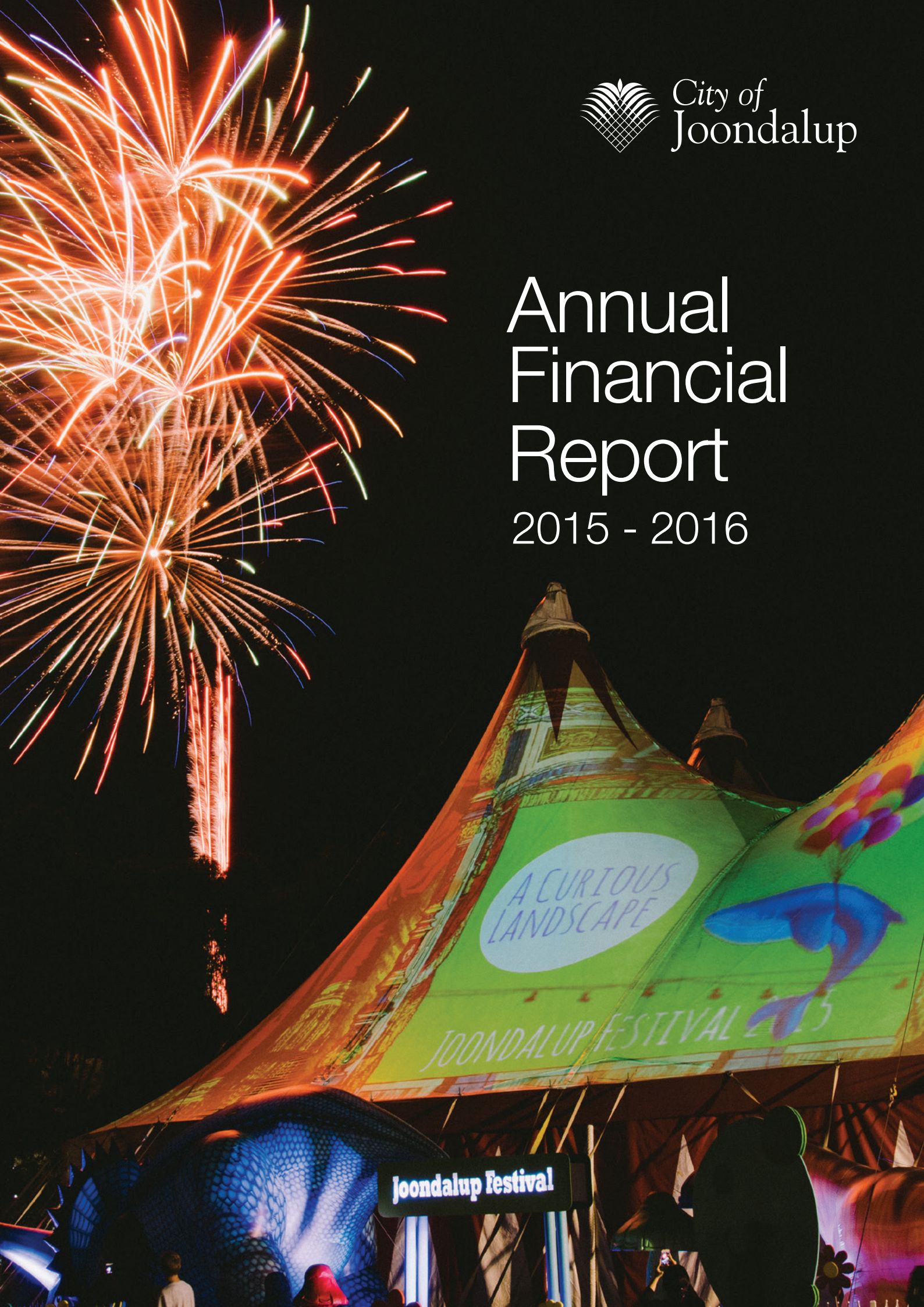




City of  
Joondalup

# Annual Financial Report

2015 - 2016



**CITY OF JOONDALUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**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 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the City of Joondalup at 30 June 2016 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 14<sup>th</sup> day of October 2016.

  
Garry Hunt  
Chief Executive Officer



**CITY OF JOONDALUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**CITY OF JOONDALUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>REVENUE</b>				
Rates	3 (q)	92,482,511	91,943,233	87,213,374
Grants and Subsidies	6	2,169,849	4,230,505	5,849,873
Contributions, Reimbursements and Donations	4	1,874,894	908,197	1,419,787
Interest Earnings	4	4,207,789	3,486,332	4,674,144
Profit on Disposal of Assets	21	3,487,384	1,041,807	4,570,792
Fees and Charges	5	39,189,009	39,556,828	38,526,436
Other Revenue		876,345	160,000	605,058
		<b>144,287,781</b>	<b>141,326,902</b>	<b>142,859,464</b>
<b>EXPENSE</b>				
Employee Costs		(59,362,400)	(59,888,303)	(56,814,375)
Materials and Contracts		(46,491,694)	(52,959,486)	(46,504,500)
Utilities		(5,829,709)	(6,276,093)	(5,733,481)
Depreciation, Impairment & Revaluation Decrement	4	(31,113,672)	(27,123,831)	(29,582,283)
Loss on Disposal of Assets	21	(135,460)	(1,560,531)	(239,802)
Interest Expense	23(a)	(641,628)	(667,100)	(455,328)
Insurance		(1,557,887)	(1,623,138)	(1,612,867)
		<b>(145,132,450)</b>	<b>(150,098,482)</b>	<b>(140,942,636)</b>
<b>Net Result from Operating Activities</b>		<b>(844,669)</b>	<b>(8,771,580)</b>	<b>1,916,828</b>
<b>Non-Operating Activities</b>				
Grants and Subsidies	6	10,684,954	12,797,452	8,952,318
Other Capital Contributions		674,487	912,046	406,950
Equity Distribution		-	3,333,333	-
<b>Profit/(Loss)</b>		<b>10,514,772</b>	<b>8,271,251</b>	<b>11,276,096</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	16	37,065,825	-	112,874,638
<b>Total Other Comprehensive Income</b>		<b>37,065,825</b>	<b>-</b>	<b>112,874,638</b>
<b>Total Comprehensive Income</b>		<b>47,580,597</b>	<b>8,271,251</b>	<b>124,150,734</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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>REVENUE</b>				
Governance		3,496,029	34,700	5,007,969
General Purpose Funding		99,057,350	99,706,471	97,833,156
Law, Order, Public Safety		943,119	1,063,125	843,521
Health		416,177	367,500	404,742
Education and Welfare		336,175	431,476	498,887
Community Amenities		23,214,154	23,496,752	23,042,307
Recreation and Culture		10,431,874	10,424,977	10,236,243
Transport		4,362,783	3,916,694	4,043,849
Other Property & Services		2,030,120	1,885,207	948,790
		<b>144,287,781</b>	<b>141,326,902</b>	<b>142,859,464</b>
<b>EXPENSE EXCLUDING FINANCE COSTS</b>				
Governance		(8,698,503)	(6,721,904)	(8,339,651)
General Purpose Funding		(2,262,925)	(2,262,655)	(2,430,390)
Law, Order, Public Safety		(5,978,576)	(5,991,752)	(5,360,891)
Health		(1,960,043)	(1,966,639)	(1,863,789)
Education and Welfare		(2,642,997)	(2,787,232)	(2,648,504)
Community Amenities		(28,161,992)	(30,361,626)	(29,500,940)
Recreation & Culture		(50,599,141)	(50,019,510)	(48,239,100)
Transport		(33,921,583)	(33,430,051)	(34,829,287)
Economic Services		(1,179,518)	(1,204,200)	(1,384,121)
Other Property & Services		(9,085,544)	(14,685,813)	(5,890,634)
		<b>(144,490,822)</b>	<b>(149,431,382)</b>	<b>(140,487,307)</b>
<b>Net Operating Surplus before Finance Costs</b>		<b>(203,041)</b>	<b>(8,104,480)</b>	<b>2,372,156</b>
<b>Finance Costs</b>				
General Purpose Funding		(641,628)	(667,100)	(455,328)
<b>Net Result from Operating Activities</b>		<b>(844,669)</b>	<b>(8,771,580)</b>	<b>1,916,828</b>
<b>Non-Operating Activities</b>				
Grants and Subsidies	6	10,684,954	12,797,452	8,952,318
Other Capital Contributions		674,487	912,046	406,950
Equity Distribution		-	3,333,333	-
<b>Profit/(Loss)</b>		<b>10,514,772</b>	<b>8,271,251</b>	<b>11,276,096</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	16	37,065,825	-	112,874,638
<b>Total Other Comprehensive Income</b>		<b>37,065,825</b>	<b>-</b>	<b>112,874,638</b>
<b>Total Comprehensive Income</b>		<b>47,580,597</b>	<b>8,271,251</b>	<b>124,150,734</b>

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

**CITY OF JOONDALUP  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	7	86,595,746	89,170,901
Trade and Other Receivables	8	4,621,753	4,718,551
Inventories		70,380	70,370
<b>TOTAL CURRENT ASSETS</b>		<b>91,287,879</b>	<b>93,959,822</b>
<b>NON-CURRENT ASSETS</b>			
Non-Current Receivables	8	1,605,991	1,520,537
Equity Investments	9	8,861,001	8,628,975
Property, Plant and Equipment	10	341,472,553	294,085,611
Infrastructure Assets	11	985,180,007	984,740,836
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,337,119,552</b>	<b>1,288,975,959</b>
<b>TOTAL ASSETS</b>		<b>1,428,407,431</b>	<b>1,382,935,781</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	12	10,811,784	12,803,069
Borrowings	13	2,126,295	1,823,565
Provisions	14	12,249,526	12,336,956
<b>TOTAL CURRENT LIABILITIES</b>		<b>25,187,605</b>	<b>26,963,590</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	12,155,655	12,512,950
Provisions	14	1,629,837	1,845,280
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>13,785,492</b>	<b>14,358,230</b>
<b>TOTAL LIABILITIES</b>		<b>38,973,097</b>	<b>41,321,820</b>
<b>NET ASSETS</b>		<b>1,389,434,334</b>	<b>1,341,613,961</b>
<b>EQUITY</b>			
Retained Surplus		551,895,335	540,602,731
Reserve Accounts	15	65,142,739	65,680,795
Reserves - Asset Revaluation	16	772,396,260	735,330,435
<b>TOTAL EQUITY</b>		<b>1,389,434,334</b>	<b>1,341,613,961</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 2016**

	NOTE	2016 Actual \$	2015 Actual \$
<b>RETAINED SURPLUS</b>			
Balance as at 1 July 2015		540,602,731	540,574,722
Net result		10,514,772	11,276,096
Transfer from/(to) Reserves		538,056	(11,808,747)
Transfer from/(to) Trust Funds	20	239,776	560,660
<b>Balance as at 30 June 2016</b>		<b>551,895,335</b>	<b>540,602,731</b>
<b>RESERVES ACCOUNTS</b>			
Balance as at 1 July 2015		65,680,795	53,872,048
Transfer from/(to) Retained Surplus		(538,056)	11,808,747
<b>Balance as at 30 June 2016</b>	15	<b>65,142,739</b>	<b>65,680,795</b>
<b>RESERVES - ASSET REVALUATION</b>			
Balance as at 1 July 2015		735,330,435	612,604,363
Balance Adjustment		-	9,851,434
Change in Revaluation		37,065,825	112,874,638
<b>Balance as at 30 June 2016</b>	16	<b>772,396,260</b>	<b>735,330,435</b>
<b>TOTAL EQUITY</b>		<b>1,389,434,334</b>	<b>1,341,613,961</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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		92,293,416	91,822,750	87,027,875
Grants and Subsidies		2,169,849	4,230,505	5,849,873
Contributions, Reimbursements and Donations		1,874,894	908,197	1,419,787
Fees and Charges		39,276,458	39,478,409	39,071,216
Interest Earnings		3,991,205	3,507,515	5,134,588
Good and Services Tax		239,218	-	-
Other		793,234	160,000	519,753
		<u>140,638,274</u>	<u>140,107,376</u>	<u>139,023,092</u>
<b>Payments</b>				
Employee Costs		(59,662,941)	(58,931,303)	(56,464,237)
Materials and Contracts		(48,383,667)	(52,215,696)	(44,455,604)
Utilities		(5,829,709)	(6,276,093)	(5,733,481)
Insurance		(1,557,887)	(1,623,138)	(1,612,867)
Interest Expense		(641,628)	(667,100)	(455,328)
Goods and Services Tax		-	-	(285,595)
		<u>(116,075,832)</u>	<u>(119,713,330)</u>	<u>(109,007,112)</u>
<b>Net Cash Provided By Operating Activities</b>	17	<b>24,562,442</b>	<b>20,394,046</b>	<b>30,015,980</b>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(18,630,270)	(20,041,454)	(4,272,503)
Payments for Construction of Infrastructure		(24,832,434)	(28,963,634)	(31,706,469)
Capital Investment Mindarie RC		(44,674)	(44,683)	(42,126)
Distributions received from Tamala Park Regional Council		2,551,667	3,333,333	5,237,093
Materials Recovery Facility		-	-	399,083
Grants/Contributions for the Development of Assets		11,090,307	13,709,498	9,281,247
Proceeds from Sale of Assets		2,542,596	5,490,375	528,315
		<u>(27,322,808)</u>	<u>(26,516,565)</u>	<u>(20,575,360)</u>
<b>Net Cash Used In Investing Activities</b>		<b>(27,322,808)</b>	<b>(26,516,565)</b>	<b>(20,575,360)</b>
<b>Cash Flows from Financing Activities</b>				
Transfer from Trust Fund		239,776	-	560,660
Proceeds from Borrowing		1,769,000	2,498,000	8,500,000
Repayment of Borrowings	23(a)	(1,823,565)	(2,191,223)	(1,399,466)
		<u>185,211</u>	<u>306,777</u>	<u>7,661,194</u>
<b>Net Cash Provided By (Used in) Financing Activities</b>		<b>185,211</b>	<b>306,777</b>	<b>7,661,194</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(2,575,155)</b>	<b>(5,815,742)</b>	<b>17,101,814</b>
Cash at Beginning of Year		89,170,901	77,823,483	72,069,087
<b>Cash and Cash Equivalents at the End of the Year</b>	7	<u><b>86,595,746</b></u>	<u><b>72,007,741</b></u>	<u><b>89,170,901</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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>OPERATING REVENUE</b>				
Rates		92,482,511	91,943,233	87,213,374
Government Grants & Subsidies - Operating		2,169,849	4,230,505	5,849,873
Contributions, Reimbursements and Donations - Operating		1,874,894	908,197	1,419,787
Profit on Disposal		3,487,384	1,041,807	4,570,792
Fees & Charges		39,189,009	39,556,828	38,526,436
Interest Earnings		4,207,789	3,486,332	4,674,144
Other Revenue		876,345	160,000	605,058
		<u>144,287,781</u>	<u>141,326,902</u>	<u>142,859,464</u>
<b>OPERATING EXPENSES</b>				
Employee Costs		(59,362,400)	(59,888,303)	(56,814,375)
Materials & Contracts		(46,491,694)	(52,959,486)	(46,504,500)
Utilities		(5,829,709)	(6,276,093)	(5,733,481)
Depreciation, Impairment & Revaluation Decrement		(31,113,672)	(27,123,831)	(29,582,283)
Loss on Disposal		(135,460)	(1,560,531)	(239,802)
Insurance Expense		(1,557,887)	(1,623,138)	(1,612,867)
Interest Expense		(641,628)	(667,100)	(455,328)
		<u>(145,132,450)</u>	<u>(150,098,482)</u>	<u>(140,942,636)</u>
<b>SURPLUS/(DEFICIT) FROM OPERATIONS</b>		<b><u>(844,669)</u></b>	<b><u>(8,771,580)</u></b>	<b><u>1,916,828</u></b>
<b>OPERATING NON-CASH ADJUSTMENTS</b>				
Depreciation, Impairment & Revaluation Decrement		31,113,672	27,123,831	29,582,283
Loss on Disposal of Assets		135,460	1,560,531	239,802
Profit on Disposal of Assets		(3,487,384)	(1,041,807)	(4,570,792)
Movement in Non-current Items	27	(372,693)	125,000	(371,662)
<b>CASH SURPLUS/(DEFICIT) FROM OPERATIONS</b>		<b><u>26,544,386</u></b>	<b><u>18,995,975</u></b>	<b><u>26,796,459</u></b>
<b>NON-OPERATING REVENUE</b>				
Capital Grants		10,684,954	12,797,452	8,952,318
Contributions & Reimbursements - Non Operating		405,353	912,046	328,929
Equity Distribution - Tamala Park Regional Council		2,551,667	3,333,333	5,237,093
		<u>13,641,974</u>	<u>17,042,831</u>	<u>14,518,340</u>
<b>CAPITAL EXPENDITURE</b>				
Capital Projects		(6,123,632)	(7,199,800)	(2,929,898)
Capital Works		(35,259,558)	(39,739,288)	(31,706,469)
Motor Vehicle Replacement		(2,079,531)	(2,066,000)	(1,342,595)
Loan Repayments (Principal)		(1,823,565)	(2,191,223)	(1,399,466)
Equity Investment		(44,674)	(44,683)	(42,126)
		<u>(45,330,960)</u>	<u>(51,240,994)</u>	<u>(37,420,554)</u>
<b>CAPITAL SURPLUS/(DEFICIT)</b>		<b><u>(31,688,986)</u></b>	<b><u>(34,198,163)</u></b>	<b><u>(22,902,214)</u></b>
<b>SURPLUS/(DEFICIT) FROM OPERATIONS AND CAPITAL FUNDING</b>		<b><u>(5,144,600)</u></b>	<b><u>(15,202,188)</u></b>	<b><u>3,894,245</u></b>
Surplus Carried Forward		3,139,002	989,665	1,065,447
Proceeds from Disposal of Assets		2,542,596	5,490,375	528,315
Proceeds from Borrowings		1,769,000	2,498,000	8,500,000
Material Recovery Facility		-	-	399,083
Transfers from Reserves		19,198,661	18,243,437	7,520,243
Transfer to Reserves		(18,660,605)	(12,019,289)	(19,328,991)
Transfer from Trust Funds		239,776	-	560,660
<b>SURPLUS/(DEFICIT)</b>	35	<b><u>3,083,830</u></b>	<b><u>-</u></b>	<b><u>3,139,002</u></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 2016

This Financial Report is a general purpose financial report that consists of Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement 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 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, except where explicitly presented on a cash basis to report cash flow.

### **(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 net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of current assets or current liabilities, as the case may be.

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.

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (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 less the estimated costs of completion and the estimated costs necessary to make the sale.

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*

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework prescribed by the Local Government (Financial Management) Regulations 1996. Property, plant and equipments are carried at fair value. Additions since the date of valuation are shown at cost and depreciated and it is considered that for those additions, cost less accumulated depreciation approximates their fair value. 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.

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

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

#### ***Revaluation***

All asset classes are revalued on a regular basis such that the carrying values are not materially different from their 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 revalued with sufficient regularity to ensure that the carrying amount does not differ significantly from that determined using fair value at the reporting date. Local Government (Financial Management) Regulations 1996 mandating the use of Fair Value impose a further minimum requirement that all assets carried at a revalued amount will be revalued at least every 3 years.

### **(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. All infrastructure assets are revalued in accordance with the mandatory measurement framework prescribed by the Local Government (Financial Management) Regulations 1996 and are carried at their fair value. 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.

#### ***Revaluation***

All infrastructure asset classes are revalued on a regular basis such that the carrying values are not materially different from their 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. All additions after the date of valuation are shown at cost less accumulated depreciation, where applicable, and it is considered that in those cases their carrying costs approximates the fair value. Depreciation has been charged to the Statement of Comprehensive Income.

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 revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date. Local Government (Financial Management) Regulations 1996 mandating the use of Fair Value impose a further minimum requirement that all assets carried at a revalued amount will be revalued at least every 3 years.

## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (i) Infrastructure Assets (Continued)

#### *Land under Roads*

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

### (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	1.0%-10.0%
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**

Fencing	3.33%-6.67%
Furniture and Amenities	2.0%-10.0%
Hard Landscaping	2.0%-10.0%
Irrigation	2.0%-5.0%
Marine	5.0%
Park and POS Signage	5.0%-6.67%
Playspace	5.0%
POS Structure	1.0%-5.0%
Soft Landscaping	2.5%-10.0%
Sporting Infrastructure	2.0%-10.0%
Waste	10.0%

##### **Engineering**

Roads/Traffic Management	1.0%-3.33%
Footpaths	1.0%-10.0%
Drainage	1.0%-1.33%
Car parking	1.0%-3.33%
Bridges and Underpasses	1.0%-1.43%
Lighting	2.5%-4.0%
Other Infrastructure Assets	1.43%-10.0%

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

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

### **(k) Financial Assets**

#### **Classification**

The City classifies its financial assets in the categories '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 recognition.

#### **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.



## 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Impairment (Continued)

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 City 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.

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

### **(q) Provisions (Continued)**

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

### **(r) Leases**

City do not own any assets under finance leases. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

### **(s) 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.

### **(t) Grants, Donations and Other Contributions**

All grants, donations and other contributions in respect of which the City is not required to make a reciprocal transfer of economic benefits are recognised as revenue when the City obtains control over the assets comprising the contribution.

After being recognised as revenue, conditional grants and contributions are recognised as an expense and liability when the City fails to meet the specific conditions attached to a grant or contribution and becomes liable for its re-payment or refund.

Capital grants unspent are treated as restricted assets and are deducted from the available funds in the determination of the Opening and Closing Funds for the purpose of the Rate Setting Statement.

### **(u) Superannuation**

The City of Joondalup makes statutory contributions to the WA Local Government Superannuation Plan and other Funds as nominated by its employees. The expense related to these contributions is recognised in the Statement of Comprehensive Income.

### **(v) 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.

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

### **(w) Rounding Off Figures**

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

### **(x) Comparative Figures**

Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year (Refer Note 36).

### **(y) 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.

### **(z) 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.

### **(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.

### **(zb) 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 2016, and the City's assessment of these new standards and interpretations are provided below.

CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016

<b>1. SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>			
<b>New Accounting Standards and Interpretations (continued)</b>			
<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable (1)</b>	<b>Impact</b>
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 City, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations[AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3:Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the City's financial statements.

CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016

<b>1. SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>			
<b>New Accounting Standards and Interpretations (continued)</b>			
<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable (1)</b>	<b>Impact</b>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation[AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is consumption of the economic benefits embodied in an intangible asset. Given the City currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the it will require changes to reflect the impact of AASB 15.
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards -	March 2015	1 July 2016	Related Party Disclosures to include not-for-profit sector entities. The objective of this Standard is to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be

CITY OF JOONDALUP  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2016

<b>1. SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>			
<b>New Accounting Standards and Interpretations (continued)</b>			
<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable (1)</b>	<b>Impact</b>
Extending Related Party Disclosures to Not-for-Profit Public Sector Entities[AASB 10, 124 & 1049]			necessary.
Notes: (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities			



## **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.

## **2. PROGRAM ACTIVITIES (Continued)**

### **(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**

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

## **3. RATING AND VALUATIONS**

### **(a) Gross Rental Values**

The Western Australian Land Information Authority (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 2014 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 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 2016.

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 2015-16 financial year after taking into account all non-rate sources of income.

### 3. RATING AND VALUATIONS (Continued)

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

**Residential 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.

**Residential Vacant** - 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 and is higher than residential improved property to recognise the different valuation method and in an effort to promote development of this category of property thereby stimulating growth and development in the community.

**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 Vacant** – 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 Vacant** – 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 \$828 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 \$846 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 2015-16 financial year.

### 3. RATING AND VALUATIONS (Continued)

#### (e) Rates Early Payment 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 within 28 days of the issue date on the annual rate notice:
- Eligibility to enter the early payment incentive draw which included a range of prizes sponsored by a number of organisations and thus at no cost to the City, as well as a vehicle purchased by the City.
- A pool of prize winners was chosen by a computerised random selection process, the integrity of which has been authenticated by the City's internal auditor. The winners were invited to attend a prize draw function during which the prizes were allocated in a secondary draw process.

The total cost of the rates early payment incentives was as follows:

	2016 Actual \$	2016 Budget \$	2015 Actual \$
Rates - Early Payment Incentives & Prizes	39,934	40,000	31,194
	39,934	40,000	31,194

#### (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.

- **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, instalment charge, plus the total outstanding arrears payable within 35 days of date of issue of the annual rate notice.

### 3. RATING AND VALUATIONS (Continued)

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, 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, 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, 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 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 of rates and refuse charges.

#### **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 \$52.00 if paid by another method. Penalty interest of 11.00% pa was applied to the outstanding balance until the account was paid in full.

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

	2016 Actual \$	2016 Budget \$	2015 Actual \$
Interest on Outstanding Rates	638,919	650,800	674,207
Instalment Administration Charges	615,982	623,600	616,413
	1,254,901	1,274,400	1,290,620

Ratepayers had the option of paying rates in four equal instalments, due on 21 August 2015, 23 October 2015, 25 December 2015 and 26 February 2016. 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 11.00% 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

### **3. RATING AND VALUATIONS (Continued)**

#### **(g) Late Payment Interest (Continued)**

private swimming pool inspection fees 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.

#### **(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 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 the Department of Fire and Emergency Services (DFES) 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 DFES in quarterly payments – September 2015 (30%), December 2015 (30%), March 2016 (30%) and June 2016 (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 DFES 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 the provisions of the Waste Avoidance and Resource Recovery Act 2007 imposed the following domestic refuse charges for the 2015-16 financial year, including a charge for a recycling service to be provided to all ratepayers:

- \$346.00 per existing unit serviced, and
- Collection from within the property boundary: Additional cost \$56.00 (inclusive of GST).
- New service \$346.00 plus cost of bin and bin delivery \$66.00 (inclusive of GST).

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

The Council, in accordance with the provisions of the Building Act 2011 imposed for the 2015-2016 financial year, a Private Swimming Pool Inspection Fee of \$34.43 on those properties owning a private swimming pool.



### **3. RATING AND VALUATIONS (Continued)**

#### **(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 2015-16 financial year, a specified area rate for the area of Iluka for maintaining enhanced landscaping services.

A rate in the dollar of 0.49046¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$280,881.43.

#### **(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 2015-16 financial year, a specified area rate for the area of Woodvale Waters for maintaining enhanced landscaping services.

A rate in the dollar of 0.53238¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$19,815.38

#### **(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 2015-16 financial year, a specified area rate for the area of Harbour Rise for maintaining enhanced landscaping services.

A rate in the dollar of 0.53069¢ was charged on the Gross Rental Value on each property with a total rateable value which levied income of \$115,271.19.

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

The total value of rates and charges from previous years written off during the year was \$10,456.00 (2015 - \$11,284.00).

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

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

CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016

**3. RATING AND VALUATIONS (Continued)**

**(q) STATEMENT OF RATING INFORMATION**

	General Rates				Minimum Payments				Total			Budget
	Ratable Value \$	No of Properties	Rate Cents in \$	Rate Yield \$	Ratable Value \$	No of Properties	Minimum Payment	Rate Yield \$	Ratable Value	No of Properties	Rate Yield \$	Rate Yield \$
<b><u>Differential General Rate - GRV</u></b>												
Residential Improved	1,255,205,898	53,173	5.1849	65,081,179	81,619,822	5,515	828	4,566,420	1,336,825,720	58,688	69,647,599	69,647,602
Residential Vacant	22,681,200	1,122	10.3698	2,351,995	776,720	114	846	96,444	23,457,920	1,236	2,448,439	2,448,439
Commercial Improved	277,410,276	900	6.3443	17,599,740	310,404	32	846	27,072	277,720,680	932	17,626,812	17,626,812
Commercial Vacant	1,162,000	24	10.3698	120,497	-	-	846	-	1,162,000	24	120,497	120,497
Industrial Improved	25,752,336	381	5.8035	1,494,537	49,948	4	846	3,384	25,802,284	385	1,497,921	1,497,921
Industrial Vacant	315,000	7	10.3698	32,665	-	-	846	-	315,000	7	32,665	32,665
	<b>1,582,526,710</b>	<b>55,607</b>		<b>86,680,613</b>	<b>82,756,894</b>	<b>5,665</b>		<b>4,693,320</b>	<b>1,665,283,604</b>	<b>61,272</b>	<b>91,373,933</b>	<b>91,373,936</b>
<b><u>Differential General Rate - UV</u></b>												
Residential	1,580,000	1	0.9432	14,903	-	-	-	-	1,580,000	1	14,903	14,902
Rural	1,730,000	2	0.9386	16,238	-	-	-	-	1,730,000	2	16,238	16,238
<b>Total UV</b>	<b>3,310,000</b>	<b>3</b>		<b>31,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,310,000</b>	<b>3</b>	<b>31,141</b>	<b>31,140</b>
Interim Rates											701,401	170,000
<b>Total Rate Levy</b>	<b>1,585,836,710</b>	<b>55,610</b>		<b>86,711,754</b>	<b>82,756,894</b>	<b>5,665</b>		<b>4,693,320</b>	<b>1,668,593,604</b>	<b>61,275</b>	<b>92,106,475</b>	<b>91,575,076</b>
Early Payment Prizes (Note 3(e))											(39,934)	(40,000)
<b>Net General Rates</b>											<b>92,066,541</b>	<b>91,535,076</b>
<b><u>Specified Area Rates - GRV</u></b>												
Iluka	55,884,980	1,799	0.49046	274,093	-	-	-	-	55,884,980	1,799	274,093	274,091
Iluka - Interim Adjustments	-	-	-	6,789	-	-	-	-	-	-	6,789	-
Woodvale Waters	3,715,140	138	0.53238	19,779	-	-	-	-	3,715,140	138	19,779	19,779
Woodvale Waters - Interim Adjustments	-	-	-	37	-	-	-	-	-	-	37	-
Harbour Rise	21,535,300	500	0.53069	114,286	-	-	-	-	21,535,300	500	114,286	114,287
Harbour Rise-Interim Adjustments	-	-	-	986	-	-	-	-	-	-	986	-
<b>Total Specified Area Rates</b>	<b>81,135,420</b>	<b>2,437</b>		<b>415,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,135,420</b>	<b>2,437</b>	<b>415,970</b>	<b>408,157</b>
<b>Total Rates Revenue</b>											<b>92,482,511</b>	<b>91,943,233</b>

CITY OF JOONDALUP  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2016

4. REVENUE AND EXPENSES	Note	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Result from Ordinary Activities</b>				
<b>Contributions, Reimbursements and Donations</b>				
Contributions and Donations		255,704	249,620	293,947
Reimbursements and Recoveries		1,619,190	658,577	1,125,840
		<b>1,874,894</b>	<b>908,197</b>	<b>1,419,787</b>
<b>Audit Expenses</b>				
Statutory Audit		32,500	34,000	34,500
Other Expenses		-	-	330
		<b>32,500</b>	<b>34,000</b>	<b>34,830</b>
<b>Depreciation, Impairment &amp; Revaluation Decrement</b>				
Buildings		5,008,526	5,041,266	5,041,283
Furniture and Equipment		481,728	344,626	383,299
Plant and Equipment		1,396,965	1,233,622	1,267,040
Parks and Reserves		3,525,783	2,040,378	3,627,984
Roads		11,380,233	11,353,622	11,582,713
Footpaths		2,018,679	1,855,264	1,871,316
Drainage		4,171,439	4,144,084	4,151,645
Bridges and Under Passes		346,613	346,516	346,515
Lighting		1,009,823	-	-
Other Infrastructure		285,170	764,453	1,308,603
Impairment/Revaluation Decrement		1,488,713	-	1,885
		<b>31,113,672</b>	<b>27,123,831</b>	<b>29,582,283</b>
<b>Interest Earnings</b>				
Interest earned on Reserve Accounts		1,617,316	1,389,121	1,840,477
Interest on Outstanding rates		638,919	650,800	674,207
Interest earned on Other Investments		1,951,554	1,446,111	2,159,460
		<b>4,207,789</b>	<b>3,486,332</b>	<b>4,674,144</b>

CITY OF JOONDALUP  
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5 FEES & CHARGES	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>By Nature</b>			
Rubbish Collection Fees	20,207,978	20,406,666	20,073,556
Membership Fees	2,052,319	2,232,667	2,163,516
Admission Fees	1,823,439	1,968,279	1,845,391
Building Licence Fees	630,680	810,000	763,149
Learn to Swim Program Fees	2,368,094	2,325,308	2,252,318
Court Sport Revenue	631,326	631,562	594,126
Facilities Hire	911,532	843,981	888,175
Development Application Fees	808,471	900,000	827,512
Property Rental	859,672	737,660	756,129
Inspection Fees	926,977	931,936	835,516
Land Purchase Enquiries Fees	229,124	245,000	257,086
Parking Infringements	1,274,125	977,000	1,091,212
Other infringements and fines	332,237	289,380	309,795
Commission	160,257	173,931	188,621
On-Street Parking Fees	1,011,876	1,136,925	973,648
Off Street Parking Fees	1,126,568	1,043,658	998,267
Cash in Lieu of Parking Spaces	135,000	-	-
Multi Storey Car Parking Fees	85,890	184,780	-
Term Programme Activities Fees	267,456	379,267	296,552
Dog Registration Fees	546,920	513,310	527,448
Cat Registration Fee	66,864	76,964	69,284
Eating House Licences & Registrations	86,241	60,000	82,264
Environmental Health Services - Immunisation	103,260	88,000	104,451
Merchandise Sales & Other Sales	462,557	448,916	442,732
Rates Instalment Administration Charges	615,982	623,600	616,413
Other Miscellaneous Charges	1,464,164	1,528,038	1,569,275
	<b>39,189,009</b>	<b>39,556,828</b>	<b>38,526,436</b>
<b>By Program</b>			
General Purpose Funding	972,565	997,941	984,412
Law, Order & Public Safety	914,394	1,033,934	802,626
Health	408,137	357,000	394,067
Education & Welfare	209,068	192,572	175,116
Community Amenities	23,021,162	23,326,102	22,937,388
Recreation & Culture	8,971,774	9,283,935	8,920,927
Transport	4,181,330	3,898,544	3,832,813
Other Property and Services	510,579	466,800	479,086
	<b>39,189,009</b>	<b>39,556,828</b>	<b>38,526,436</b>

CITY OF JOONDALUP  
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6. GRANT REVENUE AND SUBSIDIES	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>By Nature and Type:</b>			
<b>Grants and Subsidies - operating</b>			
Dept. for Child Protection and Family Support	23,153	92,038	99,139
Dept. for Local Government and Communities	20,980	1,000	1,000
Dept. of Family and Community Services	-	-	26,467
Dept. of Sport and Recreation	205,350	203,350	65,000
Dept. of Fire and Emergency Services	90,554	122,845	97,596
Grants Commission	1,651,560	3,536,672	5,225,859
Dept. of Infrastructure and Transport	-	-	30,000
Healthways	44,500	68,100	39,500
Lotteries Commission	80,629	90,000	128,000
Other Grants	53,123	116,500	137,312
	<b>2,169,849</b>	<b>4,230,505</b>	<b>5,849,873</b>
<b>Grants and Subsidies - non-operating</b>			
Black Spot Funding	611,176	866,000	172,609
Regional & Local Community Infrastructure Programme	39,725	-	-
Main Roads Direct Grant	375,800	416,000	398,700
Main Roads-Federal Assistance	1,008,079	2,069,486	3,185,472
Metro Regional Road Programme	2,711,897	3,121,514	3,667,920
Roads to Recovery Programme	2,807,056	1,964,558	1,050,000
Main Roads - Other	600,000	471,333	-
Lotterywest	35,176	45,000	-
Department of Transport	1,494,434	1,110,000	-
Department of Sport	976,611	2,616,561	-
Other Government Grants	25,000	117,000	477,617
	<b>10,684,954</b>	<b>12,797,452</b>	<b>8,952,318</b>
<b>Total Grant Revenue</b>	<b>12,854,803</b>	<b>17,027,957</b>	<b>14,802,191</b>
<b>By Program:</b>			
Governance	-	-	5,225,860
Gen Purpose Funding	1,651,560	3,536,672	7,929
Law, Order and Public Safety	-	-	30,947
Education & Welfare	100,262	228,038	271,995
Community Amenities	1,000	232,000	909
Recreation & Culture	2,804,635	3,499,511	566,230
Transport	8,206,792	8,908,891	8,522,783
Economic Services	-	500,000	41,578
Oth Property & Services	90,554	122,845	133,960
<b>Total Grant Revenue</b>	<b>12,854,803</b>	<b>17,027,957</b>	<b>14,802,191</b>

CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016

6 (a) CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Balance as at 01/07/2014 (1)	Received 2014/15 (2)	Expended 2014/15 (3)	Balance as at 30/06/2015 (1)	Received 2015/16 (2)	Expended 2015/16 (3)	Balance as at 30/06/2016
Operating Grants	-	624,014	(624,014)	-	518,289	503,439	14,850
<b>Total</b>	<b>-</b>	<b>624,014</b>	<b>(624,014)</b>	<b>-</b>	<b>518,289</b>	<b>503,439</b>	<b>14,850</b>
<u>Non-operating Grants:</u>							
Building Construction	-	41,578	(41,578)	-	49,725	(10,000)	39,725
New Paths	-	98,395	(80,856)	17,539	35,176	(52,715)	-
Path Replacement	-	-	-	-	992,057	(493,875)	498,182
Major Projects	-	187,500	-	187,500	1,703,661	(1,870,464)	20,697
Parks Equipment	6,180	450,323	(456,503)	-	15,094	(15,094)	-
Parking Facilities	-	28,750	(28,750)	-	66,569	(66,569)	-
Major Road Construction	-	2,173,333	(397,084)	1,776,249	2,696,589	(3,611,197)	861,641
Road Preservation & Resurfacing	28,437	6,128,759	(6,157,196)	-	4,794,832	(4,794,832)	-
Blackspot	39,615	172,609	(212,224)	-	611,176	(603,868)	7,308
Street Lighting	-	-	-	-	125,428	(125,428)	-
<b>Total</b>	<b>74,232</b>	<b>9,281,247</b>	<b>(7,374,191)</b>	<b>1,981,288</b>	<b>11,090,307</b>	<b>(11,644,042)</b>	<b>1,427,553</b>

Notes:

(1) – Grants/contributions previously recognised as revenue that were not expended at the commencement of the reporting period.

(2) – New grants/contributions which were recognised as revenues during the reporting period.

(3) – Grants/contributions which had been recognised as revenues in a previous reporting period and current reporting period and which were expended in the current reporting period in the manner specified by the contributor.



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FOR THE YEAR ENDED 30 JUNE 2016

7. CASH AND CASH EQUIVALENTS	Note	2016 \$	2015 \$
Cash on Hand		11,195	11,045
Cash at Bank		33,551	3,996,856
11AM Deposits		3,251,000	6,643,000
Term Deposits		83,300,000	78,520,000
		<u>86,595,746</u>	<u>89,170,901</u>
Unrestricted		21,453,007	23,490,106
Restricted	15	65,142,739	65,680,795
		<u>86,595,746</u>	<u>89,170,901</u>

**8. TRADE AND OTHER RECEIVABLES**

**Current**

Rates Outstanding (Including Refuse and Swimming Pool Insp)		1,170,884	981,789
Sundry Debtors		875,036	1,022,331
Prepayments		391,900	507,864
Accrued Income		1,340,149	1,123,565
GST Receivable-NET		846,284	1,085,502
Less Provision for Doubtful Debts		(2,500)	(2,500)
		<u>4,621,753</u>	<u>4,718,551</u>

**Non-Current**

Rates/ESL Receivable - Pensioners Deferred		1,533,528	1,468,650
Long Service Leave Due From - Other Councils		72,463	51,887
		<u>1,605,991</u>	<u>1,520,537</u>

**9. EQUITY CONTRIBUTIONS IN OTHER UNLISTED ENTITIES**

Capital Investment - Mindarie Regional Council		628,452	583,778
Capital Investment - Tamala Park Regional Council		8,202,933	8,015,581
Local Government House		29,616	29,616
		<u>8,861,001</u>	<u>8,628,975</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 has been 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.

## 9. EQUITY CONTRIBUTIONS IN OTHER UNLISTED ENTITIES (Continued)

- 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.

The current fair value of equity is estimated at \$8,202,933. TPRC had subdivided and sold 137 lots measuring an area of 41,465m<sup>2</sup> of land during the year with a total sales value of \$38,539,493. The City's share of sales proceeds after deducting development and selling costs was \$3,214,137. The City made a profit of \$2,730,383 from the sale of land.

The City has received the audited financial statements of Tamala Park Regional Council for the year ended 30 June 2016. The City's share of Net Result of operations of Tamala Park Regional Council was \$83,114. This amount was credited to the Statement of Comprehensive Income in accordance with the equity method of accounting.

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

CITY OF JOONDALUP  
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## 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 Valuation	Balance at 30/06/2015 \$	Additions \$	Disposals \$	Transfers, Adjustments & Revaluation \$	Balance at 30/06/2016 \$
Freehold Land	98,667,947	146,976	(1,634,573)	-	97,180,350
Buildings	171,417,743	19,813,498	(49,633)	165,129,666	356,311,274
Artworks	821,296	15,740	-	-	837,036
Furniture, Computer Equipment & Computer Software	5,946,503	601,204	-	-	6,547,707
Fleet, Plant & Equipment	14,144,745	2,391,450	(1,053,357)	111,034	15,593,872
Easements	459	-	-	-	459
	<b>290,998,693</b>	<b>22,968,868</b>	<b>(2,737,563)</b>	<b>165,240,700</b>	<b>476,470,698</b>
Accumulated Depreciation	Balance at 30/06/2015 \$	Disposals \$	Depreciation \$	Transfers, Adjustments & Revaluation \$	Balance at 30/06/2016 \$
Freehold Land	-	-	-	-	-
Buildings	(10,839,413)	28,282	(5,008,526)	(128,188,416)	(144,008,073)
Furniture, Computer Equipment & Computer Software	(4,970,652)	-	(481,728)	-	(5,452,380)
Fleet, Plant & Equipment	(2,293,796)	283,121	(1,396,965)	13,735	(3,393,905)
Easements	-	-	-	-	-
	<b>(18,103,861)</b>	<b>311,403</b>	<b>(6,887,219)</b>	<b>(128,174,681)</b>	<b>(152,854,358)</b>
Written-Down Value	Balance at 30/06/2015 \$	Additions \$	Disposals \$	Depreciation, Adjustments & Revaluation \$	Balance at 30/06/2016 \$
Freehold Land	98,667,947	146,976	(1,634,573)	-	97,180,350
Buildings	160,578,330	19,813,498	(21,351)	31,932,724	212,303,201
Artworks	821,296	15,740	-	-	837,036
Furniture, Computer Equipment & Computer Software	975,851	601,204	-	(481,728)	1,095,327
Plant & Equipment	11,850,949	2,391,450	(770,236)	(1,272,196)	12,199,967
Easements	459	-	-	-	459
	<b>272,894,832</b>	<b>22,968,868</b>	<b>(2,426,160)</b>	<b>30,178,800</b>	<b>323,616,340</b>
Capital Projects in Progress	Balance at 30/06/2015 \$	Additions \$	Capitalised \$	Impairment/ Adjustments \$	Balance at 30/06/2016 \$
Freehold Land	852	146,977	(146,976)	-	853
Buildings	20,684,951	15,348,512	(19,813,498)	188,161	16,408,126
Artworks	100,786	130,606	(15,740)	-	215,652
Furniture, Computer Equipment & Computer Software	302,951	653,238	(601,204)	-	354,985
Plant & Equipment	101,239	2,620,097	(2,391,450)	-	329,886
Tamala Park Land Development	-	546,711	-	-	546,711
	<b>21,190,779</b>	<b>19,446,141</b>	<b>(22,968,868)</b>	<b>188,161</b>	<b>17,856,213</b>
<b>Total</b>	<b>294,085,611</b>	<b>42,415,009</b>	<b>(25,395,028)</b>	<b>30,366,961</b>	<b>341,472,553</b>

## **10. PROPERTY, PLANT & EQUIPMENT (Continued)**

### **(a) Valuation of Property, Plant and Equipment:**

AASB 13 Fair Value Measurement sets out the framework for measurement of fair value. This Standard requires fair value to be measured according to the following hierarchy.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The City's buildings were revalued at 30 June 2016 by management. All the buildings were classified under the 'Current Use' type assets, which cannot be traded in the open market. These assets 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 current use (non-market) type assets is Level 3.

The revaluation resulted in an overall increase of \$36,941,250 in the net value of the City's buildings. This increase in net value has been credited directly to the Revaluation Reserve in Equity.

As per the statutory requirement of regulation 17A of the Local Government (Financial Management) Regulations 1996 the City has revalued its Plant and Equipment as at 30 June 2016. Valuation of the City's fleet of motor vehicles was done by the management based on market-based evidence by appraisal and the valuation was completed using depreciated replacement cost (Level 3 inputs in the fair value measurement hierarchy as set out in AASB 13 Fair Value Measurement). Management assessed that for other items of plant and equipment, which do not have any observable market value, the carrying value of those items materially reflected their fair value as at 30 June 2016.

CITY OF JOONDALUP  
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**10. PROPERTY, PLANT & EQUIPMENT (Continued)**

**(b) Historical details of Property, Plant and Equipment Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of last valuation</b>	<b>Inputs Used</b>
<b>Land - Freehold</b>	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2013	Price per hectare
<b>Buildings</b>	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2016	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Easements</b>	3	Cost approach	Management valuation	June 2013	Unit count (Level 3)
<b>Artworks</b>	3	Valuer inspection and appraisal	Independent registered valuer	June 2015	Market based evidence, Current Replacement Cost (Level 3)
<b>Furniture, Computer Equipments and Computer</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Fleet, Plant and Equipment</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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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 Valuation

	Balance at 30/06/2015 \$	Classification Adjustment \$	Other Adjustments	Revised Balance at 30/06/2015 \$	Additions \$	Disposals \$	Impairment/ Adjustments \$	Balance at 30/06/2016 \$
Roads	742,401,953	-	429,980	742,831,933	6,404,036	-	-	749,235,969
Footpaths	96,010,584	-	7,131,350	103,141,934	920,583	-	(483,531)	103,578,986
Drainage	386,010,351	-	525,252	386,535,603	330,801	-	(28,771)	386,837,633
Parks and Reserves	183,401,466	(9,873,682)	1,813,041	175,340,825	2,995,005	-	(879,422)	177,456,408
Car Park	15,327,990	-	315,896	15,643,886	3,038,215	-	-	18,682,101
Bridges and Underpasses	31,367,723	-	4,706	31,372,429	28,736	-	-	31,401,165
Other Infrastructure	25,767,454	(24,654,092)	5,387	1,118,749	75,861	-	(329,419)	865,191
Lighting	-	34,527,774	(132,456)	34,395,318	1,352,945	-	(208,764)	35,539,499
Traffic Signals and Lighting	1,278,682	-	-	1,278,682	-	-	(1,278,682)	-
	<b>1,481,566,203</b>	<b>-</b>	<b>10,093,156</b>	<b>1,491,659,359</b>	<b>15,146,182</b>	<b>-</b>	<b>(3,208,589)</b>	<b>1,503,596,952</b>

#### Accumulated Depreciation

	Balance at 30/06/2015 \$	Classification Adjustment \$	Other Adjustments	Revised Balance at 30/06/2015 \$	Disposals \$	Depreciation \$	Impairment/ Adjustments \$	Balance at 30/06/2016 \$
Roads	(289,204,138)	-	-	(289,204,138)	-	(11,380,233)	-	(300,584,371)
Footpaths	(33,163,411)	-	(671,276)	(33,834,687)	-	(2,018,679)	266,444	(35,586,922)
Drainage	(124,453,379)	-	214,043	(124,239,336)	-	(4,171,439)	10,082	(128,400,693)
Parks and Reserves	(34,179,187)	1,615,760	(30,515)	(32,593,942)	-	(3,525,783)	411,497	(35,708,228)
Car Park	(5,088,567)	-	(7,139)	(5,095,706)	-	(245,434)	-	(5,341,140)
Bridges and Underpasses	(8,577,291)	-	(5)	(8,577,296)	-	(346,613)	-	(8,923,909)
Other Infrastructure	(12,916,978)	12,444,756	-	(472,222)	-	(39,736)	193,915	(318,043)
Lighting	-	(14,060,516)	253,170	(13,807,346)	-	(1,009,823)	48,482	(14,768,687)
Traffic Signals and Lighting	(810,807)	-	-	(810,807)	-	-	810,807	-
	<b>(508,393,758)</b>	<b>-</b>	<b>(241,722)</b>	<b>(508,635,480)</b>	<b>-</b>	<b>(22,737,740)</b>	<b>1,741,227</b>	<b>(529,631,993)</b>

#### Written-Down Value

	Balance at 30/06/2015 \$	Classification Adjustment \$	Other Adjustments \$	Revised Balance at 30/06/2015 \$	Additions \$	Depreciation \$	Impairment/ Adjustments \$	Balance at 30/06/2016 \$
Roads	453,197,815	-	429,980	453,627,795	6,404,036	(11,380,233)	-	448,651,598
Footpaths	62,847,173	-	6,460,074	69,307,247	920,583	(2,018,679)	(217,087)	67,992,064
Drainage	261,556,972	-	739,295	262,296,267	330,801	(4,171,439)	(18,689)	258,436,940
Parks and Reserves	149,222,279	(8,257,922)	1,782,526	142,746,883	2,995,005	(3,525,783)	(467,925)	141,748,180
Car Park	10,239,423	-	308,757	10,548,180	3,038,215	(245,434)	-	13,340,961
Bridges and Underpasses	22,790,432	-	4,701	22,795,133	28,736	(346,613)	-	22,477,256
Other Infrastructure	12,850,476	(12,209,336)	5,387	646,527	75,861	(39,736)	(135,504)	547,148
Lighting	-	20,467,258	120,714	20,587,972	1,352,945	(1,009,823)	(160,282)	20,770,812
Traffic Signals and Lighting	467,875	-	-	467,875	-	-	(467,875)	0
	<b>973,172,445</b>	<b>-</b>	<b>9,851,434</b>	<b>983,023,879</b>	<b>15,146,182</b>	<b>(22,737,740)</b>	<b>(1,467,362)</b>	<b>973,964,959</b>

	Balance at 30/06/2015 \$		Balance at 30/06/2015 \$	Additions \$	Classification Adjustment \$	Capitalised \$	Balance at 30/06/2016 \$
Capital Works in Progress							
Roads	101,864	-	101,864	13,004,474	(578,598)	(6,404,036)	6,123,704
Footpaths	11,411	-	11,411	1,417,854	482,457	(920,583)	991,139
Drainage	-	-	-	468,879	31,253	(330,801)	169,331
Parks and Reserves	697,441	-	697,441	4,787,968	149,444	(2,995,005)	2,639,848
Car Park	125,258	-	125,258	2,751,235	346,590	(3,038,215)	184,868
Bridges and Underpasses	-	-	-	36,470	(7,734)	(28,736)	-
Other Infrastructure	780,983	-	780,983	386,617	(1,091,739)	(75,861)	-
Lighting	-	-	-	1,978,937	480,166	(1,352,945)	1,106,158
	<b>1,716,957</b>	<b>-</b>	<b>1,716,957</b>	<b>24,832,434</b>	<b>(188,161)</b>	<b>(15,146,182)</b>	<b>11,215,048</b>
<b>Total</b>	<b>974,889,402</b>		<b>984,740,836</b>				<b>985,180,007</b>

## 11. INFRASTRUCTURE ASSETS (Continued)

### (a) Valuation of Infrastructure Assets:

As part of the implementation of an Integrated Asset Management System, the City has, during the year, brought all its infrastructure assets into an operating asset register integrated with its core financial system. The implementation process involved extensive analysis and review of existing repository data sets and inventory. The implementation process also involved reclassification of some of the asset classes to facilitate better control and more accurate reporting. This has resulted in a high level of confidence in the data relating to these assets.

The above implementation process required some changes in the value of some of the asset classes as reported in the financial statements for the year ended 30 June 2015. The resultant changes in opening balance of these asset classes (Net increase in opening infrastructure asset value of \$9,851,434) are shown in Note 11 under separate headings 'Classification adjustments' and 'other adjustments' to reflect the true nature of these changes. The corresponding changes for these adjustments are debited/credited to the respective Revaluation Reserves in Equity. The valuation methodology and assumptions used in the valuation of those assets involved are the same as were used for the assets in the same class to which they were moved to when those asset classes were earlier revalued.

AASB 13 Fair Value Measurement sets out the framework for measurement of fair value. This Standard requires fair value to be measured according to the following hierarchy.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Other than the adjustments made to the Revaluation Reserves as noted above, the City has not revalued any of its infrastructure assets during the year.

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**11. INFRASTRUCTURE ASSETS (Continued)**

**(b) Historical details of Infrastructure Assets Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last valuation	Inputs Used
<b>Roads</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
<b>Footpaths</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
<b>Car Park</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
<b>Drainage</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
<b>Bridges and Underpasses</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2014	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
<b>Parks and Reserves</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
<b>Lighting</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
<b>Other Infrastructure Assets</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)

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

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



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<b>12. TRADE AND OTHER PAYABLES</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Trade Payables		3,264,140	3,310,018
Sundry Payables		540,402	416,785
Accrued Expenses		5,061,026	7,155,658
Other Payables		1,946,216	1,920,608
		<u><b>10,811,784</b></u>	<u><b>12,803,069</b></u>

**13. BORROWINGS**

Current - Loan Borrowings		2,126,295	1,823,565
Non-Current Loan Borrowings		12,155,655	12,512,950
<b>Total Borrowings</b>	<b>23(a)</b>	<u><b>14,281,950</b></u>	<u><b>14,336,515</b></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.

**14. PROVISIONS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Provision for Annual Leave	4,172,735	4,095,880
Provision for Long Service Leave	5,061,135	4,643,096
Provision for Sick leave	259,569	239,608
Provision for Workers Compensation	2,700,766	3,305,383
Provision for Write-off of Assets	9,415	9,415
Provisions-Other	45,906	43,574
	<u><b>12,249,526</b></u>	<u><b>12,336,956</b></u>
<b>Non-Current</b>		
Provision for Long Service Leave	1,363,314	1,540,931
Provision for Long Service Leave due to Other Councils	266,523	304,349
	<u><b>1,629,837</b></u>	<u><b>1,845,280</b></u>

**15. RESERVES – CASH BACKED**

	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>(a) Non-Current Long Service Leave</b>			
Opening Balance	1,845,280	2,203,126	2,083,126
Amount Set Aside / Transfer to Reserve	-	125,000	-
Amount Used / Transfer from Reserve	<u>(215,444)</u>	<u>-</u>	<u>(237,846)</u>
	<u><b>1,629,836</b></u>	<u><b>2,328,126</b></u>	<u><b>1,845,280</b></u>

Created in 2012-13 to facilitate the funding of the non-current portion of long service leave liabilities to City employees.

**(b) Capital Expenditure Carried Forward Reserve**

Opening Balance	7,753,319	3,227,638	2,651,824
Amount Set Aside / Transfer to Reserve	4,992,179	-	7,650,788
Amount Used / Transfer from Reserve	<u>(6,841,992)</u>	<u>(3,062,810)</u>	<u>(2,549,293)</u>
	<u><b>5,903,506</b></u>	<u><b>164,828</b></u>	<u><b>7,753,319</b></u>

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

**(c) Cash in Lieu of Parking Reserve**

Opening Balance	1,207,832	1,205,780	1,166,052
Amount Set Aside / Transfer to Reserve	172,923	34,117	41,780
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>1,380,755</b></u>	<u><b>1,239,897</b></u>	<u><b>1,207,832</b></u>

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

**(d) Cash in Lieu of City Centre Parking Reserve**

Opening Balance	-	-	646,740
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>(646,740)</u>
	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

Renamed in 2010-11 with an updated purpose. The reserve is to hold funds received from developers as cash in lieu of providing car parking for developments within the Joondalup City Centre, and is to be used to fund future car parking requirements in the City Centre.

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

	<b>2016 Actual \$</b>	<b>2016 Budget \$</b>	<b>2015 Actual \$</b>
<b>(e) Joondalup Performing Arts and Cultural Facility Reserve</b>			
Opening Balance	11,327,438	11,257,320	11,084,101
Amount Set Aside / Transfer to Reserve	2,229,567	5,423,662	394,443
Amount Used / Transfer from Reserve	<u>(1,298,021)</u>	<u>(1,609,489)</u>	<u>(151,106)</u>
	<b><u>12,258,984</u></b>	<b><u>15,071,493</u></b>	<b><u>11,327,438</u></b>

Created in 2000-01 to assist with the design and development of a regional performing arts facility in the Joondalup City Centre. The reserve was renamed in 2005-06 and again in 2009-10 to more appropriately reflect its intent.

Transfer from accumulated surplus represents the net proceeds from the disposal of surplus land holdings and interest. The transfer to accumulated surplus was to fund the progression of the development of a Performing Arts and Cultural Facility, including the incorporation of a Jinan Garden at Lot 1001, Teakle Court.

**(f) Marmion Car Park Reserve**

Opening Balance	1,839,205	1,690,598	1,890,598
Amount Set Aside / Transfer to Reserve	29,554	-	65,645
Amount Used / Transfer from Reserve	<u>(1,690,598)</u>	<u>(1,690,598)</u>	<u>(117,038)</u>
	<b><u>178,161</u></b>	<b><u>-</u></b>	<b><u>1,839,205</u></b>

Created in 2013-14 to hold the State Government's contribution and the unspent portion of City of Joondalup funds for the future construction of a car park next to the Marmion Angling and Aquatic Club. The transfer from accumulated surplus represents interest and the transfer to accumulated surplus is to fund the car park construction project.

**(g) Ocean Reef Marina Project Reserve**

Opening Balance	161,701	468,938	656,671
Amount Set Aside / Transfer to Reserve	-	-	14,403
Amount Used / Transfer from Reserve	<u>(161,701)</u>	<u>(468,938)</u>	<u>(509,373)</u>
	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>161,701</u></b>

Created in 1998-99. The City renamed this reserve in 2009-10 and updated its purpose to the planning, development and management of the Ocean Reef Marina Project. Transfer from reserve to accumulated surplus was to partly fund the progression of the Local Structure Plan and Business Case for the Ocean Reef Marina Development Project.

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

	<b>2016 Actual \$</b>	<b>2016 Budget \$</b>	<b>2015 Actual \$</b>
<b>(h) Parking Facility Reserve</b>			
Opening Balance	5,046,252	3,106,594	6,798,791
Amount Set Aside / Transfer to Reserve	1,309,331	1,102,882	1,461,490
Amount Used / Transfer from Reserve	<u>(5,112,601)</u>	<u>(3,059,304)</u>	<u>(3,214,029)</u>
	<b><u>1,242,982</u></b>	<b><u>1,150,172</u></b>	<b><u>5,046,252</u></b>

Created in 2008-09 to hold the operating surpluses arising from paid parking in the Joondalup City Centre. The reserve is 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. Transfer to accumulated surplus is for partly funding the construction of Reid Promenade Multi Storey Car Park and to fund repayments on the \$8,500,000 loan taken in 2014-15 to construct the Multi Storey Car Park.

**(i) Public Art Reserve**

Opening Balance	124,323	61,104	155,941
Amount Set Aside / Transfer to Reserve	53,428	-	4,933
Amount Used / Transfer from Reserve	<u>(68,064)</u>	<u>(50,000)</u>	<u>(36,551)</u>
	<b><u>109,687</u></b>	<b><u>11,104</u></b>	<b><u>124,323</u></b>

Created in 2012-13 for the purpose of providing for the commissioning and purchase of public art works. The transfer from Accumulated Surplus represents interest. Transfer to accumulated surplus was to fund the permanent installation of public art work in the City Centre.

**(j) Section 20A Land Reserve**

Opening Balance	50,494	50,408	48,747
Amount Set Aside / Transfer to Reserve	1,501	1,426	1,747
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>51,995</u></b>	<b><u>51,834</u></b>	<b><u>50,494</u></b>

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)**

	<b>2016 Actual \$</b>	<b>2016 Budget \$</b>	<b>2015 Actual \$</b>
<b>(k) Specified Area Rating - Harbour Rise Reserve</b>			
Opening Balance	7,265	-	3,861
Amount Set Aside / Transfer to Reserve	7,319	-	3,404
Amount Used / Transfer from Reserve	-	-	-
	<u>14,584</u>	<u>-</u>	<u>7,265</u>

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Harbour Rise specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.

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

Opening Balance	9,845	-	4,035
Amount Set Aside / Transfer to Reserve	723	-	5,810
Amount Used / Transfer from Reserve	-	-	-
	<u>10,568</u>	<u>-</u>	<u>9,845</u>

Created to hold unspent funds levied for the purpose of undertaking enhanced landscaping services in the Iluka specified area. Transfer from accumulated surplus represents unspent funds levied during the year and interest.

**(m) Specified Area Rating - Woodvale Reserve**

Opening Balance	50,174	50,347	48,688
Amount Set Aside / Transfer to Reserve	1,489	1,425	1,740
Amount Used / Transfer from Reserve	(202)	-	(254)
	<u>51,461</u>	<u>51,772</u>	<u>50,174</u>

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

**(n) Strategic Asset Management Reserve**

Opening Balance	21,784,045	21,678,720	20,005,617
Amount Set Aside / Transfer to Reserve	3,726,947	1,127,994	1,836,441
Amount Used / Transfer from Reserve	(3,611,877)	(8,019,298)	(58,013)
	<u>21,899,115</u>	<u>14,787,416</u>	<u>21,784,045</u>

The reserve was created in 2010-11 from the merger of the old Strategic Asset Management and Asset Replacement Reserves, and is intended to fund the acquisition and development of new and renewal of existing City infrastructure and building assets. The transfer from accumulated surplus represents funds transferred and interest.

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

	<b>2016 Actual \$</b>	<b>2016 Budget \$</b>	<b>2015 Actual \$</b>
<b>(o) Tamala Park Land Sales Reserve</b>			
Opening Balance	7,019,586	7,012,050	1,699,465
Amount Set Aside / Transfer to Reserve	2,745,902	3,578,895	5,320,121
Amount Used / Transfer from Reserve	-	-	-
	<u><b>9,765,488</b></u>	<u><b>10,590,945</b></u>	<u><b>7,019,586</b></u>

This reserve was created in 2013-14 to hold the City's share of the dividends received from the proceeds of the sales of Tamala Park land to be held and subsequently applied for investing in income producing facilities, to build significant one-off community facilities and to assist with the cash flow requirements of developing significant infrastructure assets aligned to the 20 Year Strategic Financial Plan. The transfer from accumulated surplus represents dividends received and interest.

<b>(p) Vehicle, Plant and Equipment Reserve</b>			
Opening Balance	2,495,894	2,347,659	2,165,145
Amount Set Aside / Transfer to Reserve	479,503	236,803	330,749
Amount Used / Transfer from Reserve	-	-	-
	<u><b>2,975,397</b></u>	<u><b>2,584,462</b></u>	<u><b>2,495,894</b></u>

Created in 2008-09 by consolidating the Heavy Vehicle, Light Vehicle and Plant Replacement reserves with the purpose of supporting the funding of vehicle, plant and equipment purchases. The transfer from accumulated surplus represents surplus municipal funding of the fleet replacement program as recommended in the Fleet Asset Management Plan, and interest.

<b>(q) Waste Management Reserve</b>			
Opening Balance	4,958,142	3,629,566	2,762,646
Amount Set Aside / Transfer to Reserve	2,910,239	387,085	2,195,496
Amount Used / Transfer from Reserve	(198,161)	(283,000)	-
	<u><b>7,670,220</b></u>	<u><b>3,733,651</b></u>	<u><b>4,958,142</b></u>

Renamed in 2009-10 and its purpose updated. The reserve is to fund and support waste management services including but not limited to refuse collection, waste management initiatives and programs, infrastructure buildings and legal expenses associated with waste management but excluding vehicles, plant and equipment. Transfer from Accumulated Surplus represents the waste management services operating surplus and interest. The transfer to accumulated surplus was to partly fund the cost of Better Bins trial.

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

		2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Total Reserves - Cash Backed</b>	<b>Note</b>			
Opening Balance		65,680,795	57,989,848	53,872,048
Amount Set Aside / Transfer to Reserve		18,660,605	12,019,289	19,328,990
Amount Used / Transfer from Reserve		<u>(19,198,661)</u>	<u>(18,243,437)</u>	<u>(7,520,243)</u>
Closing Balance 30 June 2016	7	<u><b>65,142,739</b></u>	<u><b>51,765,700</b></u>	<u><b>65,680,795</b></u>

Cash backed reserves are not projected to be used within a set period as further transfers to/from reserve accounts are expected as funds are utilised or set aside.

**16. RESERVES – ASSET REVALUATION**

	2016 Actual \$	2015 Actual \$
<b>(a) Artworks</b>		
Opening Balance	249,010	175,216
Revaluation Increment	<u>-</u>	<u>73,794</u>
	<u><b>249,010</b></u>	<u><b>249,010</b></u>
<b>(b) Land and Buildings</b>		
Opening Balance	200,393,909	200,393,909
Revaluation Increment	<u>36,941,250</u>	<u>-</u>
	<u><b>237,335,159</b></u>	<u><b>200,393,909</b></u>
<b>(c) Fleet, Plant and Equipment</b>		
Opening Balance	-	-
Revaluation Increment	<u>124,769</u>	<u>-</u>
	<u><b>124,769</b></u>	<u>-</u>
<b>(d) Roads</b>		
Opening Balance	193,200,236	192,770,256
Balance Adjustment	-	429,980
Revaluation Increment	<u>-</u>	<u>-</u>
	<u><b>193,200,236</b></u>	<u><b>193,200,236</b></u>
<b>(e) Footpaths</b>		
Opening Balance	56,077,368	49,617,294
Balance Adjustment	-	6,460,074
Revaluation Increment	<u>-</u>	<u>-</u>
	<u><b>56,077,368</b></u>	<u><b>56,077,368</b></u>
<b>(f) Drainage</b>		
Opening Balance	147,780,307	147,041,012
Balance Adjustment	-	739,295
Revaluation Increment	<u>-</u>	<u>-</u>
	<u><b>147,780,307</b></u>	<u><b>147,780,307</b></u>

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<b>16. RESERVES – ASSET REVALUATION (Continued)</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Actual</b>
<b>(g) Parks and Reserves</b>		
Opening Balance	103,475,056	-
Balance Adjustment	-	(2,785,201)
Revaluation Increment	-	106,260,257
	<b>103,475,056</b>	<b>103,475,056</b>
<b>(h) Car Parks</b>		
Opening Balance	2,264,516	1,955,759
Balance Adjustment	-	308,757
Revaluation Increment	-	-
	<b>2,264,516</b>	<b>2,264,516</b>
<b>(i) Bridges and Underpasses</b>		
Opening Balance	18,291,997	18,287,296
Balance Adjustment	-	4,701
Revaluation Decrement	-	-
	<b>18,291,997</b>	<b>18,291,997</b>
<b>(j) Other Infrastructure Assets</b>		
Opening Balance	453,308	2,362,368
Balance Adjustment	-	(8,449,647)
Revaluation Increment	-	6,540,587
	<b>453,308</b>	<b>453,308</b>
<b>(k) Lighting</b>		
Opening Balance	13,143,474	-
Balance Adjustment	-	13,143,474
Revaluation Increment	-	-
	<b>13,143,474</b>	<b>13,143,474</b>
<b>(l) Tamala Park Assets</b>		
Opening Balance	1,253	1,253
Revaluation Increment (Decrement)	(194)	-
	<b>1,059</b>	<b>1,253</b>
<b>Total Asset Revaluation Reserves</b>		
Opening Balance	735,330,435	612,604,363
Balance Adjustment	-	9,851,434
Transfer to Reserve	37,066,019	112,874,638
Transfer from Reserve	(194)	-
Closing Balance 30 June 2016	<b>772,396,260</b>	<b>735,330,435</b>

Balance adjustment relates to changes in the value of some of the infrastructure asset classes as reported in the financial statements for the year ended 30 June 2015. (Refer Note 11). These changes were made necessary due to reclassification of some infrastructure assets and other adjustments to asset values that were required in the process of implementation of the City's Integrated Asset Management System.



## 17. NOTES TO THE CASH FLOW STATEMENT

### Reconciliation of Net Cash Provided by Operating Activities to Net Result

	2016 \$	2015 \$
<b>Net Result from Operating Activities</b>	<b>(844,669)</b>	<b>1,916,828</b>
Depreciation, Impairment & Revaluation Decrement	31,113,672	29,582,283
(Profit)/Loss on Sale of Assets	(3,351,924)	(4,330,990)
(Increase)/Decrease in Receivables	111,964	160,294
Increase/(Decrease) in Payables	77,739	(509,078)
Increase/(Decrease) in Employee Provisions	(305,205)	352,420
Increase/(Decrease) in Other Provisions	2,332	(6,282)
Increase/(Decrease) in Other Payables	25,608	210,779
Increase/(Decrease) in Accrued Expenses	(2,094,649)	2,696,883
(Increase)/Decrease in Accrued Income	(216,584)	460,444
(Increase)/Decrease in Prepayments	115,964	(442,212)
(Increase)/Decrease in Inventory	(10)	9,926
Investment movement in Tamala Park- Regional Council using Equity Method	(83,114)	(84,279)
Movement in Non-current items	11,318	(1,036)
<b>Net Cash from Operating Activities</b>	<b><u>24,562,442</u></b>	<b><u>30,015,980</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.

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

	2016	2015
	\$	\$
<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	<u>12,812,446</u>	<u>12,715,179</u>
<b>(b) Projected Operating Lease Income</b>		
Future Minimum Lease Income Expected		
<b>Up to 1 yr</b>	608,762	593,591
<b>1 - 5 yrs</b>	1,649,789	1,858,912
<b>&gt; 5 yrs</b>	<u>6,556,677</u>	<u>5,174,763</u>
	<u><b>8,815,228</b></u>	<u><b>7,627,266</b></u>

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

**(c) Projected Operating Lease Commitments**

Future Minimum Lease Payments Expected

<b>Up to 1 yr</b>	578,617	497,722
<b>1 - 5 yrs</b>	2,259,401	2,144,753
<b>&gt; 5 yrs</b>	<u>3,702,463</u>	<u>4,421,215</u>
	<u><b>6,540,481</b></u>	<u><b>7,063,690</b></u>

The lease commitments are for the City's 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:

	2016	2015
	\$	\$
<b>Balance brought forward on 01 July 2015</b>	1,938,438	2,401,640
Amounts received during the year	483,110	441,824
Amounts paid out during the year	(395,969)	(963,640)
Interest earned on monies held in trust	28,417	58,614
<b>Balance carried forward at 30 June 2016</b>	<u><u>2,053,996</u></u>	<u><u>1,938,438</u></u>
<b>Opening Balance - Cash in Lieu of Public Open Space</b>	529,046	1,068,130
Transfer to Municipal Fund	(239,776)	(560,660)
Interest earned	5,312	21,576
<b>Closing Balance - Cash in Lieu of Public Open Space</b>	294,582	529,046
Bonds, Retention Money	1,759,414	1,409,392
<b>Trust Funds as at 30 June 2016</b>	<u><u>2,053,996</u></u>	<u><u>1,938,438</u></u>

## 21. DISPOSALS OF ASSETS

The following assets were disposed of during the year.

Asset Class Disposed of	Net Book Value		Sale Price		Profit		Loss	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Land	1,150,819	5,295,222	1,884,028	5,056,375	733,209	1,038,528	-	(1,277,375)
Fleet, Plant & Equipment	770,236	713,877	658,568	434,000	23,792	3,279	(135,460)	(283,156)
Land (TPRC lots sale)	483,754	-	3,214,137	-	2,730,383	-	-	-
	<b>2,404,809</b>	<b>6,009,099</b>	<b>5,756,733</b>	<b>5,490,375</b>	<b>3,487,384</b>	<b>1,041,807</b>	<b>(135,460)</b>	<b>(1,560,531)</b>
Building Impairment	21,351							
	Per Note 10	<u><u>2,426,160</u></u>						

## 22. TOTAL ASSETS CLASSIFIED BY PROGRAM

	2016	2015
	\$	\$
Governance	35,855,955	21,668,973
General Purpose Funding	17,360,515	16,687,328
Law, Order, Public Safety	547,656	602,551
Health	24,736	2,061,073
Education and Welfare	2,752,625	2,762,165
Community Amenities	303,471,581	320,590,778
Recreation and Culture	320,377,240	288,429,912
Transport	591,848,974	576,392,086
Economic Services	20,177,767	3,555,119
Other Property and services	135,990,382	140,568,917
	<u><u>1,428,407,431</u></u>	<u><u>1,373,318,902</u></u>

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**23. INFORMATION ON BORROWINGS**

**(a) Loan Repayments**

Purpose of Loan	Balance 1-Jul-15	New Loans	Principal		Principal		Interest		Unspent Balance
			Repayments		Balance 30-Jun-16		Repayments		
			Actual	Budget	Actual	Budget	Actual	Budget	
Sorrento Beach	115,727	-	(115,727)	(115,728)	-		3,479	4,884	-
Aquatic Facilities Upgrade	3,319,519	-	(588,865)	(588,865)	2,730,654	2,730,654	200,516	190,772	-
Streetscape Enhancement – West Coast Drive	506,513	-	(89,853)	(89,853)	416,660	416,660	30,596	29,109	-
Seacrest Sports Facility	545,176	-	(81,592)	(81,592)	463,584	463,584	34,859	33,317	-
Forrest Park Sports Facility	358,669	-	(53,679)	(53,680)	304,990	304,989	22,934	21,919	-
Fleur Frame Pavilion Upgrade	990,911	-	(148,303)	(148,301)	842,608	842,609	63,360	60,556	-
Reid Promenade Multi-storey Car Park	8,500,000	-	(745,546)	(745,546)	7,754,454	7,754,454	284,059	266,229	-
Bramston Park Facility	-	1,769,000	-	(333,655)	1,769,000	1,435,345	1,825	54,344	153,227
<b>Total</b>	<b>14,336,515</b>	<b>1,769,000</b>	<b>(1,823,565)</b>	<b>(2,157,220)</b>	<b>14,281,950</b>	<b>13,948,295</b>	<b>641,628</b>	<b>661,131</b>	<b>153,227</b>

**(b) New Loan - 2015/16**

Particulars/Purpose	Amount Borrowed		Institution	Term (Years)	Total Interest	Interest Rate %	Amount Used		Balance Unspent
	Actual	Budget					Actual	Budget	
Bramston Park Facility	1,769,000	1,769,000	WATC	5	104,414	2.21	1,615,773	1,769,000	153,227
	<u>1,769,000</u>	<u>1,769,000</u>					<u>1,615,773</u>	<u>1,769,000</u>	<u>153,227</u>

### 23. INFORMATION ON BORROWINGS (Continued)

<b>(c) Overdraft</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Bank Overdraft Facility Limit	500,000	500,000
Bank Overdraft at Reporting Date	-	-
<b>Credit Amount Unused</b>	<b>500,000</b>	<b>500,000</b>

### (d) Credit Cards

The City has corporate credit card facilities provided by its bank. These corporate credit cards have been issued for purchasing and one to the Chief Executive Officer to be used for City business expenses.

	<b>Credit Limit</b>	<b>Balance 30-Jun-16</b>	<b>Credit Amount Unused</b>	<b>Balance 30-Jun-15</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Corporate Travel Card	22,000	15,721	6,279	10,174
Civic Functions Card	5,000	3,594	1,407	4,990
Corporate Purchasing Card	3,000	547	2,453	1,641
Chief Executive Officer	10,000	807	9,193	1,001
	<b>40,000</b>	<b>20,668</b>	<b>19,332</b>	<b>17,806</b>

### 24. SPECIFIED AREA RATE - HARBOUR RISE

The Council, BY AN ABSOLUTE MAJORITY in accordance with the provisions of Section 6.32 and 6.37 of the Local Government Act 1995 imposed for the 2015-16 financial year, a specified area rate for the area of Harbour Rise Estate.

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
Balance 1 July 2015		7,265	3,861
2015-16 Rate Income		115,272	113,180
Interest		320	196
Expenditure		(108,273)	(109,972)
<b>Surplus in Reserve at 30 June 2016</b>	<b>15(k)</b>	<b>14,584</b>	<b>7,265</b>

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## 25. 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 2015-16 financial year, a specified area rate for the suburb of Iluka.

	Note	2016 \$	2015 \$
Balance 1 July 2015		9,845	4,035
2015-16 Rate Income		280,882	287,110
Other Income		-	52,871
Interest		299	244
Expenditure		(280,458)	(334,415)
<b>Surplus in Reserve at 30 June 2016</b>	15(l)	<b><u>10,568</u></b>	<b><u>9,845</u></b>

## 26. 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 2015-16 financial year, a specified area rate for the area of Woodvale Waters.

	Note	2016 \$	2015 \$
Balance 1 July 2015		50,174	48,688
2015-16 Rate Income		19,816	18,592
Interest		1,489	1,740
Expenditure		(20,018)	(18,846)
<b>Surplus in Reserve at 30 June 2016</b>	15(m)	<b><u>51,461</u></b>	<b><u>50,174</u></b>

## 27. MOVEMENT IN NON-CURRENT ITEMS

	2016 Actual \$	2016 Budget \$	2015 Actual \$
Movement in Non-current Receivables	(85,454)	-	(48,500)
Movement in Non-current Provisions	(215,443)	125,000	(237,846)
Movement in equity investments using Equity method	(83,114)	-	(84,279)
Movement in Non-current Assets	11,318	-	(11,318)
Impairment of Non-current Assets	-	-	10,281
	<b><u>(372,693)</u></b>	<b><u>125,000</u></b>	<b><u>(371,662)</u></b>

## 28. ELECTED MEMBERS' REMUNERATION

	2016 Actual	2016 Budget	2015 Actual
The following fees, expenses and allowances were paid to Council Members and/or to the Mayor			
Elected Members Allowances	569,512	587,885	572,022
Elected Members Conferences/Training	152,386	117,400	89,688
Elected Members Travel & Child Care	24,552	27,000	22,460
Other Specified Expenses	18,524	14,830	21,376
	<b>764,974</b>	<b>747,115</b>	<b>705,547</b>

## 29. MAJOR LAND TRANSACTIONS

### (a) Reid Promenade Car Park.

The Council had approved the construction of a multi storey car park at the land owned by the City between Boas Avenue and Reid Promenade. The Project started in June 2014 and was completed in December 2015. The Project was partly funded by a bank loan of \$8,500,000 and the balance from Reserves.

#### Capital Expenditure as at 30 June 2016

Architects fee/ Consultancy costs	734,827
Additional land purchases and settlement costs	42,475
Quantity surveying costs	79,100
Design Costs	34,987
Project management costs	487,360
Construction Costs	15,290,928
Communication Infrastructure	80,812
Parking Machines	288,836
Administration costs	24,799
Total Expenditure	<b>17,064,124</b>

### (b) Tamala Park Land Sales

The Tamala Park Regional Council (TPRC) was established in January 2006 for the purpose of the development of the Tamala Park land jointly owned by seven local governments, including the City of Joondalup. TPRC has developed and sold 748 lots of land to date. The City's share of Sales Proceeds of land to date is \$32,357,941.

Current year transactions:

Sale proceeds	\$6,423,249
Development and Selling costs	\$3,209,112

### 30. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings during the 2015-16 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 any material 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	
		2016	2015	2016	2015
		\$	\$	\$	\$
<b>Financial Assets</b>					
Cash and cash equivalents	7	86,595,746	89,170,901	86,595,746	89,170,901
Receivables	8	6,227,744	6,239,088	6,227,744	6,239,088
Equity Investments	9	8,861,001	8,628,975	8,861,001	8,628,975
		<u>101,684,491</u>	<u>104,038,964</u>	<u>101,684,491</u>	<u>104,038,964</u>
<b>Financial Liabilities</b>					
Payables	12	10,811,784	12,803,069	10,811,784	12,803,069
Borrowings	23 (a)	14,281,950	14,336,515	14,324,728	15,257,015
		<u>25,093,734</u>	<u>27,139,584</u>	<u>25,136,512</u>	<u>28,060,084</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 which 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 may also seek 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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### 31. FINANCIAL RISK MANAGEMENT (Continued)

#### (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 2015).

	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>2015-16</b>							
<b>Financial Assets</b>							
Cash	-	-	-	-	-	11,195	11,195
Bank (Westpac)	-	33,551	-	-	-	-	33,551
Receivables	-	-	-	-	-	3,523,332	3,523,332
Rates & ESL Receivable	11.00	-	-	2,704,412	-	-	2,704,412
Term Deposits:							
ING	3.03	-	6,000,000	-	-	-	6,000,000
Westpac	3.00	-	17,300,000	-	-	-	17,300,000
NAB	3.04	-	14,230,000	-	-	-	14,230,000
Bank of Queensland	3.08	-	8,660,000	-	-	-	8,660,000
Suncorp	3.03	-	12,900,000	-	-	-	12,900,000
Bendigo Bank	2.88	-	6,700,000	-	-	-	6,700,000
Rural Bank	3.06	-	10,000,000	-	-	-	10,000,000
Bank West	2.96	-	3,430,000	-	-	-	3,430,000
Commonwealth Bank	2.96	-	4,080,000	-	-	-	4,080,000
WA Treasury Corporation 11AM Equity Contribution in Unlisted Entities	1.70	3,251,000	-	-	-	-	3,251,000
						8,861,001	8,861,001
<b>Total Financial Assets</b>		<b>3,284,551</b>	<b>83,300,000</b>	<b>2,704,412</b>	<b>-</b>	<b>12,395,528</b>	<b>101,684,491</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	-	-	-	10,811,784	10,811,784
Borrowings							
"	5.87	-	624,200	2,106,454	-	-	2,730,654
"	5.87	-	95,244	321,416	-	-	416,660
"	6.16	-	301,450	1,309,732	-	-	1,611,182
"	2.85	-	767,022	4,099,131	2,888,301	-	7,754,454
"	2.21	-	338,379	1,430,621	-	-	1,769,000
<b>Total Financial Liabilities</b>		<b>-</b>	<b>2,126,295</b>	<b>9,267,354</b>	<b>2,888,301</b>	<b>10,811,784</b>	<b>25,093,734</b>

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

**(c) Interest rate risk (Continued)**

	Fixed Interest Rate Maturity						Total
	Interest Rate at Reporting Date	At Variable Interest Rate	< 1 year	1 - 5 Years	> 5 Years	Non-Interest Bearing	
	%	\$	\$	\$	\$	\$	
<b>2014-15</b>							
<b>Financial Assets</b>							
Cash	-	-	-	-	-	11,045	11,045
Bank (Westpac)	-	3,996,856	-	-	-	-	3,996,856
Receivables	-	-	-	-	-	3,788,649	3,788,649
Rates & ESL Receivable	11.00	-	-	2,450,439	-	-	2,450,439
Term Deposits:							
ING	3.58	-	2,000,000	-	-	-	2,000,000
Westpac	2.94	-	12,050,000	-	-	-	12,050,000
NAB	3.18	-	22,400,000	-	-	-	22,400,000
Bank of Queensland	3.36	-	8,800,000	-	-	-	8,800,000
Suncorp	3.20	-	14,670,000	-	-	-	14,670,000
Bendigo Bank	3.33	-	9,500,000	-	-	-	9,500,000
Rural Bank	3.52	-	9,100,000	-	-	-	9,100,000
WA Treasury Corporation 11AM	1.95	6,643,000	-	-	-	-	6,643,000
Equity Contribution in Unlisted Entities		-	-	-	-	8,628,975	8,628,975
<b>Total Financial Assets</b>		<b>10,639,856</b>	<b>78,520,000</b>	<b>2,450,439</b>	<b>-</b>	<b>12,428,669</b>	<b>104,038,964</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	-	-	-	12,803,069	12,803,069
Borrowings	5.95	-	115,727	-	-	-	115,727
"	5.87	-	588,865	2,730,654	-	-	3,319,519
"	5.87	-	89,853	416,660	-	-	506,513
"	6.16	-	283,574	1,611,182	-	-	1,894,756
"	2.85	-	745,546	4,091,461	3,662,993	-	8,500,000
<b>Total Financial Liabilities</b>		<b>-</b>	<b>1,823,565</b>	<b>8,849,957</b>	<b>3,662,993</b>	<b>12,803,069</b>	<b>27,139,584</b>

### 31. FINANCIAL RISK MANAGEMENT (Continued)

#### (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 within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b><u>2016</u></b>					
Payables	10,811,784	-	-	10,811,784	10,811,784
Borrowings	<u>2,636,928</u>	<u>10,540,586</u>	<u>2,939,625</u>	<u>16,117,139</u>	<u>14,281,950</u>
	<b><u>13,448,712</u></b>	<b><u>10,540,586</u></b>	<b><u>2,939,625</u></b>	<b><u>26,928,923</u></b>	<b><u>25,093,734</u></b>
<b><u>2015</u></b>					
Payables	12,803,069	-	-	12,803,069	12,803,069
Borrowings	<u>2,388,209</u>	<u>10,347,041</u>	<u>4,899,374</u>	<u>17,634,625</u>	<u>14,336,515</u>
	<b><u>15,191,278</u></b>	<b><u>10,347,041</u></b>	<b><u>4,899,374</u></b>	<b><u>30,437,694</u></b>	<b><u>27,139,584</u></b>

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

There were no material events after 30 June 2016 that require 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 share was split equally between the City of Joondalup and the City of Wanneroo, in accordance with the Joondalup and Wanneroo Order 1998, with the assets and liabilities 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 are being subdivided and developed for residential purposes by the Tamala Park Regional Council (Note 10).

### **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.

CITY OF JOONDALUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016

### 35. Net Current Assets / Closing Funds

	30-Jun-16	30-Jun-15
<b>Current Assets</b>		
Cash and Investments	86,595,746	89,170,901
Rates Outstanding, Sundry Debtors and Other Receivables	2,889,704	3,087,122
Accrued Income	1,340,149	1,123,565
Prepayments	391,900	507,864
Inventories	70,380	70,370
<b>Total Current Assets</b>	<b>91,287,879</b>	<b>93,959,822</b>
<b>Current Liabilities</b>		
Trade Creditors	3,264,140	3,310,018
Sundry Payables	540,402	416,785
Accrued Expenses	5,061,026	7,155,658
Other Payables	1,946,216	1,920,608
Borrowings	2,126,295	1,823,565
Provision for Annual Leave	4,172,735	4,095,880
Provision for Long Service Leave	5,061,135	4,643,096
Provision for Workers Compensation Insurance	2,700,766	3,305,383
Provision for Sick Leave	259,569	239,608
Other Provisions	55,321	52,989
<b>Total Current Liabilities</b>	<b>25,187,605</b>	<b>26,963,590</b>
<b>Net Current Assets</b>	<b>66,100,274</b>	<b>66,996,232</b>
<b>Add back:</b>		
Borrowings	2,126,295	1,823,565
<b>Less:</b>		
Cash Backed Reserves	65,142,739	65,680,795
<b>Surplus/(Deficit)</b>	<b>3,083,830</b>	<b>3,139,002</b>

### 36. Changes to Comparative Figures

Following adjustments have been made to the comparative figures to conform to changes in presentation in the current financial year.

1. Cash at Bank (Note 7) has been adjusted to correctly represent trust fund transfers with corresponding adjustment in the Sundry Debtors (Note 8) and Sundry Payables (Note 12) balances.
2. GST Payable (Note 12) balance of \$194,830 has been set off against GST Receivable (Note 8)
3. Buildings Capital Works in Progress, previously shown under Infrastructure Assets (Note 11) has been transferred to Property, Plant and Equipment (Note 10) to better represent the asset class to which it belongs.
4. Further adjustments have been made to the Infrastructure Asset balances (Note 11) in the process of implementing the City's Integrated Asset Management System with corresponding changes made to the Reserves – Asset Revaluation balances (Note 16)
5. Non-current Long Service Leave Reserve, being a restricted reserve, is reflected under Reserve Accounts (Note 15). The balance in this Reserve was previously included as part of Retained Surplus.

CITY OF JOONDALUP  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2016

**37. STATUTORY FINANCIAL RATIOS**

	2016	2015	2014
Current Ratio	1.04	1.05	0.99
Debt Service Cover Ratio	11.93	17.23	10.84
Operating Surplus Ratio	(0.01)	0.01	(0.04)
Own Source Revenue Coverage Ratio	0.98	0.97	0.95
Asset Sustainability Ratio	0.45	0.48	0.54

Current Ratio Current assets minus restricted current assets  
Current liabilities minus liabilities associated  
with restricted assets

Debt Service Cover Ratio Annual operating surplus before interest and  
depreciation  
Principal and interest

Operating Surplus Ratio Operating revenue minus operating expense  
Own source operating revenue

Own Source Revenue Coverage Ratio Own source operating revenue  
Operating expense

Asset Sustainability Ratio Capital Renewal and Replacement expenditure  
Depreciation Expenditure

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

### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the City of Joondalup, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

### **Management's Responsibility for the Financial Report**

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is 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. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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's preparation and fair presentation of the financial report that gives a true and fair view 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's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

### **Opinion**

In our opinion, the financial report of the City of Joondalup is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the City's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).



**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE CITY OF JOONDALUP (CONTINUED)**

***Report on Other Legal and Regulatory Requirements***

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the City.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 63 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
  - i. reasonably calculated; and
  - ii. based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



DAVID TOMASI  
PARTNER

Date: 19 October 2016  
PERTH, WA

CITY OF JOONDALUP  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2015

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Asset Consumption Ratio	0.64	0.64	0.63
Asset Renewal Funding Ratio	0.54	0.58	0.57

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{Depreciated replacement cost of assets}}{\text{Current replacement cost of depreciable assets}}$
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Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
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