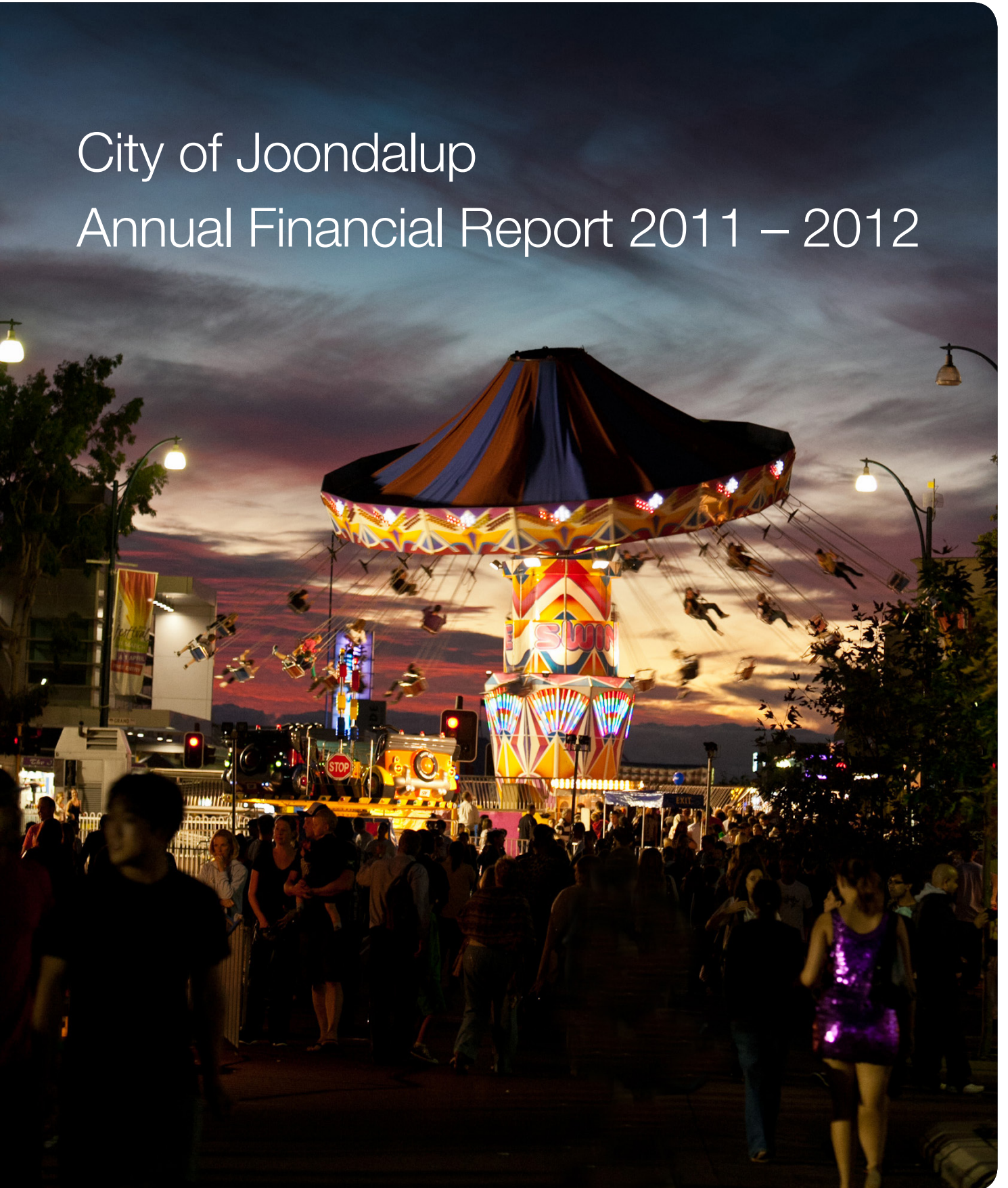


# City of Joondalup Annual Financial Report 2011 – 2012



**CITY OF JOONDALUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

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

### **Report on the Financial Report**

We have audited the accompanying financial report of the City of Joondalup, which comprises the Statement of Financial Position as at 30 June 2012, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, for the year ended 30 June 2012, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

### **Councils' responsibility for the financial report**

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

### **Auditor's responsibility**

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

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

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

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

### **Independence**

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

### **Auditor's opinion on the financial report**

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

- (i) gives a true and fair view of the City of Joondalup's financial position as at 30 June 2012 and of its performance for the financial year ended 30 June 2012, and
- (ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations),
- (iii) are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

### **Statutory Compliance**

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner – Audit & Assurance

Perth, 25 September 2012

**CITY OF JOONDALUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Joondalup being the annual financial report and other information for the financial year ended 30th June 2012 are in my opinion properly drawn up to present fairly the financial position of the City of Joondalup at 30th June 2012 and the results of the operations for the financial year then ended in accordance with Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the *25<sup>th</sup>* day of *September* 2012.

  
\_\_\_\_\_  
Garry Hunt  
Chief Executive Officer

**CITY OF JOONDALUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
<b>REVENUE</b>				
Rates	2	74,502,901	74,339,858	69,861,079
Grants and Subsidies	5	5,018,567	3,077,873	3,983,235
Contributions, Reimbursements and Donations		2,804,063	2,040,474	2,988,901
Fees and Charges	4	32,519,235	31,887,890	30,132,016
Profit on Disposal of Assets	20	63,782	77,740	53,556
Interest Earnings	6	5,812,608	4,563,005	5,397,611
Other Revenue		284,493	138,000	252,506
		<b>121,005,649</b>	<b>116,124,840</b>	<b>112,668,904</b>
<b>EXPENSE</b>				
Employee Costs		(47,945,837)	(48,980,352)	(44,329,162)
Materials and Contracts		(42,858,747)	(43,085,906)	(40,470,460)
Utilities		(5,564,083)	(5,520,852)	(4,766,532)
Depreciation & Amortisation	3(a)	(23,004,304)	(22,728,447)	(21,795,849)
Loss on disposal of assets	20	(129,639)	(132,503)	(221,761)
Insurance		(1,368,047)	(1,364,907)	(1,297,373)
Interest Expenses	3(a)	(667,320)	(675,602)	(620,437)
		<b>(121,537,977)</b>	<b>(122,488,569)</b>	<b>(113,501,574)</b>
<b>Net Result from Operating Activities</b>		<b>(532,328)</b>	<b>(6,363,729)</b>	<b>(832,670)</b>
<b>Non-Operating Activities</b>				
Grants and Subsidies	5	5,217,171	5,557,800	8,330,965
Acquired Infrastructure Assets	3(b)	-	1,400,000	551,725
Other Capital Contribution		83,426	10,000	-
<b>Profit/(Loss)</b>		<b>4,768,269</b>	<b>604,071</b>	<b>8,050,020</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of Non Current Assets	15,33	2,293,624	-	38,471
<b>Total Comprehensive Income</b>		<b>7,061,893</b>	<b>604,071</b>	<b>8,088,491</b>

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

**CITY OF JOONDALUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2012**

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
<b>REVENUE</b>				
Governance		230,624	88,300	121,601
General Purpose Funding		84,820,337	81,631,631	78,687,775
Law, Order, Public Safety		829,021	491,283	495,603
Health		294,683	271,250	288,254
Education and Welfare		443,343	366,303	423,243
Community Amenities		20,938,315	20,632,450	19,990,290
Recreation and Culture		8,612,039	8,052,088	7,734,365
Transport		3,822,267	3,657,500	3,565,533
Economic Services, Other Property & Services		1,015,020	934,035	1,362,240
		<b>121,005,649</b>	<b>116,124,840</b>	<b>112,668,904</b>
<b>EXPENSE EXCLUDING FINANCE COSTS</b>				
Governance		(4,933,978)	(6,979,438)	(4,402,800)
General Purpose Funding		(2,567,048)	(2,247,460)	(2,484,001)
Law, Order, Public Safety		(4,391,240)	(4,800,616)	(3,945,909)
Health		(1,432,392)	(1,821,588)	(1,264,054)
Education and Welfare		(2,001,186)	(2,311,558)	(1,929,477)
Community Amenities		(25,066,170)	(28,762,348)	(20,896,022)
Recreation & Culture		(28,112,721)	(38,282,122)	(26,917,148)
Transport		(26,869,716)	(30,648,763)	(26,714,458)
Economic Services, Other Property & Services		(25,496,206)	(5,959,074)	(24,327,268)
		<b>(120,870,657)</b>	<b>(121,812,967)</b>	<b>(112,881,137)</b>
<b>Net Operating Surplus (Deficit)</b>		<b>134,992</b>	<b>(5,688,127)</b>	<b>(212,233)</b>
<b>Finance Costs</b>				
General Purpose Funding		(667,320)	(675,602)	(620,437)
		<b>(667,320)</b>	<b>(675,602)</b>	<b>(620,437)</b>
<b>Capital Grants and Contributions</b>				
Grants for the development of assets		5,217,171	5,557,800	8,330,965
Acquired Infrastructure Assets	3(b)	-	1,400,000	551,725
Other Capital Contributions		83,426	10,000	-
<b>Profit/(Loss)</b>		<b>4,768,269</b>	<b>604,071</b>	<b>8,050,020</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	15,33	2,293,624	-	38,471
<b>Total Comprehensive Income</b>		<b>7,061,893</b>	<b>604,071</b>	<b>8,088,491</b>

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

**CITY OF JOONDALUP  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

	NOTE	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	16(a)	74,807,969	66,889,699
Trade and Other Receivables	7	4,518,237	5,709,257
Inventories		57,589	63,817
<b>TOTAL CURRENT ASSETS</b>		<b>79,383,795</b>	<b>72,662,773</b>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	7	1,831,361	1,946,716
Equity Investments	8	3,197,709	3,155,193
Property, Plant and Equipment	9	297,927,532	288,820,640
Infrastructure Assets	10	496,713,166	507,498,246
<b>TOTAL NON-CURRENT ASSETS</b>		<b>799,669,768</b>	<b>801,420,795</b>
<b>TOTAL ASSETS</b>		<b>879,053,563</b>	<b>874,083,568</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11	9,666,714	11,810,454
Borrowings	12	1,565,373	1,479,763
Provisions	13	9,018,386	7,876,809
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,250,473</b>	<b>21,167,026</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	8,891,958	10,457,332
Provisions	13	1,850,355	1,460,326
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,742,313</b>	<b>11,917,658</b>
<b>TOTAL LIABILITIES</b>		<b>30,992,786</b>	<b>33,084,684</b>
<b>NET ASSETS</b>		<b>848,060,777</b>	<b>840,998,884</b>
<b>EQUITY</b>			
Retained Surplus		532,644,946	534,624,660
Reserves - Cash Backed	14	55,274,861	48,526,878
Reserves - Asset Revaluation	15	260,140,970	257,847,346
<b>TOTAL EQUITY</b>		<b>848,060,777</b>	<b>840,998,884</b>

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



**CITY OF JOONDALUP  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2012**

	<b>NOTE</b>	<b>2012 \$</b>	<b>2011 \$</b>
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2011		534,624,660	535,954,074
Net result		4,768,269	8,050,020
Prior year adjustment	34		(1,701,903)
Transfer from/(to) Reserves		(6,747,983)	(7,677,531)
<b>Balance as at 30 June 2012</b>		<b><u>532,644,946</u></b>	<b><u>534,624,660</u></b>
<b>RESERVES - CASH BACKED</b>			
Balance as at 1 July 2011		48,526,878	40,849,347
Transfer from/(to) Retained Surplus		6,747,983	7,677,531
<b>Balance as at 30 June 2012</b>	14	<b><u>55,274,861</u></b>	<b><u>48,526,878</u></b>
<b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2011		257,847,346	257,808,875
Change in Revaluation	15,33	2,293,624	38,471
<b>Balance as at 30 June 2012</b>		<b><u>260,140,970</u></b>	<b><u>257,847,346</u></b>
<b>TOTAL EQUITY</b>		<b><u>848,060,777</u></b>	<b><u>840,998,884</u></b>

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

**CITY OF JOONDALUP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2012**

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		74,490,354	74,502,301	69,817,646
Grants and Subsidies		5,018,567	3,087,873	3,983,235
Contributions, Reimbursements & Donations		2,887,489	2,225,504	2,988,901
Fees and Charges		33,539,769	31,887,890	29,637,256
Interest Earnings		5,436,735	4,831,060	6,062,695
Good and Services Tax		141,731	-	8,308,053
Other		276,993	138,000	252,511
		<u>121,791,638</u>	<u>116,672,628</u>	<u>121,050,297</u>
<b>Payments</b>				
Employee Costs		(46,369,126)	(48,924,333)	(43,937,172)
Materials and Contracts		(44,585,524)	(42,018,808)	(39,809,439)
Utilities (gas, electricity, water, etc)		(5,564,083)	(5,485,667)	(4,766,532)
Insurance		(1,368,047)	(1,364,907)	(1,297,373)
Interest		(674,828)	(670,539)	(620,437)
Goods and Services Tax		(108,302)	-	(8,183,205)
		<u>(98,669,910)</u>	<u>(98,464,254)</u>	<u>(98,614,158)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	16(b)	<b>23,121,728</b>	<b>18,208,374</b>	<b>22,436,139</b>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(4,176,901)	(5,587,087)	(2,871,880)
Payments for Construction of Infrastructure		(15,292,829)	(26,067,957)	(22,586,912)
Capital Investment Mindarie RC		(42,516)	-	(33,292)
Capital Recovery MRF		200,000	-	302,982
Grants/Contributions for the Development of Assets		5,283,660	5,557,800	8,421,849
Proceeds from Sale of Assets		304,892	724,100	282,545
<b>Net Cash Provided By (Used In) Investing Activities</b>		<b>(13,723,694)</b>	<b>(25,373,144)</b>	<b>(16,484,708)</b>
<b>Cash Flows from Financing Activities</b>				
Repayment of Borrowings	21(a)	(1,479,764)	(1,479,763)	(1,243,400)
Proceeds from borrowing	21(a)	-	-	2,924,000
<b>Net Cash Provided By (Used In) Financing Activities</b>		<b>(1,479,764)</b>	<b>(1,479,763)</b>	<b>1,680,600</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>7,918,270</b>	<b>(8,644,533)</b>	<b>7,632,031</b>
Cash at Beginning of Year		66,889,699	65,218,157	59,257,668
<b>Cash and Cash Equivalents at the End of the Year</b>	16(a)	<b><u>74,807,969</u></b>	<b><u>56,573,624</u></b>	<b><u>66,889,699</u></b>

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

**CITY OF JOONDALUP  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2012**

	<b>2012 Actual \$</b>	<b>2012 Budget \$</b>	<b>2011 Actual \$</b>
<b>OPERATING REVENUES</b>			
Rates	74,502,901	74,339,858	69,861,079
Government Grants & Subsidies - Operating	5,018,567	3,077,873	3,983,235
Contributions, Reimbursements and Donations - Operating	2,804,063	2,040,474	2,988,901
Profit on Disposal	63,782	77,740	53,556
Fees & Charges	32,519,235	31,887,890	30,132,016
Interest Earnings	5,812,608	4,563,005	5,397,611
Other Revenue	284,493	138,000	252,506
	<u>121,005,649</u>	<u>116,124,840</u>	<u>112,668,904</u>
<b>EXPENSES</b>			
Employee Costs	(47,945,837)	(48,980,352)	(44,329,162)
Materials & Contracts	(42,858,747)	(43,085,906)	(40,470,460)
Utilities	(5,564,083)	(5,520,852)	(4,766,532)
Depreciation & Amortisation on Assets	(23,004,304)	(22,728,447)	(21,795,849)
Loss on Disposal and Revaluation	(129,639)	(132,503)	(221,761)
Insurance Expenses	(1,368,047)	(1,364,907)	(1,297,373)
Interest Expense	(667,320)	(675,602)	(620,437)
	<u>(121,537,977)</u>	<u>(122,488,569)</u>	<u>(113,501,574)</u>
<b>(DEFICIT)/SURPLUS FROM OPERATIONS</b>	<u><b>(532,328)</b></u>	<u><b>(6,363,729)</b></u>	<u><b>(832,670)</b></u>
<b>OPERATING NON-CASH ADJUSTMENTS</b>			
Depreciation on Assets	23,004,304	22,728,447	21,795,849
Loss on Disposal	129,639	132,503	221,761
Profit on Disposal	(63,782)	(77,740)	(53,556)
<b>OPERATING CASH SURPLUS</b>	<u><b>22,537,833</b></u>	<u><b>16,419,481</b></u>	<u><b>21,131,384</b></u>
<b>CAPITAL REVENUE</b>			
Capital Grants	5,217,171	5,557,800	8,330,965
Contributions & Reimbursements - Non Operating	83,426	10,000	90,884
Acquired Infrastructure Assets	-	1,400,000	460,841
	<u>5,300,597</u>	<u>6,967,800</u>	<u>8,882,690</u>
<b>CAPITAL EXPENDITURE</b>			
Capital Projects	(1,485,873)	(3,545,461)	(1,541,868)
Capital Works	(15,302,561)	(22,831,728)	(22,586,912)
Motor Vehicle Replacement	(2,655,473)	(2,825,999)	(1,297,682)
Loan Repayments (Principal)	(1,479,764)	(1,479,763)	(1,243,400)
Equity Investment	(42,516)	-	(33,292)
	<u>(20,966,187)</u>	<u>(30,682,951)</u>	<u>(26,703,154)</u>
<b>CAPITAL DEFICIT</b>	<u><b>(15,665,590)</b></u>	<u><b>(23,715,151)</b></u>	<u><b>(17,820,464)</b></u>
<b>BUDGET SURPLUS/ (DEFICIT)</b>	<u><b>6,872,243</b></u>	<u><b>(7,295,670)</b></u>	<u><b>3,310,920</b></u>
<b>FUNDING</b>			
Proceeds from Disposal	304,892	724,100	282,545
Surplus Carried Forward	3,019,293	2,046,117	4,337,221
Loans	-	-	2,924,000
Material Recovery Facility	200,000	-	302,982
Transfers from Reserves	6,904,819	9,876,856	11,939,438
Transfer to Reserves	(13,652,802)	(3,937,441)	(19,616,972)
Transfer to Accumulated Surplus	-	(1,400,000)	(460,841)
<b>NET BUDGET SURPLUS/(DEFICIT)</b>	<u><b>3,648,445</b></u>	<u><b>13,962</b></u>	<u><b>3,019,293</b></u>

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

**CITY OF JOONDALUP  
STATEMENT OF RATING INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2012**

	General Rates				Minimum Payments				
	Ratable Value	No of properties	Rate in \$	Rate Yield	Ratable Value	No of properties	Minimum payment	Rate Yield	Total
	\$		c	\$	\$		\$	\$	\$
<b>General Rates-Gross Rental Value (GRV)</b>									
Residential Improved	999,509,793	52,083	5.2590	52,564,220	63,607,907	2,765	695	1,921,675	54,485,895
Residential Not Improved	48,622,518	1,186	7.4099	3,602,880	2,087,280	282	695	195,990	3,798,870
Commercial Improved	200,352,032	863	6.4142	12,850,980	196,143	25	709	17,725	12,868,705
Commercial Non Improved	822,750	13	10.5179	86,536	-	-	709	-	86,536
Industrial Improved	23,081,979	387	5.8666	1,354,127	8,644	1	709	709	1,354,836
Industrial Not Improved	380,500	7	10.5179	40,021	-	-	709	-	40,021
	<b>1,272,769,572</b>	<b>54,539</b>		<b>70,498,764</b>	<b>65,899,974</b>	<b>3,073</b>		<b>2,136,099</b>	<b>72,634,863</b>
<b>General Rate-Unimproved Value (UV)</b>									
Residential	9,150,000	4	0.7917	72,441	-	-	-	-	72,441
Rural	1,710,000	2	0.7879	13,473	-	-	-	-	13,473
<b>Total UV</b>	<b>10,860,000</b>	<b>6</b>		<b>85,914</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,914</b>
Interim Rates									389,461
<b>Total Rate Levy</b>									<b>73,110,238</b>
Early Payment Prizes (Note 2a)									(59,591)
<b>Net General Rates</b>									<b>73,050,647</b>
<b>Specified Area Rates - Gross Rental Value</b>									
Iluka	42,530,316	1,579	0.20946	89,084					89,084
Woodvale Waters	3,089,280	137	1.10741	34,211					34,211
Harbour Rise	16,424,954	500	0.50156	82,381					82,381
<b>Total Specified Area Rates</b>									<b>205,676</b>
Interest on Outstanding Rates									592,440
Instalment Administration Charges									654,138
<b>Total Rates Revenue</b>									<b>74,502,901</b>

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

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

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Accounting**

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

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

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

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

**(c) Goods and Services Tax**

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

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

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

**(d) Cash and Cash Equivalents**

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



**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

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

**(e) Trade and Other Receivables**

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

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

**(f) Inventories**

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

Inventories comprise consumables held for the City's operations.

**(g) Acquisition of Assets**

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

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

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

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

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

***Recognition***

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

***Revaluation***

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

**(i) Infrastructure Assets**

***Recognition***

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

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

***Revaluation***

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

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

***Land under Roads***

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**(j) Depreciation of Non-Current Assets**

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

**Property, Plant & Equipment**

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

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

**Infrastructure Assets**

**Parks & Reserves**

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

**Engineering**

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

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**(k) Financial Assets**

**Classification**

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

**(i) Receivables**

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

**Recognition and derecognition**

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

**(l) Estimation of Fair Value**

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

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

**(m) Impairment**

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

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

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**(n) Trade and Other Payables**

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

**(o) Employee Benefits**

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

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

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

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

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

**(p) Interest-bearing Loans and Borrowings**

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

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

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

**Borrowing Costs**

Borrowing costs are recognised as an expense when incurred.



**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**(q) Provisions**

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

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

**(r) Rates**

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

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

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

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

**(t) Superannuation**

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**(u) Works in Progress**

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

**(v) Rounding Off Figures**

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

**(w) Comparative Figures**

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

**(x) Current and Non-Current Classification**

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

**(y) Crown Land**

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

**(z) New Accounting Standards and Interpretations**

At the date of authorisation of this financial report, there were a number of Standards and Interpretations that were issued but not yet effective. These have not been adopted for the reporting period ended 30 June 2012, and the City's assessment of these new standards and interpretations has been provided in the Addendum to the financial statements.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**(za) Critical Accounting Estimates**

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

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

**2. RATING AND VALUATIONS**

**(a) Gross Rental Values**

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

**(b) Differential Rates**

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

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

None of the differential rates are more than twice the lowest differential rate as applied in the financial year ended 30 June 2012.

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

**Object**

The rates-in-the-dollar (\$) are calculated to provide the shortfall in income required to enable the City to provide necessary works and services in the 2011/2012 Financial Year after taking into account all non-rate sources of income.

**CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**Reason – Gross Rental Value Based Differential Rates**

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

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

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

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

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

**Reason – Unimproved Value Based Differential Rates**

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

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

**(c) Minimum Payments**

A minimum payment of \$695 is applied to GRV residential improved and not improved and UV residential and rural rate categories in recognition that every property receives some minimum level of benefit from works and services provided.

A minimum payment of \$709 is applied to GRV commercial and industrial both improved and not improved rate categories in recognition that every property receives some minimum level of benefit from works and services provided and the higher minimum compared to other rate categories recognises the higher demand on City infrastructure and services from the activity on commercial and industrial property.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**(d) Concessions and waivers**

No concessions were provided for in the 2011/12 financial year.

**(e) Rates Early Payment Discount and Incentive Scheme**

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

- Full payment of all current and arrears of rates (including specified area rates), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees (inclusive of GST) within 28 days of the issue date on the annual rate notice:
- eligibility to enter the early payment incentive draw which included a range of prizes sponsored by a number of organisations and thus at no cost to the City, as well as 2 environmentally-friendly vehicles purchased by the City.
- a pool of prize winners was chosen by a computerised random selection process, the integrity of which was authenticated by the City's auditor. The winners were invited to attend a prize draw function during which the prizes were allocated in a secondary draw process.

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

	2012 Actual \$	2012 Budget \$	2011 Actual \$
Rates-Early Payment Incentives & Prizes	59,591	75,000	51,232
	<u>59,591</u>	<u>75,000</u>	<u>51,232</u>

**(f) Rates Payment Options**

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

- **One Instalment**

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

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



**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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- **Two Instalments**

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

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

- **Four Instalments**

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

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

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

**Instalment Charges and Calculation of Interest**

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

- **Two Instalments:**

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

- **Four Instalments:**

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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50% of the total current general rate (including specified area rate), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated from the due date of second instalment to the due date of the third instalment; and

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

- **Special Payment Arrangements**

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

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

	2012 Actual \$	2012 Budget \$	2011 Actual \$
Interest on Outstanding Rates	592,439	582,100	545,889
Installment Administration Chgs	654,138	653,300	647,521
	<u>1,246,577</u>	<u>1,235,400</u>	<u>1,193,410</u>

Ratepayers had the option of paying rates in four equal instalments, due on 26<sup>th</sup> August 2011, 28<sup>th</sup> October 2011, 30 December 2011 and 2<sup>nd</sup> March 2012. An administration fee of \$12 and interest of 5.5% per annum applied for the final three instalments. Rates not paid by due date or by instalment incurred a penalty interest of 11% on outstanding amounts.

**(g) Late Payment Interest**

The Council, in accordance with the provisions of Section 6.13 and Section 6.51 of the Local Government Act 1995, imposed interest on all current and arrears general rates (including specified area rate), current and arrears domestic refuse charges, current and arrears private swimming pool inspection fees (inclusive of GST) and arrears property surveillance & security charge at a rate of 11.00% per annum, calculated on a simple interest basis on arrears amounts that remain unpaid and current amounts that remain unpaid 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until the instalment is paid. Excluded are deferred rates, instalment amounts not due under the four-payment option, registered pensioner portions and current government pensioner rebate amounts. Such interest was charged once per month on the outstanding balance on the day of calculation for the number of days as previously detailed. These statements reflect an amount of \$531,302 generated from interest charged on outstanding rates.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**(h) Emergency Services Levy Interest Charged**

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

**(i) Emergency Services Remittance Option B**

The City elected to remit the current year Emergency Services Levy to Fire and Emergency Services Authority under Option B. Under Option B the City acquired the current year ESL when the annual rates were levied. The City remitted the ESL to FESA in quarterly payments – September 2011 (30%), December 2011 (30%), March 2012 (30%) and June 2012 (10%). The City invests the Emergency Services Levy receipts as part of its municipal funds investments. The ESL levies received and the ESL liability to FESA are reflected in the City's Balance Sheet and the cash flow impacts are included in the Cash Flow Statement.

**(j) Domestic Refuse Charges**

The Council, BY AN ABSOLUTE MAJORITY in accordance with Part IV of the Health Act 1911 (as amended) imposed the following domestic refuse charges for the 2011/12 financial year, including a charge for a recycling service to be provided to all ratepayers:

- \$298.00 per existing unit serviced, and
- Collection from within the property boundary: Additional cost \$52 (inclusive of GST).
- New service \$298.00 plus cost of bin and bin delivery \$64 (inclusive of GST).

**(k) Private Swimming Pool Inspection Fees**

The Council, in accordance with the provisions of Section 245A (8) of the Local Government (Miscellaneous Provisions) Act 1960 imposed for the 2011-2012 financial year, a Private Swimming Pool Inspection Fee of \$14.85 (inclusive of GST) on those properties owning a private swimming pool.

**(l) Specified Area Rating Iluka**

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

A rate in the dollar of 0.20946¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$89,084.

**CITY OF JOONDALUP**  
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**(m) Specified Area Rating Woodvale Waters**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2011/2012 financial year, a specified area rate for the area of Woodvale Waters for maintaining enhanced landscaping services.

A rate in the dollar of 1.10741¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$34,211

**(n) Specified Area Rating Harbour Rise**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2011/2012 financial year, a specified area rate for the area of Harbour Rise for maintaining enhanced landscaping services.

A rate in the dollar of 0.50156¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$82,381.

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

The total value of rates and charges from previous years written off during the year was \$18,505.80

**(p) Schedule of Valuations and Rate Revenue**

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**3. REVENUE AND EXPENSES**

	Note	2012	2011
<b>(a) Result from Ordinary Activities</b>			
<b>Auditors Remuneration</b>			
Statutory		30,500	28,750
Other Services		1,580	1,388
		<b>32,080</b>	<b>30,138</b>
<b>Depreciation</b>			
Buildings		5,460,857	5,629,457
Furniture and Equipment		999,036	873,588
Plant and Equipment		1,596,246	1,547,573
Parks and Reserves		3,091,306	2,925,081
Roads		7,567,227	6,853,094
Footpaths		598,710	592,265
Drainage		2,339,960	2,307,250
Other Infrastructure		1,350,962	1,067,541
		<b>23,004,304</b>	<b>21,795,849</b>
<b>Interest Expenses</b>			
Interest on Loans	21(a)	667,094	614,361
Other		226	6,076
		<b>667,320</b>	<b>620,437</b>

**(b) Acquired Infrastructure Assets**

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

	2012	2011
Roads	-	257,857
Footpaths	-	57,387
Drainage	-	127,597
	<b>-</b>	<b>460,841</b>

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

Fleet, Plant & Equipment	-	90,884
	<b>-</b>	<b>551,725</b>

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**4. FEES & CHARGES**

	<b>2012 Actual \$</b>	<b>2012 Budget \$</b>	<b>2011 Actual \$</b>
<b>By Nature</b>			
Rubbish Collection Fees	17,043,675	16,948,420	15,752,864
Membership Fees	2,090,426	2,243,774	1,997,202
Admission Fees	1,695,703	1,532,449	1,574,155
Building License Fees	829,925	1,140,000	1,081,709
Learn to Swim Program Fees	1,634,651	1,400,640	1,301,894
Court Sport Revenue	540,485	572,334	491,862
Facilities Hire	713,011	572,317	640,163
Development Application Fees	756,950	550,000	695,623
Property Rental	646,157	581,224	559,369
Inspection Fees	465,832	461,000	436,883
Land Purchase Enquiries Fees	238,725	256,100	218,647
Parking Infringements	1,274,281	1,530,000	1,329,773
Other Infringements and fines	340,035	308,000	278,328
Commission	160,313	172,600	200,916
On-Street Parking Fees	664,727	600,000	634,310
Off Street Parking Fees	953,362	850,000	867,815
Cash in Lieu of Parking Spaces	-	-	-
Term Programme Activities Fees	350,366	314,510	331,269
Dog Registration Fees	227,628	250,000	217,644
Eating House Licences & Registrations	49,802	38,500	48,862
Environmental Health Service Immunisation	82,174	70,000	69,694
Merchandise Sales & Other Sales	401,598	338,900	215,923
Other Miscellaneous Charges	1,359,409	1,107,121	1,187,111
	<b>32,519,235</b>	<b>31,887,890</b>	<b>30,132,016</b>

**By Program**

General Purpose Funding	367,244	382,812	234,883
Law, Order & Public Safety	539,729	461,300	396,813
Health	285,636	260,750	278,941
Education & Welfare	176,588	157,940	168,599
Community Amenities	19,238,011	19,273,670	18,059,515
Recreation & Culture	7,821,159	7,414,310	7,091,619
Transport	3,704,842	3,595,500	3,457,021
Economic Services	-	-	2,657
Other Property and Services	386,026	341,608	441,968
	<b>32,519,235</b>	<b>31,887,890</b>	<b>30,132,016</b>



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**5. GRANT REVENUE**

	<b>2012 Actual \$</b>	<b>2011 Actual \$</b>
<b>By Nature and Type:</b>		
<b>Grants and Subsidies-operating</b>		
Dept. for Child Protection	107,184	103,062
Dept. for Community Development	1,000	1,000
Dept. of Family and Community Services	34,150	40,294
Dept. of Sport and Recreation	120,000	-
Dept. of Education, Employment & WR		15,095
FESA	77,780	-
Grant Commission	4,218,884	3,218,463
Dept. of Infrast & Transport	30,000	-
Healthways	20,700	30,000
Lotteries Commission	102,500	100,375
Other Grants	306,369	474,946
	<b>5,018,567</b>	<b>3,983,235</b>
<b>Grants and Subsidies-non operating</b>		
Black Spot Funding	152,600	189,836
Regional & Local Community Infrastructure Programme	2,425,815	1,516,550
Main Roads-Direct Grant	333,123	3,868,547
Main Roads Federal Assistance	996,496	1,703,673
Metro Regional Road Programme	77,196	336,620
Road to Recovery Programme	1,024,746	705,735
Lotterywest	44,275	-
Other Government Grants	162,920	10,004
	<b>5,217,171</b>	<b>8,330,965</b>

**6. CASH INVESTMENTS**

	<b>Note</b>	<b>2012 Actual \$</b>	<b>2011 Actual \$</b>
Unrestricted		20,249,134	18,471,122
Restricted	14	54,528,866	48,526,878
	16(a)	<b>74,778,000</b>	<b>66,998,000</b>
Cash investments comprise the following:			
Term Deposits		71,950,000	65,000,000
11AM Deposits		2,828,000	1,998,000
	16(a)	<b>74,778,000</b>	<b>66,998,000</b>
Interest earned on money in reserve		2,492,448	2,583,667
Interest earned on other money		3,320,160	2,813,944
		<b>5,812,608</b>	<b>5,397,611</b>

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**7. Trade and Other Receivables**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Rates Outstanding	658,996	646,450
Sundry Debtors	1,114,991	2,135,335
Prepayments	513,439	938,303
Accrued Income	1,503,567	1,127,694
GST Receivable	729,744	871,475
Less Provision for Doubtful Debts	(2,500)	(10,000)
	<u>4,518,237</u>	<u>5,709,257</u>
<b>Non-Current</b>		
Rates/ESL Receivable-Pensioners Deferred	1,284,293	1,214,612
Contributions to Upgrade Material Recovery Facility	469,557	669,557
Long Service Leave Due From-Other Councils	77,511	62,547
	<u>1,831,361</u>	<u>1,946,716</u>

**8. Equity Contributions in Other Unlisted Entities**

Capital Investment-Mindarie Regional Council	464,520	422,004
Capital Investment-Tamala Regional Council	2,703,573	2,703,573
Local Government House	29,616	29,616
	<u>3,197,709</u>	<u>3,155,193</u>

- The Mindarie Regional Council (MRC), of which the City is an equity holder, has developed a Resource Recovery Facility (RRF). In this process, the MRC borrowed \$3.5m to acquire the land on which the RRF will be developed. Due to the time lag between the loan repayment and the RRF operation and charges, the MRC Council approved that its equity holders be charged for the repayment obligations under the land purchase loan. The methodology adopted for this charge was to treat the interest component of the repayment amount as an additional expense in substitution of an increase in the gate fee chargeable and to treat the principal repayment component as an additional equity contribution to the capital of the MRC.

The City of Stirling (CoS) holds a minority interest in MRC and has recently expressed its intent to exit the Regional Council. At the date of this report no agreement has been reached on the value of the CoS interest or the method by which it may be discharged and the financial impact of such exit on other local government members could not be reliability quantified.

- The Tamala Park Regional Council (TPRC) was established in January 2006 for the purpose of the development of the Tamala Park land jointly owned by seven local governments, including the City of Joondalup, which has one-sixth equity in the land. The West Australia Planning Commission (WAPC) requested that a portion of this land be retained as "Bush Forever", which the Commission was prepared to acquire and pay for. The "Bush Forever" land was disposed of by the joint owners to the WAPC in November 2006. The City of Joondalup's share of the proceeds of disposal was \$2,703,573 which was subsequently contributed to the TPRC as equity investment to be used for TPRC purposes.

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The current fair value of equity is estimated at \$3,487,570. TPRC had subdivided and sold certain portions of land; however no reliable information on proceeds or costs of sale were available as at reporting date to account for the sale or to facilitate further disclosure.

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

**CITY OF JOONDALUP**  
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**9. PROPERTY, PLANT & EQUIPMENT**

**Movement in Carrying Amounts**

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

At Cost/Valuation	Balance at 30/06/2011 \$	Additions \$	Disposals \$	Transfers, Adjustments & Revaluation \$	Balance at 30/06/2012 \$
Freehold Land	131,917,461	-	-	-	131,917,461
Buildings	158,138,041	13,466,599	-	-	171,604,640
Artworks	579,330	30,412	-	-	609,742
Furniture, Computer Equipment & Computer Software	6,205,720	804,816	(754,672)	-	6,255,863
Fleet, Plant & Equipment	16,323,008	2,536,660	(1,482,627)	-	17,377,041
	<u>313,163,560</u>	<u>16,838,487</u>	<u>(2,237,300)</u>	<u>-</u>	<u>327,764,747</u>
Accumulated Depreciation	Balance at 30/06/2011 \$	Disposals \$	Depreciation \$	Transfers, Adjustments & Revaluation \$	Balance at 30/06/2012 \$
Freehold Land	-	-	-	-	-
Buildings	(16,620,917)	-	(5,460,857)	-	(22,081,774)
Artworks	-	-	-	-	-
Furniture, Computer Equipment & Computer Software	(4,117,651)	730,075	(999,036)	-	(4,386,612)
Fleet, Plant & Equipment	(6,032,279)	1,093,281	(1,596,246)	-	(6,535,244)
	<u>(26,770,847)</u>	<u>1,823,356</u>	<u>(8,056,139)</u>	<u>-</u>	<u>(33,003,630)</u>
Written-Down Value	Balance at 30/06/2011 \$	Additions \$	Disposals \$	Depreciation, Adjustments & Revaluation \$	Balance at 30/06/2012 \$
Freehold Land	131,917,461	-	-	-	131,917,461
Buildings	141,517,124	13,466,599	-	(5,460,857)	149,522,866
Artworks	579,330	30,412	-	-	609,742
Furniture, Computer Equipment & Computer Software	2,088,069	804,816	(24,598)	(999,036)	1,869,251
Plant & Equipment	10,290,729	2,536,660	(389,345)	(1,596,246)	10,841,799
	<u>286,392,713</u>	<u>16,838,487</u>	<u>(413,943)</u>	<u>(8,056,139)</u>	<u>294,761,118</u>
Capital Acquisitions in Progress	Balance at 30/06/2011 \$	Additions \$	Capitalised \$	Adjustments \$	Balance at 30/06/2012 \$
Freehold Land	-	-	-	-	-
Buildings	1,780,582	669,978	(13,466,599)	13,423,367	2,407,328
Artworks	-	30,412	(30,412)	-	-
Furniture, Computer Equipment & Computer Software	469,742	600,122	(804,816)	-	265,048
Plant & Equipment	177,603	2,853,095	(2,536,660)	-	494,038
	<u>2,427,927</u>	<u>4,153,607</u>	<u>(16,838,487)</u>	<u>13,423,367</u>	<u>3,166,414</u>
Total	<u>288,820,640</u>	<u>20,992,094</u>	<u>(17,252,430)</u>	<u>5,367,228</u>	<u>297,927,532</u>

**CITY OF JOONDALUP**  
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**10. INFRASTRUCTURE ASSETS**

**Movement in Carrying Amounts**

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

At Cost/Valuation	Balance at			Transfers	Balance at
	30/06/2011	Additions	Disposals	and Adjustments	30/06/2012
	\$	\$	\$	\$	\$
Roads	482,668,125	22,459,750	-	(150,345)	504,977,530
Footpaths	26,420,462	920,159	-	3,115	27,343,736
Drainage	184,066,763	1,433,514	-	-	185,500,277
Reserves	57,067,120	9,284,224	-	(49,422)	66,301,922
Other Infrastructure	53,914,710	1,155,365	-	5,976,527	61,046,602
	<u>804,137,180</u>	<u>35,253,012</u>	<u>-</u>	<u>5,779,875</u>	<u>845,170,067</u>
Accumulated Depreciation	Balance at			Transfers	Balance at
	30/06/2011	Disposals	Depreciation	and Adjustments	30/06/2012
	\$	\$	\$	\$	\$
Roads	(211,540,526)	-	(7,567,227)	-	(219,107,753)
Footpaths	(12,601,034)	-	(598,710)	-	(13,199,744)
Drainage	(61,082,184)	-	(2,339,959)	-	(63,422,143)
Reserves	(36,725,809)	-	(3,091,306)	-	(39,817,115)
Other Infrastructure	(13,687,198)	-	(1,350,961)	(3,486,251)	(18,524,410)
	<u>(335,636,751)</u>	<u>-</u>	<u>(14,948,163)</u>	<u>(3,486,251)</u>	<u>(354,071,165)</u>
Written-Down Value	Balance at			Revaluations	Balance at
	30/06/2011	Additions	Depreciation	and Adjustments	30/06/2012
	\$	\$	\$	\$	\$
Roads	271,127,599	22,459,750	(7,567,227)	(150,345)	285,869,777
Footpaths	13,819,428	920,159	(598,710)	3,115	14,143,992
Drainage	122,984,579	1,433,514	(2,339,959)	-	122,078,134
Reserves	20,341,311	9,284,224	(3,091,306)	(49,422)	26,484,807
Other Infrastructure	40,227,512	1,155,365	(1,350,961)	2,490,276	42,522,192
	<u>468,500,429</u>	<u>35,253,012</u>	<u>(14,948,163)</u>	<u>2,293,624</u>	<u>491,098,902</u>
Capital Work in Progress	Balance at	New Work	Completed and		Balance at
	30/06/2011	Added	Capitalised	Adjustments	30/06/2012
	\$	\$	\$	\$	\$
Buildings	13,800,843	2,419,293	(13,423,367)	-	2,796,769
Reserves	6,930,699	3,116,693	(9,284,224)	-	763,168
Roads	16,425,206	6,354,125	(22,459,750)	-	319,581
Footpaths	264,201	809,375	(920,159)	-	153,417
Drainage	851,420	670,054	(1,433,514)	-	87,960
Other Infrastructure	725,448	1,945,253	(1,155,365)	(21,967)	1,493,369
	<u>38,997,817</u>	<u>15,314,793</u>	<u>(48,676,379)</u>	<u>(21,967)</u>	<u>5,614,264</u>
Total	<u>507,498,246</u>	<u>50,567,805</u>	<u>(63,624,542)</u>	<u>2,271,657</u>	<u>496,713,166</u>

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<b>11. TRADE AND OTHER PAYABLES</b>	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Trade Payables		2,915,453	5,007,309
Sundry Payables		291,231	243,257
Accrued Expenses		5,238,139	5,314,529
Income in Advance		1,105,017	1,020,183
Goods & Service Tax (GST) Payable		116,874	225,176
		<u>9,666,714</u>	<u>11,810,454</u>

<b>12. BORROWINGS</b>			
Current - Loan Borrowings	28(d)	1,565,373	1,479,763
Non-Current Loan Borrowings		8,891,958	10,457,332
Total Borrowings	21(a)	<u>10,457,331</u>	<u>11,937,095</u>

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

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

<b>13. PROVISIONS</b>	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Provision for Annual Leave		3,402,016	3,026,905
Provision for Long Service Leave		2,780,307	2,622,096
Provision for Sick leave		165,760	133,810
Provision for Workers Compensation		2,616,730	2,001,548
Provision for Write-off of Assets		19,697	62,892
Provisions-Other		33,876	29,558
		<u>9,018,386</u>	<u>7,876,809</u>
<b>Non-Current</b>			
Provision for Long Service Leave		1,435,268	1,134,897
Provision for Long Service Leave due to Other Councils		415,087	325,429
		<u>1,850,355</u>	<u>1,460,326</u>

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**14. RESERVES - CASH BACKED**

	<b>2012 Actual \$</b>	<b>2012 Budget \$</b>	<b>2011 Actual \$</b>
<b>a) Cash in Lieu of Parking</b>			
Opening Balance	1,007,319	983,330	925,585
Amount Set Aside / Transfer to Reserve	61,452	60,825	81,734
Amount Used / Transfer from Reserve	-	-	-
	<u>1,068,771</u>	<u>1,044,155</u>	<u>1,007,319</u>

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

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

Opening Balance	1,556,217	1,556,840	1,465,417
Amount Set Aside / Transfer to Reserve	94,938	96,299	90,800
Amount Used / Transfer from Reserve	-	-	-
	<u>1,651,155</u>	<u>1,653,139</u>	<u>1,556,217</u>

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

**(c) Waste Management**

Opening Balance	2,977,633	2,281,462	2,828,848
Amount Set Aside / Transfer to Reserve	1,248,524	113,338	174,485
Amount Used / Transfer from Reserve	(151,934)	(898,340)	(25,700)
	<u>4,074,223</u>	<u>1,496,460</u>	<u>2,977,633</u>

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

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<b>14. RESERVES - CASH BACKED (continued)</b>	<b>2012 Actual \$</b>	<b>2012 Budget \$</b>	<b>2011 Actual \$</b>
<b>(d) Vehicle, Plant and Equipment</b>			
Opening Balance	1,968,239	1,969,027	1,853,399
Amount Set Aside / Transfer to Reserve	567,915	121,796	114,840
Amount Used / Transfer from Reserve	-	-	-
	<u>2,536,154</u>	<u>2,090,823</u>	<u>1,968,239</u>

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

**e) Cash in Lieu of City Centre Parking**

Opening Balance	558,700	583,295	447,465
Amount Set Aside / Transfer to Reserve	34,084	36,080	111,235
Amount Used / Transfer from Reserve	-	-	-
	<u>592,784</u>	<u>619,375</u>	<u>558,700</u>

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

**(f) Capital Works Carried Forward**

Opening Balance	9,565,608	6,550,217	10,830,038
Amount Set Aside / Transfer to Reserve	7,809,829	184,115	9,565,608
Amount Used / Transfer from Reserve	(6,305,351)	(5,773,427)	(10,830,038)
	<u>11,070,086</u>	<u>960,905</u>	<u>9,565,608</u>

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

**(g) Community Facilities - Kingsley**

Opening Balance	66,872	71,044	66,872
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	(66,872)	(71,044)	-
	<u>-</u>	<u>-</u>	<u>66,872</u>

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



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**14. RESERVES - CASH BACKED (continued)**

	<b>2012 Actual \$</b>	<b>2012 Budget \$</b>	<b>2011 Actual \$</b>
<b>(h) Ocean Reef Marina Project</b>			
Opening Balance	1,187,440	1,142,045	150,353
Amount Set Aside / Transfer to Reserve	289,018	-	1,037,087
Amount Used / Transfer from Reserve	-	(1,142,045)	-
	<u>1,476,458</u>	<u>-</u>	<u>1,187,440</u>

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

**(i) Joondalup Performing Arts and Cultural Facility Reserve**

Opening Balance	5,237,618	5,224,067	918,334
Amount Set Aside / Transfer to Reserve	315,245	316,953	4,354,911
Amount Used / Transfer from Reserve	(140,293)	(200,000)	(35,627)
	<u>5,412,570</u>	<u>5,341,020</u>	<u>5,237,618</u>

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

**(j) Section 20A Land**

Opening Balance	42,111	42,128	39,657
Amount Set Aside / Transfer to Reserve	2,569	2,606	2,457
Amount Used / Transfer from Reserve	-	-	-
	<u>44,680</u>	<u>44,734</u>	<u>42,114</u>

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

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**14. RESERVES - CASH BACKED (continued)**

	<b>2012 Actual \$</b>	<b>2012 Budget \$</b>	<b>2011 Actual \$</b>
<b>(k) Specified Area Rating – Harbour Rise</b>			
Opening Balance	17,431	-	37,479
Amount Set Aside / Transfer to Reserve	1,064	-	1,650
Amount Used / Transfer from Reserve	-	-	(21,698)
	<u>18,495</u>	<u>-</u>	<u>17,431</u>

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

**(l) Specified Area Rating – Iluka**

Opening Balance	50,619	23,120	120,430
Amount Set Aside / Transfer to Reserve	-	1,430	5,140
Amount Used / Transfer from Reserve	(50,619)	-	(74,951)
	<u>-</u>	<u>24,550</u>	<u>50,619</u>

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

**(m) Strategic Asset Management**

Opening Balance	20,521,411	20,529,528	18,838,642
Amount Set Aside / Transfer to Reserve	1,251,925	1,250,630	2,382,769
Amount Used / Transfer from Reserve	-	(622,000)	(700,000)
	<u>21,773,336</u>	<u>21,158,158</u>	<u>20,521,411</u>

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

**(n) Specified Area Rating-Woodvale**

Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	35,254	-	-
Amount Used / Transfer from Reserve	-	-	-
	<u>35,254</u>	<u>-</u>	<u>-</u>

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

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**14. RESERVES - CASH BACKED (continued)**

<b>(o) Community Facilities - Currambine/Kinross</b>	<b>2012 Actual \$</b>	<b>2012 Budget \$</b>	<b>2011 Actual \$</b>
Opening Balance	944,793	1,000,000	944,793
Amount Set Aside / Transfer to Reserve	114,597	-	-
Amount Used / Transfer from Reserve	-	(1,000,000)	-
	<u>1,059,390</u>	<u>-</u>	<u>944,793</u>

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

**(p) Parking Facility**

Opening Balance	2,824,867	2,383,855	1,382,035
Amount Set Aside / Transfer to Reserve	1,826,388	1,753,369	1,694,254
Amount Used / Transfer from Reserve	(189,749)	(170,000)	(251,425)
	<u>4,461,506</u>	<u>3,967,224</u>	<u>2,824,864</u>

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

**Total Reserve-Cash Backed**

Opening Balance	48,526,878	44,339,958	40,849,347
Amount Set Aside / Transfer to Reserve	13,652,802	3,937,441	19,616,970
Amount Used / Transfer from Reserve	(6,904,819)	(9,876,856)	(11,939,439)
<b>Closing Balance 30 June 2012</b>	<b><u>55,274,861</u></b>	<b><u>38,400,543</u></b>	<b><u>48,526,878</u></b>

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

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<b>15. RESERVES - ASSET REVALUATION</b>	<b>2012 Actual \$</b>	<b>2011 Actual \$</b>
<b>(a) Roads</b>		
Opening Balance	25,615,714	25,615,714
Revaluation Increment	-	-
	<b>25,615,714</b>	<b>25,615,714</b>
<b>(b) Artworks</b>		
Opening Balance	175,216	136,745
Revaluation Increment	-	38,471
	<b>175,216</b>	<b>175,216</b>
<b>(c) Land and Buildings</b>		
Opening Balance	211,170,790	211,170,790
Revaluation Increment	-	-
	<b>211,170,790</b>	<b>211,170,790</b>
<b>(d) Other Infrastructure Assets</b>		
Opening Balance	20,885,626	20,885,625
Revaluation Increment	2,293,624	-
	<b>23,179,250</b>	<b>20,885,626</b>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<b>260,140,970</b>	<b>257,847,346</b>

**CITY OF JOONDALUP**  
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**16. NOTES TO THE CASH FLOW STATEMENT**

**(a) Reconciliation of Cash**

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

	<b>Note</b>	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
<b>Cash and cash equivalents</b>			
Cash on Hand		29,969	10,005
Investment	6	74,778,000	66,998,000
Bank Overdraft	21(b)	-	(118,306)
		<b>74,807,969</b>	<b>66,889,699</b>

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

	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
<b>Net Result from Operating Activities</b>	4,768,269	8,050,020
Depreciation & Amortisation	23,004,304	21,795,849
(Profit)/Loss on Sale of Assets	65,857	168,205
(Increase)/Decrease in Receivables	1,064,884	(9,621)
Increase/(Decrease) in Payables	(2,152,184)	(43,586)
Increase/(Decrease) in Employee Provisions	1,570,483	404,425
Increase/(Decrease) in Other Provisions	(38,877)	41,618
Increase/(Decrease) in Income in Advance	84,835	159,361
Increase/(Decrease) in Accrued Expenses	(76,390)	1,202,614
(Increase)/Decrease in Accrued Income	(375,873)	10,968
(Increase)/Decrease in Prepayments	424,864	(446,393)
Increase/(Decrease) in Doubtful Debts	(7,500)	(2,196)
(Increase)/Decrease in Inventory	6,227	(12,435)
Grants/Contributions for development of assets	(5,217,171)	(8,421,849)
Contributions for Assets	-	(460,841)
<b>Net Cash from Operating Activities</b>	<b>23,038,302</b>	<b>22,436,139</b>

**CITY OF JOONDALUP**  
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**17. CONTINGENT LIABILITIES**

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

**18. COMMITMENTS FOR MAJOR EXPENDITURE AND OPERATING LEASES**

<b>(a) Major Expenditure Commitments</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>

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

<b>Major Expenditure Commitments</b>	<b>4,213,501</b>	<b>4,304,599</b>
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**(b) Project Operating Lease Income**  
Future Minimum Lease Income Expected

Up to 1 yr	313,208	581,224
1-5 yrs	974,004	846,809
> 5 years	2,086,891	2,410,006
	<b>3,374,104</b>	<b>3,838,039</b>

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

**(c) Projected Operating Lease Commitments**

Up to 1 yr	330,556	323,049
1-5 yrs	1,179,143	1,546,159
> 5 years	3,438,992	3,569,315
	<b>4,928,126</b>	<b>5,438,523</b>

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

**CITY OF JOONDALUP**  
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**19. TRUST FUNDS**

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

	<b>2012 Actual \$</b>	<b>2011 Actual \$</b>
<b>Balance brought forward on 01 July 2011</b>	1,445,200	1,346,082
Amounts received during the year	638,546	621,507
Amounts paid out during the year	(657,002)	(537,494)
Interest earned on monies held in trust	50,423	15,105
<b>Balance carried forward at 30 June 2012</b>	<b><u>1,477,167</u></b>	<b><u>1,445,200</u></b>

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

**20. DISPOSALS OF ASSETS-2011/12 FINANCIAL YEAR**

The following assets were disposed of during the year.

	<b>Net Book Value \$</b>	<b>Sales Price \$</b>	<b>Profit \$</b>	<b>Loss \$</b>
Computer Equipment	2,267	-	-	2,267
Furniture	22,330	-	-	22,330
Fleet, Plant & Equipment	389,346	304,892	63,782	105,042
	<b>413,943</b>	<b>304,892</b>	<b>63,782</b>	<b>129,639</b>

Write off of assets during 2011/12 against provision \$43,194

**CITY OF JOONDALUP**  
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**21. INFORMATION ON BORROWINGS**

**(a) Loan Repayments**

Purpose of Loan	Year Drawn	Balance 1-Jul-11	Interest Expense	Principal Repayment	Balance 30-Jun-12	Unspent Balance
Craigie Leisure Centre	2004/05	1,409,517	75,999	(322,601)	1,086,916	-
Sorrento Beach	2005/06	515,967	27,840	(91,377)	424,590	-
Fee Pd Parking & Addition of car bays	2008/09	963,203	38,615	(306,126)	657,077	-
Aquatic Facilities Upgrade	2009/10	5,359,976	303,382	(466,428)	4,893,548	-
Streetscape Enhancement – West Coast Drive	2009/10	817,858	47,905	(71,170)	746,688	-
Seacreast Sports Facility	2010/11	825,947	49,364	(63,893)	762,054	-
Forrest Park Sports Facility	2010/11	543,387	32,514	(42,035)	501,352	-
Fleur Frame Pavilion Upgrade	2010/11	1,501,240	91,475	(116,134)	1,385,106	-
		<b>11,937,095</b>	<b>667,094</b>	<b>(1,479,764)</b>	<b>10,457,331</b>	-

**(b) Overdraft**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Bank overdraft Facility Limit	500,000	500,000
Bank Overdraft at Reporting Date	-	(118,306)
<b>Credit Amount Unused</b>	<b><u>500,000</u></b>	<b><u>381,694</u></b>

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



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**22. SPECIFIED AREA RATE – ILUKA**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2011/12 financial year, a specified area rate for the suburb of Iluka.

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Balance 1 July 2011	50,619	120,430
2011/12 Rate Income	89,084	67,887
Interest	-	5,140
Expenditure	(139,703)	(142,838)
<b>Surplus in Reserve at 30 June 2012</b>	<b>-</b>	<b>50,619</b>

**23. SPECIFIED AREA RATE - WOODVALE WATERS**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2011/12 financial year, a specified area rate for the area of Woodvale Waters.

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Balance 1 July 2011	-	-
2011/12 Rate Income	34,211	34,385
Interest	1,044	-
Expenditure	-	(34,385)
<b>Surplus in Reserve at 30 June 2012</b>	<b>35,255</b>	<b>-</b>

**24. SPECIFIED AREA RATE - HARBOUR RISE**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2011/12 financial year, a specified area rate for the area of Harbour Rise Estate.

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Balance 1 July 2011	17,431	37,479
2011/12 Rate Income	82,381	78,743
Interest	-	1,650
Expenditure	(81,317)	(100,441)
<b>Surplus in Reserve at 30 June 2012</b>	<b>18,495</b>	<b>17,431</b>

**CITY OF JOONDALUP**  
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**25. COUNCILLORS' REMUNERATION**

	<b>2012 Actual \$</b>	<b>2012 Budget \$</b>	<b>2011 Actual \$</b>
The following fees, expenses and allowances were paid to council members and/or the mayor			
Elected Members Allowances	231,545	217,200	217,640
Elected Members Conferences/Training	43,751	152,000	91,229
Elected Members Presentation Items	1,922	12,000	3,296
Elected Members Travel & Child Care	28,419	17,000	22,034
Other Specified Expenses	26,076	22,000	3,961
	<b>331,713</b>	<b>420,200</b>	<b>338,160</b>

**26. MAJOR LAND TRANSACTIONS**

There were no major land transactions during the 2011/12 financial year, as defined in Regulation 8A (1) (a) of the Local Government (Functions and General) Regulations 1996.

**27. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The City did not participate in any trading undertakings during the 2011/12 financial year.

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**28. FINANCIAL RISK MANAGEMENT**

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

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

The City held the following financial instruments at balance date:

		Carrying Value		Fair Value	
	Note	2012 \$	2011 \$	2012 \$	2011 \$
Financial Assets					
Cash and cash equivalents	a)	74,807,969	66,889,669	74,807,969	66,889,669
Receivables	b)	6,349,598	7,655,973	6,349,598	7,655,973
Equity Investments		3,197,709	3,155,193	3,197,709	3,155,193
		<u>84,355,276</u>	<u>77,700,865</u>	<u>84,355,276</u>	<u>77,700,865</u>
Financial Liabilities					
Payables	c)	9,666,714	11,810,454	9,666,714	11,810,454
Borrowings	d)	10,457,331	11,937,095	10,457,331	11,937,095
		<u>20,124,045</u>	<u>23,747,549</u>	<u>20,124,045</u>	<u>23,747,549</u>

Fair value is determined as follows:

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

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

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

**CITY OF JOONDALUP  
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**28. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

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

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

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

**(b) Receivables**

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

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

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

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

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

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**(c) Interest rate risk**

The following table details the City's exposure to interest rate risks as at the reporting date as well as the previous reporting date (30 June 2012).

	Interest Rate at Reporting Date	At Variable Interest Rate	Fixed Interest Rate Maturity				
			< 1 year	1 - 5 Years	> 5 Years	Non-Interest Bearing	Total
	%	\$	\$	\$	\$	\$	\$
<b>2011/12</b>							
<b>Financial Assets</b>							
Cash	-	-	-	-	-	29,969	29,969
Receivables	-	-	-	-	-	3,859,241	3,859,241
Rates & ESL Receivable	11.00	-	-	658,996	-	-	658,996
ING	5.90	15,750,000	-	-	-	-	15,750,000
Bankwest Term Deposit	5.20	13,000,000	-	-	-	-	13,000,000
St. George Bank Term Deposit	5.40	7,000,000	-	-	-	-	7,000,000
Westpac Term Deposit	5.20	16,700,000	-	-	-	-	16,700,000
NAB Term Deposit	5.02	12,000,000	-	-	-	-	12,000,000
Suncorp Term Deposit	5.20	7,500,000	-	-	-	-	7,500,000
WA Treasury Corporation 11AM	3.45	2,828,000	-	-	-	-	2,828,000
<b>Total Assets</b>		<b>74,778,000</b>	<b>-</b>	<b>658,996</b>	<b>-</b>	<b>3,889,210</b>	<b>79,326,206</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	-	-	-	9,666,714	9,666,714
Borrowings	5.79	-	341,689	745,227	-	-	1,086,916
"	5.95	-	96,936	327,654	-	-	424,590
"	4.72	-	320,832	336,245	-	-	657,077
"	5.87	-	494,415	4,254,334	144,799	-	4,893,548
"	5.87	-	75,441	450,791	220,456	-	746,688
"	6.16	-	236,0560	1,423,174	989,279	-	2,648,512
Bank overdraft	5.57	-	-	-	-	-	-
Employee entitlements	-	-	-	-	-	10,868,741	10,868,741
<b>Total Liabilities</b>		<b>-</b>	<b>1,565,373</b>	<b>7,537,425</b>	<b>1,354,534</b>	<b>20,535,456</b>	<b>30,992,786</b>

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The following table details the City's exposure to interest rate risks as at the reporting date as well as the previous reporting date (30 June 2011).

	Interest Rate at Reporting Date	At Variable Interest Rate	Fixed Interest Rate Maturity				
			< 1 year	1 - 5 Years	> 5 Years	Non-Interest Bearing	Total
	%	\$	\$	\$	\$	\$	\$
<b>2010/11</b>							
Financial Assets							
Cash	-	-	-	-	-	10,005	10,005
Receivables	-	-	-	-	-	5,062,807	5,062,807
Rates & ESL Receivable	11.00	-	-	646,450	-	-	646,450
BOQ Term Deposit	6.25	5,500,000	-	-	-	-	5,500,000
Bankwest Term Deposit	6.25	7,500,000	-	-	-	-	7,500,000
St. George Bank Term Deposit	6.03	12,000,000	-	-	-	-	12,000,000
Macquarie Term Deposit	6.15	1,000,000	-	-	-	-	1,000,000
Westpac Term Deposit	6.08	8,500,000	-	-	-	-	8,500,000
NAB Term Deposit	6.01	17,500,000	-	-	-	-	17,500,000
Suncorp Term Deposit	6.31	8,500,000	-	-	-	-	8,500,000
Commonwealth		4,500,000	-	-	-	-	4,500,000
WA Treasury Corporation 11AM	4.70	1,998,000	-	-	-	-	1,998,000
<b>Total Assets</b>		<b>66,998,000</b>	<b>-</b>	<b>646,450</b>	<b>-</b>	<b>5,072,812</b>	<b>72,717,262</b>
Financial Liabilities							
Trade payables	-	-	-	-	-	11,810,454	11,810,454
Borrowings	5.79	-	322,601	1,086,916	-	-	1,409,517
"	5.95	-	91,377	424,589	-	-	515,966
"	4.72	-	306,125	657,078	-	-	963,203
"	5.87	-	466,428	2,162,894	2,730,654	-	5,359,976
"	5.87	-	71,170	330,028	416,660	-	817,858
"	6.16	-	222,060	1,037,332	1,611,182	-	2,870,574
Bank overdraft	8.71	118,306	-	-	-	-	118,306
Employee entitlements						9,337,135	9,337,135
<b>Total Liabilities</b>		<b>118,306</b>	<b>1,479,761</b>	<b>5,698,837</b>	<b>4,758,496</b>	<b>21,147,589</b>	<b>33,202,989</b>

**CITY OF JOONDALUP**  
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**(c) Interest rate risk continued**

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

**(d) Payables and Borrowings**

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

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

	<b>Due within 1 year</b>	<b>Due between 1 &amp; 5 years</b>	<b>Due after 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying values</b>
<b>2012</b>					
Payables	9,666,714	-	-	9,666,714	9,666,714
Borrowings	1,565,373	7,537,424	1,354,534	10,457,331	10,457,331
	<u>11,821,079</u>	<u>7,537,424</u>	<u>1,354,534</u>	<u>21,124,045</u>	<u>21,124,045</u>
<b>2011</b>					
Payables	11,810,454	-	-	11,810,454	11,810,454
Borrowings	2,154,364	7,403,802	5,546,534	15,104,700	15,104,700
	<u>13,964,818</u>	<u>7,403,802</u>	<u>5,546,534</u>	<u>26,915,154</u>	<u>26,915,154</u>

**CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

**29. EVENTS AFTER THE REPORTING DATE**

There were no material events after 30 June 2012 that require inclusion in the notes to the financial statements.

**30. TOWN PLANNING AND LAND DEVELOPMENT SCHEME – MINDARIE**

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

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

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

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

**31. JOONDALUP NORMALISATION AGREEMENT**

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

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



**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**32. STATUTORY FINANCIAL RATIOS**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Current Ratio	1.19	1.14	1.24
Untied Cash to Trade Creditors Ratio	3.73	3.67	3.12
Debt Ratio	3.5%	3.8%	3.4%
Debt Service Ratio	1.8%	1.6%	0.9%
Gross Debt to Revenue Ratio	8.6%	10.6%	9.9%
Gross Debt to Economically Realisable Asset Ratio	2.7%	3.3%	2.8%
Rate Coverage Ratio	61.6%	62.0%	62.2%
Outstanding Rates Ratio	0.9%	0.9%	0.9%

The above ratios are calculated as follows:

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

**CITY OF JOONDALUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**33. REVALUATION ADJUSTMENT**

During the reporting year the City undertook an audit of street lighting and it was identified that Hillary's and Iluka lighting was not part of the city's register. The assets were brought to account based on fair value as defined in AASB 116. The asset value resulted in a net value of \$2,293,624 credited directly to the Asset revaluation reserve.

**34. PRIOR YEAR ADJUSTMENTS**

During the reporting year it was identified that the opening accumulated depreciation of infrastructure assets class other was understated resulting in an adjustment to opening surplus of (\$1,701,903).

An opening statement of financial position for the comparative period has not been included due to the immaterial impact on this period.

	<b>2011</b>
(Increase) in Accumulated Depreciation	(\$1,701,903)
Decrease in Opening Retained Surplus	\$1,701,903

**CITY OF JOONDALUP**  
**ADDENDUM TO THE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

The Council's assessment of these new/amended standards and interpretations is set out below.

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
AASB 9 – Financial Instruments	December 2009	1 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
AASB 1053 – Application of Tiers of Australian Accounting Standards	June 2010	1 July 2013	Nil – Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

**CITY OF JOONDALUP**  
**ADDENDUM TO THE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

AASB 2010 – 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	1 July 2013	Nil – None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
AASB 2010 – 8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	1 January 2012	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**CITY OF JOONDALUP**  
**ADDENDUM TO THE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

AASB 2010 – 10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	December 2010	1 January 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 2 Amendments to Australian Accounting Standards – Arising from the Trans – Tasman Consequence Project – Reduced Disclosure Requirements. [AASB 101 & AASB 1054]	May 2011	1 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	1 July 2012	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	1 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**CITY OF JOONDALUP**  
**ADDENDUM TO THE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

AASB 10 – Consolidated Financial Statements AASB 11 – Joint Arrangements AASB 12 – Disclosure of Interests in Other Entities AASB 127 – Separate Financial Statements AASB 128 – Investments in Associates and Joint Ventures AASB 2011 – 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 131, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17	August 2011	1 January 2013	<p>Nil – None of these except for AASB 128, are expected to have significant application to the operations of the Council.</p> <p>With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it.</p> <p>Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council</p>
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**CITY OF JOONDALUP  
ADDENDUM TO THE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

<p>AASB 13 – Fair Value Measurement</p> <p>AASB 2011 – 8 Amendments to Australian Accounting Standards arising from AASB 13</p> <p>[AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 &amp; 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 &amp; 132]</p>	<p>September 2011</p>	<p>1 January 2013</p>	<p>AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires:</p> <ul style="list-style-type: none"> <li>- Inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and</li> <li>- Enhanced disclosures regarding all assets and liabilities (including, but not limited to financial assets and financial liabilities) measured at fair value.</li> </ul> <p>AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.</p>
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**CITY OF JOONDALUP  
ADDENDUM TO THE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2012**

**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income  [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	1 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.
AASB 119 – Employee Benefits	September 2011	1 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	1 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.