

CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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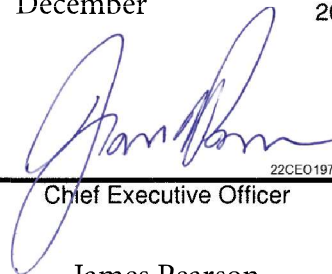
**CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Joondalup for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the City of Joondalup at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 20th day of December 2022



22CEO197

Chief Executive Officer

James Pearson

Name of Chief Executive Officer



CITY OF JOONDALUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Restated Actual* \$
Revenue				
Rates	2(a), 25(a)	100,765,757	100,702,304	99,245,067
Operating grants and subsidies	2(a)	8,633,677	6,094,980	6,109,786
Contributions, Reimbursements and Donations	2(a)	1,872,726	1,108,156	1,255,157
Fees and charges	2(a)	40,871,218	41,552,470	40,094,589
Interest earnings	2(a)	942,843	666,527	1,500,344
Other revenue	2(a)	3,798,536	1,697,723	3,317,572
		156,884,757	151,822,160	151,522,515
Expenses				
Employee costs	2(b)	(62,011,632)	(66,183,322)	(60,128,780)
Materials and contracts	2(b)	(48,677,996)	(55,194,834)	(46,535,720)
Utility charges	2(b)	(5,808,545)	(6,133,858)	(5,583,393)
Depreciation on non-current assets	10(b)	(32,865,308)	(31,927,323)	(31,530,289)
Interest expenses	2(b)	(309,204)	(323,391)	(387,238)
Insurance expenses		(1,535,116)	(1,628,739)	(1,457,672)
		(151,207,801)	(161,391,467)	(145,623,092)
		5,676,956	(9,569,307)	5,899,423
Non-operating grants and subsidies				
Non-operating Contributions	2(a)	12,893,004	11,007,446	7,552,188
Profit on asset disposals	2(a)	316,114	210,422	1,576,738
Loss on asset disposals	10(a)	170,565	68,388	145,064
Loss on land held for sale	10(a)	(54,175)	(202,273)	(15,882,989)
		0	0	(62,997)
Fair value adjustments to financial assets at fair value through profit or loss		4,996	0	3,233
Share of profit or (loss) of associates accounted for using the equity method	22(a)	(2,271,206)	0	(921,960)
		11,059,298	11,083,983	(7,590,723)
Net result for the period		16,736,254	1,514,676	(1,691,300)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	5,639,590	0	65,900,787
Total other comprehensive income for the period		5,639,590	0	65,900,787
Total comprehensive income for the period		22,375,844	1,514,676	64,209,487

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

* Refer to Note 30 for restatement of comparatives.



CITY OF JOONDALUP
STATEMENT OF FINANCIAL POSITION
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 \$	Restated 2021* \$	Restated 1st July 2020* \$
CURRENT ASSETS				
Cash and cash equivalents	3,30	39,269,487	12,376,825	8,491,982
Trade and other receivables	5	4,979,660	3,650,817	5,571,476
Other financial assets	6 (b),30	101,210,000	127,650,000	116,530,000
Inventories	6 (a),30	708,427	226,281	1,784,789
Other current assets	7	1,111,109	1,355,533	1,427,614
TOTAL CURRENT ASSETS		147,278,683	145,259,456	133,805,861
NON-CURRENT ASSETS				
Trade and other receivables	5	2,106,389	2,039,460	1,942,814
Other financial assets	6 (b)	97,255	92,259	89,026
Inventories	6 (a)	2,059,599	2,086,631	2,770,380
Investment in associates	22	28,422,837	13,083,629	12,538,550
Property, plant and equipment	8 (a),30	372,664,942	366,879,150	369,473,238
Infrastructure	9 (a)	972,842,028	973,377,044	917,451,547
Right-of-use assets	14 (a)	6,480,498	6,551,747	6,539,758
TOTAL NON-CURRENT ASSETS		1,384,673,548	1,364,109,920	1,310,805,313
TOTAL ASSETS		1,531,952,231	1,509,369,376	1,444,611,174
CURRENT LIABILITIES				
Trade and other payables	12	12,898,751	12,539,305	12,140,746
Lease liabilities	14 (b)	492,772	455,497	362,194
Other liabilities	13	5,534,917	4,499,377	1,977,599
Borrowings	15 (a)	909,513	1,836,594	2,445,660
Employee related provisions	16	15,341,835	14,800,690	14,638,174
Other provisions	17	9,415	9,415	66,705
TOTAL CURRENT LIABILITIES		35,187,202	34,140,878	31,631,078
NON-CURRENT LIABILITIES				
Lease liabilities	14 (b)	6,203,663	6,245,829	6,270,158
Borrowings	15 (a)	1,898,379	2,807,892	4,644,486
Employee related provisions	16	1,501,965	1,419,898	1,520,060
TOTAL NON-CURRENT LIABILITIES		9,604,007	10,473,619	12,434,704
TOTAL LIABILITIES		44,791,210	44,614,497	44,065,782
NET ASSETS		1,487,161,021	1,464,754,879	1,400,545,392
EQUITY				
Retained surplus		555,332,842	533,361,385	559,229,274
Reserves - cash/financial asset backed	4	105,567,295	110,772,200	86,595,611
Revaluation surplus	11	826,260,884	820,621,294	754,720,507
TOTAL EQUITY		1,487,161,021	1,464,754,879	1,400,545,392

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

* Refer to Note 30 for restatement of comparatives.



CITY OF JOONDALUP
STATEMENT OF CHANGES IN EQUITY
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 30 June 2020		559,003,347	86,595,611	772,614,765	1,418,213,723
Restatement of comparatives*	30	225,927	0	(17,894,258)	(17,668,331)
Restated balance at 1st July 2020		559,229,274	86,595,611	754,720,507	1,400,545,392
Net result for the period		(2,036,709)	0	0	(2,036,709)
Restatement of comparatives*	30	345,409	0	0	345,409
Other comprehensive income		0	0	65,900,787	65,900,787
Total comprehensive income		(1,691,300)	0	65,900,787	64,209,487
Transfers from reserves	4	21,291,254	(21,291,254)	0	0
Transfers to reserves	4	(45,467,843)	45,467,843	0	0
Restated Balance as at 30 June 2021*		533,361,385	110,772,200	820,621,294	1,464,754,879
Comprehensive income					
Net result for the period		16,736,254	0	0	16,736,254
Other comprehensive income	11	0	0	5,639,590	5,639,590
Total comprehensive income		16,736,254	0	5,639,590	22,375,844
Transfers from reserves	4	33,831,761	(33,831,761)	0	0
Transfers to reserves	4	(28,626,856)	28,626,856	0	0
Transfer from Trust Funds	28	30,298	0	0	30,298
Balance as at 30 June 2022		555,332,842	105,567,295	826,260,884	1,487,161,021

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

* Refer to Note 30 for restatement of comparatives.



CITY OF JOONDALUP
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Restated Actual* \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		100,897,986	99,881,101	101,592,125
Operating grants, subsidies and contributions		8,640,874	7,189,978	9,129,662
Fees and charges		40,859,297	42,383,519	40,408,800
Interest received		942,843	666,527	1,500,344
Goods and services tax received		419,595	0	0
Other revenue		928,674	363,164	657,675
		152,689,269	150,484,289	153,288,606
Payments				
Employee costs		(60,227,300)	(65,877,915)	(62,071,503)
Materials and contracts		(49,344,554)	(55,062,801)	(46,656,107)
Utility charges		(5,808,545)	(6,133,858)	(5,583,393)
Interest expenses		(309,204)	(323,391)	(387,238)
Insurance paid		(1,535,116)	(1,628,739)	(1,457,672)
Goods and services tax paid		0	0	(63,749)
		(117,224,720)	(129,026,704)	(116,219,662)
Net cash provided by (used in) operating activities	18	35,464,550	21,457,585	37,068,944
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(13,031,955)	(5,799,784)	(8,731,113)
Payments for construction of infrastructure	9(a)	(22,256,731)	(46,957,666)	(25,975,883)
Non-operating grants, subsidies and contributions		14,244,658	11,217,868	11,650,704
Net Proceeds/(payments) from financial assets at amortised cost - Term deposits		26,440,000	0	(11,120,001)
Proceeds from disposal of land held for sale		0	1,425,000	1,496,094
Proceeds from sale of property, plant & equipment	10(a)	471,727	512,600	445,136
Net Distributions received from Tamala Park Regional Council	23(c)	1,988,872	1,666,667	1,876,606
Equity Investment - Mindarie Regional Council	22(b)	(14,166,667)	0	0
Net cash provided by (used in) investment activities		(6,310,096)	(37,935,315)	(30,358,457)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(1,836,594)	(1,836,594)	(2,445,660)
Payments for principal portion of lease liabilities	14(b)	(455,496)	(316,676)	(379,984)
Net cash provided by (used in) financing activities		(2,292,090)	(2,153,270)	(2,825,644)
Net increase (decrease) in cash held		26,862,364	(18,631,000)	3,884,843
Cash at beginning of year		12,376,825	121,447,935	8,491,982
Transfer from Trust Fund	28	30,298	120,529	0
Cash and cash equivalents at the end of the year	3,18	39,269,487	102,937,464	12,376,825

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

* Refer to Note 30 for restatement of comparatives.



CITY OF JOONDALUP
STATEMENT OF RATES SETTING STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

		2022	2022	2021
	NOTE	Actual	Budget	Restated Actual*
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	26 (b)	3,860,336	1,228,878	19,608,893
		3,860,336	1,228,878	19,608,893
Revenue from operating activities (excluding rates)				
Specified area rates		709,165	704,527	713,830
Operating grants and subsidies		8,633,677	6,094,980	6,109,786
Contributions, Reimbursements and Donations		1,872,726	1,108,156	1,255,157
Profit on asset disposals		170,565	68,388	145,064
Fees and charges		40,871,218	41,552,470	40,094,589
Interest earnings		942,843	666,527	1,500,344
Other revenue	2(a)	3,798,536	1,697,723	3,317,572
		56,998,730	51,892,771	53,136,342
Expenditure from operating activities				
Employee costs		(62,011,632)	(66,183,322)	(60,128,780)
Materials and contracts		(48,677,996)	(55,194,834)	(46,535,720)
Utility charges		(5,808,545)	(6,133,858)	(5,583,393)
Depreciation on non-current assets		(32,865,308)	(31,927,323)	(31,530,289)
Loss on asset disposals		(54,175)	(202,273)	(15,882,989)
Loss on land held for sale		0	0	(62,997)
Interest expenses		(309,204)	(323,391)	(387,238)
Insurance expenses		(1,535,116)	(1,628,739)	(1,457,672)
		(151,261,976)	(161,593,740)	(161,569,078)
Non-cash amounts excluded from operating activities	26(a)	30,337,179	30,826,649	42,915,409
Amount attributable to operating activities		(60,065,731)	(77,645,442)	(45,908,434)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	13,209,118	11,217,868	9,128,926
Proceeds from disposal of assets	10(a)	471,727	1,937,600	445,136
Proceeds from disposal of land held for sale		0	0	1,496,094
Purchase of property, plant and equipment	8(a)	(13,031,955)	(5,799,784)	(8,731,113)
Purchase and construction of infrastructure	9(a)	(22,256,731)	(47,134,295)	(25,975,883)
Net Distributions received from Tamala Park Regional Council	23(c)	1,988,872	1,666,667	1,876,606
Equity Investment - Mindarie Regional Council		(14,166,667)	0	0
		(33,785,636)	(38,111,944)	(21,760,234)
Amount attributable to investing activities		(33,785,636)	(38,111,944)	(21,760,234)
FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(1,836,594)	(1,836,594)	(2,445,660)
Payments for principal portion of lease liabilities	14(b)	(455,496)	0	(379,984)
Transfers to reserves (restricted assets)	4	(28,626,856)	(13,232,787)	(45,467,843)
Transfers from reserves (restricted assets)	4	33,831,761	30,658,461	21,291,254
Transfer from Trust Fund		30,298	120,529	0
Amount attributable to financing activities		2,943,113	15,709,609	(27,002,233)
Surplus/(deficit) before Imposition of general rates		(90,908,254)	(100,047,777)	(94,670,901)
Total amount raised from general rates	25(a)	100,056,593	99,997,777	98,531,237
Surplus/(deficit) after imposition of general rates	26(b)	9,148,338	(50,000)	3,860,336

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

* Refer to Note 30 for restatement of comparatives.



CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements
Section 6.4(2) of the Local Government Act 1995 read with the Local Government(Financial Management) Regulations 1996 prescribe that the financial report is prepared in accordance with the Local Government Act 1995 and , to the extent that they are not inconsistent with the Act, the Australian Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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 measurement 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.

JUDGEMENTS AND 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:

- estimated fair value of certain financial assets
- estimation of useful lives of non - current assets
- estimation uncertainties made in relation to lease accounting.

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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:

	2022 Actual \$	2022 Budget \$	2021 Actual \$
By nature and type:			
Operating grants and subsidies			
Current grants			
Financial Assistance Grant	7,782,941	5,595,750	5,575,222
Department of Communities	10,000	1,000	1,000
Department of Local Gov Sport and Cultural Industries	10,000	0	5,000
FESA	95,823	91,230	75,705
Department of Transport	120,010	75,000	95,739
Healthways	10,000	10,000	9,000
Lotteries commission	45,000	45,000	0
Department of Industry, Innovation and Science	0	0	175,596
Department of Fire and Emergency Services	418,217	250,000	69,023
Regional Development	0	0	7,500
Gaming and wagering	12,000	0	12,000
Other Grants	38,106	27,000	84,001
Department of Local Gov Sport and Cultural Industries- Whitfords Library Mural	30,790	0	0
Department of Local Gov Sport and Cultural Industries- Covid Response	30,790	0	0
National Australia Day Council	30,000	0	0
	8,633,677	6,094,980	6,109,786
Non-operating grants and subsidies			
Capital grants			
Main Roads Black Spot Funding	945,952	517,800	342,916
Main Roads Direct Grant	574,469	542,265	542,265
Main Roads - Metro Regional Road Programme	1,806,660	3,468,397	2,438,206
Cities - Roads to Recovery Programme	1,655,292	1,580,000	1,376,756
Department of Water and Environmental Regulation	0	0	321,746
Department of Local Gov Sport and Cultural Industries	3,160,849	747,984	42,234
Lottery west	0	0	100,160
Department of Transport	0	0	157,411
Department Infrastructure Transport Regulation Development			
Communication and Arts	4,470,093	4,151,000	2,227,494
Other Government Grants	279,689	0	3,000
	12,893,004	11,007,446	7,552,188
Total grant revenue	21,526,681	17,102,426	13,661,974
	2022 Actual \$	2022 Budget \$	2021 Actual \$
By Nature and Type:			
Contributions, reimbursements and donations			
Current			
Contributions	411,839	158,500	131,221
Reimbursements	1,460,887	949,656	1,123,936
	1,872,726	1,108,156	1,255,157

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Grants, subsidies & contributions)

Non-operating contributions

Capital contributions	316,114	210,422	1,576,738
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(a) Revenue (continued)

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Fees and charges (by nature and type)			
Refuse charges	21,696,009	21,746,880	20,743,412
Membership fees	2,968,544	2,764,907	2,833,528
Learn to Swim program fees	2,224,629	2,074,304	2,049,189
User entry fees	1,993,217	2,104,870	1,877,382
Off street parking fees	1,270,107	1,313,000	1,323,661
On street parking fee	1,086,700	1,080,000	1,090,099
Parking infringements	96,527	900,000	313,755
Inspection fees	1,111,306	1,053,750	1,005,533
Development application fees	808,174	750,000	1,056,685
Facilities hire	941,723	930,664	939,363
Other miscellaneous charges	885,423	989,389	877,224
Building licence fees	783,271	635,000	890,639
Property rental	786,045	766,995	765,385
Court sport revenue	406,300	503,962	505,162
Rates instalments administration fee - (Note 25(d))	583,581	602,500	539,055
Fines enforcement	291,216	500,000	443,453
Dog registration fees	339,028	440,000	371,512
Term program activities fees	175,803	151,655	212,714
Merchandise sales and other sales	347,765	266,271	313,717
Private property agreements	131,791	139,000	131,084
Land purchase enquiries fees	355,325	248,000	349,086
Multi storey car park parking fees	790,429	850,000	613,930
Other building and development charges	122,061	110,000	135,012
Commission	144,295	145,150	153,191
Credit card surcharge	114,201	116,306	118,334
Immunisation fees	87,802	100,000	109,170
Library fines and penalties	66,196	66,000	49,858
Personal training	0	0	8,891
Park hire	201,665	123,867	207,046
Cat registration fee	62,086	80,000	67,521
	40,871,218	41,552,470	40,094,589

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022
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.

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
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	8,633,678	3,444,625	6,109,786
Fees and charges	40,871,218	41,552,470	40,094,589
Other revenue	3,798,536	1,697,723	657,675
Non-operating grants, subsidies and contributions	12,893,004	11,007,446	7,552,188
	<u>66,196,436</u>	<u>57,702,264</u>	<u>54,414,238</u>

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	0	0	36,885
Revenue from contracts with customers recognised during the year	53,303,432	46,694,818	46,825,165
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period	3,277,510	0	718,847
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	9,615,494	11,007,446	6,833,341
	<u>66,196,436</u>	<u>57,702,264</u>	<u>54,414,238</u>

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	2,770,212	0	904,682
Contract assets	0	0	0
Contract liabilities from contracts with customers	0	0	0
Financial assets held from transfers for recognisable financial assets	4,313,050	0	3,277,510
Grant liabilities from transfers for recognisable non financial assets	(4,313,050)	0	(3,277,510)

Contract assets primarily relate to the City's right to consideration for work completed but not billed at 30 June 2022.

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
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (continued)	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Rates (by nature and type)			
General rates	100,056,593	99,997,777	98,531,237
Specified area rates	709,165	704,527	713,830
	<u>100,765,757</u>	<u>100,702,304</u>	<u>99,245,067</u>
Interest earnings			
Interest on reserve funds	399,696	306,883	693,445
Rates instalment and penalty interest (refer Note 25(d))	153,039	146,500	172,639
Interest earned on Other Investments	390,108	213,144	634,261
	<u>942,843</u>	<u>666,527</u>	<u>1,500,344</u>
Other revenue			
Profit on sale of Tamala Park land	23 (b) 2,869,862	1,334,559	2,659,897
Miscellaneous revenue	928,674	363,164	657,675
	<u>3,798,536</u>	<u>1,697,723</u>	<u>3,317,572</u>

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	Note	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
Employee costs				
Salaries and wages		51,385,529	56,728,404	49,268,895
Superannuation guarantee		5,200,110	5,536,015	4,996,032
Workers compensation		1,544,714	1,544,693	1,497,828
Other		3,881,279	2,374,210	4,366,025
		<u>62,011,632</u>	<u>66,183,322</u>	<u>60,128,780</u>
Materials and contracts				
Elected member costs		643,174	776,843	642,022
Administration costs		892,564	1,241,296	847,960
Rental and property charges		882,545	882,429	814,253
Telephone and communication charges		729,463	734,193	686,608
Finance related costs		495,377	501,828	539,798
Professional charges		2,021,066	2,795,846	1,793,002
Public relations costs		808,136	1,184,905	778,731
Computing costs		3,099,785	3,241,102	2,150,104
Contributions and donations		1,376,105	2,043,997	1,099,899
Purchase of minor equipment		2,428,058	2,432,626	1,155,880
Travel and vehicle maintenance expenses		1,660,169	1,741,307	1,395,428
Waste management costs		16,582,369	4,778,923	17,040,434
External contractors and services		14,633,964	29,908,936	13,552,154
Other materials and services		2,425,220	2,930,603	4,039,447
		<u>48,677,996</u>	<u>55,194,834</u>	<u>46,535,720</u>
Interest expenses (finance costs)				
Borrowings	15(b)	131,762	154,842	206,519
Lease liabilities	14(b)	177,442	174,356	180,719
		<u>309,204</u>	<u>329,198</u>	<u>387,238</u>
Utilities Charges				
Electricity		5,515,690	5,871,493	5,337,905
Gas		42,175	56,327	42,919
Water		250,680	206,038	202,569
		<u>5,808,545</u>	<u>6,133,858</u>	<u>5,583,393</u>
(c) Auditors remuneration				
- Audit of the Annual Financial Report		99,700	80,000	94,540
- Acquittals and certification fees		10,030	0	10,570
		<u>109,730</u>	<u>80,000</u>	<u>105,110</u>

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

	NOTE	2022 \$	Restated 2021* \$
Unrestricted		30,599,142	12,376,825
Restricted		8,670,345	0
Total cash and cash equivalents		39,269,487	12,376,825
Term deposits - Unrestricted		0	13,600,290
Term deposits - Restricted		101,210,000	114,049,710
Term deposits	6(b)	101,210,000	127,650,000
Total Cash and Cash Equivalents and Term Deposits		140,479,487	140,026,825

Restrictions

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:

Total Unrestricted cash and term deposits	30,599,142	25,977,115
Total Restricted cash and term deposits	109,880,345	114,049,710
	140,479,487	140,026,825

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

Reserves - cash/financial asset backed	4	105,567,295	110,772,200
Grants for transfers for recognisable non financial assets	13	4,313,050	3,277,510
Total restricted assets		109,880,345	114,049,710

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.

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.

* Refer to Note 30 for restatement of comparatives.

**CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

4. RESERVES - CASH/FINANCIAL ASSET BACKED

	2022 Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
(a) Non-current long service leave	1,240,008	0	(57,816)	1,182,192	1,459,636	100,000	0	1,559,636	1,359,636	0	(119,628)	1,240,008
(b) Capital works Carried Forward Reserve	10,718,554	9,524,141	(8,096,810)	12,145,885	5,907,309	0	(5,607,809)	300,000	13,337,090	5,492,708	(8,111,244)	10,718,554
(c) Cash in lieu of Parking Reserve	1,362,003	5,732	0	1,367,735	1,356,430	4,423	(150,000)	1,170,853	1,351,015	10,988	0	1,362,003
(d) Joondalup Performing Arts and Cultural Facility Reserve	16,962,052	71,852	0	17,033,904	16,887,187	59,208	0	16,946,395	16,819,773	142,279	0	16,962,052
(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	3,400,845	1,796,137	(1,039,415)	4,157,567	3,059,670	2,787,047	(958,122)	4,848,595	3,059,950	1,344,762	(1,003,867)	3,400,845
(g) Percy Doyle Infrastructure Reserve	85,346	359	0	85,705	85,170	299	0	85,469	0	85,346	0	85,346
(h) Public Art Reserve	262,049	50,000	0	312,049	212,049	0	(212,049)	0	212,049	50,000	0	262,049
(i) Specified area rating - Harbour Rise reserve	9,378	500	0	9,878	178	0	(178)	0	3,862	5,516	0	9,378
(j) Specified area rating - Iluka reserve	18,079	56	(9,443)	8,692	12,461	0	(12,461)	0	13,414	4,665	0	18,079
(k) Specified area rating - Woodvale Waters reserve	2,760	7,983	(7,237)	3,506	8,231	0	(8,231)	0	6,092	36	(3,368)	2,760
(l) Specified area rating - Burns Beach reserve	8,329	30	(2,272)	6,087	3,305	0	(3,305)	0	6,457	1,872	0	8,329
(m) Strategic Asset Reserve	14,722,778	52,065	(4,704,813)	10,070,030	14,473,105	1,452,907	(14,451,983)	1,474,029	16,584,455	1,622,888	(3,484,565)	14,722,778
(n) Tamala Park Land Sales Reserve	16,247,638	1,738,557	0	17,986,195	16,185,250	1,726,336	0	17,911,586	14,124,630	2,123,008	0	16,247,638
(o) Asset Renewal Reserve	29,350,875	12,195,903	(5,747,288)	35,799,490	27,939,367	6,808,342	(9,174,323)	25,573,886	5,997,695	31,921,762	(8,568,582)	29,350,875
(p) Waste Management Reserve	16,198,403	3,183,541	(14,166,667)	5,215,277	15,020,775	294,225	0	15,315,000	13,536,388	2,662,015	0	16,198,403
	110,772,200	28,626,856	(33,831,761)	105,567,295	102,794,228	13,232,787	(30,658,461)	85,368,554	86,595,610	45,467,844	(21,291,254)	110,772,200

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

CITY OF JOONDALUP
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FOR THE YEAR ENDED 30 JUNE 2022

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:

Name of Reserve	Purpose of the reserve
(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 Jnan 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 \$6,500,000 loan taken in 2014-15 to construct the Red 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
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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

2022	2021
\$	\$
1,558,519	1,687,531
2,770,212	904,682
665,035	1,084,630
(14,106)	(26,026)
4,979,660	3,650,817
1,908,240	1,920,992
198,149	118,468
2,106,389	2,039,460

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 27.

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.

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES AND OTHER FINANCIAL ASSETS

	2022	Restated 2021*
	\$	\$
(a) Inventories		
Current		
Inventories	174,993	135,835
Land held for resale	90,442	90,442
Assets held for transfer (Note 1)	2	4
Catalina Estate - Land held for sale (Note 2)	442,990	0
	<u>708,427</u>	<u>226,281</u>
Non-current		
Catalina Estate - Land held for sale (Note 2)	2,059,599	2,086,631
Total Inventory	2,768,025	2,312,912

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 23.2

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.
The City has restated the carrying value of the non current land held for sale.
Refer Note 11 & Note 30 for details.

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.

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES AND OTHER FINANCIAL ASSETS

	2022	Restated 2021*
(b) Other Financial Assets		
	\$	\$
(i) Current assets		
Financial assets at amortised cost	101,210,000	127,650,000
	101,210,000	127,650,000
Other financial assets at amortised cost		
Term deposits	101,210,000	127,650,000
	101,210,000	127,650,000
(ii) Non-current assets		
Financial assets at fair value through profit and loss	97,255	92,259
	97,255	92,259
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	97,255	92,259
	97,255	92,259

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

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. These are classified as level 2 fair values in the fair value hierarchy (see Note 27) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

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 27.

* Refer to Note 30 for restatement of comparatives.

7 OTHER CURRENT ASSETS

	2021	2020
	\$	\$
Other assets - current		
Prepayments	738,765	757,967
Accrued income	372,344	597,565
	1,111,109	1,355,533

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.

**CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	114,464,596	220,682,606	945,267	16,417,454	830,868	2,233,740	17,203,196	372,777,727
Prior year adjustment*	0	0	0	0	0	0	(3,304,489)	(3,304,489)
Restated at 1st July 2020*	114,464,596	220,682,606	945,267	16,417,454	830,868	2,233,740	13,998,707	369,473,238
Additions	0	0	0	0	0	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)
Classified as Held for Sale	0	0	0	0	0	0	0	0
Depreciation (expense)	0	(4,454,907)	(525,355)	(2,484,055)	0	(536,730)	0	(8,001,047)
Transfers to / (from)	0	1,181,573	637,657	1,976,389	70,018	226,556	(4,092,193)	0
Balance at 30 June 2021	114,464,596	214,615,220	1,057,569	15,580,757	885,886	2,024,840	18,250,282	366,879,150
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	18,250,282	490,374,872
Accumulated depreciation at 30 June 2021	0	(102,814,088)	(7,221,805)	(10,193,185)	0	(3,266,644)	0	(123,495,722)
Balance at 30 June 2021	114,464,596	214,615,220	1,057,569	15,580,757	885,886	2,024,840	18,250,282	366,879,150
Additions	0	0	0	0	0	267,079	12,764,876	13,031,955
(Disposals)	0	0	0	(355,337)	0	0	0	(355,337)
Tamala Tip Site and Refuse Facility Buffer								
Revaluation increment	1,122,783	0	0	0	0	0	0	1,122,783
Impairment (losses) / reversals	0	0	0	0	(26,300)	(192,936)	0	(219,236)
Depreciation (expense)	0	(4,413,745)	(431,485)	(2,435,970)	0	(513,173)	0	(7,794,373)
Transfers	0	6,996	436,704	2,199,577	68,300	228,063	(2,939,640)	0
Balance at 30 June 2022	115,587,379	210,208,471	1,062,788	14,989,027	927,886	1,813,873	28,075,518	372,664,942
Comprises:								
Gross balance amount at 30 June 2022	115,587,379	317,436,304	8,716,078	26,841,177	927,886	4,939,084	28,075,518	502,523,426
Accumulated depreciation at 30 June 2022	0	(107,227,833)	(7,653,290)	(11,852,150)	0	(3,125,211)	0	(129,858,484)
Balance at 30 June 2022	115,587,379	210,208,471	1,062,788	14,989,027	927,886	1,813,873	28,075,518	372,664,942

* Refer to Note 30 for restatement of comparatives.

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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.

**CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	353,849,156	77,528,345	280,847,316	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	25,375,883	25,375,883
Transfer to Main Roads WA (Loss on Disposal)	(6,544,036)	0	(4,785,044)	0	0	(4,524,850)	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	(614,821)	1,265,449	(75,495)	0	88,545,443
Impairment (losses) / reversals	0	(319,795)	(84,144)	(182,994)	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)	(110,565)	(1,266,965)	0	(22,254,772)
Transfers	9,064,049	2,844,268	251,635	2,920,264	1	0	321,913	0	(15,402,121)	9
Balance at 30 June 2021	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
Comprises:										
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)	(35,931,295)	(148,178,664)	(41,554,514)	(9,640,297)	(15,091,813)	(1,230,663)	(23,104,474)	0	(553,807,259)
Balance at 30 June 2021	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
Additions	0	0	0	0	0	0	0	0	22,256,731	22,256,731
Revaluation increments / (decrements)										
transferred to revaluation surplus	0	0	1,538,099	0	0	0	0	0	0	1,538,099
Impairment (losses) / reversals	0	(244,624)	(82,940)	(1,553,943)	0	0	0	(172,795)	0	(2,064,302)
Depreciation (expense)	(9,625,419)	(2,646,304)	(4,544,814)	(3,247,378)	(419,857)	(391,986)	(129,338)	(1,260,450)	0	(22,265,545)
Transfers	8,781,333	1,276,988	2,294,172	7,686,091	95,827	0	176,552	3,816,254	(24,067,217)	0
Balance at 30 June 2022	401,838,190	87,613,811	250,679,996	137,108,537	15,335,165	23,269,963	5,017,204	23,007,236	28,971,926	972,342,028
Comprises:										
Gross balance at 30 June 2022	690,529,142	125,969,768	359,325,954	179,998,243	25,395,319	38,753,759	6,377,206	44,613,302	28,971,926	1,499,934,619
Accumulated depreciation at 30 June 2022	(288,690,952)	(38,355,957)	(108,645,958)	(42,889,706)	(10,060,154)	(15,483,796)	(1,360,002)	(21,606,066)	0	(527,192,591)
Balance at 30 June 2022	401,838,190	87,613,811	250,679,996	137,108,537	15,335,165	23,269,963	5,017,204	23,007,236	28,971,926	972,342,028

**CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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 2022	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.

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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).

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS

(a) Disposals of Assets

	2022			2022			2022			2022			2022			2021			2021		
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book	Net Book
	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	355,337	471,727	471,727	170,565	170,565	(54,175)	643,399	512,600	68,388	68,388	(202,273)	329,031	445,136	145,064	145,064	(28,959)	329,031	445,136	145,064	(28,959)	(28,959)
Infrastructure - Road	0	0	0	0	0	0	0	0	0	0	0	6,544,036	0	0	0	6,544,036	6,544,036	0	0	6,544,036	(6,544,036)
Drainage	0	0	0	0	0	0	0	0	0	0	0	4,785,044	0	0	0	4,785,044	4,785,044	0	0	4,785,044	(4,785,044)
Bridges & Underpasses	0	0	0	0	0	0	0	0	0	0	0	4,524,950	0	0	0	4,524,950	4,524,950	0	0	4,524,950	(4,524,950)
	355,337	471,727	471,727	170,565	170,565	(54,175)	643,399	512,600	68,388	68,388	(202,273)	16,183,061	445,136	145,064	145,064	(15,882,989)	16,183,061	445,136	145,064	(15,882,989)	(15,882,989)

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS

(b) Depreciation & Impairment

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Buildings - non-specialised	4,413,745	4,505,857	4,454,907
Furniture and equipment	431,485	13,456	525,355
Plant and equipment	2,435,970	2,567,124	2,484,055
Library Assets	513,173	508,076	536,730
Right of Use Assets (Leases)	521,851	576,257	436,968
Infrastructure - Roads	9,625,419	10,541,825	10,299,556
Footpaths	2,646,304	2,078,012	2,044,505
Drainage	4,544,814	4,618,497	4,610,428
Parks and Reserves	3,247,378	3,266,415	3,110,759
Car Park	419,857	363,366	338,212
Bridges and Underpasses	391,986	474,774	473,762
Other Infrastructure	129,338	98,008	110,585
Lighting	1,260,450	1,266,804	1,266,965
Impairment	2,283,538	1,048,852	837,503
	32,865,308	31,927,323	31,530,290

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

CITY OF JOONDALUP

11. REVALUATION SURPLUS

	2022	2022	2022	2022	2022	2022	2022	2022	2022	2021	2021	2021	2021	2021	2021	2021	2021
	Restated	Revaluation	Revaluation	Revaluation	Movement on	Closing	Opening	Opening	Opening	2021	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Restated
	Operating	Increment*	(Decrement)	(Decrement)	Revaluation	Balance	Balance	balance *	balance *	Restated*	Increment	(Decrement)	(Decrement)	(Decrement)	(Decrement)	(Decrement)	Closing*
	Balance	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	Balance
Revaluation surplus - Land - freehold land	127,133,289	1,122,783	(378,004)		744,779	127,878,068	141,723,058	(14,589,769)		127,133,289	0	0	0	0	0	0	127,133,289
Revaluation surplus - Buildings - non-specialised	141,089,543	0	0	0	0	0	141,089,543	147,138,688	(3,304,489)	143,834,199	0	(2,744,656)	(2,744,656)	(2,744,656)	(2,744,656)	(2,744,656)	141,089,543
Tamela Park Regional Council Assets	1,060	0	0	0	0	1,060	1,060	0	0	1,060	0	0	0	0	0	0	1,060
Mindarie Regional Council Assets	5,397,916	3,356,712			3,356,712	8,754,628	5,397,916			5,397,916	0	0	0	0	0	0	5,397,916
Revaluation surplus - Infrastructure - Roads	165,280,142	0	0	0	0	165,280,142	108,667,479	0	0	108,667,479	56,847,858	(235,195)	(235,195)	(235,195)	(235,195)	(235,195)	165,280,142
Revaluation surplus - Footpaths	79,464,052	0	0	0	0	79,464,052	68,344,614	0	0	68,344,614	11,369,083	(249,645)	(249,645)	(249,645)	(249,645)	(249,645)	79,464,052
Revaluation surplus - Drainage	153,902,046	1,538,099			1,538,099	165,440,145	163,985,902	0	0	163,985,902	0	(83,856)	(83,856)	(83,856)	(83,856)	(83,856)	163,902,046
Revaluation surplus - Parks and Reserves	98,865,736	0	0	0	0	0	98,865,736	101,007,064	0	101,007,064	0	0	0	0	0	0	98,865,736
Revaluation surplus - Car Park	4,741,097	0	0	0	0	0	4,741,097	2,177,904	0	2,177,904	3,631,082	(1,067,889)	(1,067,889)	(1,067,889)	(1,067,889)	(1,067,889)	4,741,097
Revaluation surplus - Bridges and Underpasses	26,379,892	0	0	0	0	26,379,892	26,994,513	0	0	26,994,513	0	(614,621)	(614,621)	(614,621)	(614,621)	(614,621)	26,379,892
Revaluation surplus - Other infrastructure	1,718,757	0	0	0	0	1,718,757	453,308	0	0	453,308	1,265,449	0	0	0	0	0	1,718,757
Revaluation surplus - Lighting	6,647,764	0	0	0	0	0	6,647,764	6,723,259	0	6,723,259	0	(75,485)	(75,485)	(75,485)	(75,485)	(75,485)	6,647,764
	820,621,294	6,017,594	(378,004)		5,635,590	826,260,884	772,614,765	(17,894,258)		754,720,557	73,113,472	(7,212,685)	(7,212,685)	(7,212,685)	(7,212,685)	(7,212,685)	820,621,294

* Adjustmnet to Catalina Estate - Land held for sale as per AASB 2 for \$14,589,769 (Refer Note 30).

* Adjustment to Revaluation surplus - Buildings for the work in progress cost of \$3,304,489 not been capitalised in FY 19-20. (Refer Note 30)

** Includes revaluation for Tamala Park Tip site and Refuse Facility Buffer site land \$1,122,783.

CITY OF JOONDALUP
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FOR THE YEAR ENDED 30 JUNE 2022

12. TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Current		
Trade payables	2,709,216	4,600,329
Other payables	317,462	695,348
Accrued expenses	4,266,327	3,105,207
Rates received in advance	3,336,241	3,266,095
Bonds and deposits held	2,269,505	872,326
	<u>12,898,751</u>	<u>12,539,305</u>

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.

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FOR THE YEAR ENDED 30 JUNE 2022

13. OTHER LIABILITIES

	2022	2021
	\$	\$
Current		
Grant liabilities from transfers for recognisable non-financial assets	4,313,050	3,277,510
Developer Contribution	1,221,867	1,221,867
	<u>5,534,917</u>	<u>4,499,377</u>

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	5,534,917
	<u>0</u>	<u>5,534,917</u>

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

	Opening Balance 1/07/2021	Additions 2021/22	Income Recognised 2021/22	Closing Balance 30/06/2022
	\$	\$	\$	\$
Operating Grants	0	8,633,677	(8,633,677)	0
Non-operating Grants	3,277,510	13,928,544	(12,893,004)	4,313,050
Contract Liabilities for developer contributions	1,221,867	0	0	1,221,867
	<u>4,499,377</u>	<u>22,562,221</u>	<u>(21,526,681)</u>	<u>5,534,917</u>

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

	2022	2021
	\$	\$
(a) Right-of- use assets		
Opening Balance at the beginning of the year		
Land	6,106,348	6,503,818
Plant and Equipment	445,399	35,940
	<u>6,551,747</u>	<u>6,539,758</u>
Depreciation	(521,851)	(436,968)
Net adjustment to Lease Liabilities	450,602	448,958
Carrying amount at the end of the year		
Land	6,175,254	6,106,348
Plant and Equipment	305,245	445,399
	<u>6,480,498</u>	<u>6,551,747</u>

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

Depreciation expense on Right-of-use asset	521,851	436,968
Interest expense on lease liabilities	177,442	180,719
Total amount recognised in the statement of comprehensive income	<u>699,293</u>	<u>617,687</u>
Total cash outflow from leases	632,938	560,703

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.

**CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

14 RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

(a) Lease Liabilities

	2022	2021
	\$	\$
Current	492,772	455,497
Non Current	6,203,663	6,245,825
	<u>6,696,435</u>	<u>6,701,322</u>

(b) Movements in Carrying Amounts

Purpose	Institution	Lease Interest Rate	Maturity year	30 June 2022 Actual New Leases / Adjustment	30 June 2022 Actual Lease Principal Repayments	30 June 2022 Actual Lease Principal Outstanding	30 June 2022 Actual Lease Interest Repayments	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
Recreation and culture											
Gym Cardio Equipment -1	Maa Financial Pty Ltd	2.75%	2020	0	0	0	53,603	0	(53,603)	0	0
Gym Cardio Equipment -2	Maa Financial Pty Ltd	2.75%	2024	0	(115,830)	227,323	(11,790)	0	(12,810)	342,953	(7,067)
Spin Bike	Maa Financial Pty Ltd	4.00%	2026	0	(20,121)	82,984	(1,764)	0	(4,980)	103,105	(1,080)
Transport											
Operation Works Depot Land	Water Corporation	2.62%	2037	450,605	(319,745)	5,386,128	(163,888)	(14,890)	(308,591)	6,255,268	(172,572)
				<u>450,605</u>	<u>(455,496)</u>	<u>5,696,435</u>	<u>(177,442)</u>	<u>448,958</u>	<u>(379,984)</u>	<u>6,701,326</u>	<u>(180,719)</u>

**CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

15. INFORMATION ON BORROWINGS

(a) Borrowings

	2022	2021
	\$	\$
Current	909,513	1,836,594
Non-current	1,898,379	2,807,892
	<u>2,807,892</u>	<u>4,644,486</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2022				30 June 2022				30 June 2022				30 June 2021			
				Actual Principal	Actual Interest	Actual repayments	Actual outstanding	Budget Principal	Budget Interest	Budget repayments	Budget outstanding	Actual Principal	Actual Interest	Actual repayments	Actual outstanding	Actual Principal	Actual Interest	Actual repayments	Actual outstanding
Community amenities																			
Bransford Park	8	WATC	2.21%	0	0	0	0	0	0	0	0	0	0	0	0	369,565	6,355	369,565	0
Recreation and culture																			
Seacrest Sports Facility	6	WATC	6.16%	0	0	0	0	0	0	0	0	0	0	0	0	82,434	2,677	82,434	0
Forrest Park Sports Facility	6	WATC	6.16%	0	0	0	0	0	0	0	0	0	0	0	0	54,234	1,761	54,234	0
Fleur Baie Pavilion Upgrade	6	WATC	6.16%	0	0	0	0	0	0	0	0	0	0	0	0	149,830	4,866	149,830	0
Warwick Hockey Facility	9	WATC	2.37%	952,547	18,160	952,547	0	952,547	19,924	952,547	0	952,547	47,108	952,547	952,547	1,882,850	47,108	930,303	952,547
Transport																			
Reid Promenade Multi Storey Car Park	7	WATC	2.85%	3,691,939	113,602	884,047	2,807,892	3,691,939	134,918	884,047	2,807,892	4,644,486	154,842	1,836,594	2,807,892	4,551,233	143,754	859,294	3,691,939
				4,644,486	131,762	1,836,594	2,807,892	4,644,486	154,842	1,836,594	2,807,892	7,090,146	206,519	2,445,660	4,644,486	7,090,146	206,519	2,445,660	4,644,486

* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

CITY OF JOONDALUP
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15. INFORMATION ON BORROWINGS (Continued)

	2022	2021
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Credit card limit	47,000	47,000
Credit card balance at balance date	(20,711)	(17,142)
Total amount of credit unused	526,289	529,858
Loan facilities		
Lease liabilities - current	455,497	455,497
Lease liabilities - non-current	6,245,829	6,245,829
Total facilities in use at balance date	6,701,326	6,701,326
Unused loan facilities at balance date	NIL	NIL

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 27.

CITY OF JOONDALUP
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FOR THE YEAR ENDED 30 JUNE 2022

16. EMPLOYEE RELATED PROVISIONS

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
	\$	\$	\$	\$		\$
Opening balance at 1 July 2021						
Current provisions	4,774,903	6,550,516	147,488	1,061,768	2,266,015	14,800,690
Non-current provisions	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
Additional provision	(186,276)	(43,019)	61,169	(79,651)	870,989	623,212
Balance at 30 June 2022	4,588,627	7,927,395	208,657	982,117	3,137,004	16,843,800
Comprises						
Current	4,588,627	6,425,430	208,657	982,117	3,137,004	15,341,835
Non-current	0	1,501,965	0	0	0	1,501,965
	4,588,627	7,927,395	208,657	982,117	3,137,004	16,843,800
	2022	2021				
Amounts are expected to be settled on the following basis:	\$	\$				
Less than 12 months after the reporting date	15,341,835	14,800,690				
More than 12 months from reporting date	1,501,965	1,419,898				
	16,843,800	16,220,588				

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.

CITY OF JOONDALUP
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17. OTHER PROVISIONS

	Other Provisions	Total
	\$	\$
Opening balance at 1 July 2021		
Current provisions	9,415	9,415
	9,415	9,415
Movement in Provisions	0	0
Balance at 30 June 2022	9,415	9,415
Comprises		
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 write-off of assets	9,415	9,415
	9,415	9,415

CITY OF JOONDALUP
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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:

	2022 Actual \$	2022 Budget \$	2021 Restated Actual* \$
Cash and cash equivalents	39,269,487	102,937,464	12,376,825
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	16,736,254	1,514,676	(1,691,300)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(4,996)	0	(3,233)
Depreciation on non-current assets	32,865,308	31,927,323	31,530,290
Net (Profit)/loss on sale of asset	(116,390)	(1,200,674)	15,737,925
(Profit)/loss on sale of land held for resale	(2,869,862)	0	(2,596,898)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(13,291,233)	9,846	2,745,973
(Increase)/decrease in other assets	244,424	0	72,081
(Increase)/decrease in inventories	(39,162)	95,441	(591)
Increase/(decrease) in payables	14,526,113	113,875	398,559
Increase/(decrease) in provisions	623,212	214,966	62,354
Increase/(decrease) in other provisions	0	0	(57,290)
Grants and contributions for the development of assets	(13,209,118)	(11,217,868)	(9,128,926)
Net cash from operating activities	35,464,550	21,457,585	37,068,944

* Refer to Note 30 for restatement of comparatives.

CITY OF JOONDALUP
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FOR THE YEAR ENDED 30 JUNE 2022

19. CONTINGENT LIABILITIES

(a) 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 MAR 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 MAR report received in November 2021 required further investigation to confirm 2 main areas:

- Adequacy of the landfill gas monitoring network and assessment of the potential for off site migration of landfill gas.
- On going assessment of landfill gas and groundwater as part of the ongoing Site Management Plan to inform long term trends and need for migration measures.

Since receiving the MAR in November 2021:

Groundwater monitoring

The MRC has commissioned 2 rounds of groundwater testing (December 2021 and June 2021), with the final report on the testing received August 2022. One of the report's conclusions were based on the groundwater monitoring results in 2021, no significant changes to the overall risk profile at the TPWMF, buffer zone and nearby residential development have been identified, compared to the 2020 assessment. This report also recommended ongoing monitoring required and the recommendation to rationalise the groundwater monitoring network and the number of analytical suites included in each sampling round.

CITY OF JOONDALUP
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19. CONTINGENT LIABILITIES (CONTINUED)

Site management plan (SMP)

A SMP was developed and received in May 2022 for the MRC. The SMP is required to provide a management plan for the site to ensure that potential risks associated with soil, landfill gas and groundwater contaminants are appropriately managed for the ongoing use of the site as a landfill facility and leachate management. There are no specific "results" from this plan. This Plan remains an evolving document that addresses the overall management of landfill gas and groundwater based on the latest advice.

Landfill gas monitoring

The most recent gas monitoring report was obtained in Sept 2021 this covered 3 sampling rounds (January to March 2021). One of the report's conclusions were "Under the current site conditions (i.e. active landfill gas extraction and continuous landfill gas monitoring in the workshop), the risks to the site's workers and off-site residents from landfill gas are considered Low. The risks to site's infrastructure and terrestrial ecosystem is however considered Negligible." Gas testing was also conducted in December 2021 and October 2022, however, the MRC has not yet received the gas monitoring report for these test.

At this time, the MRC has no new information to suggest that an additional landfill rehabilitation provision is required to address any specific remediation requirements, nor do the recommendations from groundwater or gas reports recommend any such action.

(b) Contaminated sites- other

Under the contaminated sites Act 2003, the City is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Contaminated Sites Act 2003, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated - remediation required or possibly contaminated investigation required, the City may have a liability in respect of investigation or remediation expense.

During the year the City reported two suspected contaminated sites to DWER. These have been classified as "Possibly Contaminated Investigation is Required". The City is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows.

CITY OF JOONDALUP
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20. CAPITAL COMMITMENTS	2022	2021
	\$	\$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	15,795,272	6,479,885
	15,795,272	6,479,885
Payable:		
- not later than one year	15,795,272	6,479,885

CITY OF JOONDALUP
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21. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Elected Members Allowances	586,441	585,343	585,343
Elected Members Conferences/Training	14,179	104,900	24,305
Elected Members Travel and Child Care	20,202	32,000	22,625
Other Specified Expenses	22,352	15,600	9,749
	<u>643,174</u>	<u>737,843</u>	<u>642,022</u>

Mayor- Albert Jacob

Mayor's Annual allowance	138,367	137,269	137,269
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	8,250	8,000	8,246
Other Specified Expenses	6,518	1,200	6,194
Elected Members Conferences/Training	5,990	16,100	540
	<u>162,625</u>	<u>166,069</u>	<u>155,749</u>

Deputy Mayor - Christine Hamilton Prime

Deputy Mayor's annual allowance	13,813	0	0
Meeting attendance fees	33,548	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	0
Other Specified Expenses	4,479	1,200	358
Elected Members Conferences/Training	2,195	7,400	2,394
	<u>57,535</u>	<u>45,778</u>	<u>37,930</u>

Councillor - Adrian Hill

Meeting attendance fees	19,756	0	0
Annual allowance for ICT expense	2,462	0	0
Elected Members Travel and Child Care expense	0	0	0
Other Specified Expenses	1,167	0	0
Elected Members Conferences/Training	0	0	0
	<u>23,385</u>	<u>0</u>	<u>0</u>

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	879	2,000	1,202
Other Specified Expenses	2,035	1,200	1,453
Elected Members Conferences/Training	0	7,400	0
	<u>38,092</u>	<u>45,778</u>	<u>37,833</u>

Councillor - Daniel Kingston

Meeting attendance fees	22,396	0	0
Annual allowance for ICT expense	2,462	0	0
Elected Members Travel and Child Care expense	0	0	0
Other Specified Expenses	0	0	0
Elected Members Conferences/Training	0	0	0
	<u>24,858</u>	<u>0</u>	<u>0</u>

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21 RELATED PARTY TRANSACTIONS (Continued)

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Councillor - John Chester			
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	1,527	2,000	655
Other Specified Expenses	544	1,200	614
Elected Members Conferences/Training	0	7,400	0
	<u>37,249</u>	<u>45,778</u>	<u>36,447</u>
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	1,913	2,000	2,507
Other Specified Expenses	1,106	1,200	1,386
Elected Members Conferences/Training	0	7,400	52
	<u>38,197</u>	<u>45,778</u>	<u>39,123</u>
Councillor - John Raftis			
Meeting attendance fees	34,318	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	1,844	2,000	943
Other Specified Expenses	808	1,200	418
Elected Members Conferences/Training	0	7,400	7,823
	<u>40,470</u>	<u>45,778</u>	<u>44,362</u>
Councillor - Kerry Hollywood			
Meeting attendance fees	9,282	31,678	31,678
Annual allowance for ICT expense	1,038	3,500	3,500
Elected Members Travel and Child Care expense	423	2,000	1,377
Other Specified Expenses	230	1,200	817
Elected Members Conferences/Training	0	7,400	0
	<u>10,973</u>	<u>45,778</u>	<u>37,372</u>
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	2,223	2,000	2,669
Other Specified Expenses	3,774	1,200	830
Elected Members Conferences/Training	2,028	7,400	4,808
	<u>43,203</u>	<u>45,778</u>	<u>43,485</u>
Councillor - Philippa Taylor			
Meeting attendance fees	6,642	31,678	31,678
Annual allowance for ICT expense	1,038	3,500	3,500
Elected Members Travel and Child Care expense	181	2,000	888
Other Specified Expenses	98	1,200	1,459
Elected Members Conferences/Training	1,988	7,400	2,018
	<u>9,947</u>	<u>45,778</u>	<u>39,543</u>

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21 RELATED PARTY TRANSACTIONS (Continued)

	2022 Actual	2022 Budget	2021 Actual
Councillor - Russ Fishwick	\$	\$	\$
Deputy Mayor's annual allowance	6,756	22,438	22,438
Meeting attendance fees	34,318	31,678	31,678
Annual allowance for ICT expense	3,500	3,500	3,500
Elected Members Travel and Child Care expense	2,961	2,000	2,593
Other Specified Expenses	115	1,200	904
Elected Members Conferences/Training	0	7,400	82
	47,650	68,216	61,195
Councillor - Russell Poliwka			
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	0
Other Specified Expenses	1,480	1,200	929
Elected Members Conferences/Training	0	7,400	0
	36,658	45,778	36,107
Councillor - Suzanne Thompson			
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	1,301
Other Specified Expenses	0	1,200	358
Elected Members Conferences/Training	0	7,400	0
	35,178	45,778	36,837
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	0	2,000	244
Other Specified Expenses	0	1,200	617
Elected Members Conferences/Training	1,979	7,400	0
	37,157	45,778	36,039
	643,176	737,843	642,022

Key Management Personnel (KMP) Compensation Disclosure

	2022 Actual	2021 Actual
The total of remuneration paid to KMP of the City during the year are as follows:	\$	\$
Short-term employee benefits	1,207,060	973,188
Post-employment benefits	119,649	127,821
Other long-term benefits	139,046	142,086
Termination benefits	67,861	310,389
	1,533,616	1,553,484

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
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21. 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:	2022 Actual	2021 Actual
	\$	\$
Mindarie Regional Council (Note 23)		
Sale of goods and services	158,711	146,843
Purchase of goods and services	6,980,601	7,521,087
Trade and other receivables	0	11,297
Trade and other payables	108,887	248,173
Tamala Park Regional Council (Note 23)		
Distributions received	1,666,666	1,500,000
Reimbursements received	322,206	376,606
Payments made for settling GST liabilities	165,040	39,933
Trade and other receivables	22,587	25,673
Trade and other payables	96,456	55,374

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.

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22. INVESTMENT IN ASSOCIATES

	2022	2021
	\$	\$
(a) Carrying amount of investment in associates		
Equity in Mindarie Regional Council- Note (b)	19,336,855	3,922,081
Equity in Tamala Park Regional Council- Note (c)	9,085,982	9,161,548
	28,422,837	13,083,629
Share of profit/(loss) from continuing operations		
Mindarie Regional Council	(2,108,605)	(799,818)
Tamala Park Regional Council	0	(122,142)
	(2,108,605)	(921,960)
(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	2022	2021
	\$	\$
Total operating revenues	43,482,662	55,810,250
Total operating expenses	(56,134,290)	(60,609,155)
Net Result	(12,651,628)	(4,798,905)
Other comprehensive income		
Net change on revaluation of assets	20,140,272	0
Total Comprehensive Income	7,488,644	(4,798,905)
The City's interest in Mindarie Regional Council's Total Comprehensive Income (1/6th share)		
Share of associate's profit/(loss) from ordinary activities	(2,108,605)	(799,818)
Share of associate's other comprehensive income arising during the period	3,356,712	0
Share of associate's total comprehensive income arising during the period	1,248,107	(799,818)
The Mindarie Regional Council Financial Position	2022	2021
	\$	\$
Current Assets	50,281,492	42,526,862
Non-Current Assets	95,598,663	90,593,148
Total Assets	145,880,155	133,120,010
Current liabilities	(5,605,777)	(14,479,677)
Non-Current Liabilities	(24,253,247)	(95,107,847)
Total Liabilities	(29,859,024)	(109,587,524)
Net Assets	116,021,131	23,532,486
The City's interest in Mindarie Regional Council Net assets (1/6th share)	19,336,855	3,922,081
Movement in Carrying Amount		
Carrying amount at 1 July	3,922,081	4,721,899
Share of associate's total comprehensive income arising during the period	1,248,107	(799,818)
Contribution to equity in associate	14,166,667	0
Carrying amount at 30 June	19,336,855	3,922,081

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22. 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 \$9,085,981. As per the audited financial statements of Tamala Park Regional Council for the year ended 30 June 2022, the City's share of Net Result of operations was a loss of \$162,601. 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	2022	2021
	\$	\$
Total operating revenues	322,628	498,206
Total operating expenses	(1,009,759)	(1,070,778)
Net Result	(687,131)	(572,572)
Other comprehensive income		
Net change on revaluation of assets	0	0
Total Comprehensive Income	(687,131)	(572,572)

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

	2022	2021
	\$	\$
Share of associate's profit/(loss) from ordinary activities	(114,812)	(95,427)
Share of associate's profit/(loss) from ordinary activities	(47,789)	(26,715)
Share of associate's total comprehensive income arising during the period	(162,601)	(122,142)

The Tamala Park Regional Council Financial Position

	2022	2021
	\$	\$
Current Assets	53,079,035	53,668,172
Non-Current Assets	1,786,027	1,722,724
Total assets	54,865,062	55,390,896
Current liabilities	(216,486)	(420,373)
Non-Current Liabilities	(132,683)	(1,231)
Total liabilities	(349,169)	(421,604)
Net Assets	54,515,893	54,969,292

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

9,085,982 **9,161,548**

Movement in Carrying Value

Carrying amount at 1 July	9,161,548	7,816,650
Movement in Capital Contributions	2,075,906	3,343,646
Distributions Received	(1,988,872)	(1,876,606)
- Share of associate's total comprehensive income arising during the period	0	(122,142)
Carrying amount at 30 June	9,248,583	9,161,548

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22. INVESTMENT IN ASSOCIATES (Continued)

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.

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23. 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 1116 lots of land to date. The City's share of Sales Proceeds of land to date is \$52,576,054.

(b) Current year transactions	2022 Actual	2022 Budget	2021 Restated Actual
	\$	\$	\$
Gross sales	5,048,112	0	4,985,565
Cost of goods sold	(2,178,250)	0	(2,325,668)
Profit on sales	2,869,862	0	2,659,897

(c) Expected future cash flows

	2022/23	2023/24	2024/25	2025/26	2026/27 to 2029/30	Total
	\$	\$	\$	\$	\$	\$
Cash outflows						
- Development costs	(5,245,636)	(4,834,611)	(4,394,065)	(5,813,419)	(7,154,758)	(27,442,489)
	(5,245,636)	(4,834,611)	(4,394,065)	(5,813,419)	(7,154,758)	(27,442,489)
Cash inflows						
- Sale proceeds	8,930,084	9,488,923	10,074,028	11,006,616	21,476,197	60,975,849
	8,930,084	9,488,923	10,074,028	11,006,616	21,476,197	60,975,849
Net cash flows	3,684,448	4,654,313	5,679,964	5,193,198	14,321,439	33,533,360

(d) Assets and liabilities

	2022	Restated 2021
	\$	\$
Catalina Estate - Land held for sale	2,502,589	2,086,631

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. The transfer to Development WA is expected to occur in the 2022-23 financial year. This development is not considered a major land transaction at present.

24. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings during the 2021-22 financial year.

**CITY OF JOONDALUP
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25. RATING INFORMATION

(a) Rates

RATE TYPE		2021/22		2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21
Differential general rate / general rate		Number of Properties	Rateable Value	Actual Rate	Actual Interim Rates	Actual Revenue	Actual Total Revenue	Budget Interim Rate	Budget Total Revenue	Actual Total Revenue
			\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations										
Residential Improved	6.020600	54,528	1,175,011,396	70,742,733	377,345	70,742,733	71,120,077	250,000	70,992,733	70,005,019
Residential Vacant	11.277800	935	17,853,630	2,013,497	81,843	2,079,641	2,095,340	0	2,079,641	2,147,158
Commercial Improved	6.704200	953	293,541,483	19,679,608	(92,663)	19,586,945	19,681,743	0	19,681,743	19,510,418
Commercial Vacant	11.277800	20	1,406,750	158,650	9,858	168,508	168,508	0	158,650	155,978
Industrial Improved	6.097000	389	26,880,243	1,638,889	1,762	1,640,651	1,638,889	0	1,638,889	1,621,417
Industrial Vacant	11.277800	2	128,500	14,492	0	14,492	14,492	0	14,492	15,151
Unimproved valuations										
Residential	1.044200	1	1,610,000	16,812	0	16,812	16,812	0	16,812	16,351
Rural	1.039300	2	1,780,000	18,500	0	18,500	18,500	0	18,500	17,819
Sub-Total		56,830	1,518,212,002	94,283,180	378,145	94,283,180	94,661,325	250,000	94,601,460	93,489,311
Minimum payment										
Gross rental valuations										
Residential Improved	850	6,255	80,748,532	5,316,750	0	5,316,750	5,316,750	0	5,316,750	5,306,550
Residential Vacant	929	420	2,794,710	390,180	0	390,180	390,180	0	390,180	223,839
Commercial Improved	929	51	525,752	47,379	0	47,379	47,379	0	47,379	47,379
Commercial Vacant	929	0	0	0	0	0	0	0	0	0
Industrial Improved	929	2	0	1,858	0	1,858	1,858	0	1,858	1,858
Industrial Vacant	929	0	24,125	0	0	0	0	0	0	0
Unimproved valuations										
Residential	909	0	0	0	0	0	0	0	0	0
Rural	909	0	0	0	0	0	0	0	0	0
Sub-Total		6,728	84,093,119	5,756,167	0	5,756,167	5,756,167	0	5,756,167	5,579,676
Discounts/concessions (Note 25(c))										
Total amount raised from general rate		63,558	1,602,305,121	100,039,347	378,145	100,417,492	(360,899)	250,000	100,357,627	99,068,987
Specified Area Rate (Note 25(b))							100,056,593		(359,850)	(537,750)
Totals							709,165		99,997,777	98,531,237
									704,527	713,830
									100,702,304	99,245,057

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.

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25. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2021/22 Rateable Value	2021/22 Rate Revenue	2021/22 Interim Rate Revenue	2021/22 Total Specified Area Rate Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate Revenue	2021/22 Total Budget Revenue	2020/21 Total Actual Revenue
Iluka			\$ 0.71939	\$ 54,992,520	\$ 395,611	\$ 3,531	\$ 399,142	\$ 0	\$ 395,611	\$ 411,441
Burns Beach			0.36047	40,663,360	146,579	1,094	147,674	0	146,579	141,519
Harbour Rise			0.71836	20,300,040	145,827	7	145,835	0	145,827	142,594
Woodvale Waters			0.44365	3,721,380	16,510	5	16,515	0	16,510	18,075
			119,677,300	704,527	4,638	709,165	704,527	0	704,527	713,830

25. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount	2022 Actual	2022 Budget	2021 Actual
COVID Discount - Commercial Improved	\$ 300	\$ 302,249	\$ 301,200	\$ 300,000
COVID Discount - Industrial Improved	150	58,650	58,650	58,650
COVID Discount - Vacant Land	0	0	0	179,100
Total discounts/concessions (Note 26(a))		360,899	359,850	537,750

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25. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	29 August 2021	0.00	0.00%	0.00%
Option Two				
First instalment	29 August 2021	0.00	0.00%	3.00%
Second instalment	31 October 2021	12.00	0.00%	3.00%
Option Three				
First instalment	29 August 2021	0.00	0.00%	3.00%
Second instalment	31 October 2021	12.00	0.00%	3.00%
Third instalment	2 January 2022	12.00	0.00%	3.00%
Fourth instalment	6 March 2022	12.00	0.00%	3.00%
		2022 Actual \$	2022 Budget \$	2021 Actual \$
Interest on unpaid rates		153,039	125,500	172,639
Charges on instalment plan		583,581	602,500	539,055
		736,620	728,000	711,694

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26. RATE SETTING STATEMENT INFORMATION

	2021/22	2021/22	Restated*
	Budget	Budget	2020/21
	(30 June 2022	(30 June 2022	(30 June 2021
	Carried	Carried	Carried
Note	Forward)	Forward)	Forward
	\$	\$	\$

(a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals	10(a)	(170,565)	(68,388)	(145,064)
Less: Catalina Estate - Profit on sale of Land		(2,869,868)	0	(2,659,897)
Movement in pensioner deferred rates and other (non-current)		(66,929)	0	(96,646)
Movement in employee benefit provisions (non-current)		82,067	100,000	(100,162)
Movement of inventory		442,990	0	(1,559,097)
Add: Loss on disposal of assets	10(a)	54,175	202,273	15,882,989
Add: Loss on land held for sale		0	0	62,997
Add: Depreciation on non-current assets	10(b)	32,865,308	31,927,323	31,530,289
Non cash amounts excluded from operating activities		30,337,179	32,161,208	42,915,409

(b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - cash/financial asset backed	4	(105,567,295)	(85,368,554)	(110,772,200)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15(a)	909,513	909,513	1,836,594
- Current portion of developer contributions held in reserve		1,221,867	0	1,221,867
- Current portion of lease liabilities	14(b)	492,772	324,973	455,497
Total adjustments to net current assets		(102,943,143)	(84,134,072)	(107,258,242)

Net current assets used in the Rate Setting Statement

Total current assets		147,278,683	116,839,488	145,259,456
Less: Total current liabilities		(35,187,202)	(32,755,416)	(34,140,878)
Less: Total adjustments to net current assets		(102,943,143)	(84,134,072)	(107,258,242)
Net current assets used in the Rate Setting Statement		9,148,338	(50,000)	3,860,336

* Refer to Note 30 for restatement of comparatives.

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27. 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
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	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
	%	\$	\$	\$	\$
2022					
Cash and cash equivalents	0.45%	39,269,487	2,750,000	36,479,388	40,099
Financial assets at amortised cost - term deposits	3.00%	101,210,000	101,210,000	0	0
Restated 2021*					
Cash and cash equivalents	0.83%	12,376,825	0	12,367,740	9,085
Financial assets at amortised cost - term deposits	3.00%	127,650,000	127,650,000	0	0

Sensitivity

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

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity**	364,794	123,677

**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).

* Refer to Note 30 for restatement of comparatives.

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27. 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 2022 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
30 June 2022					
Rates receivable					
Gross carrying amount	0	3,466,759	0	0	3,466,759
30 June 2021					
Rates receivable					
Gross carrying amount	0	3,608,522	0	0	3,608,522

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
30 June 2022					
Trade and other receivables					
Gross carrying amount	2,892,994	36,910	27,703	10,753	2,968,360
Loss allowance	0	0	0	14,106	14,106
30 June 2021					
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

27. 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
2022	\$	\$	\$	\$	\$
Payables	12,898,751	0	0	12,898,751	12,898,751
Lease liabilities	669,655	2,928,890	4,801,719	8,400,264	6,696,435
Borrowings	979,875	1,959,750	0	2,939,625	2,807,892
	14,548,281	4,888,640	4,801,719	24,238,640	22,403,078
2021					
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
	15,118,812	5,215,176	5,319,963	25,653,951	23,885,117

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FOR THE YEAR ENDED 30 JUNE 2022

28 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 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Burns Beach Dual Use Path Funds	24,941	0	(24,941)	0
Duffy House Funds	109,030	0	(5,357)	103,673
Connolly Residents Association	85,897	213	0	86,110
	219,868	213	(30,298)	189,783

29 EVENTS OCCURING AFTER THE END OF THE REPORTING PERIOD

There were no material events after 30 June 2022 that require inclusion in the notes to the financial statements.

30 RESTATEMENT OF COMPARATIVES

(a) Tamala Park Regional Council land

The Tamala Park land is jointly held by the member councils for the purpose of being developed and sold. The City has a 1/6th share of the Tamala Park land, which comprises a tip site, refuse buffer land and land held for development. The tip site and refuse buffer land forms part of Property, Plant & Equipment. The portion of the land that is intended to be sold meets the definition of inventories per AASB 102 Inventories i.e., "held for sale in the ordinary course of business" or "in the process of production for such sale" and should be carried at the lower of cost and net realisable value.

While the land held for sale has been correctly classified as Non-Current Inventories, the City inadvertently reported the Non-Current Inventories at fair value instead of the lower of cost and net realisable value in its previous financial reports. This was due to an error in 2018-19 when the City erroneously did not reverse the Revaluation Surplus when the land held for sale was reclassified from Property, Plant & Equipment to Non-Current Inventories. This resulted in an overstatement of Non-Current Inventories and Revaluation Surplus. In addition, the cost of land sold in previous years has been overstated, with a corresponding understatement of the profit on sale of land and Retained Surplus.

This error has been rectified at 1 July 2020 by decreasing Non-Current Inventories by \$14,363,843, with a corresponding decrease to the Revaluation Surplus. In addition, Retained Surplus at 1 July 2020 has been increased by \$225,927 with a corresponding decrease to Revaluation Surplus, to correct the understatement of the profit on sale of land reported in 2019-20 and previous years.

The City's cost of land sold in 2020-21 has been decreased by \$345,409 with a corresponding increase in Non-Current Inventories and profit on sale of land. This has resulted in a cumulative increase of \$571,336 to the Retained Surplus and a cumulative decrease of \$14,018,433 to Non-Current Inventories.

(b) Cash and Cash Equivalent and Financial assets at amortised costs

During 2021-22 it was identified that the City had previously classified term deposits with original maturities exceeding 3 months as part of Cash and Cash Equivalents, on the basis that the term deposits could be terminated at any time and therefore were readily convertible to cash. In accordance with AASB 107.7, for an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and also be subject to an insignificant risk of changes in value. On this basis, these term deposits should have been reported as Other Financial Assets instead of Cash and Cash Equivalents.

The error has been rectified at 1 July 2020 and 30 June 2021 by decreasing Cash and Cash Equivalents by \$116.530m and \$127.650m respectively, with a corresponding increase to Other Financial Assets.

In addition, the net cash flows related to these term deposits, totalling \$11.120m have now been disclosed as an investing activity in the Statement of Cash Flows for the year ended 30 June 2021.

(c) Property Plant and Equipment

The City identified that Work in Progress costs totalling \$3,304,489 relating to additions to Buildings during 2019-20, had erroneously not been capitalised in 2019-20 when they were completed. Consequently when the buildings were revalued during that year, the revaluation increment for 2019-20 was overstated by \$3,304,489. In addition, the Revaluation Surplus and Work in Progress (reported as part of Property, Plant & Equipment) at 30 June 2020 were also overstated by \$3,304,489.

This error has been rectified at 1 July 2020 by decreasing Work in Progress and Revaluation Surplus by \$3,304,489.

Changes to Financial Statements	Notes	As reported previously	Adjustments	Restated
		\$	\$	\$
Balance as at 1st July 2020				
Statement of Financial Position				
Assets				
Cash and cash equivalents	3, 18	125,021,982	(116,530,000)	8,491,982
Financial assets at amortised costs	6(b)	89,026	116,440,974	116,530,000
Non Current Inventories	6(a)	17,134,223	(14,363,843)	2,770,380
Property, plant and equipment	8(a)	372,777,727	(3,304,489)	369,473,238
Total Non Current Assets		1,328,473,645	(17,668,332)	1,310,805,313
Total Assets		1,462,279,506	(17,668,332)	1,444,611,174
Net Assets		1,418,213,724	(17,668,332)	1,400,545,392
Equity				
Retained Surplus		559,003,347	225,927	559,229,274
Revaluation Surplus	11	772,614,765	(17,894,258)	754,720,507
Total Equity		1,418,213,723	(17,668,331)	1,400,545,392

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30 RESTATEMENT OF COMPARATIVES (Continued)

	Notes	As reported previously \$	Adjustments \$	Restated \$
As at 30 June 2021				
Statement of Financial Position				
Assets				
Cash and cash equivalents	3, 18	140,026,825	(127,650,000)	12,376,825
Financial assets at amortised costs	6(b)	92,259	127,557,741	127,650,000
Non Current Inventories	6(a)	16,105,064	(14,018,433)	2,086,631
Property Plant and Equipment	8(a)	370,183,639	(3,304,489)	366,879,150
Total Non Current Assets		1,381,432,842	(17,322,922)	1,364,109,920
Total Assets		1,526,692,298	(17,322,922)	1,509,369,376
Net Assets		1,482,077,801	(17,322,921)	1,464,754,879
Equity				
Retained Surplus		532,790,049	571,336	533,361,385
Revaluation Surplus	11	838,515,552	(17,894,258)	820,621,294
Total Equity		1,482,077,801	(17,322,922)	1,464,754,879
For the year ended 30 June 2021				
Statement of Comprehensive Income				
Revenue				
Other Revenue & Profit on sale of Tamala Park Land	2(a)	2,972,163	345,409	3,317,572
Total Revenue & Profit on sale of Tamala Park Land		151,177,106	345,409	151,522,515
Net result of the period		(2,036,709)	345,409	(1,691,300)
Total comprehensive income for the period		63,864,078	345,409	64,209,487
For the year ended 30 June 2021				
Statement of Cash Flows				
Cash Flows from Investing Activities				
Net Proceeds/(payments) from financial assets at amortised cost - Term deposits		0	(11,120,001)	(11,120,001)
Net cash provided by (used in) investment activities		(19,238,456)	(11,120,001)	(30,358,457)
Net increase (decrease) in cash held		15,004,843	(11,120,000)	3,884,843
Cash at beginning of year		125,021,982	(116,530,000)	8,491,982
Cash and cash equivalents at the end of the year		140,026,825	(127,650,000)	12,376,825
For the year ended 30 June 2021				
Statement of Rate Setting Statement				
Revenue from operating activities (excluding rates)				
Other Revenue	2(a)	2,972,163	345,409	3,317,572
Total Revenue from operating activities (excluding rates)		52,790,933	345,409	53,136,342
Non-cash amounts excluded from operating activities		43,260,818	(345,409)	42,915,409
Note 6(a) Inventories				
Non Current				
Catalina Estate - Land held for sale	6(a)	16,105,064	(14,018,433)	2,086,631
Total inventories	6(a)	16,331,345	(14,018,433)	2,312,912
Note 8(a)				
Property plant and equipment				
Work in progress				
Balance at 30 June 2021	8(a)	21,554,771	(3,304,489)	18,250,282
Note 18 - Notes to the statement of cash flows				
Reconciliation of Cash				
Cash and cash equivalents		140,026,825	(127,650,000)	12,376,825
Net result		(2,036,709)	345,409	(1,691,300)
Non-cash flows in Net result:				
- (Profit)/loss on sale of land held for resale		(2,251,491)	(345,409)	(2,596,898)
Note 27 - Rate Setting Statement Information				
(a) Non-cash amounts excluded from operating activities				
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> .				
Adjustments to operating activities				
Less: Catalina Estate - Profit on sale of Land		(2,314,488)	(345,409)	(2,659,897)
Non cash amounts excluded from operating activities		43,260,818	(345,409)	42,915,409

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

32. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of limited resources.	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

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

32 FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Income excluding grants, subsidies and contributions			
Governance	2,884,887	0	2,703,305
General purpose funding	102,478,980	101,604,109	101,158,204
Law, order, public safety	3,415,995	833,608	654,241
Health	458,872	484,000	472,767
Education and welfare	73,735	87,465	64,423
Community amenities	23,799,004	23,654,745	22,920,627
Recreation and culture	10,402,731	10,111,530	10,094,315
Transport	829,061	4,800,000	3,961,659
Economic services	1,269,879	1,001,500	1,385,285
Other property and services	940,771	2,110,455	891,043
	146,553,915	144,687,412	144,305,869
Grants, subsidies and contributions			
Governance	65,963	36,034	188,998
General purpose funding	4,748,180	3,541,523	3,391,448
Law, order, public safety	174,286	23,740	20,291
Health	18,060	7,396	5,963
Education and welfare	59,251	52,565	71,253
Community amenities	639,925	161,300	1,328,566
Recreation and culture	6,872,810	499,793	3,144,248
Transport	10,400,018	13,558,822	8,005,071
Economic services	5,469	4,162	29,264
Other property and services	731,560	535,669	308,767
	23,715,522	18,421,004	16,493,869
Total Income	170,269,437	163,108,416	160,799,738
Expenses			
Governance	(8,202,860)	(6,584,384)	(10,822,400)
General purpose funding	(3,213,367)	(3,390,314)	(5,093,754)
Law, order, public safety	(3,559,411)	(3,204,080)	(5,175,189)
Health	(1,648,678)	(1,732,614)	(1,764,692)
Education and welfare	(2,148,036)	(2,332,863)	(2,871,464)
Community amenities	(25,698,346)	(29,796,239)	(28,759,901)
Recreation and culture	(48,613,329)	(46,513,416)	(49,029,870)
Transport	(30,310,544)	(33,246,106)	(34,235,383)
Economic services	(2,549,570)	(2,646,622)	(2,121,105)
Other property and services	(27,589,041)	(32,147,102)	(22,617,280)
Total Expenses	(153,533,182)	(161,593,740)	(162,491,038)
Net result for the period	16,736,255	1,514,676	(1,691,300)

This Note has been presented for first time this year.

CITY OF JOONDALUP
STATEMENT OF NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

32 FUNCTION AND ACTIVITY (Continued)

(c) Fees and charges

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Governance	(300)	0	1,948
General purpose funding	948,596	939,806	909,759
Law, order, public safety	3,415,995	833,608	654,241
Health	458,872	484,000	472,767
Education and welfare	73,735	87,465	64,423
Community amenities	23,774,901	23,654,745	22,920,627
Recreation and culture	9,692,723	9,407,003	9,379,460
Transport	829,061	4,800,000	3,961,658
Economic services	1,269,879	1,001,500	1,385,286
Other property and services	407,756	344,343	344,420
	<u>40,871,218</u>	<u>41,552,470</u>	<u>40,094,589</u>

(d) Total Assets

	2022 Actual	2021 Actual
	\$	\$
Governance	40,305,315	48,375,534
General purpose funding	36,714,347	28,230,484
Law, order, public safety	1,027,417	5,044,217
Health	95,367	371,938
Education and welfare	1,223,883	6,418,183
Community amenities	297,853,034	67,264,310
Recreation and culture	232,617,131	290,747,625
Transport	709,303,405	832,063,961
Economic services	41,493,573	29,361,611
Other property and services	171,318,759	201,491,512
	<u>1,531,952,231</u>	<u>1,509,369,376</u>

This Note has been presented for first time this year.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 City of Joondalup

To the Councillors of the City of Joondalup

Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and 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.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Restatement of comparative balances

I draw attention to Note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer of the City is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- 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
- 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 responsibilities 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.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Chief Executive Officer is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.]

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 2022 included in the annual report 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. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.



Sandra Labuschagne
Deputy Auditor General
Delegate of the Auditor General For Western Australia
Perth, Western Australia
20 December 2022

CITY OF JOONDALUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Fair value of land, building and infrastructure assets – frequency of valuations	✓		

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 report, 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 ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Fair value of land, building and infrastructure assets - frequency of valuations**Finding**

The City has performed a high-level assessment to determine whether its land, buildings and infrastructure assets represent fair value at 30 June 2022. This review indicated there were no significant movements or impacts on these asset classes relevant to 30 June 2022. However, this assessment has relied on the City's internal assessment by management of the current market conditions.

The City completed an independent valuation of land and buildings in 2020, while some classes of infrastructure assets were valued in 2018 and 2021.

Rating: Significant**Implication**

Without a robust assessment of the fair value of the City's land, building and infrastructure assets, there is a risk that the fair value of these assets may not have been assessed adequately and in compliance with *AASB 13 Fair Value Measurement*, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

Recommendation

The City consider implementing as part of the preparation of financial statements, a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of land, buildings and infrastructure assets. Where indicators exist, a robust fair value assessment should be performed capturing the requirements of *AASB 13 Fair Value Measurement*. This process is to ensure that the City's assets are recorded at fair value in compliance with *AASB 13 Fair Value Measurement* and the Regulations.

This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair value of relevant assets is likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally, the City may consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.

Management comment

The City completed an internal fair value assessment during the 2021-22 in relation to fair value. The City saw no reason for additional costs to obtain a peer review or an independent valuer to obtain assurances over the valuation methodology.

Re-valuing now, at the height of a shortage of materials and staff, would likely lead to an inflated valuation. Given the previous valuation for land and buildings is only two years old with infrastructure assets only one year old and is based on replacement cost, not market cost, the time and expense of undertaking a revaluation was not considered in the public interest.

The rating is considered moderate or minor, rather than significant, as a high-level assessment was completed.

Responsible person: Roisin O Neill

Completion date: 15 December 2022