

CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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City of Joondalup DOCUMENT REGISTRATION

228504

Reference # : 54620
Letter # : 842387
Action Officer : FS06 CC: MFS
Date Received : 17/10/2008
Action Required: NOTE
Note : ORIGINAL SENT TO FS06 -

Independent Auditor's Report to the Ratepayers of the City of Joondalup

Report on the Financial Report

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We have audited the accompanying financial report of the City of Joondalup, which comprises the balance sheet as at 30 June 2008, and the income statement, statements of changes in equity, and statements of cash flows for the year ended 30 June 2008, 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.



Grant Thornton

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.

Electronic presentation of audited financial report

This auditor's report relates to the financial report of City of Joondalup for the year ended 30 June 2008 included on the City of Joondalup's web site. The Chief Executive Officer is responsible for the integrity of the City of Joondalup's web site. We have not been engaged to report on the integrity of the City of Joondalup's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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 2008 and of its performance for the financial year ended 30 June 2008, 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.

GRANT THORNTON (WA) PARTNERSHIP

**MICHAEL HILLGROVE
PARTNER**

Dated at Perth this 14th Day of October 2008

CITY OF JOONDALUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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 2008 are in my opinion properly drawn up to present fairly the financial position of the City of Joondalup at 30th June 2008 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 13th day of October 2008.



Ian Cowie
Acting Chief Executive Officer

**CITY OF JOONDALUP
INCOME STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	2008 Actual \$	2008 Budget \$	2007 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	2	56,696,608	56,452,140	52,673,469
Grants and Subsidies	5	3,453,882	3,364,026	3,436,340
Contributions Reimbursements and Donations		963,485	668,646	1,075,635
Fees and Charges	4	21,048,067	20,925,240	18,551,253
Profit on disposal of Assets	20	696,584	797,242	2,936,366
Interest Earnings	3(a)	3,979,178	3,258,557	4,398,506
Other Revenue		106,895	115,000	184,540
		<u>86,944,699</u>	<u>85,580,851</u>	<u>83,256,109</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(35,923,528)	(35,622,498)	(31,119,688)
Materials and Contracts		(30,279,154)	(30,516,132)	(28,240,950)
Utilities		(3,169,625)	(3,409,028)	(3,100,145)
Depreciation	3(a)	(14,887,533)	(16,310,047)	(15,873,864)
Loss on disposal of Assets	20	(143,602)	(254,756)	(238,956)
Loss on revaluation of Assets	30	(25,397)	-	-
Interest Expenses	3(a)	(189,118)	(297,910)	(208,351)
Insurance		(1,001,563)	(1,049,495)	(964,460)
Other Expenditure		(147,336)	(66,000)	(64,030)
		<u>(85,766,856)</u>	<u>(87,525,866)</u>	<u>(79,810,444)</u>
Net Result from Operating Activities		1,177,843	(1,945,015)	3,445,665
Non-Operating Activities				
Grants and Subsidies	5	4,429,516	11,604,574	4,902,809
Contributions Reimbursements and Donations		6,685,716	5,333,159	5,890,162
NET RESULT		<u>12,293,075</u>	<u>14,992,718</u>	<u>14,238,636</u>

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

**CITY OF JOONDALUP
INCOME STATEMENT
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	2008 Actual \$	2008 Budget \$	2007 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		-	-	373,770
General Purpose Funding		63,613,997	62,616,123	60,018,505
Law, Order, Public Safety		620,766	611,028	432,254
Health		271,060	266,808	252,178
Education and Welfare		516,409	508,308	2,095,378
Community Amenities		13,873,530	13,655,904	11,449,220
Recreation and Culture		5,704,008	5,614,533	6,007,700
Transport		1,062,343	1,045,679	412,907
Economic Services		912,021	897,715	2,087,487
Other Property and Services		370,565	364,753	126,710
		<u>86,944,699</u>	<u>85,580,851</u>	<u>83,256,109</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Governance		(1,980,833)	(2,021,458)	(5,288,505)
General Purpose Funding		(213,560)	(217,940)	(865,240)
Law, Order, Public Safety		(4,578,412)	(4,672,312)	(3,752,034)
Health		(1,519,986)	(1,551,160)	(2,065,243)
Education and Welfare		(2,634,973)	(2,689,014)	(3,467,336)
Community Amenities		(16,131,012)	(16,461,846)	(13,431,578)
Recreation & Culture		(28,281,775)	(28,861,812)	(28,664,956)
Transport		(23,517,045)	(23,999,361)	(18,098,487)
Economic Services		(1,318,618)	(1,345,662)	(3,015,793)
Other Property and Services		(5,590,642)	(5,705,301)	(1,161,272)
		<u>(85,766,856)</u>	<u>(87,525,866)</u>	<u>(79,810,444)</u>
Net Operating Surplus		1,177,843	(1,945,015)	3,445,665
Capital Grants and Contributions				
Grants for the development of assets		4,429,516	11,604,574	4,902,809
Acquired Infrastructure Assets	3(b)	6,625,080	5,190,000	5,859,162
Other capital contributions		60,636	143,159	31,000
Net Surplus for the Year		<u>12,293,075</u>	<u>14,992,718</u>	<u>14,238,636</u>

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

**CITY OF JOONDALUP
BALANCE SHEET
AS AT 30 JUNE 2008**

	NOTE	2008 \$	2007 \$
CURRENT ASSETS			
Cash and Cash Equivalents	16(a)	54,606,927	52,038,909
Trade and Other Receivables	7	2,721,668	1,587,970
TOTAL CURRENT ASSETS		<u>57,328,595</u>	<u>53,626,879</u>
NON-CURRENT ASSETS			
Other Receivables	7	2,258,007	2,285,494
Equity Investment	8	3,061,152	3,007,477
Property, Plant and Equipment	9	63,171,321	63,886,562
Infrastructure	10	488,108,989	475,294,860
TOTAL NON-CURRENT ASSETS		<u>556,599,469</u>	<u>544,474,393</u>
TOTAL ASSETS		<u>613,928,064</u>	<u>598,101,272</u>
CURRENT LIABILITIES			
Trade and Other Payables	11	11,882,032	8,499,764
Short Term Borrowings	12	348,040	328,483
Provisions	13	6,128,436	5,832,385
TOTAL CURRENT LIABILITIES		<u>18,358,508</u>	<u>14,660,632</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	12	2,684,959	3,032,999
Provisions	13	678,062	630,926
TOTAL NON-CURRENT LIABILITIES		<u>3,363,021</u>	<u>3,663,925</u>
TOTAL LIABILITIES		<u>21,721,529</u>	<u>18,324,557</u>
NET ASSETS		<u>592,206,535</u>	<u>579,776,715</u>
EQUITY			
Retained Surplus		530,443,327	522,793,508
Reserves - Cash/Investment Backed	14	36,010,749	31,367,493
Reserves - Asset Revaluation	15	25,752,459	25,615,714
TOTAL EQUITY		<u>592,206,535</u>	<u>579,776,715</u>

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 2008**

	NOTE	2008 \$	2007 \$
RETAINED SURPLUS			
Balance as at 1 July 2007		522,793,508	515,638,588
Change in Net Assets Resulting from Operations		12,293,075	14,238,636
Transfer to Reserves		<u>(4,643,256)</u>	<u>(7,083,716)</u>
Balance as at 30 June 2008		<u>530,443,327</u>	<u>522,793,508</u>
 RESERVES - CASH/INVESTMENT BACKED			
Balance as at 1 July 2007		31,367,493	24,283,777
Transfer from Retained Surplus		4,643,256	7,083,716
Balance as at 30 June 2008	14	<u>36,010,749</u>	<u>31,367,493</u>
 RESERVES - ASSET REVALUATION			
Balance as at 1 July 2007		25,615,714	-
Revaluation Increment		136,745	25,615,714
Balance as at 30 June 2008	15	<u>25,752,459</u>	<u>25,615,714</u>
TOTAL EQUITY		<u>592,206,535</u>	<u>579,776,715</u>

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

**CITY OF JOONDALUP
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	2008 Actual \$	2008 Budget \$	2007 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		56,691,642	55,605,358	52,665,987
Grants and Subsidies - operating		3,453,882	3,364,026	3,493,596
Contributions, Reimbursements & Donations		1,024,121	668,646	1,106,635
Fees and Charges		20,411,068	20,319,254	18,864,755
Interest Earnings		3,418,972	3,188,098	4,401,845
Other		106,895	115,000	184,540
		<u>85,106,580</u>	<u>83,260,382</u>	<u>80,717,358</u>
Payments				
Employee Costs		(35,289,189)	(35,423,032)	(30,371,055)
Materials and Contracts		(27,197,510)	(30,516,132)	(28,210,290)
Utilities (gas, electricity, water, etc)		(3,169,625)	(3,361,942)	(3,100,145)
Insurance		(1,008,188)	(1,049,495)	(964,460)
Interest		(189,118)	(297,910)	(208,351)
Other		(137,719)	(66,000)	(64,030)
		<u>(66,991,349)</u>	<u>(70,714,511)</u>	<u>(62,918,331)</u>
Net Cash Provided By (Used In)				
Operating Activities	16(b)	18,115,231	12,545,871	17,799,027
Cash Flows from Investing Activities				
Payments for Purchase of				
Property, Plant & Equipment		(3,304,341)	(10,931,275)	(8,511,688)
Payments for Construction of				
Infrastructure		(17,655,392)	(27,388,959)	(9,643,449)
Capital Investment Tamala Park		-	-	(2,703,573)
Capital Investment Mindarie RC		(53,675)	-	-
Grants/Contributions for				
the Development of Assets		4,429,516	11,747,733	4,902,809
Proceeds from Sale of Plant & Equipment		1,334,162	1,398,326	3,791,308
		<u>1,334,162</u>	<u>1,398,326</u>	<u>3,791,308</u>
Net Cash Provided By (Used In)				
Investing Activities		(15,249,730)	(25,174,175)	(12,164,593)
Cash Flows from Financing Activities				
Repayment of Borrowings	21(a)	(328,483)	(606,879)	(310,025)
Transfer to the Trust Fund		-	-	(646,156)
Contb'n Re Upgrade Material Recovery Facility		31,000		(1,200,000)
Proceeds from borrowing	21(a)	-	4,000,000	-
		<u>-</u>	<u>4,000,000</u>	<u>-</u>
Net Cash Provided By (Used In)				
Financing Activities		(297,483)	3,393,121	(2,156,181)
Net Increase (Decrease) in Cash Held		2,568,018	(9,235,183)	3,478,253
Cash at Beginning of Year		52,038,909	49,944,564	48,560,656
Cash and Cash Equivalents				
at the End of the Year	16(a)	<u><u>54,606,927</u></u>	<u><u>40,709,381</u></u>	<u><u>52,038,909</u></u>

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

**CITY OF JOONDALUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

NOTE	2008 Actual \$	2008 Budget \$
OPERATING REVENUES		
Government Grants & Subsidies - Operating	3,453,882	3,364,026
Contributions, Reimbursements and Donations - Operating	963,485	668,646
Profit on Disposal	696,584	797,242
Fees & Charges	21,048,067	20,925,240
Interest Earnings	3,979,178	3,258,557
Other Revenue	106,895	115,000
	<u>30,248,091</u>	<u>29,128,711</u>
EXPENSES		
Employee Costs	(35,923,528)	(35,622,498)
Materials & Contracts	(30,279,154)	(30,516,132)
Utilities	(3,169,625)	(3,409,028)
Depreciation on Assets	(14,887,533)	(16,310,047)
Loss on Disposal	(143,602)	(254,756)
Loss on Revaluation	(25,397)	-
Insurance Expenses	(1,001,563)	(1,049,495)
Interest Expense	(189,118)	(297,910)
Other Expenses	(147,336)	(66,000)
	<u>(85,766,856)</u>	<u>(87,525,866)</u>
DEFICIT FROM OPERATIONS	<u>(55,518,765)</u>	<u>(58,397,155)</u>
OPERATING NON-CASH ADJUSTMENTS		
Depreciation on Assets	14,887,533	16,310,047
Loss on Revaluation	25,397	
Loss on Disposal	143,602	254,756
Profit on Disposal	(696,584)	(797,242)
OPERATING CASH DEFICIT	<u>(41,158,817)</u>	<u>(42,629,594)</u>
CAPITAL REVENUE		
Capital Grants	4,429,516	11,604,574
Contributions & Reimbursements - Non Operating	60,636	143,159
Acquired Infrastructure Assets	6,625,080	5,190,000
	<u>11,115,232</u>	<u>16,937,733</u>
CAPITAL EXPENDITURE		
Capital Budget	(19,211,085)	(39,129,734)
Motor Vehicle Replacement	(1,742,376)	(2,490,500)
Loan Repayments (Principal)	(328,483)	(606,879)
Equity Investment	(53,675)	-
	<u>(21,335,619)</u>	<u>(42,227,113)</u>
CAPITAL DEFICIT	<u>(10,220,387)</u>	<u>(25,289,380)</u>
BUDGET DEFICIT	<u>(51,379,204)</u>	<u>(67,918,974)</u>
FUNDING		
Proceeds from Disposal	1,334,162	1,398,326
Surplus Carried Forward	7,927,237	5,980,367
Loans	0	4,000,000
Transfers from Reserves	10,775,732	14,563,910
Transfer to Reserves	(15,418,988)	(9,247,653)
Transfer to Accumulated Surplus	(6,625,080)	(5,190,000)
Amount Raised from Rates	56,696,608	56,452,140
NET BUDGET SURPLUS/(DEFICIT)	<u>3,310,467</u>	<u>38,116</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 2008**

	GENERAL RATES			
	Rateable Value	No of Properties	Rate in \$	Rate Yield
	\$			\$
<u>General Rate - Gross Rental Value (GRV)</u>				
Residential Improved	517,930,330	49,074	7.7666	40,225,577
Residential Not Improved	21,932,532	1,441	7.7666	1,703,412
Commercial Improved	117,369,030	918	7.7666	9,115,583
Commercial Not Improved	334,950	19	7.7666	26,014
Industrial	11,074,089	379	7.7666	860,081
Sub-Total GRV	668,640,931	51,831		51,930,667
<u>General Rate - Unimproved Value (UV)</u>				
Residential	55,320,011	10	0.60700	242,861
Rural	466,000	2	0.60700	6,859
Total UV	55,786,011	12		249,720
Interim Rates				
Total Rate Levy				56,477,246
Discount Allowed (Note 2a)				(750,790)
Net General Rates				55,726,456
<u>Specified Area Rate</u>				
Iluka	20,595,551	1,472	0.239961	49,348
Woodvale Waters	1,797,178	137	1.157370	20,800
Harbour Rise	9,648,134	472	0.775466	74,818
Total Specified Area Rate				144,966
Interest on Outstanding Rates				345,374
Instalment Administration Charge				479,812
TOTAL RATES REVENUE				56,696,608

MINIMUM PAYMENTS				
Rateable Value	No of Properties	Minimum Payment	Rate Yield	TOTAL
\$		\$	\$	\$
43,212,448	6,498	565	3,671,919	43,897,496
1,015,214	189	565	106,801	1,810,213
1,125,660	175	565	98,875	9,214,458
7,250	1	565	565	26,579
37,529	6	565	3,390	863,471
45,398,101	6,869		3,881,550	55,812,217
				242,861
				6,859
				249,720
				415,309
				56,477,246
				(750,790)
				55,726,456
				49,348
				20,800
				74,818
				144,966
				345,374
				479,812
				56,696,608

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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 Council's Trust Fund, of which the City has legal custody but is unable to deploy for its purposes, have been excluded from the consolidated financial statements and the cash position at the reporting date.

(c) Goods and Services Tax

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

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

(d) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, including bank overdrafts which form an integral part of Council'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 uncollectible amounts using the effective interest rate method, less any allowance.

Collectibility 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.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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.

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.

(g) 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 Income Statement. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are 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.

(h) 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 Income Statement.

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 Income Statement.

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.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Infrastructure Assets (continued)

Land under Roads

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements.

(i) 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 and Equipment

Freehold Land	Nil	Artworks	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 (>\$10,000)	20.00%

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 and Reserves -

Playground 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 Structures	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	2.50%
Public Access Ways	2.5% - 4.0%
Footpaths/Bicycle Facilities	2.0% - 4.0%
Robertson Road Cycleway	2.5% - 16.0%
Beach Access Ways	2.5% - 10.0%
Hardcourt Surfaces	2.5% - 20.0%
Bus Shelters	2.0%
Underpasses/Bridges	1.0% - 10.0%
Joondalup City Lighting	2.0% - 16.0%
Ocean Reef Boat Harbour	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 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial Assets

Classification

Council classifies its financial assets in the category 'Loans and receivables', as defined in AASB 139 and 'Cash and Cash Equivalents'. The classification reflects the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and, in the case of any assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(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.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Recognition and derecognition

The Council recognises its financial assets on the date that the Council'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 Council has transferred substantially all the risks and rewards of ownership.

(k) Estimation of Fair Value

The fair value of financial assets and financial liabilities is estimated for recognition and measurement or for disclosure purposes.

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 Council for similar financial instruments.

(l) Impairment

In accordance with Australian Accounting Standards the Council'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 Income Statement.

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 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) 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.

(n) Employee Benefits

The provisions for employee benefits relates 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.

(o) 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 over 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 Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(o) Interest-bearing Loans and Borrowings (continued)

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

(p) Provisions

Provisions are recognised when: The council 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.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Provisions (continued)

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.

(q) 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.

(r) 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 2(c). 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.

(s) 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 Income Statement.

(t) 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.

(u) Rounding Off Figures

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Comparative Figures

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

(w) 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 Council's operational cycle. In the case of liabilities where Council 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 Council's intentions to release for sale.

(x) Crown Land

In accordance with the provisions of the Local Government (Financial Management) Regulations 16 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.

(y) 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 2008, and the Council's assessment of these new standards and interpretations has been provided in the Addendum to the financial statements.

(z) 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.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

2. RATES AND SERVICE CHARGES - PAYMENT OPTIONS

(a) Rates Discount and Incentive Scheme

Council, in accordance with the provisions of Section 6.46 of the Local Government Act 1995, offered the following discount and 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:
 - a 2.5% discount on general rates only; and
 - 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.
 - a pool of prize winners was chosen by a computerised random selection process, the authentication of which has been authenticated by the Council's auditor. The prize winners pool was invited to attend a prize draw function during which the prizes were allocated in a secondary draw process.

The total of early payment discount on rates was as follows:

	2008 Actual	2008 Budget	2007 Actual
	\$	\$	\$
Rates - Discount Allowed	750,790	700,000	647,586
	750,790	700,000	647,586

(b) 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 for a 2.5% discount on current general rates only and eligibility to enter the rates incentive scheme for prizes.

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

• **Two Instalments**

The first instalment of 50% of the total current rates (including specified area rates), domestic refuse charge, private swimming pool inspection fee 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.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

2. RATES AND SERVICE CHARGES - PAYMENT OPTIONS (continued)

(b) Rates Payment Options (continued)

• **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 \$9.00 for each instalment two, three and four, together with an interest charge at 5.5% per annum, calculated on a simple interest basis on:

• **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:**

An administration fee of \$9.00 for each instalment two, three and four, together with and interest charge at 5.5% per annum, calculated on a simple interest basis on:

- 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;
- 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.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

2. RATES AND SERVICE CHARGES - PAYMENT OPTIONS (continued)

(b) Rates Payment Options (continued)

• **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 \$30.00 per assessment was charged on all payment arrangements and 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:-

	Interest Rate %	Admin. Charge \$	2008 Actual \$	2008 Budget \$	2007 Actual \$
Interest on Outstanding Rates	11.00%		345,374	305,758	355,512
Installment Administration Charges	5.50%	10	479,812	350,621	442,480
			<u>825,186</u>	<u>656,379</u>	<u>797,992</u>

Ratepayers had the option of paying rates in four equal instalments, due on 7th September 2007, 9th November 2007, 11 January 2008 and 15 March 2008. An administration fee of \$10 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.

(c) 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 \$355,512 generated from interest charged on outstanding rates.

(d) Emergency Services Levy Interest Charged

In accordance with the provisions of section 36S of the Fire and Emergency Services Legislation (Emergency Services Levy) Amendment Act 2002, IMPOSES 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 to be charged once per month on the outstanding balance on the day of calculation for the number of days.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

2. RATES AND SERVICE CHARGES - PAYMENT OPTIONS (continued)

(e) Emergency Services Remittance Option B

The City elected to remit the current year Emergency Services Levy to Fire and Emergency Services Legislation 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 2005 (30%), December 2005 (30%), March 2006 (30%) and June 2006 (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.

(f) Domestic Refuse Charges

The Council, BY AN ABSOLUTE MAJORITY in accordance with Division 5 of Part IV of the Health Act 1911 (as amended) imposed the following domestic refuse charges for the current financial year:

- \$189.00 per existing unit serviced, 164 for pensioners; and
- Additional bin collection service \$203.50 (inclusive of GST)
- Collection from within the property boundary:
Additional cost \$48.40 (inclusive of GST).
- New service \$189.00 plus cost of bin and bin delivery \$48.40 (inclusive of GST).

(g) 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 current financial year, a Private Swimming Pool Inspection Fee of \$13.75 (inclusive of GST) on those properties owning a private swimming pool.

(h) Prescribed Services – 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 0.245762¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$49,720.

(i) Prescribed Services – 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 2005/2006 financial year, a specified area rate for the area of Woodvale Waters for maintaining enhanced landscaping services.

A rate in the dollar of 1.386840¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$24,766.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

2. RATES AND SERVICE CHARGES - PAYMENT OPTIONS (continued)

(j) Prescribed Services – 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 2005/2006 financial year, a specified area rate for the area of Harbour Rise for maintaining enhanced landscaping services.

A rate in the dollar of 0.665841¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$60,722.

(k) Write Off Rates and Charges

The total value of rates and charges from previous years written off during the year was \$7,948.41

(l) 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 2008

3. REVENUES AND EXPENSES	Note	2008	2007
		\$	\$
(a) Result from Ordinary Activities			
(i) Crediting as Revenue:			
Interest Earnings			
Investments	6	3,979,178	4,398,506
Other Interest Revenue	2(b)	345,374	355,512
		<u>4,324,552</u>	<u>4,754,018</u>
(ii) Debiting as Expenditure:			
Auditors Remuneration			
- Statutory		30,000	28,400
- Other Audit Fees		-	24,000
- Other Services		3,350	2,107
		<u>33,350</u>	<u>54,507</u>
Depreciation			
Buildings		1,761,136	1,641,510
Furniture and Equipment		622,219	527,658
Plant and Equipment		1,043,829	874,352
Parks and Reserves		2,438,268	2,438,273
Roads		6,115,452	6,994,870
Footpaths		321,624	457,863
Drainage		1,866,924	2,208,614
Other Infrastructure		718,081	730,724
		<u>14,887,533</u>	<u>15,873,864</u>
Interest Expenses			
Interest on Loans	21(a)	191,058	207,869
Other		(1,940)	482
		<u>189,118</u>	<u>208,351</u>

(b) Developers' Contributions

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

Roads	4,811,400	4,155,030
Footpaths	282,780	233,325
Drainage	1,530,900	1,391,607
Other	-	79,200
	<u>6,625,080</u>	<u>5,859,162</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

4. FEES & CHARGES

	2008	2008	2007
	Actual	Budget	Actual
	\$	\$	\$
By Nature			
Rubbish Collection Fees	11,734,701	12,075,000	10,302,677
Membership Fees	1,745,811	1,660,236	1,620,193
User Entry Fees	1,004,543	1,072,714	979,388
Building Licence Fees	1,165,352	950,000	1,174,057
Learn to Swim Program Fees	711,172	500,385	520,337
Court Sport Revenue	426,543	441,031	413,051
Facilities Hire	420,684	435,805	392,327
Development Application Fees	558,865	400,000	452,955
Property Rental	277,621	355,000	248,138
Inspection Fees	305,599	306,000	223,703
Land Purchase Enquiries Fees	238,698	256,000	249,640
Parking Infringements	113,449	255,500	99,839
Commission	266,252	246,700	253,735
On-Street Parking Fee	-	220,000	-
Off Street Parking Fees	52,388	237,375	48,461
Cash in Lieu of Parking Spaces	419,250	-	-
Term Programme Activities Fees	156,259	214,214	165,916
Dog Registration Fees	189,821	210,000	201,778
Eating House Licences& Registrations	113,042	105,000	107,806
Immunisation	232,191	105,000	22,183
Other Miscellaneous Charges	915,826	879,280	1,075,069
	<u>21,048,067</u>	<u>20,925,240</u>	<u>18,551,253</u>

By Program

General Purpose Funding	-	-	253,557
Law, Order & Public Safety	576,414	573,050	340,186
Health	291,810	290,107	175,387
Education & Welfare	385,973	383,721	253,681
Community Amenities	13,273,757	13,196,297	10,455,566
Recreation & Culture	4,237,026	4,212,301	4,649,221
Transport	717,059	712,875	270,998
Economic Services	1,419,596	1,411,312	2,151,621
Other Property and Services	146,432	145,577	1,036
	<u>21,048,067</u>	<u>20,925,240</u>	<u>18,551,253</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

5. GRANT REVENUE	2008	2007
	\$	\$
By Nature and Type:		
Grants and Subsidies - operating		
Grants Commission	2,816,377	2,705,296
Dept. for Community Development	66,247	57,450
Dept. of Family and Community Services	95,566	97,913
Dept. of Sport and Recreation	65,000	5,000
Dept. of Transport	12,500	
Lotteries Commission	16,000	43,000
Healthways	25,000	30,000
Childcare Assistance	34,760	35,951
Other Grants	322,432	461,730
	<u>3,453,882</u>	<u>3,436,340</u>
Grants and Subsidies - non-operating		
Formula Local Roads Grant	1,625,621	1,607,053
Main Roads Direct Grant	278,762	275,258
Black Spot Funding (State)	95,814	310,234
Metro Regional Road Programme	1,380,411	1,158,200
Roads to Recovery Programme	936,022	1,090,655
Other Government Grants	112,886	461,409
	<u>4,429,516</u>	<u>4,902,809</u>
	<u><u>7,883,398</u></u>	<u><u>8,339,149</u></u>

6. INVESTMENTS	Note	2008	2007
		\$	\$
Unrestricted		19,270,289	20,927,897
Restricted	14	36,010,749	31,367,508
	16(a)	<u><u>55,281,038</u></u>	<u><u>52,295,405</u></u>
Investments comprise the following:			
Westpac 11AM		5,013,366	3,394,507
ANZ Cash Plus		5,342,391	7,988,956
Managed Funds		-	40,911,942
LGFS Fixed Cash Outperformance Fund		14,925,281	-
Term Deposits		30,000,000	-
	16(a)	<u><u>55,281,038</u></u>	<u><u>52,295,405</u></u>

Investments comprise short term money market deposits and units in managed funds.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

7. TRADE AND OTHER RECEIVABLES	Note	2008	2007
		\$	\$
Current			
Rates Outstanding		111,577	152,241
Sundry Debtors		934,861	517,790
Prepayments		203,477	285,196
Accrued Income		581,898	21,692
GST Receivable		892,355	613,397
Less Provision for Doubtful Debts		<u>(2,500)</u>	<u>(2,346)</u>
		<u><u>2,721,668</u></u>	<u><u>1,587,970</u></u>
Non-Current			
Rates/ESL Receivable - Pensioners Deferred		1,089,007	1,038,301
Contributions to Upgrade Material Recovery Facility		1,169,000	1,200,000
LSL Non-Current - Other Councils		-	47,193
		<u><u>2,258,007</u></u>	<u><u>2,285,494</u></u>
8. EQUITY INVESTMENTS			
Non-Current			
Capital Investment - Mindarie Regional Council		327,963	274,288
Capital Investment - Tamala Park Regional Council		2,703,573	2,703,573
Local Government House		29,616	29,616
		<u><u>3,061,152</u></u>	<u><u>3,007,477</u></u>

The Mindarie Regional Council (MRC), of which the City is an equity holder, is developing a Resource Recovery Facility (RRF). In this process, the MRC borrowed \$3.5m to acquire the land on which the RRF will be developed.

Due to the time lag between the loan repayment and the RRF operation and charges, the MRC Council approved that its equity holders be charged for the repayment obligations under the land purchase loan.

The methodology adopted for this charge was to treat the interest component of the repayment amount as an additional expense in substitution of an increase in the gate fee chargeable and to treat the principal repayment component as an additional equity contribution to the capital of the MRC.

The Tamala Park Regional Council (TPRC) was established in January 2006 for the purpose of the development of the Tamala Park land jointly owned by seven local governments, including the City of Joondalup, which has a 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.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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9. PROPERTY, PLANT AND EQUIPMENT

Land - Cost	9(a)	5,213,253	5,213,253
Building - Cost		70,573,744	70,451,401
Less Accumulated Depreciation		<u>(23,305,449)</u>	<u>(21,544,313)</u>
	9(a)	47,268,295	48,907,088
Furniture and Computers - Cost		6,802,583	5,977,557
Less Accumulated Depreciation		<u>(5,370,866)</u>	<u>(4,837,919)</u>
	9(a)	1,431,717	1,139,638
Plant and Equipment - Cost		12,404,667	12,096,128
Less Accumulated Depreciation		<u>(4,123,607)</u>	<u>(3,810,973)</u>
	9(a)	8,281,060	8,285,155
Artifacts & Artworks		478,780	341,428
Less Accumulated Amortisation		<u>-</u>	<u>-</u>
	9(a)	478,780	341,428
	9(a)	<u>62,673,105</u>	<u>63,886,562</u>
Capital Acquisition in Progress		498,216	-
Total Property, Plant and Equipment		<u><u>63,171,321</u></u>	<u><u>63,886,562</u></u>

Certain items of computer software have been included in the carrying amount of Furniture and Computers. Although these items are not integral to the underlying computer hardware, they have not been reclassified as intangible assets in terms of AASB 138, as the balances are not material and have no impact on the accuracy or presentation of the financial statements.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

9 (a) PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements 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 1/07/2007	Additions	Disposals	Transfers, Adjustments & Revaluation	Balance at 30/06/2008
	\$	\$	\$	\$	\$
Freehold Land	5,213,253				5,213,253
Buildings	70,451,401	122,343			70,573,744
Artworks	341,428	26,006		111,346	478,780
Furniture & Computer Equipment	5,977,557	921,400	(96,374)		6,802,583
Plant & Equipment	12,096,128	1,742,377	(1,433,838)		12,404,667
	<u>94,079,767</u>	<u>2,812,126</u>	<u>(1,530,212)</u>	<u>111,346</u>	<u>95,473,027</u>

Accumulated Depreciation

	Balance at 1/07/2007	Disposals	Depreciation	Transfers, Adjustments & Revaluation	Balance at 30/06/2008
	\$	\$	\$	\$	\$
Freehold Land	-		-		-
Buildings	(21,544,313)	-	(1,761,136)		(23,305,449)
Artworks	-	-	-	-	-
Furniture & Computer Equipment	(4,837,919)	93,953	(622,219)	(4,681)	(5,370,866)
Plant & Equipment	(3,810,973)	655,076	(1,043,829)	76,119	(4,123,607)
	<u>(30,193,205)</u>	<u>749,029</u>	<u>(3,427,184)</u>	<u>71,438</u>	<u>(32,799,922)</u>

Written-Down Value

	Balance at 1/07/2007	Additions	Disposals	Depreciation, Adjustments & Revaluation	Balance at 30/06/2008
	\$	\$	\$	\$	\$
Freehold Land	5,213,253	-	-	-	5,213,253
Buildings	48,907,088	122,343	-	(1,761,136)	47,268,295
Artworks	341,428	26,006	-	111,346	478,780
Furniture & Computer Equipment	1,139,638	921,400	(2,421)	(626,900)	1,431,717
Plant & Equipment	8,285,155	1,742,377	(778,762)	(967,710)	8,281,060
	<u>63,886,562</u>	<u>2,812,126</u>	<u>(781,183)</u>	<u>(3,244,400)</u>	<u>62,673,105</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
10. INFRASTRUCTURE ASSETS			
Roads - management valuation		449,163,638	449,163,638
Roads - Cost		8,978,092	-
Less Accumulated Depreciation		<u>(191,774,912)</u>	<u>(185,659,460)</u>
	10(a)	266,366,818	263,504,178
Footpaths - management valuation		8,170,671	8,170,671
Footpaths - Cost		7,882,707	7,309,179
Less Accumulated Depreciation		<u>(3,789,640)</u>	<u>(3,468,016)</u>
	10(a)	12,263,738	12,011,834
Drainage - management valuation		125,616,531	125,616,531
Drainage - Cost		25,262,807	23,517,363
Less Accumulated Depreciation		<u>(23,145,454)</u>	<u>(21,278,530)</u>
	10(a)	127,733,884	127,855,364
Parks & Ovals - Cost		42,663,398	41,984,940
Less Accumulated Depreciation		<u>(18,687,418)</u>	<u>(16,249,150)</u>
	10(a)	23,975,980	25,735,790
Other Infrastructure		29,905,962	29,397,042
Less Accumulated Depreciation		<u>(7,717,138)</u>	<u>(6,999,058)</u>
	10(a)	22,188,824	22,397,984
		<u>452,529,244</u>	<u>451,505,150</u>
Capital Work-in-progress		35,579,745	23,789,710
Total Infrastructure Assets		<u><u>488,108,989</u></u>	<u><u>475,294,860</u></u>

Council have adopted a policy of re-valuing roads with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date. This policy accords with the requirements of AASB 116.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

10(a) INFRASTRUCTURE (Continued)

Movements 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 1/07/2007	Additions	Disposals	Transfers and Adjustments	Balance at 30/06/2008
	\$	\$	\$	\$	\$
Roads	449,163,638	8,978,092	-	-	458,141,730
Footpaths	15,479,850	573,528	-	-	16,053,378
Drainage	149,133,894	1,745,444	-	-	150,879,338
Reserves	41,984,940	678,458	-	-	42,663,398
Other Infrastructure	29,397,042	508,920	-	-	29,905,962
	<u>685,159,364</u>	<u>12,484,442</u>	<u>-</u>	<u>-</u>	<u>697,643,806</u>

Accumulated Depreciation

	Balance at 1/07/2007	Additions	Disposals	Adjustments and Depreciation	Balance at 30/06/2008
	\$	\$	\$	\$	\$
Roads	(185,659,460)	-	-	(6,115,452)	(191,774,912)
Footpaths	(3,468,016)	-	-	(321,624)	(3,789,640)
Drainage	(21,278,530)	-	-	(1,866,924)	(23,145,454)
Reserves	(16,249,150)	-	-	(2,438,268)	(18,687,418)
Other Infrastructure	(6,999,058)	-	-	(718,080)	(7,717,138)
	<u>(233,654,214)</u>	<u>-</u>	<u>-</u>	<u>(11,460,348)</u>	<u>(245,114,562)</u>

Written-Down Value

	Balance at 1/07/2007	Additions	Disposals	Adjustments and Depreciation	Balance at 30/06/2008
	\$	\$	\$	\$	\$
Roads	263,504,178	8,978,092	-	(6,115,452)	266,366,818
Footpaths	12,011,834	573,528	-	(321,624)	12,263,738
Drainage	127,855,364	1,745,444	-	(1,866,924)	127,733,884
Reserves	25,735,790	678,458	-	(2,438,268)	23,975,980
Other Infrastructure	22,397,984	508,920	-	(718,080)	22,188,824
	<u>451,505,150</u>	<u>12,484,442</u>	<u>-</u>	<u>(11,460,348)</u>	<u>452,529,244</u>

Capital Work in Progress

	Balance at 1/07/2007	New Work Added	Completed and Capitalised	Adjustments	Balance at 30/06/2008
	\$	\$	\$	\$	\$
Buildings	12,145,271	6,019,123	-	-	18,164,394
Reserves	2,743,066	2,037,906	(678,459)	-	4,102,513
Roads	7,324,099	7,796,470	(4,166,691)	-	10,953,878
Footpaths	422,326	500,050	(290,748)	-	631,628
Drainage	733,330	577,977	(214,543)	-	1,096,764
Other Infrastructure	421,618	717,871	(508,920)	-	630,569
	<u>23,789,710</u>	<u>17,649,397</u>	<u>(5,859,361)</u>	<u>-</u>	<u>35,579,746</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
11. TRADE AND OTHER PAYABLES			
Current			
Trade Payables		5,045,588	3,598,804
Sundry Payables		122,753	195,898
Accrued Expenses		6,024,351	4,011,268
Income in Advance		575,187	625,224
Goods & Service Tax (GST) Payable		114,153	68,570
		11,882,032	8,499,764

12. BORROWINGS

Current - Loan Borrowings	28(c)	348,040	328,483
Non-Current Loan Borrowings		2,684,959	3,032,999
Total Borrowings	21(a)	3,032,999	3,361,482

Current loan borrowings represents 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.

13. PROVISIONS

Current			
Provision for Annual Leave		2,444,354	2,359,408
Provision for Long Service Leave		2,364,347	2,151,913
Provision for Sick leave		119,232	12,534
Provision for Workers Compensation		1,112,168	1,304,415
Provision for Write-off of Assets		77,969	-
Provisions-Other		10,366	4,115
		6,128,436	5,832,385
Non-Current			
Provision for Long Service Leave		678,062	630,926
		678,062	630,926

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual \$	2008 Budget \$	2007 Actual \$
14. RESERVES - CASH/INVESTMENT BACKED			
(a) Asset Replacement Reserve			
Opening Balance	8,760,449	8,608,547	11,305,949
Amount Set Aside / Transfer to Reserve	302,641	349,523	617,042
Amount Used / Transfer from Reserve	<u>(5,691,667)</u>	<u>(6,200,000)</u>	<u>(3,162,542)</u>
	<u>3,371,423</u>	<u>2,758,070</u>	<u>8,760,449</u>

Created in 1986/87 to assist with financing various essential assets including a works depot. Transfer from accumulated surplus represents interest and transfer to accumulated surplus represents funding to undertake the construction of the City's new Works Depot.

(b) Cash in Lieu of Parking Reserve			
Opening Balance	380,056	379,927	357,381
Amount Set Aside / Transfer to Reserve	449,423	24,107	22,675
Amount Used / Transfer from Reserve	-	-	-
	<u>829,479</u>	<u>404,034</u>	<u>380,056</u>

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

(c) Cash in Lieu of Public Open Space Reserve			
Opening Balance	1,249,332	1,248,902	1,174,790
Amount Set Aside / Transfer to Reserve	63,926	79,244	74,542
Amount Used / Transfer from Reserve	-	-	-
	<u>1,313,258</u>	<u>1,328,146</u>	<u>1,249,332</u>

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

(d) Community Facilities Reserve			
Opening Balance	365,827	365,702	344,000
Amount Set Aside / Transfer to Reserve	18,719	15,852	21,827
Amount Used / Transfer from Reserve	-	(231,752)	-
	<u>384,546</u>	<u>149,802</u>	<u>365,827</u>

Created in 2004/05 for the purpose of funding the construction, development and maintenance of community facilities. The reserve was established with funds previously carried forward related to the construction of the Currambine Community Facility project. Transfers from the reserve to accumulated surplus fund the replacement of old furniture at the City's community facilities and the establishment of a booking office at Craigie Leisure Centre. The transfer to the reserve represents interest.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual \$	2008 Budget \$	2007 Actual \$
14. RESERVES - CASH/INVESTMENT BACKED (continued)			
(e) Domestic Cart-Refuse Collection Reserve			
Opening Balance	952,912	952,328	2,347,136
Amount Set Aside / Transfer to Reserve	726,463	2,106,338	101,477
Amount Used / Transfer from Reserve	-	-	(1,495,701)
	1,679,375	3,058,666	952,912

Created in 1990/91 by the former City of Wanneroo to provide for additional plant and equipment used specifically for the provision of the domestic cart refuse collection service.

(f) Heavy Vehicles Replacement Reserve			
Opening Balance	763,349	763,087	717,804
Amount Set Aside / Transfer to Reserve	39,059	48,419	45,545
Amount Used / Transfer from Reserve	-	-	-
	802,408	811,506	763,349

Created in 1996/97 by the former City of Wanneroo to provide for the replacement of Council's fleet of vehicles.

(g) Hodges Drive Drainage Reserve			
Opening Balance	-	-	309
Amount Set Aside / Transfer to Reserve	-	-	(309)
Amount Used / Transfer from Reserve	-	-	-
	-	-	-

Created in 1988/99 by the former City of Wanneroo to finance the provision of drainage at Hodges Drive. The reserve was fully utilised in remaining 2005/06 with a small balance taken to accumulated surplus in 2006/07.

(h) Joondalup City Centre Parking Reserve			
Opening Balance	381,483	381,352	358,722
Amount Set Aside / Transfer to Reserve	19,520	24,197	22,761
Amount Used / Transfer from Reserve	-	-	-
	401,003	405,549	381,483

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 car park requirements. Transfers from reserves fund car park works. The transfer to the reserve represents interest.

(i) Leisure Centres Capital Replacement Reserve			
Opening Balance	1,560,440	1,550,467	1,451,694
Amount Set Aside / Transfer to Reserve	79,845	50,790	542,623
Amount Used / Transfer from Reserve	-	(1,500,000)	(433,877)
	1,640,285	101,257	1,560,440

Created in 2001/02 with the outsourcing of the Craigie leisure centre, Ocean Ridge recreation centre and Sorrento/Duncraig recreation centre to the RANS Management Group to undertake future refurbishment works. Transfer from reserve fund the initial design work for the development of a 50 metre Pool at Craigie Leisure Centre. The transfer to the reserve represents interest.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual \$	2008 Budget \$	2007 Actual \$
14. RESERVES - CASH/INVESTMENT BACKED (continued)			
(j) Library Literacy Program Reserve			
Opening Balance	4,680	4,679	4,401
Amount Set Aside / Transfer to Reserve	10,456	297	279
Amount Used / Transfer from Reserve	-	-	-
	15,136	4,976	4,680

Created in 2003/04 with proceeds from the sale of donated and surplus library books with such funds to be used for the development of literacy programs to be held at the city's libraries in future years. The transfer to the reserve represents interest.

(k) Light Vehicles Replacement Reserve			
Opening Balance	336,055	335,939	316,004
Amount Set Aside / Transfer to Reserve	17,195	21,316	20,051
Amount Used / Transfer from Reserve	-	-	-
	353,250	357,255	336,055

Created in 1996/97 by the former City of Wanneroo to provide for the replacement of Council's fleet of light vehicles. The transfer to the reserve represents interest.

(l) Capital Expenditure Carried Forward Reserve			
Opening Balance	5,027,062	5,922,970	-
Amount Set Aside / Transfer to Reserve	7,276,902	-	5,027,062
Amount Used / Transfer from Reserve	(5,027,062)	(5,801,636)	-
	7,276,902	121,334	5,027,062

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

(m) Ocean Reef Boat Launching Facility Reserve			
Opening Balance	128,182	151,626	148,738
Amount Set Aside / Transfer to Reserve	6,559	-	8,515
Amount Used / Transfer from Reserve	-	(151,626)	(29,071)
	134,741	-	128,182

Created in 1998/99 for the purpose of planning, developing and managing the Ocean Reef boat launching facility precinct, comprising the launching facilitate and the adjacent foreshore lands. Transfer from reserve to accumulated surplus to fund the concept plan for the Ocean Reef boat launching Facility project.

(n) Cultural Facility Reserve			
Opening Balance	800,537	800,160	1,330,507
Amount Set Aside / Transfer to Reserve	40,962	45,378	65,530
Amount Used / Transfer from Reserve	-	(170,000)	(595,500)
	841,499	675,538	800,537

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 reject for a multi-purpose cultural facility

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual \$	2008 Budget \$	2007 Actual \$
14. RESERVES - CASH/INVESTMENT BACKED (continued)			
(o) Plant Replacement Reserve			
Opening Balance	1,102,468	1,102,090	1,036,689
Amount Set Aside / Transfer to Reserve	56,411	69,929	65,779
Amount Used / Transfer from Reserve	-	-	-
	1,158,879	1,172,019	1,102,468

Created in 199/97 to assist with financing of council's plant and equipment. Transfer from accumulated surplus represents interest.

(p) Rate Revaluation Reserve			
Opening Balance	255,945	255,882	100,000
Amount Set Aside / Transfer to Reserve	161,806	165,836	155,945
Amount Used / Transfer from Reserve	-	-	-
	417,751	421,718	255,945

Created in 2003/04 to assist with financing the costs associated with the triennial general property revaluation undertaken by the Valuer General.

(q) Section 20A Land Reserve			
Opening Balance	33,809	33,798	31,792
Amount Set Aside / Transfer to Reserve	1,730	2,144	2,017
Amount Used / Transfer from Reserve	-	-	-
	35,539	35,942	33,809

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 from the reserve represents interest.

(r) Sorrento Beach Foreshore Enhancement Reserve			
Opening Balance	-	-	139,232
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	-	-	(139,232)
	-	-	-

Created in 2004/05 for the purpose of completing works relating to the Sorrento Beach Foreshore Enhancement corporate project. The project was completed in 2005/06.

(s) Specified Area Rating – Harbour Rise Reserve			
Opening Balance	26,129	-	-
Amount Set Aside / Transfer to Reserve	25,467	-	26,129
Amount Used / Transfer from Reserve	-	-	-
	51,596	-	26,129

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Harbour Rise specified area.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual \$	2008 Budget \$	2007 Actual \$
14. RESERVES - CASH/INVESTMENT BACKED (continued)			
(t) Specified Area Rating - Iluka Reserve			
Opening Balance	106,684	77,158	72,579
Amount Set Aside / Transfer to Reserve	4,852	4,896	34,105
Amount Used / Transfer from Reserve	(23,710)	-	-
	87,826	82,054	106,684

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

(u) Strategic Asset Management Reserve			
Opening Balance	8,584,530	8,582,563	2,531,158
Amount Set Aside / Transfer to Reserve	5,567,177	5,703,201	6,053,372
Amount Used / Transfer from Reserve	-	-	-
	14,151,707	14,285,764	8,584,530

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.

(v) Town Planning Scheme No 10 (Revoked)			
Opening Balance	269,494	269,400	253,413
Amount Set Aside / Transfer to Reserve	13,790	9,162	16,081
Amount Used / Transfer from Reserve	-	(250,000)	-
	283,284	28,562	269,494

Created in 1993/94 by the former City of Wanneroo with funds previously held in Trust Fund. Represents residual funds from Town Planning Scheme No 10 (Revoked) and will be utilised on the provision of facilities generally within or in close proximity of the scheme area. This money can only be spent in the Town Planning Scheme No 10 area or repaid by the payee. Transfer from accumulated surplus represents interest.

(x) Wanneroo Bicentennial Trust Reserve			
Opening Balance	13,293	13,289	12,500
Amount Set Aside / Transfer to Reserve	-	843	793
Amount Used / Transfer from Reserve	(13,293)	-	-
	-	14,132	13,293

Created in 1993/94 by the former City of Wanneroo with funds previously held in Trust Fund. The Trust was established in 1988 to perpetuate the spirit of Australia's bicentennial celebrations by serving as a source of encouragement of residents of the community who would not otherwise have the resources to progress in their chosen field of endeavour. The award of a grant by the Trust assisted these people in realising their goals and developing their talents to the benefit of the community. The Trust was administered by the Board of Trustees, and supported by staff of the City. The Trust was dissolved during 2001/01 and the final disposition of funds is still to occur. Transfer from accumulated surplus represents interest.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

	Actual \$	Budget \$	Actual \$
14. RESERVES - CASH/INVESTMENT BACKED (continued)			
(y) Community Facilities Reserve - Kingsley			
Opening Balance	264,777	264,686	248,979
Amount Set Aside / Transfer to Reserve	13,037	-	15,798
Amount Used / Transfer from Reserve	<u>(20,000)</u>	<u>(258,896)</u>	<u>-</u>
	<u>257,814</u>	<u>5,790</u>	<u>264,777</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.			
(z) Community Facilities Reserve - Currambine/Kinross			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	523,048	526,180	-
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>523,048</u>	<u>526,180</u>	<u>-</u>
Created in 2007/08 for the purpose of funding the construction, development and maintenance of community facilities,			
Total Reserves - Cash/Investment Backed	36,010,749	26,748,294	31,367,493
Grand Total of Reserves			
Opening Balance	31,367,493	32,064,552	24,283,777
Transfer to Reserves	15,418,988	9,247,652	12,939,948
Transfer from Reserves	(10,775,732)	(14,563,910)	(5,856,232)
Closing Balance 30 June 2008.	<u><u>36,010,749</u></u>	<u><u>26,748,294</u></u>	<u><u>31,367,493</u></u>
15. RESERVES - ASSET REVALUATION		2008	2007
		\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:			
(a) Roads			
Balance as at 1 July 2007		25,615,714	-
Revaluation Increment		<u>-</u>	<u>25,615,714</u>
Balance as at 30 June 2008		<u>25,615,714</u>	<u>25,615,714</u>
(b) Artworks			
Balance as at 1 July 2007		-	-
Revaluation Increment		<u>136,745</u>	<u>-</u>
Balance as at 30 June 2008		<u>136,745</u>	<u>-</u>
TOTAL ASSET REVALUATION RESERVES		<u><u>25,752,459</u></u>	<u><u>25,615,714</u></u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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:

	Note	2008	2007
Cash Assets		\$	\$
Cash on Hand		8,105	6,955
Investments	6	<u>55,281,038</u>	<u>52,295,405</u>
		55,289,143	52,302,360
Interest-bearing liabilities			
Bank Overdraft		(682,216)	(263,451)
Cash and Cash Equivalents		<u>54,606,927</u>	<u>52,038,909</u>

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

Net Result	12,293,075	14,238,636
Depreciation	14,887,533	15,873,864
Loss on Revaluation of Assets	25,397	-
(Profit)/Loss on Sale of Assets	(552,982)	(2,697,410)
(Increase)/Decrease in Receivables	(623,791)	301,936
Increase/(Decrease) in Payables	1,373,639	(761,069)
Increase/(Decrease) in Employee Provisions	265,218	(384,565)
Increase/(Decrease) in Other Provisions	77,969	-
Increase/(Decrease) in Income in Advance	(50,037)	419,129
Increase/(Decrease) in Accrued Expenses	2,013,083	1,526,859
(Increase)/Decrease in Accrued Income	(560,206)	92,845
(Increase)/Decrease in Prepayments	81,719	(44,476)
(Increase)/Decrease in Doubtful Debts	(154)	(4,751)
Grants/Contributions for development of assets	(4,429,516)	(4,902,809)
Contributions for Assets	(6,685,716)	(5,859,162)
Net Cash from Operating Activities	<u>18,115,231</u>	<u>17,799,027</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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 Council 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 Council 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

	2008	2007
(a) Capital Expenditure Commitments	\$	\$
At the reporting date, the City had entered into contracts for the following major expenditure commitments which are due for payment within one year:		
Major Expenditure Commitments	<u><u>2,895,337</u></u>	<u><u>2,647,030</u></u>

	Up to 1 yr	1 - 5 yrs	> 5 yrs
(b) Projected Operating Lease Income			
Future Minimum Lease Income Expected	<u><u>395,483</u></u>	<u><u>139,290</u></u>	<u><u>58,684</u></u>

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

(c) Projected Operating Lease Commitments			
Future Minimum Lease Payments Expected	<u><u>280,325</u></u>	<u><u>1,357,811</u></u>	<u><u>4,269,378</u></u>

The City leases various properties, including the Works Operation Centre.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

19. TRUST FUNDS

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

	2008 \$	2007 \$
Deposits and Bonds held in Trust	<u>2,237,336</u>	<u>2,413,870</u>

20. DISPOSALS OF ASSETS - 2007/08 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)		
	Actual	Budget	Actual	Budget	Actual Profit	Actual Loss	Budget
	\$	\$	\$	\$	\$	\$	\$
Land	-	-	509,280	-	509,280	-	-
Furniture/Equipment	2,421	-	528	-	450	(2,342)	-
Plant & Equipment	778,762	855,841	824,354	888,326	186,854	(141,260)	32,485
	<u>781,183</u>	<u>855,841</u>	<u>1,334,162</u>	<u>888,326</u>	<u>696,584</u>	<u>(143,602)</u>	<u>32,485</u>

During the year the City disposed of Lot 1254 Edinburgh Avenue, Kinross for \$509,280. The land value recorded as at 30 June 2008 was NIL. There are no liabilities in respect of this land transaction at the reporting date.

21. INFORMATION ON BORROWINGS

(a) Loan Repayments

Particulars	Balance 1-Jul-07	New Loans	Total Payments	Interest Expensed	Principal Repayments	Principal 30-Jun-08
	\$	\$	\$	\$	\$	\$
Craigie Leisure Centre	2,529,494	-	(398,972)	142,639	(256,333)	2,273,161
Sorrento Beach	831,988	-	(120,568)	48,419	(72,150)	759,838
	<u>3,361,482</u>	<u>-</u>	<u>(519,540)</u>	<u>191,058</u>	<u>(328,483)</u>	<u>3,032,999</u>

Additional borrowings were budgeted during the reporting period but were deferred and have now been included in the 2008/09 budget.

(b) Overdraft

	2008	2007
Bank Overdraft Facility Limit	500,000	500,000
Bank Overdraft at Reporting Date	682,216	263,451
Credit Amount Unused/(Exceeding limit)	<u>(182,216)</u>	<u>236,549</u>

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.

CITY OF JOONDALUP
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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 2007/08 financial year, a specified area rate for the suburb of Iluka.

	2008	2007
	\$	\$
During the 2007/08 financial year the income and expenditure was as follows:		
Balance 1 July 2007	106,624	72,579
2007/08 Rate Income	49,348	49,720
Interest	4,852	4,605
Expenditure	(72,999)	(20,280)
Surplus in Reserve at 30 June 2008	<u>87,825</u>	<u>106,624</u>

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 2007/08 financial year, a specified area rate for the area of Woodvale Waters.

During the 2007/08 financial year the income and expenditure was as follows:

Balance 1 July 2007	-	-
2007/08 Rate Income	20,800	24,766
Expenditure	(20,800)	(24,766)
Surplus in Reserve at 30 June 2008	<u>-</u>	<u>-</u>

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 2007/08 financial year, a specified area rate for the area of Harbour Rise.

During the 2007/08 financial year the income and expenditure was as follows:

Balance 1 July 2007	26,189	-
2007/08 Rate Income	74,818	60,722
Interest	1,939	4,134
Expenditure	(51,530)	(38,667)
Surplus in Reserve at 30 June 2008	<u>51,416</u>	<u>26,189</u>

25. COUNCILLORS' REMUNERATION

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

	2008	2008	2007
	Actual	Budget	Actual
	\$	\$	\$
Elected Members Allowances	214,222	217,200	199,385
Elected Members Conferences/Training	53,809	107,100	64,543
Elected Members Presentation Items	5,719	-	2,500
Elected Members Travel, Child Care and Other Specified Expenses	13,561	37,500	16,784
	<u>287,311</u>	<u>361,800</u>	<u>283,212</u>

**CITY OF JOONDALUP
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FOR THE YEAR ENDED 30 JUNE 2008**

26. MAJOR LAND TRANSACTIONS

There were no major land transactions, as defined in Regulation 7(b) of the Local Government (Functions and General) Regulations 1996, during the 2007/08 financial year.

27. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings during the 2007/08 financial year.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

28. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council 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 Council held the following financial instruments at balance date:

	Note	Carrying Value		Fair Value	
		2008	2007	2008	2007
		\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	a)	54,606,927	52,038,909	54,606,927	52,038,909
Receivables	b)	4,407,576	3,873,464	4,407,576	3,873,464
Equity Investments		3,061,152	3,007,477	3,061,152	3,007,477
		<u>62,075,655</u>	<u>58,919,850</u>	<u>62,075,655</u>	<u>58,919,850</u>
Financial Liabilities					
Payables		11,306,845	8,499,764	11,306,845	8,499,764
Borrowings	d)	3,032,999	3,361,482	3,032,999	3,361,482
		<u>14,339,844</u>	<u>11,861,246</u>	<u>14,339,844</u>	<u>11,861,246</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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

28. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council'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). Council 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 Council.

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

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council'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. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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.

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

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

(c) Interest rate risk

The following table details the City's exposure to interest rate risks as at the reporting date.

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity				Total \$
			< 1 year \$	1 - 5 Years \$	> 5 Years \$	Non-Interest Bearing \$	
2007/08							
Financial Assets							
Cash	-	-	-	-	-	8,105	8,105
Receivables	-	-	-	-	-	2,610,091	2,610,091
Rates & ESL Receivable	11.00	-	-	111,577	-	-	111,577
ANZ Term Deposit	7.40	9,000,000	-	-	-	-	9,000,000
BOQ Term Deposit	7.83	8,000,000	-	-	-	-	8,000,000
Bankwest Term Deposit	7.83	13,000,000	-	-	-	-	13,000,000
ANZ Cash Plus Fund	3.82	5,342,391	-	-	-	-	5,342,391
LGFS Fixed Cash	7.88	14,925,281	-	-	-	-	14,925,281
Outperformance Fund	-	-	-	-	-	-	-
Westpac 11AM	6.61	5,013,366	-	-	-	-	5,013,366
Total Assets		55,281,038	-	111,577	-	2,618,196	58,010,811
Financial Liabilities							
Trade payables	-	-	-	-	-	11,882,032	11,882,032
Borrowings	5.95	-	76,540	361,543	321,755	-	759,838
"	5.79	-	271,500	1,250,537	751,124	-	2,273,161
Bank overdraft	9.25	682,216	-	-	-	-	682,216
Employee entitlements	-	-	-	-	-	6,806,498	6,806,498
Total Liabilities		682,216	348,040	1,612,080	1,072,879	18,688,530	22,403,745
2006/2007							
Financial Assets							
Cash	-	-	-	-	-	6,955	6,955
Receivables	-	-	-	-	-	1,435,729	1,435,729
Rates & ESL Receivable	11.00	-	-	152,241	-	-	152,241
Investments	-	-	-	-	-	-	-
ANZ Cash Plus Fund	6.37	7,988,956	-	-	-	-	7,988,956
Aberdeen Cash Plus	6.29	10,217,199	-	-	-	-	10,217,199
Perpetual Enhanced AA	6.25	8,219,084	-	-	-	-	8,219,084
Merrill Lynch Diversified Credit	7.3	12,152,652	-	-	-	-	12,152,652
Perennial Cash	6.35	10,323,007	-	-	-	-	10,323,007
Westpac 11AM	5.98	3,394,507	-	-	-	-	3,394,507
Total Assets		52,295,405	-	152,241	-	1,442,684	53,890,330
Financial Liabilities							
Trade payables	-	-	-	-	-	8,499,764	8,499,764
Borrowings	5.95	-	72,150	335,249	424,589	-	831,988
Borrowings	5.79	-	256,333	1,186,245	1,086,916	-	2,529,494
Bank overdraft	9.25	263,451	-	-	-	-	263,451
Employee entitlements	-	-	-	-	-	7,089,733	7,089,733
Total Liabilities		263,451	328,483	1,521,494	1,511,505	15,589,497	19,214,430

Money market investments are held to maturity which negates any risk associated with movements in interest rates. However, should a proportion of these investments be liquidated prior to maturity, an interest rate movement of 1% up or down may cause a profit or loss of up to \$588,000, as the case may be.

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

28. FINANCIAL RISK MANAGEMENT (Continued)

**(d) Payables
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. Council 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 Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2008</u>					
Payables	11,306,845	0	0	11,306,845	11,306,845
Borrowings	348,040	1,612,080	1,072,879	3,032,999	3,032,999
	<u>11,654,885</u>	<u>1,612,080</u>	<u>1,072,879</u>	<u>14,339,844</u>	<u>14,339,844</u>
<u>2007</u>					
Payables	8,499,764	0	0	8,499,764	8,499,764
Borrowings	328,483	1,521,494	1,511,505	3,361,482	3,361,482
	<u>8,828,247</u>	<u>1,521,494</u>	<u>1,511,505</u>	<u>11,861,246</u>	<u>11,861,246</u>

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

29. EVENTS AFTER THE REPORTING DATE

- a) At its meeting on 5 August 2008, the Council passed resolution CJ171-08/08 where it resolved, by an absolute majority, in accordance with Section 6.12 of the Local Government Act, 1995 to write off the debt of \$60,978.12 owing, at 30 June 2008, from the Mullaloo Progress Association, subject to confirmation from the Commissioner for Consumer Protection cancelling the incorporation of the Mullaloo Progress Association Inc.
- b) The City commissioned AVP Valuers to conduct a valuation of its land and buildings for insurance and financial reporting purposes. The valuation was conducted during July and August 2008 based on fair value as defined in AASB 116 using the Depreciated Replacement Cost method.

The adoption of fair value will increase the carrying value of land and buildings at 30 June 2008 by \$156,484,752. The effect of the new valuation will be brought to account during the 2008/09 financial year.

30. ASSET REVALUATION

During the reporting year the City undertook a revaluation of its artwork. The revaluation was carried out by Perth Galleries in December 2007. This resulted in a net revaluation increase of \$111,346.91; a surplus of \$136,744 being credited directly to the assets revaluation reserve and a revaluation loss of \$25,397 that was recognised directly in the income statement as there was no previously recognised revaluation surplus against which this loss could be set off.

31. 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.

32. JOONDALUP NORMALISATION AGREEMENT

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

CITY OF JOONDALUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

32. JOONDALUP NORMALISATION AGREEMENT (continued)

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 is conditional on LandCorp receiving possession of vacant land currently leased by LandCorp to the City which is due to expire in December 2007.

	2008	2007	2006
33. FINANCIAL RATIOS			
Current Ratio	1.16	1.52	1.85
Untied Cash to Trade Creditors Ratio	3.69	5.74	6.19
Debt Ratio	0.03	0.03	0.03
Debt Service Ratio	0.01	0.01	0.00
Gross Debt to Revenue Ratio	0.04	0.05	0.04
Gross Debt to Economically Realisable Assets Ratio	0.02	0.03	0.01
Rate Coverage Ratio	0.65	0.63	0.57
Outstanding Rates Ratio	0.01	0.02	0.03

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	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

**CITY OF JOONDALUP
ADDENDUM TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

New Accounting Standards and Interpretations

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 2008.

Council's assessment of these new standards and interpretations is set out below:

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii)	AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(iii)	Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.
(iv)	AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programmes.

**CITY OF JOONDALUP
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	Title and Topic	Issued	Applicable (*)	Impact
(v)	AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.
(vi)	Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of financial position), being as at the beginning of the comparative period.
(vii)	AASB 1049 Whole of Government and General Government Sector Financial Reporting	October 2007	1 July 2008(+)	Nil – The Standard is not applicable to Local Governments.

**CITY OF JOONDALUP
ADDENDUM TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	December 2007	1 July 2008(+)	<ul style="list-style-type: none"> • AASB 1050 is only applicable to Government departments and will have no impact on Council. • AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised. • AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements. • This Standard will have a significant impact on the Council's financial statements. • AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

Notes:

(*) - Applicable to reporting periods commencing on or after the given date.

(+) - Applicable to not-for-profit and/or public sector entities only.