$	\$	\$	\$	\$
Freehold Land	192,503,996	-	(2,066,000)	-	190,437,996
Buildings	355,953,542	12,598,235	(4,941,384)	(5,305,393)	358,305,000
Artworks	980,538	178,807	-	20,346	1,179,691
Furniture, Computer Equipment & Computer Software	7,163,501	911,783	(4,236)	-	8,071,048
Plant & Equipment	16,471,258	4,256,279	(1,308,831)	-	19,418,706
Easements	459	-	-	-	459
	<u>573,073,294</u>	<u>17,945,104</u>	<u>(8,320,451)</u>	<u>(5,285,047)</u>	<u>577,412,900</u>

Accumulated Depreciation

	Balance at 30/06/2017	Disposals	Depreciation	Transfers, Adjustments & Revaluation	Balance at 30/06/2018
	\$	\$	\$	\$	\$
Freehold Land	-	-	-	-	-
Buildings	(141,722,409)	3,330,716	(5,356,457)	2,984,013	(140,764,137)
Artworks	-	-	-	-	-
Furniture, Computer Equipment & Computer Software	(5,990,896)	4,236	(533,721)	-	(6,520,381)
Plant & Equipment	(4,695,448)	520,329	(1,784,846)	-	(5,959,965)
Easements	-	-	-	-	-
	<u>(152,408,753)</u>	<u>3,855,281</u>	<u>(7,675,024)</u>	<u>2,984,013</u>	<u>(153,244,483)</u>

Written-Down Value

	Balance at 30/06/2017	Additions	Disposals	Depreciation, Adjustments & Revaluation	Balance at 30/06/2018
	\$	\$	\$	\$	\$
Freehold Land	192,503,996	-	(2,066,000)	-	190,437,996
Buildings	214,231,133	12,598,235	(1,610,668)	(7,677,837)	217,540,863
Artworks	980,538	178,807	-	20,346	1,179,691
Furniture, Computer Equipment & Computer Software	1,172,605	911,783	-	(533,721)	1,550,667
Plant & Equipment	11,775,810	4,256,279	(788,502)	(1,784,846)	13,458,741
Easements	459	-	-	-	459
	<u>420,664,541</u>	<u>17,945,104</u>	<u>(4,465,170)</u>	<u>(9,976,058)</u>	<u>424,168,417</u>

Capital Projects in Progress

	Balance at 30/06/2017	Additions	Capitalised	Impairment/ Adjustments	Balance at 30/06/2018
	\$	\$	\$	\$	\$
Freehold Land	1,573	-	-	(720)	853
Buildings	27,036,943	7,270,449	(12,598,235)	(3,210,193)	18,498,964
Artworks	167,006	44,827	(178,807)	-	33,026
Furniture, Computer Equipment & Computer Software	1,376,096	598,019	(911,783)	(988,240)	74,092
Plant & Equipment	69,311	3,555,236	(4,256,279)	855,899	224,167
	<u>28,650,929</u>	<u>11,468,531</u>	<u>(17,945,104)</u>	<u>(3,343,254)</u>	<u>18,831,102</u>
Total	<u>449,315,470</u>				<u>442,999,519</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

10. PROPERTY, PLANT & EQUIPMENT (Continued)

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 previous financial year.

At Valuation

	Balance at 30/06/2016	Additions	Disposals	Transfers, Adjustments & Revaluation	Balance at 30/06/2017
	\$	\$	\$	\$	\$
Freehold Land	80,392,375	-	(2,000,000)	114,111,621	192,503,996
Buildings	356,311,274	1,676,230	(2,450,606)	416,644	355,953,542
Artworks	837,036	143,502	-	-	980,538
Furniture, Computer Equipment & Computer Software	6,547,707	615,794	-	-	7,163,501
Fleet, Plant & Equipment	15,593,872	1,666,065	(788,679)	-	16,471,258
Easements	459	-	-	-	459
	<u>459,682,723</u>	<u>4,101,591</u>	<u>(5,239,285)</u>	<u>114,528,265</u>	<u>573,073,294</u>

Accumulated Depreciation

	Balance at 30/06/2016	Disposals	Depreciation	Transfers, Adjustments & Revaluation	Balance at 30/06/2017
	\$	\$	\$	\$	\$
Freehold Land	-	-	-	-	-
Buildings	(144,008,073)	2,083,409	(4,354,703)	4,556,958	(141,722,409)
Artworks	-	-	-	-	-
Furniture, Computer Equipment & Computer Software	(5,452,380)	-	(538,516)	-	(5,990,896)
Fleet, Plant & Equipment	(3,393,905)	233,953	(1,535,496)	-	(4,695,448)
Easements	-	-	-	-	-
	<u>(152,854,358)</u>	<u>2,317,362</u>	<u>(6,428,715)</u>	<u>4,556,958</u>	<u>(152,408,753)</u>

Written-Down Value

	Balance at 30/06/2016	Additions	Disposals	Depreciation, Adjustments & Revaluation	Balance at 30/06/2017
	\$	\$	\$	\$	\$
Freehold Land	80,392,375	-	(2,000,000)	114,111,621	192,503,996
Buildings	212,303,201	1,676,230	(367,197)	618,899	214,231,133
Artworks	837,036	143,502	-	-	980,538
Furniture, Computer Equipment & Computer Software	1,095,327	615,794	-	(538,516)	1,172,605
Plant & Equipment	12,199,967	1,666,065	(554,726)	(1,535,496)	11,775,810
Easements	459	-	-	-	459
	<u>306,828,365</u>	<u>4,101,591</u>	<u>(2,921,923)</u>	<u>112,656,508</u>	<u>420,664,541</u>

Capital Projects in Progress

	Balance at 30/06/2016	Additions	Capitalised	Impairment/ Adjustments	Balance at 30/06/2017
	\$	\$	\$	\$	\$
Freehold Land	853	720	-	-	1,573
Buildings	16,408,126	12,305,047	(1,676,230)	-	27,036,943
Artworks	215,652	94,856	(143,502)	-	167,006
Furniture, Computer Equipment & Computer Software	354,985	1,636,905	(615,794)	-	1,376,096
Plant & Equipment	329,886	1,405,490	(1,666,065)	-	69,311
	<u>17,309,502</u>	<u>15,443,018</u>	<u>(4,101,591)</u>	<u>-</u>	<u>28,650,929</u>
Total	<u>324,137,867</u>				<u>449,315,470</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

10. PROPERTY, PLANT & EQUIPMENT (Continued)

(b) Historical details of Property, Plant and Equipment Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last valuation	Inputs Used
Land - Freehold	2 & 3	Market approach using recent observable market data for similar properties.	Independent registered valuer/ Management	June 2017	Price per hectare, with reference to current zoning of land. Market values were used unless there were some restrictions or other factors associated with the land
Buildings	3	Cost approach using depreciated replacement cost	Management valuation	June 2017	Construction costs based on recent contract prices and current condition, residual values and remaining useful life assessments.
Easements	3	Cost approach	Management valuation	June 2013	Unit count
Artworks	3	Valuer inspection and appraisal	Independent registered valuer/ Management	June 2018	Market based evidence, Current Replacement Cost
Furniture, Computer Equipments and Computer	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Purchase costs and current condition, residual values and remaining useful life assessments inputs.
Plant and Equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition, residual values and remaining useful life assessments inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement. During the period, there were no changes in the valuation techniques used by the City to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

11. 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.

At Valuation

	Balance at 30/06/2017	Additions	Impairment	Revaluation	Balance at 30/06/2018
	\$	\$	\$	\$	\$
Roads	678,084,858	9,104,310	-	-	687,189,168
Footpaths	117,419,882	2,039,311	(682,025)	-	118,777,168
Drainage	404,044,923	1,721,315	(347,082)	-	405,419,156
Parks and Reserves	209,665,105	6,509,709	(1,838,485)	(24,591,129)	189,745,200
Car Park	25,137,151	885,058	-	-	26,022,209
Bridges and Underpasses	42,578,879	16,816	-	-	42,595,695
Other Infrastructure	2,072,652	1,010,472	(14,346)	-	3,068,778
Lighting	36,861,905	2,324,297	(1,059,894)	7,014,259	45,140,567
	<u>1,515,865,355</u>	<u>23,611,288</u>	<u>(3,941,832)</u>	<u>(17,576,870)</u>	<u>1,517,957,941</u>

Accumulated Depreciation

	Balance at 30/06/2017	Impairment	Depreciation	Revaluation	Balance at 30/06/2018
	\$	\$	\$	\$	\$
Roads	(312,192,299)	-	(9,828,142)	-	(322,020,441)
Footpaths	(37,337,557)	312,119	(2,110,073)	-	(39,135,511)
Drainage	(132,211,513)	111,570	(4,563,775)	-	(136,663,718)
Parks and Reserves	(52,889,708)	1,309,336	(4,288,592)	9,395,307	(46,473,657)
Car Park	(11,959,493)	-	(319,904)	-	(12,279,397)
Bridges and Underpasses	(11,746,054)	-	(548,942)	-	(12,294,996)
Other Infrastructure	(364,753)	967	(71,155)	-	(434,941)
Lighting	(14,454,285)	415,563	(1,101,172)	(12,262,894)	(27,402,788)
	<u>(573,155,662)</u>	<u>2,149,555</u>	<u>(22,831,755)</u>	<u>(2,867,587)</u>	<u>(596,705,449)</u>

Written-Down Value

	Balance at 30/06/2017	Additions	Depreciation	Impairment/ Revaluation	Balance at 30/06/2018
	\$	\$	\$	\$	\$
Roads	365,892,559	9,104,310	(9,828,142)	-	365,168,727
Footpaths	80,082,325	2,039,311	(2,110,073)	(369,906)	79,641,657
Drainage	271,833,410	1,721,315	(4,563,775)	(235,512)	268,755,438
Parks and Reserves	156,775,397	6,509,709	(4,288,592)	(15,724,971)	143,271,543
Car Park	13,177,658	885,058	(319,904)	-	13,742,812
Bridges and Underpasses	30,832,825	16,816	(548,942)	-	30,300,699
Other Infrastructure	1,707,899	1,010,472	(71,155)	(13,379)	2,633,837
Lighting	22,407,620	2,324,297	(1,101,172)	(5,892,966)	17,737,779
	<u>942,709,693</u>	<u>23,611,288</u>	<u>(22,831,755)</u>	<u>(22,236,734)</u>	<u>921,252,492</u>

Capital Works in Progress

	Balance at 30/06/2017	Additions	Impairment/ Reclassification	Capitalised	Balance at 30/06/2018
	\$	\$	\$	\$	\$
Roads	5,315,436	8,940,666	(1,825,961)	(9,104,310)	3,325,831
Footpaths	666,986	736,238	806,475	(2,039,311)	170,388
Drainage	352,762	1,050,519	544,024	(1,721,315)	225,990
Parks and Reserves	3,512,401	4,838,520	1,747,870	(6,509,709)	3,589,082
Car Park	774,998	666,053	(215,100)	(885,058)	340,893
Bridges and Underpasses	30,354	26,236	(13,538)	(16,816)	26,236
Other Infrastructure	864,054	2,029,104	266,140	(1,010,472)	2,148,826
Lighting	567,009	1,977,731	1,012,022	(2,324,297)	1,232,465
	<u>12,084,000</u>	<u>20,265,067</u>	<u>2,321,932</u>	<u>(23,611,288)</u>	<u>11,059,711</u>

Total

	<u>954,793,693</u>				<u>932,312,203</u>
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CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

11. INFRASTRUCTURE ASSETS (Continued)

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 previous financial year.

At Valuation

	Balance at 30/06/2016	Additions	Impairment	Revaluation	Balance at 30/06/2017
	\$	\$	\$	\$	\$
Roads	749,235,969	9,609,239	-	(80,760,350)	678,084,858
Footpaths	103,578,986	2,231,720	(676,101)	12,285,277	117,419,882
Drainage	386,837,633	1,758,444	(542,352)	15,991,198	404,044,923
Parks and Reserves	204,042,382	7,104,705	(1,481,982)	-	209,665,105
Car Park	18,682,101	296,674	-	6,158,376	25,137,151
Bridges and Underpasses	31,401,165	-	-	11,177,714	42,578,879
Other Infrastructure	865,191	1,207,461	-	-	2,072,652
Lighting	35,539,499	3,715,679	(2,393,273)	-	36,861,905
	1,530,182,926	25,923,922	(5,093,708)	(35,147,785)	1,515,865,355

Accumulated Depreciation

	Balance at 30/06/2016	Impairment	Depreciation	Revaluation	Balance at 30/06/2017
	\$	\$	\$	\$	\$
Roads	(300,584,371)	-	(11,607,928)	-	(312,192,299)
Footpaths	(35,586,922)	325,628	(2,058,232)	(18,031)	(37,337,557)
Drainage	(128,400,693)	165,353	(4,190,570)	214,397	(132,211,513)
Parks and Reserves	(49,978,815)	1,171,046	(4,081,939)	-	(52,889,708)
Car Park	(5,341,140)	-	(373,365)	(6,244,988)	(11,959,493)
Bridges and Underpasses	(8,923,909)	-	(346,947)	(2,475,198)	(11,746,054)
Other Infrastructure	(318,043)	-	(46,710)	-	(364,753)
Lighting	(14,768,687)	1,370,705	(1,056,303)	-	(14,454,285)
	(543,902,580)	3,032,732	(23,761,994)	(8,523,820)	(573,155,662)

Written-Down Value

	Balance at 30/06/2016	Additions	Depreciation	Impairment/ Revaluation	Balance at 30/06/2017
	\$	\$	\$	\$	\$
Roads	448,651,598	9,609,239	(11,607,928)	(80,760,350)	365,892,559
Footpaths	67,992,064	2,231,720	(2,058,232)	11,916,773	80,082,325
Drainage	258,436,940	1,758,444	(4,190,570)	15,828,596	271,833,410
Parks and Reserves	154,063,567	7,104,705	(4,081,939)	(310,936)	156,775,397
Car Park	13,340,961	296,674	(373,365)	(86,612)	13,177,658
Bridges and Underpasses	22,477,256	-	(346,947)	8,702,516	30,832,825
Other Infrastructure	547,148	1,207,461	(46,710)	-	1,707,899
Lighting	20,770,812	3,715,679	(1,056,303)	(1,022,568)	22,407,620
	986,280,346	25,923,922	(23,761,994)	(45,732,581)	942,709,693

Capital Works in Progress

	Balance at 30/06/2016	Additions	Adjustment	Capitalised	Balance at 30/06/2017
	\$	\$	\$	\$	\$
Roads	6,123,704	8,800,971	-	(9,609,239)	5,315,436
Footpaths	991,139	1,907,567	-	(2,231,720)	666,986
Drainage	169,331	1,941,875	-	(1,758,444)	352,762
Parks and Reserves	2,639,848	7,977,258	-	(7,104,705)	3,512,401
Car Park	184,868	886,804	-	(296,674)	774,998
Bridges and Underpasses	-	30,354	-	-	30,354
Other Infrastructure	-	2,071,515	-	(1,207,461)	864,054
Lighting	1,106,158	3,176,530	-	(3,715,679)	567,009
	11,215,048	26,792,874	-	(25,923,922)	12,084,000
Total	997,495,394				954,793,693

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

11. INFRASTRUCTURE ASSETS (Continued)

(b) Historical details of Infrastructure Assets Fair Value Measurements

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

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

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

12. TRADE AND OTHER PAYABLES

	Note	2018 \$	2017 \$
Current			
Trade Payables		4,522,569	3,786,997
Sundry Payables		610,874	523,647
Accrued Expenses		5,116,012	4,796,207
Other Payables		2,305,685	2,107,983
		<u>12,555,140</u>	<u>11,214,834</u>

13. BORROWINGS

Current - Loan Borrowings		3,201,862	3,084,741
Non-Current Loan Borrowings		10,414,474	13,616,336
Total Borrowings	23(a)	<u>13,616,336</u>	<u>16,701,077</u>

Current loan borrowings represent the current portion of existing long-term liabilities as detailed in Note 23.

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. The City does not utilise a bank overdraft on an ongoing basis.

14. PROVISIONS

	2018 \$	2017 \$
Current		
Provision for Annual Leave	4,497,672	4,366,612
Provision for Long Service Leave	5,855,900	5,579,310
Provision for Sick leave	1,006,450	964,736
Provision for Purchased Leave	133,593	0
Provision for Workers Compensation	2,503,467	3,550,341
Provision for Write-off of Assets	9,415	9,415
Provisions-Other	53,906	49,906
	<u>14,060,403</u>	<u>14,520,320</u>
Non-Current		
Provision for Long Service Leave	1,467,183	1,351,117
Provision for Long Service Leave due to Other Councils	264,617	243,607
	<u>1,731,800</u>	<u>1,594,724</u>

15. RESERVES – CASH BACKED

	2018 Actual \$	2018 Budget \$	2017 Actual \$
(a) Non-Current Long Service Leave			
Opening Balance	1,594,618	1,729,836	1,629,836
Amount Set Aside / Transfer to Reserve	137,182	100,000	-
Amount Used / Transfer from Reserve	-	-	(35,218)
	<u>1,731,800</u>	<u>1,829,836</u>	<u>1,594,618</u>

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

(b) Capital Expenditure Carried Forward Reserve

Opening Balance	8,159,582	3,485,056	5,903,506
Amount Set Aside / Transfer to Reserve	11,685,279	-	8,159,583
Amount Used / Transfer from Reserve	(8,159,583)	(3,471,182)	(5,903,507)
	<u>11,685,278</u>	<u>13,874</u>	<u>8,159,582</u>

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

(c) Cash in Lieu of Parking Reserve

Opening Balance	1,425,145	1,259,701	1,380,755
Amount Set Aside / Transfer to Reserve	35,759	33,185	48,396
Amount Used / Transfer from Reserve	(151,994)	-	(4,006)
	<u>1,308,910</u>	<u>1,292,886</u>	<u>1,425,145</u>

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

(d) Joondalup Performing Arts and Cultural Facility Reserve

Opening Balance	13,995,732	13,951,124	12,258,984
Amount Set Aside / Transfer to Reserve	2,291,887	5,819,343	2,150,789
Amount Used / Transfer from Reserve	(40,942)	(3,788,905)	(414,041)
	<u>16,246,677</u>	<u>15,981,562</u>	<u>13,995,732</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 and again in 2009-10 to more appropriately reflect its intent.

Transfer from accumulated surplus represents the net proceeds from the disposal of surplus land holdings and interest. The transfer to accumulated surplus was to fund the progression of the development of a Performing Arts and Cultural Facility, including the incorporation of a Jinan Garden at Lot 1001, Teakle Court.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. RESERVES – CASH BACKED (Continued)

	2018 Actual \$	2018 Budget \$	2017 Actual \$
(e) Marmion Car Park Reserve			
Opening Balance	183,105	182,940	178,161
Amount Set Aside / Transfer to Reserve	-	4,819	4,944
Amount Used / Transfer from Reserve	-	-	-
	<u>183,105</u>	<u>187,759</u>	<u>183,105</u>

Created in 2013-14 to hold the State Government's contribution and the unspent portion of City of Joondalup funds for the future construction of a car park next to the Marmion Angling and Aquatic Club. The transfer from accumulated surplus represents interest.

(f) Parking Facility Reserve			
Opening Balance	1,455,486	1,129,659	1,242,982
Amount Set Aside / Transfer to Reserve	1,238,218	1,463,974	1,383,626
Amount Used / Transfer from Reserve	(1,138,590)	(1,141,015)	(1,171,122)
	<u>1,555,114</u>	<u>1,452,618</u>	<u>1,455,486</u>

Created in 2008-09 to hold the operating surpluses arising from paid parking in the Joondalup City Centre. The reserve is to be applied to 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. Transfer to accumulated surplus is for partly funding the construction of Reid Promenade Multi Storey Car Park and to fund repayments on the \$8,500,000 loan taken in 2014-15 to construct the Multi Storey Car Park.

(g) Public Art Reserve			
Opening Balance	113,915	112,629	109,687
Amount Set Aside / Transfer to Reserve	53,134	1,757	53,060
Amount Used / Transfer from Reserve	-	(91,892)	(48,832)
	<u>167,049</u>	<u>22,494</u>	<u>113,915</u>

Created in 2012-13 for the purpose of providing for the commissioning and purchase of public art works. The transfer from Accumulated Surplus represents interest and funds set aside during the year. Transfer to accumulated surplus was to fund the permanent installation of public art work in the City Centre.

(h) Section 20A Land Reserve			
Opening Balance	53,438	53,389	51,995
Amount Set Aside / Transfer to Reserve	-	1,406	1,443
Amount Used / Transfer from Reserve	(53,438)	-	-
	<u>-</u>	<u>54,795</u>	<u>53,438</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.

15. RESERVES – CASH BACKED (Continued)

	2018 Actual \$	2018 Budget \$	2017 Actual \$
(i) Specified Area Rating - Harbour Rise Reserve			
Opening Balance	23,367	14,795	14,584
Amount Set Aside / Transfer to Reserve	10,189	2,342	8,783
Amount Used / Transfer from Reserve	-	-	-
	<u>33,556</u>	<u>17,137</u>	<u>23,367</u>

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Harbour Rise specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.

(j) Specified Area Rating - Iluka Reserve			
Opening Balance	20,983	10,518	10,568
Amount Set Aside / Transfer to Reserve	412	3,219	10,415
Amount Used / Transfer from Reserve	(10,877)	-	-
	<u>10,518</u>	<u>13,737</u>	<u>20,983</u>

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Iluka specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.

(k) Specified Area Rating - Woodvale Reserve			
Opening Balance	76,215	30,222	51,461
Amount Set Aside / Transfer to Reserve	1,169	509	24,754
Amount Used / Transfer from Reserve	(64,244)	(21,813)	-
	<u>13,140</u>	<u>8,918</u>	<u>76,215</u>

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Woodvale specified area. Transfers from the reserve are to fund works undertaken in the specified area Woodvale. Transfer to reserve represents unspent funds levied during the year and interest.

(l) Specified Area Rating - Burnsbeach Reserve			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	1,898	-	-
Amount Used / Transfer from Reserve	-	-	-
	<u>1,898</u>	<u>-</u>	<u>-</u>

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Burnsbeach specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

15. RESERVES – CASH BACKED (Continued)

	2018 Actual \$	2018 Budget \$	2017 Actual \$
(m) Strategic Asset Management Reserve			
Opening Balance	16,333,410	15,069,184	21,899,115
Amount Set Aside / Transfer to Reserve	1,042,469	935,521	2,614,675
Amount Used / Transfer from Reserve	(4,605,695)	(10,021,006)	(8,180,380)
	<u>12,770,184</u>	<u>5,983,699</u>	<u>16,333,410</u>

The reserve was created in 2010-11 from the merger of the old Strategic Asset Management and Asset Replacement Reserves, and is intended to fund the acquisition and development of new and renewal of existing City infrastructure and building assets. The transfer from accumulated surplus represents funds transferred and interest

(n) Tamala Park Land Sales Reserve			
Opening Balance	11,895,227	11,885,369	9,765,488
Amount Set Aside / Transfer to Reserve	990,780	988,552	2,129,739
Amount Used / Transfer from Reserve	-	-	-
	<u>12,886,007</u>	<u>12,873,921</u>	<u>11,895,227</u>

This reserve was created in 2013-14 to hold the City's share of the dividends received from the proceeds of the sales of Tamala Park land to be held and subsequently applied for investing in income producing facilities, to build significant one-off community facilities and to assist with the cash flow requirements of developing significant infrastructure assets aligned to the 20 Year Strategic Financial Plan. The transfer from accumulated surplus represents dividends received and interest.

(o) Vehicle, Plant and Equipment Reserve			
Opening Balance	4,277,513	4,179,327	2,975,397
Amount Set Aside / Transfer to Reserve	110,756	107,814	1,302,116
Amount Used / Transfer from Reserve	(197,555)	(173,500)	-
	<u>4,190,714</u>	<u>4,113,641</u>	<u>4,277,513</u>

Created in 2008-09 by consolidating the Heavy Vehicle, Light Vehicle and Plant Replacement reserves with the purpose of supporting the funding of vehicle, plant and equipment purchases. The transfer from accumulated surplus represents surplus municipal funding of the fleet replacement program as recommended in the Fleet Asset Management Plan, and interest.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

15. RESERVES – CASH BACKED (Continued)

	2018 Actual \$	2018 Budget \$	2017 Actual \$
(p) Waste Management Reserve			
Opening Balance	9,890,081	9,310,151	7,670,220
Amount Set Aside / Transfer to Reserve	1,503,495	368,589	2,418,634
Amount Used / Transfer from Reserve	(25,906)	-	(198,773)
	<u>11,367,670</u>	<u>9,678,740</u>	<u>9,890,081</u>

Renamed in 2009-10 and its purpose updated. The reserve is to fund and support waste management services including but not limited to refuse collection, waste management initiatives and programs, infrastructure buildings and legal expenses associated with waste management but excluding vehicles, plant and equipment. Transfer from Accumulated Surplus represents the waste management services operating surplus and interest. The transfer to accumulated surplus was to partly fund the cost of the Better Bins trial.

Total Reserves - Cash Backed	Note			
Opening Balance		69,497,817	62,403,900	65,142,739
Amount Set Aside / Transfer to Reserve		19,102,627	9,831,030	20,310,957
Amount Used / Transfer from Reserve		(14,448,824)	(18,709,313)	(15,955,879)
Closing Balance 30 June 2018	7	<u>74,151,620</u>	<u>53,525,617</u>	<u>69,497,817</u>

Cash backed reserves are not projected to be used within a set period as further transfers to/from reserve accounts are expected as funds are utilised or set aside.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

16. RESERVES – ASSET REVALUATION

	2018 Actual \$	2017 Actual \$
(a) Artworks		
Opening Balance	249,010	249,010
Revaluation Increment	20,346	-
	<u>269,356</u>	<u>249,010</u>
(b) Land and Buildings		
Opening Balance	356,420,382	237,335,159
Revaluation Decrement	(2,321,380)	119,085,223
	<u>354,099,002</u>	<u>356,420,382</u>
(c) Fleet, Plant and Equipment		
Opening Balance	124,769	124,769
Revaluation Increment	-	-
	<u>124,769</u>	<u>124,769</u>
(d) Roads		
Opening Balance	112,439,886	193,200,236
Revaluation Decrement	-	(80,760,350)
	<u>112,439,886</u>	<u>112,439,886</u>
(e) Footpaths		
Opening Balance	68,344,614	56,077,368
Revaluation Increment	-	12,267,246
	<u>68,344,614</u>	<u>68,344,614</u>
(f) Drainage		
Opening Balance	163,985,902	147,780,307
Revaluation Increment	-	16,205,595
	<u>163,985,902</u>	<u>163,985,902</u>
(g) Parks and Reserves		
Opening Balance	116,202,886	116,202,886
Revaluation Decrement	(15,195,822)	-
	<u>101,007,064</u>	<u>116,202,886</u>
(h) Car Parks		
Opening Balance	2,177,904	2,264,516
Revaluation Decrement	-	(86,612)
	<u>2,177,904</u>	<u>2,177,904</u>
(i) Bridges and Underpasses		
Opening Balance	26,994,513	18,291,997
Revaluation Increment	-	8,702,516
	<u>26,994,513</u>	<u>26,994,513</u>
(j) Other Infrastructure Assets		
Opening Balance	453,308	453,308
Revaluation Increment	-	-
	<u>453,308</u>	<u>453,308</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

16. RESERVES – ASSET REVALUATION (continued)

	2018	2017
	Actual	Actual
	\$	\$
(k) Lighting		
Opening Balance	13,143,474	13,143,474
Revaluation Decrement	(5,248,635)	-
	<u>7,894,839</u>	<u>13,143,474</u>
(l) Tamala Park Assets		
Opening Balance	1,060	1,060
Revaluation Decrement	-	-
	<u>1,060</u>	<u>1,060</u>
(m) Mindarie Regional Council Assets		
Opening Balance	4,961,428	4,916,649
Revaluation Increment	168,296	44,779
	<u>5,129,724</u>	<u>4,961,428</u>
Total Asset Revaluation Reserves		
Opening Balance	865,499,136	790,040,739
Transfer to Reserve	188,642	156,305,359
Transfer from Reserve	(22,765,837)	(80,846,962)
Closing Balance 30 June 2018	<u>842,921,941</u>	<u>865,499,136</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

17. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Net Cash Provided by Operating Activities to Net Result

	2018 \$	2017 \$
Net Result from Operating Activities	(3,188,004)	(6,931,960)
Depreciation, Impairment & Revaluation Decrement	34,042,783	32,618,882
(Profit)/Loss on Sale of Assets	(2,239,084)	(1,376,109)
(Increase)/Decrease in Receivables	(136,355)	(216,749)
Increase/(Decrease) in Payables	822,799	506,102
Increase/(Decrease) in Employee Provisions	(326,841)	2,231,681
Increase/(Decrease) in Other Provisions	4,000	4,000
Increase/(Decrease) in Other Payables	197,702	161,767
Increase/(Decrease) in Accrued Expenses	319,805	(264,819)
(Increase)/Decrease in Accrued Income	(241,448)	373,075
(Increase)/Decrease in Prepayments	(676,371)	381,248
(Increase)/Decrease in Inventory	(43,308)	(74,596)
Asset Development Contribution written off	888,263	-
Net Cash from Operating Activities	<u>29,423,941</u>	<u>27,412,522</u>

18. 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 \$95.4m amounting to \$15.9m. The term of the guarantee is 20 years unless the MRC liability under the agreement with the contractor is fully extinguished earlier.

19. COMMITMENTS FOR MAJOR EXPENDITURE AND OPERATING LEASES

	2018	2017
	\$	\$

(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>4,222,768</u>	<u>5,236,656</u>
-------------------------------	------------------	------------------

The above amount includes commitments for Joondalup City Centre Lighting Project (\$2,547,976) and other Capital Works Projects.

(b) Projected Operating Lease Income

Future Minimum Lease Income Expected

Up to 1 yr	697,561	769,847
1 - 5 yrs	1,657,121	2,665,741
> 5 yrs	<u>3,945,693</u>	<u>6,556,937</u>
	<u>6,300,375</u>	<u>9,992,525</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	605,145	591,534
1 - 5 yrs	2,296,202	2,286,007
> 5 yrs	<u>2,436,717</u>	<u>3,009,768</u>
	<u>5,338,064</u>	<u>5,887,309</u>

The lease commitments are for the City's Works Operation Centre. Annual lease payment escalations are based on CPI, unless otherwise provided for in the lease agreement.

CITY OF JOONDALUP
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20. 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:

	2018	2017
	\$	\$
Balance brought forward on 01 July 2017	3,932,360	2,053,996
Amounts received during the year	337,707	2,549,320
Amounts paid out during the year	(488,589)	(683,144)
Interest earned on monies held in trust	9,213	12,188
Balance carried forward at 30 June 2018	<u>3,790,691</u>	<u>3,932,360</u>
Opening Balance - Cash in Lieu of Public Open Space	101,498	294,582
Transfer to Municipal Fund	(101,498)	(194,272)
Interest earned	-	1,188
Closing Balance - Cash in Lieu of Public Open Space	-	101,498
Opening Balance - BurnsBeach to Mindarie Dual Use Path	2,000,000	2,000,000
Transfer to Municipal Fund	(45,059)	-
Closing Balance - BurnsBeach to Mindarie Dual Use Path	1,954,941	2,000,000
Bonds, Retention Money	1,835,750	1,830,862
Trust Funds as at 30 June 2018	<u>3,790,691</u>	<u>3,932,360</u>

21. DISPOSALS OF ASSETS

The following assets were disposed of during the year.

Asset Class Disposed of	Net Book Value		Sale Price		Profit		Loss	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Land	2,066,000	4,215,222	1,896,347	5,430,200	0	1,444,978	(169,653)	(230,000)
Plant & Equipment	788,502	1,112,439	798,893	720,500	94,746	48,585	(84,355)	(440,524)
Land (TPRC lots sale)	285,303	-	2,683,649	-	2,398,346	-	-	-
	<u>3,139,805</u>	<u>5,327,661</u>	<u>5,378,889</u>	<u>6,150,700</u>	<u>2,493,092</u>	<u>1,493,563</u>	<u>(254,008)</u>	<u>(670,524)</u>
Building Impairment	1,610,668							

22. TOTAL ASSETS CLASSIFIED BY PROGRAM

	2018	2017
	\$	\$
Governance	36,147,586	36,385,112
General Purpose Funding	26,393,892	21,703,652
Law, Order, Public Safety	5,625,591	4,606,444
Health	585,854	344,499
Education and Welfare	6,900,764	7,102,707
Community Amenities	59,470,054	56,624,771
Recreation and Culture	309,090,687	355,401,467
Transport	797,186,685	758,227,376
Economic Services	21,150,522	22,012,319
Other Property and services	256,171,852	273,030,263
	<u>1,518,723,487</u>	<u>1,535,438,610</u>

CITY OF JOONDALUP
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23. INFORMATION ON BORROWINGS

(a) Loan Repayments

Purpose of Loan	Balance 1-Jul-17	New Loans	Principal		Principal		Interest	
			Repayments		Balance 30-Jun-18		Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
Aquatic Facilities Upgrade	2,106,454	-	(661,655)	(661,655)	1,444,799	1,444,799	120,894	119,465
Streetscape Enhancement – West	321,416	-	(100,959)	(100,959)	220,457	220,457	18,447	19,224
Seacreast Sports Facility	376,848	-	(92,204)	(92,194)	284,644	284,654	23,148	22,980
Forrest Park Sports Facility	247,927	-	(60,660)	(60,662)	187,267	187,264	15,229	15,120
Fleur Frame Pavilion Upgrade	684,956	-	(167,589)	(167,597)	517,367	517,361	42,074	41,774
Reid Promenade Multi-storey Car Park	6,987,432	-	(789,117)	(789,117)	6,198,315	6,198,315	229,879	231,856
Bramston Park	1,430,621	-	(345,920)	(345,920)	1,084,701	1,084,701	37,625	37,451
Warwick Hockey Facility	4,545,423	-	(866,637)	(641,358)	3,678,786	3,904,065	129,829	149,714
SES Winton Road	-	-	-	(145,380)	-	624,620	-	24,446
Total	16,701,077	-	(3,084,741)	(3,004,841)	13,616,336	14,466,237	617,125	662,030

23. INFORMATION ON BORROWINGS (Continued)

(b) Overdraft	2018	2017
	\$	\$
Bank Overdraft Facility Limit	500,000	500,000
Bank Overdraft at Reporting Date	-	-
Credit Amount Unused	500,000	500,000

(c) Credit Cards

The City has corporate credit card facilities provided by its bank. Three corporate credit cards have been issued for purchasing and one to the Chief Executive Officer to be used for City business expenses.

	Credit Limit	Balance 30-Jun-18	Credit Unused 30-Jun-18	Balance 30-Jun-17
	\$	\$	\$	\$
Corporate Travel Card	22,000	5,729	16,271	6,338
Civic Functions Card	5,000	161	4,839	4,547
Corporate Purchasing Card	10,000	8,660	1,340	8,535
Chief Executive Officer	10,000	2,248	7,752	1,521
	47,000	16,798	30,202	20,941

24. SPECIFIED AREA RATE - HARBOUR RISE

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2017-18 financial year, a specified area rate for the area of Harbour Rise Estate.

	Note	2018	2017
		\$	\$
Balance 1 July 2017		23,367	14,584
2017-18 Rate Income		152,296	149,210
Other Income		-	511
Interest		745	520
Expenditure		(142,852)	(141,458)
Surplus in Reserve at 30 June 2018	15(i)	33,556	23,367

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 2017-18 financial year, a specified area rate for the suburb of Iluka.

	Note	2018 \$	2017 \$
Balance 1 July 2017		20,983	10,568
2017-18 Rate Income		316,017	304,730
Other Income		-	6,929
Interest		412	431
Expenditure		(326,894)	(301,675)
Surplus in Reserve at 30 June 2018	15(j)	10,518	20,983

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 2017-18 financial year, a specified area rate for the area of Woodvale Waters.

	Note	2018 \$	2017 \$
Balance 1 July 2017		76,215	51,461
2017-18 Rate Income		0	49,735
Interest		1,169	1,747
Expenditure		(64,244)	(26,728)
Surplus in Reserve at 30 June 2018	15(k)	13,140	76,215

27. SPECIFIED AREA RATE – BURNS BEACH

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 2017-18 financial year, a specified area rate for the area of Burnsbeach.

	Note	2018 \$	2017 \$
Balance 1 July 2017		-	-
2017-18 Rate Income		131,934	-
Interest		25	-
Expenditure		(130,061)	-
Surplus in Reserve at 30 June 2018	15(l)	1,898	-

28. MAJOR LAND TRANSACTIONS

Tamala Park Land Sales

The Tamala Park Regional Council (TPRC) was established in January 2006 for the purpose of the development of the Tamala Park land jointly owned by seven local governments, including the City of Joondalup. TPRC has developed and sold 888 lots of land to date. The City's share of Sales Proceeds of land to date is \$39,352,715.

Current year transactions:

Sale proceeds	\$3,672,588
Development and Selling costs	\$2,224,890

Expected future cash flows

Future cash flows are based on projections included in the TPRC Long Term Financial Plan spanning the period up to 30 June 2028. These projections reflect estimates and expectations at the time. Actual cash flows are likely to vary, depending on property market conditions.

Cash Inflows (2019 to 2028)

- Proceeds from sale of land \$86,273,604

Cash Outflows (2019 to 2028)

- Land development costs \$39,998,118

Net Cash Flows (2019 to 2028) \$46,275,486

Land Held for Sale per note 39

	2018	2017
Current		
Cost of Acquisition	-	-
Development Cost	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>
Non-Current		
Cost of Acquisition	14,169,697	14,455,000
Development Cost	3,207,766	1,971,814
	<hr/>	<hr/>
	<hr/>	<hr/>
	17,377,463	16,426,814

29. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings during the 2017-18 financial year.

30. 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 any material 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	
		2018	2017	2018	2017
		\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	7	100,085,669	91,237,574	100,085,669	91,237,574
Receivables	8	6,744,344	5,690,170	6,744,344	5,690,170
Equity Investments	9	19,016,005	17,829,913	19,016,005	17,829,913
		<u>125,846,018</u>	<u>114,757,657</u>	<u>125,846,018</u>	<u>114,757,657</u>
Financial Liabilities					
Payables	12	12,555,140	11,214,834	12,555,140	11,214,834
Borrowings	23 (a)	13,616,336	16,701,077	12,481,595	15,756,305
		<u>26,171,476</u>	<u>27,915,911</u>	<u>25,036,735</u>	<u>26,971,139</u>

Fair value is determined as follows:

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

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

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

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

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 which 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.

30. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents (Continued)

Financial assets at fair value through profit and loss

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 investing in investments authorised by Local Government (Financial Management) Regulation 19C.

(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.

The profile of the City's credit risk at balance date was

	<u>2018</u>	<u>2017</u>
Percentage of rates and annual charge	%	%
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	93.93%	95.62%
- Overdue	6.07%	4.38%

CITY OF JOONDALUP
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30. FINANCIAL RISK MANAGEMENT (Continued)

(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 2018).

	Interest Rate at Reporting Date	At Variable Interest Rate	Fixed Interest Rate Maturity				Total
			< 1 year	1 - 5 Years	> 5 Years	Non-Interest Bearing	
	%	\$	\$	\$	\$	\$	\$
2017-18							
Financial Assets							
Cash	-	-	-	-	-	11,795	11,795
Bank (Westpac)	-	33,874	-	-	-	-	33,874
Receivables	-	-	-	-	-	3,610,211	3,610,211
Rates & ESL Receivable	11.00	-	-	3,134,133	-	-	3,134,133
Term Deposits:							
ING	2.64	-	14,385,000	-	-	-	14,385,000
Westpac	2.63	-	22,500,000	-	-	-	22,500,000
NAB	2.72	-	3,210,000	-	-	-	3,210,000
Bank of Queensland	2.61	-	10,120,000	-	-	-	10,120,000
Suncorp	2.72	-	10,850,000	-	-	-	10,850,000
Bendigo Bank	2.60	-	8,400,000	-	-	-	8,400,000
Rural Bank	2.61	-	9,800,000	-	-	-	9,800,000
Bank West	2.54	-	4,945,000	-	-	-	4,945,000
Commonwealth Bank	2.56	-	13,120,000	-	-	-	13,120,000
WA Treasury Corporation 11AM	1.45	2,710,000	-	-	-	-	2,710,000
Equity Contribution in Unlisted Entities	-	-	-	-	-	19,016,005	19,016,005
Total Financial Assets		2,743,874	97,330,000	3,134,133	-	22,638,011	125,846,018
Financial Liabilities							
Trade payables	-	-	-	-	-	12,555,140	12,555,140
Borrowings							
"	5.87	-	701,357	743,442	-	-	1,444,799
"	5.87	-	107,017	113,440	-	-	220,457
"	6.16	-	340,653	648,625	-	-	989,278
"	2.85	-	811,848	4,217,210	1,169,257	-	6,198,315
"	2.21	-	353,628	731,073	-	-	1,084,701
"	2.37	-	887,359	2,791,427	-	-	3,678,786
Total Financial Liabilities		-	3,201,862	9,245,217	1,169,257	12,555,140	26,171,476

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30. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk (Continued)

	Interest Rate at Reporting Date	At Variable Interest Rate	Fixed Interest Rate Maturity				Total
			< 1 year	1 - 5 Years	> 5 Years	Non-Interest Bearing	
	%	\$	\$	\$	\$	\$	\$
2016-17							
Financial Assets							
Cash	-	-	-	-	-	11,195	11,195
Bank (Westpac)	-	366,379	-	-	-	-	366,379
Receivables	-	-	-	-	-	2,696,410	2,696,410
Rates & ESL Receivable	11.00	-	-	2,993,760	-	-	2,993,760
Term Deposits:							
ING	2.66	-	12,070,000	-	-	-	12,070,000
Westpac	2.86	-	16,040,000	-	-	-	16,040,000
NAB	2.65	-	14,470,000	-	-	-	14,470,000
Bank of Queensland	2.66	-	8,200,000	-	-	-	8,200,000
Suncorp	2.64	-	14,185,000	-	-	-	14,185,000
Bendigo Bank	2.67	-	9,000,000	-	-	-	9,000,000
Rural Bank	2.70	-	8,750,000	-	-	-	8,750,000
Bank West	2.54	-	6,590,000	-	-	-	6,590,000
WA Treasury Corporation 11AM	1.45	1,555,000	-	-	-	-	1,555,000
Equity Contribution in Unlisted Entities	-	-	-	-	-	7,569,959	7,569,959
Total Financial Assets		1,921,379	89,305,000	2,993,760	-	10,277,564	104,497,703
Financial Liabilities							
Trade payables	-	-	-	-	-	11,214,834	11,214,834
Borrowings							
"	5.87	-	661,655	1,444,799	-	-	2,106,454
"	5.87	-	100,959	220,457	-	-	321,416
"	6.16	-	320,453	989,279	-	-	1,309,732
"	2.85	-	789,117	4,099,131	2,099,183	-	6,987,431
"	2.21	-	345,920	1,084,701	-	-	1,430,621
"	2.37	-	866,637	3,678,786	-	-	4,545,423
Total Financial Liabilities		-	3,084,741	11,517,153	2,099,183	11,214,834	27,915,911

30. FINANCIAL RISK MANAGEMENT (Continued)

(d) Payables and Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2018</u>					
Payables	12,555,140	-	-	12,555,140	12,555,140
Borrowings	3,603,627	10,126,575	979,875	14,710,077	13,616,336
	<u>16,158,767</u>	<u>10,126,575</u>	<u>979,875</u>	<u>27,265,217</u>	<u>26,171,476</u>
<u>2017</u>					
Payables	11,214,834	-	-	11,214,834	11,214,834
Borrowings	3,603,627	12,750,328	1,959,750	18,313,705	16,701,077
	<u>14,818,461</u>	<u>12,750,328</u>	<u>1,959,750</u>	<u>29,528,539</u>	<u>27,915,911</u>

31. EVENTS AFTER THE REPORTING DATE

There were no material events after 30 June 2018 that require inclusion in the notes to the financial statements.

32. TOWN PLANNING AND LAND DEVELOPMENT SCHEME – MINDARIE

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

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

On 1 July 1998 the former City of Wanneroo's one third share was split equally between the City of Joondalup and the City of Wanneroo, in accordance with the Joondalup and Wanneroo Order 1998, with the assets and liabilities 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 are being subdivided and developed for residential purposes by the Tamala Park Regional Council (Note 10).

33. JOONDALUP NORMALISATION AGREEMENT

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

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

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34. NET CURRENT ASSETS / CLOSING FUNDS

	30-Jun-18	30-Jun-17
Current Assets		
Cash and Investments	100,085,669	91,237,574
Rates Outstanding, Sundry Debtors and Other Receivables	3,026,090	2,956,711
Accrued Income	1,208,522	967,074
Prepayments	687,023	10,652
Inventories	188,284	144,976
Total Current Assets	105,195,588	95,316,987
Current Liabilities		
Trade Creditors	4,522,569	3,786,997
Sundry Payables	610,874	523,647
Accrued Expenses	5,116,012	4,796,207
Other Payables	2,305,685	2,107,983
Borrowings	3,201,862	3,084,741
Provision for Annual Leave	4,497,672	4,366,612
Provision for Long Service Leave	5,855,900	5,579,310
Provision for Purchased Leave	133,593	
Provision for Workers Compensation Insurance	2,503,467	3,550,341
Provision for Sick Leave	1,006,450	964,736
Other Provisions	63,321	59,321
Total Current Liabilities	29,817,405	28,819,895
Net Current Assets	75,378,183	66,497,092
Add back:		
Borrowings	3,201,862	3,084,741
Less:		
Cash Backed Reserves	74,151,620	69,497,817
Surplus/(Deficit)	4,428,425	84,016

35. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018 Actual \$	2018 Budget \$	2017 Actual \$
The following fees, expenses and allowances were paid to council members and/or the mayor			
Elected Members Allowances	533,595	579,994	579,994
Elected Members Conferences/Training	57,012	124,100	64,612
Elected Members Travel & Child Care	29,548	29,000	24,768
Other Specified Expenses	58,154	18,420	9,247
	678,309	751,514	678,621

(i) Key Management Personnel (KMP) Compensation Disclosure

	2018 \$	2017 \$
The total remuneration paid to KMP of the City during the year are as follows:		
Short-term employee benefits	2,671,498	2,618,329
Post-employment benefits	234,119	228,837
Other long term benefits	43,290	58,111
	2,948,907	2,905,277

Short-term employee benefits

These amounts include all salary, annual leave accrued and fringe benefits awarded to KMP.

Details in respect of fees and benefits paid to elected members may be found above

Post-employment benefits

These amounts are the current year's cost of providing for the City's superannuation contributions to the KMP.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Transactions with related parties

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

35. RELATED PARTY TRANSACTIONS (continued)

(ii) *Entities subject to significant influence by the City*

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

The City has one-sixth interest in the equity of Tamala Park Regional Council. The interest in this joint venture is accounted for in the City's financial statements using the equity method of accounting. For details of interest held in this entity please refer to Note 9.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

The following transactions occurred with Tamala Park Regional Council during the year:

	2018	2017
	\$	\$
Distributions received from Tamala Park Regional Council	719,001	1,880,761
Amount paid for settling the net GST liabilities	170,286	219,871
Amount receivable for GST on sales (Sundry Debtors)	4,170	5,193
Amount Payable for GST on acquisitions (Sundry Payables)	45,060	40,683

The City is an equity holder in the Mindarie Regional Council (Note 9).

	2018	2017
	\$	\$
Sale of goods and services	137,452	146,620
Purchase of goods and services	9,944,275	9,920,147
Capital Investment	12,304	47,442
Trade and Other payables including commitments	387,332	251,386
Trade and Other Receivables	10,886	10,788

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

36. PRIOR PERIOD CORRECTIONS

Balances relating to the 2017 comparative year have been amended due to the correction of prior period balances. These amendments have been adjusted as shown below and, in accordance with the requirements of AASB101, a statement of financial position as at the beginning of the earliest comparative period has been included (refer statement of financial position column labelled as at 1 July 2016)

The amendment has been made for the inclusion of balances relating to equity investment in Mindarie Regional Council using the equity accounting method, due to the reclassification of land related to TPRC sales from Property, Plant and Equipments to Land Held for Sale, and to restate transfers from trust to reflect a change in presentation. The equity investment was recorded on cost basis in the prior period.

	30/06/2017 Original Audited Balance \$	Amount of Adjustment \$	30/06/2017 Adjusted Balance \$
Effect of the above:			
<u>Changes to Financial Statements</u>			
Statement of Comprehensive Income			
- by Nature or Type			
Revenue			
Other Revenue	338,305	147,584	485,889
Non-Operating Activities			
Income from Equity Investments	-	43,334	43,334
Revaluation Decrement on Land Held for Sale	-	(2,048,596)	(2,048,596)
- by Program			
Revenue			
Governance	1,827,667	(46,688)	1,780,979
General Purpose Funding	105,107,358	194,272	105,301,630
Non-Operating Activities			
Income from Equity Investments	-	43,334	43,334
Revaluation Decrement on Land Held for Sale	-	(2,048,596)	(2,048,596)
Statement of Financial Position			
Non-Current Assets			
Equity Investments	7,569,959	10,259,954	17,829,913
Land Held for Sale	-	16,426,814	16,426,814
Property, Plant and Equipment	465,742,284	(16,426,814)	449,315,470
Equity			
Retained Surplus	553,160,772	3,249,930	556,410,702
Revaluation Surplus	858,489,112	7,010,024	865,499,136
Cash Flow Statement			
Cash Flows from Operating Activities			
Receipts - Other	291,617	194,272	485,889
Cash Flows from Investing Activities			
Transfer from Trust Fund	194,272	(194,272)	-

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

36. PRIOR PERIOD CORRECTIONS (Continued)

Rate Setting Statement

Surplus/(Deficit) from Operations	(101,922,054)	(147,584)	(101,774,470)
Cash Surplus/(Deficit) from Operations	(70,910,824)	194,272	(70,716,552)

Changes to Notes of the Financial Report

Note 9 - Equity Contribution in Other Unlisted Entities

Capital Investment in Mindarie Regional Council	675,894	10,259,954	10,935,848
Total	7,569,959	10,259,954	17,829,913

Note 10 - Property, Plant and Equipment

Freehold Land - Written Down Value	206,958,996	(14,455,000)	192,503,996
Capital Projects in Progress:			
Tamala Park Land Development	1,971,814	(1,971,814)	-
Total	465,742,284	(16,426,814)	449,315,470

Note 16 - Reserves - Asset Revaluation

Land and Buildings	354,371,786	2,048,596	356,420,382
Mindarie Regional Council Assets:			
Opening Balance	-	4,916,649	4,916,649
Revaluation Increment	-	44,779	44,779
Total	858,489,112	7,010,024	865,499,136

Note 17 - Notes to the Cash Flow Statement

Reconciliation of Net Cash By Operating Activities to Net Result

Net Result from Operating Activities	(7,079,544)	147,584	(6,931,960)
Investment movement in unlisted entities using equity method	(46,688)	46,688	-
Net Cash from Operating Activities	27,218,250	194,272	27,412,522

Note 22 - Total Assets Classified by Program

Community Amenities	316,559,095	(259,934,324)	56,624,771
Transport	498,293,052	259,934,324	758,227,376
Other Property and Services	262,770,309	10,259,954	273,030,263
Total	1,525,178,656	10,259,954	1,535,438,610

Note 37 - Statutory Ratios

Debt Service Cover ratio	8.72	-	8.77
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Note 38 - Land Held for Sale

-	16,426,814	16,426,814
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Balances as at 01 July 2016 has been restated as follows:

Note 10 - Property, Plant and Equipment

Freehold Land - Written Down Value	97,180,350	(16,787,975)	80,392,375
Capital Projects in Progress:			
Tamala Park Land Development	546,711	(546,711)	-
Total	341,472,553	(17,334,686)	324,137,867

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

37. STATUTORY FINANCIAL RATIOS

	2018	2017	2016
Current Ratio	1.04	0.90	1.04
Debt Service Cover Ratio	7.55	8.77	11.93
Operating Surplus Ratio	(0.02)	(0.05)	(0.01)
Own Source Revenue Coverage Ratio	0.95	0.92	0.98
Asset Sustainability Ratio	0.67	0.65	0.45
Asset Consumption Ratio	0.61	0.62	0.64
Asset Renewal Funding Ratio	0.88	0.62	0.54

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 Sustainability Ratio
$$\frac{\text{Capital Renewal and Replacement expenditure}}{\text{Depreciation Expenditure}}$$

Asset Consumption Ratio
$$\frac{\text{Depreciated replacement cost of assets}}{\text{Current replacement cost of depreciable assets}}$$

Asset Renewal Funding Ratio
$$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

38. LAND HELD FOR SALE

The City's share of land being developed for sale by Tamala Park Regional Council. Land is progressively divided into lots of different sizes of area and are at different stages of development. The value includes the City's share of development cost incurred on the lots being developed as at the balance date.

	2018	2017
Current		
Cost of Acquisition	-	-
Development Cost	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Non-Current		
Cost of Acquisition	14,169,697	14,455,000
Development Cost	3,207,766	1,971,814
	<u>17,377,463</u>	<u>16,426,814</u>
	<u> </u>	<u> </u>



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Council of the City of Joondalup

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Joondalup which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position or the financial management practices of the City:
 - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years.
 - b. The Operating Surplus Ratio has been below the DLGSCI standard for the last three years.

The financial ratios are reported in Note 37 of the financial report.


- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial report of the City for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 37 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Joondalup for the year ended 30 June 2018 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.


SANDRA LABUSCHAGNE
ACTING DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
14 November 2018