

**CITY OF JOONDALUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**CITY OF JOONDALUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Restated Actual \$
<b>Revenue</b>				
Rates	26(a)	99,245,067	98,783,930	104,739,695
Operating grants and subsidies	2(a)	6,109,786	5,880,450	6,358,041
Contributions, Reimbursements and Donations	2(a)	1,255,157	1,070,156	1,859,217
Fees and charges	2(a)	40,094,589	40,020,382	38,642,594
Interest earnings	2(a)	1,500,344	1,105,049	3,598,979
Other revenue		657,675	551,191	1,503,998
		<b>148,862,618</b>	<b>147,411,158</b>	<b>156,702,524</b>
<b>Expenses</b>				
Employee costs	2(b)	(60,128,780)	(64,094,975)	(61,285,629)
Materials and contracts	2(b)	(46,535,720)	(52,096,994)	(45,999,264)
Utility charges	2(b)	(5,583,393)	(6,114,625)	(5,742,917)
Depreciation on non-current assets	10(b)	(31,530,289)	(32,308,300)	(31,377,088)
Interest expenses	2(b)	(387,238)	(384,877)	(526,151)
Insurance expenses		(1,457,672)	(1,430,948)	(1,418,200)
		<b>(145,623,092)</b>	<b>(156,430,719)</b>	<b>(146,349,249)</b>
		<b>3,239,526</b>	<b>(9,019,561)</b>	<b>10,353,275</b>
Non-operating grants and subsidies	2(a)	7,552,188	9,972,598	6,172,432
Non-operating Contributions	2(a)	1,576,738	730,000	2,083,219
Profit on asset disposals	10(a)	145,064	98,529	78,041
Profit on sale of Tamala Park Regional Council Land	6(a)	2,314,488	0	739,752
Loss on asset disposals	10(a)	(15,882,989)	(207,114)	(295,694)
Loss on land held for sale	6(a)	(62,997)	(75,000)	0
Fair value adjustments to financial assets at fair value through profit or loss		3,233	0	1,441
Share of profit or (loss) of associates accounted for using the equity method	23	(921,960)	0	(156,620)
		<b>(5,276,235)</b>	<b>10,519,013</b>	<b>8,622,571</b>
<b>Net result for the period</b>		<b>(2,036,709)</b>	<b>1,499,452</b>	<b>18,975,846</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	65,900,787	0	(65,570,389)
<b>Total other comprehensive income for the period</b>		<b>65,900,787</b>	<b>0</b>	<b>(65,570,389)</b>
<b>Total comprehensive income for the period</b>		<b>63,864,078</b>	<b>1,499,452</b>	<b>(46,594,543)</b>

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

**CITY OF JOONDALUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Restated Actual \$
<b>Revenue</b>				
Governance	2(a)	229,173	33,674	707,913
General purpose funding		104,549,652	103,938,516	112,432,516
Law, order, public safety		674,532	819,800	1,018,528
Health		478,730	498,476	527,522
Education and welfare		135,676	132,671	123,898
Community amenities		23,413,831	22,510,390	23,367,513
Recreation and culture		10,603,214	9,724,289	9,021,707
Transport		6,308,515	7,769,223	7,302,455
Economic services		1,414,549	970,162	948,619
Other property and services		1,054,746	1,013,957	1,251,853
		148,862,618	147,411,158	156,702,524
<b>Expenses</b>				
Governance	2(b)	(9,900,440)	(6,280,203)	(9,712,628)
General purpose funding		(4,887,235)	(3,063,181)	(4,856,370)
Law, order, public safety		(5,175,189)	(4,144,647)	(5,654,826)
Health		(1,764,692)	(1,705,198)	(1,808,801)
Education and welfare		(2,871,464)	(2,344,691)	(3,078,692)
Community amenities		(28,759,901)	(27,437,442)	(28,846,487)
Recreation and culture		(49,021,723)	(46,211,538)	(48,818,862)
Transport		(34,062,811)	(34,552,296)	(34,569,407)
Economic services		(2,121,105)	(2,500,641)	(1,870,634)
Other property and services		(6,671,294)	(27,806,005)	(6,606,391)
		(145,235,854)	(156,045,842)	(145,823,098)
<b>Finance Costs</b>				
General purpose funding	2(b)	(206,519)	(208,565)	(526,151)
Recreation and culture		(8,147)	(1,956)	0
Transport		(172,572)	(174,356)	0
		(387,238)	(384,877)	(526,151)
		3,239,526	(9,019,561)	10,353,275
Non-operating grants and subsidies	2(a)	7,552,188	9,972,598	6,172,432
Non-operating Contributions	2(a)	1,576,738	730,000	2,083,219
Profit on asset disposals	10(a)	145,064	98,529	78,041
Profit on sale of Tamala Park Regional Council Land	6(a)	2,314,488	0	739,752
(Loss) on asset disposals	10(a)	(15,882,989)	(207,114)	(295,694)
Loss on land held for sale	6(a)	(62,997)	(75,000)	0
Fair value adjustments to financial assets at fair value through profit or loss		3,233	0	1,441
Share of profit or (loss) of associates accounted for using the equity method	23	(921,960)	0	(156,620)
		(5,276,235)	10,519,013	8,622,571
<b>Net result for the period</b>		<b>(2,036,709)</b>	<b>1,499,452</b>	<b>18,975,846</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	65,900,787	0	(65,570,389)
<b>Total other comprehensive income for the period</b>		<b>65,900,787</b>	<b>0</b>	<b>(65,570,389)</b>
<b>Total comprehensive income for the period</b>		<b>63,864,078</b>	<b>1,499,452</b>	<b>(46,594,543)</b>

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

**CITY OF JOONDALUP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	NOTE	2021 \$	Restated 2020 \$	2020 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	3	140,026,825	125,021,982	125,021,982
Trade and other receivables	5	3,650,817	5,571,476	5,571,476
Inventories	6	226,281	1,784,789	1,784,789
Other current assets	7	1,355,533	1,427,614	1,427,614
<b>TOTAL CURRENT ASSETS</b>		<b>145,259,456</b>	<b>133,805,861</b>	<b>133,805,861</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	5	2,039,460	1,942,814	1,942,814
Other financial assets	6	92,259	89,026	89,026
Inventories	6	16,105,064	17,134,223	17,134,223
Investment in associate	23	13,083,629	12,538,550	19,186,815
Property, plant and equipment	8	370,183,639	372,777,727	372,777,727
Infrastructure	9	973,377,044	917,451,547	917,451,547
Right-of-use assets	14	6,551,747	6,539,758	6,539,758
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,381,432,842</b>	<b>1,328,473,645</b>	<b>1,335,121,910</b>
<b>TOTAL ASSETS</b>		<b>1,526,692,298</b>	<b>1,462,279,506</b>	<b>1,468,927,771</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	12	12,539,305	12,140,746	12,140,746
Lease liabilities	14	455,497	362,194	362,194
Other liabilities	13	4,499,377	1,977,599	1,977,599
Borrowings	15	1,836,594	2,445,660	2,445,660
Employee related provisions	16	14,800,690	14,638,174	14,638,174
Other provisions	17	9,415	66,705	66,705
<b>TOTAL CURRENT LIABILITIES</b>		<b>34,140,878</b>	<b>31,631,078</b>	<b>31,631,078</b>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities	14	6,245,829	6,270,158	6,270,158
Borrowings	15	2,807,892	4,644,486	4,644,486
Employee related provisions	16	1,419,898	1,520,060	1,520,060
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,473,619</b>	<b>12,434,704</b>	<b>12,434,704</b>
<b>TOTAL LIABILITIES</b>		<b>44,614,497</b>	<b>44,065,782</b>	<b>44,065,782</b>
<b>NET ASSETS</b>		<b>1,482,077,801</b>	<b>1,418,213,724</b>	<b>1,424,861,989</b>
<b>EQUITY</b>				
Retained surplus		532,790,049	559,003,347	566,803,446
Reserves - cash backed	4	110,772,200	76,595,611	86,595,611
Revaluation surplus	11	838,515,552	772,614,765	771,462,932
<b>TOTAL EQUITY</b>		<b>1,482,077,801</b>	<b>1,408,213,723</b>	<b>1,424,861,989</b>

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

**CITY OF JOONDALUP**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2019</b>		<b>551,361,102</b>	<b>82,402,047</b>	<b>838,579,279</b>	<b>1,472,342,428</b>
Mindarie Regional Council - initial application of AASB 1059		(6,906,688)	0	0	(6,906,688)
Prior year adjustment - Mindarie Regional Council		(205,432)	0	0	(205,432)
<b>Restated balance at the beginning of the financial year</b>		<b>544,248,982</b>	<b>82,402,047</b>	<b>838,579,279</b>	<b>1,465,230,308</b>
Net result for the period (restated)		18,975,846	0	0	18,975,846
Other comprehensive income (restated)	11	0	0	(65,570,389)	(65,570,389)
Total comprehensive income		18,975,846	0	(65,570,389)	(46,594,543)
Initial application of AASB 15/1058		(2,515,739)	0	0	(2,515,739)
Transfers (from)/to surplus	11	394,125	0	(394,125)	0
Transfers (from)/to reserves	4	(4,193,564)	4,193,564	0	0
Transfers from/(to) trust funds		2,093,697	0	0	2,093,697
<b>Restated Balance as at 30 June 2020</b>		<b>559,003,347</b>	<b>86,595,611</b>	<b>772,614,765</b>	<b>1,418,213,723</b>
Comprehensive income					
Net result for the period		(2,036,709)	0	0	(2,036,709)
Other comprehensive income	11	0	0	65,900,787	65,900,787
Total comprehensive income		(2,036,709)	0	65,900,787	63,864,078
Transfers from reserves	4	21,291,254	(21,291,254)	0	0
Transfers to reserves	4	(45,467,843)	45,467,843	0	0
<b>Balance as at 30 June 2021</b>		<b>532,790,049</b>	<b>110,772,200</b>	<b>838,515,552</b>	<b>1,482,077,801</b>

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

**CITY OF JOONDALUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		101,592,125	90,266,306	104,243,686
Operating grants, subsidies and contributions		9,129,662	6,950,605	7,288,758
Fees and charges		40,408,800	39,936,832	38,642,594
Interest received		1,500,344	1,725,729	3,598,979
Other revenue		657,675	551,191	1,150,134
		153,288,606	139,430,663	154,924,151
<b>Payments</b>				
Employee costs		(62,071,503)	(63,512,491)	(64,175,327)
Materials and contracts		(46,656,107)	(51,188,305)	(45,874,408)
Utility charges		(5,583,393)	(6,007,385)	(5,742,917)
Interest expenses		(387,238)	(384,858)	388,152
Insurance paid		(1,457,672)	(1,430,948)	(1,418,200)
Goods and services tax paid		(63,749)	0	(211,097)
		(116,219,663)	(122,523,987)	(117,033,797)
<b>Net cash provided by (used in) operating activities</b>	18	37,068,943	16,906,676	37,890,354
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(8,731,113)	(4,320,099)	(7,463,250)
Payments for construction of infrastructure	9(a)	(25,975,883)	(43,881,770)	(22,858,537)
Non-operating grants, subsidies and contributions	2(a)	11,650,704	10,702,598	5,312,482
Proceeds from disposal of land held for sale	6	1,496,094	0	0
Proceeds from sale of property, plant & equipment	10(a)	445,136	1,851,050	1,508,256
Net Distributions received from Tamala Park Regional Council	23(c)	1,876,606	500,000	641,408
<b>Net cash provided by (used in) investment activities</b>		(19,238,456)	(35,148,221)	(22,859,641)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	15(b)	(2,445,660)	(2,445,660)	(3,324,328)
Payments for principal portion of lease liabilities	14(b)	(379,984)		(407,643)
<b>Net cash provided by (used in) financing activities</b>		(2,825,644)	(2,445,660)	(3,731,971)
<b>Net increase (decrease) in cash held</b>		15,004,843	(20,687,205)	11,298,743
Cash at beginning of year		125,021,982	118,062,428	111,629,542
Transfer from Trust Fund		0	297,158	2,093,697
<b>Cash and cash equivalents at the end of the year</b>	18	140,026,825	97,672,381	125,021,982

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

**CITY OF JOONDALUP**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	27 (b)	19,608,893	17,321,507	5,581,095
		19,608,893	17,321,507	5,581,095
<b>Revenue from operating activities (excluding rates)</b>				
Specified area rates		713,830	705,776	712,302
Operating grants and subsidies		6,109,786	5,880,449	6,344,616
Contributions, Reimbursements and Donations		1,255,157	1,070,156	1,859,217
Profit on asset disposals		2,459,552	98,529	817,793
Fees and charges		40,094,589	40,020,382	38,642,594
Interest earnings		1,500,344	1,105,049	3,598,979
Other revenue		657,675	551,191	1,503,998
		52,790,933	49,431,532	53,479,499
<b>Expenditure from operating activities</b>				
Employee costs		(60,128,780)	(64,094,975)	(61,285,629)
Materials and contracts		(46,535,720)	(52,096,994)	(45,987,461)
Utility charges		(5,583,393)	(6,114,625)	(5,742,917)
Depreciation on non-current assets		(31,530,289)	(32,308,300)	(31,377,088)
Loss on asset disposals		(15,882,989)	(207,114)	(295,694)
Loss on land held for sale		(62,997)	(75,000)	0
Interest expenses		(387,238)	(384,877)	(526,151)
Insurance expenses		(1,457,672)	(1,430,948)	(1,418,200)
		(161,569,078)	(156,712,833)	(146,633,140)
Non-cash amounts excluded from operating activities	27(a)	43,260,818	32,591,885	31,845,525
<b>Amount attributable to operating activities</b>		(45,908,434)	(57,367,909)	(55,727,021)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	9,128,926	10,702,598	5,312,482
Proceeds from disposal of assets	10(a)	445,136	1,851,050	1,508,256
Proceeds from disposal of land held for sale	6	1,496,094	0	0
Purchase of property, plant and equipment	8(a)	(8,731,113)	(4,320,099)	(7,463,250)
Purchase and construction of infrastructure	9(a)	(25,975,883)	(44,091,770)	(22,858,537)
Net Distributions received from Tamala Park Regional Council		1,876,606	500,000	641,408
		(21,760,234)	(35,358,221)	(22,859,641)
<b>Amount attributable to investing activities</b>		(21,760,234)	(35,358,221)	(22,859,641)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	15(b)	(2,445,660)	(2,445,660)	(3,324,328)
Payments for principal portion of lease liabilities	14(b)	(379,984)	0	(407,643)
Transfers to reserves (restricted assets)	4	(45,467,843)	(24,795,823)	(16,065,719)
Transfers from reserves (restricted assets)	4	21,291,254	26,602,760	11,872,155
Transfer from Trust Fund		0	297,158	2,093,697
<b>Amount attributable to financing activities</b>		(27,002,233)	(341,565)	(5,831,838)
<b>Surplus/(deficit) before imposition of general rates</b>		(94,670,901)	(93,067,695)	(84,418,500)
<b>Total amount raised from general rates</b>	26(a)	98,531,237	98,078,155	104,027,393
<b>Surplus/(deficit) after imposition of general rates</b>	27(b)	<b>3,860,336</b>	<b>5,010,460</b>	<b>19,608,893</b>

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



**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**1. 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 Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

All funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 to these financial statements.

**INITIAL APPLICATION OF 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.

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

**NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

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

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

**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 which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

- Employee expenses
- Land held for resale
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES**

**(a) Revenue (Grants, subsidies & contributions)**

Grants, subsidies and contributions are included as both operating and non-operating revenues in the Statement of Comprehensive Income:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>By nature and type:</b>			
<b>Operating grants and subsidies</b>			
<b>Current grants</b>			
Financial Assistance Grant	5,575,222	5,595,750	5,744,520
Department of Communities	1,000	1,000	9,970
Department of Local Gov Sport and Cultural Industries	5,000	0	10,000
Department of Transport	95,739	75,000	79,053
Healthways	9,000	10,000	10,000
Lotteries commission	0	45,000	45,000
Department of Industry, Innovation and Science	175,596	0	167,012
Department of Fire and Emergency Services	144,728	87,700	253,470
Regional Development	7,500	0	7,500
Gaming and wagering	12,000	0	0
Other Grants	84,001	66,000	31,516
	6,109,786	5,880,450	6,358,041
<b>Non-operating grants and subsidies</b>			
<b>Capital grants</b>			
Main Roads Black Spot Funding	342,916	1,726,894	377,747
Main Roads Direct Grant	542,265	531,000	533,932
Main Roads - Metro Regional Road Programme	2,438,206	3,544,705	1,460,788
Cities - Roads to Recovery Programme	1,376,756	1,532,000	1,403,040
Department of Water and Environmental Regulation	321,746	0	354,000
Department of Local Gov sport and cultural industries	42,234	0	84,560
Lottery west	100,160	0	618,839
Department of Transport	157,411	110,000	194,937
Dept Industry Innovation and Science	0	0	20,000
Public Transport Authority	0	1,000,000	938,725
Communication	2,227,494	1,440,500	0
Other Government Grants	3,000	87,500	185,864
	7,552,188	9,972,599	6,172,432
<b>Total grant revenue</b>	13,661,974	15,853,049	12,530,473
<b>By program:</b>			
<b>Operating grants and subsidies</b>			
Governance	175,596	0	0
General purpose funding	3,314,170	3,349,022	3,457,427
Law, order, public safety	0	0	159,520
Education and welfare	24,470	4,000	0
Community amenities	77,219	75,000	134,560
Recreation and culture	40,436	57,000	86,000
Transport	2,322,371	2,307,728	2,352,998
Other property and services	155,524	87,700	167,536
	6,109,786	5,880,450	6,358,041
<b>Non-operating grants and subsidies</b>			
Community amenities	835,362	770,000	1,106,225
Recreation and culture	1,153,797	1,710,500	1,513,114
Transport	5,563,029	7,484,599	3,553,093
Education and Welfare	0	7,500	0
	7,552,188	9,972,599	6,172,432
<b>Total grants and subsidies</b>	13,661,974	15,853,049	12,530,473
	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>By Nature and Type:</b>			
<b>Contributions, reimbursements and donations</b>			
<b>Current</b>			
Contributions	131,221	145,400	149,349
Reimbursements	1,123,936	924,756	1,709,868
	1,255,157	1,070,156	1,859,217

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Grants, subsidies & contributions)**

**Non-operating contributions**

Capital contributions	1,576,738	730,000	2,083,219
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**By Program:**

**Contributions, reimbursements and donations**

Governance	13,402	33,674	3,539
General purpose funding	77,278	230,500	156,726
Law, order, public safety	20,291	22,869	25,384
Health	5,963	9,476	9,730
Education and welfare	46,783	44,750	45,076
Community amenities	415,985	61,230	884,833
Recreation and culture	468,463	435,385	534,097
Transport	24,485	24,495	52,744
Economic services	29,264	4,162	3,360
Other property and services	153,243	203,616	143,729
	1,255,157	1,070,157	1,859,217

**Non-operating contributions**

Community amenities	0	0	125,053
Recreation and culture	1,481,552	730,000	307,247
Transport	95,186	0	0
Other property and services	0	0	1,650,919
	1,576,738	730,000	2,083,219

**(a) Revenue (continued)**

**Fees and charges (by nature and type)**

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Refuse charges	20,743,412	20,676,614	20,614,416
Membership fees	2,833,528	2,543,567	2,384,362
Learn to Swim program fees	2,049,189	1,478,174	1,357,983
User entry fees	1,877,382	1,853,346	1,739,879
Off street parking fees	1,323,661	1,390,000	1,277,297
On street parking fee	1,090,099	1,224,000	1,138,956
Parking infringements	313,755	1,190,000	920,922
Inspection fees	1,005,533	1,023,389	1,003,051
Development application fees	1,056,685	700,000	711,668
Facilities hire	939,363	990,663	750,585
Other miscellaneous charges	877,224	834,492	838,652
Building licence fees	890,639	610,000	588,892
Property rental	765,385	814,836	792,039
Court sport revenue	505,162	525,764	406,642
Rates instalments administration fee	539,055	643,200	637,153
Fines enforcement	443,453	630,000	637,188
Dog registration fees	371,512	400,000	440,689
Term program activities fees	212,714	197,534	173,535
Merchandise sales and other sales	313,717	230,486	236,733
Private property agreements	131,084	130,000	133,992
Land purchase enquiries fees	349,086	220,000	232,156
Multi storey car park parking fees	613,930	860,000	782,398
Other building and development charges	135,012	110,000	91,845
Commission	153,191	145,750	142,754
Credit card surcharge	118,334	135,000	137,464
Immunisation fees	109,170	102,000	142,060
Library fines and penalties	49,858	73,300	55,859
Personal training	8,891	88,287	83,451
Park hire	207,046	118,980	109,632
Cat registration fee	67,521	81,000	80,343
	40,094,589	40,020,382	38,642,594

**Fees and Charges ( By Program)**

Governance	1,948	0	0
General purpose funding	909,759	983,200	984,295
Law, order, public safety	654,241	796,931	833,624
Health	472,767	489,000	517,792
Education and welfare	64,423	83,921	78,822
Community amenities	22,920,627	22,374,160	22,348,121
Recreation and culture	9,379,460	8,526,129	7,697,484
Transport	3,961,658	5,437,000	4,896,714
Economic services	1,385,286	966,000	945,260
Other property and services	344,420	364,041	340,484
	40,094,589	40,020,382	38,642,594

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2 REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

There were no changes to the amounts of fees or charges detailed in the original budget.

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

**Contracts with customers and transfers for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:

Operating grants, subsidies and contributions

Fees and charges

Other revenue

Non-operating grants, subsidies and contributions

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:

Revenue from contracts with customers included as a contract liability at the start of the period

Revenue from contracts with customers recognised during the year

Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period

Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year

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

Trade and other receivables from contracts with customers

Contract assets

Contract liabilities from contracts with customers

Financial assets held from transfers for recognisable financial assets

Grant liabilities from transfers for recognisable non financial assets

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Operating grants, subsidies and contributions	6,109,786	5,880,450	6,358,041
Fees and charges	40,094,589	40,020,382	38,642,594
Other revenue	657,675	551,191	1,503,998
Non-operating grants, subsidies and contributions	7,552,188	9,972,598	6,172,432
	54,414,238	56,424,621	52,677,065
Revenue from contracts with customers included as a contract liability at the start of the period	36,885		
Revenue from contracts with customers recognised during the year	46,825,165	46,452,023	46,504,633
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	718,847		
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	6,833,341	9,972,598	6,172,432
	54,414,238	56,424,621	52,677,065
Trade and other receivables from contracts with customers	904,682	0	2,669,401
Contract assets	0	0	0
Contract liabilities from contracts with customers	0	0	(36,885)
Financial assets held from transfers for recognisable financial assets	3,277,510	0	718,847
Grant liabilities from transfers for recognisable non financial assets	(3,277,510)	0	(718,847)

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2020.

Assets associated with contracts with customers were not subject to an impairment charge.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (continued)**

**Rates (by nature and type)**

General rates  
 Specified area rates

**Interest earnings**

Interest on reserve funds  
 Rates instalment and penalty interest (refer Note 26(d))  
 Interest earned on Other Investments

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
General rates	98,531,237	98,078,155	104,027,393
Specified area rates	713,830	705,776	712,298
	99,245,067	98,783,931	104,739,691
Interest earnings			
Interest on reserve funds	693,445	521,482	1,045,385
Rates instalment and penalty interest (refer Note 26(d))	172,639	108,723	783,879
Interest earned on Other Investments	634,261	474,844	1,769,715
	1,500,344	1,105,049	3,598,979

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

**(b) Expenses**

**Employee costs**

Salaries and wages  
 Superannuation guarantee  
 Workers compensation  
 Other

**Materials and contracts**

Elected member costs  
 Administration costs  
 Rental and property charges  
 Telephone and communication charges  
 Finance related costs  
 Professional charges\*\*  
 Public relations costs  
 Computing costs  
 Contributions and donations  
 Purchase of minor equipment  
 Travel and vehicle maintenance expenses  
 Waste management costs  
 External contractors and services  
 Other materials and services

**\*\*Auditors remuneration**

- Audit of the Annual Financial Report  
 - Other services

**Interest expenses (finance costs)**

Borrowings  
 Lease liabilities

**Utilities Charges**

Electricity  
 Gas  
 Water

Note	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Employee costs			
Salaries and wages	49,268,895	55,069,622	50,898,134
Superannuation guarantee	4,996,032	5,096,621	5,008,900
Workers compensation	1,497,828	1,497,546	1,511,586
Other	4,366,025	2,431,186	3,867,009
	60,128,780	64,094,975	61,285,629
Materials and contracts			
Elected member costs	642,022	771,183	646,511
Administration costs	847,960	1,239,747	1,173,663
Rental and property charges	814,253	977,115	843,050
Telephone and communication charges	686,608	802,513	708,219
Finance related costs	539,798	545,290	657,191
Professional charges**	1,793,002	2,616,762	1,785,245
Public relations costs	778,731	1,219,025	811,540
Computing costs	2,150,104	3,145,595	2,084,115
Contributions and donations	1,099,899	1,693,441	1,198,995
Purchase of minor equipment	1,155,880	1,042,309	2,346,254
Travel and vehicle maintenance expenses	1,395,428	1,741,929	1,667,202
Waste management costs	17,040,434	17,441,200	16,819,968
External contractors and services	13,552,154	13,321,958	11,569,647
Other materials and services	4,039,447	5,538,927	3,687,662
	46,535,720	52,096,994	45,999,264
**Auditors remuneration			
- Audit of the Annual Financial Report	68,300	80,000	81,000
- Other services	10,570	0	3,160
	78,870	80,000	84,160
Interest expenses (finance costs)			
Borrowings	15(b) 206,519	208,565	334,382
Lease liabilities	14(b) 180,719	176,312	191,769
	387,238	384,877	526,151
Utilities Charges			
Electricity	5,337,905	5,858,669	5,514,394
Gas	42,919	56,729	39,096
Water	202,569	199,226	189,428
	5,583,393	6,114,624	5,742,918

## 2. REVENUE AND EXPENSES

### Revenue recognition policy on main sources of fees and charges

Revenue Category	Nature of Goods and Services	When obligations typically satisfied	Payment Terms	Timing of Revenue recognition
Refuse Charges	Charge for refuse collection and processing	Over time	Payment dates per rates notice	When rates notice is issued
Membership fees	Sports/recreation activities	Over time	In full in advance	When the fees are paid
Learn to swim program	Sports/recreation activities	Over time	In full on booking	When the fees are paid
User entry fees	Sports/recreation activities	Single point in time	At point of sale/entry	When the fees are paid
Off street parking fees	Car parking	Single point in time	At point of sale/entry	When the fees are paid
On street parking fees	Car parking	Single point in time	At point of sale/entry	When the fees are paid
Multi Storey car parking fees	Car parking	Single point in time	At point of sale/entry	When the fees are paid
Parking and other infringements	Fines for breaches of legislation	Single point in time	Payment in full within defined time	When payment is received

2 REVENUE AND EXPENSES (Continued)

Revenue recognition policy on main sources of fees and charges (continued)

Revenue Category	Nature of Goods and Services	When obligations typically satisfied	Payment Terms	Timing of Revenue recognition
Inspection fees:				
Pool inspections	Statutory - Compliance safety check	Single point in time	In accordance with rates notice due date	When rates notice is issued
Other inspections	Statutory - Regulatory, food, health and safety	Single point in time	Full payment prior to inspection	When the fees are paid
Development application fees	Compliance with legislation	Single point in time	In full on application	When the fees are paid
Facilities hire	Use of City facilities	Single point in time	In full at point of sale/booking	When the fees are paid
Property rental	Use of building space	Over time	Defined time from invoice issue	Upon issue of invoice

### 3. CASH AND CASH EQUIVALENTS

NOTE	2021 \$	2020 \$
Cash at bank and on hand	4,352,698	8,491,982
Term deposits	135,674,128	116,530,000
<b>Total cash and cash equivalents</b>	<b>140,026,825</b>	<b>125,021,982</b>
<b>Restrictions</b>		
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:		
- Cash and cash equivalents	114,049,710	87,351,343
	<b>114,049,710</b>	<b>87,351,343</b>

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

Reserves - cash backed	4	110,772,200	86,595,611
Contract liabilities from contracts with customers	13	0	36,885
Grants for transfers for recognisable non financial assets	13	3,277,510	718,847
<b>Total restricted assets</b>		<b>114,049,710</b>	<b>87,351,343</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

##### Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.



**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**4. RESERVES - CASH BACKED**

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Non-current long service leave	1,359,636	0	(119,628)	1,240,008	1,361,317	100,000	0	1,461,317	1,511,317	0	(151,681)	1,359,636
(b) Capital works Carried Forward Reserve	13,337,090	5,492,708	(8,111,244)	10,718,554	6,334,894	0	(4,484,497)	1,850,397	11,706,412	10,252,814	(8,622,136)	13,337,090
(c) Cash in lieu of Parking Reserve	1,351,015	10,988	0	1,362,003	1,347,258	10,142	0	1,357,400	1,221,867	140,493	(11,345)	1,351,015
(d) Joondalup Performing Arts and Cultural Facility Reserve	16,819,773	142,279	0	16,962,052	16,782,411	126,342	0	16,908,753	16,617,407	249,155	(46,789)	16,819,773
(e) Marmion Car Park Reserve	183,105	0	0	183,105	183,105	0	0	183,105	183,105	0	0	183,105
(f) Parking Facility Reserve	3,059,950	1,344,762	(1,003,867)	3,400,845	2,465,428	1,938,547	(1,003,867)	3,400,108	2,195,871	2,001,605	(1,137,526)	3,059,950
(g) Percy Doyle Infrastructure Reserve	0	85,346	0	85,346	0	0	0	0	0	0	0	0
(h) Public Art Reserve	212,049	50,000	0	262,049	272,756	0	0	272,756	212,049	0	0	212,049
(i) Specified area rating - Harbour Rise reserve	3,862	5,516	0	9,378	4,426	0	(4,426)	0	10,590	108	(6,836)	3,862
(j) Specified area rating - Iluka reserve	13,414	4,665	0	18,079	1,828	0	(1,828)	0	760	12,654	0	13,414
(k) Specified area rating - Woodvale Waters reserve	6,092	36	(3,368)	2,760	5,861	0	(5,861)	0	19,205	188	(13,301)	6,092
(l) Specified area rating - Burns Beach reserve	6,457	1,872	0	8,329	4,311	0	(4,311)	0	6,329	128	0	6,457
(m) Strategic Asset Reserve	16,584,455	1,622,888	(3,484,565)	14,722,778	15,090,413	1,512,083	(8,470,700)	8,131,796	18,066,474	258,199	(1,740,218)	16,584,455
(n) Tamala Park Land Sales Reserve	14,124,630	2,123,008	0	16,247,638	14,083,685	607,907	0	14,691,592	13,915,689	208,941	0	14,124,630
(o) Asset Renewal Reserve	5,997,695	31,921,762	(8,568,582)	29,350,875	6,545,366	19,891,330	(12,627,271)	13,809,425	6,050,243	89,775	(142,323)	5,997,695
(p) Waste Management Reserve	13,536,388	2,662,015	0	16,198,403	11,919,331	609,470	0	12,528,801	10,684,729	2,851,659	0	13,536,388
	86,595,611	45,467,843	(21,291,254)	110,772,200	76,402,390	24,795,821	(26,602,761)	74,595,450	82,402,047	16,065,719	(11,872,155)	86,595,611

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

<b>Name of Reserve</b>	<b>Purpose of the reserve</b>
(a) Non-current long service leave	Created in 2012/13 to facilitate the funding of the non-current portion of long service leave liabilities to City employees.
(b) Capital works Carried Forward Reserve	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	Created in 1993/94 with funds previously held in Trust Fund. Represents funds received from developers in lieu of providing car parking. Funds transferred from the reserve will be utilised to fund future car parking requirements. Funds transferred to the reserve includes interest.
(d) Joondalup Performing Arts and Cultural Facility Reserve	Created in 2000-01 to assist with the design and development of a regional performing arts facility in the Joondalup City Centre. The reserve was renamed in 2005-06 and again in 2009-10 to more appropriately reflect its intent. The transfer from Reserve was mainly to fund the Jinan Garden, at Lot 1001, Teakle Court. The transfer from accumulated surplus represents interest.
(e) Marmion Car Park Reserve	Created in 2013-14 to receive the State Government's contribution and the unspent portion of City of Joondalup funds for the construction of a car park next to the Marmion Angling and Aquatic Club.
(f) Parking Facility Reserve	Created in 2008-09 to hold the operating surpluses arising from the paid parking in the Joondalup City Centre to be applied in the development and provision of facilities and services, both parking and non parking, in the Joondalup City Centre. The transfer from accumulated surplus represents parking operating surplus and interest. Transfer to accumulated surplus is to fund repayments on the \$8,500,000 loan taken in 2014-15 to construct the Reid Promenade Car Park.
(g) Percy Doyle Infrastructure Reserve	Created in 2020-21 . for the purposes of providing new infrastructure and improving existing infrastructure at Percy Doyle Reserve. Transfer from accumulated surplus represents initial funding to establish the reserve and interest.
(h) Public Art Reserve	Created in 2012-13 for the purpose of providing for the commissioning and purchase of public art works. Transfer from accumulated surplus represents funding for this purpose
(i) Specified area rating - Harbour Rise reserve	The reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Harbour Rise specified area. Transfer from accumulated surplus represents interest. Transfers from the reserve are to fund works undertaken in the Harbour Rise specified area.
(j) Specified area rating - Iluka reserve	The reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Iluka specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.
(k) Specified area rating - Woodvale Waters reserve	The reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Woodvale specified area. Transfers from the reserve are to fund works undertaken in the Woodvale area. Transfers from accumulated surplus represents interest.
(l) Specified area rating - Burns Beach reserve	The reserve was created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Burns Beach specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.
(m) Strategic Asset Reserve	The reserve was created in 2010-11 from the merger of the old Strategic Asset Management and Asset Replacement Reserves, and is intended to fund the acquisition and development of new and renewal of existing City infrastructure and building assets. The transfer from accumulated surplus represents interest. Transfer from reserve was for the funding of various capital works projects including Joondalup City Centre lighting.
(n) Tamala Park Land Sales Reserve	This reserve was created in 2013-14 to receive the City of Joondalup's share of the dividends from the proceeds of the sales of Tamala Park land to be held and subsequently applied for the purpose of investing in income producing facilities, to build significant one-off community facilities and to assist with the cash flow requirements of developing significant infrastructure assets aligned to the 10 Year Strategic Financial Plan. The transfer from accumulated surplus represents interest.
(o) Asset Renewal Reserve	Created in 2008-09 by consolidating the Heavy Vehicle, Light Vehicle and Plant Replacement reserves with the purpose of supporting the funding of vehicle, plant and equipment purchases. The transfer from accumulated surplus represents interest. Renamed to its current name in 2019-20.
(p) Waste Management Reserve	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 and 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.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**5. TRADE AND OTHER RECEIVABLES**

**Current**

Rates receivable	
Sundry receivables	
GST receivable	
Allowance for impairment of receivables	

**Non-current**

Pensioner's rates and ESL deferred	
Long service leave - due from other Councils	

2021	2020
\$	\$
1,687,531	1,979,100
904,682	2,669,401
1,084,630	1,020,879
(26,026)	(97,904)
3,650,817	5,571,476
1,920,992	1,861,175
118,468	81,639
2,039,460	1,942,814

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 28.

**Classification and subsequent measurement**

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

## 6. INVENTORIES AND OTHER FINANCIAL ASSETS

### (a) Inventories

#### Current

Inventories	135,835	135,253
Land held for resale	90,442	1,649,532
Assets held for transfer (Note 1)	4	4

#### Non-current

Land held for resale - cost (Note 2)		
Cost of acquisition	13,910,287	14,009,867
Disposals during the year	(426,481)	(99,580)
Development costs	2,621,258	3,223,936
	16,105,064	17,134,223

The following movements in inventories occurred during the year:

Balance at beginning of year	18,919,012	17,506,677
Issues/Disposals during the year	(2,711,067)	(844,718)
Adjustments during the year	(20)	2,901
Receipts/additions during the year	123,420	2,254,152
Balance at end of year	16,331,345	18,919,012

Note 1- Assets held for transfer comprises: Two lots of land to be transferred to Development WA for the Ocean Reef Marina development. The two lots were originally recognised and presented at a combined cost of \$554,785. They are now held at their net realisable value, following revaluation in 2019-20. The land was presented in the 2018-19 financial year at a combined fair value of \$63,077,000 following revaluation in 2017. In addition peripheral assets previously held at a value of \$6,598,000 (\$2,745,000 buildings and \$3,853,000 infrastructure) relevant to the development are also held at net realisable value. Refer Note 24.2

Note 2. This land relates to the Tamala Park Regional Council (TPRC) which was established in January 2006 for the purpose of the development of the Tamala Park land jointly owned by seven local governments, including the City of Joondalup.

### Profit on sale of Tamala Park Regional Council Land

	2021	2020
	\$	\$
Sales Proceeds	4,985,565	1,506,830
Cost of land sold	426,481	99,580
Development and other costs	2,244,596	667,498
Profit	2,314,488	739,752

### Loss on sale of other land held for resale

	2021	2020
	\$	\$
Sales Proceeds	1,496,094	0
Cost of land sold	1,559,091	0
Loss	(62,997)	0

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### Land held for resale

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

### Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

## 6. INVENTORIES AND OTHER FINANCIAL ASSETS

### (b) Other Financial Assets

#### Non-current assets

Financial assets at fair value through profit and loss

#### Financial assets at fair value through profit and loss

Units in Local Government House Trust

2021	2020
\$	\$
92,259	89,026
92,259	89,026
92,259	89,026
92,259	89,026

The City holds 5 units out of a total of 620 fully paid ordinary Units in the Local Government House Trust. Changes in the fair value of Units in the Trust recognised as non-current financial assets at fair value through profit and loss have not been recognised nor considered as they are unlikely to be material and unable to be reliably determined at the time of preparation of these statements.

#### SIGNIFICANT ACCOUNTING POLICIES

##### Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

##### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 28.

## 7. OTHER CURRENT ASSETS

### Other assets - current

Prepayments

Accrued income

2021	2020
\$	\$
757,967	443,960
597,565	983,654
1,355,533	1,427,614

#### SIGNIFICANT ACCOUNTING POLICIES

##### Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

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**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

	Land - freehold land \$	Buildings - non- specialised \$	Furniture and equipment \$	Plant and equipment \$	Artworks	Library Assets \$	Work in Progress \$	Total property, plant and equipment \$
<b>Balance at 1 July 2019</b>	190,437,996	212,482,448	1,126,416	17,181,252	807,618	0	14,155,089	436,190,819
Additions						2,004,791	7,463,250	9,468,041
(Disposals)	(1,353,000)	0	0	(372,910)	0	0	0	(1,725,910)
Revaluation increments / (decrements) transferred to revaluation surplus	(73,061,309)	11,263,327	0	0	0	0	0	(61,797,982)
Impairment (losses) / reversals	0	(24,200)	0	0	(19,042)	0	0	(43,242)
Classified as Held for Sale	(1,559,091)	0	0	0	0	0	0	(1,559,091)
Depreciation (expense)	0	(4,767,760)	(568,537)	(2,418,611)	0	0	0	(7,754,908)
Transfers to /(from)		1,728,791	387,388	2,027,723	42,292	228,949	(4,415,143)	0
<b>Balance at 30 June 2020</b>	114,464,596	220,682,606	945,267	16,417,454	830,868	2,233,740	17,203,196	372,777,727

**Comprises:**

Gross balance amount at 30 June 2020	114,464,596	320,892,699	7,641,717	25,258,374	830,868	5,360,130	17,203,196	491,651,580
Accumulated depreciation at 30 June 2020	0	(100,210,093)	(6,696,450)	(8,840,920)	0	(3,126,390)	0	(118,873,853)
<b>Balance at 30 June 2020</b>	114,464,596	220,682,606	945,267	16,417,454	830,868	2,233,740	17,203,196	372,777,727

Additions						287,345	8,443,768	8,731,113
(Disposals)	0	0	0	(329,031)	0	0	0	(329,031)
Revaluation increments / (decrements) transferred to revaluation surplus	0	(2,744,656)	0	0	0	0	0	(2,744,656)
Impairment (losses) / reversals	0	(49,396)	0	0	(15,000)	(186,071)	0	(250,467)
Depreciation (expense)	0	(4,454,907)	(525,355)	(2,484,055)	0	(536,730)	0	(8,001,047)
Transfers	0	1,181,573	637,657	1,976,389	70,018	226,556	(4,092,193)	0
<b>Balance at 30 June 2021</b>	114,464,596	214,615,220	1,057,569	15,580,757	885,886	2,024,840	21,554,771	370,183,639

**Comprises:**

Gross balance amount at 30 June 2021	114,464,596	317,429,308	8,279,374	25,773,942	885,886	5,291,484	21,554,771	493,679,361
Accumulated depreciation at 30 June 2021	0	(102,814,088)	(7,221,805)	(10,193,185)	0	(3,266,644)	0	(123,495,722)
<b>Balance at 30 June 2021</b>	114,464,596	214,615,220	1,057,569	15,580,757	885,886	2,024,840	21,554,771	370,183,639

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuer/ Management valuation	June 2020	Price per hectare, with reference to current zoning of land. Market values were used unless there were some restrictions or other factors associated with the land.
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer/ Management valuation	June 2020	Construction Costs based on recent contract prices and current condition, residual values and remaining useful life assessments

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

(ii) Cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment , furniture and equipment, artwork and library assets are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

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**9. INFRASTRUCTURE**

**(a) Movements in Balances**

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

	Infrastructure - Roads	Footpaths	Drainage	Parks and Reserves	Car Park	Bridges and Underpasses	Other Infrastructure	Lighting	Work in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	361,766,587	78,729,764	265,305,457	137,242,597	13,568,261	29,750,170	3,443,741	19,678,715	11,958,826	921,444,118
Additions	0	0	0	0	0	0	0	0	22,858,537	22,858,537
Revaluation increments / (decrements) transferred to revaluation surplus	(3,772,407)	0	0	0	0	0	0	0	0	(3,772,407)
Impairment (losses) / reversals	0	(167,114)	(32,903)	(121,592)	0	0	0	(86,873)	(439,615)	(848,097)
Depreciation (expense)	(10,309,719)	(2,052,787)	(4,646,121)	(3,161,612)	(337,214)	(474,888)	(64,433)	(1,183,830)	0	(22,230,604)
Transfers	6,164,695	1,118,482	220,883	2,789,091	203,164	0	113,905	3,558,675	(14,168,895)	0
<b>Balance at 30 June 2020</b>	353,849,156	77,628,345	260,847,316	136,748,484	13,434,211	29,275,282	3,493,213	21,966,687	20,208,853	917,451,547
<b>Comprises:</b>										
Gross balance at 30 June 2020	692,717,411	120,355,995	406,726,892	178,137,005	26,288,859	42,595,695	4,130,985	43,938,133	20,208,853	1,535,099,828
Accumulated depreciation at 30 June 2020	(338,868,255)	(42,727,650)	(145,879,576)	(41,388,521)	(12,854,648)	(13,320,413)	(637,772)	(21,971,446)	0	(617,648,281)
<b>Balance at 30 June 2020</b>	353,849,156	77,628,345	260,847,316	136,748,484	13,434,211	29,275,282	3,493,213	21,966,687	20,208,853	917,451,547
Additions	0	0	0	0	0	0	0	0	25,975,883	25,975,883
Transfer to Main Roads WA (Loss on Disposal - Note 10(a) & 33)	(6,544,036)	0	(4,785,044)	0	0	(4,524,950)	0	0	0	(15,854,030)
Revaluation increments / (decrements) transferred to revaluation surplus	56,612,663	11,119,438	(83,856)	(2,141,328)	2,563,193	(614,621)	1,265,449	(75,495)	0	68,645,443
Impairment (losses) / reversals	0	(319,795)	(84,144)	(182,894)	0	0	0	0	(203)	(587,036)
Depreciation (expense)	(10,299,556)	(2,044,505)	(4,610,428)	(3,110,759)	(338,212)	(473,762)	(110,585)	(1,266,965)	0	(22,254,772)
Transfers	9,064,049	2,844,268	251,635	2,920,264	1		321,913	0	(15,402,121)	9
<b>Balance at 30 June 2021</b>	402,682,276	89,227,751	251,535,479	134,233,767	15,659,193	23,661,949	4,969,990	20,624,227	30,782,412	973,377,044
<b>Comprises:</b>										
Gross balance at 30 June 2021	681,747,814	125,159,047	399,714,143	175,798,281	25,299,490	38,753,762	6,200,653	43,728,701	30,782,412	1,527,184,303
Accumulated depreciation at 30 June 2021	(279,065,538)	(35,931,296)	(148,178,664)	(41,564,514)	(9,640,297)	(15,091,813)	(1,230,663)	(23,104,474)	0	(553,807,259)
<b>Balance at 30 June 2021</b>	402,682,276	89,227,751	251,535,479	134,233,767	15,659,193	23,661,949	4,969,990	20,624,227	30,782,412	973,377,044



9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
Footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
Drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 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.
Car Park	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
Bridges and Underpasses	3	Cost approach using depreciated replacement cost	Independent registered valuer/ Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
Other Infrastructure	3	Cost approach using depreciated replacement cost	Management valuation	June 2021	Construction costs and current condition, residual values and remaining useful life assessments.
Lighting	3	Cost approach using depreciated replacement cost	Management valuation	June 2019	Construction costs and current condition, residual values and remaining useful life assessments.

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings and infrastructure acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings and infrastructure is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

Revaluation (Continued)

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the City to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 14 that details the significant accounting policies applying to leases (including right-of-use assets).

## 10. FIXED ASSETS

### (a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	0	0	0	0	1,353,000	1,156,418	0	(196,582)
Plant and equipment	329,031	445,136	145,064	(28,959)	534,635	426,050	98,529	(207,114)	372,910	351,838	78,041	(99,113)
Infrastructure - Road*	6,544,036	0	0	(6,544,036)	0	0	0	0	0	0	0	0
Drainage*	4,785,044	0	0	(4,785,044)	0	0	0	0	0	0	0	0
Bridges & Underpasses*	4,524,950	0	0	(4,524,950)	0	0	0	0	0	0	0	0
	16,183,061	445,136	145,064	(15,882,989)	534,635	426,050	98,529	(207,114)	1,725,910	1,508,256	78,041	(295,695)

\*These assets are to be transferred to Main Roads WA and have accordingly been de-recognised. Refer Note 33

## 10. FIXED ASSETS

### (b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	4,454,907	4,873,848	4,767,760
Furniture and equipment	525,355	398,173	568,537
Plant and equipment	2,484,055	2,342,673	2,418,611
Library Assets	536,730	0	0
Right of Use Assets (Leases)	436,968	600,136	500,237
Infrastructure - Roads	10,299,556	10,514,458	10,309,719
Footpaths	2,044,505	2,065,280	2,052,787
Drainage	4,610,428	4,622,654	4,646,121
Parks and Reserves	3,110,759	3,300,018	3,161,612
Car Park	338,212	362,560	337,214
Bridges and Underpasses	473,762	473,843	474,888
Other Infrastructure	110,585	134,766	64,433
Lighting	1,266,965	1,172,818	1,183,830
Impairment	837,503	1,447,073	891,339
	31,530,290	32,308,300	31,377,088

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

#### Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	10 to 100 years
Furniture and equipment	3 to 10 years
Plant and equipment	3 to 13 years
Library assets	8 to 12 years
Artworks	Nil
Infrastructure Assets:	
Roads/Traffic Management	30 to 100 years
Footpaths	10 to 100 years
Drainage	75 to 100 years
Car Parks	30 to 100 years
Bridges and Underpasses	70 to 100 years
Lighting	25 to 40 years
Other Infrastructure assets	10 to 70 years

#### Depreciation on revaluation

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

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Asset Class	Useful life
Parks and Reserves:	
Fencing	15 to 30 years
Furniture and Amenities	10 to 50 years
Hard Landscaping	10 to 50 years
Irrigation	20 to 50 years
Marine	20 years
Park and POS Signage	15 to 20 years
Play space	20 years
POS Structure	20 to 100 years
Soft Landscaping	10 to 40 years
Sporting Infrastructure	10 to 50 years
Waste	10 years

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**11. REVALUATION SURPLUS**

	2021 Restated Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)**	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Adjustment*	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	Restated 2020 Revaluation Adjustment	2020 Restated Closing Balance
	\$	\$	\$	\$	\$	\$		\$	\$	\$		\$
Revaluation surplus - Land - freehold land	141,723,058	0	0	0	141,723,058	214,784,367	0	0	(73,061,309)	(73,061,309)	0	141,723,058
Revaluation surplus - Buildings - non-specialised	147,138,688	0	(2,744,656)	(2,744,656)	144,394,032	135,875,361	0	11,263,327	0	11,263,327	0	147,138,688
Revaluation surplus - Plant and equipment	0	0	0	0	0	124,769	(124,769)	0	0	0	0	0
Revaluation surplus - Artworks	0	0	0	0	0	269,356	(269,356)	0	0	0	0	0
Tamala Park Regional Council Assets	1,060	0	0	0	1,060	1,060	0	0	0	0	0	1,060
Mindarie Regional Council Assets	5,397,916	0	0	0	5,397,916	5,397,916	0	0	(1,151,833)	(1,151,833)	1,151,833	5,397,916
Revaluation surplus - Infrastructure - Roads	108,667,479	56,847,858	(235,195)	56,612,663	165,280,142	112,439,886	0	0	(3,772,407)	(3,772,407)	0	108,667,479
Revaluation surplus - Footpaths	68,344,614	11,369,083	(249,645)	11,119,438	79,464,052	68,344,614	0	0	0	0	0	68,344,614
Revaluation surplus - Drainage	163,985,902	0	(83,856)	(83,856)	163,902,046	163,985,902	0	0	0	0	0	163,985,902
Revaluation surplus - Parks and Reserves	101,007,064	0	(2,141,328)	(2,141,328)	98,865,736	101,007,064	0	0	0	0	0	101,007,064
Revaluation surplus - Car Park	2,177,904	3,631,082	(1,067,889)	2,563,193	4,741,097	2,177,904	0	0	0	0	0	2,177,904
Revaluation surplus - Bridges and Underpasses	26,994,513	0	(614,621)	(614,621)	26,379,892	26,994,513	0	0	0	0	0	26,994,513
Revaluation surplus - Other Infrastructure	453,308	1,265,449	0	1,265,449	1,718,757	453,308	0	0	0	0	0	453,308
Revaluation surplus - Lighting	6,723,259	0	(75,495)	(75,495)	6,647,764	6,723,259	0	0	0	0	0	6,723,259
	772,614,765	73,113,472	(7,212,685)	65,900,787	838,515,552	838,579,279	(394,125)	11,263,327	(77,985,549)	(66,722,222)	1,151,833	772,614,765

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

\*Balance in revaluation reserves for Plant and Equipment and Artworks are transferred to retained surplus as at 01 July 2019 pursuant to amendments made to Financial Management Regulations 17A (2b).

\*\*\$6,598,000 of the Revaluation relates to assets which are to be transferred to Development WA - Note 6 (a)

12. TRADE AND OTHER PAYABLES

Current

Trade payables
Other payables
Accrued expenses
Rates received in advance
Bonds and deposits held

2021	2020
\$	\$
4,600,329	4,008,373
695,348	2,185,539
3,105,207	3,906,427
3,266,095	1,113,960
872,326	926,447
12,539,305	12,140,746

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

**CITY OF JOONDALUP**  
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**13. OTHER LIABILITIES**

**Current**

Contract liabilities under contracts/agreements with customers  
 Grant liabilities from transfers for recognisable non-financial assets  
 Developer Contribution

2021	2020
\$	\$
0	36,885
3,277,510	718,847
1,221,867	1,221,867
4,499,377	1,977,599

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
\$	\$
0	4,499,377
0	4,499,377

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity**

Grant liabilities represent the the City's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Movement in grant/contract liabilities:**

**Reconciliation of changes in grant liabilities**

Operating Grants  
 Non-operating Grants  
 Contract Liabilities for developer contributions

Opening Balance 1/07/2020	Additions 2020/21	Income Recognised 2020/21	Closing Balance 30/06/2021
\$	\$	\$	\$
36,885	6,072,901	(6,109,786)	0
718,847	10,110,851	(7,552,188)	3,277,510
1,221,867	0	0	1,221,867
1,977,599	16,183,752	(13,661,974)	4,499,377

## 14. LEASE LIABILITIES

### Right-of- use assets

Opening Balance at the beginning of the year

Land

Plant and Equipment

Depreciation

Net adjustment to Lease Liabilities

### Carrying amount at the end of the year

Land

Plant and Equipment

2021	2020
\$	\$
6,503,818	6,594,697
35,940	296,388
6,539,758	6,891,085
(436,968)	(500,237)
448,958	148,910
6,106,348	6,503,818
445,399	35,940
6,551,747	6,539,758

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases

where the entity is the leases:

Depreciation expense on lease liabilities

Interest expense on lease liabilities

Total amount recognised in the statement of comprehensive income

436,968	500,237
180,719	191,769
617,687	692,006

Total cash outflow from leases

560,703	599,412
---------	---------

## SIGNIFICANT ACCOUNTING POLICIES

### Leases

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. the lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If the rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight line basis over the term of the lease.

Leases for right of use assets are secured over the asset being leased.

### Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

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

### Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.



14 LEASE LIABILITIES (Continued)

(a) Lease Liabilities

	2021	2020
	\$	\$
Current	455,497	362,194
Non Current	6,245,829	6,270,158
	6,701,326	6,632,352

(b) Movements in Carrying Amounts

Purpose	Institution	Lease Interest Rate	Maturity year	Actual Lease Principal 1 July 2020	30 June 2021 Actual New Leases / Adjustment	30 June 2021 Actual Lease Principal Repayments	30 June 2021 Actual Lease Principal Outstanding	30 June 2021 Actual Lease Interest Repayments	Actual Lease Principal 1 July 2019	30 June 2020 Actual New Leases / Adjustment	30 June 2020 Actual Lease Principal Repayments	30 June 2020 Actual Lease Principal Outstanding	30 June 2020 Actual Lease Interest Repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>													
Gym Cardio Equipment -1	Maia Financial Pty Ltd	2.75%	2020	53,603	0	(53,603)	0	0	107,824	0	(54,221)	53,603	(926)
Gym Cardio Equipment -2	Maia Financial Pty Ltd	2.75%	2024	0	355,763	(12,810)	342,953	(7,067)	0	0	0	0	0
Spin Bike	Maia Financial Pty Ltd	4.00%	2026	0	108,085	(4,980)	103,105	(1,080)	0	0	0	0	0
Blender Gallery	McGrees Property	1.40%	2020	0	0	0	0	0	188,564	(126,581)	(61,983)	0	(1,936)
<b>Transport</b>													
Operation Works Depot Land	Water Corporation	2.62%	2037	6,578,749	(14,890)	(308,591)	6,255,268	(172,572)	6,594,697	275,491	(291,439)	6,578,749	(188,907)
				6,632,352	448,958	(379,984)	6,701,326	(180,719)	6,891,085	148,910	(407,643)	6,632,352	(191,769)

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**15. INFORMATION ON BORROWINGS**

**(a) Borrowings**

	2021	2020
	\$	\$
Current	1,836,594	2,445,660
Non-current	2,807,892	4,644,486
	4,644,486	7,090,146

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	Actual Principal 1 July 2020	30 June 2021 Actual Principal repayments	30 June 2021 Actual Interest repayments	30 June 2021 Actual Principal outstanding	Budget Principal 1 July 2020	30 June 2021 Budget Principal repayments	30 June 2021 Budget Interest repayments	30 June 2021 Budget Principal outstanding	Actual Principal 1 July 2019	30 June 2020 Actual Principal repayments	30 June 2020 Actual Interest repayments	30 June 2020 Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Community amenities</b>															
Bramston Park	8	WATC	2.21%	369,565	369,565	6,353	0	369,565	369,565	9,403	0	731,073	361,508	16,980	369,565
<b>Recreation and culture</b>															
Aquatic Facilities Upgrade	4	WATC	0.00%	0	0	0	0	0	0	0	0	743,442	743,442	29,894	0
Streetscape Enhancement - West Coast	5	WATC	0.00%	0	0	0	0	0	0	0	0	113,440	113,440	4,561	0
Seacrest Sports Facility	6	WATC	6.16%	82,434	82,434	2,677	0	82,434	82,434	2,393	0	186,628	104,194	9,984	82,434
Forrest Park Sports Facility	6	WATC	6.16%	54,234	54,234	1,761	0	54,234	54,234	1,575	0	122,783	68,549	6,568	54,234
Fleur Frame Pavilion Upgrade	6	WATC	6.16%	149,830	149,830	4,866	0	149,830	149,830	4,350	0	339,214	189,384	18,147	149,830
Warwick Hockey Facility	9	WATC	2.37%	1,882,850	930,303	47,108	952,547	1,882,850	930,303	41,901	952,547	2,791,427	908,577	75,089	1,882,850
<b>Transport</b>															
Reid Promenade Multi Storey Car Park	7	WATC	2.85%	4,551,233	859,294	143,754	3,691,939	4,551,233	859,294	148,943	3,691,939	5,386,467	835,234	173,159	4,551,233
				7,090,146	2,445,660	206,519	4,644,486	7,090,146	2,445,660	208,565	4,644,486	10,414,474	3,324,328	334,382	7,090,146
				7,090,146	2,445,660	206,519	4,644,486	7,090,146	2,445,660	208,565	4,644,486	10,414,474	3,324,328	334,382	7,090,146

\* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**15. INFORMATION ON BORROWINGS (Continued)**

	2021	2020
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	500,000	500,000
Credit card limit	47,000	47,000
Credit card balance at balance date	(17,142)	(8,546)
<b>Total amount of credit unused</b>	<b>529,858</b>	<b>538,454</b>
<b>Loan facilities</b>		
Lease liabilities - current	455,497	362,194
Lease liabilities - non-current	6,245,829	6,270,158
<b>Total facilities in use at balance date</b>	<b>6,701,326</b>	<b>6,632,352</b>
<b>Unused loan facilities at balance date</b>	<b>NIL</b>	<b>NIL</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired.

**Financial liabilities (Continued)**

The difference between the carrying amount of the 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.

**Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

**Risk**

Information regarding exposure to risk can be found at Note 28.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16. EMPLOYEE RELATED PROVISIONS**

**(a) Employee Related Provisions**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Purchased Leave \$	Provision for Sick Leave \$	Provision for Workers Compensation	Total \$
<b>Opening balance at 1 July 2020</b>						
Current provisions	4,937,838	6,444,938	92,539	1,114,783	2,048,076	14,638,174
Non-current provisions	0	1,520,060	0	0	0	1,520,060
	4,937,838	7,964,998	92,539	1,114,783	2,048,076	16,158,234
<b>Additional provision</b>	(162,935)	5,416	54,949	(53,015)	217,939	62,354
<b>Balance at 30 June 2021</b>	4,774,903	7,970,414	147,488	1,061,768	2,266,015	16,220,588
<b>Comprises</b>						
Current	4,774,903	6,550,516	147,488	1,061,768	2,266,015	14,800,690
Non-current	0	1,419,898	0	0	0	1,419,898
	4,774,903	7,970,414	147,488	1,061,768	2,266,015	16,220,588
<b>Amounts are expected to be settled on the following basis:</b>	<b>2021</b>	<b>2020</b>				
	\$	\$				
Less than 12 months after the reporting date	14,800,690	14,638,174				
More than 12 months from reporting date	1,419,898	1,520,060				
	16,220,588	16,158,234				

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Short-term employee benefits**

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

**Other long-term employee benefits**

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

**Other long-term employee benefits (Continued)**

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**Provisions**

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

## 17. OTHER PROVISIONS

	Other Provisions	Total
	\$	\$
<b>Opening balance at 1 July 2020</b>		
Current provisions	66,705	66,705
	66,705	66,705
Movement in Provisions	(57,290)	(57,290)
<b>Balance at 30 June 2021</b>	9,415	9,415
<b>Comprises</b>		
Current	9,415	9,415
	9,415	9,415

Other Provisions include a provision for study activities by specific employees, represented by salary deductions from those employees, as well as marginal provision for write-off/impairment of certain classes of lower value assets, including furniture and equipment.

Provision for study activities	0	57,290
Provision for write-off of assets	9,415	9,415
	9,415	66,705

## 18. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2021 Actual \$	2021 Budget \$	2020 Restated Actual \$
Cash and cash equivalents	140,026,825	97,672,381	125,021,982
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(2,036,709)	1,499,452	18,975,846
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(3,233)	0	(532,800)
Depreciation on non-current assets	31,530,290	32,308,300	31,377,088
(Profit)/loss on sale of asset	15,737,925	183,585	217,653
(Profit)/loss on sale of land held for resale	(2,251,491)	0	(739,752)
Library asset addition	0	0	(353,864)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	2,745,973	(8,431,449)	(934,202)
(Increase)/decrease in other assets	72,081	854,073	485,442
(Increase)/decrease in inventories	(591)	(5,000)	19,740
Increase/(decrease) in payables	398,559	307,876	(2,243,027)
Increase/(decrease) in provisions	62,354	892,436	(126,119)
Increase/(decrease) in other provisions	(57,290)	0	0
Grants contributions for the development of assets	(9,128,926)	(10,702,598)	(8,255,651)
Net cash from operating activities	37,068,943	16,906,675	37,890,354

## 19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	Restated 2020
	\$	\$
Governance	65,698,456	57,209,157
General purpose funding	28,230,484	22,255,874
Law, order, public safety	5,044,217	5,889,192
Health	371,938	386,220
Education and welfare	6,418,183	6,652,813
Community amenities	67,264,310	65,657,263
Recreation and culture	290,747,625	288,330,822
Transport	832,063,961	777,587,537
Economic services	29,361,611	23,164,819
Other property and services	201,491,512	215,145,809
	<u>1,526,692,298</u>	<u>1,462,279,506</u>

## 20. 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 for non performance of the contract is 1/6 of \$87.5m amounting to \$14.6m. The term of the guarantee is 20 years and in the event of early termination of the guarantee the maximum amount payable by the City under the guarantee is 1/6 of \$95m amounting to \$15.8m.

Refer to Note 29

### Contaminated site – Tamala Park Landfill site

In February 2020, MRC received its first Mandatory Auditor's Report (MAR) as requested by the Department of Water and Environmental Regulation (DWER) in respect to the Tamala Park Waste Management Facility site.

Among other things, the purpose of the MAR is to confirm that earlier investigations adequately characterised the contamination status of the site and whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.

The MRC received a second iteration of the MAR in November 2021, which has further assessed the contamination status of the site. In reaching their conclusion, the independent auditor has evaluated the information contained in the investigative reports as generally complete, accurate and compliant with the relevant guidelines. Also, the assessments were sufficient to define the potential extent and types of contamination.

The auditor has determined, based on the analysis contained in the assessed reports, that the site remains suitable for ongoing use as a Class II landfill ('source site'). Likewise, the affected site to the north of the facility remains suitable for its current use as a development buffer zone ('affected site'). A summary of findings for the source site are listed below;

#### Source site:

- All soils samples returned results below established criteria.
- Groundwater results indicate impact to the aquifer immediately below the landfill levels above relevant drinking water established criteria, although some results are reflective of naturally occurring conditions. Groundwater on site remains suitable for controlled industrial use on site without an unacceptable risk.
- Landfill gas results indicate that the existing extraction system is working effectively, with negligible detection of landfill gas outside the extraction network.

#### Affected site:

- Groundwater results indicate some contaminants above relevant drinking water established criteria but not criteria for non-potable uses. Elevated levels of some identified contaminants are also known to occur naturally in the local environment.
- No landfill gas detected outside the site boundary.

Currently, DWER has classified the site as "Contaminated – Remediation Required" and the affected site as "Contaminated – Restricted Use".

The MRC has commenced further work on implementing the recommendations of this most recent MAR, to determine the magnitude and extent of contamination including risks to human health, the environment and environmental values. Specifically, this work is focused upon assessing the adequacy of the landfill gas monitoring network, the potential for the subterranean migration of landfill gas, and the continued compilation and assessment of both gas and groundwater results to further inform future mitigation measures. Therefore, it is not possible to make a reasonable estimate as to the financial impact that may arise from any possible future remedial action at this time.



## 21. CAPITAL COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	6,479,885	5,506,343
	<u>6,479,885</u>	<u>5,506,343</u>
Payable:		
- not later than one year	6,479,885	5,506,343

## 22. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the Mayor.

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected Members Allowances	585,343	585,343	585,343
Elected Members Conferences/Training	24,305	137,500	27,698
Elected Members Travel and Child Care	22,625	32,000	24,998
Other Specified Expenses	9,749	16,340	8,472
	642,022	771,183	646,511

### Mayor- Albert Jacob

Mayor's Annual allowance	137,269	137,269	137,269
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	8,246	8,000	8,856
Other Specified Expenses	6,194	22,332	3,483
Elected Members Conferences/Training	540	15,900	5,729
	155,749	187,001	158,837

### Deputy Mayor - Russell Poliwka

Deputy Mayor's annual allowance	0	0	6,924
Meeting attendance fees	31,678	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	0	2,000	186
Other Specified Expenses	929	2,334	816
Elected Members Conferences/Training	0	7,300	0
	36,107	46,812	43,104

### Councillor - Christine Hamilton Prime

Meeting attendance fees	31,678	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	0	2,000	1,515
Other Specified Expenses	358	2,334	2,195
Elected Members Conferences/Training	2,394	7,300	0
	37,930	46,812	38,888

### Councillor - Christopher May

Meeting attendance fees	31,678	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	1,202	2,000	963
Other Specified Expenses	1,453	2,334	1,746
Elected Members Conferences/Training	0	7,300	0
	37,833	46,812	37,887

### Councillor - John Chester

Elected Members Allowances			
Meeting attendance fees	31,678	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	655	2,000	1,830
Other Specified Expenses	614	2,334	796
Elected Members Conferences/Training	0	7,300	0
	36,447	46,812	37,804

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**Councillor - John Logan**

Meeting attendance fees	31,678	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	2,507	2,000	2,119
Other Specified Expenses	1,386	2,334	1,392
Elected Members Conferences/Training	52	7,300	2,504
	39,123	46,812	41,193

**Councillor - John Raftis**

Meeting attendance fees	31,678	31,678	22,226
Annual allowance for ICT expense	3,500	3,500	2,446
Elected Members Travel and Child Care expense	943	2,000	905
Other Specified Expenses	418	2,334	1,351
Elected Members Conferences/Training	7,823	7,300	0
	44,362	46,812	26,928

**Councillor - Kerry Hollywood**

Meeting attendance fees	31,678	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	1,377	2,000	699
Other Specified Expenses	817	2,334	812
Elected Members Conferences/Training	0	7,300	0
	37,372	46,812	36,689

**Councillor - Mike Norman**

Meeting attendance fees	0	0	9,452
Annual allowance for ICT expense	0	0	1,054
Elected Members Travel and Child Care expense	0	0	683
Other Specified Expenses	0	0	1,063
Elected Members Conferences/Training	0	0	753
	0	0	13,005

**Councillor - Nige Jones**

Meeting attendance fees	31,678	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	2,669	2,000	2,885
Other Specified Expenses	830	2,334	1,481
Elected Members Conferences/Training	4,808	7,300	1,815
	43,485	46,812	41,359

**Councillor - Philippa Taylor**

Meeting attendance fees	31,678	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	888	2,000	376
Other Specified Expenses	1,459	2,334	1,219
Elected Members Conferences/Training	2,018	7,300	1,804
	39,543	46,812	38,577

**Councillor - Russ Fishwick**

Deputy Mayor's annual allowance	22,438	22,438	15,514
Meeting attendance fees	31,678	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	2,593	2,000	2,086
Other Specified Expenses	904	2,334	861
Elected Members Conferences/Training	82	7,300	1,399
	61,195	69,250	55,038

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**Councillor - Suzanne Thompson**

Meeting attendance fees	31,678	31,678	22,226
Annual allowance for ICT expense	3,500	3,500	2,446
Elected Members Travel and Child Care expense	1,301	2,000	918
Other Specified Expenses	358	2,334	1,165
Elected Members Conferences/Training	0	7,300	0

	36,837	46,812	26,755
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**Councillor - Sophie Dwyer**

Meeting attendance fees	0	0	9,452
Annual allowance for ICT expense	0	0	1,054
Elected Members Travel and Child Care expense	0	0	979
Other Specified Expenses	0	0	843
Elected Members Conferences/Training	0	0	2,261

	0	0	14,589
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**Councillor - Tom Mclean**

Meeting attendance fees	31,678	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	244	2,000	0
Other Specified Expenses	617	2,334	680
Elected Members Conferences/Training	0	7,300	0

	36,039	46,812	35,858
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	<b>642,022</b>	<b>771,183</b>	<b>646,511</b>
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**Key Management Personnel (KMP) Compensation Disclosure**

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

	<b>2021 Actual \$</b>	<b>2020 Actual \$</b>
Short-term employee benefits	973,188	1,375,302
Post-employment benefits	127,821	110,317
Other long-term benefits	142,086	33,268
Termination benefits	310,389	0
	<b>1,553,484</b>	<b>1,518,887</b>

*Short-term employee benefits*

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

*Post-employment benefits*

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

*Other long-term benefits*

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

*Termination benefits*

These amounts represent termination benefits paid to KMP

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**  
**22. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

**Mindarie Regional Council (Note 23)**

	2021 Actual \$	2020 Actual \$
Sale of goods and services	146,843	141,171
Purchase of goods and services	7,521,087	7,454,098
Trade and other receivables	11,297	11,297
Trade and other payables	248,173	2,238

**Tamala Park Regional Council (Note 23)**

Distributions received	1,500,000	500,000
Reimbursements received	376,606	142,960
Payments made for settling GST liabilities	39,933	48,780
Trade and other receivables	25,673	3,675
Trade and other payables	55,374	12,806

**Related Parties**

**The City's main related parties are as follows:**

*i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

*ii. Other Related Parties*

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

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

*iii. Entities subject to significant influence by the City*

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**23. INVESTMENT IN ASSOCIATES**

**(a) Carrying amount of investment in associates**

	2021 \$	2020 restated \$	2020 \$
Equity in Mindarie Regional Council- Note (b)	3,922,081	4,721,899	11,370,164
Equity in Tamala Park Regional Council- Note (c)	9,161,548	7,816,651	7,816,651
	<b>13,083,629</b>	<b>12,538,550</b>	<b>19,186,815</b>
Share of profit/(loss) from continuing operations			
Mindarie Regional Council	(799,818)	(129,235)	558,744
Tamala Park Regional Council	(122,142)	(27,385)	(27,385)
	<b>(921,960)</b>	<b>(156,620)</b>	<b>531,359</b>

**(b) Mindarie Regional Council**

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

**Mindarie Regional Council total Comprehensive Income**

	2021 \$	2020 restated \$	2020 \$
Total operating revenues	55,810,250	56,230,418	56,230,418
Total operating expenses	(60,609,155)	(57,005,827)	(58,556,442)
<b>Net Result</b>	<b>(4,798,905)</b>	<b>(775,409)</b>	<b>(2,326,024)</b>
<b>Other comprehensive income</b>			
Net change on revaluation of assets	0	0	0
<b>Total Comprehensive Income</b>	<b>(4,798,905)</b>	<b>(775,409)</b>	<b>(2,326,024)</b>

- Share of associates profit/(loss) from ordinary activities	(799,818)	(129,235)	558,744
- Share of associates other comprehensive income arising during the period	0	0	(1,151,833)
- Share of associates total comprehensive income arising during the period	(799,818)	(129,235)	(593,089)

**Carrying amount at 1 July**

	4,721,899	11,963,253	11,963,253
Mindarie Regional Council restatement-initial application of AASB 1059	0	(6,906,688)	0
Prior year adjustment	0	(205,432)	0

**Restated carrying amount at 1 July**

	4,721,899	4,851,133	11,963,253
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- Share of associates total comprehensive income arising during the period

	(799,818)	(129,235)	(593,089)
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**Carrying amount at 30 June**

	3,922,081	4,721,899	11,370,164
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**The Mindarie Regional Council Financial Position**

	2021 \$	2020 restated \$	2020 \$
Current Assets	42,526,862	40,659,608	40,659,608
Non-Current Assets	90,593,148	103,135,423	64,690,790
<b>Total Assets</b>	<b>133,120,010</b>	<b>143,795,031</b>	<b>105,350,398</b>
Current liabilities	(14,479,677)	(14,128,381)	(8,355,529)
Non-Current Liabilities	(95,107,847)	(101,335,259)	(28,773,967)
<b>Total Liabilities</b>	<b>(109,587,524)</b>	<b>(115,463,640)</b>	<b>(37,129,496)</b>
<b>Net Assets</b>	<b>23,532,486</b>	<b>28,331,391</b>	<b>68,220,902</b>

**The City's interest in Mindarie Regional Council (1/6th share)**

	<b>3,922,081</b>	<b>4,721,899</b>	<b>11,370,150</b>
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**\*Associate entity restatement**

Mindarie Regional Council adopted AASB 1059 Service Concession Arrangements : Grantors (issued December 2014) on 1 July 2019 resulting in changes to its accounting policies. In accordance with transition provisions of AASB 1059, the Mindarie Regional Council adopted the new rules retrospectively by measuring service concession assets and related liabilities on 1 July 2020. The adoption of AASB 1059 by Mindarie Regional Council has impacted the carrying value of the City's investment in associate at 30 June 2020. The prior year comparatives have accordingly been restated.

**Guarantee payment**

Subsequent to balance sheet date, the City was called upon to pay its share of \$14.17M to the Mindarie Regional Council in August 2021, in full and final settlement of its obligations under the Resource Recovery Facility agreement. This will be reported in the 2021-22 financial statements. Refer to Note 29 for further details.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**23. INVESTMENT IN ASSOCIATES (Continued)**

**(c) Tamala Park Regional Council**

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 1/6 equity in the land. The West Australian Planning Commission (WAPC) requested that a portion of this land be retained as "Bush Forever", which the commission was prepared to acquire and pay for. The "Bush Forever" land was disposed of by the joint owners to the WAPC in November 2006. The City of Joondalup's share of the proceeds of disposal was \$2,703,573 which was subsequently contributed to the TPRC as equity investment to be used for TPRC purposes.

The Current fair value of the equity is estimated at \$9,161,548. As per the audited financial statements of Tamala Park Regional Council for the year ended 30 June 2021, the City's share of Net Result of operations was a loss of \$122,142. The City has recognised this loss in the Statement of Comprehensive Income in accordance with the equity method of accounting.

**Tamala Park Regional Council total Comprehensive Income**

Total operating revenues	498,206	789,822
Total operating expenses	(1,070,778)	(950,217)
<b>Net Result</b>	<b>(572,572)</b>	<b>(160,395)</b>
<b>Other comprehensive income</b>		
Net change on revaluation of assets	0	0
<b>Total Comprehensive Income</b>	<b>(572,572)</b>	<b>(160,395)</b>

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
- Share of associates profit/(loss) from ordinary activities	(95,427)	(26,732)
- Share of associates profit/(loss) from other movements	(26,715)	(635)
- Share of associates total comprehensive income arising during the period	(122,142)	(27,367)
<b>Carrying amount at 1 July</b>	<b>7,816,650</b>	<b>7,618,683</b>
Movement in Capital Contributions	3,343,646	866,761
Distributions Received	(1,876,606)	(641,408)
- Share of associates total comprehensive income arising during the period	(122,142)	(27,385)
<b>Carrying amount at 30 June</b>	<b>9,161,548</b>	<b>7,816,650</b>

**The Tamala Park Regional Council Financial Position**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current Assets	53,668,172	45,517,277
Non-Current Assets	1,722,724	1,757,617
<b>Total assets</b>	<b>55,390,896</b>	<b>47,274,894</b>
Current liabilities	(420,373)	(345,026)
Non-Current Liabilities	(1,231)	(29,968)
<b>Total liabilities</b>	<b>(421,604)</b>	<b>(374,994)</b>
<b>Net Assets</b>	<b>54,969,292</b>	<b>46,899,900</b>

**The City's interest in Tamala Park Regional Council (1/6th share)**

	<b>9,161,548</b>	<b>7,816,650</b>
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**SIGNIFICANT ACCOUNTING POLICIES**

**Investment in associates**

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

**Investment in associates (Continued)**

Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate. When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

## 24. MAJOR LAND TRANSACTIONS

### 1. Tamala Park Land Sales

#### (a) Details

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 1036 lots of land to date. The City's share of Sales Proceeds of land to date is \$47,527,942.

#### (b) Current year transactions

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Sale proceeds	4,985,565	0	1,506,829
Development and Selling Costs	(2,244,596)	0	(640,060)
	2,740,969	0	866,769

The above operating revenue for the proceeds of land held for resale is reflected in other revenue and operating expenditure for the cost of the disposed land held for resale is reflected in other expenditure.

#### (c) Expected future cash flows

	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30	Total
	\$	\$	\$	\$	\$	\$
<b>Cash outflows</b>						
- Development costs	(5,241,318)	(5,245,636)	(4,834,611)	(4,394,065)	(12,968,177)	(32,683,807)
	(5,241,318)	(5,245,636)	(4,834,611)	(4,394,065)	(12,968,177)	(32,683,807)
<b>Cash inflows</b>						
- Sale proceeds	9,340,747	8,930,084	9,488,923	10,074,028	32,482,813	70,316,596
	9,340,747	8,930,084	9,488,923	10,074,028	32,482,813	70,316,596
<b>Net cash flows</b>	4,099,429	3,684,448	4,654,313	5,679,964	19,514,636	37,632,789

#### (d) Assets and liabilities

##### Land held for sale ( Note 6)

##### Current Inventory

	2021	2020
	\$	\$
Cost of acquisition	13,483,806	13,910,287
Development costs	2,621,258	3,223,936
	16,105,064	17,134,223

### 2. Ocean Reef Marina Development

The City is currently engaged with Development WA on the progress of the Ocean Reef Marina project. The City holds two lots of land at the site, which are presently earmarked to be handed over to Development WA to progress the project. No binding agreement has yet been reached regarding this transfer or the project outcomes for the parties involved, consequently no financial information in this regard can be presented. At 30 June 2021, the two lots of land are held by the City at a combined value of \$2 as land held for disposal. The transfer to Development WA is expected to occur in the 2021-22 financial year. This development is not considered a major land transaction at present.

## 25. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings during the 2020-21 financial year.



**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**26. RATING INFORMATION**

**(a) Rates**

**RATE TYPE**

Differential general rate / general rate

**Gross rental valuations**

	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Residential Improved	5.9669	54,101	1,163,462,334	69,422,630	582,389	70,005,019	69,422,585	250,000	69,672,585	73,764,604
Residential Vacant	11.1772	913	18,866,250	2,108,718	38,440	2,147,158	2,108,718	0	2,108,718	2,170,448
Commercial Improved	6.6444	947	292,245,485	19,417,959	92,459	19,510,418	19,426,533	0	19,426,533	20,344,135
Commercial Vacant	11.1772	20	1,287,750	143,934	12,044	155,978	143,934	0	143,934	140,517
Industrial Improved	6.0426	387	26,746,054	1,616,157	5,260	1,621,417	1,630,776	0	1,630,776	1,738,706
Industrial Vacant	11.1772	2	128,500	14,363	788	15,151	14,363	0	14,363	19,639
<b>Unimproved valuations</b>										
Residential	1.0349	1	1,580,000	16,351	0	16,351	16,351	0	16,351	16,351
Rural	1.0300	2	1,730,000	17,819	0	17,819	17,819	0	17,819	17,819
<b>Sub-Total</b>		56,373	1,506,046,373	92,757,931	731,380	93,489,311	92,781,079	250,000	93,031,079	98,212,220

**Minimum payment**

**Gross rental valuations**

	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Residential Improved	850	6,243	80,660,132	5,306,550	0	5,306,550	5,308,250	0	5,308,250	5,622,165
Residential Vacant	929	241	1,635,040	223,889	0	223,889	223,889	0	223,889	196,948
Commercial Improved	929	51	525,752	47,379	0	47,379	47,379	0	47,379	35,302
Commercial Vacant	929			0	0	0	0	0	0	2,787
Industrial Improved	929	2	24,125	1,858	0	1,858	1,858	0	1,858	0
Industrial Vacant	929	0	0	0	0	0	0	0	0	0
<b>Unimproved valuations</b>										
Residential	909	0	0	0	0	0	0	0	0	0
Rural	909	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>		6,537	82,845,049	5,579,676	0	5,579,676	5,581,376	0	5,581,376	5,857,202

Discounts/concessions (Note 26(c))

Total amount raised from general rate

Specified Area Rate (Note 26(b))

Totals

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

## 26. RATING INFORMATION (Continued)

### (b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2020/21 Rateable Value	2020/21 Rate Revenue	2020/21 Interim Rate Revenue	2020/21 Total Specified Area Rate Revenue	2020/21 Budget Rate Revenue	2020/21 Budget Interim Rate Revenue	2020/21 Total Budget Revenue	2019/20 Total Actual Revenue
			\$	\$	\$	\$	\$	\$	\$	\$
Iluka		0.75094	54,115,330	406,372	5,069	411,441	406,372	0	406,372	416,849
Burns Beach		0.34912	39,922,460	139,377	2,242	141,619	139,379	0	139,379	144,885
Harbour Rise		0.70201	20,222,300	141,962	732	142,694	141,963	0	141,963	140,135
Woodvale Waters		0.48675	3,710,720	18,062	13	18,075	18,062	0	18,062	10,429
			117,970,810	705,774	8,056	713,830	705,776	0	705,776	712,298

## 26. RATING INFORMATION (Continued)

### (c) Discounts, Incentives, Concessions, & Write-offs

#### Rates Discounts

Rate or Fee Discount Granted	Discount	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$	\$
COVID Discount - Commercial Improved	300	300,000	299,400	0
COVID Discount - Industrial Improved	150	58,650	58,500	0
COVID Discount - Vacant Land	150	179,100	176,400	0
		537,750	534,300	0
Rates Prize Draw		0	0	42,029
Total discounts/concessions (Note 26(a))		537,750	534,300	42,029

## 26. RATING INFORMATION (Continued)

### (d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	28 August 2020	0.00	0.00%	0.00%
<b>Option Two</b>				
First instalment	28 August 2020	12.00	0.00%	3.00%
Second instalment	30 October 2020	12.00	0.00%	3.00%
<b>Option Three</b>				
First instalment	28 August 2020	12.00	0.00%	3.00%
Second instalment	30 October 2020	12.00	0.00%	3.00%
Third instalment	1 January 2021	12.00	0.00%	3.00%
Fourth instalment	5 March 2021	12.00	0.00%	3.00%

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Interest on unpaid rates	172,639	108,723	422,397
Interest on instalment plan	0	0	361,483
Charges on instalment plan	539,055	643,200	637,153
	711,694	1,429,400	1,402,549

## 27. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget (30 June 2021 Carried Forward)	2019/20 (30 June 2020 Carried Forward)
Note		\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
	Less: Profit on asset disposals	10(a) (145,064)	(98,529)
	Less: Profit on sale of Tamala Park Regional Council Land	(2,314,488)	0
	Less: Non-cash grants and contributions for assets	0	0
	Movement in pensioner deferred rates and other (non-current)	(96,646)	0
	Movement in employee benefit provisions (non-current)	(100,162)	100,000
	Movement of inventory	(1,559,097)	0
	Add: Loss on disposal of assets	10(a) 15,882,989	207,114
	Add: Loss on land held for sale	62,997	0
	Add: Depreciation on non-current assets	10(b) 31,530,289	32,308,300
	<b>Non cash amounts excluded from operating activities</b>	<b>43,260,818</b>	<b>31,845,525</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
	Less: Reserves - cash backed	4 (110,772,200)	(74,595,450)
	Add: Current liabilities not expected to be cleared at end of year		
	- Current portion of borrowings	15(a) 1,836,594	2,445,660
	- Current portion of developer contributions held in reserve	1,221,867	0
	- Current portion of lease liabilities	455,497	0
	<b>Total adjustments to net current assets</b>	<b>(107,258,242)</b>	<b>(82,565,890)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
	Total current assets	145,259,456	111,913,332
	Less: Total current liabilities	(34,140,878)	(34,753,082)
	Less: Total adjustments to net current assets	(107,258,242)	(82,565,890)
	<b>Net current assets used in the Rate Setting Statement</b>	<b>3,860,336</b>	<b>19,608,893</b>

## 28. FINANCIAL RISK MANAGEMENT

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The City does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

### (a) Interest rate risk

#### Cash and cash equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2021</b>					
Cash and cash equivalents	0.83%	140,026,825	127,650,000	12,367,740	9,085
Financial assets at amortised cost	3.00%	5,203,212	3,608,522	0	1,594,690
<b>2020</b>					
Cash and cash equivalents	1.49%	125,021,982	116,530,000	5,775,340	2,716,642
Financial assets at amortised cost	11.00%	7,477,065	3,840,275	0	3,636,790

#### Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	123,677	57,753

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 15(b).

## 28. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### *Trade and Other Receivables*

The City's major receivables comprise rates annual charges and user fees and charges. 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 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 has historically also been able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2021</b>					
Rates receivable					
Gross carrying amount	0	3,608,522	0	0	3,608,522
<b>30 June 2020</b>					
Rates receivable					
Gross carrying amount	0	3,840,275	0	0	3,840,275

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Trade and other receivables					
Gross carrying amount	971,302	22,321	6,021	23,506	1,023,150
Loss allowance	0	0	0	26,026	26,026
<b>30 June 2020</b>					
Trade and other receivables					
Gross carrying amount	2,545,599	69,156	3,314	132,972	2,751,041
Loss allowance	0	0	0	97,904	97,904

## 28. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 14(c).

The contractual undiscounted cash flows of the City's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2021</b>					
Payables	(12,539,305)	0	0	(12,539,305)	(12,539,305)
Lease liabilities	632,933	2,275,552	5,319,963	8,228,448	6,701,326
Borrowings	1,946,574	2,939,624	0	4,886,198	4,644,486
	(9,959,798)	5,215,176	5,319,963	575,341	(1,193,493)
<b>2020</b>					
Payables	14,118,345	0	0	14,118,345	14,118,345
Lease Liabilities	478,991	2,394,954	5,268,899	8,142,844	6,632,352
Borrowings	2,616,625	4,886,198	0	7,502,823	7,090,146
	17,213,961	7,281,152	5,268,899	29,764,012	27,840,843

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Subsequent to the balance sheet date, the Mindarie Regional Council (MRC) determined on 19 August 2021 to terminate its arrangement in relation to the Resource Recovery Facility early. In accordance with the decision taken by the City of Joondalup Council in September 2007, the City was called on to contribute to the termination in proportion to its 1/6th share in the MRC. The Council of the City of Joondalup approved payment of a total of \$14,166,667 to the MRC in full and final settlement of the City's obligations under the RRF agreement. Payment of this amount was effected in August 2021. No adjustments have been made to the financial position at 30 June 2021. This will be reported in the financial statements for 2021-22. Refer Note 20 for details of the financial guarantee.

30. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Burns Beach Dual Use Path Funds	24,941	0	0	24,941
Duffy House Funds	109,030	0	0	109,030
Connolly Residents Association	85,226	671	0	85,897
	219,197	671	0	219,868



**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**31. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**e) Budget comparative figures**

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

**f) Superannuation**

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

**g) Fair value of assets and liabilities**

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

**h) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

The City selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City are consistent with one or more of the following valuation approaches:

**Market approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**Income approach**

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost approach**

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**i) Impairment of assets**

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

## **32. ACTIVITIES/PROGRAMS**

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

### **PROGRAM NAME AND OBJECTIVES**

#### **GOVERNANCE**

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

### **ACTIVITIES**

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

#### **GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of services.

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

#### **LAW, ORDER, PUBLIC SAFETY**

To provide services to help ensure a safer and environmentally conscious community.

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

#### **HEALTH**

To provide an operational framework for environmental and community health.

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

#### **EDUCATION AND WELFARE**

To provide services to disadvantaged persons, family, the elderly, children and youth.

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

#### **HOUSING**

Provision of housing and leased accommodation

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

#### **COMMUNITY AMENITIES**

To provide services required by the community.

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

#### **RECREATION AND CULTURE**

To establish and effectively manage infrastructure and resources to help the social wellbeing of the community.

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

#### **TRANSPORT**

To provide safe, effective and efficient transport services to the community.

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

#### **ECONOMIC SERVICES**

To help promote the City and its economic well being.

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

#### **OTHER PROPERTY AND SERVICES**

To monitor and control Council's overheads and operating accounts.

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

### 33. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.01	1.50	1.02
Asset consumption ratio	0.64	0.61	0.60
Asset renewal funding ratio	0.82	1.00	1.24
Asset sustainability ratio	0.57	0.45	0.66
Debt service cover ratio**	8.10	11.45	9.73
Operating surplus ratio**	(0.08)	0.07	0.04
Own source revenue coverage ratio	1.00	1.03	1.00

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

\*Operating revenue includes profit on asset disposals and operating expenses includes loss on asset disposals.

\*\* The 2021 ratios are impacted by the loss on transfer of assets to Main Road WA. Refer details in Note 10(a).

The Operating Surplus and Debt Service Cover ratios are calculated after taking loss on disposal of assets into account. In 2020-21, loss on disposal includes a one-off loss of \$15,854,030 incurred due to recognising the transfer of Marmion Avenue road and associated assets, and associated assets to Ocean Reef Road, all of which are due to be handed over to Main Roads WA for no consideration when these are proclaimed as State Roads, which is expected to be in 2021-22 financial year. The loss on disposal reflects the fair value of these assets in the City's financial records at 30 June 2021. If this one -off loss was not recognised in 2020-21, these ratios would have been:

	As calculated	Excluding one - off disposal
Operating Surplus Ratio	(0.08)	0.03
Debt Service Cover Ratio	8.10	14.08



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2021 City of Joondalup

To the Councillors of the City of Joondalup

## Report on the audit of the annual financial report

### Opinion

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

- the Statement of Financial Position at 30 June 2021, 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
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2021 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 section below. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 – Associate entity restatement and guarantee payment

I draw attention to Note 23 of the financial report which (a) discloses the 2020 financial impact of the initial application of accounting standards AASB 1059 from the associate entity and (b) discloses a guarantee payment made by the City subsequent to reporting date. 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 financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern 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**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

## **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 matter indicates a significant adverse trend in the financial position of the City:
  - a) The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 years. The financial ratios are reported at Note 33 to the financial report.
- (ii) The following material matter indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law was identified during the course of my audit:
  - b) Following key reconciliations were not sufficiently evidenced as completed and/or reviewed for varying periods of time during the financial year ended 30 June 2021: payroll, fixed assets, sundry debtors and rates debtors. This increases the risk of misstatements, frauds and errors not being detected in a timely manner.
- (iii) All required information and explanations were obtained by me.

- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

### **Other information**

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

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

### **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the City of Joondalup for the year ended 30 June 2021 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.



Caroline Spencer  
Auditor General for Western Australia  
Perth, Western Australia  
14 December 2021



Our Ref: 7897

7th Floor, Albert Facey House  
469 Wellington Street, Perth

Mr. James Pearson  
Chief Executive Officer  
City of Joondalup  
PO BOX 21  
JOONDALUP WA 6919

Mail to: Perth BC  
PO Box 8489  
PERTH WA 6849

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Dear Mr Pearson

**ANNUAL FINANCIAL REPORT  
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2021**

We have completed the interim audit for the year ending 30 June 2021. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate your overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

**Management Control Issues**

We would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management. Some of the matters may be included in our auditor's report in accordance with section 7.9(2) of the *Local Government Act 1995* or regulation 10(3)(a) and (b) of the *Local Government (Audit) Regulations 1996*. If so, we will inform you before we finalise the report.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the Mayor. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7574 if you would like to discuss these matters further.

Yours faithfully

RENUKA VENKATRAMAN  
DIRECTOR  
FINANCIAL AUDIT  
12 August 2021

Attach

## CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2021

## FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Reconciliations	✓		
2. Review of infrastructure works in progress		✓	
3. Corporate Credit Cards		✓	
4. Bank User Access			✓

**KEY TO RATINGS**

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

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.



## CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2021

## FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

## 1. Reconciliations

**Finding**

We reviewed the City's processes for the preparation and review of key monthly reconciliations and noted that:

- the Payroll reconciliations from July 2020 to September 2020 were not prepared. The reconciliations from October to November 2020 and January to February 2021 were not reviewed
- the Assets reconciliation for the month of July and August 2020 were not prepared. The reconciliations from September to November 2020 and January to February 2021 were not reviewed
- the Sundry Debtors reconciliations from July 2020 to March 2021 were not reviewed
- the Rates Debtors and Rates Rolling reconciliations were not reviewed in a timely manner by an independent officer. The delays in review of these reconciliations ranged from 1 to 5 months.

**Rating: Significant  
Implication**

When monthly reconciliations are not prepared or reviewed in a timely manner, it increases the risk of errors or frauds not being detected in a timely manner. This could potentially result in the misstatement of the City's monthly and annual financial statements.

**Recommendation**

The City should prepare and review all key monthly reconciliations in a timely manner and evidence of these should be retained.

**Management Comment**

*Capturing evidence of review of reconciliations was partly caused by the focus on preparation and finalisation of 2019-20 financial statements that was exacerbated by the uncertainty due to possible changes to Financial Management Regulations and delays to 2019-20 audit finalisation, and partly due to the Senior Financial Accountant role being vacant for longer than anticipated. The City has limited capacity to cover vacant roles on a temporary basis. In this instance, other qualified accounting staff were fully occupied preparing the annual budget and handling system and process changes occasioned by pandemic restrictions.*

*Asset reconciliations were not prepared in July and August 2020 owing to the pending finalisation of 2019-20 asset carrying values. However, the City continued to review asset transactions and balances for those months. While reconciliations from September to November 2020 and January to February 2021 were reviewed, it is acknowledged that evidence of this has not been captured as it should have been. The City notes that the intervening and succeeding months' reconciliations did not identify any unexplained differences.*

*Payroll reconciliations performed are a check between the monthly and YTD pay information generated by the Aurion system vs the employee costs data entered into the City's cost ledger (which is itself from upload files generated from the Aurion system) to confirm that employee costs data is reflected against the appropriate line items in the City's financial reports. It is not a control account reconciliation, and there is no particular requirement that this be done monthly. The City has typically done this monthly to minimise the risk of having to correct any cumulative anomalies that may possibly arise. Given that the data in both the cost ledger and in the payroll system are generated from the same source (i.e. Aurion), the risk of variance is low and would most likely be due to any errors in the upload file. This reconciliation does not identify any*

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*anomalies within the payroll system itself, e.g. does not identify whether an employee has been incorrectly paid for personal leave vs annual leave. While the City intends to continue with monthly reconciliations, the risk associated with this particular exercise not being performed in any given month is not considered significant at all.*

*Manager Financial Services reviews the Sundry Debtors reconciliations prepared each month along with the detailed age analysis and did so for the months between July 2020 and March 2021. It is acknowledged that while evidence of this review was not captured, it was certainly performed and analysis of 90-day debtors is also performed and reported internally each month. The City notes that no unreconciled differences have been identified between the sundry debtors control account and the sundry debtors sub-system in any of those months, and does not consider that there was a significant risk of unidentified anomalies or differences in any of the months in question.*

*Rates Debtors and Rates Rolling reconciliations were reviewed each month for the months in question, but evidence of the reviews that were performed was not captured in a timely fashion, which is acknowledged. This is evident because the reviewer dated the review on the day it was signed rather than the earlier date that it was performed. It is noted that this was partly due to the transition to digital sign-off processes, which is now well in place and evidence of review is being captured within a reasonable timeframe. The City notes that no unreconciled differences have been identified between the control accounts and the sub-ledgers/systems and does not consider that there was a significant risk of unidentified anomalies or differences in any of the months in question.*

*The City also notes that this finding was previously classified as "moderate" in the initial draft which the City agrees is appropriate. The risks or anomalies identified that warrant the finding now being reclassified as "significant" are not clear.*

*Subject to extenuating circumstances, key balance sheet account reconciliations will continue to be prepared and reviewed monthly with appropriate evidence retained.*

**Responsible Person: Manager Financial Services****Completion Date: 31 December 2021****Additional OAG comment**

The OAG considers the Significant rating of the finding to be appropriate, as reconciliations are a key monitoring control for ensuring that financial data is completely and accurately reflected in the general ledger from which financial statements are derived. Timely preparation and review of these reconciliations are essential to ensuring that erroneous or unusual reconciling items are detected and investigated. Retaining evidence of the reviews is important to demonstrate that this key control is being performed.

## CITY OF JOONDALUP

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## FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

**2. Review of infrastructure works in progress****Finding**

We reviewed the City's infrastructure works in progress and noted that projects had not been assessed for completion during the period 1 July 2020 to 31 March 2021. Consequently, at the time of the audit, the City had not capitalised any completed infrastructure projects or recorded the disposal of any replaced assets for the current financial year.

**Rating: Moderate****Implication**

Untimely recording of the capitalisation and disposal of infrastructure assets may result in the misstatement of depreciation expense and infrastructure assets in the monthly financial statements.

**Recommendation**

The City should review its infrastructure works in progress regularly, to ensure that completed projects are capitalised and disposal of replaced assets are recorded in a timely manner.

**Management Comment**

*The City has sought to perform capitalisations quarterly for the last few years. Prior to this, capitalisation was undertaken annually. Given the timeline of project completions during the financial year, it is not considered that capitalisation of infrastructure at the end of the financial year materially impacts on either depreciation or disposals recorded in the annual financial statements. It is noted that the significant increase in capital works projects in 2020-21 due to acceleration of works to enable economic stimulation in response to the impacts of the COVID-19 pandemic had a major impact on the City's capacity to capitalise on a quarterly basis, in comparison to previous years. The City is considering additional resources to manage this and other asset related accounting matters since no such dedicated resource currently exists, and the City aspires to capitalise infrastructure assets at least quarterly.*

*The City considers that this is a minor item, rather than moderate.*

**Responsible Person: Manager Financial Services****Completion Date: 30 June 2022****Additional OAG comment**

The OAG considers the Moderate rating of the finding to be appropriate, in view of the significant additions to infrastructure assets each year and the risk of errors in the capitalisation of assets, when this is done at year end rather than on a quarterly basis. The finding is of sufficient concern to warrant action being taken as soon as practicable.

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**3. Corporate Credit Cards**

**Finding**

We noted that the previous CEO's credit card was cancelled two and a half months after his resignation.

Further, the City's Credit Card Policy does not include any guidelines for the manner or timeliness of credit card cancellations after an employee's termination or change of role.

**Rating: Moderate**

**Implication**

Untimely cancellation of corporate credit cards increases the risk of inappropriate transactions being incurred on credit cards after a change in an employee's role or termination.

**Recommendation**

Management should ensure that all corporate credit cards that are no longer required are cancelled in a timely manner and evidence of the cancellation should be documented and retained. The City's Credit Card Policy should be updated to include guidelines for the manner and timeliness of credit card cancellations.

**Management Comment**

*The previous CEO's credit card was handed to the Financial Services Manager by the CEO at the conclusion of his term with the City in December 2020. The Manager immediately destroyed the card.*

*Actual cancellation of the card was delayed by annual leave over the Christmas period and thereafter, on the Manager Financial Services return from annual leave, by the impact of a state-wide COVID-19 lockdown. Due to the destruction of the card, the risk of misuse was considered very low and, also, due to monitoring of card activity by Finance staff through monthly statements issued by the bank.*

*The City will review the corporate credit card protocol to consider inclusion of specific provisions on the manner and timeliness of card cancellations.*

*The City considers this to be a minor item, rather than moderate.*

**Responsible Person: Manager Financial Services**

**Completion Date: 30 June 2022**

**Additional OAG comment**

The OAG considers the Moderate rating of the finding to be appropriate, as timely cancellation of corporate credit cards is a key preventative control to address the risk of fraud. The finding is of sufficient concern to warrant action being taken as soon as practicable.

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**4. Bank User Access**

**Finding**

We reviewed the Westpac Bank User Access listing and noted that three staff who were given bank user access when they back-filled roles of other users, did not have their user access deactivated in a timely manner on completion of their roles.

Further, the City does not have written policies that clearly outline the circumstances (e.g. termination or change in an employee's role) and timeline for deactivation of employees' bank user access.

**Rating: Minor**

**Implication**

Untimely deactivation of employees' bank user access after their termination or change in role, increases the risk of inappropriate user access levels being assigned. This could potentially result in inappropriate creation and authorisation of payments from the City's bank accounts.

**Recommendation**

The City should review employees' bank user access on a regular basis and deactivate user access in a timely manner after the termination or change in an employee's role.

**Management Comment**

*Of the three staff identified only one, a Director, has authority to approve transactions in Westpac Corporate On-line (COL). The other staff have view/create access only. The City has dual authorisation requirements in place, so even authorisers, such as the Director in question, cannot authorise transactions by themselves without a second authoriser. The City also does not consider view-only access that the other two staff in question possess to constitute a risk of transactions from the City's bank accounts. Separate from that, login activity of the various users is monitored from time to time by the City's administrators for the Westpac COL system.*

*In the case of the Director, in particular, this role is a recognised signatory on the City's banking transaction accounts and, in the rare event required, may be called on to approve transactions jointly with another authoriser in COL. It would not be efficient to set up or activate the user in COL only at the time he/she is required to authorise any transactions.*

**Responsible Person: Manager Financial Services**

**Completion Date: No further action contemplated**