



NOTICE OF MEETING

AUDIT AND RISK COMMITTEE

Members of the Audit and Risk Committee are advised that a meeting of the Committee will be held in Council Chambers, Civic Building, 83 Mandurah Terrace, Mandurah on:

**Monday 9 December 2019
at 5.30 pm**

GRAEME DAVIES
Acting Chief Executive
Officer 5 December 2019

Committee Members:
Mayor Williams
Councillor P Jackson
Councillor J Green Councillor
P Rogers Councillor A Zilani
Mr W Ticehurst

Deputies:
Councillor D Lee (Deputy Member)
Councillor D Pember (Deputy Member)

AGENDA

1 OPENING OF MEETING

2 APOLOGIES

3 IMPORTANT NOTE

Members of the public are advised that the decisions of this Committee are referred to Council Meetings for consideration and cannot be implemented until approval by Council. Therefore, members of the public should not rely on any decisions of this Committee until Council has formally considered the resolutions agreed at this meeting.

4 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

5 PUBLIC QUESTION TIME

Public Question Time provides an opportunity for members of the public to ask a question of Council. For more information regarding Public Question Time, please telephone 9550 3787 or visit the City's website www.mandurah.wa.gov.au.

6 PRESENTATIONS

- 6.1 Director Corporate Services: Audit and Risk Committee Work Plan 2020
- 6.2 Deloitte Australia: 2019 Audit

7 DEPUTATIONS

Any person or group wishing to make a 5-minute Deputation to the Committee meeting regarding a matter listed on this agenda for consideration must first complete an application form. For more information about making a deputation, or to obtain an application form, please telephone 9550 3787 or visit the City's website www.mandurah.wa.gov.au.

NB: Persons making a deputation to this Committee meeting will not be permitted to make a further deputation on the same matter at the successive Council meeting, unless it is demonstrated there is new, relevant material which may impact upon the Council's understanding of the facts of the matter.

8 CONFIRMATION OF MINUTES: 11 November 2019 (attached).**9 DECLARATIONS OF INTERESTS****10 QUESTIONS FROM COMMITTEE MEMBERS**

- 10.1 Questions of Which Due Notice Has Been Given
- 10.2 Questions of Which Notice Has Not Been Given

11 BUSINESS LEFT OVER FROM PREVIOUS MEETING**12 REPORTS FROM OFFICERS**

- 1 Annual Financial Statements 2018/2019

13 REPORTS FROM AUDITORS

14 LATE AND URGENT BUSINESS ITEMS

15 CLOSE OF MEETING

At the conclusion of the Committee meeting a light supper will be served in the
Councillors Meeting Room

1	SUBJECT:	Annual Financial Statements 2018-19
	CONTACT OFFICER/S:	Casey Mihovilovich/Jarred King
	AUTHOR:	Jarred King

Summary

In accordance with the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*, an Audit Committee is to examine the Annual Financial Statements, review any significant matters raised by the auditor and ensure that appropriate action is taken in respect to those matters raised.

The audit of the Annual Financial Statements for 2018/19 has now been completed. Although the signed report of the Auditor will not be available until after the Audit and Risk Committee meeting, it is useful to provide a commentary on the Annual Financial Statements and to aid discussions with the auditor. Indication by the Auditor is that the audit report will be unmodified, the City's Annual Financial Statements are fairly and appropriately presented in accordance with the Australian Accounting Standards Board and the *Local Government Act 1995*.

Disclosure of Interest

Nil.

Previous Relevant Documentation

Nil.

Comment

The key points to note from the Statement of Comprehensive Income by Program and Statement of Comprehensive Income by Nature and Type are

- *Revenue*
Operating revenue is approximately \$4.7 million above adopted budget due to higher than budgeted interim rates and additional grants and contributions being received including the prepayment of the first quarter financial assistance grants.
- *Expenses*
Total expenses are approximately \$7.6 million above adopted budget, however the following points are noted:
 - Expenses at budget review were increased to account for the addition of a new bushland team and additions to expenditure relating to economic development and the City centre. Note, the additional expenditure of \$4.2 million was offset against the additional revenue mentioned above.
 - Non-cash expenses were higher than what was budgeted by \$2.9 million. Depreciation is a non-cash expense and the actual depreciation costs incurred due to the revaluation of infrastructure assets at the end of 2018 was \$2.4 million more than what was included in the adopted budget. The City has to recognise the interest rate swap which was not included in the current budget, resulting in an increase of \$490 thousand in expenses. It has a nil impact to the closing surplus, however it must be accounted for in accordance with the Australian Accounting Standards.

It is also noted that the operating deficit for 2018/19 has increased from the budgeted \$14.99 million to \$17.91 million for the same reasons.

Statement of Financial Position

Key points to note are:

- *Cash and cash equivalents*
Cash holdings have decreased by approximately \$3.5 million over the year. This is compared to a budgeted decrease of \$13.4 million. The difference is primarily due to underspending in capital projects which have been carried over to the new financial year.
- *Reserves – Cash backed*
The City has a total amount of \$31.59 million in reserves at 30 June 2019. This is an increase of \$1.33 million over the 17/18 year primarily due to increase holdings in the unspent grants reserve to be spent in the 2019/20 year.

Rates Setting Statement

- The City shows a surplus for the year ended 30 June 2019 of \$7.7 million. Of this surplus, \$2.5 million relates to City funds for carry over projects to 2019/20, and \$3.2 million relates to prepaid rates. This leaves an unallocated surplus of \$2.1 million for the year.

Consultation

Nil.

Statutory Environment

The Annual Financial Statements are prepared in accordance with the Australian Accounting Standards.

The *Local Government Act 1995* states:

7.9. Audit to be conducted

- (1) *An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —*
 - (a) *the mayor or president; and*
 - (b) *the CEO of the local government; and*
 - (c) *the Minister.*

7.12AB. Conducting a financial audit

The auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year.

7.12AD. Reporting on a financial audit

- (1) *The auditor must prepare and sign a report on a financial audit.*
- (2) *The auditor must give the report to —*
 - (a) *the mayor, president or chairperson of the local government; and*
 - (b) *the CEO of the local government; and*
 - (c) *the Minister.*

7.12A. Duties of local government with respect to audits

...

- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*
- (3) *A local government must —*
 - (aa) *examine an audit report received by the local government; and*
 - (a) *determine if any matters raised by the audit report, require action to be taken by the local government; and*
 - (b) *ensure that appropriate action is taken in respect of those matters.*
- (4) *A local government must —*

- (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
- (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.*

The Local Government (Audit) Regulations 1996 states:

9. *Performance of audit*

...

- (2) *An auditor must carry out an audit in accordance with the Australian Auditing Standards made or formulated and amended from time to time by the Auditing and Assurance Standards Board established by the Australian Securities and Investments Commission Act 2001 (Commonwealth) section 227A.*
- (3) *An auditor must carry out the work necessary to form an opinion whether the annual financial report —*
 - (a) *is based on proper accounts and records; and*
 - (b) *fairly represents the results of the operations of the local government for the financial year and the financial position of the local government at 30 June in accordance with —*
 - (i) *the Act; and*
 - (ii) *the Australian Accounting Standards (to the extent that they are not inconsistent with the Act).*

10. *Report by auditor*

- (1) *An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.*
- (2) *The report is to give the auditor's opinion on —*
 - (a) *the financial position of the local government; and*
 - (b) *the results of the operations of the local government.*
- (3) *The report is to include —*
 - (a) *any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government; and*
 - (b) *any matters indicating non-compliance with Part 6 of the Act, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law; and*
 - (c) *details of whether information and explanations were obtained by the auditor; and*
 - (d) *a report on the conduct of the audit; and*
 - (e) *the opinion of the auditor as to whether or not the following financial ratios included in the annual financial report are supported by verifiable information and reasonable assumptions —*
 - (i) *the asset consumption ratio; and*
 - (ii) *the asset renewal funding ratio.*
- (4) *Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.*

Policy Implications

Nil.

Economic Implications

Appropriate financial management is essential to the effective operation of the local government.

Risk Analysis

Nil.

Strategic Implications

The following strategy from the *City of Mandurah Strategic Community Plan 2017 – 2037* is relevant to this report:

Organisational Excellence:

- Deliver excellent governance and financial management.

Conclusion

The Annual Financial Statements 2018-19 shows that the City continues to maintain a strong financial position. Cash holdings have decreased although they remain at levels sufficient to provide funds for future projects. The City also reports an unallocated surplus of \$2.1 million in the Rate Setting Statement and the allocation of these funds will be presented to Council as part of the mid-year Budget Review.

Refer	<i>Attachment 1</i>	<i>Unaudited annual financial statements 2018/19</i>
	<i>Attachment 2</i>	<i>Auditor's report</i>
	<i>Attachment 3</i>	<i>Management response to Auditor's report points</i>

RECOMMENDATION

That Council:

1. **Receive the Annual Financial Statements 2018-19 as detailed in Attachment 1.**
2. **Note the draft Auditors Report as detailed in Attachment 2.**
3. **Accept the management response to the Auditor's report points as detailed in Attachment 3.**

CITY OF MANDURAH

Financial Report for the year ended 30 June 2019

CITY OF MANDURAH

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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The City of Mandurah is a body corporate pursuant to the Local Government Act 1995 (as amended) section 2.5. It is incorporated and domiciled in Australia. The City's principal place of business is 3 Peel Street, Mandurah Western Australia.

CITY OF MANDURAH
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Mandurah for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the City of Mandurah at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the day of 2019

Mark Newman
Chief Executive Officer

CITY OF MANDURAH
STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2018/19 ACTUAL \$'000	Un-audited 2018/19 BUDGET \$'000	2017/18 ACTUAL \$'000
Revenue				
General Purpose Funding		84,119	80,715	80,317
Governance		26	50	5
Law, Order, Public Safety		987	799	867
Health		317	276	319
Education and Welfare		511	697	592
Community Amenities		14,508	13,381	13,961
Recreation and Culture		7,271	9,354	7,483
Transport		2,904	412	2,917
Economic Services		1,790	2,095	2,040
Other Property and Services		412	360	603
		<u>112,846</u>	<u>108,139</u>	<u>109,104</u>
Expenses				
General Purpose Funding		(3,576)	(1,944)	(2,379)
Governance		(6,389)	(6,112)	(6,397)
Law, Order, Public Safety		(3,817)	(3,329)	(3,731)
Health		(1,951)	(1,943)	(1,950)
Education and Welfare		(4,254)	(4,254)	(3,852)
Community Amenities		(17,159)	(17,561)	(16,932)
Recreation and Culture		(46,828)	(53,549)	(45,442)
Transport		(29,374)	(18,170)	(27,776)
Economic Services		(6,541)	(6,171)	(5,893)
Other Property and Services		(10,870)	(10,096)	(9,587)
		<u>(130,759)</u>	<u>(123,129)</u>	<u>(123,939)</u>
Profit / (Loss) on Asset Disposal				
General Purpose Funding		-	-	-
Governance		-	-	-
Law, Order, Public Safety		(1)	-	-
Education and Welfare		(2)	-	-
Health		(1,280)	-	-
Community Amenities		(1,012)	-	-
Recreation and Culture		-	-	(1,854)
Transport		-	-	(1,064)
Economic Services		-	-	-
Other Property and Services		(162)	109	(166)
		<u>(2,457)</u>	<u>109</u>	<u>(3,084)</u>
Sub total		(20,370)	(14,881)	(17,919)
Non Operating Grants, Subsidies and Contributions				
General Purpose Funding		-	-	25
Law, Order, Public Safety		-	-	155
Education and Welfare		149	437	287
Community Amenities		-	120	25
Recreation and Culture		4,165	3,224	4,178
Transport		2,489	3,159	39,574
Other Property and Services		-	-	32
		<u>6,803</u>	<u>6,940</u>	<u>44,276</u>
NET RESULT FOR THE YEAR	3	<u>(13,567)</u>	<u>(7,941)</u>	<u>26,357</u>
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Change in asset revaluation surplus	26	<u>2,534</u>	-	<u>77,149</u>
Total Other Comprehensive Income for the year		<u>2,534</u>	-	<u>77,149</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(11,033)</u>	<u>(7,941)</u>	<u>103,506</u>

This statement should be read in conjunction with the accompanying notes.

CITY OF MANDURAH
STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2018/19 ACTUAL \$'000	Un-audited 2018/19 BUDGET \$'000	2017/18 ACTUAL \$'000
Revenue				
Rates	21	78,487	74,929	74,780
Operating grants, subsidies and contributions		5,747	5,302	6,020
Fees and charges	17	25,847	25,522	25,567
Interest earnings	3	2,198	2,200	2,064
Other revenue		566	185	671
		<u>112,846</u>	<u>108,138</u>	<u>109,102</u>
Expenses				
Employee costs		(44,932)	(41,948)	(43,881)
Materials and contracts		(44,637)	(43,878)	(42,447)
Utility charges		(4,009)	(3,452)	(4,046)
Depreciation on non-current assets	14	(33,708)	(31,317)	(30,583)
Interest expenses	3, 25(b)	(1,710)	(1,414)	(1,266)
Insurance expenses		(857)	(944)	(781)
Other expenses		(906)	(176)	(533)
		<u>(130,759)</u>	<u>(123,129)</u>	<u>(123,537)</u>
Sub-total		(17,914)	(14,991)	(14,435)
Non Operating Grants, Subsidies and Contributions		6,803	6,941	44,276
Assets Ceded to the Crown		-	-	(401)
Profit/(Loss) on Disposal of Assets		(2,457)	109	(3,084)
NET RESULT FOR THE YEAR		<u>(13,567)</u>	<u>(7,941)</u>	<u>26,357</u>
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Change in asset revaluation surplus	26	<u>2,534</u>	-	<u>77,149</u>
Total Other Comprehensive Income for the year		<u>2,534</u>	-	<u>77,149</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(11,033)</u>	<u>(7,941)</u>	<u>103,506</u>

This statement should be read in conjunction with the accompanying notes.

CITY OF MANDURAH
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	2018/19 ACTUAL \$'000	2017/18 ACTUAL \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	45,553	49,081
Trade and other receivables	6(a)	7,304	6,945
Other financial assets	7	95	-
Loans and other receivables		-	91
Inventories	8	327	307
TOTAL CURRENT ASSETS		53,279	56,424
NON CURRENT ASSETS			
Trade and other receivables	6(b)	1,374	1,294
Other financial assets	7	418	-
Loans and other receivables		-	497
Property plant and equipment	12, 13	262,536	260,583
Infrastructure	12, 13	767,357	775,648
TOTAL NON-CURRENT ASSETS		1,031,685	1,038,022
TOTAL ASSETS		1,084,964	1,094,446
CURRENT LIABILITIES			
Trade and other payables	9	9,026	9,367
Provisions	10	8,715	8,130
Borrowings	11, 25(b)	4,961	4,841
TOTAL CURRENT LIABILITIES		22,702	22,338
NON CURRENT LIABILITIES			
Provisions	10	1,068	911
Borrowings	11, 25(b)	24,904	24,364
Other financial liabilities		490	-
TOTAL NON-CURRENT LIABILITIES		26,462	25,275
TOTAL LIABILITIES		49,164	47,613
NET ASSETS		1,035,800	1,046,833
EQUITY			
Accumulated surplus		276,818	291,721
Reserves - Asset Revaluation	27	727,391	724,857
Reserves - Cash Backed	28	31,591	30,255
TOTAL EQUITY		1,035,800	1,046,833

This statement should be read in conjunction with the accompanying notes.

CITY OF MANDURAH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	Accumulated surplus \$'000	Reserves - cash backed \$'000	Reserves - asset revaluation \$'000	Total \$'000
Balance as at 1 July 2017		264,748	30,871	647,708	943,327
Gain on revaluation of non-current assets	26	-	-	77,149	77,149
Other comprehensive income for the year		-	-	77,149	77,149
Net result for the year		26,357	-	-	26,357
Total comprehensive income for the year		26,357	-	77,149	103,506
Transfer to accumulated surplus from cash backed reserves		616	(616)	-	-
Balance as at 30 June 2018		291,721	30,255	724,857	1,046,833
Gain on revaluation of non-current assets	26	-	-	2,534	2,534
Other comprehensive income for the year		-	-	2,534	2,534
Net result for the year		(13,567)	-	-	(13,567)
Total comprehensive income for the year		(13,567)	-	2,534	(11,033)
Transfer from accumulated surplus to cash backed reserves		(1,336)	1,336	-	-
Balance as at 30 June 2019		276,818	31,591	727,391	1,035,800

This statement should be read in conjunction with the accompanying notes.

CITY OF MANDURAH
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2018/19 ACTUAL \$'000	Un-audited 2018/19 BUDGET \$'000	2017/18 ACTUAL \$'000
Revenue				
General Purpose Funding		5,632	4,099	5,536
Governance		26	50	5
Law, Order, Public Safety		987	797	867
Health		317	325	319
Education and Welfare		511	851	592
Community Amenities		14,508	13,809	13,960
Recreation and Culture		7,271	9,714	7,483
Transport		2,904	448	2,917
Economic Services		1,790	2,105	2,040
Other Property and Services		697	345	674
		34,644	32,543	34,393
Expenses				
General Purpose Funding		(3,576)	(2,048)	(2,379)
Governance		(6,389)	(6,491)	(6,397)
Law, Order, Public Safety		(3,817)	(3,443)	(3,731)
Health		(1,951)	(1,998)	(1,950)
Education and Welfare		(4,254)	(4,463)	(3,852)
Community Amenities		(17,161)	(18,115)	(16,932)
Recreation and Culture		(48,108)	(52,776)	(47,296)
Transport		(30,385)	(20,162)	(28,841)
Economic Services		(6,541)	(7,075)	(5,893)
Other Property and Services		(11,320)	(10,046)	(9,875)
		(133,501)	(126,617)	(127,146)
Other Inflows				
Capital grants and contributions		6,803	7,866	44,276
Proceeds from disposal of assets	15	2,235	1,600	1,969
Reserves utilised	27	14,904	8,859	9,220
Loans utilised		9,486	9,558	4,466
Contributions - community loans		94	170	1,245
		33,522	28,053	61,176
Capital Works Program				
Development of land for resale		-	-	-
Land and buildings		(5,318)	(7,277)	(3,736)
Furniture and fittings		(354)	(407)	(515)
Plant and machinery		(3,529)	(4,012)	(2,304)
Infrastructure assets - roads, drainage & bridges		(10,708)	(12,061)	(12,366)
Infrastructure assets - recreation infrastructure		(6,912)	(12,457)	(3,387)
Infrastructure assets - marina		-	(233)	-
Infrastructure assets - coastal & estuary		(1,136)	(2,449)	(1,217)
Infrastructure assets - other		(119)	(680)	(430)
		(28,076)	(39,576)	(23,955)
Other Outflows				
Repayment of loan debt	25(b)	(4,737)	(5,052)	(6,655)
Transfers to reserves	27	(16,240)	(4,100)	(8,604)
Loans to community and sporting bodies		(20)	-	(40)
		(20,998)	(9,152)	(15,299)
Non Cash Items				
Donated assets	4	(1,613)	-	(35,695)
Loss on sale of assets	15	2,457	(109)	3,084
Write back of depreciation	14	33,708	31,317	30,584
Net fair value on other financial assets		490	-	-
Deferred Pensioner Rebate		1,374	-	-
Long Service Leave now in Reserves		435	-	-
		36,851	31,208	(2,027)
Add: Surplus brought forward		6,815	5,266	4,581
Less: Surplus carried forward		7,744	(500)	6,815
Amount Required from Rates		(78,487)	(74,929)	(74,780)

This statement should be read in conjunction with the accompanying notes.

CITY OF MANDURAH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2018/19 ACTUAL \$'000	Un-audited 2018/19 BUDGET \$'000	2017/18 ACTUAL \$'000
Cash flows from operating activities				
Receipts				
Rates		77,681	77,774	75,691
Operating grants, subsidies and contributions		5,777	3,852	6,490
Fees and charges		25,816	26,431	26,261
Interest received		2,928	2,155	1,380
Other revenue		283	105	720
Goods and services tax received		6,979	6,000	6,457
Movement in bonds & deposits		17	-	-
		<u>119,481</u>	<u>116,317</u>	<u>117,000</u>
Payments				
Employee costs		(45,252)	(43,503)	(44,372)
Materials and contracts		(42,362)	(44,883)	(42,336)
Utility charges		(4,142)	(3,445)	(3,868)
Interest expenses paid		(1,889)	(1,281)	(1,257)
Insurance		(852)	(1,012)	(787)
Other expenses		(339)	(176)	(395)
Goods and services tax paid		(7,180)	(6,000)	(6,404)
Movement in bonds & deposits		-	-	(95)
Movement in funds held		(337)	-	(98)
		<u>(102,353)</u>	<u>(100,300)</u>	<u>(99,612)</u>
Net cash inflows from operating activities	19(b)	<u>17,128</u>	<u>16,017</u>	<u>17,388</u>
Cash flows from investing activities				
Receipts				
Non-operating grants, subsidies and contributions		5,204	7,826	8,527
Disposal of property, plant and equipment		2,235	1,600	2,048
Payments				
Purchase and construction of assets		(28,829)	(39,076)	(24,105)
Net cash outflows from investing activities		<u>(21,390)</u>	<u>(29,650)</u>	<u>(13,530)</u>
Cash flows from financing activities				
Proceeds from borrowings		5,397	4,950	6,765
Repayment of borrowings		(4,737)	(5,052)	(6,655)
Loans to community & sports bodies		(20)	-	(40)
Proceeds from community loan repayments		94	270	1,267
Net cash inflows from financing activities		<u>734</u>	<u>168</u>	<u>1,337</u>
Net (decrease)/increase in cash and cash equivalents held		(3,528)	(13,465)	5,195
Cash and cash equivalents at beginning of the year		<u>49,081</u>	<u>45,250</u>	<u>43,887</u>
Cash and cash equivalents at end of the year	5, 19(a)	<u>45,553</u>	<u>31,785</u>	<u>49,081</u>

This statement should be read in conjunction with the accompanying notes.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

1. Significant accounting policies

Statement of compliance

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations.

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

(a) Basis of preparation

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

(b) The local government reporting entity

All funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

(c) Critical accounting judgements and key sources of estimation uncertainty

In the application of the City's accounting policies, the council is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Refer to note 38 for details of the key estimates.

(d) Comparatives

Where applicable, prior year comparative figures have been adjusted to reflect changes in presentation for the current year.

(e) Rounding of figures

All figures shown in this annual report, other than a rate in the dollar, are rounded to thousands of dollars.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

(g) Financial Assets

Trade receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 1.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

1. Significant accounting policies (continued)

(g) Financial Assets

Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are held with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note. 36

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

1. Significant accounting policies (continued)

Derecognition of financial assets

The City derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the City neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the City recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the City retains substantially all the risks and rewards of ownership of a transferred financial asset, the City continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Rates, grants, donations and other contributions

Rates, grants, donations and other contributions are recognised as revenues when the City obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured, and the timing of commencement of control depends upon the arrangements that exist between the grantor and the City.

Contributions over which the City has control but which had not yet been received at the reporting date are accrued and recognised as receivables.

Where grants and contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20.

(j) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

(k) Property, plant, equipment and infrastructure

Fixed Assets

Each class of fixed assets within either plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a)(ii), (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance. Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

1. Significant accounting policies (continued)

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the City.

(l) Depreciation

Items of property, plant equipment and infrastructure, excluding freehold land, are 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 at the end of each annual reporting period as follows:

<u>Classification</u>	<u>Years</u>	
Buildings	40 - 60	
Plant and major equipment	5	
Mobile plant (according to type)	5-15	
Computer equipment	3	
Furniture and equipment	10	
Tools	5	
Footpaths/cycleway	20 - 40	dependent on material type
Roads	25 - 100	for individual components
Drainage	80	
Parks	5 - 100	for individual components
Bridges	60 - 100	dependent on material type
Coastal & estuary groynes, boat ramps	20 - 50	for individual components

The financial effect in future periods of the reassessment of estimated useful lives of various infrastructure assets is not disclosed as it is considered impracticable to estimate that effect.

(m) Impairment of assets

At each reporting date, the City reviews the carrying amount of its assets to determine whether there is indication of impairment loss. If any such prescribed indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. As the future economic benefits of City assets are not primarily dependent on the assets' ability to generate net cash inflow and the City would, if deprived of the asset(s), replace its remaining future economic benefits, value in use is the depreciated replacement cost of the asset(s).

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss unless the relevant asset is carried at fair value, in which case the loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised amount of its recoverable amount, but only to the extent of any previous impairment loss recognised in prior years. A reversal of an impairment is recognised immediately in profit and loss unless the asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Financial liabilities

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

Other financial liabilities

Financial liabilities are recognised at fair value when the City becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

The City's derivative financial assets are measured at fair value through profit and loss.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

1. Significant accounting policies (continued)

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

(o) Employee benefits

Short-term employee benefits

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) Superannuation

The City contributes to the Local Government Superannuation Plan on the basis of a \$1 for every \$1 contributed to the fund by employees, to a maximum of 4% of the employee's salary. The City also contributes to employee nominated superannuation funds an amount calculated at 9.5% of the employee's gross salary and wages (Superannuation Guarantee Contributions). All contributions made by the City during the reporting period are shown as an expense. No liability for accumulated benefits has been recognised in these financial statements.

(q) Leases of assets

All City leases are classified as operating leases.

City as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

Initial indirect costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

City as lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits of the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(r) Good and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except

- i. where the amount of GST incurred is not recoverable from the Australian Tax Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Tax Office are classified within operating cash flows.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

1. Significant accounting policies (continued)

(s) Adoption of new and revised accounting standards
AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The City applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the City has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

There were no adjustments as a result of adoption of AASB 9.

Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the City's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the City's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the City. The following are the changes in the classification of the City's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

The City did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the City had the following required (or elected) reclassifications as at 1 July 2018:

	AASB 139	AASB 9 category	Fair value	Fair value
	Value	amortised	through	through
		cost	OCI	P/L
	\$	\$	\$	\$
Loans and receivables				
Trade receivables*	1,309	1,309	0	0
Loans and advances	91	91	0	0
	1,400	1,400	0	0

* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the City's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the City to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the City did not recognise any additional impairment on the City's receivable balances.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

2. Statement of Objectives and Program Description

City of Mandurah Mission Statement:

Create a vibrant and sustainable community, maximising opportunities through innovation and partnership.

The City of Mandurah is dedicated to providing high quality services to the community through various service orientated programs that it has established:

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

GOVERNANCE

Management of elected members of council, corporate management and policy making.

LAW, ORDER AND PUBLIC SAFETY

Supervision of various local laws, animal control, fire prevention and emergency services.

HEALTH

Supervision of local laws, food control, mosquito control and environmental health protection.

EDUCATION AND WELFARE

Operation of Senior Citizen's Centre, youth centre and services, assistance to various community groups and voluntary services.

COMMUNITY AMENITIES

Rubbish collection services, recycling services, operation of transfer station, cemetery services, administration of town planning schemes, climate change and protection of the environment.

RECREATION AND CULTURE

Maintenance of halls, parks, playgrounds, sports grounds, recreation centres, marina, various reserves and beaches, operation of the libraries and other cultural facilities.

TRANSPORT

Construction and maintenance of roads, drainage, works, footpaths, parking facilities and traffic signs. Maintenance of bus shelters and cleaning of streets.

ECONOMIC SERVICES

Economic development, marketing & tourism promotion, operation of visitors centres and marina chalets, implementation of building and development controls.

OTHER PROPERTY AND SERVICES

Public works overheads, administration overheads, plant operations, private works,

In order to discharge its responsibilities to the community, the City of Mandurah has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the City's Mission Statement, and for each of its broad activities/programs.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

3. Revenue and expenses

The net result for the year includes:

	2018/19 Actual \$'000	2017/18 Actual \$'000
(i) Charged as expense:		
Auditors' remuneration		
- Audit or review of the financial report	109	97
The auditor of the City of Mandurah is Deloitte Touche Tohmatsu.		
Bad and doubtful debts written off	801	500
Operating leases	1,612	1,442
Depreciation of non-current assets	33,708	30,583
Interest expenses and other borrowing charges		
General Purpose	121	202
Health	-	30
Community Amenities	44	29
Recreation & Culture	792	454
Transport	552	385
Economic Services	0	1
Other Property and Services	201	165
Total	<u>1,710</u>	<u>1,266</u>
(ii) Credited as revenue:		
Interest earnings		
Investments		
- Reserve funds	511	863
- Other funds	968	1,128
Other interest revenue (see note 23)	719	73
	<u>2,198</u>	<u>2,064</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

4. Significant non cash revenue

Non cash contributions are recognised in the Statement of Comprehensive Income operating revenue section to bring to account infrastructure assets and land acquired from developers and community groups. The value of non cash contributions is detailed below.

	2018/19 Actual \$'000	2017/18 Actual \$'000
Land	-	
Buildings	310	-
Furniture and Equipment	-	-
Infrastructure assets:		
- Roads and footpaths	76	1,294
- Drainage	-	612
- Bridges	-	33,781
- Recreation, parks	1,227	8
- Coastal and waterways	-	-
Total	<u>1,613</u>	<u>35,695</u>

5. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Cash and cash equivalents at the end of the reporting period is as follows:

Reconciliation of cash and cash equivalents	2018/19 Actual \$'000	2017/18 Actual \$'000
Cash at bank	15,159	6,915
Investments at call	259	277
Fixed term investments	30,135	41,889
Total	<u>45,553</u>	<u>49,081</u>

	2018/19 Actual \$'000	Un-audited 2018/19 Budget \$'000	2017/18 Actual \$'000
Restricted	37,483	31,194	38,924
Unrestricted	8,070	591	10,157
Total	<u>45,553</u>	<u>31,785</u>	<u>49,081</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Reserve funds (see note. 27)	31,591	27,265	30,255
Loan monies unspent at 30 June	2,065	429	4,835
Income in advance	183	-	204
Deposits (see note 30)	3,644	3,500	3,629
Total restricted funds	<u>37,483</u>	<u>31,194</u>	<u>38,923</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

6. Trade and other receivables	2018/19 Actual \$'000	2017/18 Actual \$'000
(a) Current		
Rates outstanding	3,226	2,943
Emergency Services Levy outstanding	157	11
Trade receivables	1,153	1,309
Other receivables	1,382	1,512
Goods and services tax	916	714
Prepayments	553	470
Allowance for doubtful debts	(83)	(14)
	<u>7,304</u>	<u>6,945</u>
(b) Non-Current		
Rates and ESL outstanding - pensioners deferred	1,374	1,294
	<u>1,374</u>	<u>1,294</u>

The credit terms offered to the City's trade debtors is 30 days net. Interest is not payable on overdue amounts.

Payment terms relating to rates debtors are set in accordance with the legislative requirements of the Local Government Act 1995 and are detailed separately in note 23.

7. Other financial assets	2018/19 Actual \$'000	2017/18 Actual \$'000
(a) Other financial assets at amortised cost - community loans		
Current	95	-
Non-Current	418	-
	<u>513</u>	<u>-</u>
(b) Financial assets previously classified as loans and receivables		
Current	-	91
Non-current assets	-	1,297
	<u>-</u>	<u>1,388</u>
Recorded loss allowance	-	(800)
	<u>-</u>	<u>588</u>

Community loans are fixed term loans to community groups to finance their contributions to facility improvements. The terms of the loans are for periods between 5 and 20 years with fixed equal repayments occurring at frequency of monthly, quarterly or bi-annually intervals.

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

8. Inventories	2018/19 Actual \$'000	2017/18 Actual \$'000
Raw materials	<u>327</u>	<u>307</u>
9. Payables		
Current		
Trade payables	4,032	4,157
Accrued expenses	1,167	1,377
Income in advance	183	204
Bonds and deposits (see note 30 for additional detail)	<u>3,644</u>	<u>3,629</u>
	<u>9,026</u>	<u>9,367</u>
<p>The average credit period for purchase of goods and services is net 30 days. No interest is charged on trade payables. The City has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.</p>		
10. Provisions		
Current		
Employee benefits		
Annual Leave	4,168	3,966
Long Service Leave	3,818	3,541
Sick Leave	589	483
Workers Compensation Insurance	<u>140</u>	<u>140</u>
	<u>8,715</u>	<u>8,130</u>
Non-Current		
Employee benefits		
Long Service Leave	<u>1,068</u>	<u>911</u>
11. Borrowings		
Current	<u>4,961</u>	<u>4,841</u>
Non-Current	<u>24,904</u>	<u>24,364</u>

Additional details on borrowings is provided in Note 26.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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12. Property, Plant, Equipment and Infrastructure

	2018/19	2017/18
	Actual	Actual
	\$'000	\$'000
<u>Property, plant and equipment:</u>		
Land - at 2019 independent valuation	92,695	93,465
	<u>92,695</u>	<u>93,465</u>
Building - at 2019 independent valuation	152,010	161,050
Less: Accumulated depreciation	-	(8,630)
Work in progress	2,984	2,008
	<u>154,994</u>	<u>154,428</u>
Furniture and fittings - valuation 2019	2,268	1,919
Less: Accumulated depreciation	-	(272)
Work in progress	-	198
	<u>2,268</u>	<u>1,845</u>
Plant and machinery - valuation 2019	12,579	12,982
Less: Accumulated depreciation	-	(2,137)
Work in progress	-	-
	<u>12,579</u>	<u>10,845</u>
Property, Plant and Equipment - Total	<u>262,536</u>	<u>260,583</u>
<u>Infrastructure:</u>		
Bridges - independent valuation 2018	71,928	71,928
Less: Accumulated depreciation	(7,844)	(7,106)
Work in Progress	206	171
	<u>64,290</u>	<u>64,993</u>
Parks - independent valuation 2018	203,981	227,971
Less: Accumulated depreciation	(45,812)	(42,234)
Work in progress	4,549	1,068
	<u>162,718</u>	<u>186,805</u>
Drainage - independent valuation 2018	187,762	179,048
Less: Accumulated depreciation	(51,004)	(48,751)
Work in progress	304	11
	<u>137,062</u>	<u>130,308</u>
Roads, footpaths, kerbs & seals - independent valuation 2018	522,700	512,177
Less: Accumulated depreciation	(184,326)	(176,886)
Work in progress	5,774	3,364
	<u>344,148</u>	<u>338,655</u>
Marina infrastructure - Independent Valuation 2016	-	4,094
Less: Accumulated depreciation	-	(2,747)
	<u>-</u>	<u>1,347</u>
Coastal and estuary - independent valuation 2018	101,734	93,398
Less: Accumulated depreciation	(48,370)	(46,913)
Work in progress	-	823
	<u>53,364</u>	<u>47,308</u>
Land improvements - cost which approximates fair value	6,064	1,362
Less: Accumulated depreciation	(408)	(177)
Work in Progress	119	5,047
	<u>5,775</u>	<u>6,232</u>
Infrastructure - Total	<u>767,357</u>	<u>775,648</u>
Net carrying amount	<u>1,029,893</u>	<u>1,036,231</u>

The assets are measured at fair value. Refer to note 38.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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13. Assets - movement in carrying amounts

Movement in the carrying amounts of each class of property, plant and equipment during the reporting period is as below:

	Land	Buildings	Furniture & Fittings	Plant & Machinery	Infra- structure	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	94,887	155,570	1,437	10,257	672,817	934,968
Revaluations	-	-	-	152	77,137	77,289
Additions	-	4,715	544	2,305	73,600	81,164
Work in progress	-	(980)	-	-	(20,506)	(21,486)
Disposals	(1,422)	(337)	-	(713)	(2,649)	(5,121)
Depreciation expense	-	(4,540)	(136)	(1,156)	(24,751)	(30,583)
Balance as at 30 June 2018	93,465	154,428	1,845	10,845	775,648	1,036,231
Reclassifications	-	(327)	-	345	(675)	(657)
Revaluations	289	490	489	248	1,477	2,993
Additions	569	8,116	779	3,528	31,019	44,011
Work in progress	-	(2,828)	(388)	-	(10,842)	(14,058)
Disposals	(1,628)	(140)	(11)	(994)	(2,146)	(4,919)
Depreciation expense	-	(4,745)	(446)	(1,393)	(27,124)	(33,708)
Balance as at 30 June 2019	92,695	154,994	2,268	12,579	767,357	1,029,893

14. Depreciation

(a) Depreciation by asset class

Depreciation expense for the reporting period is charged in respect of:

	2018/19 Actual \$'000	Un-audited 2018/19 Budget \$'000	2017/18 Actual \$'000
Buildings	4,745	5,987	4,540
Furniture and fittings	446	331	136
Plant and machinery	1,393	1,476	1,156
Infrastructure assets	27,124	23,523	24,751
	<u>33,708</u>	<u>31,317</u>	<u>30,583</u>

(b) Depreciation of assets by program

	2018/19 Actual \$'000	2018/19 Budget \$'000	2017/18 Actual \$'000
Law, Order, Public Safety	159	96	177
Health	-	-	-
Education and Welfare	154	208	147
Community Amenities	242	325	219
Recreation and Culture	15,833	17,996	14,585
Transport	15,397	10,530	13,874
Economic Services	97	125	94
Other Property and Services	1,826	2,037	1,487
	<u>33,708</u>	<u>31,317</u>	<u>30,583</u>

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

15. Disposal of assets(a) Disposal of assets by class

	Carrying Amount \$'000	Disposal Proceeds \$'000	Profit \$'000	Loss \$'000
Land	1,628	1,403	235	(233)
Buildings	140	-	-	(140)
Furniture and equipment	12	-	-	(12)
Plant and machinery	994	832	50	(212)
Roads, paths	629	-	-	(629)
Drainage	72	-	-	(72)
Parks	1,134	-	-	(1,134)
Coastal	310	-	-	(310)
	<u>4,919</u>	<u>2,235</u>	<u>285</u>	<u>(2,742)</u>

(b) Disposal of assets classified by program

	Carrying Amount \$'000	Disposal Proceeds \$'000	Profit \$'000	Loss \$'000
Governance	17	15		(2)
Law, Order and Public Safety	86	43		(43)
Education and Welfare				-
Health	21	24	3	-
Welfare	27	28	2	(1)
Community Amenities	74			(74)
Recreation and Culture	1,788	139	10	(1,660)
Transport	1,204	519	33	(717)
Economic Services	1,702	1,467	237	(245)
Other Property and Services	-	-	-	-
	<u>4,919</u>	<u>2,235</u>	<u>285</u>	<u>(2,742)</u>

16. Total assets classified by function and activity

	2018/19 Actual \$'000	2017/18 Actual \$'000
General Purpose Funding	4,497	4,018
Governance	11,987	12,166
Law, Order, Public Safety	2,336	2,150
Health	149	191
Education and Welfare	4,966	4,894
Community Amenities	9,616	8,829
Recreation and Culture	348,647	364,713
Transport	554,922	543,111
Economic Services	98,845	101,712
Other Property and Services	111	117
Unallocated	48,888	52,545
	<u>1,084,964</u>	<u>1,094,446</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

17. Fees and charges

	2018/19 Actual \$'000	Un-audited 2018/19 Budget \$'000	2017/18 Actual \$'000
General Purpose Funding	669	784	613
Law, Order, Public Safety	605	621	652
Health	183	191	186
Education and Welfare	375	692	401
Community Amenities	13930	13,654	13,280
Recreation and Culture	6215	8,046	6,236
Transport	1948	193	1,984
Economic Services	1785	2,071	1,996
Other Property and Services	137	179	219
	<u>25,847</u>	<u>26,431</u>	<u>25,567</u>

18. Elected members' benefits

The following fees, expenses and allowances were paid to council members, the mayor and deputy mayor during the reporting period.

	2018/19 Actual \$'000	Un-audited 2018/19 Budget \$'000	2017/18 Actual \$'000
Meeting fees allowance	402	402	377
Mayoral allowance	84	88	72
Deputy Mayoral allowance	21	25	12
Information and communications technology allowance	46	47	43
Councillors travel, conferences and other expenses	53	71	61
	<u>606</u>	<u>633</u>	<u>565</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

19. Notes to the cash flow statement

a) Reconciliation of cash

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2018/19 Actual \$'000	Un-audited 2018/19 Budget \$'000	2017/18 Actual \$'000
Cash and cash equivalents	<u>45,553</u>	<u>31,785</u>	<u>49,081</u>

b) Reconciliation of net cash flows from operating activities to net result

Net result for the year	(13,567)	(7,941)	26,357
Non cash items			
Depreciation	33,708	31,317	30,583
(Profit)/Loss on sale of assets	2,457	(109)	3,084
Changes in assets and liabilities during the financial year:			
Decrease/(increase) in receivables	(251)	500	808
Decrease/(increase) in inventories	(19)	(40)	14
Increase/(decrease) in payables	(129)	565	343
Increase/(decrease) in provisions	742	(25)	482
(Decrease)/increase in bonds & deposits	(18)	-	82
Other Movements	(590)	-	(90)
Grants/contributions for the development of assets	<u>(5,204)</u>	<u>(7,866)</u>	<u>(44,276)</u>
Net cash provided by operating activities	<u><u>17,128</u></u>	<u><u>16,401</u></u>	<u><u>17,387</u></u>

c) Credit standby arrangements

Credit card facility	60	60
Purchasing card facility	700	600
Credit and purchasing card debt balance at reporting date	<u>(79)</u>	<u>(66)</u>
	<u><u>681</u></u>	<u><u>594</u></u>

d) Borrowing facilities

Loan facilities - current	4,961	4,841
Loan facilities - non current	<u>24,904</u>	<u>24,364</u>
Total loan facilities in use at reporting date	<u><u>29,865</u></u>	<u><u>29,205</u></u>
Unused loan facility as at reporting date	<u><u>2,066</u></u>	<u><u>4,836</u></u>

CITY OF MANDURAH
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20. Conditions over grants and contributions

	2018/19	2017/18
	\$'000	\$'000
Opening balance of unexpended grants and contributions	3,369	4,040
Grants and contributions recognised as revenue in the reporting period	<u>8,992</u>	<u>50,296</u>
	12,361	54,336
Grants and contributions expended in the period:		
Operational grants and contributions	(2,023)	(7,730)
Grants and contributions for capital works	<u>(4,969)</u>	<u>(43,237)</u>
	(6,992)	(50,967)
Closing balance of unexpended grants	5,369	3,369
Net movement in unspent grants and contributions	2,000	(671)

All unspent grants and contributions as at 30 June 2019 are transferred to a Reserve account held for this purpose. Refer to note. 27

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

21. Rating Information

Rating Category	General Rate					Minimum Rate					2019 Total				2018 Total		
	GRV Value \$'000	Rate in \$	No. Props	Unaudited Budget \$'000	Rate Actual \$'000	GRV Value \$'000	Min Rate \$	No. Props	Unaudited Budget \$'000	Rate Actual \$'000	GRV Value in \$'000	No. Props	Unaudited Budget \$'000	Rate Actual \$'000	GRV Value in \$'000	No. Props	Rate Actual \$'000
Residential Improved	599,730	0.08250	33,985	49,625	49,480	73,574		6,438	9,245	6,959	673,304	40,423	58,870	56,439	663,495	40,054	56,495
Residential Vacant	27,423	0.14380	1,962	3,823	3,943	8,375		1,788	1,416	1,600	35,799	3,750	5,239	5,544	37,128	4,051	5,666
Urban Development	3,237	0.10390	12	482	336	-		-	-	-	3,237	12	482	336	5,189	14	529
Business Improved	147,867	0.08790	1,001	14,114	12,998	1,804		356	411	385	149,672	1,357	14,525	13,382	135,131	1,293	11,805
Business Vacant	4,470	0.14380	137	625	643	139		24	21	26	4,609	161	646	669	4,869	175	695
Mandurah Ocean Marina:																	
- Residential Improved	-	0.08250	1	-	-	-		-	-	-	-	1	-	-	606	17	49
- Vacant	-	0.00000	-	-	-	-		-	-	-	-	-	-	-	-	-	-
- Business Improved	-	0.00000	-	-	-	-		-	-	-	-	-	-	-	756	6	65
Interim Rates													800	1,227			519
Back Rates													-	129			(2,331)
Prepaid Rates Movement													-	242			760
Sub Total General Rates	782,727		37,098	68,669	67,400	83,893		8,606	11,093	8,971	866,620	45,704	80,562	77,969	847,173	45,610	74,251
Specified Area Rates																	
Port Mandurah		0.00340		79	79								79	79			79
Waterside		0.00000		-	-								-	-			-
Mandurah Ocean Marina		0.01610		378	365								378	365			377
Mandurah Quay		0.00150		10	11								10	11			11
Port Bouvard Eastport		0.00160		12	12								12	12			11
Port Bouvard Northport		0.00640		42	41								42	41			41
Mariners Cove		0.00120		12	10								12	10			10
Sub Total	-			533	518								533	518			529
Rates Concessions													-				
TOTAL RATES				69,202	67,918				11,093	8,971			81,095	78,487			74,780

Concessions 181,316

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

21. Rating information (continued)

Characteristics Forming the Basis of Rates

Council utilises differential rating based on zoning, and properties' improved or unimproved nature.

Objects and Reasons for Differential Rates

Differential Rates

Residential Improved	Rate in the dollar \$0.0825
Mandurah Ocean Marina Residential Improved	

Residential properties are the predominant property type in the City. The rate calculated reflects Council's policy of ensuring that residential properties contribute significantly to the services and infrastructure which the City provides.

Business Improved	Rate in the dollar \$0.0879
Mandurah Ocean Marina Business Improved	
Urban Development	Rate in the dollar \$0.1039
Business Vacant	Rate in the dollar \$0.1438

Rates on other improved properties are levied at similar rates to reflect the fact that these types make the same relative contribution as the residential improved category.

Residential Vacant	Rate in the dollar \$0.1438
Mandurah Ocean Marina Residential Vacant	

These rates have been set as an interim measure as part of the City's plan to reflect the change in vacant land values over a three year period.

Minimum Rates

Council set differentiating minimum rates so that all properties make a reasonable contribution to the cost of services regardless of low property gross rental values.

Residential Improved	\$ 1,081
Mandurah Ocean Marina Residential Improved	\$ 1,081
Business Improved	\$ 1,081
Marina Business	\$ 1,081
Residential Vacant	\$ 895
Business Vacant	\$ 1,081
Urban Development	\$ 1,081
Mandurah Ocean Marina Vacant	\$ 1,081

CITY OF MANDURAH
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22. Interest charges and instalments

Instalment options offered for payment of rates were:

Option	Payment dates
Payment in full	24 August 2018
Two instalments	24 August 2018 7 January 2019
Four instalments	24 August 2018 24 October 2018 7 January 2019 7 March 2019
Equal instalments	Payment by twelve equal instalments from April 2018 to March 2019. Continuation of instalments from April as advance payments for 2019/20.

		2018/19 Actual \$'000	Un-audited 2018/19 Budget \$'000	2017/18 Actual \$'000
Interest on unpaid rates	7%	344	260	327
Interest on instalment plan	5.50%	375	375	357
Charges on instalment plan	\$3	355	398	344
(for two and four instalment option)		<u>1,074</u>	<u>1,033</u>	<u>1,028</u>

23. Specified Area Rates

Rating Category	Specified Area Rates					
	Reserves B/fwd \$	Revenue Raised \$	Interest Earned \$	Expended \$	Contribution from City of Mandurah	Reserves C/fwd \$
Port Mandurah	447,596	79,721	10,295	(181,261)	9,084	365,435
Waterside	103,959	-	2,391	(5,963)	2,683	103,070
Mandurah Quay	178,248	10,984	4,100	(5,639)	-	187,693
Mandurah Ocean Marina	67,802	364,920	1,559	(434,281)	-	-
Mariners Cove	14,856	10,609	342	(7,306)	-	18,501
Port Bouvard Canals Northport	73,764	42,528	1,697	(20,295)	-	97,694
Port Bouvard Canals Eastport	12,244	12,888	281	(2,000)	-	23,413
Total	898,469	521,650	20,665	(656,745)	11,767	795,806

The specified area rates are imposed for the purpose of maintaining and managing the canals at Waterside, Port Mandurah, Mandurah Quay, Port Bouvard and the canals, open space and marina at Mandurah Ocean Marina. The designated areas are identified within council's objects and reasons.

CITY OF MANDURAH
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23. Specified Area Rates (continued)

Waterside Canals

0.000c in the dollar

This is levied on all canal frontage properties located within the "Waterside Canals" for owners to make a reasonable contribution toward maintaining and managing the canals in accordance with the Artificial Waterways Policy – Canals and the Core Management Group. For the year ended 30 June 2019 there were sufficient funds in the Reserve Fund to fund maintenance costs.

The area has been identified within the Government Gazette published 23rd June 1995 as Schedule B in the City of Mandurah (Specified Area) Order No. 1 and is commonly known as the "Waterside Canals".

Port Mandurah Canals

0.34c in the dollar

This is levied on all canal frontage properties located within the "Port Mandurah Canals" for owners to make a reasonable contribution toward maintaining and managing the canals in accordance with the Artificial Waterways Policy - Canals and the Core Management Group. The area has been identified within the Government Gazette published 23rd June 1995 as Schedule A in the City of Mandurah (Specified Area) Order No. 1 and is commonly known as "Port Mandurah Canals".

Mandurah Ocean Marina

1.61c in the dollar

This rate is levied on all properties within the Mandurah Ocean Marina Outline Development Plan. The purpose of this rate is to ensure that all owners within the precinct contribute to the operating costs of the marina.

Mandurah Quay

0.15c in the dollar

This is levied on all properties within the Mandurah Quay subdivision. The purpose is to ensure the maintenance of the marina, i.e. water body and walls, and is levied at a level to cover the life cycle expenses of the marina.

Port Bouvard - Northport

0.64c in the dollar

This is levied on all canal frontages on the Northport canals. The purpose is to recoup the costs of litter removal from the canal waterbody together with the costs of water quality testing, management, surveying and minor maintenance.

Port Bouvard - Eastport

0.16c in the dollar

This is levied on all canal frontages on the Eastport canals. The purpose is to recoup the costs of litter removal from the canal waterbody together with the costs of water quality testing, management, surveying and minor maintenance.

Mariners Cove

0.12c in the dollar

This is levied on all properties within the Mariners Cove subdivision. The purpose is to ensure the maintenance of the marina, i.e. water body and walls, and is levied at a level to cover the life cycle expenses of the marina.

24. Service charges

The City of Mandurah did not impose any service charges during the reporting period.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

25. Borrowings

(a) Movement in unspent loan fund for the year ended 30 June 2019

Date Loan Funded	Loan No.	Particulars	Unspent Balance 1 July 2018		New loans raised		Loans utilised		Balance 30 June 2019	
			Actual	Un-audited Budget	Actual 2018/2019 \$	Un-audited Budget 2018/2019 \$	Actual 2018/2019 \$	Un-audited Budget 2018/2019 \$	Actual \$	Un-audited Budget \$
30/03/04	303	Brighton Lane	43,022	43,022	-	-	-	-	43,022	43,022
30/03/04	304	Brighton Plaza	14,115	14,115	-	-	-	-	14,115	14,115
14/06/13	333(ii)	Parks Construction	171,963	171,963	-	-	(171,963)	-	-	171,963
22/04/15	337	New SES Facility	-	-	-	-	-	-	-	-
22/04/15	339	Roads	-	-	-	-	-	-	-	-
10/01/16	341	MARC Stage 2	-	-	-	-	-	-	-	-
10/01/16	342	Roads	-	200,000	-	-	-	(200,000)	-	-
10/01/16	343	WMC Tims Thicket	150,000	-	-	-	-	-	150,000	-
10/01/16	344	Eastern Foreshore Wall	114,214	323,435	-	-	(114,214)	(323,435)	-	-
5/05/17	345	MARC Stage 2	-	-	-	-	-	-	-	-
5/05/17	346	Road Construction	150,842	-	-	-	(150,842)	-	-	-
5/05/17	347	MARC Carpark	-	-	-	-	-	-	-	-
5/05/17	348	MPAC Forecourt	-	-	-	-	-	-	-	-
5/05/17	349	Waste Water Reuse	-	-	-	-	-	-	-	-
5/05/17	350	Halls Head Ablution Block	-	-	-	-	-	-	-	-
5/05/17	351	Falcon Bay Seawall	-	-	-	-	-	-	-	-
9/05/18	352	Mandurah Marina	75,438	200,000	-	-	(75,438)	(200,000)	-	-
9/05/18	353	MARC Solar Plan	185,994	185,000	-	-	-	(185,000)	185,994	-
9/05/18	354	MARC Carpark	11,593	-	-	-	(11,593)	-	-	-
9/05/18	355	Novara Foreshore Stage 2	76,854	100,000	-	-	(76,854)	(100,000)	-	-
9/05/18	356	Falcon Bay Foreshore Development	234,064	290,000	-	-	(234,064)	(290,000)	-	-
9/05/18	357	Mandurah Foreshore Boardwalk Renewal	447,597	450,000	-	-	(447,597)	(450,000)	-	-
9/05/18	358	Mandjar Square Development	-	-	-	-	-	-	-	-
9/05/18	359	New Road Construction	259,934	200,000	-	-	(31,406)	-	228,528	200,000
9/05/18	360	Lakelands DOS	2,800,000	2,760,000	-	-	(2,000,000)	(2,760,000)	800,000	-
9/05/18	361	Smokebush Retreat	100,000	100,000	-	-	(100,000)	(100,000)	-	-
21/06/19	39	Falcon Seawall	-	-	500,000	500,000	(500,000)	(500,000)	-	-
21/06/19	40	Mandurah Foreshore Boardwalk Stage 3	-	-	500,000	500,000	(356,074)	(500,000)	143,926	-
21/06/19	41	Civic Building	-	-	500,000	500,000	(325,064)	(500,000)	174,936	-
21/06/19	42	Mandjar Square Stage 3 & 4	-	-	1,000,000	1,000,000	(1,000,000)	(1,000,000)	-	-
21/06/19	43	Novara Foreshore Stage 3	-	-	200,000	200,000	(200,000)	(200,000)	-	-
21/06/19	44	Coodanup Drive	-	-	100,000	100,000	(100,000)	(100,000)	-	-
-	N/A	Shark Mitigation Project	-	-	-	400,000	-	(400,000)	-	-
21/06/19	45	Pinjarra Road Carpark	-	-	200,000	200,000	(16,892)	(200,000)	183,108	-
21/06/19	46	New Road Construction	-	-	1,650,000	1,550,000	(1,507,790)	(1,550,000)	142,210	-
Totals			4,835,630	5,037,535	4,650,000	4,950,000	(7,419,791)	(9,558,435)	2,065,839	429,100

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

25. Borrowings (continued)

(b) Loan liability summary for the year ended 30 June 2019

	Principal Liability		New Loans Taken Out		Refinance Cost 18/19		Interest Paid in Year		Principal Paid in Year		Principal Liability	
	Actual 1/07/2018 \$	Un-audited Budget 1/07/2018 \$	Actual 2018/19 \$	Un-audited Budget 2018/19 \$	Actual 2018/19 \$	Un-audited Budget 2018/19 \$	Actual 2018/19 \$	Un-audited Budget 2018/19 \$	Actual 2018/19 \$	Un-audited Budget 2018/19 \$	Actual 30/06/2019 \$	Un-audited Budget 30/06/2019 \$
Law, Order, Public Safety	25,319	25,329	-	-	865	-	1,887	1,424	10,905	12,256	15,279	13,073
Education & Welfare	-	-	-	-	-	-	-	-	-	-	-	-
Community Amenities	725,162	880,749	-	900,000	18,289	-	39,228	60,279	121,796	247,327	621,655	1,533,422
Recreation	15,794,862	18,080,014	1,700,566	1,700,000	355,413	-	791,542	571,967	2,285,370	2,535,983	15,565,471	17,244,031
Transport	9,537,585	10,465,831	2,450,815	1,850,000	259,542	-	555,825	370,765	1,600,004	1,413,548	10,647,938	10,902,283
Economic Services	-	-	-	-	-	-	-	-	-	-	-	-
Other Property and Services	3,122,105	4,065,259	500,167	500,000	111,222	-	200,268	151,936	719,150	842,899	3,014,344	3,722,360
Total	29,205,033	33,517,182	4,651,548	4,950,000	745,331	-	1,588,750	1,156,371	4,737,225	5,052,013	29,864,687	33,415,169

Comparison with detailed loan schedule may reveal rounding differences.

Principal	Actual 30/06/19 \$'000	Actual 30/06/18 \$'000
Current	4,961	4,841
Non-Current	24,904	24,364
Total	29,865	29,205

Interest	Actual 30/06/19 \$'000	Actual 30/06/18 \$'000
Interest and Guarantee Fee paid during the year	1,791	1,257
Interest accrued at reporting date	0	81
Reversal of interest accrued in prior period	(81)	(72)
Interest expense	1,710	1,266

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

25. Borrowings (continued)

Particulars	Term (years)	New loans taken up 2018/19	Total up to 30/06/18	Refinance of Loans Opening Balance (i)	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2018	Refinance Cost 18/19	Interest paid in year	Principal paid in year	Refinance of Loans Closing Balance (i)	Principal liability 30/06/2019	Principal Reimbursed
Law, Order, Public Safety														
316(v) Surf Life Saving Club	10		100,000	-	6.39	WATC	FEB. 2019	25,319	-	1,059	3,187	(22,132)	-	-
316(v) Surf Life Saving Club	10		-	22,132	3.91	Westpac	JUN. 2020	-	865	828	7,718	-	15,279	-
		-	100,000	22,132				25,319	865	1,887	10,905	(22,132)	15,279	-
Community Amenities														
336 Waste Trailers & Dolly	10		495,000	-	4.02	WATC	FEB. 2019	320,255	-	8,237	8,915	(311,340)	-	-
336 Waste Trailers & Dolly	10		-	311,340	4.11	Westpac	JUN. 2024	-	14,950	18,212	31,171	-	295,119	-
349 Waste Water Reuse	5		300,000	-	2.50	WATC	FEB. 2019	242,944	-	4,110	27,061	(215,883)	-	-
349 Waste Water Reuse	5		-	215,883	4.11	Westpac	MAY.2022	-	2,003	3,557	21,965	-	195,921	-
350 Halls Head Ablution Block	5		200,000	-	2.50	WATC	FEB. 2019	161,963	-	2,940	18,041	(143,922)	-	-
350 Halls Head Ablution Block	5		-	143,922	4.11	Westpac	MAY.2022	-	1,336	2,172	14,643	-	130,615	-
		-	995,000	671,145				725,162	18,289	39,228	121,796	(671,145)	621,655	-
Recreation														
316(iii) Allnutt Reserve Bowling Facility	10		468,000	-	6.39	WATC	FEB. 2019	118,493	-	4,614	24,431	(94,062)	-	-
316(iii) Allnutt Reserve Bowling Facility	10		-	94,062	3.91	Westpac	JUN. 2020	-	4,047	4,219	26,605	-	71,504	-
316(vii) Town Beach Ablutions	10		200,000	-	6.39	WATC	FEB. 2019	50,639	-	1,900	11,908	(38,731)	-	-
316(vii) Town Beach Ablutions	10		-	38,731	3.91	Westpac	JUN. 2020	-	1,729	1,875	9,903	-	30,557	-
318(ii) Rushton Park Redevelopment	10		2,000,000	-	5.54	WATC	FEB. 2019	718,308	-	23,192	89,349	(628,959)	-	-
318(ii) Rushton Park Redevelopment	10		-	628,959	4.04	Westpac	JUN. 2021	-	30,228	33,413	109,812	-	549,375	-
318(iii) Meadow Springs Pavilion	10		1,500,000	-	5.54	WATC	FEB. 2019	538,732	-	18,775	29,575	(509,157)	-	-
318(iii) Meadow Springs Pavilion	10		-	509,157	4.04	Westpac	JUN. 2021	-	24,470	27,049	121,595	-	412,032	-
320 Mandurah Rugby Club	10		300,000	-	5.54	WATC	FEB. 2019	107,747	-	3,525	12,161	(95,586)	-	-
320 Mandurah Rugby Club	10		-	95,586	4.04	Westpac	JUN. 2021	-	4,594	5,515	17,338	-	82,842	-
321 Mandurah Cricket Club	10		100,000	-	5.54	WATC	FEB. 2019	35,916	-	1,175	4,054	(31,862)	-	-
321 Mandurah Cricket Club	10		-	31,862	4.04	Westpac	JUN. 2021	-	1,531	1,838	5,782	-	27,611	-
324 Mandurah Football & Sporting	10		650,000	-	4.01	WATC	FEB. 2019	291,435	-	6,850	25,212	(266,223)	-	-
324 Mandurah Football & Sporting	10		-	266,223	4.11	Westpac	JUN. 2022	-	8,724	11,807	32,651	-	242,296	-
325 Mandurah Rugby Club	10		50,000	-	4.01	WATC	FEB. 2019	22,418	-	527	1,939	(20,479)	-	-
325 Mandurah Rugby Club	10		-	20,479	4.11	Westpac	JUN. 2022	-	671	908	2,513	-	18,637	-
326 Allnutt Reserve Bowling Facility	10		4,430,000	-	4.01	WATC	FEB. 2019	1,986,247	-	46,294	172,039	(1,814,208)	-	-
326 Allnutt Reserve Bowling Facility	10		-	1,814,208	4.11	Westpac	JUN. 2022	-	59,256	71,152	232,254	-	1,641,210	-
329(i) Ablutions - Netball Centre	10		350,000	-	4.01	WATC	FEB. 2019	156,928	-	3,637	13,386	(143,542)	-	-
329(i) Ablutions - Netball Centre	10		-	143,542	4.11	Westpac	JUN. 2022	-	4,632	6,272	17,705	-	130,469	-
329(v) Parks Construction	10		346,000	-	4.01	WATC	FEB. 2019	155,133	-	3,637	13,386	(141,747)	-	-
329(v) Parks Construction	10		-	141,747	4.11	Westpac	JUN. 2022	-	4,632	6,272	17,403	-	128,976	-
331 Halls Head Bowling Club Upgrade	15		450,000	-	4.71	WATC	FEB. 2019	333,267	-	16,359	5,722	(353,115)	-	-
331 Halls Head Bowling Club Upgrade	15		-	353,115	4.11	Westpac	APR. 2028	-	33,086	28,663	16,628	-	344,004	-
333(i) Parks - Falcon Bay Reserve	10		200,000	-	4.00	WATC	FEB. 2019	109,869	-	2,744	7,383	(102,486)	-	-
333(i) Parks - Falcon Bay Reserve	10		-	102,486	4.11	Westpac	APR. 2028	-	4,349	5,258	9,740	-	97,095	-

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

25. Borrowings (continued)

(c) Loan Liability Statement for the year ended 30 June 2019 (continued)

Particulars	Term (years)	New loans taken up 2018/19	Total up to 30/06/18	Refinance of Loans Opening Balance (i)	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2018	Refinance Cost 18/19	Interest paid in year	Principal paid in year	Refinance of Loans Closing Balance (i)	Principal liability 30/06/2019	Principal Reimbursed
Recreation continued														
338 Aquatic & recreation Centre	10		1,400,000	-	2.79	WATC	FEB. 2019	1,019,924	-	22,048	49,904	(970,020)	-	-
338 Aquatic & recreation Centre	10		-	970,020	4.11	Westpac	APR. 2025	-	16,571	16,750	63,988	-	922,603	-
340 Aquatic & recreation Centre Stage 1	10		775,000	-	2.65	WATC	FEB. 2019	635,878	-	10,959	31,889	(603,989)	-	-
340 Aquatic & recreation Centre Stage 1	10		-	603,989	4.11	Westpac	JUN. 2026	-	4,052	12,764	25,159	-	582,882	-
341 Aquatic & recreation Centre Stage 2	10		2,000,000	-	2.65	WATC	FEB. 2019	1,640,976	-	28,280	82,293	(1,558,683)	-	-
341 Aquatic & recreation Centre Stage 2	10		-	1,558,683	4.11	Westpac	JUN. 2026	-	10,456	22,803	75,062	-	1,494,077	-
344 Eastern Foreshore Wall	10		1,295,000	-	2.65	WATC	FEB. 2019	1,062,532	-	18,312	53,285	(1,009,247)	-	-
344 Eastern Foreshore Wall	10		-	1,009,247	4.11	Westpac	JUN. 2026	-	6,770	20,523	42,844	-	973,173	-
345 MARC Stage 2	5		2,600,000	-	2.50	WATC	FEB. 2019	2,105,513	-	38,224	234,526	(1,870,987)	-	-
345 MARC Stage 2	5		-	1,870,987	4.11	Westpac	MAY.2022	-	17,364	15,348	203,226	-	1,685,125	-
351 Falcon Bay Seawall	5		500,000	-	2.50	WATC	FEB. 2019	404,906	-	7,351	45,101	(359,805)	-	-
351 Falcon Bay Seawall	5		-	359,805	4.11	Westpac	MAY.2022	-	3,339	5,430	36,243	-	326,901	-
353 MARC Solar Plan	10		200,000	-	3.18	WATC	FEB. 2019	200,000	-	4,677	3,180	(196,820)	-	-
353 MARC Solar Plan	10		-	196,820	4.11	Westpac	MAY.2028	-	5,392	7,183	10,408	-	191,804	-
355 Novara Foreshore Stage 2	10		400,000	-	3.18	WATC	FEB. 2019	400,000	-	9,353	6,361	(393,639)	-	-
355 Novara Foreshore Stage 2	10		-	393,639	4.11	Westpac	MAY.2028	-	10,785	14,367	20,815	-	383,609	-
356 Falcon Bay Foreshore Development	10		400,000	-	3.18	WATC	FEB. 2019	400,000	-	9,353	6,361	(393,639)	-	-
356 Falcon Bay Foreshore Development	10		-	393,639	4.11	Westpac	MAY.2028	-	10,785	14,367	20,815	-	383,609	-
358 Mandjar Square Development	10		500,000	-	3.18	WATC	FEB. 2019	500,000	-	11,692	7,951	(492,049)	-	-
358 Mandjar Square Development	10		-	492,049	4.11	Westpac	MAY.2028	-	13,481	17,958	26,017	-	479,513	-
360 Lakelands DOS	10		2,800,000	-	3.18	WATC	FEB. 2019	2,800,000	-	65,473	44,525	(2,755,475)	-	-
360 Lakelands DOS	10		-	2,755,475	4.11	Westpac	MAY.2028	-	75,494	80,290	165,968	-	2,665,001	-
41 Falcon Seawall	10	500,167	-	-	3.09	Westpac	FEB. 2022	-	-	167	-	-	500,167	-
40 Manjar Square Stage 3 and 4	10	1,000,332	-	-	3.09	Westpac	FEB. 2022	-	-	332	-	-	1,000,332	-
44 Novara Foreshore Stage 3	10	200,067	-	-	3.09	Westpac	FEB. 2022	-	-	67	-	-	200,067	-
		1,700,566	23,914,000	14,844,512				15,794,861	356,437	791,542	2,286,395	(14,844,512)	15,565,471	-
Transport														
316(ii) Road Construction	10		1,498,000	-	6.39	WATC	FEB. 2019	379,281	-	14,656	80,496	(298,785)	-	-
316(ii) Road Construction	10		-	298,785	3.91	Westpac	JUN. 2020	-	12,953	13,618	82,864	-	228,874	-
316(iv) Car Parking	10		110,000	-	6.39	WATC	FEB. 2019	27,853	-	1,086	5,721	(22,132)	-	-
316(iv) Car Parking	10		-	22,132	3.91	Westpac	JUN. 2020	-	951	990	6,276	-	16,807	-
318(v) Road Construction	10		5,000,000	-	5.54	WATC	FEB. 2019	1,795,773	-	58,533	208,400	(1,587,373)	-	-
318(v) Road Construction	10		-	1,587,373	4.04	Westpac	JUN. 2021	-	76,289	84,328	290,222	-	1,373,439	-
318(iv) Drainage	10		500,000	-	5.54	WATC	FEB. 2019	179,579	-	5,522	29,827	(149,752)	-	-
318(iv) Drainage	10		-	149,752	4.04	Westpac	JUN. 2021	-	7,197	7,955	19,604	-	137,345	-
329(ii) Road Construction	10		750,000	-	4.01	WATC	FEB. 2019	336,272	-	7,915	29,134	(307,140)	-	-
329(ii) Road Construction	10		-	307,140	4.11	Westpac	JUN. 2022	-	10,081	13,651	37,647	-	279,574	-
329(iii) Drainage Construction	10		250,000	-	4.01	WATC	FEB. 2019	112,090	-	2,567	9,449	(102,641)	-	-
329(iii) Drainage Construction	10		-	102,641	4.11	Westpac	JUN. 2022	-	3,270	4,428	12,720	-	93,191	-
329(iv) Peelwood Oval - Parking	10		100,000	-	4.01	WATC	FEB. 2019	44,837	-	1,070	3,937	(40,900)	-	-
329(iv) Peelwood Oval - Parking	10		-	40,900	4.11	Westpac	JUN. 2022	-	1,363	1,845	4,985	-	37,277	-
329(vi) Path Construction	10		57,000	-	4.01	WATC	FEB. 2019	25,556	-	642	2,362	(23,194)	-	-
329(vi) Path Construction	10		-	23,194	4.11	Westpac	JUN. 2022	-	817	1,107	2,764	-	21,247	-
329(viii) Street Lighting	10		75,000	-	4.01	WATC	FEB. 2019	33,627	-	856	3,150	(30,477)	-	-
329(viii) Street Lighting	10		-	30,477	4.11	Westpac	JUN. 2022	-	1,090	1,476	3,609	-	27,958	-
333(ii) Road Construction	10		893,000	-	4.00	WATC	FEB. 2019	490,566	-	12,502	23,686	(466,880)	-	-
333(ii) Road Construction	10		-	466,880	4.11	Westpac	JUN. 2022	-	19,418	23,225	52,768	-	433,530	-

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. Borrowings (continued)

(c) Loan Liability Statement for the year ended 30 June 2019 (continued)

Particulars	Term (years)	New loans taken up 2018/19	Total up to 30/06/18	Refinance of Loans Opening Balance (i)	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2018	Refinance Cost 18/19	Interest paid in year	Principal paid in year	Refinance of Loans Closing Balance (i)	Principal liability 30/06/2019	Principal Reimbursed
<u>Transport continued</u>														
335 New Pedestrian Bridge Construction	10		1,000,000	-	4.02	WATC	FEB. 2019	646,980	-	16,641	18,010	(628,970)	-	-
335 New Pedestrian Bridge Construction	10		-	628,970	4.11	Westpac	JUN. 2024	-	30,201	36,792	62,974	-	596,197	-
339 New Road Construction	10	1,000,000	-	-	2.79	WATC	FEB. 2019	728,517	-	15,748	35,645	(692,872)	-	-
339 New Road Construction	10	-	-	692,872	4.11	Westpac	APR. 2025	-	11,836	14,704	42,853	-	661,855	-
342 New Road Construction	10	1,000,000	-	-	2.65	WATC	FEB. 2019	820,488	-	14,140	41,147	(779,341)	-	-
342 New Road Construction	10	-	-	779,341	4.11	Westpac	JUN. 2026	-	5,228	16,471	32,461	-	752,108	-
343 WMC Tims Thicket	10	150,000	-	-	2.65	WATC	FEB. 2019	123,073	-	2,121	6,172	(116,901)	-	-
343 WMC Tims Thicket	10	-	-	116,901	4.11	Westpac	JUN. 2026	-	784	2,471	4,872	-	112,813	-
346 Road Construction	5	790,000	-	-	2.50	WATC	FEB. 2019	639,752	-	11,614	71,260	(568,492)	-	-
346 Road Construction	5	-	-	568,492	4.11	Westpac	MAY. 2022	-	5,276	8,576	57,838	-	515,930	-
347 MARC Carpark	5	600,000	-	-	2.50	WATC	FEB. 2019	485,888	-	8,821	54,122	(431,766)	-	-
347 MARC Carpark	5	-	-	431,766	4.11	Westpac	MAY. 2022	-	4,007	6,514	43,927	-	391,846	-
348 MPAC Forecourt	5	250,000	-	-	2.50	WATC	FEB. 2019	202,453	-	3,675	22,550	(179,903)	-	-
348 MPAC Forecourt	5	-	-	179,903	4.11	Westpac	MAY. 2022	-	1,670	2,714	18,303	-	163,270	-
352 Mandurah Marina	10	200,000	-	-	2.50	WATC	FEB. 2019	200,000	-	4,677	3,180	(196,820)	-	-
352 Mandurah Marina	10	-	-	196,820	4.11	Westpac	MAY. 2028	-	5,392	7,183	10,408	-	191,804	-
354 MARC Carpark	10	300,000	-	-	3.18	WATC	FEB. 2019	300,000	-	7,015	4,771	(295,229)	-	-
354 MARC Carpark	10	-	-	295,229	4.11	Westpac	MAY. 2028	-	8,089	10,775	15,609	-	287,709	-
357 Mandurah Foreshore Boardwalk Renewal	10	450,000	-	-	3.18	WATC	FEB. 2019	450,000	-	10,522	7,156	(442,844)	-	-
357 Mandurah Foreshore Boardwalk Renewal	10	-	-	442,844	4.11	Westpac	MAY. 2028	-	12,133	16,163	23,414	-	431,563	-
361 Smokeshed Retreat	10	100,000	-	-	3.18	WATC	FEB. 2019	100,000	-	2,338	1,590	(98,410)	-	-
361 Smokeshed Retreat	10	-	-	98,410	4.11	Westpac	MAY. 2028	-	2,696	3,592	5,206	-	95,900	-
359 New Road Construction	10		1,415,000	-	3.18	WATC	FEB. 2019	1,415,000	-	33,087	22,501	(1,392,499)	-	-
359 New Road Construction	10		-	1,392,499	4.11	Westpac	MAY. 2028	-	38,151	40,684	83,764	-	1,346,886	-
42 New Boardwalks 18/19	10	500,167	-	-	3.09	Westpac	FEB. 2022	-	-	167	-	-	500,167	-
46 Coodanup Drive - Road Rehabilitation	10	100,034	-	-	3.09	Westpac	FEB. 2022	-	-	34	-	-	100,034	-
45 Pinjarra Road Carpark	10	200,067	-	-	3.09	Westpac	FEB. 2022	-	-	67	-	-	200,067	-
39 New Road Construction 18/19	10	1,650,547	-	-	3.09	Westpac	FEB. 2022	-	-	547	-	-	1,650,547	-
		2,450,815	16,488,000	8,853,321				9,537,585	258,892	555,825	1,599,355	(8,853,320)	10,647,938	-
<u>Other Property and Services</u>														
272 Office Building	20		2,500,000	-	6.20	WATC	FEB. 2019	597,220	-	29,529	58,563	(538,657)	-	-
272 Office Building	20		-	538,657	4.01	Westpac	APR. 2021	-	33,418	21,283	111,252	-	460,823	-
316(i) Information Systems	10	100,000	-	-	6.20	WATC	FEB. 2019	25,319	-	1,086	3,187	(22,132)	-	-
316(i) Information Systems	10	-	-	22,132	3.91	Westpac	JUN. 2020	-	864	801	7,718	-	15,278	-
316(vi) IT Server Room Upgrade	10	270,000	-	-	6.20	WATC	FEB. 2019	68,361	-	2,714	13,031	(55,330)	-	-
316(vi) IT Server Room Upgrade	10	-	-	55,330	3.91	Westpac	JUN. 2020	-	2,335	2,382	16,413	-	41,252	-
318(i) IT Communications Equipment	10	400,000	-	-	5.54	WATC	FEB. 2019	143,660	-	4,417	23,858	(119,802)	-	-
318(i) IT Communications Equipment	10	-	-	119,802	4.04	Westpac	JUN. 2021	-	5,757	6,365	15,685	-	109,874	-
329(vii) IT Equipment	10	102,000	-	-	4.01	WATC	FEB. 2019	45,732	-	1,070	3,937	(41,795)	-	-
329(vii) IT Equipment	10	-	-	41,795	4.11	Westpac	JUN. 2022	-	1,363	1,825	5,136	-	38,021	-
330 Land Purchase	10		5,000,000	-	4.01	WATC	FEB. 2019	2,241,813	-	52,692	193,945	(2,047,868)	-	-
330 Land Purchase	10		-	2,047,868	4.11	Westpac	JUN. 2022	-	67,111	75,938	266,050	-	1,848,929	-
43 Civic Building - Tuckey Room Extension	10	500,167	-	-	3.09	Westpac	FEB. 2022	-	-	167	-	-	500,167	-
		500,167	8,372,000	2,825,584				3,122,105	110,848	200,268	718,775	(2,825,584)	3,014,344	-
Total all loans		4,651,548	49,969,000	27,216,694				29,205,032	745,331	1,588,750	4,737,225	(27,216,694)	29,864,687	-

(i) During the year, the City refinanced its borrowings previously held with Western Australian Treasury Corporation to Westpac Bank.

CITY OF MANDURAH
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26. Reserves - asset revaluations

	Opening balance 1 July 2018 \$'000	Increase during year \$'000	Decrease during year \$'000	Closing balance 30 June 2019 \$'000
Land	74,246	289		74,535
Buildings	68,849	163		69,012
Furniture and fittings	364	489		853
Plant and machinery	73	115		188
Bridges	16,837	-	-	16,837
Parks	212,239		(19,504)	192,735
Drainage	89,115	8,041		97,156
Roads, footpaths, kerbs and seals	210,360	6,661		217,021
Coastal	35,083	6,280		41,363
Cultural Centre	17,691	-	-	17,691
	<u>724,857</u>	<u>22,038</u>	<u>(19,504)</u>	<u>727,391</u>

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

27. Reserves - cash backed**Purpose of cash backed reserves**

(a) Building	Future building construction requirements.
(b) Parking	Provide additional parking areas.
(c) Asset management	Maintenance and upgrade of current infrastructure.
(d) Cultural Centre	Equipment/plant replacement for Mandurah Performing Arts Centre.
(e) Museum	Operation of museum.
(f) Property acquisition	Future property purchases.
(g) Sustainability	Development of Mandurah as a sustainable city.
(h) Aquatic and recreation centre	Future reconstruction of Mandurah Aquatic & Recreation Centre and additional swimming space.
(j) Sanitation	Future waste treatment initiatives.
(j) Community improvements	Provision of community facilities.
(k) Traffic bridge	Replacement of Mandurah traffic bridge.
(l) Tims Thicket septage	Future site restoration.
(m) Tims Thicket inert	Future site restoration and development.
(n) Inert landfill	Future site restoration and development.
(o) Road network	Future road improvement schemes
(p) Arts & crafts centre	Provision of a new art and craft facility.
(q) Sand pit restoration	Costs associated with closure of Red Road site.
(r) Interest free loans	Interest-free loans to sporting & community groups for minor capital projects.
(s) CLAG	Contiguous Local Authority Group for control of mosquitoes.
(t) Emergency relief fund	Capital grants to local emergency service groups. Availability of funds for emergencies/disaster in Mandurah.
(u) Mandurah Ocean Marina	Future maintenance/asset replacement at Mandurah Ocean Marina.
(v) Waterways	Future maintenance/asset replacement of specific waterways infrastructure.
(w) Interest on investments	Allocation for one-off purposes.
(x) Port Mandurah canals Stage 2	Future maintenance of canals.
(y) Mariners Cove canals maintenance	Future maintenance of canals.
(z) Port Bouvard canals maintenance	Future maintenance of canals.
(aa) Soccer club rooms refurbishment	Club contributions to maintain presentation and functionality of this facility.
(ab) Cash in lieu POS Contributions	Contributions received in accordance with Planning & Development Act.
(ac) Unspent grants and contributions	Operating and non-operating grants and contributions tied to future expenditure.
(ad) Long service leave	To fund long service leave liability of Council staff.
(ae) Carbon offset	To fund initiatives which provide an offset to the environmental impact of the City's waste management activities.
(af) Bushland acquisition	For purchase and protection of bushland within the City.
(ag) Equipment replacement - Port Bouvard Surf Life Saving Clubhouse	To maintain presentation and functionality of the soccer club house.
(ah) Coastal Storm Contingency	To fund restoration of storm damaged coastal infrastructure.
(ai) Equipment replacement - Bortolo Pavilion	Club contributions to maintain presentation and functionality of this facility.
(aj) Equipment replacement - Rushton Park	Club contributions to maintain presentation and functionality of this facility.
(ak) Equipment replacement - Meadow Springs Pavilion	Club contributions to maintain presentation and functionality of this facility.
(al) Digital Futures	To fund rapid response to develop, investigate or commission digital technology initiatives.
(am) Decked car park	WA Government contribution to development of decked parking facility in the CBD.
<i>Specified Area Rates (SAR):</i>	
(an) Waterside canals SAR	Maintenance of canals.
(ao) Port Mandurah canals SAR	Maintenance of canals.
(ap) Mandurah Quay canals SAR	Maintenance of canals.
(aq) Mandurah Ocean Marina SAR	Maintenance/asset replacement at Mandurah Ocean Marina.
(ar) Port Bouvard canals SAR	Maintenance of canals.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2018/19 ACTUAL \$'000	Un-audited 2018/19 BUDGET \$'000	2017/18 ACTUAL \$'000
27. Reserves - cash backed (continued)			
(a) Building			
Opening balance	2,288	1,563	2,481
Amount set aside / Transfer to Reserve	678	200	600
Amount used / Transfer from Reserve	(1,493)	(1,340)	(793)
	<u>1,473</u>	<u>423</u>	<u>2,288</u>
(b) Parking			
Opening balance	465	465	465
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>465</u>	<u>465</u>	<u>465</u>
(c) Asset Management			
Opening balance	2,300	2,250	3,627
Amount set aside / Transfer to Reserve	-	-	600
Amount used / Transfer from Reserve	(1,309)	(990)	(1,927)
	<u>991</u>	<u>1,260</u>	<u>2,300</u>
(d) Cultural Centre			
Opening balance	9	-	241
Amount set aside / Transfer to Reserve	250	-	-
Amount used / Transfer from Reserve	(31)	-	(232)
	<u>228</u>	<u>-</u>	<u>9</u>
(e) Museum			
Opening balance	160	160	160
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	(160)	-
	<u>160</u>	<u>-</u>	<u>160</u>
(f) Property Acquisition			
Opening balance	6,501	5,358	5,257
Amount set aside / Transfer to Reserve	827	200	1,422
Amount used / Transfer from Reserve	(3,238)	(3,090)	(178)
	<u>4,090</u>	<u>2,468</u>	<u>6,501</u>
(g) Sustainability			
Opening balance	1,010	710	710
Amount set aside / Transfer to Reserve	-	200	300
Amount used / Transfer from Reserve	(206)	(385)	-
	<u>804</u>	<u>525</u>	<u>1,010</u>
(h) Aquatic and Recreation Centre			
Opening balance	-	8	908
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	(908)
	<u>-</u>	<u>8</u>	<u>-</u>
(i) Sanitation			
Opening balance	1,238	919	1,119
Amount set aside / Transfer to Reserve	1,098	-	464
Amount used / Transfer from Reserve	(817)	(898)	(345)
	<u>1,519</u>	<u>21</u>	<u>1,238</u>

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	2018/19 ACTUAL \$'000	Un-audited 2018/19 BUDGET \$'000	2017/18 ACTUAL \$'000
27. Reserves - cash backed (continued)			
(j) Community Improvements			
Opening balance	228	200	228
Amount set aside / Transfer to Reserve	5	-	
Amount used / Transfer from Reserve	(136)	(200)	
	<u>97</u>	<u>-</u>	<u>228</u>
(k) Traffic Bridge			
Opening balance	319	500	319
Amount set aside / Transfer to Reserve	177	-	-
Amount used / Transfer from Reserve	-	(500)	-
	<u>496</u>	<u>-</u>	<u>319</u>
(l) Tims Thicket Septage			
Opening balance	74	74	74
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>74</u>	<u>74</u>	<u>74</u>
(m) Tims Thicket Inert			
Opening balance	102	102	102
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>102</u>	<u>102</u>	<u>102</u>
(n) Inert Landfill			
Opening balance	40	40	40
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>40</u>	<u>40</u>	<u>40</u>
(o) Road Network			
Opening balance	-	-	-
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
(p) Arts and Craft Centre			
Opening balance	230	230	230
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>230</u>	<u>230</u>	<u>230</u>
(q) Sand Pit Restoration			
Opening balance	67	67	67
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>67</u>	<u>67</u>	<u>67</u>
(r) Interest Free Loans			
Opening balance	144	156	155
Amount set aside / Transfer to Reserve	35	-	29
Amount used / Transfer from Reserve	(20)	-	(40)
	<u>159</u>	<u>156</u>	<u>144</u>
(s) CLAG			
Opening balance	23	11	17
Amount set aside / Transfer to Reserve	4	-	6
Amount used / Transfer from Reserve	-	-	-
	<u>27</u>	<u>11</u>	<u>23</u>
(t) Emergency Relief Fund			
Opening balance	3	3	3
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>3</u>	<u>3</u>	<u>3</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2018/19 ACTUAL \$'000	Un-audited 2018/19 BUDGET \$'000	2017/18 ACTUAL \$'000
27. Reserves - cash backed (continued)			
(u) Mandurah Ocean Marina			
Opening balance	230	231	241
Amount set aside / Transfer to Reserve	5	-	-
Amount used / Transfer from Reserve	-	(90)	(11)
	<u>235</u>	<u>141</u>	<u>230</u>
(v) Waterways			
Opening balance	-	-	-
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
(w) Interest on Investments			
Opening balance	13	13	13
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>13</u>	<u>13</u>	<u>13</u>
(x) Port Mandurah Canals Stage 2 Maintenance			
Opening balance	80	80	80
Amount set aside / Transfer to Reserve	2	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>82</u>	<u>80</u>	<u>80</u>
(y) Mariners Cove Canals Maintenance			
Opening balance	72	72	72
Amount set aside / Transfer to Reserve	2	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>74</u>	<u>72</u>	<u>72</u>
(z) Port Bouvard Canals Maintenance			
Opening balance	226	226	226
Amount set aside / Transfer to Reserve	5	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>231</u>	<u>226</u>	<u>226</u>
(aa) Soccer Club Rooms Refurbishment			
Opening balance	29	29	29
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>29</u>	<u>29</u>	<u>29</u>
(ab) Cash in Lieu POS Contributions			
Opening balance	1,575	1,359	2,356
Amount set aside / Transfer to Reserve	12	-	99
Amount used / Transfer from Reserve	(50)	(50)	(880)
	<u>1,537</u>	<u>1,309</u>	<u>1,575</u>
(ac) Unspent Grants & Contributions			
Opening balance	3,371	8,423	4,041
Amount set aside / Transfer to Reserve	8,992	-	3,624
Amount used / Transfer from Reserve	(6,994)	(1,056)	(4,294)
	<u>5,369</u>	<u>7,367</u>	<u>3,371</u>
(ad) Long Service Leave			
Opening balance	4,452	3,691	4,140
Amount set aside / Transfer to Reserve	434	-	312
Amount used / Transfer from Reserve	-	-	-
	<u>4,886</u>	<u>3,691</u>	<u>4,452</u>

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	2018/19 ACTUAL \$'000	Un-audited 2018/19 BUDGET \$'000	2017/18 ACTUAL \$'000
27. Reserves - cash backed (continued)			
(ae) Carbon Offset			
Opening balance	132	45	132
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	(45)	-
	<u>132</u>	<u>-</u>	<u>132</u>
(af) Bushland Acquisition			
Opening balance	2,497	2,448	1,997
Amount set aside / Transfer to Reserve	557	500	500
Amount used / Transfer from Reserve	(340)	-	-
	<u>2,714</u>	<u>2,948</u>	<u>2,497</u>
(ag) Port Bouvard Surf Life Saving Clubrooms			
Opening balance	18	18	18
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>18</u>	<u>18</u>	<u>18</u>
(ah) Coastal Storm Contingency			
Opening balance	250	250	250
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>250</u>	<u>250</u>	<u>250</u>
(ai) Refurbishment Bortolo Pavilion			
Opening balance	6	6	6
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>6</u>	<u>6</u>	<u>6</u>
(aj) Refurbishment Rushton Park			
Opening balance	13	13	13
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>13</u>	<u>13</u>	<u>13</u>
(ak) Refurbishment Meadow Springs Pavilion			
Opening balance	8	8	8
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>8</u>	<u>8</u>	<u>8</u>
(al) Digital Futures			
Opening balance	116	125	116
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	(24)	(50)	-
	<u>92</u>	<u>75</u>	<u>116</u>
(am) Decked Car Park			
Opening balance	975	975	975
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>975</u>	<u>975</u>	<u>975</u>
(an) Specified Area Rates - Waterside Canals			
Opening balance	104	122	108
Amount set aside / Transfer to Reserve	2	-	3
Amount used / Transfer from Reserve	(3)	(5)	(7)
	<u>103</u>	<u>117</u>	<u>104</u>

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	2018/19 ACTUAL \$'000	Un-audited 2018/19 BUDGET \$'000	2017/18 ACTUAL \$'000
27. Reserves - cash backed (continued)			
(ao) Specified Area Rates - Port Mandurah Canals			
Opening balance	447	484	369
Amount set aside / Transfer to Reserve	77		88
Amount used / Transfer from Reserve	(159)	-	(10)
	<u>365</u>	<u>484</u>	<u>447</u>
(ap) Specified Area Rates - Mandurah Quay Canals			
Opening balance	178	144	165
Amount set aside / Transfer to Reserve	9	-	15
Amount used / Transfer from Reserve	-		(2)
	<u>187</u>	<u>144</u>	<u>178</u>
(aq) Specified Area Rates - Mandurah Ocean Marina			
Opening balance	68	316	131
Amount set aside / Transfer to Reserve	2	-	382
Amount used / Transfer from Reserve	(69)	-	(445)
	<u>1</u>	<u>316</u>	<u>68</u>
(ar) Specified Area Rates -Port Bouvard Canals			
Opening balance	74	20	59
Amount set aside / Transfer to Reserve	24	-	44
Amount used / Transfer from Reserve	-	-	(29)
	<u>98</u>	<u>20</u>	<u>74</u>
(as) Specified Area Rates -Mariners Cove			
Opening balance	15	10	19
Amount set aside / Transfer to Reserve	4	-	11
Amount used / Transfer from Reserve	-	-	(15)
	<u>19</u>	<u>10</u>	<u>15</u>
(at) Specified Area Rates -Eastport			
Opening balance	12	-	12
Amount set aside / Transfer to Reserve	11	-	12
Amount used / Transfer from Reserve	-	-	(12)
	<u>23</u>	<u>-</u>	<u>12</u>
(au) Sports clubs Maintenance Levy			
Opening balance	93		
Amount set aside / Transfer to Reserve	28		93
Amount used / Transfer from Reserve	(15)	-	-
	<u>106</u>	<u>-</u>	<u>93</u>
(av) Business Activation			
Opening balance	-	100	-
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>-</u>	<u>100</u>	<u>-</u>
(aw) City Centre Land Acquisition Reserve			
Opening balance	-		
Amount set aside / Transfer to Reserve	3,000	3,000	
Amount used / Transfer from Reserve	-	-	-
	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total Cash Backed Reserves	<u>31,591</u>	<u>27,015</u>	<u>30,005</u>
Total Summary			
Opening Balance	30,255	32,024	30,871
Transfer to Reserves	16,240	4,100	8,604
Transfer from Reserves	(14,904)	(8,859)	(9,220)
Closing Balance	<u>31,591</u>	<u>27,265</u>	<u>30,255</u>

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	2018/19 ACTUAL \$'000	Un-audited 2018/19 BUDGET \$'000	2017/18 ACTUAL \$'000
27. Reserves - cash backed (continued)			
All of the above reserve fund accounts are supported by money held in financial institutions and match the amounts included as restricted cash in Note 5. Minor specific asset replacement/maintenance reserves have been merged into the Asset Management Reserve. No time period has been set for the use of the reserves.			
<u>Summary of transfers to cash-backed reserves</u>			
Building	678	200	600
Parking	-	-	-
Asset management	-	-	600
Cultural Centre	250	-	-
Museum	-	-	-
Property acquisition	827	200	1,422
Sustainability	-	200	300
Aquatic and recreation centre	-	-	-
Sanitation	1,098	-	464
Community improvements	5	-	-
Traffic bridge	177	-	-
Tims Thicket septage	-	-	-
Tims Thicket inert	-	-	-
Inert landfill	-	-	-
Road network	-	-	-
Arts & crafts centre	-	-	-
Sand pit restoration	-	-	-
Interest free loans	35	-	29
CLAG	4	-	6
Mandurah Ocean Marina	5	-	-
Waterways	-	-	-
Interest on Investments	-	-	-
Port Mandurah canals maintenance Stage 2	2	-	-
Mariners Cove canals maintenance	2	-	-
Port Bouvard canals maintenance	5	-	-
Soccer club rooms refurbishment	-	-	-
Cash in lieu POS contributions	12	-	99
Unspent grants and contributions	8,992	-	3,624
Long Service Leave	434	-	312
Carbon Offset	-	-	-
Bushland Acquisition	557	500	500
Port Bouvard surf club rooms	-	-	-
Coastal storm contingency	-	-	-
Refurbishment Bortolo Pavilion	-	-	-
Refurbishment Rushton Park Pavilion	-	-	-
Refurbishment Meadow Springs Pavilion	-	-	-
Digital Futures	-	-	-
Decked Car Park	-	-	-
Specified Area Rate Waterside canals	2	-	3
Specified Area Rate Port Mandurah canals	77	-	88
Specified Area Rate Mandurah Quay canals	9	-	15
Specified Area Rate Mandurah Ocean Marina	2	-	382
Specified Area Rate Port Bouvard canals	24	-	44
Specified Area Rate Mariners Cove	4	-	11
Specified Area Rate Eastport	11	-	12
Sport clubs Maintenance Levy	28	-	93
Business Activation	-	-	-
City Centre Land Acquisition Reserve	3,000	3,000	-
	<u>16,240</u>	<u>4,100</u>	<u>8,604</u>

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	2018/19 ACTUAL \$'000	Un-audited 2018/19 BUDGET \$'000	2017/18 ACTUAL \$'000
<u>Summary of transfers from cash-backed reserves</u>			
Building	(1,493)	(1,340)	(793)
Asset management	(1,309)	(990)	(1,927)
Cultural Centre	(31)	-	(232)
Property acquisition	(3,238)	(3,090)	(178)
Sustainability	(206)	(385)	-
Aquatic and recreation centre	-	-	-
Sanitation	(817)	(898)	(345)
Community improvements	(136)	(200)	-
Traffic bridge	-	(500)	-
Interest free loans	(20)	-	(40)
CLAG	-	-	-
Mandurah Ocean Marina	-	(90)	(11)
Cash in lieu POS contributions	(50)	(50)	(880)
Unspent grants and contributions	(6,994)	(1,056)	(4,294)
Long Service Leave	-	-	-
Carbon Offset	-	(45)	-
Bushland Acquisition	(340)	-	-
Digital Futures	(24)	(50)	-
Decked Car Park	-	-	-
Specified Area Rate Waterside canals	(3)	(5)	(7)
Specified Area Rate Port Mandurah canals	(159)	-	(10)
Specified Area Rate Mandurah Quay canals	-	-	(2)
Specified Area Rate Mandurah Ocean Marina	(69)	-	(445)
Specified Area Rate Port Bouvard canals	-	-	(29)
Specified Area Rate Mariners Cove	-	-	(15)
Specified Area Rate Eastport	-	-	(12)
Sport clubs Maintenance Levy	(15)	-	-
	<u>(14,904)</u>	<u>(8,859)</u>	<u>(9,220)</u>

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28. Commitments for expenditure

(a) Capital expenditure commitments

At the reporting date, the City had the following contract commitments for capital projects (which have not been provided for elsewhere in the financial statements) and are due for payment within one year:

	30 June 2019 \$'000	30 June 2018 \$'000
Road construction	486	1,006
Drainage construction	59	509
Street Lighting Upgrades	86	175
Heavy Vehicles & Equipment	945	662
Mandurah Performing Arts Centre upgrades	-	125
Halls Head Ablution Block	-	-
Park and Reserve Upgrades	290	283
Light Vehicles	17	-
Upgrades to North Mandurah Community Centre	-	5
Boardwalk Renewal	75	476
Visitor Centre Upgrades	-	-
Halls Cottage Conservation Stage 3	-	-
Port Bouvard Surf Club	41	64
Building Construction	261	28
Mandurah Aquatic and Recreation Centre upgrade	7	7
Bridge Construction	-	196
Cambria Island Repair Retaining Wall	-	-
Geothermal Heating System	-	-
Waste Management Centre Upgrades	-	805
Lakelands DOS	252	206
Falcon Bay Foreshore & Seawall Upgrades	-	101
CCTV Infrastructure	-	108
Museum Courtroom Interpretation Project	12	55
Eastern Foreshore Wall	4	-
Old Mandurah Bridge	500	-
Waterfront Design Project	115	-
	<u>3,150</u>	<u>4,811</u>

(b) Lease commitments

Non-cancellable operating lease payments:

Future operating lease rentals of plant and equipment not provided for in the financial statements and subject to return at the end of lease term:

Payable - not later than 1 year	1,695	1,410
- later than 1 year but not later than 5 years	1,770	1,643
- later than 5 years	455	-
	<u>3,920</u>	<u>3,053</u>

Non-cancellable operating lease receivables:

Future operating lease rental income for generally sporting and cultural activities with lease terms of between 1 and 42 years. Lease have periodic review clauses linked to market values, consumer price index or participant numbers.

Receivable - not later than 1 year	1,738	1,670
- later than 1 year but not later than 5 years	4,121	5,206
- later than 5 years	8,524	12,347
	<u>14,383</u>	<u>19,223</u>

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2019

29. Bonds and deposits

	Balance 1/07/18 \$'000	Amounts Received \$'000	Amounts Paid \$'000	Balance 30/06/19 \$'000
Marina pen key deposits	5	-	-	5
Maintenance bonds	758		(25)	733
Public open space contributions	693	40		733
Outstanding works	686	18		704
Kerb/verge deposits	858		(6)	852
Deposits/refunds	277		(4)	273
MARC hall deposits	43		(8)	35
Senior Citizens Centre	3	-	-	3
Rates refunds	1	-	-	1
Loan guarantee funds	-	-	-	-
Contributions to works	276	-	-	276
Hall/key deposits	24	-	-	24
Reserve/key deposits	-	-	-	-
Ranger equipment hire deposits	1	-	-	1
Library deposits	2	-	-	2
Accommodation deposits	2	-	-	2
Nomination Deposits	-	-	-	-
TOTALS	3,629	58	(43)	3,644

30. Trust funds

The City has \$12,558 held in trust for consignment and travel payments relating to monies received for bookings and sale of consignment goods by the Mandurah Visitor Centre.

Opening Balance 1 July 2018 \$'000	Receipts \$'000	Paid Out \$'000	Closing Balance 30 June 2019 \$'000
21	213	(221)	13

CITY OF MANDURAH
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31. Performance measures - financial ratios

	30 June 2019	30 June 2018	30 June 2017
(a) Current ratio	1.05	1.11	0.93
(b) Asset consumption ratio	0.73	0.73	0.72
(c) Asset renewal funding ratio	1.33	1.42	1.42
(d) Asset sustainability ratio	0.61	0.54	1.12
(e) Debt service cover ratio	2.77	2.25	3.04
(f) Operating surplus ratio	(0.17)	(0.09)	(0.11)
(g) Own source revenue coverage ratio	0.82	0.87	0.84

The above ratios are calculated as follows:

(a) Current ratio	$\frac{\text{Current assets minus restricted assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
(b) Asset consumption ratio	$\frac{\text{Depreciated replacement cost of depreciable assets}}{\text{Current replacement cost of depreciable assets}}$
(c) Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
(d) Asset sustainability ratio	$\frac{\text{Capital renewal and replacement expenditure}}{\text{Depreciation expense}}$
(e) Debt service cover ratio	$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{Principal and interest}}$
(f) Operating surplus ratio	$\frac{\text{Operating revenue minus operating expense}}{\text{Own source operating revenue}}$
(g) Own source revenue coverage ratio	$\frac{\text{Own source operating revenue}}{\text{Operating expense}}$

32. Contingent liabilities

The City has no identified contingent liabilities at the reporting date.

CITY OF MANDURAH

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33. Major land transactions**(a) Details**

The City is sub-dividing land at Lots 1197 and 1200 Leisure Way, Halls Head. This development is the subject of a Business Plan approved in March 2007, a copy of which is available on request from the City's Administration Office. Preliminary design works commenced in 2006/07 and \$3.11 million has been spent for development costs to 30 June 2019.

(b) Current year transactions

	Original Project \$'000	2018/2019 Actual \$'000	Cumulative to 30 June 2019 \$'000
<u>Income</u>	13,977	1,451	4,931
<u>Expenditure</u>			
Materials & contracts			
Advertising	-	-	(38)
Project management	(345)	-	(476)
Surveying	-	-	(2)
Development and administration	(3,775)	(6)	(2,443)
Selling costs and settlement	(482)	(42)	(154)
Interest charges	(300)	-	-
Fees and taxes	(125)	-	(20)
Surplus	8,950	1,403	1,798
<u>Assets</u>			
Land - at fair value			2,155
<u>Liabilities</u>		Nil	Nil

(c) Expected future cash flows

	2019/20 \$'000	2020/21 \$'000
<u>Cash Inflows</u>		
Land sales	850	600
GST refund	-	-
	<u>850</u>	<u>600</u>
<u>Cash Outflows</u>		
Project management		
Development & administration		
Selling costs	(79)	(54)
Other Costs	(14)	(10)
	<u>(93)</u>	<u>(64)</u>
Net Cash Flows	<u>757</u>	<u>536</u>

34. Events after the reporting date

There have been no subsequent events of a material nature to report since the end of the financial year.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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35. Financial instruments

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

The City does not engage in foreign currency transactions, therefore has no exposure to foreign currency risk.

Financial risk management is carried out by Financial Services section of the City's administration in accordance with policies approved by the council which provide written principles on interest rate risk, credit risk and the investment of excess liquidity.

The City held the following financial instruments as at the reporting date:

	Carrying value		Fair Value	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	45,553	49,081	45,553	49,081
Receivables	8,678	8,239	8,678	8,239
Other financial assets	513	-	513	-
Loans and other receivables	0	588	0	588
	54,744	57,908	54,744	57,908
Financial liabilities				
Payables	9,026	9,367	9,026	9,367
Borrowings	29,865	29,205	29,865	29,205
Other financial liabilities	490	-	490	-
	39,381	38,572	39,381	38,572

(a) Interest rate risk management

The Council is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The risk to cash and cash equivalents is that movements in interest rates will affect returns. The City manages this risk by diversifying investments with a range of maturities and types.

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. This risk is managed by borrowing over long terms and fixing the interest rate to the situation considered the most advantageous to council at the time of negotiation.

(b) Interest rate sensitivity analysis

The table below represents a summary of the interest rate sensitivity of the City's financial assets and financial liabilities at year end on the (loss)/surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying \$'000	-1% Change Loss \$'000	Equity \$'000	+1% Change Loss \$'000	Equity \$'000
2019					
Financial assets					
Cash	15,418	(154)	(154)	154	154
Deposits	30,135	(301)	(301)	301	301
Other financial assets	513	(5)	(5)	5	5
	46,066	(461)	(461)	461	461
Financial liabilities					
Borrowings	29,865	299	299	(299)	(299)
Other financial liabilities	490	(1,077)	(1,077)	1,077	1,077
	30,355	(778)	(778)	778	778
Total (Increase)/Decrease	76,421	(1,239)	(1,239)	1,239	1,239
2018					
Financial assets					
Cash	7,192	(72)	(72)	72	72
Deposits	41,889	(419)	(419)	419	419
Other financial assets	-	-	-	-	-
	49,081	(491)	(491)	491	491
Financial liabilities					
Borrowings	29,205	292	292	(292)	(292)
Other financial liabilities	-	-	-	-	-
	29,205	292	292	(292)	(292)
Total (Increase)/Decrease	78,286	(199)	(199)	199	199

(c) Security price market risk management

Security price market risk is the risk that the capital value of an investment may fluctuate due to changes in market prices whether these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.

The City manages this risk to its cash and cash equivalents by diversifying its portfolio, only purchasing investments with high credit ratings or capital guarantees.

The City entered into a long-term borrowing at a variable(floating) rate and swapped into a fixed rate lower than the variable rate available if the City borrowed at a fixed rate directly at the time.

Interest rate swaps currently in place total 40% of the variable loan principal (in 2018 there were neither interest rate swaps or borrowings at a variable rate). The fixed interest rate of the swap is 2.05% and the variable rate of the loan at the end of the reporting period was 1.595% which was 0.595% above the 90 day bank bill rate which was 1.0% at the end of the reporting period.

CITY OF MANDURAH
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35. Financial instruments (continued)

(d) Credit risk management

Credit risk is the risk of financial loss to the City if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The risk arises principally from cash, cash equivalents, trade and other receivables.

The City manages the risk to its cash and cash equivalents by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

The City's major receivables comprise rates, annual charges and user fees and charges and the risk is that these will not be paid. The City manages this risk by monitoring outstanding debts and employing council approved debt recovery policies.

The risk with rates and annual charges is minimised by the ability 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 higher than market interest rates on overdue rates which further encourages payment.

A suitable allowance for doubtful debts is made by the City as required in line with the expected credit loss model. There are no material receivables that have been subject to a re-negotiation of payment terms and the City has no material credit risk to any single debtor under any financial instrument entered into.

(e) Trade Receivables

The City's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies.

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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	293,146	258,970	248,585	2,494,377	3,295,078
Loss allowance	0	0	0	0	0

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
01 July 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	258,970	248,585	246,538	2,181,829	2,935,922
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	Less than 30 days past due	Less than 60 days past due	Less than 90 days past due	More than 90 days past due	Total
30 June 2019						
Sundry Receivables						
Expected credit loss	0.42%	2.18%	7.04%	11.24%	100%	
Gross carrying amount	\$ 679,670.41	\$ 43,224.83	\$ 27,925.87	\$ 3,585.86	\$ 77,236.86	\$ 831,643.83
Loss allowance	\$ 2,854.62	\$ 942.30	\$ 1,965.98	\$ 403.05	\$ 77,236.86	\$ 83,402.81

	Current	Less than 30 days past due	Less than 60 days past due	Less than 90 days past due	More than 90 days past due	Total
01 July 2018						
Sundry Receivables						
Expected credit loss	1.30%	3.96%	6.69%	10.07%	100%	
Gross carrying amount	\$ 642,756.84	\$ 114,808.42	\$ 17,741.25	\$ 23,157.38	\$ 215,929.26	\$ 1,014,393.15
Loss allowance	\$ 8,336.36	\$ 4,547.62	\$ 1,186.89	\$ 2,331.95	\$ 215,929.26	\$ 232,332.08

CITY OF MANDURAH
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35. Financial instruments (continued)

(f) Liquidity risk management

Liquidity risk is the risk that there are insufficient funds on hand to meet payment obligations as they fall due.

Payables and borrowings are both subject to this risk. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms may be extended if required.

Liquidity and interest risk table

The following table sets out the carrying amount, by maturity, of the City's financial instruments that are exposed to interest rate and liquidity risk:

			Fixed Interest Rate Maturity			Non interest bearing	Total
			Less than 1 year	1 to 5 years	More than 5 years		
	Weighted average rate %	Floating interest rate \$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019							
Financial assets							
Cash and cash at bank	0.75	15,147				12	15,159
Deposits	2.25	259	28,976	1,159			30,394
Receivables	-	-	-	-	-	8,678	8,678
Other financial assets	-	-	-	-	-	513	513
Total financial assets		15,406	28,976	1,159	-	9,203	54,744
Financial liabilities							
Borrowings	3.51	29,865	-	-	-	-	29,865
Payables	-	-	-	-	-	9,026	9,026
Other financial liabilities	-	-	-	-	-	490	490
Total financial liabilities		29,865	-	-	-	9,516	39,381
2018							
Financial assets							
Cash at bank	0.95	6,894	-	-	-	21	6,915
Deposits	2.52	533	41,633	-	-	-	42,166
Receivables	-	-	-	-	-	8,239	8,239
Loans and other receivables	-	-	-	-	-	588	588
Total financial assets		7,427	41,633	-	-	8,848	57,908
Financial liabilities							
Borrowings	3.62	-	-	16,075	13,130	-	29,205
Payables	-	-	-	-	-	9,367	9,367
Other financial assets	-	-	-	-	-	-	-
Total financial liabilities		-	-	16,075	13,130	9,367	38,572

(g) Fair value of financial instruments

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and the notes to the financial statements.

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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36. Fair value measurements**(i) Assets measured at Fair Value**

Fair Value as at 30 June 2019	Note	Level 1 (Significant observable inputs)	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)	Total
Non-Financial Assets	11	\$'000	\$'000	\$'000	\$'000
Land		-	76,015	16,680	92,695
Buildings		-	1,037	153,957	154,994
Furniture and fittings		-	-	2,268	2,268
Plant and Machinery		-	6,301	6,278	12,579
Bridges		-	-	64,290	64,290
Parks		-	-	162,718	162,718
Roads, footpaths, kerbs and seals		-	-	344,148	344,148
Drainage		-	-	137,062	137,062
Marina		-	-	-	-
Coastal & Estuary		-	-	53,364	53,364
Land improvements		-	5,775	-	5,775
Total		-	89,128	940,765	1,029,893

There were no transfers between Levels 1, 2 or 3 during the period.

(ii) Valuation techniques to derive Level 2 fair values

The fair value of the City's Land, Buildings, Furniture and Fittings and Plant and Machinery has been arrived at on the basis of a valuation carried out by Griffin Valuation Advisory independent valuers. They have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

Level 2 fair values of Land, Buildings and Plant and Machinery are derived using the market approach that reflects recent transaction prices for similar assets. This method of valuation takes into consideration factors such as location, zoning, land area, development potential, topography, and current market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The most recent valuation was performed in June 2019.

(iii) Valuation techniques to derive Level 3 fair values

In the absence of market based evidence due to the specialised nature of some non-financial assets, these assets are considered to be at Level 3 of the fair value hierarchy using a cost approach or market approach adjusted for restrictions. These restrictions have been placed on their use and disposal when they are not determined to be surplus requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service and the Local Government Act 1995.

The fair value of the City's unit rates for Roads, footpaths, kerbs and seals, Drainage, Parks, Bridges and Coastal and Estuary assets have been arrived at on the basis of a valuation carried out by Aquenta Consulting Pty Ltd ("Aquentia"). They have appropriate qualifications and recent experience in the valuation of infrastructure assets. The most recent valuation was performed in June 2018.

(iv) Valuation process

There were no changes to the valuation techniques during the period.

No transfers between the different levels of the fair value hierarchy have occurred. Transfers between levels will occur where inputs used in making individual asset and liability fair value measurements no longer satisfy the current level of classification.

Fair values for specialised Buildings, Plant and Equipment and Infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, that is depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace similar assets with an asset in new condition, less an amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence.

Fair value for land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted use land), or comparison with market evidence for land with low level utility (high restricted use land).

Significant level 3 inputs used by the City are derived and evaluated as follows:

Costs per square metre floor area (m2)

Costs ascribed to various building components have been based on Rawlinsons Australian Construction Handbook and the Ralph Beattie Bosworth Compendium. All building and improvement values have been calculated from a Perth based construction rate with an appropriate district allowance applied to each location.

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36. Fair value measurements (continued)Consumed economic benefit/obsolescence of asset

These are estimated by Griffin Valuation Advisory, Aqunta Consulting, the City's in-house civil engineers and technical staff.

Land with restricted utility

Fair value for land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low utility are selected by Griffin Valuation Advisory.

Master unit rates

Fair value of Parks, Drainage, Roads, Footpaths, Kerbs and Seals are estimated using current replacement cost based on master unit rates. The rates were determined by independent valuers Aqunta Consulting Pty Ltd during the most recent valuation. The assets were disaggregated to an appropriate component level to ensure reliable measure of cost and service capability and deterioration of estimated useful Life.

Aqunta derived its rates from its internal database, rates for construction of similar assets and supplier quotations where required. The rates were increased by an appropriate percentage to allow for project overheads.

(iv) Information about significant unobservable inputs (Level 3) in fair value measurements

Description and fair value as at 30 June 2019 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Land (\$16,680)	Market Approach	Selection of Land similar approximate utility	\$4.59 - \$993.38 per square metre	Higher value of similar land increases estimated fair value.
Buildings (\$153,957)	Depreciated Replacement Cost	Historical cost per square metre floor area Consumed economic benefit/obsolescence of asset	The diversity of the various assets in this class make it difficult to provide meaningful information in a summarised format. (a) 2.83% per year	Higher historical cost per m2 increases fair value Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Furniture and fittings (\$2,268)	Depreciated Replacement Cost	Historical cost per unit Consumed economic benefit/obsolescence of asset	Individual rates per item over a wide range of items - \$1,500 - \$100,000 7.79% per year	Higher historical cost per unit increases fair value. Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Plant and Machinery (\$6,278)	Depreciated Replacement Cost	Historical cost per unit Consumed economic benefit/obsolescence of asset	Individual rates per item over a wide range of items - \$1,500 - \$450,000 9.21% per year	Higher historical cost per unit increases fair value. Greater consumption of economic benefit or increased obsolescence lowers the fair value.

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36. Fair value measurements (continued)

Description and fair value as at 30 June 2018 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Bridges (\$64,290)	Depreciated Replacement Cost	Aquenta Consulting valuation cost per unit (i) Consumed economic benefit/obsolescence of asset	Individual rates per item over a range of items \$150,000 - \$44,000,000 1.01% per year	Higher historical cost per unit increases fair value Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Parks (\$162,720)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i) Consumed economic benefit/obsolescence of asset	The diversity of the various assets in this class make it difficult to provide meaningful information in a summarised format. (a) 4.96% per year	Higher unit rates increases fair value. Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Roads, Footpaths, Kerbs and Seals (\$344,148)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i) Consumed economic benefit/obsolescence of asset	Road pavement - \$34.92 per square metre Road surface/seal - \$4.09 - \$99.40 per square metre Kerb - \$38.76 - 45.34 per lineal metre Footpaths - \$37.43 - \$2,498.10 per square metre Bus stop shelters - measured at cost. 1.86% per year	Higher unit rates increases fair value. Greater consumption of economic benefit or increased obsolescence lowers the fair value.

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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36. Fair value measurements (continued)

Description and fair value as at 30 June 2018 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Drainage (\$137,062)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i) Consumed economic benefit/obsolescence of asset	Pipes - \$126.32 - \$934.05 per lineal metre Access chambers - \$277.48 - \$345.16 per square metre Collection pits - \$285.99 - \$8,318.37 per item Water quality devices - \$46,381.50 per item 1.25% per year	Higher unit rates increases fair value. Greater consumption of economic benefit or increased obsolescence lowers the fair value.

Description and fair value as at 30 June 2018 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Coastal & Estuary (\$53,364)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i) Consumed economic benefit/obsolescence of asset	Boat Ramps - \$1,429.88 - \$2,394.78 per square metre Jetties - \$993.54 - \$4,226.17 per square metre Boardwalks - \$886.63 - \$2,498.10 per square metre Seawalls - \$899.44 - \$5,186.53 per lineal metre 2.20% per year	Higher unit rates increases fair value. Greater consumption of economic benefit or increased obsolescence lowers the fair value.

(i) The Aquenta unit rates utilised a number of inputs that require judgement and are therefore unobservable including number of labour hours, material and plant usage quantities and estimates of overheads.

(a) The diversity of the numerous assets in these classes make it difficult to provide meaningful information in a summarised format. Parks comprises of outdoor playing surfaces, irrigation (bores and reticulation), park furniture, play grounds, sculptures, art, shelters, fencing, garden beds, landscaping, signage and lighting. These assets have multiple components comprising different unit rates and useful lives and as such, an average could be misleading.

Buildings comprises of toilet blocks, community and town halls, administration buildings, theatres and heritage buildings. These assets have multiple components comprising different unit rates and useful lives and as such, an average would be misleading. If estimated costs used in level 3 fair value calculations were 10% higher or lower, the fair value of these assets would increase or decrease by :

Description	\$'000
Land	1,668
Buildings	15,396
Furniture and fittings	227
Plant and machinery	628
Bridges	6,429
Parks	16,272
Roads, footpaths, kerbs and seals	34,415
Drainage	13,706
Coastal & Estuary	5,336

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

36. Fair Value Measurements (continued)**(vi) Fair value measurement using significant unobservable inputs (Level 3)**

	Land	Buildings	Furniture and fittings	Plant and machinery	Parks	Drainage	Roads, footpaths, kerbs and seals	Bridges	Marina	Coastal and Estuary	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance 1 July 2018	15,180	153,175	1,845	7,561	186,805	130,307	338,655	64,993	1,347	47,308	947,176
Additions		6,488	1,450	2,462	8,135	1,128	9,424	232		1,138	30,457
Revaluation increments/(decrements) recognised in Profit and Loss		-		-	-	-	-	-	-	-	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	1,676	(811)	(562)	(214)	(19,504)	8,041	6,661	-	(1,347)	7,627	1,567
Transfer (to)/from Level 2		265	-	(2,897)	-	-	-	-	-	-	(2,632)
Reclassification		(327)	-	345		-	(133)	(197)	-	-	(312)
Disposals	(176)	(118)	(20)	(442)	(1,134)	(72)	(629)		-	(310)	(2,901)
Depreciation expense	-	(4,715)	(445)	(537)	(11,584)	(2,342)	(9,830)	(738)	-	(2,399)	(32,590)
Fair value at end of period	16,680	153,957	2,268	6,278	162,718	137,062	344,148	64,290	-	53,364	940,765
Total gains or losses for the period included in profit or loss, under "Other gains"	-	-	-	-	-	-	-	-	-	-	-
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	-	-	-	-	-	-	-	-	-	-	-

Revaluation is recognised in the current year as infrastructure additions are valued at current unit rates based on current valuations.

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

37. Related Party Transactions**(a) Subsidiaries**

The City has no subsidiaries, joint venture or associate investments.

(b) Key management personal compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel (KMP). Details of persons holding the position of Councillors or other members of key management personnel at any time during the year are:

Councillors

Rhys Williams	Full Year
Fred Riebeling JP	Full Year
Darren Lee	Full Year
Lynn Rodgers	Full Year
Merv Darcy	Full Year
Shane Jones	Full Year
Ron Wortley	Full Year
Caroline Knight	Full Year
Peter Jackson	Full Year
Dave Schumacher	Full Year
Matt Rogers	Full Year
Peter Rogers	Full Year

Chief Executive Officer and other Key Management Personnel

Position	Name
Chief Executive Officer	Mark Newman
Director Works & Services	Allan Claydon
Director Sustainable Development	Tony Free
Executive Manager Strategy & Business Performance	Graeme Davies
Executive Manager Finance and Governance	David Prattent
Executive Manager Development & Compliance	Brendan Ingle
Executive Manager Strategic Recreation & Events	Craig Johnson
Executive Manager Engineering Services	Matthew Hall

(c) Key management personal compensation

The total remuneration paid to KMP during the year is as follows:

	2019	2018
Description	\$'000	\$'000
Short Term Economic Benefits	2,365	1,948
Post-Employment Benefits	194	158
Long-Term Benefits	46	26
Termination Benefits	-	512
Total	2,605	2,644

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP including details in respect to fees and benefits paid to elected members which may also be found at Note 17.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the City's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits including the non-current entitlement to LSL accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP during the year.

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

(d) Transactions with other related parties

Description		2019 \$	2018 \$
Fees and charges charged to associates		-	-
# Fees and charges charged to entities controlled by key management personnel		1	2
Infrastructure contributions from entities controlled by key management personnel		-	-
Employee expenses for close family members of key management personnel		-	-
Purchase of materials and services from entities controlled by key management personnel		-	-

#The City leases a house to Westaus Crisis and Welfare Inc., a not-for-profit organisation over which some of the Council's key management personnel have significant influence. The charges to Westaus were consistent with Council's schedule of fees for community organisation.

(e) Outstanding balances

The City has no balances currently outstanding for key management personnel or other related parties

(f) Loan and Guarantees to/from related parties

The City does not make loans to or receive loans from related parties. No guarantees have been provided.

(g) Commitments to/from other related parties

The City has no outstanding commitments to/from other related parties

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

38. New accounting standards and interpretations for application in future years

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the City.

This note explains management's assessment of the new and amended pronouncements that are relevant to the City, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The City will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the City will adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the Statement of Financial Position at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019	Reclassification	AASB 15 carrying amount 01 July 2019
		\$	\$	\$
Contract assets		-	-	-
Contract liabilities - current				
Unspent grants, contributions and reimbursements		-	3,530	3,530
Adjustment to retained surplus from adoption of AASB 15	38(d)		(3,530)	3,530

The reclassification arises due to result of the City not meeting the specific performance obligations as required in AASB 15, consequently the amount is recognised in liabilities rather than revenue.

(b) Leases

The City adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the City has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the City will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the City will recognise lease liabilities in relation to leases which had previously been classified as an operating lease applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rates applied to the lease liabilities on 1 July 2019 is 4%.

	Note	2019 \$'000
Operating lease commitments disclosed as at 30 June 2019		3,920
Lease liability recognised as at 1 July 2019		
Discounted using the City's incremental borrowing rate of 4%.	38(d)	3,053
Right-of-use asset recognised as at 1 July 2019		3,053
Low-value leases recognised on a straight-line basis as an expense		537

On adoption of AASB 16, the City will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. The right of use of asset is to be measured at the carrying amount of lease liability as of 1st July 2019, being the date of initial application. Property, plant and equipment increases by \$3.05 million on 1 July 2019 resulting in no impact on retained earnings on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the City is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the City will use the following practical expedient permitted by the standard.

"- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application."

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

38. New accounting standards and interpretations for application in future years**(c) Income For Not-For-Profit Entities**

The City will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

		AASB 1004 carrying amount		AASB 1058 carrying amount
	Note	30 June 2019	Reclassification	01 July 2019
		\$	\$	\$
Trade and other payables		9,026	3,231	12,257
Adjustment to retained surplus from adoption of AASB 1058	38(d)		(3,231)	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the City. When the taxable event occurs the financial liability will be extinguished and the City will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the City to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Fire Services will be recognised in budgeted revenue and expenditure as the fair value of the services can be reliably estimated and the services would have been purchased if they had not been donated.

(d) Impact of changes to Retained Surplus

The impact on the City of the changes as at 1 July 2019 is as follows:

	Note	Adjustments	2019 \$'000
Retained surplus - 30 June 2019			276,818
Adjustment to retained surplus from adoption of AASB 15	38 (a)	(3,530)	
Adjustment to retained surplus from adoption of AASB 16	38 (b)	-	
Adjustment to retained surplus from adoption of AASB 1058	38 (c)	(3,231)	(6,761)
Retained surplus - 01 July 2019			270,057

39. Change in accounting policy

On the 26 June 2018 Paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000.

The adoption of the regulation constitutes a change in accounting policy. Due to the effect on the financial statements not being material, the City did not retrospectively apply the changes in accounting policy arising from the new regulations and has not restated the comparative figures.



Independent Auditor's Report to the to the Rate Payers of the City of Mandurah

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City of Mandurah (the "City") which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income by program, the statement of comprehensive income by nature or type, the statement of changes in equity, the statement of cash flows and the rate setting statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial report:

- (i) is based on proper accounts and records; and
- (ii) presents fairly, in all material respects, the City's financial position as at 30 June 2019 and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the Local Government Act 1995 Part 6 (the "Act") and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the City in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Chief Executive Officer and the Council for the Financial Report

The Chief Executive Officer of the City is responsible for the preparation of the financial report in accordance with the requirements of the Local Government Act 1995 Part 6 and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the Chief Executive Officer is responsible for assessing the ability of the City to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

The Council of the City is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer.
- Conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the Chief Executive Officer and the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- We did not become aware of any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government, other than the City's Operating Surplus Ratio which has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past 3 years.
- We did not become aware of any instance where the Council did not materially comply with the requirements of Part 6 of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they apply to financial statements.
- All required information and explanations were obtained by us.
- All procedures were satisfactorily completed.
- In our opinion, the asset consumption ratio and the asset renewal funding ratio included in the financial report were supportable by verifiable information and reasonable assumptions.

DELOITTE TOUCHE TOHMATSU

Nicole Menezes

Partner

Chartered Accountants

Perth, [Date]

ATTACHMENT 3

Management responses to matters raised in the Auditor's report

1. Accuracy of financial ratios and related disclosures

We did not become aware of any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government, other than the City's Operating Surplus Ratio which has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past 3 years.

Management Response

The ratio includes non-cash expenses which includes depreciation and profit and loss on sale of assets. It is important for local governments to recognise that assets depreciate and there should be sufficient funds available for renewal and replacement of these assets, however the funding of this can be by other means such as transfer from reserves, capital grants and loan funds. The Department of Local Government, Sports and Cultural Industries (DLGSC) states that this ratio indicates how much of a local government's percentage of total own source revenue is available to help fund proposed capital expenditure, transfer to cash reserves, reduce debt or other purposes, however local governments are required to include non-cash items in the calculation. It is important to note that non-cash items are not required to be included in the calculation of a rate setting statement. A rate setting statement, which determines how much rates income is required to be raised to balance a budget, excludes non-cash items such as depreciation and profit and loss on sale of assets. The rate setting statement's purpose is to determine the amount required to be raised to deliver the services, programs, capital expenditure, and transfer to cash reserves and cover the financing and investing activities.

The City is currently developing a long term financial plan with the view of considering this and other ratio's over time.