



Annual Financial Report 2012 – 2013

Level 1  
10 Kings Park Road  
West Perth WA 6005

Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.granthornton.com.au](http://www.granthornton.com.au)

## **Independent Auditor's Report To the Ratepayers of City of Joondalup**

We have audited the accompanying financial report of City of Joondalup, which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity, statement of cash flows, and rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Chief Executive Officer.

### **Responsibility of Council 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. This responsibility includes such internal controls as Council determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

### **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 which require us to 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 City of Joondalup'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 City of Joondalup's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

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reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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 have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

**Auditor's Opinion**

In our opinion,

- a the financial report of City of Joondalup
  - i presents fairly, in all material respects, the City of Joondalup's financial position as at 30 June 2013 and of its performance and cash flows for the year then ended ; and
  - ii complies with Australian Accounting Standards (including the Australian Accounting Interpretations);
  - iii is prepared in accordance with the requirements of the Local Government act 1995 (as amended) and Regulations under that Act.

**Other Matter**

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner - Audit & Assurance

Perth, 25 October 2013

**CITY OF JOONDALUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**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 supporting notes and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the City of Joondalup at 30th June 2013 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 the regulations under that Act.

Signed on the *25th* day of *October* 2013.

  
Garry Hunt  
Chief Executive Officer

**CITY OF JOONDALUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

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**CITY OF JOONDALUP  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30 JUNE 2013**

|  | NOTE  | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| <b>REVENUE</b>                                   |       |                      |                      |                      |
| Rates  | 3 (q) | 77,390,492           | 77,333,904           | 73,256,324           |
| Grants and Subsidies                             | 6     | 4,146,871            | 2,231,117            | 5,018,567            |
| Contributions, Reimbursements and Donations      |       | 2,039,458            | 2,200,007            | 2,804,063            |
| Interest Earnings                                | 7     | 5,720,488            | 4,267,070            | 6,405,047            |
| Profit on Disposal of Assets                     | 21    | 2,199,816            | 51,230               | 63,782               |
| Fees and Charges                                 | 5     | 35,454,496           | 34,148,404           | 33,173,373           |
| Other Revenue                                    |       | 471,132              | 167,000              | 284,493              |
|  |       | <b>127,422,753</b>   | <b>120,398,732</b>   | <b>121,005,649</b>   |
| <b>EXPENSE</b>                                   |       |                      |                      |                      |
| Employee Costs                                   |       | (51,791,112)         | (52,088,573)         | (47,945,837)         |
| Materials and Contracts                          |       | (46,846,840)         | (45,254,280)         | (42,858,747)         |
| Utilities  |       | (6,075,148)          | (5,880,263)          | (5,564,083)          |
| Depreciation, Impairment & Revaluation Decrement | 4(a)  | (25,301,724)         | (20,635,630)         | (23,004,304)         |
| Loss on Disposal of assets                       | 21    | (232,067)            | (340,409)            | (129,639)            |
| Interest Expense                                 | 4(a)  | (582,814)            | (589,992)            | (667,320)            |
| Insurance  |       | (1,429,157)          | (1,475,713)          | (1,368,047)          |
|  |       | <b>(132,258,862)</b> | <b>(126,264,860)</b> | <b>(121,537,977)</b> |
| <b>Net Result from Operating Activities</b>      |       | <b>(4,836,109)</b>   | <b>(5,866,128)</b>   | <b>(532,328)</b>     |
| <b>Non-Operating Activities</b>                  |       |                      |                      |                      |
| Grants and Subsidies                             | 6     | 9,254,652            | 8,247,704            | 5,217,171            |
| Other Capital Contributions                      |       | 209,555              | 1,615,000            | 83,426               |
| Acquired Infrastructure Assets                   | 4(b)  | 1,837,337            | 500,000              | -                    |
| <b>Profit/(Loss)</b>                             |       | <b>6,465,435</b>     | <b>4,496,576</b>     | <b>4,768,269</b>     |
| <b>Other Comprehensive Income</b>                |       |                      |                      |                      |
| Changes on revaluation of non-current assets     | 16    | (10,708,137)         | -                    | 2,293,624            |
| <b>Total Comprehensive Income</b>                |       | <b>(4,242,702)</b>   | <b>4,496,576</b>     | <b>7,061,893</b>     |

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

**CITY OF JOONDALUP  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2013**

|  | NOTE | 2013<br>Actual<br>\$      | 2013<br>Budget<br>\$    | 2012<br>Actual<br>\$    |
|--|------|---------------------------|-------------------------|-------------------------|
| <b>REVENUE</b>                               |      |                           |                         |                         |
| Governance                                   |      | 1,910,995                 | 23,780                  | 230,624                 |
| General Purpose Funding                      |      | 87,357,761                | 84,219,045              | 84,820,337              |
| Law, Order, Public Safety                    |      | 578,174                   | 516,181                 | 829,021                 |
| Health                                       |      | 331,756                   | 267,750                 | 294,683                 |
| Education and Welfare                        |      | 436,610                   | 412,797                 | 443,343                 |
| Community Amenities                          |      | 10,445,416                | 21,494,173              | 20,938,315              |
| Recreation and Culture                       |      | 10,486,531                | 8,634,533               | 8,612,039               |
| Transport                                    |      | 12,330,282                | 4,038,605               | 3,822,267               |
| Economic Services, Other Property & Services |      | 3,545,228                 | 791,868                 | 1,015,020               |
|  |      | <u>127,422,753</u>        | <u>120,398,732</u>      | <u>121,005,649</u>      |
| <b>EXPENSE EXCLUDING FINANCE COSTS</b>       |      |                           |                         |                         |
| Governance                                   |      | (5,017,878)               | (5,234,195)             | (4,933,978)             |
| General Purpose Funding                      |      | (2,649,471)               | (2,724,493)             | (2,567,048)             |
| Law, Order, Public Safety                    |      | (4,366,616)               | (4,356,706)             | (4,391,240)             |
| Health                                       |      | (1,422,562)               | (1,470,041)             | (1,432,392)             |
| Education and Welfare                        |      | (2,193,490)               | (2,131,626)             | (2,001,186)             |
| Community Amenities                          |      | (27,729,943)              | (27,738,086)            | (25,066,170)            |
| Recreation & Culture                         |      | (29,936,929)              | (27,125,077)            | (28,112,721)            |
| Transport                                    |      | (28,419,918)              | (27,753,889)            | (26,869,716)            |
| Economic Services, Other Property & Services |      | (29,939,241)              | (27,140,755)            | (25,496,206)            |
|  |      | <u>(131,676,048)</u>      | <u>(125,674,868)</u>    | <u>(120,870,657)</u>    |
| <b>Net Operating Surplus</b>                 |      | <b>(4,253,295)</b>        | <b>(5,276,136)</b>      | <b>134,992</b>          |
| <b>Finance Costs</b>                         |      |                           |                         |                         |
| General Purpose Funding                      |      | (582,814)                 | (589,992)               | (667,320)               |
|  |      | <u>(582,814)</u>          | <u>(589,992)</u>        | <u>(667,320)</u>        |
| <b>Capital Grants and Contributions</b>      |      |                           |                         |                         |
| Grants for the development of assets         |      | 9,254,652                 | 8,247,704               | 5,217,171               |
| Other Capital Contributions                  |      | 209,555                   | 1,615,000               | 83,426                  |
| Acquired Infrastructure Assets               | 4(b) | 1,837,337                 | 500,000                 | -                       |
| <b>Profit/(Loss)</b>                         |      | <u><b>6,465,435</b></u>   | <u><b>4,496,576</b></u> | <u><b>4,768,269</b></u> |
| <b>Other Comprehensive Income</b>            |      |                           |                         |                         |
| Changes on revaluation of non-current assets | 16   | (10,708,137)              | -                       | 2,293,624               |
| <b>Total Comprehensive Income</b>            |      | <u><b>(4,242,702)</b></u> | <u><b>4,496,576</b></u> | <u><b>7,061,893</b></u> |

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



**CITY OF JOONDALUP  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2013**

|                                      | NOTE  | 2013<br>\$         | 2012<br>\$         |
|--------------------------------------|-------|--------------------|--------------------|
| <b>CURRENT ASSETS</b>                |       |                    |                    |
| Cash and Cash Equivalents            | 17(a) | 75,612,053         | 74,807,969         |
| Trade and Other Receivables          | 8     | 4,867,065          | 4,518,237          |
| Inventories                          |       | 92,032             | 57,589             |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>80,571,150</b>  | <b>79,383,795</b>  |
| <b>NON-CURRENT ASSETS</b>            |       |                    |                    |
| Other Receivables                    | 8     | 1,724,123          | 1,831,361          |
| Equity Investments                   | 9     | 5,519,447          | 3,197,709          |
| Property, Plant and Equipment        | 10    | 279,183,046        | 297,927,532        |
| Infrastructure Assets                | 11    | 506,193,709        | 496,713,166        |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>792,620,325</b> | <b>799,669,768</b> |
| <b>TOTAL ASSETS</b>                  |       | <b>873,191,475</b> | <b>879,053,563</b> |
| <b>CURRENT LIABILITIES</b>           |       |                    |                    |
| Trade and Other Payables             | 12    | 9,759,328          | 9,666,714          |
| Borrowings                           | 13    | 1,655,978          | 1,565,373          |
| Provisions                           | 14    | 10,218,288         | 9,018,386          |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>21,633,594</b>  | <b>20,250,473</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |       |                    |                    |
| Borrowings                           | 13    | 7,235,980          | 8,891,958          |
| Provisions                           | 14    | 1,969,006          | 1,850,355          |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>9,204,986</b>   | <b>10,742,313</b>  |
| <b>TOTAL LIABILITIES</b>             |       | <b>30,838,580</b>  | <b>30,992,786</b>  |
| <b>NET ASSETS</b>                    |       | <b>842,352,895</b> | <b>848,060,777</b> |
| <b>EQUITY</b>                        |       |                    |                    |
| Retained Surplus                     |       | 533,313,246        | 532,644,946        |
| Reserves - Cash Backed               | 15    | 59,606,816         | 55,274,861         |
| Reserves - Asset Revaluation         | 16    | 249,432,833        | 260,140,970        |
| <b>TOTAL EQUITY</b>                  |       | <b>842,352,895</b> | <b>848,060,777</b> |

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



**CITY OF JOONDALUP  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2013**

|                                     | NOTE | 2013<br>Actual<br>\$      | 2012<br>Actual<br>\$      |
|-------------------------------------|------|---------------------------|---------------------------|
| <b>RETAINED SURPLUS</b>             |      |                           |                           |
| Balance as at 1 July 2012           |      | 532,644,946               | 534,624,660               |
| Net result                          |      | 6,465,435                 | 4,768,269                 |
| Transfer from/(to) Reserves         |      | (4,331,955)               | (6,747,983)               |
| Transfer to Trust Funds             |      | (1,465,180)               | -                         |
| <b>Balance as at 30 June 2013</b>   |      | <b><u>533,313,246</u></b> | <b><u>532,644,946</u></b> |
| <b>RESERVES - CASH BACKED</b>       |      |                           |                           |
| Balance as at 1 July 2012           |      | 55,274,861                | 48,526,878                |
| Transfer from/(to) Retained Surplus |      | 4,331,955                 | 6,747,983                 |
| <b>Balance as at 30 June 2013</b>   | 15   | <b><u>59,606,816</u></b>  | <b><u>55,274,861</u></b>  |
| <b>RESERVES - ASSET REVALUATION</b> |      |                           |                           |
| Balance as at 1 July 2012           |      | 260,140,970               | 257,847,346               |
| Change in Revaluation               |      | (10,708,137)              | 2,293,624                 |
| <b>Balance as at 30 June 2013</b>   | 16   | <b><u>249,432,833</u></b> | <b><u>260,140,970</u></b> |
| <b>TOTAL EQUITY</b>                 |      | <b><u>842,352,895</u></b> | <b><u>848,060,777</u></b> |

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

**CITY OF JOONDALUP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2013**

|  | NOTE  | 2013<br>Actual<br>\$     | 2013<br>Budget<br>\$     | 2012<br>Actual<br>\$     |
|--|-------|--------------------------|--------------------------|--------------------------|
| <b>Cash Flows From Operating Activities</b>          |       |                          |                          |                          |
| <b>Receipts</b>                                      |       |                          |                          |                          |
| Rates  |       | 77,446,854               | 77,333,062               | 73,243,777               |
| Grants and Subsidies                                 |       | 4,146,871                | 2,231,117                | 5,018,567                |
| Contributions, Reimbursements and Donations          |       | 2,038,999                | 2,200,007                | 2,887,489                |
| Fees and Charges                                     |       | 35,515,634               | 33,768,404               | 34,193,907               |
| Interest Earnings                                    |       | 5,762,969                | 4,267,070                | 6,029,174                |
| Good and Services Tax                                |       | -                        | -                        | 141,731                  |
| Other  |       | 587,283                  | 167,000                  | 276,993                  |
|  |       | <u>125,498,610</u>       | <u>119,966,660</u>       | <u>121,791,638</u>       |
| <b>Payments</b>                                      |       |                          |                          |                          |
| Employee Costs                                       |       | (50,476,559)             | (52,249,607)             | (46,369,126)             |
| Materials and Contracts                              |       | (47,337,397)             | (45,576,348)             | (44,585,524)             |
| Utilities  |       | (6,075,148)              | (5,880,263)              | (5,564,083)              |
| Insurance  |       | (1,429,157)              | (1,475,713)              | (1,368,047)              |
| Interest Expense                                     |       | (582,814)                | (589,992)                | (674,828)                |
| Goods and Services Tax                               |       | (124,995)                | -                        | (108,302)                |
|  |       | <u>(106,026,070)</u>     | <u>(105,771,923)</u>     | <u>(98,669,910)</u>      |
| <b>Net Cash Provided By Operating Activities</b>     | 17(b) | <b>19,472,540</b>        | <b>14,194,737</b>        | <b>23,121,728</b>        |
| <b>Cash Flows from Investing Activities</b>          |       |                          |                          |                          |
| Payments for Purchase of Property, Plant & Equipment |       | (5,052,556)              | (6,867,657)              | (4,176,901)              |
| Payments for Construction of Infrastructure          |       | (26,197,748)             | (32,437,935)             | (15,292,829)             |
| Capital Investment Mindarie RC                       |       | (37,423)                 | (37,431)                 | (42,516)                 |
| Capital Recovery MRF                                 |       | 160,000                  | 240,000                  | 200,000                  |
| Grants/Contributions for the Development of Assets   |       | 9,464,207                | 9,862,704                | 5,283,660                |
| Proceeds from Sale of Assets                         |       | 6,025,617                | 774,100                  | 304,892                  |
|  |       | <u>(15,637,903)</u>      | <u>(28,466,219)</u>      | <u>(13,723,694)</u>      |
| <b>Net Cash Used In Investing Activities</b>         |       | <b>(15,637,903)</b>      | <b>(28,466,219)</b>      | <b>(13,723,694)</b>      |
| <b>Cash Flows from Financing Activities</b>          |       |                          |                          |                          |
| Public Open Space Reserve - Transfer to Trust Funds  |       | (1,465,180)              |                          |                          |
| Repayment of Borrowings                              | 23(a) | (1,565,373)              | (1,565,374)              | (1,479,764)              |
|  |       | <u>(3,030,553)</u>       | <u>(1,565,374)</u>       | <u>(1,479,764)</u>       |
| <b>Net Cash Provided By Financing Activities</b>     |       | <b>(3,030,553)</b>       | <b>(1,565,374)</b>       | <b>(1,479,764)</b>       |
| <b>Net Increase (Decrease) in Cash Held</b>          |       | <b>804,084</b>           | <b>(15,836,856)</b>      | <b>7,918,270</b>         |
| Cash at Beginning of Year                            |       | 74,807,969               | 68,072,247               | 66,889,699               |
| <b>Cash and Cash Equivalents</b>                     |       |                          |                          |                          |
| <b>at the End of the Year</b>                        | 17(a) | <u><b>75,612,053</b></u> | <u><b>52,235,391</b></u> | <u><b>74,807,969</b></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 2013**

|   | NOTE | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|---|------|----------------------|----------------------|----------------------|
| <b>OPERATING REVENUE</b>                                |      |                      |                      |                      |
| Rates   |      | 77,390,492           | 77,333,904           | 73,256,324           |
| Government Grants & Subsidies - Operating               |      | 4,146,871            | 2,231,117            | 5,018,567            |
| Contributions, Reimbursements and Donations - Operating |      | 2,039,458            | 2,200,007            | 2,804,063            |
| Profit on Disposal                                      |      | 2,199,816            | 51,230               | 63,782               |
| Fees & Charges  |      | 35,454,496           | 34,148,404           | 33,173,373           |
| Interest Earnings                                       |      | 5,720,488            | 4,267,070            | 6,405,047            |
| Other Revenue   |      | 471,132              | 167,000              | 284,493              |
|   |      | <u>127,422,753</u>   | <u>120,398,732</u>   | <u>121,005,649</u>   |
| <b>EXPENSES</b>   |      |                      |                      |                      |
| Employee Costs  |      | (51,791,112)         | (52,088,573)         | (47,945,837)         |
| Materials & Contracts                                   |      | (46,846,840)         | (45,254,280)         | (42,858,747)         |
| Utilities   |      | (6,075,148)          | (5,880,263)          | (5,564,083)          |
| Depreciation, Impairment & Revaluation Decrement        |      | (25,301,724)         | (20,635,630)         | (23,004,304)         |
| Loss on Disposal  |      | (232,067)            | (340,409)            | (129,639)            |
| Insurance Expense                                       |      | (1,429,157)          | (1,475,713)          | (1,368,047)          |
| Interest Expense  |      | (582,814)            | (589,992)            | (667,320)            |
|   |      | <u>(132,258,862)</u> | <u>(126,264,860)</u> | <u>(121,537,977)</u> |
| <b>DEFICIT FROM OPERATIONS</b>                          |      | <b>(4,836,109)</b>   | <b>(5,866,128)</b>   | <b>(532,328)</b>     |
| <b>OPERATING NON-CASH ADJUSTMENTS</b>                   |      |                      |                      |                      |
| Depreciation, Impairment & Revaluation Decrement        |      | 25,301,724           | 20,635,630           | 23,004,304           |
| Loss on Disposal  |      | 232,067              | 340,409              | 129,639              |
| Profit on Disposal                                      |      | (2,199,816)          | (51,230)             | (63,782)             |
| Movement in Non-current Receivables                     |      | (52,740)             | -                    | (74,966)             |
| Movement in Non-current Provisions                      |      | 118,651              | -                    | 390,039              |
| <b>OPERATING CASH SURPLUS</b>                           |      | <b>18,563,777</b>    | <b>15,058,681</b>    | <b>22,852,906</b>    |
| <b>CAPITAL REVENUE</b>                                  |      |                      |                      |                      |
| Capital Grants  |      | 9,254,652            | 8,247,704            | 5,217,171            |
| Contributions & Reimbursements - Non Operating          |      | 209,555              | 1,615,000            | 83,426               |
| Acquired Infrastructure Assets                          |      | 1,837,337            | 500,000              | -                    |
|   |      | <u>11,301,544</u>    | <u>10,362,704</u>    | <u>5,300,597</u>     |
| <b>CAPITAL EXPENDITURE</b>                              |      |                      |                      |                      |
| Capital Projects  |      | (1,704,908)          | (3,672,657)          | (1,485,873)          |
| Capital Works   |      | (26,197,860)         | (32,437,935)         | (15,302,561)         |
| Motor Vehicle Replacement                               |      | (3,348,017)          | (3,195,000)          | (2,655,473)          |
| Loan Repayments (Principal)                             |      | (1,565,373)          | (1,565,374)          | (1,479,764)          |
| Equity Investment                                       |      | (2,321,738)          | (37,431)             | (42,516)             |
|   |      | <u>(35,137,896)</u>  | <u>(40,908,397)</u>  | <u>(20,966,187)</u>  |
| <b>CAPITAL DEFICIT</b>                                  |      | <b>(23,836,352)</b>  | <b>(30,545,693)</b>  | <b>(15,665,590)</b>  |
| <b>OPERATING SURPLUS/(DEFICIT)</b>                      |      | <b>(5,272,575)</b>   | <b>(15,487,012)</b>  | <b>7,187,316</b>     |
| <b>FUNDING</b>  |      |                      |                      |                      |
| Proceeds from Disposal                                  |      | 8,309,932            | 774,100              | 304,892              |
| Surplus Carried Forward                                 | 28   | 5,423,834            | 2,650,015            | 4,479,609            |
| Material Recovery Facility                              |      | 160,000              | 240,000              | 200,000              |
| Transfers from Reserves                                 |      | 17,400,905           | 16,289,984           | 6,904,819            |
| Transfer to Reserves                                    |      | (21,732,860)         | (3,867,807)          | (13,652,802)         |
| Transfer to Trust Funds                                 |      | (1,465,180)          | -                    | -                    |
| Transfer to Accumulated Surplus                         |      | (1,837,337)          | (500,000)            | -                    |
| <b>NET OPERATING SURPLUS/(DEFICIT)</b>                  |      | <b>986,719</b>       | <b>99,280</b>        | <b>5,423,834</b>     |

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



CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2013

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

## **1. SIGNIFICANT ACCOUNTING POLICIES**

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

### **(a) Basis of Accounting**

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

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

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

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

### **(c) Goods and Services Tax**

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

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

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

### **(d) Cash and Cash Equivalents**

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

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

**(e) Trade and Other Receivables**

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

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

**(f) Inventories**

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

Inventories comprise consumables held for the City's operations.

**(g) Acquisition of Assets**

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

|                    |          |
|--------------------|----------|
| Furniture          | \$5,000  |
| Office Equipment   | \$5,000  |
| Motor Vehicle      | \$5,000  |
| Plant & Equipment  | \$5,000  |
| Computer Equipment | \$5,000  |
| Computer Software  | \$20,000 |

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

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

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

***Recognition***

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

Due to legislative changes, Easements are required to be recognised as assets.



### **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. The amendments to the Financial Management Regulations mandating the use of Fair Value imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement does not become applicable until the year ended 30 June 2014, given the legislative need to commence using Fair Value methodology for this reporting period, the City chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in AASB 13 – Fair Value Measurement have been applied to this reporting period.

Due to the nature and timing of the adoption, the adoption of this standard has had no effect on previous reporting periods.

#### **(i) Infrastructure Assets**

##### **Recognition**

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

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

##### **Revaluation**

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

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

##### **Land under Roads**

Council has elected not to recognise the value of land under roads acquired before 1 July 2008 in accordance with AASB 1051. In addition, the City of Joondalup is required by



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Regulation 16 of the Local Government (Financial Management) Regulations 1996 not to recognise a value for land under roads.

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

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

**Property, Plant & Equipment**

|                    |        |                               |            |
|--------------------|--------|-------------------------------|------------|
| Freehold Land      | Nil    | Artwork                       | Nil        |
| Light Vehicles     | 7.50%  | Buildings                     | 1.2%-20.0% |
| Heavy Vehicles     | 10.50% | Mobile Plant                  | 12.50%     |
| Computer Equipment | 33.33% | Furniture & Office Equipment  | 10.00%     |
| Other Equipment    | 10.00% | Computer Software (>\$20,000) | 33.33%     |

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

**Infrastructure Assets**

**Parks & Reserves**

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

**Engineering**

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

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

## **(k) Financial Assets**

### **Classification**

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

### **(i) Receivables**

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

### **Recognition and derecognition**

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

### **(l) Estimation of Fair Value**

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

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

### **(m) Impairment**

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

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

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

**(n) Trade and Other Payables**

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

**(o) Employee Benefits**

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

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

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

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

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

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

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

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

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

**Borrowing Costs**

Borrowing costs are recognised as an expense when incurred.

**(q) Provisions**

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A



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provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**(r) Rates**

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

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

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

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

**(t) Superannuation**

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

**(u) Works in Progress**

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

**(v) Rounding Off Figures**

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

**(w) Comparative Figures**

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

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

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

**(y) Crown Land**

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

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

At the date of authorisation of this financial report, there were a number of Standards and Interpretations that were issued but not yet effective. These have not been adopted for the reporting period ended 30 June 2013, and the City's assessment of these new standards and interpretations has been provided in the Addendum to the financial statements.

**(za) Critical Accounting Estimates**

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

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

**2. PROGRAM ACTIVITIES**

Statements of Comprehensive Income have been provided by program and by nature. Broad definitions of each program are as follows:



**(a) Governance**

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

**(b) General Purpose Funding**

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

**(c) Law, Order and Public Safety**

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

**(d) Health**

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

**(e) Education and Welfare**

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

**(f) Housing**

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

**(g) Community Amenities**

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

**(h) Recreation and Culture**

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

**(i) Transport**

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

**(j) Economic Services**

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



**(k) Other Property and Services**

Private works, public works overheads, plant operations, materials and salaries and wages. With the exception of private works, the above activities listed are mainly summaries of costs that are allocated to all works and services undertaken by the City.

**3. RATING AND VALUATIONS**

**(a) Gross Rental Values**

The Department of Land Information (Landgate) conducts a Triennial Valuation which provides the City with both Gross Rental Values (GRV) and Unimproved Values (UV) for the purpose of calculating Rates. For the vast majority of properties, the values supplied were effective from 1 July 2011 and will continue for 3 years from that date.

**(b) Differential Rates**

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

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

None of the differential rates are more than twice the lowest differential rate as applied in the financial year ended 30 June 2013.

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

**Object**

The rates-in-the-dollar (\$) are calculated to provide the shortfall in income required to enable the City to provide necessary works and services in the 2012/2013 Financial Year after taking into account all non-rate sources of income.

**Reason – Gross Rental Value Based Differential Rates**

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

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

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

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

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

**Reason – Unimproved Value Based Differential Rates**

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

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

**(c) Minimum Payments**

A minimum payment of \$729 is applied to GRV residential improved and not improved and UV residential and rural rate categories in recognition that every property receives some minimum level of benefit from works and services provided.

A minimum payment of \$744 is applied to GRV commercial and industrial both improved and not improved rate categories in recognition that every property receives some minimum level of benefit from works and services provided and the higher minimum compared to other rate categories recognises the higher demand on City infrastructure and services from the activity on commercial and industrial property.

**(d) Concessions and waivers**

No concessions were provided for in the 2012/13 financial year.

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

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

- Full payment of all current and arrears of rates (including specified area rates), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees (inclusive of GST) within 28 days of the issue date on the annual rate notice:



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- eligibility to enter the early payment incentive draw which included a range of prizes sponsored by a number of organisations and thus at no cost to the City, as well as 2 environmentally-friendly vehicles purchased by the City.
- a pool of prize winners was chosen by a computerised random selection process, the integrity of which was authenticated by the City's auditor. The winners were invited to attend a prize draw function during which the prizes were allocated in a secondary draw process.

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

|   | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| Rates - Early Payment Incentives & Prizes | 61,578               | 65,000               | 59,591               |
|   | 61,578               | 65,000               | 59,591               |

**(f) Rates Payment Options**

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

• **One Instalment**

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

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

• **Two Instalments**

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

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

• **Four Instalments**

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



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

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

#### **Instalment Charges and Calculation of Interest**

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

- **Two Instalments:**

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

- **Four Instalments:**

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

50% of the total current general rate (including specified area rate), Emergency Services Levy, domestic refuse charge and private swimming pool inspection fees inclusive of GST calculated from the due date of second instalment to the due date of the third instalment; and

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

- **Special Payment Arrangements**

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

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

|                                   | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|-----------------------------------|----------------------|----------------------|----------------------|
| Interest on Outstanding Rates     | 579,104              | 613,000              | 592,439              |
| Instalment Administration Charges | 633,771              | 652,900              | 654,138              |
|                                   | 1,212,875            | 1,265,900            | 1,246,577            |

Ratepayers had the option of paying rates in four equal instalments, due on 24<sup>th</sup> August 2012, 26<sup>th</sup> October 2012, 28 December 2012 and 1<sup>st</sup> March 2013. An administration fee of \$12 and interest of 5.5% per annum applied for the final three instalments. Rates not paid by due date or by instalment incurred a penalty interest of 11% on outstanding amounts.

**(g) Late Payment Interest**

The Council, in accordance with the provisions of Section 6.13 and Section 6.51 of the Local Government Act 1995, imposed interest on all current and arrears general rates (including specified area rate), current and arrears domestic refuse charges, current and arrears private swimming pool inspection fees (inclusive of GST) and arrears property surveillance & security charge at a rate of 11.00% per annum, calculated on a simple interest basis on arrears amounts that remain unpaid and current amounts that remain unpaid 35 days from the issue date of the original rate notice, or the due date of the instalment and continues until the instalment is paid. Excluded are deferred rates, instalment amounts not due under the four-payment option, registered pensioner portions and current government pensioner rebate amounts. Such interest was charged once per month on the outstanding balance on the day of calculation for the number of days as previously detailed. These statements reflect an amount of \$349,988 generated from interest charged on outstanding rates.

**(h) Emergency Services Levy Interest Charged**

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

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

The City elected to remit the current year Emergency Services Levy to Fire and Emergency Services Authority under Option B. Under Option B the City acquired the current year ESL when the annual rates were levied. The City remitted the ESL to FESA in quarterly payments – September 2012 (30%), December 2012 (30%), March 2013 (30%) and June 2013 (10%). The City invests the Emergency Services Levy receipts as part of its municipal funds



investments. The ESL levies received and the ESL liability to FESA are reflected in the City's Balance Sheet and the cash flow impacts are included in the Cash Flow Statement.

**(j) Domestic Refuse Charges**

The Council, BY AN ABSOLUTE MAJORITY in accordance with Part IV of the Health Act 1911 (as amended) imposed the following domestic refuse charges for the 2012/13 financial year, including a charge for a recycling service to be provided to all ratepayers:

- \$313.00 per existing unit serviced, and
- Collection from within the property boundary: Additional cost \$52 (inclusive of GST).
- New service \$313.00 plus cost of bin and bin delivery \$66 (inclusive of GST).

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

The Council, in accordance with the provisions of Section 245A (8) of the Local Government (Miscellaneous Provisions) Act 1960 imposed for the 2012-2013 financial year, a Private Swimming Pool Inspection Fee of \$20.90 (inclusive of GST) on those properties owning a private swimming pool.

**(l) Specified Area Rating Iluka**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2012/2013 financial year, a specified area rate for the area of Iluka for maintaining enhanced landscaping services.

A rate in the dollar of 0.33165¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$146,064.

**(m) Specified Area Rating Woodvale Waters**

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2012/2013 financial year, a specified area rate for the area of Woodvale Waters for maintaining enhanced landscaping services.

A rate in the dollar of 1.09810¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$34,166.

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

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2012/2013 financial year, a specified area rate for the area of Harbour Rise for maintaining enhanced landscaping services.

A rate in the dollar of 0.60355¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$100,394.



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

The total value of rates and charges from previous years written off during the year was \$12,173 (2012 - \$18,506).

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

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

CITY OF JOONDALUP  
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**(q) STATEMENT OF RATING INFORMATION**

|                                   | General Rates       |                     |                     |                  | Minimum Payments    |                     |                    |                  | Total         |                     |                  |
|-----------------------------------|---------------------|---------------------|---------------------|------------------|---------------------|---------------------|--------------------|------------------|---------------|---------------------|------------------|
|                                   | Ratable Value<br>\$ | No of<br>Properties | Rate<br>Cents in \$ | Rate Yield<br>\$ | Ratable Value<br>\$ | No of<br>Properties | Minimum<br>payment | Rate Yield<br>\$ | Ratable Value | No of<br>Properties | Rate Yield<br>\$ |
| <b>General Rate - GRV</b>         |                     |                     |                     |                  |                     |                     |                    |                  |               |                     |                  |
| Residential Improved              | 1,012,147,544       | 52,550              | 5.5167              | 55,837,144       | 63,771,791          | 5,200               | 729                | 3,790,800        | 1,075,919,335 | 57,750              | 59,627,944       |
| Residential Not Improved          | 24,580,590          | 1,190               | 7.7730              | 1,910,649        | 1,657,551           | 219                 | 729                | 159,651          | 26,238,141    | 1,409               | 2,070,300        |
| Commercial Improved               | 200,844,095         | 861                 | 6.7285              | 13,513,795       | 206,143             | 26                  | 744                | 19,344           | 201,050,238   | 887                 | 13,533,139       |
| Commercial Not Improved           | 708,000             | 10                  | 11.0333             | 78,116           | -                   | -                   | 744                | -                | 708,000       | 10                  | 78,116           |
| Industrial Improved               | 23,087,349          | 383                 | 6.1541              | 1,420,819        | 8,644               | 1                   | 744                | 744              | 23,095,993    | 384                 | 1,421,563        |
| Industrial Not Improved           | 380,500             | 8                   | 11.0333             | 41,982           | -                   | -                   | 744                | -                | 380,500       | 8                   | 41,982           |
|                                   | 1,261,748,078       | 55,002              |                     | 72,802,504       | 65,644,129          | 5,446               |                    | 3,970,539        | 1,327,392,207 | 60,448              | 76,773,043       |
| <b>General Rate - UV</b>          |                     |                     |                     |                  |                     |                     |                    |                  |               |                     |                  |
| Residential                       | 2,750,000           | 3                   | 0.8305              | 22,839           | -                   | -                   | -                  | -                | 2,750,000     | 3                   | 22,839           |
| Rural                             | 1,710,000           | 2                   | 0.8265              | 14,133           | -                   | -                   | -                  | -                | 1,710,000     | 2                   | 14,133           |
| Total UV                          | 4,460,000           | 5                   |                     | 36,972           | -                   | -                   | -                  | -                | 4,460,000     | 5                   | 36,972           |
| Interim Rates                     |                     |                     |                     |                  |                     |                     |                    |                  |               |                     | 361,431          |
| Total Rate Levy                   | 1,266,208,078       | 55,007              |                     | 72,839,476       | 65,644,129          | 5,446               |                    | 3,970,539        | 1,331,852,207 | 60,453              | 77,171,446       |
| Early Payment Prizes (Note 3(e))  |                     |                     |                     |                  |                     |                     |                    |                  |               |                     | (61,578)         |
| Net General Rates                 |                     |                     |                     |                  |                     |                     |                    |                  |               |                     | 77,109,868       |
| <b>Specified Area Rates - GRV</b> |                     |                     |                     |                  |                     |                     |                    |                  |               |                     |                  |
| Iluka                             | 44,042,141          | 1,689               | 0.33165             | 146,064          | -                   | -                   | -                  | -                | 44,042,141    | 1,689               | 146,064          |
| Woodvale Waters                   | 3,111,374           | 138                 | 1.09810             | 34,166           | -                   | -                   | -                  | -                | 3,111,374     | 138                 | 34,166           |
| Harbour Rise                      | 16,633,916          | 499                 | 0.60355             | 100,394          | -                   | -                   | -                  | -                | 16,633,916    | 499                 | 100,394          |
| Total Specified Area Rates        | 63,787,431          | 2,326               |                     | 280,624          | -                   | -                   | -                  | -                | 63,787,431    | 2,326               | 280,624          |
| Total Rates Revenue               |                     |                     |                     |                  |                     |                     |                    |                  |               |                     | 77,390,492       |

CITY OF JOONDALUP  
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| 4. REVENUE AND EXPENSES                                     | Note  | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|----------------------|
| <b>(a) Result from Ordinary Activities</b>                  |       |                      |                      |                      |
| <b>Auditors Remuneration</b>                                |       |                      |                      |                      |
| Statutory   |       | 29,500               | 34,570               | 30,500               |
| Other Services  |       | 115                  | -                    | 1,580                |
|   |       | <u>29,615</u>        | <u>34,570</u>        | <u>32,080</u>        |
| <b>Depreciation, Impairment &amp; Revaluation Decrement</b> |       |                      |                      |                      |
| Buildings   |       | 6,871,415            | 5,449,516            | 5,460,857            |
| Furniture and Equipment                                     |       | 1,156,841            | 1,009,112            | 999,036              |
| Plant and Equipment   |       | 1,638,760            | 1,557,002            | 1,596,246            |
| Parks and Reserves  |       | 1,807,617            | 1,700,000            | 3,091,306            |
| Roads   |       | 8,214,154            | 7,200,000            | 7,567,227            |
| Footpaths   |       | 619,446              | 550,000              | 598,710              |
| Drainage  |       | 2,354,340            | 2,320,000            | 2,339,960            |
| Other Infrastructure  |       | 1,675,077            | 850,000              | 1,350,962            |
| Revaluation Decrement                                       | 10    | 964,074              | -                    | -                    |
|   |       | <u>25,301,724</u>    | <u>20,635,630</u>    | <u>23,004,304</u>    |
| <b>Interest Expenses</b>                                    |       |                      |                      |                      |
| Interest on Loans   | 23(a) | 579,525              | 588,992              | 667,094              |
| Other   |       | 3,289                | 1,000                | 226                  |
|   |       | <u>582,814</u>       | <u>589,992</u>       | <u>667,320</u>       |

**(b) Acquired Infrastructure Assets**

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

|           |                  |                |          |
|-----------|------------------|----------------|----------|
| Roads     | 1,309,653        | 300,000        | -        |
| Footpaths | 174,537          | 50,000         | -        |
| Drainage  | 353,147          | 150,000        | -        |
|           | <u>1,837,337</u> | <u>500,000</u> | <u>-</u> |



CITY OF JOONDALUP  
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**5. FEES & CHARGES**

|  | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>By Nature</b>                             |                      |                      |                      |
| Rubbish Collection Fees                      | 17,983,503           | 17,872,300           | 17,043,675           |
| Membership Fees                              | 2,212,678            | 2,275,195            | 2,090,426            |
| Admission Fees                               | 1,957,061            | 1,676,105            | 1,695,703            |
| Building Licence Fees                        | 852,441              | 700,550              | 829,925              |
| Learn to Swim Program Fees                   | 1,839,901            | 1,550,709            | 1,634,651            |
| Court Sport Revenue                          | 562,372              | 561,886              | 540,485              |
| Facilities Hire                              | 722,458              | 634,950              | 713,011              |
| Development Application Fees                 | 729,897              | 600,000              | 756,950              |
| Property Rental                              | 650,483              | 663,455              | 646,157              |
| Inspection Fees                              | 551,837              | 605,455              | 465,832              |
| Land Purchase Enquiries Fees                 | 276,466              | 207,450              | 238,725              |
| Parking Infringements                        | 1,290,175            | 1,368,000            | 1,274,281            |
| Other infringements and fines                | 297,792              | 672,000              | 340,035              |
| Commission                                   | 187,630              | 153,600              | 160,313              |
| On-Street Parking Fee                        | 919,472              | 799,280              | 664,727              |
| Off Street Parking Fees                      | 1,082,912            | 992,000              | 953,362              |
| Term Programme Activities Fees               | 363,482              | 345,104              | 350,366              |
| Dog Registration Fees                        | 216,062              | 224,000              | 227,628              |
| Eating House Licences & Registrations        | 52,248               | 43,000               | 49,802               |
| Environmental Health Services - Immunisation | 121,509              | 60,000               | 82,174               |
| Merchandise Sales & Other Sales              | 457,137              | 220,480              | 401,598              |
| Rates Instalment Administration Charges      | 633,771              | 652,900              | 654,138              |
| Other Miscellaneous Charges                  | 1,493,209            | 1,269,985            | 1,359,409            |
|  | <b>35,454,496</b>    | <b>34,148,404</b>    | <b>33,173,373</b>    |
| <b>By Program</b>                            |                      |                      |                      |
| General Purpose Funding                      | 1,012,447            | 978,672              | 1,021,382            |
| Law, Order & Public Safety                   | 513,051              | 451,000              | 539,729              |
| Health                                       | 320,740              | 257,250              | 285,636              |
| Education & Welfare                          | 166,165              | 166,780              | 176,588              |
| Community Amenities                          | 20,562,607           | 20,020,555           | 19,238,011           |
| Recreation & Culture                         | 8,530,249            | 7,923,176            | 7,821,159            |
| Transport                                    | 3,930,280            | 4,001,605            | 3,704,842            |
| Economic Services                            | -                    | -                    |                      |
| Other Property and Services                  | 418,957              | 349,366              | 386,026              |
|  | <b>35,454,496</b>    | <b>34,148,404</b>    | <b>33,173,373</b>    |

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| 6. GRANT REVENUE                                    | 2013<br>Actual<br>\$     | 2013<br>Budget<br>\$     | 2012<br>Actual<br>\$     |
|---|--------------------------|--------------------------|--------------------------|
| <b>By Nature and Type:</b>                          |                          |                          |                          |
| <b>Grants and Subsidies - operating</b>             |                          |                          |                          |
| Dept. for Child Protection                          | 114,240                  | 107,120                  | 107,184                  |
| Dept. for Community Development                     | 1,000                    | 1,000                    | 1,000                    |
| Dept. of Family and Community Services              | 34,150                   | 34,150                   | 34,150                   |
| Dept. of Sport and Recreation                       | 178,350                  | 25,000                   | 120,000                  |
| FESA  | 77,000                   | 90,000                   | 77,780                   |
| Grants Commission                                   | 3,459,158                | 1,738,100                | 4,218,884                |
| Dept. of Infrac & Transport                         | 682                      | -                        | 30,000                   |
| Healthways  | 34,950                   | 34,950                   | 20,700                   |
| Lotteries Commission                                | 155,000                  | 102,500                  | 102,500                  |
| Other Grants  | 92,341                   | 98,300                   | 306,369                  |
|   | <u>4,146,871</u>         | <u>2,231,120</u>         | <u>5,018,567</u>         |
| <b>Grants and Subsidies - non-operating</b>         |                          |                          |                          |
| Black Spot Funding                                  | 960,966                  | 814,000                  | 152,600                  |
| Regional & Local Community Infrastructure Programme | -                        | -                        | 2,425,815                |
| Main Roads Direct Grant                             | 384,501                  | 340,000                  | 333,123                  |
| Main Roads-Federal Assistance                       | 1,990,151                | 1,083,381                | 996,496                  |
| Metro Regional Road Programme                       | 3,575,968                | 3,798,886                | 77,196                   |
| Roads to Recovery Programme                         | 1,083,397                | 1,099,459                | 1,024,746                |
| Lotterywest   | -                        | -                        | 44,275                   |
| FESA  | 132,646                  | -                        | -                        |
| Other Government Grants                             | 1,127,023                | 1,111,978                | 162,920                  |
|   | <u>9,254,652</u>         | <u>8,247,704</u>         | <u>5,217,171</u>         |
| <b>Total Grant Revenue</b>                          | <u><u>13,401,523</u></u> | <u><u>10,478,824</u></u> | <u><u>10,235,738</u></u> |
| <b>By Program:</b>                                  |                          |                          |                          |
| Gen Purpose Funding                                 | 3,459,158                | 1,738,098                | 4,218,883                |
| Education & Welfare                                 | 3,852                    | -                        | 242,136                  |
| Community Amenities                                 | 219,391                  | 202,269                  | 30,000                   |
| Recreation & Culture                                | 40,682                   | 30,000                   | 256,804                  |
| Transport   | 1,277,825                | 944,327                  | 5,124,635                |
| Economic Services                                   | 8,227,502                | 7,424,130                | 85,500                   |
| Oth Property & Services                             | 173,113                  | 140,000                  | 277,780                  |
| <b>Total Grant Revenue</b>                          | <u><u>13,401,523</u></u> | <u><u>10,478,824</u></u> | <u><u>10,235,738</u></u> |
| <b>7. CASH INVESTMENTS</b>                          |                          |                          |                          |
|   | <b>Note</b>              | <b>2013<br/>\$</b>       | <b>2012<br/>\$</b>       |
| Unrestricted  |                          | 16,271,184               | 19,503,139               |
| Restricted  | 15                       | 59,606,816               | 55,274,861               |
|   | 17(a)                    | <u>75,878,000</u>        | <u>74,778,000</u>        |
| Cash investments comprise the following:            |                          |                          |                          |
| Term Deposits                                       |                          | 73,500,000               | 71,950,000               |
| 11AM Deposits                                       |                          | 2,378,000                | 2,828,000                |
|   | 17(a)                    | <u>75,878,000</u>        | <u>74,778,000</u>        |
| Interest earned on money in Reserve                 |                          | 2,208,776                | 2,492,448                |
| Interest on Outstanding rates                       |                          | 579,104                  | 592,439                  |
| Interest earned on Other money                      |                          | 2,932,608                | 2,727,721                |
|   |                          | <u>5,720,488</u>         | <u>5,812,608</u>         |

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| 8. TRADE AND OTHER RECEIVABLES                            | Note | 2013             | 2012             |
|---|------|------------------|------------------|
|   |      | \$               | \$               |
| <b>Current</b>  |      |                  |                  |
| Rates Outstanding   |      | 602,634          | 658,996          |
| Sundry Debtors  |      | 1,375,179        | 1,114,991        |
| Prepayments   |      | 448,869          | 513,439          |
| Accrued Income  |      | 1,461,086        | 1,503,567        |
| GST Receivable  |      | 981,797          | 729,744          |
| Less Provision for Doubtful Debts                         |      | <u>(2,500)</u>   | <u>(2,500)</u>   |
|   |      | <u>4,867,065</u> | <u>4,518,237</u> |
| <b>Non-Current</b>  |      |                  |                  |
| Rates/ESL Receivable - Pensioners Deferred                |      | 1,311,001        | 1,284,293        |
| Contributions to Upgrade Material Recovery Facility       |      | 309,557          | 469,557          |
| Long Service Leave Due From - Other Councils              |      | <u>103,565</u>   | <u>77,511</u>    |
|   |      | <u>1,724,123</u> | <u>1,831,361</u> |
| <b>9. EQUITY CONTRIBUTIONS IN OTHER UNLISTED ENTITIES</b> |      |                  |                  |
| Capital Investment - Mindarie Regional Council            |      | 501,943          | 464,520          |
| Capital Investment - Tamala Park Regional Council         |      | 4,987,888        | 2,703,573        |
| Local Government House                                    |      | <u>29,616</u>    | <u>29,616</u>    |
|   |      | <u>5,519,447</u> | <u>3,197,709</u> |

- The Mindarie Regional Council (MRC), of which the City is an equity holder, has developed a Resource Recovery Facility (RRF). In this process, the MRC borrowed \$3.5m to acquire the land on which the RRF will be developed. Due to the time lag between the loan repayment and the RRF operation and charges, the MRC Council approved that its equity holders be charged for the repayment obligations under the land purchase loan. The methodology adopted for this charge was to treat the interest component of the repayment amount as an additional expense in substitution of an increase in the gate fee chargeable and to treat the principal repayment component as an additional equity contribution to the capital of the MRC.
- The Tamala Park Regional Council (TPRC) was established in January 2006 for the purpose of the development of the Tamala Park land jointly owned by seven local governments, including the City of Joondalup, which has one-sixth equity in the land. The West Australia Planning Commission (WAPC) requested that a portion of this land be retained as "Bush Forever", which the Commission was prepared to acquire and pay for. The "Bush Forever" land was disposed of by the joint owners to the WAPC in November 2006. The City of Joondalup's share of the proceeds of disposal was \$2,703,573 which was subsequently contributed to the TPRC as equity investment to be used for TPRC purposes.



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The current fair value of equity is estimated at \$4,987,888. TPRC had subdivided and sold 195 lots measuring an area of 70,506m<sup>2</sup> of land during the year with a total sales value of \$42,144,330. The City's share of sales proceeds after deducting development and selling costs was \$2,284,317. The City made a profit of \$1,461,747 from this transaction.

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

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## 10. PROPERTY, PLANT & EQUIPMENT

### Movement in Carrying Amounts

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

| At Cost/Valuation                                    | Balance at<br>30/06/2012 | Additions         | Disposals           | Transfers,<br>Adjustments &<br>Revaluation    | Balance at<br>30/06/2013 |
|--|--------------------------|-------------------|---------------------|---|--------------------------|
|  | \$                       | \$                | \$                  | \$  | \$                       |
| Freehold Land  | 131,917,461              | -                 | (5,382,570)         | (26,031,463)                                  | 100,503,428              |
| Buildings  | 171,604,640              | 3,170,426         | (121,065)           | (11,328,727)                                  | 163,325,274              |
| Artworks   | 609,742                  | 15,000            | -                   | -   | 624,742                  |
| Furniture, Computer Equipment<br>& Computer Software | 6,255,863                | 495,310           | -                   | -   | 6,751,173                |
| Fleet, Plant & Equipment                             | 17,377,041               | 3,674,409         | (2,252,672)         | (7,761,102)                                   | 11,037,676               |
| Easements  | -                        | 459               | -                   | -   | 459                      |
|  | <u>327,764,747</u>       | <u>7,355,604</u>  | <u>(7,756,307)</u>  | <u>(45,121,292)</u>                           | <u>282,242,752</u>       |
| <b>Accumulated Depreciation</b>                      |                          |                   |                     |   |                          |
|  | Balance at<br>30/06/2012 | Disposals         | Depreciation        | Transfers,<br>Adjustments &<br>Revaluation    | Balance at<br>30/06/2013 |
|  | \$                       | \$                | \$                  | \$  | \$                       |
| Freehold Land  | -                        | -                 | -                   | -   | -                        |
| Buildings  | (22,081,774)             | 4,913             | (5,786,686)         | 26,585,574                                    | (1,277,973)              |
| Artworks   | -                        | -                 | -                   | -   | -                        |
| Furniture, Computer Equipment<br>& Computer Software | (4,386,612)              | -                 | (1,156,841)         | -   | (5,543,453)              |
| Fleet, Plant & Equipment                             | (6,535,244)              | 1,293,060         | (1,636,498)         | 6,794,762                                     | (83,920)                 |
| Easements  | -                        | -                 | -                   | -   | -                        |
|  | <u>(33,003,630)</u>      | <u>1,297,973</u>  | <u>(8,580,025)</u>  | <u>33,380,336</u>                             | <u>(6,905,346)</u>       |
| <b>Written-Down Value</b>                            |                          |                   |                     |   |                          |
|  | Balance at<br>30/06/2012 | Additions         | Disposals           | Depreciation,<br>Adjustments &<br>Revaluation | Balance at<br>30/06/2013 |
|  | \$                       | \$                | \$                  | \$  | \$                       |
| Freehold Land  | 131,917,461              | -                 | (5,382,570)         | (26,031,463)                                  | 100,503,428              |
| Buildings  | 149,522,866              | 3,170,426         | (116,152)           | 9,470,161                                     | 162,047,301              |
| Artworks   | 609,742                  | 15,000            | -                   | -   | 624,742                  |
| Furniture, Computer Equipment<br>& Computer Software | 1,869,251                | 495,310           | -                   | (1,156,841)                                   | 1,207,720                |
| Plant & Equipment                                    | 10,841,799               | 3,674,409         | (959,612)           | (2,602,838)                                   | 10,953,758               |
| Easements  | -                        | 459               | -                   | -   | 459                      |
|  | <u>294,761,119</u>       | <u>7,355,604</u>  | <u>(6,458,334)</u>  | <u>(20,320,981)</u>                           | <u>275,337,408</u>       |
| <b>Capital Acquisitions in Progress</b>              |                          |                   |                     |   |                          |
|  | Balance at<br>30/06/2012 | Additions         | Capitalised         | Adjustments                                   | Balance at<br>30/06/2013 |
|  | \$                       | \$                | \$                  | \$  | \$                       |
| Freehold Land  | -                        | -                 | -                   | -   | -                        |
| Buildings  | 2,407,328                | 846,257           | (279,919)           | -   | 2,973,666                |
| Artworks   | -                        | 38,850            | (15,000)            | -   | 23,850                   |
| Furniture, Computer Equipment<br>& Computer Software | 265,048                  | 486,051           | (495,310)           | -   | 255,789                  |
| Plant & Equipment                                    | 494,038                  | 3,549,122         | (3,450,827)         | -   | 592,333                  |
|  | <u>3,166,414</u>         | <u>4,920,280</u>  | <u>(4,241,056)</u>  | <u>-</u>                                      | <u>3,845,638</u>         |
| <b>Total</b>   | <u>297,927,533</u>       | <u>12,275,884</u> | <u>(10,699,390)</u> | <u>(20,320,981)</u>                           | <u>279,183,046</u>       |

**Land and Buildings:**

The City's land and buildings were revalued at 01 January 2013 by independent valuers.

In relation to land and non-specialised buildings (Market type assets), valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs).

With regard to specialised buildings (Non-Market type assets), these were valued on the basis of their existing use, utilising the cost approach with both observable and unobservable inputs. The designated fair value hierarchy level of inputs for Non-Market type assets is Level 3.

The revaluation resulted in an overall decrease of \$10,776,881 in the net value of the City's land and buildings. This decrease in value was charged to the Revaluation Reserve in the City's equity and was recognised as Changes on revaluation of non-current assets in the Statement of Comprehensive Income.

**Plant and Equipment:**

The City's plant and equipment was revalued at 30 June 2013 by the Management. The valuation of City's fleet of motor vehicles were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs). Other items of plant and equipment, which do not have any observable market value were valued based on their current depreciated cost (Level 3 inputs)

The revaluation resulted in an overall decrease in value of \$964,074 and was recognised in the Statement of Comprehensive income (Note 4a).



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## 11. INFRASTRUCTURE ASSETS

### Movement in Carrying Amounts

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

| At Cost/Valuation            |                          |                   |                              | Transfers<br>and<br>Adjustments    |                          |
|------------------------------|--------------------------|-------------------|------------------------------|------------------------------------|--------------------------|
|                              | Balance at<br>30/06/2012 | Additions         | Disposals                    |                                    | Balance at<br>30/06/2013 |
|                              | \$                       | \$                | \$                           | \$                                 | \$                       |
| Roads                        | 504,977,530              | 12,666,262        | -                            | -                                  | 517,643,792              |
| Footpaths                    | 27,343,736               | 1,300,080         | -                            | -                                  | 28,643,816               |
| Drainage                     | 185,500,277              | 1,336,034         | -                            | -                                  | 186,836,311              |
| Reserves                     | 66,301,922               | 4,850,660         | -                            | -                                  | 71,152,582               |
| Other Infrastructure         | 61,046,602               | 2,178,569         | -                            | 68,744                             | 63,293,915               |
| Traffic Signals and lighting | -                        | 821,496           | -                            | -                                  | 821,496                  |
|                              | <u>845,170,067</u>       | <u>23,153,101</u> | <u>-</u>                     | <u>68,744</u>                      | <u>868,391,912</u>       |
| Accumulated Depreciation     |                          |                   |                              | Transfers<br>and<br>Adjustments    |                          |
|                              | Balance at<br>30/06/2012 | Disposals         | Depreciation                 |                                    | Balance at<br>30/06/2013 |
|                              | \$                       | \$                | \$                           | \$                                 | \$                       |
| Roads                        | (219,107,753)            | -                 | (7,588,630)                  | -                                  | (226,696,383)            |
| Footpaths                    | (13,199,744)             | -                 | (619,446)                    | -                                  | (13,819,190)             |
| Drainage                     | (63,422,143)             | -                 | (2,354,340)                  | -                                  | (65,776,483)             |
| Reserves                     | (39,817,115)             | -                 | (1,807,617)                  | -                                  | (41,624,732)             |
| Other Infrastructure         | (18,524,410)             | -                 | (1,342,928)                  | -                                  | (19,867,338)             |
| Traffic Signals and lighting | -                        | -                 | (332,149)                    | -                                  | (332,149)                |
|                              | <u>(354,071,165)</u>     | <u>-</u>          | <u>(14,045,110)</u>          | <u>-</u>                           | <u>(368,116,275)</u>     |
| Written-Down Value           |                          |                   |                              | Revaluations<br>and<br>Adjustments |                          |
|                              | Balance at<br>30/06/2012 | Additions         | Depreciation                 |                                    | Balance at<br>30/06/2013 |
|                              | \$                       | \$                | \$                           | \$                                 | \$                       |
| Roads                        | 285,869,777              | 12,666,262        | (7,588,630)                  | -                                  | 290,947,409              |
| Footpaths                    | 14,143,992               | 1,300,080         | (619,446)                    | -                                  | 14,824,626               |
| Drainage                     | 122,078,134              | 1,336,034         | (2,354,340)                  | -                                  | 121,059,828              |
| Reserves                     | 26,484,807               | 4,850,660         | (1,807,617)                  | -                                  | 29,527,850               |
| Other Infrastructure         | 42,522,192               | 2,178,569         | (1,342,928)                  | 68,744                             | 43,426,577               |
| Traffic Signals and lighting | -                        | 821,496           | (332,149)                    | -                                  | 489,347                  |
|                              | <u>491,098,902</u>       | <u>23,153,101</u> | <u>(14,045,110)</u>          | <u>68,744</u>                      | <u>500,275,637</u>       |
| Capital Work in Progress     |                          |                   |                              | Impairment<br>Adjustments          |                          |
|                              | Balance at<br>30/06/2012 | New Work<br>Added | Completed and<br>Capitalised |                                    | Balance at<br>30/06/2013 |
|                              | \$                       | \$                | \$                           | \$                                 | \$                       |
| Buildings                    | 2,796,769                | 5,919,827         | (2,981,429)                  | (970,841)                          | 4,764,326                |
| Reserves                     | 763,168                  | 4,440,297         | (4,850,660)                  | -                                  | 352,805                  |
| Roads                        | 319,581                  | 12,184,594        | (11,356,609)                 | (625,524)                          | 522,042                  |
| Footpaths                    | 153,417                  | 1,225,881         | (1,125,543)                  | -                                  | 253,755                  |
| Drainage                     | 87,960                   | 895,387           | (982,887)                    | -                                  | 460                      |
| Other Infrastructure         | 730,517                  | 1,472,736         | (2,178,569)                  | -                                  | 24,684                   |
| Traffic Signals and lighting | 762,852                  | 58,644            | (821,496)                    | -                                  | -                        |
|                              | <u>5,614,264</u>         | <u>26,197,366</u> | <u>(24,297,193)</u>          | <u>(1,596,365)</u>                 | <u>5,918,072</u>         |
| <b>Total</b>                 | <b>496,713,166</b>       | <b>49,350,467</b> | <b>(38,342,303)</b>          | <b>(1,527,621)</b>                 | <b>506,193,709</b>       |

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| <b>12. TRADE AND OTHER PAYABLES</b> | <b>Note</b> | <b>2013</b>      | <b>2012</b>      |
|-------------------------------------|-------------|------------------|------------------|
|                                     |             | <b>\$</b>        | <b>\$</b>        |
| <b>Current</b>                      |             |                  |                  |
| Trade Payables                      |             | 2,175,318        | 2,915,453        |
| Sundry Payables                     |             | 380,894          | 291,231          |
| Accrued Expenses                    |             | 5,480,079        | 5,238,139        |
| Income in Advance                   |             | 1,479,105        | 1,105,017        |
| Goods & Service Tax (GST) Payable   |             | 243,932          | 116,874          |
|                                     |             | <u>9,759,328</u> | <u>9,666,714</u> |

**13. BORROWINGS**

|                             |               |                         |                          |
|-----------------------------|---------------|-------------------------|--------------------------|
| Current - Loan Borrowings   |               | 1,655,978               | 1,565,373                |
| Non-Current Loan Borrowings |               | <u>7,235,980</u>        | <u>8,891,958</u>         |
| <b>Total Borrowings</b>     | <b>23 (a)</b> | <u><u>8,891,958</u></u> | <u><u>10,457,331</u></u> |

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

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

| <b>14. PROVISIONS</b>                                  | <b>Note</b> | <b>2013</b>             | <b>2012</b>             |
|--|-------------|-------------------------|-------------------------|
|  |             | <b>\$</b>               | <b>\$</b>               |
| Provision for Annual Leave                             |             | 3,677,768               | 3,402,016               |
| Provision for Long Service Leave                       |             | 3,314,683               | 2,780,307               |
| Provision for Sick leave                               |             | 199,507                 | 165,760                 |
| Provision for Workers Compensation                     |             | 2,968,757               | 2,616,730               |
| Provision for Write-off of Assets                      |             | 19,697                  | 19,697                  |
| Provisions-Other                                       |             | 37,876                  | 33,876                  |
|  |             | <u>10,218,288</u>       | <u>9,018,386</u>        |
| <b>Non-Current</b>                                     |             |                         |                         |
| Provision for Long Service Leave                       |             | 1,625,788               | 1,435,268               |
| Provision for Long Service Leave due to Other Councils |             | <u>343,218</u>          | <u>415,087</u>          |
|  |             | <u><u>1,969,006</u></u> | <u><u>1,850,355</u></u> |

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**15. RESERVES - CASH BACKED**

|  | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>(a) Cash in Lieu of Parking</b>     |                      |                      |                      |
| Opening Balance                        | 1,068,771            | 1,063,223            | 1,007,319            |
| Amount Set Aside / Transfer to Reserve | 53,124               | 52,848               | 61,452               |
| Amount Used / Transfer from Reserve    | -                    | -                    | -                    |
|  | <u>1,121,895</u>     | <u>1,116,071</u>     | <u>1,068,771</u>     |

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

|  |             |                  |                  |
|--|-------------|------------------|------------------|
| <b>(b) Cash in Lieu of Public Open Space</b> |             |                  |                  |
| Opening Balance                              | 1,651,155   | 1,642,584        | 1,556,217        |
| Amount Set Aside / Transfer to Reserve       | 75,571      | 75,929           | 94,938           |
| Amount Used / Transfer from Reserve          | (1,726,726) | (230,000)        | -                |
|  | <u>-</u>    | <u>1,488,513</u> | <u>1,651,155</u> |

Created in 1993/94 with money previously held in Trust Fund representing funds received from developers in lieu of providing public open space and will be utilised to fund future public open space requirements. Transfer to reserve from accumulated surplus represents interest. Due to the fiduciary nature of the funds received the balance in the Reserve has been transferred back to the Trust Fund.

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| <b>(c) Waste Management</b>            |                  |                  |                  |
| Opening Balance                        | 4,074,223        | 3,794,208        | 2,977,633        |
| Amount Set Aside / Transfer to Reserve | 157,704          | 415,027          | 1,248,524        |
| Amount Used / Transfer from Reserve    | (1,802,885)      | (785,848)        | (151,934)        |
|  | <u>2,429,042</u> | <u>3,423,387</u> | <u>4,074,223</u> |

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



**15. RESERVES - CASH BACKED (Continued)**

|   | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| <b>(d) Vehicle, Plant and Equipment</b> |                      |                      |                      |
| Opening Balance                         | 2,536,154            | 2,406,353            | 1,968,239            |
| Amount Set Aside / Transfer to Reserve  | 123,690              | 96,225               | 567,915              |
| Amount Used / Transfer from Reserve     | (571,252)            | (940,900)            | 0                    |
|   | <u>2,088,592</u>     | <u>1,561,678</u>     | <u>2,536,154</u>     |

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

|  |                |                |                |
|--|----------------|----------------|----------------|
| <b>(e) Cash in Lieu of City Centre Parking</b> |                |                |                |
| Opening Balance                                | 592,784        | 589,707        | 558,700        |
| Amount Set Aside / Transfer to Reserve         | 29,465         | 29,312         | 34,084         |
| Amount Used / Transfer from Reserve            | -              | -              | -              |
|  | <u>622,249</u> | <u>619,019</u> | <u>592,784</u> |

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

|  |                   |                  |                   |
|--|-------------------|------------------|-------------------|
| <b>(f) Capital Expenditure Carried Forward</b> |                   |                  |                   |
| Opening Balance                                | 11,070,086        | 9,157,384        | 9,565,608         |
| Amount Set Aside / Transfer to Reserve         | 10,593,227        | -                | 7,809,829         |
| Amount Used / Transfer from Reserve            | (10,498,488)      | (8,082,087)      | (6,305,351)       |
|  | <u>11,164,825</u> | <u>1,075,297</u> | <u>11,070,086</u> |

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

|  |          |          |          |
|--|----------|----------|----------|
| <b>(g) Community Facilities - Kingsley</b> |          |          |          |
| Opening Balance                            | -        | -        | 66,872   |
| Amount Set Aside / Transfer to Reserve     | -        | -        | -        |
| Amount Used / Transfer from Reserve        | -        | -        | (66,872) |
|  | <u>-</u> | <u>-</u> | <u>-</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.

**15. RESERVES - CASH BACKED (Continued)**

|  | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>(h) Ocean Reef Marina Project</b>   |                      |                      |                      |
| Opening Balance                        | 1,476,458            | 1,386,603            | 1,187,440            |
| Amount Set Aside / Transfer to Reserve | 63,552               | -                    | 289,018              |
| Amount Used / Transfer from Reserve    | (395,759)            | (1,386,603)          | -                    |
|  | <u>1,144,251</u>     | <u>-</u>             | <u>1,476,458</u>     |

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

|  |                   |                  |                  |
|--|-------------------|------------------|------------------|
| <b>(i) Joondalup Performing Arts and Cultural Facility Reserve</b> |                   |                  |                  |
| Opening Balance  | 5,412,569         | 5,341,093        | 5,237,618        |
| Amount Set Aside / Transfer to Reserve                             | 5,574,074         | 255,370          | 315,245          |
| Amount Used / Transfer from Reserve                                | (210,419)         | (406,850)        | (140,294)        |
|  | <u>10,776,224</u> | <u>5,189,613</u> | <u>5,412,569</u> |

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

|  |               |               |               |
|--|---------------|---------------|---------------|
| <b>(j) Section 20A Land</b>            |               |               |               |
| Opening Balance                        | 44,680        | 44,451        | 42,111        |
| Amount Set Aside / Transfer to Reserve | 2,221         | 2,209         | 2,569         |
| Amount Used / Transfer from Reserve    | -             | -             | -             |
|  | <u>46,901</u> | <u>46,660</u> | <u>44,680</u> |

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

**15. RESERVES - CASH BACKED (Continued)**

|   | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|---|----------------------|----------------------|----------------------|
| <b>(k) Specified Area Rating - Harbour Rise</b> |                      |                      |                      |
| Opening Balance                                 | 18,495               | -                    | 17,431               |
| Amount Set Aside / Transfer to Reserve          | 524                  | -                    | 1,064                |
| Amount Used / Transfer from Reserve             | (15,918)             | -                    | -                    |
|   | <u>3,101</u>         | <u>-</u>             | <u>18,495</u>        |

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

**(l) Specified Area Rating - Iluka**

|  |          |          |          |
|--|----------|----------|----------|
| Opening Balance                        | -        | -        | 50,619   |
| Amount Set Aside / Transfer to Reserve | -        | -        | -        |
| Amount Used / Transfer from Reserve    | -        | -        | (50,619) |
|  | <u>-</u> | <u>-</u> | <u>-</u> |

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

**(m) Strategic Asset Management**

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Opening Balance                        | 21,773,336        | 21,660,318        | 20,521,411        |
| Amount Set Aside / Transfer to Reserve | 1,057,940         | 1,000,045         | 1,251,925         |
| Amount Used / Transfer from Reserve    | (978,209)         | (3,081,696)       | -                 |
|  | <u>21,853,067</u> | <u>19,578,667</u> | <u>21,773,336</u> |

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

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

|  |               |          |               |
|--|---------------|----------|---------------|
| Opening Balance                        | 35,254        | -        | -             |
| Amount Set Aside / Transfer to Reserve | 1,655         | -        | 35,254        |
| Amount Used / Transfer from Reserve    | (3,898)       | -        | -             |
|  | <u>33,011</u> | <u>-</u> | <u>35,254</u> |

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



**15. RESERVES - CASH BACKED (Continued)**

|  | 2013<br>Actual<br>\$ | 2013<br>Budget<br>\$ | 2012<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>(o) Community Facilities - Currambine/Kinross</b> |                      |                      |                      |
| Opening Balance                                      | 1,059,390            | 1,100,000            | 944,793              |
| Amount Set Aside / Transfer to Reserve               | -                    | -                    | 114,597              |
| Amount Used / Transfer from Reserve                  | <u>(1,059,390)</u>   | <u>(1,100,000)</u>   | <u>-</u>             |
|  | <u>-</u>             | <u>-</u>             | <u>1,059,390</u>     |

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

**(p) Parking Facility**

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Opening Balance                        | 4,461,506        | 4,343,524        | 2,824,867        |
| Amount Set Aside / Transfer to Reserve | 1,886,949        | 1,940,842        | 1,826,388        |
| Amount Used / Transfer from Reserve    | <u>(137,961)</u> | <u>(276,000)</u> | <u>(189,749)</u> |
|  | <u>6,210,494</u> | <u>6,008,366</u> | <u>4,461,506</u> |

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

**(q) Town Planning Scheme No:10**

|  |               |          |          |
|--|---------------|----------|----------|
| Opening Balance                        | -             | -        | -        |
| Amount Set Aside / Transfer to Reserve | 43,238        | -        | -        |
| Amount Used / Transfer from Reserve    | <u>-</u>      | <u>-</u> | <u>-</u> |
|  | <u>43,238</u> | <u>-</u> | <u>-</u> |

Created in 1993-94 by the former City of Wanneroo with 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.

**(r) Public Art**

|  |                |          |          |
|--|----------------|----------|----------|
| Opening Balance                        | -              | -        | -        |
| Amount Set Aside / Transfer to Reserve | 100,920        | -        | -        |
| Amount Used / Transfer from Reserve    | <u>-</u>       | <u>-</u> | <u>-</u> |
|  | <u>100,920</u> | <u>-</u> | <u>-</u> |

Created this financial year for the purpose of providing for the commissioning and purchase of public art works.

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**15. RESERVES - CASH BACKED (Continued)**

|   | <b>2013<br/>Actual<br/>\$</b> | <b>2013<br/>Budget<br/>\$</b> | <b>2012<br/>Actual<br/>\$</b> |
|---|-------------------------------|-------------------------------|-------------------------------|
| <b>(s) Non-Current Long Service Leave</b> |                               |                               |                               |
| Opening Balance                           | -                             | -                             | -                             |
| Amount Set Aside / Transfer to Reserve    | 1,969,006                     | -                             | -                             |
| Amount Used / Transfer from Reserve       | -                             | -                             | -                             |
|   | <u>1,969,006</u>              | <u>-</u>                      | <u>-</u>                      |

Created this financial year to facilitate the funding of the non-current portion of long service leave liabilities to City employees.

**Total Reserve - Cash Backed**

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Opening Balance                        | 55,274,861        | 52,529,448        | 48,526,878        |
| Amount Set Aside / Transfer to Reserve | 21,732,860        | 3,867,807         | 13,652,802        |
| Amount Used / Transfer from Reserve    | (17,400,905)      | (16,289,984)      | (6,904,819)       |
| Closing Balance 30 June 2013           | <u>59,606,816</u> | <u>40,107,271</u> | <u>55,274,861</u> |

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

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| <b>16. RESERVES – ASSET REVALUATION</b>     | <b>2013</b>                   | <b>2012</b>                   |
|---|-------------------------------|-------------------------------|
|   | <b>Actual</b>                 | <b>Actual</b>                 |
|   | <b>\$</b>                     | <b>\$</b>                     |
| <b>(a) Roads</b>                            |                               |                               |
| Opening Balance                             | 25,615,714                    | 25,615,714                    |
| Revaluation Increment                       | -                             | -                             |
|   | <u>25,615,714</u>             | <u>25,615,714</u>             |
| <b>(b) Artworks</b>                         |                               |                               |
| Opening Balance                             | 175,216                       | 175,216                       |
| Revaluation Increment                       | -                             | -                             |
|   | <u>175,216</u>                | <u>175,216</u>                |
| <b>(c) Land and Buildings</b>               |                               |                               |
| Opening Balance                             | 211,170,790                   | 211,170,790                   |
| Revaluation Decrement                       | (10,776,881)                  | -                             |
|   | <u>200,393,909</u>            | <u>211,170,790</u>            |
| <b>(d) Other Infrastructure Assets</b>      |                               |                               |
| Opening Balance                             | 23,179,250                    | 20,885,626                    |
| Revaluation Increment                       | 68,744                        | 2,293,624                     |
|   | <u>23,247,994</u>             | <u>23,179,250</u>             |
| <br><b>TOTAL ASSET REVALUATION RESERVES</b> | <br><u><b>249,432,833</b></u> | <br><u><b>260,140,970</b></u> |



CITY OF JOONDALUP  
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**17. 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  | 2013<br>\$        | 2012<br>\$        |
|-------------------------------------|-------|-------------------|-------------------|
| Cash on Hand                        |       | 9,295             | 29,969            |
| Investments                         | 7     | 75,878,000        | 74,778,000        |
|                                     |       | <u>75,887,295</u> | <u>74,807,969</u> |
| <b>Interest-bearing liabilities</b> |       |                   |                   |
| Bank Account/(Bank Overdraft)       | 23(b) | (275,242)         | -                 |
|                                     |       | <u>75,612,053</u> | <u>74,807,969</u> |

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

|  | 2013<br>\$               | 2012<br>\$               |
|--|--------------------------|--------------------------|
| <b>Net Result from Operating Activities</b>          | <b>6,465,435</b>         | <b>4,768,269</b>         |
| Depreciation, Impairment & Revaluation Decrement     | 25,301,724               | 23,004,304               |
| (Profit)/Loss on Sale of Assets                      | (1,967,749)              | 65,857                   |
| (Increase)/Decrease in Receivables                   | (508,641)                | 1,064,884                |
| Increase/(Decrease) in Payables                      | (523,414)                | (2,152,184)              |
| Increase/(Decrease) in Employee Provisions           | 1,314,552                | 1,570,483                |
| Increase/(Decrease) in Other Provisions              | 4,000                    | (38,877)                 |
| Increase/(Decrease) in Income in Advance             | 374,088                  | 84,835                   |
| Increase/(Decrease) in Accrued Expenses              | 241,940                  | (76,390)                 |
| (Increase)/Decrease in Accrued Income                | 42,481                   | (375,873)                |
| (Increase)/Decrease in Prepayments                   | 64,570                   | 424,864                  |
| (Increase)/Decrease in Doubtful Debts                | -                        | (7,500)                  |
| (Increase)/Decrease in Inventory                     | (34,443)                 | 6,227                    |
| Grants/Contributions for development of assets       | (9,254,652)              | (5,217,171)              |
| Non-operating contributions & reimbursements         | (209,555)                | -                        |
| Developer's contribution to Infrastructure Assets    | (1,837,337)              | -                        |
| Easements recognised due to legislative requirements | (459)                    | -                        |
| <b>Net Cash from Operating Activities</b>            | <b><u>19,472,540</u></b> | <b><u>23,121,728</u></b> |

**18. CONTINGENT LIABILITIES**

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

|  | 2013      | 2012      |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>(a) Capital Expenditure Commitments</b>   |           |           |
| At the reporting date, the City is committed to the following major expenditure commitments which are due for payment within one year: |           |           |
| Major Expenditure Commitments  | 4,743,607 | 4,213,501 |

|   |           |           |
|---|-----------|-----------|
| <b>(b) Projected Operating Lease Income</b> |           |           |
| Future Minimum Lease Income Expected        |           |           |
| Up to 1 yr                                  | 515,329   | 313,208   |
| 1 - 5 yrs                                   | 1,025,390 | 974,004   |
| > 5 yrs                                     | 3,028,981 | 2,086,891 |
|   | 4,569,700 | 3,374,103 |

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

|  |           |           |
|--|-----------|-----------|
| <b>(c) Projected Operating Lease Commitments</b> |           |           |
| Future Minimum Lease Payments Expected           |           |           |
| Up to 1 yr                                       | 529,822   | 330,556   |
| 1 - 5 yrs  | 1,971,861 | 1,179,143 |
| > 5 yrs  | 5,389,241 | 3,438,992 |
|  | 7,890,924 | 4,948,691 |

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

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## 20. TRUST FUNDS

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

|  | 2013             | 2012             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Balance brought forward on 01 July 2012</b> | 1,477,167        | 1,445,200        |
| Amounts received during the year               | 1,919,649        | 638,546          |
| Amounts paid out during the year               | (771,676)        | (657,002)        |
| Interest earned on monies held in trust        | 30,029           | 50,423           |
| <b>Balance carried forward at 30 June 2013</b> | <u>2,655,169</u> | <u>1,477,167</u> |
| Cash in lieu of Public Open Space              | 1,465,180        | -                |
| Bonds, Retention money                         | 1,189,989        | 1,477,167        |
| <b>Trust Funds as at 30 June 2013</b>          | <u>2,655,169</u> | <u>1,477,167</u> |

## 21. DISPOSALS OF ASSETS-2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

| Asset Class Disposed of  | Net Book Value   | Sale Price       | Profit           | Loss           |
|--------------------------|------------------|------------------|------------------|----------------|
|                          | \$               | \$               | \$               | \$             |
| Fleet, Plant & Equipment | 959,612          | 844,119          | 102,355          | 217,848        |
| Land                     | 4,560,001        | 5,181,496        | 635,714          | 14,219         |
| Land (TPRC lots sale)    | 822,570          | 2,284,317        | 1,461,747        | -              |
|                          | <u>6,342,183</u> | <u>8,309,932</u> | <u>2,199,816</u> | <u>232,067</u> |

## 22. TOTAL ASSETS CLASSIFIED BY PROGRAM

|                             | 2013               | 2012               |
|-----------------------------|--------------------|--------------------|
|                             | \$                 | \$                 |
| Governance                  | 22,209,580         | 23,752,100         |
| General Purpose Funding     | 13,250,417         | 11,070,086         |
| Law, Order, Public Safety   | 855,748            | 915,182            |
| Health                      | 52,283             | 55,914             |
| Education and Welfare       | 4,451,106          | 4,760,248          |
| Community Amenities         | 206,727,898        | 203,107,312        |
| Recreation and Culture      | 169,857,681        | 178,443,798        |
| Transport                   | 318,290,145        | 311,150,188        |
| Economic Services           | 2,184,026          | 2,638,216          |
| Other Property and services | 135,312,591        | 143,160,519        |
|                             | <u>873,191,475</u> | <u>879,053,563</u> |



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**23. INFORMATION ON BORROWINGS**

**(a) Loan Repayments**

| Purpose of Loan                            | Year Drawn | Balance 1-Jul-12  | New Loans | Interest Expense | Principal Repayment | Balance 30-Jun-13 | Unspent Balance |
|--|------------|-------------------|-----------|------------------|---------------------|-------------------|-----------------|
| Craigie Leisure Centre                     | 2004/05    | 1,086,916         | -         | 60,320           | (341,689)           | 745,227           | -               |
| Sorrento Beach                             | 2005/06    | 424,590           | -         | 23,287           | (96,938)            | 327,652           | -               |
| Fee Pd Parking & Addition of car bays      | 2008/09    | 657,077           | -         | 25,964           | (320,831)           | 336,246           | -               |
| Aquatic Facilities Upgrade                 | 2009/10    | 4,893,548         | -         | 262,422          | (494,415)           | 4,399,133         | -               |
| Streetscape Enhancement – West Coast Drive | 2009/10    | 746,688           | -         | 57,920           | (75,441)            | 671,247           | -               |
| Seacrest Sports Facility                   | 2010/11    | 762,054           | -         | 36,068           | (67,921)            | 694,133           | -               |
| Forrest Park Sports Facility               | 2010/11    | 501,352           | -         | 30,176           | (44,685)            | 456,667           | -               |
| Fleur Frame Pavilion Upgrade               | 2010/11    | 1,385,106         | -         | 83,368           | (123,453)           | 1,261,653         | -               |
|  |            | <b>10,457,331</b> | <b>-</b>  | <b>579,525</b>   | <b>(1,565,373)</b>  | <b>8,891,958</b>  | <b>-</b>        |

**(b) Overdraft**

|                                  | 2013                  | 2012                  |
|----------------------------------|-----------------------|-----------------------|
|                                  | \$                    | \$                    |
| Bank Overdraft Facility Limit    | 500,000               | 500,000               |
| Bank Overdraft at Reporting Date | 275,242               | -                     |
| <b>Credit Amount Unused</b>      | <b><u>224,758</u></b> | <b><u>500,000</u></b> |

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

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**24. 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 2012/13 financial year, a specified area rate for the suburb of Iluka.

|   | 2013      | 2012      |
|---|-----------|-----------|
|   | \$        | \$        |
| Balance 1 July 2012                       | -         | 50,619    |
| 2012/13 Rate Income                       | 146,064   | 89,084    |
| Interest                                  |           |           |
| Expenditure                               | (146,064) | (139,703) |
| <b>Surplus in Reserve at 30 June 2013</b> | <b>-</b>  | <b>-</b>  |

**25. 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 2012/13 financial year, a specified area rate for the area of Woodvale Waters.

|   | 2013          | 2012          |
|---|---------------|---------------|
|   | \$            | \$            |
| Balance 1 July 2012                       | 35,254        | -             |
| 2012/13 Rate Income                       | 34,166        | 34,211        |
| Interest                                  | 1,655         | 1,043         |
| Expenditure                               | (38,064)      | -             |
| <b>Surplus in Reserve at 30 June 2013</b> | <b>33,011</b> | <b>35,254</b> |

**26. 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 2012/13 financial year, a specified area rate for the area of Harbour Rise Estate.

|   | 2013         | 2012          |
|---|--------------|---------------|
|   | \$           | \$            |
| Balance 1 July 2012                       | 18,495       | 17,431        |
| 2012/13 Rate Income                       | 100,394      | 82,381        |
| Interest                                  | 524          | -             |
| Expenditure                               | (116,312)    | (81,317)      |
| <b>Surplus in Reserve at 30 June 2013</b> | <b>3,101</b> | <b>18,495</b> |

## 27. COUNCILLORS' REMUNERATION

|  | 2013<br>Actual | 2013<br>Budget | 2012<br>Actual |
|--|----------------|----------------|----------------|
| The following fees, expenses and allowances were paid to council members and/or to the mayor |                |                |                |
| Elected Members Allowances   | 217,400        | 219,800        | 231,545        |
| Elected Members Conferences/Training   | 63,426         | 126,800        | 43,751         |
| Elected Members Presentation Items   | 3,307          | 2,000          | 1,922          |
| Elected Members Travel & Child Care  | 26,008         | 26,000         | 28,419         |
| Other Specified Expenses   | 17,636         | 32,530         | 26,076         |
|  | <u>327,777</u> | <u>407,130</u> | <u>331,713</u> |

## 28. SURPLUS CARRIED FORWARD

Previous year's figures in the Rate Setting Statement has been adjusted for comparative purposes. Surplus Carried Forward amount has been calculated as follows:

|   |                  |
|---|------------------|
| Surplus Carried Forward as reported at 30 June 2012                   | 3,648,445        |
| Add Back: Non-current Long Service Leave liability as at 30 June 2012 | 1,850,355        |
| Movement in Non-current Receivables                                   | <u>(74,966)</u>  |
| Adjusted amount of Surplus Carried Forward                            | <u>5,423,834</u> |

## 29. MAJOR LAND TRANSACTIONS

There were no major land transactions during the 2012/13 financial year, as defined in Regulation 8A (1) (a) of the Local Government (Functions and General) Regulations 1996.

## 30. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings during the 2012/13 financial year.



### 31. FINANCIAL RISK MANAGEMENT

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

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

The City held the following financial instruments at balance date:

|                              | Note   | Carrying Value    |                   | Fair Value        |                   |
|------------------------------|--------|-------------------|-------------------|-------------------|-------------------|
|                              |        | 2013<br>\$        | 2012<br>\$        | 2013<br>\$        | 2012<br>\$        |
| <b>Financial Assets</b>      |        |                   |                   |                   |                   |
| Cash and cash equivalents    | 17(a)  | 75,612,053        | 74,807,969        | 75,612,053        | 74,807,969        |
| Receivables                  | 8      | 6,591,188         | 6,349,598         | 6,591,188         | 6,349,598         |
| Equity Investments           |        | 5,519,447         | 3,197,709         | 5,519,447         | 3,197,709         |
|                              |        | <u>87,722,688</u> | <u>84,355,276</u> | <u>87,722,688</u> | <u>84,355,276</u> |
| <b>Financial Liabilities</b> |        |                   |                   |                   |                   |
| Payables                     | 12     | 9,759,328         | 9,666,714         | 9,759,328         | 9,666,714         |
| Borrowings                   | 23 (a) | 8,891,958         | 10,457,331        | 9,213,130         | 10,457,331        |
|                              |        | <u>18,651,286</u> | <u>20,124,045</u> | <u>18,972,458</u> | <u>20,124,045</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.

## **31. FINANCIAL RISK MANAGEMENT (Continued)**

### **(a) Cash and Cash Equivalents**

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

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

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

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

### **(b) Receivables**

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

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

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

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

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

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**(c) Interest rate risk**

The following table details the City's exposure to interest rate risks as at the reporting date as well as the previous reporting date (30 June 2013).

|                                    | Interest Rate at Reporting Date | At Variable Interest Rate | Fixed Interest Rate Maturity |                  |                |                      | Total             |
|------------------------------------|---------------------------------|---------------------------|------------------------------|------------------|----------------|----------------------|-------------------|
|                                    |                                 |                           | < 1 year                     | 1 - 5 Years      | > 5 Years      | Non-Interest Bearing |                   |
|                                    |                                 |                           | \$                           | \$               | \$             | \$                   |                   |
|                                    | %                               | \$                        | \$                           | \$               | \$             | \$                   |                   |
| <b>2012/13</b>                     |                                 |                           |                              |                  |                |                      |                   |
| <b>Financial Assets</b>            |                                 |                           |                              |                  |                |                      |                   |
| Cash                               | -                               | -                         | -                            | -                | -              | 9,295                | 9,295             |
| Bank Overdraft                     | 8.98                            | (275,242)                 | -                            | -                | -              | -                    | (275,242)         |
| Receivables                        | -                               | -                         | -                            | -                | -              | 4,264,431            | 4,264,431         |
| Rates & ESL Receivable             | 11.00                           | -                         | -                            | 602,634          | -              | -                    | 602,634           |
| ING                                | 4.22                            | -                         | 19,000,000                   | -                | -              | -                    | 19,000,000        |
| Westpac Term Deposit               | 4.28                            | -                         | 19,500,000                   | -                | -              | -                    | 19,500,000        |
| NAB Term Deposit                   | 4.27                            | -                         | 19,900,000                   | -                | -              | -                    | 19,900,000        |
| Suncorp Term Deposit               | 4.42                            | -                         | 15,100,000                   | -                | -              | -                    | 15,100,000        |
| WA Treasury Corporation 11AM       | 2.70                            | 2,378,000                 | -                            | -                | -              | -                    | 2,378,000         |
| <b>Total Financial Assets</b>      |                                 | <b>2,102,758</b>          | <b>73,500,000</b>            | <b>602,634</b>   | <b>-</b>       | <b>4,273,726</b>     | <b>80,479,118</b> |
| <b>Financial Liabilities</b>       |                                 |                           |                              |                  |                |                      |                   |
| Trade payables                     | -                               | -                         | -                            | -                | -              | 9,759,328            | 9,759,328         |
| Borrowings                         | 5.79                            | -                         | 102,834                      | 224,818          | -              | -                    | 327,652           |
| ..                                 | 5.95                            | -                         | 361,907                      | 383,320          | -              | -                    | 745,227           |
| ..                                 | 4.72                            | -                         | 336,246                      | -                | -              | -                    | 336,246           |
| ..                                 | 5.87                            | -                         | 524,083                      | 3,313,426        | 561,623        | -                    | 4,399,132         |
| ..                                 | 5.87                            | -                         | 79,968                       | 477,840          | 113,439        | -                    | 671,247           |
| ..                                 | 6.16                            | -                         | 250,939                      | 1,969,060        | 192,455        | -                    | 2,412,454         |
| Employee entitlements              | -                               | -                         | -                            | -                | -              | 12,187,294           | 12,187,294        |
| <b>Total Financial Liabilities</b> |                                 | <b>-</b>                  | <b>1,655,977</b>             | <b>6,368,464</b> | <b>867,517</b> | <b>21,946,622</b>    | <b>30,838,580</b> |



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

|                                    | Interest Rate at Reporting Date | At Variable Interest Rate | Fixed Interest Rate Maturity |                  |                  |                      | Total             |
|------------------------------------|---------------------------------|---------------------------|------------------------------|------------------|------------------|----------------------|-------------------|
|                                    |                                 |                           | < 1 year                     | 1 - 5 Years      | > 5 Years        | Non-Interest Bearing |                   |
|                                    |                                 |                           | \$                           | \$               | \$               | \$                   |                   |
|                                    | %                               | \$                        | \$                           | \$               | \$               | \$                   |                   |
| <b>2011/12</b>                     |                                 |                           |                              |                  |                  |                      |                   |
| <b>Financial Assets</b>            |                                 |                           |                              |                  |                  |                      |                   |
| Cash                               | -                               | -                         | -                            | -                | -                | 29,969               | 29,969            |
| Receivables                        | -                               | -                         | -                            | -                | -                | 3,859,241            | 3,859,241         |
| Rates & ESL Receivable             | 11.00                           | -                         | -                            | 658,996          | -                | -                    | 658,996           |
| ING                                | 5.90                            | -                         | 15,750,000                   | -                | -                | -                    | 15,750,000        |
| Bankwest Term Deposit              | 5.20                            | -                         | 13,000,000                   | -                | -                | -                    | 13,000,000        |
| St. George Bank Term Deposit       | 5.40                            | -                         | 7,000,000                    | -                | -                | -                    | 7,000,000         |
| Westpac Term Deposit               | 5.20                            | -                         | 16,700,000                   | -                | -                | -                    | 16,700,000        |
| NAB Term Deposit                   | 5.02                            | -                         | 12,000,000                   | -                | -                | -                    | 12,000,000        |
| Suncorp Term Deposit               | 5.20                            | -                         | 7,500,000                    | -                | -                | -                    | 7,500,000         |
| WA Treasury Corporation 11AM       | 3.45                            | 2,828,000                 | -                            | -                | -                | -                    | 2,828,000         |
| <b>Total Financial Assets</b>      |                                 | <b>2,828,000</b>          | <b>71,950,000</b>            | <b>658,996</b>   | <b>-</b>         | <b>3,889,210</b>     | <b>79,326,206</b> |
| <b>Financial Liabilities</b>       |                                 |                           |                              |                  |                  |                      |                   |
| Trade payables                     | -                               | -                         | -                            | -                | -                | 9,666,714            | 9,666,714         |
| Borrowings                         | 5.79                            | -                         | 341,689                      | 745,227          | -                | -                    | 1,086,916         |
| "                                  | 5.95                            | -                         | 96,936                       | 327,654          | -                | -                    | 424,590           |
| "                                  | 4.72                            | -                         | 320,832                      | 336,245          | -                | -                    | 657,077           |
| "                                  | 5.87                            | -                         | 494,415                      | 4,254,334        | 144,799          | -                    | 4,893,548         |
| "                                  | 5.87                            | -                         | 75,441                       | 450,791          | 220,456          | -                    | 746,688           |
| "                                  | 6.16                            | -                         | 236,0560                     | 1,423,173        | 989,279          | -                    | 2,648,512         |
| Bank overdraft                     | 5.57                            | -                         | -                            | -                | -                | -                    | -                 |
| Employee entitlements              | -                               | -                         | -                            | -                | -                | 10,868,741           | 10,868,741        |
| <b>Total Financial Liabilities</b> |                                 | <b>-</b>                  | <b>1,565,373</b>             | <b>7,537,424</b> | <b>1,354,534</b> | <b>20,535,455</b>    | <b>30,992,786</b> |

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**(c) Interest rate risk continued**

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

**(d) Payables and Borrowings**

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

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

|                    | Due<br>within<br>1 year<br>\$ | Due<br>between<br>1 & 5 years<br>\$ | Due<br>after<br>5 years<br>\$ | Total<br>contractual<br>cash flows<br>\$ | Carrying<br>values<br>\$ |
|--------------------|-------------------------------|-------------------------------------|-------------------------------|--|--------------------------|
| <b><u>2013</u></b> |                               |                                     |                               |  |                          |
| Payables           | 9,759,328                     | -                                   | -                             | 9,759,328                                | 9,759,328                |
| Borrowings         | 2,154,365                     | 7,078,939                           | 1,584,369                     | 10,817,672                               | 8,891,958                |
|                    | <u>11,913,693</u>             | <u>7,078,939</u>                    | <u>1,584,369</u>              | <u>20,577,000</u>                        | <u>18,651,286</u>        |
| <b><u>2012</u></b> |                               |                                     |                               |  |                          |
| Payables           | 9,666,714                     | -                                   | -                             | 9,666,714                                | 9,666,714                |
| Borrowings         | 1,077,182                     | 7,945,537                           | 2,971,002                     | 11,993,722                               | 10,457,331               |
|                    | <u>10,743,896</u>             | <u>7,945,537</u>                    | <u>2,971,002</u>              | <u>21,660,436</u>                        | <u>20,124,045</u>        |

### **32. EVENTS AFTER THE REPORTING DATE**

There were no material events after 30 June 2013 that requires inclusion in the notes to the financial statements.

### **33. 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 shares 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.

### **34. JOONDALUP NORMALISATION AGREEMENT**

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

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



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**35. STATUTORY FINANCIAL RATIOS**

|                                   | 2013   | 2012    | 2011   |
|-----------------------------------|--------|---------|--------|
| Current Ratio                     | 1.07   | 1.19    | 1.14   |
| Debt Service Cover Ratio          | 8.57   | 10.78   | 11.62  |
| Operating Surplus Ratio           | (0.04) | (0.005) | (0.01) |
| Own Source Revenue Coverage Ratio | 0.93   | 0.95    | 0.96   |
| Asset consumption Ratio           | 0.58   | -       | -      |
| Asset renewal funding Ratio       | 1.00   | -       | -      |
| Asset sustainability Ratio        | 0.69   | -       | -      |

The above ratios are calculated as follows:

|                                   |  |
|-----------------------------------|--|
| Current Ratio                     | $\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$ |
| Debt Service Cover Ratio          | $\frac{\text{Annual operating surplus before interest and depreciation}}{\text{Principal and interest}}$                                       |
| Operating Surplus Ratio           | $\frac{\text{Operating revenue minus operating expense}}{\text{Own source operating revenue}}$   |
| Own Source Revenue Coverage Ratio | $\frac{\text{Own source operating revenue}}{\text{Operating expense}}$   |
| Asset Consumption Ratio           | $\frac{\text{Depreciated Replacement Cost of Assets}}{\text{Current Replacement Costs of Depreciable Assets}}$                                 |
| Asset Renewal Funding Ratio       | $\frac{\text{NPV of Planned Capital Renewals over 10 years}}{\text{NPV of required Capital Expenditure over 10 years}}$                        |
| Asset Sustainability Ratio        | $\frac{\text{Capital Renewal and Replacement expenditure}}{\text{Depreciation Expenditure}}$   |

**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

|       | Title and topic  | Issued                              | Applicable <sup>(1)</sup>                                  | Impact   |
|-------|--|-------------------------------------|--|--|
| (i)   | AASB 9 – Financial Instruments<br><br>AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures  | December 2009<br><br>September 2012 | 1 January 2013<br><br>Deferred AASB 9 until 1 January 2015 | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect. |
| (ii)  | AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]                                   | December 2009                       | 1 January 2013   | Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).  |
| (iii) | AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19] | December 2010                       | 1 January 2013   | Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).  |

## 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

|      |  |  |  |
|------|--|--|--|
| (iv) | <p>AASB 10 – Consolidated Financial Statements</p> <p>AASB 11 – Joint Arrangements</p> <p>AASB 12 – Disclosure of Interests in Other Entities</p> <p>AASB 127 – Separate Financial Statements</p> <p>AASB 128 – Investments in Associates and Joint Ventures</p> <p>AASB 2011 – 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards</p> <p>[AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 131, 138, 139, 1023 &amp; 1038 and Interpretations 5, 9, 16 &amp; 17]</p> | <p>August 2011</p> <p>1 January 2013</p> | <p>Nil – None of these except for AASB 128, are expected to have significant application to the operations of the Council.</p> <p>With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it.</p> <p>Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.</p> |
| (v)  | <p>AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</p> <p>[AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 &amp; 1049]</p>   | <p>September 2011</p> <p>1 July 2013</p> | <p>The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.</p> <p>It effects presentation only and is not expected to significantly impact the Council.</p>  |



## 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

|       |  |   |   |
|-------|--|---|---|
| (vi)  | <p>AASB 119 – Employee Benefits</p> <p>AASB 2011 – 10 Amendments to Australian Accounting Standards arising from AASB 119</p> <p>[AASB 1, 8, 101, 124, 134, 1049 &amp; 2011 – 8 and Interpretation 14]</p> | <p>September 2011</p> <p>1 January 2013</p> | <p>The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.</p>   |
| (vii) | <p>AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities</p> <p>[AASB 7 &amp; 32]</p>  | <p>June 2012</p> <p>1 January 2013</p>      | <p>Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.</p> <p>This Standard is not expected to significantly impact on the Council's financial statements.</p> |

## 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

|        |   |               |                |  |
|--------|---|---------------|----------------|--|
| (viii) | AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities<br>[AASB 132]  | June 2013     | 1 January 2014 | This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. |
| (ix)   | AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.<br>[AASB 1, 101, 116, 132, 134 and Interpretation 2]   | June 2012     | 1 January 2013 | Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council’s financial statements.   |
| (x)    | AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.<br>[AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12] | December 2012 | 1 January 2013 | Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.  |

Notes:

Applicable to reporting periods commencing on or after the given date.

## 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

These new and revised standards were:

AASB 2010 – 8

AASB 2011 – 3

AASB 2011 – 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

The Council also chose to early adopt *AASB 13 – Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(h).