

City of Mandurah Financial Statements

2016-2017



CITY OF MANDURAH

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

CONTENTS

	Page
Independent auditor's report	i
Statement by chief executive officer	iv
Statement of comprehensive income by program	1
Statement of comprehensive income by nature or type	2
Statement of financial position	3
Statement of changes in equity	4
Rate setting statement	5
Statement of cash flows	6
Notes to the financial statements	
1 Significant accounting policies	7
2 Statement of objectives and program description	14
3 Revenue and expenses	15
4 Significant non-cash revenue	16
5 Cash and cash equivalents	16
6 Receivables	17
7 Inventories	18
8 Payables	18
9 Provisions	18
10 Long term borrowings	18
11 Property, plant, equipment and infrastructure	19
12 Assets movement in carrying amounts	20
13 Depreciation of assets	20
14 Disposal of assets	21
15 Total assets classified by function and activity	21
16 Fees and charges	22
17 Elected members' benefits	22
18 Notes to the cash flow statement	23
19 Number of employees	24
20 Payments to employees	24
21 Conditions over grants and contributions	24
22 Rating information	25
23 Interest charges and instalments	27
24 Specified area rates	27
25 Service charges	28
26 Borrowings	29
27 Reserves - asset revaluation	34
28 Reserves - cash backed	35
29 Commitments for expenditure	42
30 Bonds and deposits	43
31 Trust funds	43
32 Current position as at 1 July 2016	43
33 Performance measures - financial ratios	44
34 Contingent liabilities	44
35 Major land transactions	45
36 Events after the reporting period	45
37 Financial instruments	46
38 Fair value measurement	48
39 Related party transactions	53

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.

Independent Auditor's Report 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 2017, 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, and the statement by the chief executive officer as set out on pages iv and 1 to 54.

In our opinion, the accompanying financial report presents fairly, in all material respects, the City's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the requirements of the Local Government Act 1995 Part 6.

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.

Other Information

The Council of the City of Mandurah ("the Council") is responsible for the other information. The other information comprises the information included in the City's financial statements for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Council for the Financial Report

The Council is responsible for the preparation of the financial report in accordance with Australian Accounting Standards and requirements of the Local Government Act 1995 Part 6 and for such internal control as the Council 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 Council 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 Council either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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 Council.

- Conclude on the appropriateness of the Council'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 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

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

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



John Sibenaler

Partner

Chartered Accountants

Perth, 14 December 2017

CITY OF MANDURAH
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Mandurah being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are, in my opinion, properly drawn up so as to present fairly the financial position of the City of Mandurah at 30 June 2017 and the results of its operations for the year then ended in accordance with Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the Regulations under that Act. In my opinion, there are reasonable grounds to believe that the City of Mandurah will be able to pay its debts as and when they become due and payable.

Signed on the 14th day of September 2017



Tony Free
A/Chief Executive Officer

CITY OF MANDURAH
STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2016/17 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2015/16 ACTUAL \$'000
Revenue				
General Purpose Funding		78,521	78,688	76,462
Governance		54	78	88
Law, Order, Public Safety		1,239	766	886
Health		300	261	312
Education and Welfare		541	632	468
Community Amenities		13,757	13,034	14,250
Recreation and Culture		6,851	8,451	6,136
Transport		4,114	400	2,996
Economic Services		1,964	2,023	2,206
Other Property and Services		723	387	810
		<u>108,064</u>	<u>104,720</u>	<u>104,614</u>
Expenses				
General Purpose Funding		(2,473)	(1,819)	(2,946)
Governance		(5,821)	(5,772)	(5,733)
Law, Order, Public Safety		(3,593)	(3,285)	(3,271)
Health		(1,860)	(1,902)	(1,821)
Education and Welfare		(3,895)	(4,055)	(3,818)
Community Amenities		(18,488)	(20,082)	(18,816)
Recreation and Culture		(43,432)	(48,795)	(43,682)
Transport		(25,214)	(19,195)	(32,675)
Economic Services		(5,646)	(6,217)	(5,700)
Other Property and Services		(8,608)	(8,223)	(9,032)
		<u>(119,030)</u>	<u>(119,345)</u>	<u>(127,494)</u>
Profit / (Loss) on Asset Disposal				
General Purpose Funding				
Governance		-		(5)
Law, Order, Public Safety		13		(60)
Education and Welfare		-		2
Health		-		1
Community Amenities		-		(26)
Recreation and Culture		(516)		(1,598)
Transport		(3,975)		(481)
Economic Services		-		606
Other Property and Services		(388)	57	-
		<u>(4,866)</u>	<u>57</u>	<u>(1,561)</u>
Sub total		(15,832)	(14,568)	(24,441)
Non Operating Grants, Subsidies and Contributions				
General Purpose Funding		25	-	-
Law, Order, Public Safety		54		495
Education and Welfare			337	
Community Amenities		-	70	3
Recreation and Culture		6,787	7,624	5,476
Transport		15,757	4,244	12,552
Other Property and Services		30		637
		<u>22,653</u>	<u>12,275</u>	<u>19,163</u>
NET PROFIT/(LOSS)	3	<u>6,821</u>	<u>(2,293)</u>	<u>(5,278)</u>
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Gain/(loss) on revaluation of land		-	-	12,369
Gain/(loss) on revaluation of buildings		-	-	19,604
Gain/(loss) on revaluation of furniture and fittings		-	-	357
Gain/(loss) on revaluation of plant and machinery		-	-	59
Gain/(loss) on revaluation of roads		1,528	-	9,267
Gain/(loss) on revaluation of bridges		-	-	-
Gain/(loss) on revaluation of drainage		3,004	-	(1,473)
Gain/(loss) on revaluation of coastal		612	-	(512)
Gain/(loss) on revaluation of parks		1,119	-	6,746
		<u>6,262</u>	<u>-</u>	<u>46,417</u>
TOTAL COMPREHENSIVE INCOME		<u>13,084</u>	<u>(2,293)</u>	<u>41,139</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 2017

	NOTE	2016/17 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000
Revenue			
Rates	22	71,546	72,621
Operating grants, subsidies and contributions		8,835	4,920
Fees and charges	16	24,648	24,464
Interest earnings	3	2,052	2,530
Other revenue/income		983	185
		<u>108,064</u>	<u>104,720</u>
Expenses			
Employee costs		(41,393)	(40,336)
Materials and contracts		(40,158)	(43,857)
Utilities (gas, electricity, water etc.)		(4,023)	(3,215)
Depreciation on non-current assets	13	(29,219)	(29,369)
Interest expenses	3, 26(b)	(1,376)	(1,448)
Insurance expenses		(852)	(944)
Other expenses		(1,609)	(175)
		<u>(118,630)</u>	<u>(119,344)</u>
Sub-total		(10,566)	(14,624)
Non Operating Grants, Subsidies and Contributions		22,653	12,444
Assets Ceded to the Crown		(401)	-
Profit/(Loss) on Disposal of Assets		(4,866)	57
NET PROFIT/(LOSS)		6,821	(2,123)
Other Comprehensive Income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Gain/(loss) on revaluation of land		-	-
Gain/(loss) on revaluation of buildings		-	-
Gain/(loss) on revaluation of furniture and fittings		-	-
Gain/(loss) on revaluation of plant and machinery		-	-
Gain/(loss) on revaluation of roads		1,528	-
Gain/(loss) on revaluation of bridges		-	-
Gain/(loss) on revaluation of drainage		3,004	-
Gain/(loss) on revaluation of coastal		612	-
Gain/(loss) on revaluation of parks		1,119	-
Total Other Comprehensive Income		<u>6,263</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>13,084</u>	<u>(2,123)</u>

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

CITY OF MANDURAH
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	NOTE	2016/17 ACTUAL \$'000	2015/16 ACTUAL \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	43,887	54,858
Receivables	6(a)	7,410	7,074
Inventories	7	320	407
TOTAL CURRENT ASSETS		<u>51,617</u>	<u>62,339</u>
NON CURRENT ASSETS			
Receivables	6(b)	3,572	4,150
Property plant and equipment	11, 12	262,151	254,552
Infrastructure	11, 12	672,817	656,989
TOTAL NON-CURRENT ASSETS		<u>938,540</u>	<u>915,691</u>
TOTAL ASSETS		<u>990,157</u>	<u>978,030</u>
CURRENT LIABILITIES			
Payables	8	9,177	10,328
Provisions	9	7,567	7,492
Borrowings	10, 26(b)	5,642	5,130
TOTAL CURRENT LIABILITIES		<u>22,386</u>	<u>22,950</u>
NON CURRENT LIABILITIES			
Provisions	9	991	924
Borrowings	10, 26(b)	23,453	23,913
TOTAL NON-CURRENT LIABILITIES		<u>24,444</u>	<u>24,837</u>
TOTAL LIABILITIES		<u>46,830</u>	<u>47,787</u>
NET ASSETS		<u>943,327</u>	<u>930,243</u>
EQUITY			
Accumulated surplus		264,748	248,727
Reserves - Asset Revaluation	27	647,708	641,445
Reserves - Cash Backed	28	30,871	40,071
TOTAL EQUITY		<u>943,327</u>	<u>930,243</u>

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 2017

	NOTE	Accumulated surplus \$'000	Reserves - cash backed \$'000	Reserves - asset revaluation \$'000	Total \$'000
Balance as at 1 July 2015		247,016	47,060	595,028	889,104
Gain on revaluation of non-current assets		-	-	46,417	46,417
Other comprehensive income		-	-	46,417	46,417
Net Loss		(5,278)	-	-	(5,278)
Total comprehensive income		(5,278)	-	46,417	41,139
Recognition of prior year error		-	-	-	-
Transfer to accumulated surplus from cash backed reserves		6,989	(6,989)	-	-
Balance as at 30 June 2016		<u>248,727</u>	<u>40,071</u>	<u>641,445</u>	<u>930,243</u>
Gain on revaluation of non-current assets		-	-	6,263	6,263
Other comprehensive income		-	-	6,263	6,263
Net Profit		6,821	-	-	6,821
Total comprehensive income		6,821	-	6,263	13,084
Transfer to accumulated surplus from cash backed reserves		9,200	(9,200)	-	-
Balance as at 30 June 2017		<u><u>264,748</u></u>	<u><u>30,871</u></u>	<u><u>647,708</u></u>	<u><u>943,327</u></u>

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

CITY OF MANDURAH
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

		2016/17 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2015/16 ACTUAL \$'000
Revenue				
General Purpose Funding		6,975	6,524	6,412
Governance		54	78	88
Law, Order, Public Safety		1,239	766	886
Health		300	261	312
Education and Welfare		539	632	468
Community Amenities		13,757	13,034	14,250
Recreation and Culture		6,851	8,451	6,136
Transport		4,113	400	2,996
Economic Services		1,964	2,023	2,206
Other Property and Services		758	532	1,627
		36,550	32,701	35,381
Expenses				
General Purpose Funding		(2,473)	(1,819)	(2,946)
Governance		(5,820)	(5,772)	(5,733)
Law, Order, Public Safety		(3,593)	(3,250)	(3,271)
Health		(1,860)	(1,936)	(1,821)
Education and Welfare		(3,895)	(4,055)	(3,818)
Community Amenities		(18,487)	(20,082)	(18,842)
Recreation and Culture		(43,948)	(48,795)	(45,286)
Transport		(29,189)	(19,194)	(33,130)
Economic Services		(5,646)	(6,217)	(5,700)
Other Property and Services		(9,029)	(8,312)	(9,261)
		(123,940)	(119,432)	(129,808)
Other Inflows				
Capital grants and contributions		22,653	12,275	19,163
Proceeds from disposal of assets	14	2,062	1,395	3,599
Reserves utilised	28	18,757	21,055	19,824
Loans utilised	26(a)	5,817	8,737	5,334
Contributions - community loans		918	260	239
		50,207	43,722	48,159
Capital Works Program				
Development of land for resale		-	-	-
Land and buildings		(12,826)	(19,760)	(11,368)
Furniture and fittings		(83)	(244)	(361)
Plant and machinery		(2,387)	(3,004)	(2,377)
Infrastructure assets - roads, drainage & bridges		(22,990)	(24,111)	(10,778)
Infrastructure assets - recreation infrastructure		(2,129)	(3,153)	(4,307)
Infrastructure assets - marina		-	(1,743)	-
Infrastructure assets - coastal & estuary		(2,019)	(2,645)	(380)
Infrastructure assets - other		(1,045)	(401)	(1,954)
		(43,478)	(55,059)	(31,525)
Other Outflows				
Repayment of loan debt	26(b)	(5,187)	(5,612)	(5,432)
Transfers to reserves	28	(9,557)	(500)	(12,835)
Loans to community and sporting bodies		(100)		(27)
		(14,844)	(6,112)	(18,294)
Non Cash Items				
Donated assets	4	(9,919)	-	(7,000)
Loss on sale of assets	14	4,866	(57)	1,561
Write back depreciation	13	29,219	29,369	31,362
Long service leave now in reserves		84		448
		24,250	29,312	26,371
Add: Surplus July 1 b/fwd	32	4,290	2,175	3,956
Less: Surplus June 30 c/fwd		4,581	(361)	4,290
Amount Required from Rates		(71,546)	(72,332)	(70,050)

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

CITY OF MANDURAH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2016/17 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2015/16 ACTUAL \$'000
Cash flows from operating activities				
Receipts				
Rates		71,694	72,621	70,226
Operating grants, subsidies and contributions		8,364	4,920	4,379
Fees and charges		24,165	25,214	24,116
Interest earnings		2,257	2,530	2,277
Other revenue		982	185	1,070
Goods and services tax		8	6,000	-
Movement in bonds & deposits		-	-	190
		<u>107,470</u>	<u>111,470</u>	<u>102,258</u>
Payments				
Employee costs		(40,817)	(40,336)	(40,146)
Materials and contracts		(41,015)	(43,857)	(49,887)
Utilities (gas, electricity, water etc.)		(4,096)	(3,215)	(3,782)
Interest expense		(1,371)	(1,448)	(1,427)
Insurance		(939)	(944)	(752)
Other expenses		(784)	(175)	(477)
Goods and services tax			(6,000)	(506)
Movement in bonds & deposits		(74)	-	-
		<u>(89,096)</u>	<u>(95,975)</u>	<u>(96,977)</u>
Net cash flows from operating activities	18(b)	<u>18,374</u>	<u>15,495</u>	<u>5,282</u>
Cash flows from investing activities				
Receipts				
Non-operating grants, subsidies and contributions		13,466	12,444	11,546
Disposal of property, plant and equipment		2,126	1,364	3,474
Payments				
Purchase and construction of assets		<u>(45,111)</u>	<u>(55,059)</u>	<u>(29,780)</u>
Net cash outflows from investing activities		<u>(29,519)</u>	<u>(41,251)</u>	<u>(14,760)</u>
Cash flows from financing activities				
Proceeds from borrowing		5,240	5,590	5,220
Repayment of borrowing		(5,188)	(5,612)	(5,432)
Loans to community & sports bodies		(100)		(27)
Proceeds from community loan repayments		222	250	283
Net cash provided by/(used in) financing activities		<u>174</u>	<u>228</u>	<u>44</u>
Net (decrease)/increase in cash and cash equivalents held		(10,971)	(25,528)	(9,433)
Cash and cash equivalents at 1 July		<u>54,858</u>	<u>52,220</u>	<u>64,291</u>
Cash and cash equivalents at 30 June	5, 18(a)	<u>43,887</u>	<u>26,692</u>	<u>54,858</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 2017

1. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations and complies with the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996. Accounting standards include Australian Accounting Standards equivalent to International Financial Reporting Standards ('IFRS').

(a) Basis of preparation

The financial report has been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of certain classes of non-current assets. All amounts are stated in Australian dollars unless otherwise noted. The entity is a not for profit entity.

(b) The local government reporting entity

The financial statements forming part of this report have been prepared on the basis of all funds controlled by the City. This includes municipal and reserve funds.

All monies held in the Trust Fund are excluded from the financial statements because the monies cannot be used for council purposes, but a separate statement of those monies appears at Note 31 to these financial statements.

(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 comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of six months or less at the date of acquisition.

(g) Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

1. Significant accounting policies (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the City manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held to maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the City has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

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 2017

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 stated at the lower of cost or net realisable value. Costs are assigned to inventory on an average cost basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(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 21.

(j) Investment property

Investment property which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction cost. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

(k) Property, plant, equipment and infrastructure

Property, plant and equipment are carried at either cost or fair value.

Land and buildings are carried at fair value determined through independent valuations. Furniture and fittings, plant and machinery are carried at fair value determined through combination of independent valuation and management valuation.

Infrastructure roads, paths, kerbs, drainage, bridges, parks and coastal and estuary infrastructure are measured at fair value using professional valuers estimates of the current replacement having regard to the age and remaining useful lives of the assets. City policy is to re-value these infrastructure assets with sufficient regularity to ensure the carrying amounts are fairly stated.

Marina and land improvement assets are carried at cost.

The valuation techniques used in the determination of fair values maximise the use of observable data where it is available, are based on past actual outcomes and rely as little as possible on entity specific estimates. Where estimates are used, these represent the most probable outcome in management's judgement and are subject to annual review against actual outcomes in subsequent periods. The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining economic life for assets measured using the depreciated replacement cost. The disclosure of valuation estimates is designed to provide users with an insight into the judgements that management has made in the determination of fair values.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

1. Significant accounting policies (continued)

(k) Property, plant, equipment and infrastructure (continued)

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)	5-10	
Computer equipment	3	
Furniture and equipment	10	
Tools	5	
Footpaths/cycleways	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.

(l) Capitalisation policies

Property, plant, equipment and infrastructure are capitalised if the threshold values exceed:

<u>Classification</u>	<u>\$</u>
Land	0
Buildings	5,000
Plant and equipment	1,500
Furniture and equipment	1,500
Tools	1,500
Footpaths/cycleways	5,000
Roads	10,000
Reseals	2,000
Drainage	10,000
Reticulation	5,000
Playground equipment	1,500
Park construction	10,000
Bridges	10,000

Land under roads:

The City has elected not to recognise land under roads acquired on or before 30 June 2008 in accordance with AASB 1051.

Land under roads acquired after 30 June 2008 is accounted for in accordance with AASB 1051 which makes reference to AASB 116 Property, Plant and Equipment. All land under the City roads has been deemed Crown land. Consequently, any land under roads acquired after 30 June 2008 has not been included as assets of the City.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

1. Significant accounting policies (continued)

(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 - other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(o) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave incentive scheme when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are classified as short term benefits and measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are classified as long term benefits and measured as the present value of the estimated future cash outflows to be made by the City in respect of services provided by employees up to reporting date.

(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.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

1. Significant accounting policies (continued)

(q) Leases of assets

All City lease 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.

(s) Adoption of new and revised accounting standards

The City has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the City's operations and are effective for the current financial reporting period beginning 1 July 2016. Other than as noted below, the adoption of these standards and interpretations did not have a material impact on the City.

Title	Impact
AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-profit Public Sector Entities	<p>The objective of this standard was to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit public sector entities.</p> <p>The standard has had a significant impact on the financial report of the City as both elected members and senior management are deemed to be Key Management Personnel and resultant disclosures in accordance with AASB 124 have been necessary. Refer to note 39.</p>

(t) Standards and interpretations issued not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9 'Financial Instruments', and the relevant amending standards	1-Jan-18	30-Jun-19
• AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15', and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1-Jan-18	30-Jun-19
• AASB 16 'Leases'	1-Jan-19	30-Jun-20
• AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1-Jan-17	30-Jun-18
• AASB 1058 'Income of Not-for-profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	1-Jan-19	30-Jun-20

The City is in the process of assessing the impact of these standards

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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 2017

3. Revenue and expenses

The net profit/(loss) for the year includes:

	2016/17 Actual \$'000	2015/16 Actual \$'000
(i) Charging as expense:		
Auditors' remuneration		
- Audit or review of the financial report	83	95
The auditor of the City of Mandurah is Deloitte Touche Tohmatsu.		
Bad and doubtful debts written off	628	1,644
Payments made under operating leases	1,256	578
Interest expenses and other borrowing charges		
General Purpose	199	195
Health	34	37
Community Amenities	28	42
Recreation & Culture	466	509
Transport	445	476
Economic Services	4	5
Other Property and Services	200	234
Total	<u>1,376</u>	<u>1,498</u>
(ii) Crediting as revenue:		
Interest earnings		
Investments		
- Reserve funds	800	819
- Other funds	1,149	1,466
Other interest revenue (see note 23)	103	148
	<u>2,052</u>	<u>2,433</u>

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

4. Significant non cash revenue

Non cash contributions are recognised in the Income Statement 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.

	2016/17 Actual \$'000	2015/16 Actual \$'000
Land		-
Buildings	232	486
Furniture and Equipment	6	
Infrastructure assets:		
- Roads and footpaths	5,964	5,723
- Drainage	2,314	-
- Recreation, parks	558	288
- Coastal and waterways	845	503
Total	<u>9,919</u>	<u>7,000</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	2016/17 Actual \$'000	2015/16 Actual \$'000
Cash at bank	7,488	2,197
Investments at call	5,320	14,760
Fixed term investments	31,079	37,901
	<u>43,887</u>	<u>54,858</u>

	2016/17 Actual \$'000	Un-audited 2016/17 Budget \$'000	2015/16 Actual \$'000
Restricted	37,335	24,069	47,510
Unrestricted	6,552	1,506	7,348
	<u>43,887</u>	<u>25,575</u>	<u>54,858</u>

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

Reserve Fund	30,871	20,340	40,071
Loan monies unspent at 30 June	2,536	229	3,114
Income in advance	201	-	525
Deposits (see note 30)	3,727	3,800	3,800
	<u>37,335</u>	<u>24,369</u>	<u>47,510</u>

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

6. Receivables	2016/17 Actual \$'000	2015/16 Actual \$'000
(a) Current		
Rates outstanding	4,012	2,594
Emergency Services Levy outstanding	43	206
Trade receivables	1,138	1,978
Other receivables	2,054	1,650
Community loans	222	260
GST	777	738
Prepayments	328	290
Provision for doubtful debts	(1,164)	(642)
	<u>7,410</u>	<u>7,074</u>
(b) Non-Current		
Rates and ESL outstanding - pensioners deferred	1,178	977
Community loans	2,394	3,173
	<u>3,572</u>	<u>4,150</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.

Community loans are fixed term interest bearing 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. The loans are funded by City borrowings with equivalent terms of repayment.

An allowance has been made for estimated irrecoverable receivables arising from past activities, determined by reference to age of debt and circumstance of individual debtors.

Ageing of balances past due but not impaired

30 - 60 days	40	35
60 - 90 days	42	22
Greater than 90 days	271	482
	<u>353</u>	<u>539</u>

Movement in the allowance for doubtful debts

Balance at the beginning of the year	642	1,308
Impairment losses recognised on receivables	1,150	926
Amounts written off as uncollectible	(628)	(1,592)
Amounts recovered during the year	-	-
Balance at the end of the year	<u>1,164</u>	<u>642</u>

All impaired trade receivables are in excess of 90 days past due.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

7. Inventories	2016/17	2015/16
	Actual	Actual
	\$'000	\$'000
Raw materials	<u>321</u>	<u>407</u>

8. Payables

Current

Trade payables	4,099	5,007
Accrued expenses	1,150	996
Income in advance	201	525
Bonds and deposits (see note 30 for additional detail)	<u>3,727</u>	<u>3,800</u>
	<u>9,177</u>	<u>10,328</u>

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.

9. Provisions

(a) Current

Employee benefits	7,359	7,284
Workers Compensation Insurance	<u>208</u>	<u>208</u>
	<u>7,567</u>	<u>7,492</u>

(b) Non-Current

Employee benefits	<u>992</u>	<u>924</u>
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10. Long Term Borrowings

(a) Current

Secured by floating charge debentures	<u>5,642</u>	<u>5,130</u>
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(b) Non-Current

Secured by floating charge debentures	<u>23,453</u>	<u>23,913</u>
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Additional details on borrowings is provided in Note 26.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

11. Property, Plant, Equipment and Infrastructure

	2016/17	2015/16
	Actual	Actual
	\$'000	\$'000
<u>Property, plant and equipment:</u>		
Land - at 2016 independent valuation	94,887	96,194
	<u>94,887</u>	<u>96,194</u>
Building - at 2016 independent valuation	159,259	139,776
Less: Accumulated depreciation	(4,130)	-
Work in progress	441	6,933
	<u>155,570</u>	<u>146,709</u>
Furniture and fittings - valuation 2016	1,573	1,363
Less: Accumulated depreciation	(136)	-
Work in progress	-	121
	<u>1,437</u>	<u>1,484</u>
Plant and machinery - valuation 2016	11,298	10,165
Less: Accumulated depreciation	(1,041)	-
Work in progress	-	-
	<u>10,257</u>	<u>10,165</u>
Property, Plant and Equipment - Total	<u>262,151</u>	<u>254,552</u>
<u>Infrastructure:</u>		
Bridges - independent valuation 2015	35,237	35,237
Less: Accumulated depreciation	(15,674)	(15,387)
Work in Progress	10,154	3
	<u>29,717</u>	<u>19,853</u>
Parks - independent valuation 2015	214,344	211,188
Less: Accumulated depreciation	(58,214)	(47,648)
Work in progress	189	343
	<u>156,319</u>	<u>163,883</u>
Drainage - independent valuation 2015	168,000	161,799
Less: Accumulated depreciation	(43,482)	(41,386)
Work in progress	441	206
	<u>124,959</u>	<u>120,619</u>
Roads, footpaths, kerbs & seals - independent valuation 2015	458,046	451,282
Less: Accumulated depreciation	(156,025)	(150,141)
Work in progress	8,258	2,387
	<u>310,279</u>	<u>303,528</u>
Marina infrastructure - Independent Valuation 2016	4,095	4,095
Less: Accumulated depreciation	(2,541)	(2,336)
	<u>1,554</u>	<u>1,759</u>
Coastal and estuary - independent valuation 2015	80,815	80,094
Less: Accumulated depreciation	(36,719)	(37,995)
Work in progress	57	422
	<u>44,153</u>	<u>42,521</u>
Land improvements - cost	1,351	1,261
Less: Accumulated depreciation	(143)	(109)
Work in Progress	4,628	3,674
	<u>5,836</u>	<u>4,826</u>
Infrastructure - Total	<u>672,817</u>	<u>656,989</u>
Net book value	<u>934,968</u>	<u>911,541</u>

(i) The coastal and estuary assets were historically valued at historical cost. Effective 30 June 2015, the assets are now measured at fair value. The valuation as at 30 June 2015 was based on unit rates determined by an independent valuer Aquentia Consulting Pty Ltd. Refer to note 38.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

12. 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 2015	86,142	121,363	1,119	9,960	644,595	863,179
Reclassifications	-	(20)	(6)	-	26	-
Revaluations	12,369	19,604	357	59	14,028	46,417
Additions	-	33,672	381	2,380	21,450	57,883
Work in progress	-	(21,819)	(20)	-	2,423	(19,416)
Disposals	(2,317)	(103)	(16)	(758)	(1,966)	(5,160)
Depreciation expense	-	(5,988)	(331)	(1,476)	(23,567)	(31,362)
Balance as at 30 June 2016	96,194	146,709	1,484	10,165	656,989	911,541
Reclassifications						-
Revaluations					6,252	6,252
Additions	68	30,922	210	2,388	42,549	76,137
Work in progress		(17,931)	(121)		(4,683)	(22,735)
Disposals	(1,375)			(1,062)	(4,571)	(7,008)
Depreciation expense		(4,130)	(136)	(1,234)	(23,719)	(29,219)
Balance as at 30 June 2017	94,887	155,570	1,437	10,257	672,817	934,968

13. Depreciation

(a) Depreciation by asset class

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

	2016/17 Actual \$'000	Un-audited 2016/17 Budget \$'000	2015/16 Actual \$'000
Buildings	4,130	4,867	5,987
Furniture and fittings	136	350	331
Plant and machinery	1,234	1,487	1,476
Infrastructure assets	23,719	22,664	23,568
	<u>29,219</u>	<u>29,369</u>	<u>31,362</u>

(b) Depreciation of assets by program

	2016/17 Actual \$'000	2016/17 Budget \$'000	2015/16 Actual \$'000
Law, Order, Public Safety	95	88	97
Health	-	-	-
Education and Welfare	147	195	207
Community Amenities	218	331	325
Recreation and Culture	14,265	16,839	15,918
Transport	12,821	9,735	12,653
Economic Services	94	125	125
Other Property and Services	1,579	2,057	2,037
	<u>29,219</u>	<u>29,369</u>	<u>31,362</u>

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

14. Disposal of assets

(a) Disposal of assets by class

	Carrying Amount \$'000	Disposal Proceeds \$'000	Profit \$'000	Loss \$'000
Land	1,375	1,174	-	(201)
Buildings	-	-	-	-
Furniture and equipment	-	-	-	-
Plant and machinery	1,062	888	47	(221)
Roads, paths	3,938	-	-	(3,938)
Drainage	23	-	-	(23)
Parks	516	-	-	(516)
Coastal	14	-	-	(14)
	<u>6,928</u>	<u>2,062</u>	<u>47</u>	<u>(4,913)</u>

(b) Disposal of assets classified by program

	Carrying Amount \$'000	Disposal Proceeds \$'000	Profit \$'000	Loss \$'000
Governance	35	28	-	(7)
Law, Order and Public Safety	64	80	24	(8)
Education and Welfare	-	-	-	-
Health	80	68	-	(12)
Community Amenities	-	-	-	-
Recreation and Culture	955	365	16	(607)
Transport	4,316	265	7	(4,058)
Economic Services	1,478	1,256	-	(221)
Other Property and Services	-	-	-	-
	<u>6,928</u>	<u>2,062</u>	<u>47</u>	<u>(4,913)</u>

15. Total assets classified by function and activity

	2016/17 Actual \$'000	2015/16 Actual \$'000
General Purpose Funding	4,578	3,716
Governance	12,198	12,513
Law, Order, Public Safety	3,342	3,198
Health	150	191
Education and Welfare	5,043	5,104
Community Amenities	8,894	8,012
Recreation and Culture	331,273	328,766
Transport	473,320	457,280
Economic Services	103,609	105,232
Other Property and Services	-	-
Unallocated	47,742	59,296
	<u>990,149</u>	<u>983,308</u>

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

16. Fees and charges

	2016/17 Actual \$'000	Un-audited 2016/17 Budget \$'000	2015/16 Actual \$'000
General Purpose Funding	772	861	726
Law, Order, Public Safety	755	562	608
Health	159	145	144
Education and Welfare	430	591	404
Community Amenities	12,639	12,819	12,466
Recreation and Culture	5,260	7,012	4,970
Transport	2,167	170	2,249
Economic Services	1,938	2,009	2,198
Other Property and Services	528	295	646
	<u>24,648</u>	<u>24,464</u>	<u>24,411</u>

17. Elected members' benefits

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

	2016/17 Actual \$'000	Un-audited 2016/17 Budget \$'000	2015/16 Actual \$'000
Meeting fees allowance	404	381	369
Mayoral allowance	74	73	70
Deputy Mayoral allowance	28	21	17
Information and communications technology allowance	46	46	46
Councillors travel, conferences and other expenses	32	41	53
	<u>584</u>	<u>562</u>	<u>555</u>

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

18 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:

	2016/17 Actual \$'000	Un-audited 2016/17 Budget \$'000	2015/16 Actual \$'000
Cash and cash equivalents	<u>43,887</u>	<u>25,575</u>	<u>54,858</u>

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

Profit/(Loss) from operating activities	6,821	(2,123)	(5,278)
Non cash items			
Depreciation	29,219	29,369	31,362
Loss on sale of assets	4,866	(57)	1,561
Changes in assets and liabilities during the financial year:			
Decrease/(increase) in receivables	(441)	662	(557)
Decrease/(increase) in inventories	86	-	(76)
Increase/(decrease) in payables	408	272	(2,076)
Increase/(decrease) in provisions	142	-	(679)
(Decrease)/increase in bonds & deposits	(74)	-	188
Grants/contributions for the development of assets	<u>(22,653)</u>	<u>(12,444)</u>	<u>(19,163)</u>
Net cash provided by operating activities	<u>18,374</u>	<u>15,679</u>	<u>5,282</u>

c) Credit standby arrangements

Credit card facility	60	60
Purchasing card facility	600	600
Credit and purchasing card debt balance at reporting date	<u>(54)</u>	<u>(54)</u>
	<u>606</u>	<u>606</u>

d) Borrowing facilities

Loan facilities - current	5,642	5,130
Loan facilities - non current	<u>23,453</u>	<u>23,913</u>
Total loan facilities in use at reporting date	<u>29,095</u>	<u>29,043</u>
Unused loan facility as at reporting date	<u>2,536</u>	<u>3,114</u>

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

19. Number of employees

	30 June 2017	30 June 2016
Number of employees (FTE's) at reporting date	488	477

20. Payments to employees

Set out below, in bands of \$10,000 is the number of employees of the City of Mandurah entitled to an annual salary of \$100,000 or more.

Salary range	Number of employees	
	2016/17	2015/16
\$100,000 - \$109,999	7	8
\$110,000 - \$119,999	7	9
\$120,000 - \$129,999	9	6
\$130,000 - \$139,999	3	3
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	1	1
\$180,000 - \$189,999	2	2
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	-	-
\$220,000 - \$229,999	-	-
\$230,000 - \$239,999	-	-
\$240,000 - \$249,999	-	-
\$250,000 - \$259,999	-	1
\$260,000 - \$269,999	1	-

21. Conditions over grants and contributions

	2016/17 \$'000	2015/16 \$'000
Opening balance of unexpended grants and contributions	11,334	21,009
Grants and contributions recognised as revenue in the reporting period	31,488	25,247
	<u>42,822</u>	<u>46,256</u>
Grants and contributions expended in the period:		
Operational grants and contributions	(7,267)	(5,914)
Grants and contributions for capital works	(31,515)	(7,999)
	<u>(38,782)</u>	<u>(13,913)</u>
Closing balance of unexpended grants	4,040	32,343
Net movement in unspent grants and contributions	(7,294)	11,334

All unspent grants and contributions as at 30 June 2017 are transferred to a Reserve account held for this purpose.

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

22. Rating Information

Rating Category	General Rate					Minimum Rate					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
Residential Improved	563,767	0.07940	32,187		44,767	74,804		6,591		6,855	638,571	38,778	-	51,622
Residential Vacant	33,180	0.13820	2,395		4,585	11,125		2,351		2,083	44,305	4,746	-	6,668
Urban Development	7,142	0.10000	16		714	-		-		-	7,142	16	-	714
Business Improved	129,966	0.08450	999		9,583	1,386		273		284	131,352	1,272	-	9,867
Business Vacant	5,075	0.13820	142		701	24		5		5	5,099	147	-	707
Mandurah Ocean Marina:														
- Residential Improved	-	0.07940	46		-	-		-		-	-	46	-	-
- Vacant	-	0.13820	2		-	-		-		-	-	2	-	-
- Business Improved	-	0.08450	1		-	-		-		-	-	1	-	-
Interim Rates														342
Back Rates														300
Prepaid Rates														360
Sub Total General Rates	739,129		35,788	-	60,351	87,339		9,220	-	9,227	826,469	45,008	-	70,579
<u>Specified Area Rates</u>														
Port Mandurah		0.00340			79								-	79
Waterside		0.00000			-								-	-
Mandurah Ocean Marina		0.01610			817								-	817
Mandurah Quay		0.00150			10								-	10
Port Bouvard Eastport		0.00160			11								-	11
Port Bouvard Northport		0.00640			41								-	41
Mariners Cove		0.00120			9								-	9
Sub Total	-			-	967								-	967
Rates Concessions														-
TOTAL RATES				-	61,318				-	9,227			-	71,546

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

22. 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 \$0.0794
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 \$0.0845
Mandurah Ocean Marina Business Improved	
Urban Development	Rate in the dollar \$0.1000
Business Vacant	Rate in the dollar \$0.1382

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 \$0.1382
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	\$1,040
Mandurah Ocean Marina Residential Improved	\$1,040
Business Improved	\$1,040
Marina Business	\$1,040
Residential Vacant	\$886
Business Vacant	\$1,040
Urban Development	\$1,040
Mandurah Ocean Marina Vacant	\$886

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

23. Interest charges and instalments

Instalment options offered for payment of rates were:

Option	Payment dates
Payment in full	11 September 2017
Two instalments	11 September 2017 17 January 2018
Four instalments	11 September 2017 13 November 2017 17 January 2018 15 March 2018
Equal instalments	Payment by twelve equal instalments from April 2016 to March 2017. Continuation of instalments from April as advance payments for 2017/18.

		2016/17	Un-audited	2015/16
		Actual	Budget	Actual
		\$'000	\$'000	\$'000
Interest on unpaid rates	7%	268	205	218
Interest on instalment plan	5.50%	348	375	343
Charges on instalment plan	\$3	108	109	111
(for two and four instalment option)				

24. 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	297,663	76,146	7,442	(20,391)	8,360	369,220
Waterside	107,040	-	2,676	(2,921)	1,314	108,109
Mandurah Quay	155,078	10,608	3,877	(4,280)	-	165,283
Mandurah Ocean Marina	137,767	380,711	3,444	(390,800)	-	131,122
Mariners Cove	12,821	9,672	321	(3,701)	-	19,113
Port Bouvard Canals Northport	38,916	41,856	973	(22,595)	-	59,150
Port Bouvard Canals Eastport	3,751	12,230	94	(4,360)	-	11,715
Total	753,036	531,223	18,827	(449,048)	9,674	863,712

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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

24. 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 2016 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.

25. 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 2017**

26. Borrowings

(a) Movement in unspent loan fund for the year ended 30 June 2017

Date Loan Funded	Loan No.	Particulars	Unspent Balance 1 July 2016		New loans raised		Loans utilised		Balance 30 June 2017	
			Actual	Un-audited Budget	Actual 2016/2017 \$	Un-audited Budget 2016/2017 \$	Actual 2016/2017 \$	Un-audited Budget 2016/2017 \$	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	127,338	-			(88,538)		38,800	-
22/04/15	339	Roads	110,771	-			(23,827)		86,944	-
10/01/16	341	MARC Stage 2	1,115,088	950,000			(1,115,088)	(950,000)	-	-
10/01/16	342	Roads	429,193	934,855			(354,190)	(934,855)	75,003	-
10/01/16	343	WMC Tims Thicket	150,000	-					150,000	-
10/01/16	344	Eastern Foreshore Wall	952,354	1,262,575			(507,698)	(1,262,575)	444,656	-
5/05/17	345	MARC Stage 2			2,600,000	2,600,000	(2,600,000)	(2,600,000)	-	-
5/05/17	346	Road Construction			790,000	790,000	(253,294)	(790,000)	536,706	-
5/05/17	347	MARC Carpark			600,000	600,000	(600,000)	(600,000)	-	-
5/05/17	348	MPAC Forecourt			250,000	250,000	(250,000)	(250,000)	-	-
5/05/17	349	Waste Water Reuse			300,000	300,000	(24,803)	(300,000)	275,197	-
5/05/17	350	Halls Head Ablution Block			200,000	200,000		(200,000)	200,000	-
5/05/17	351	Falcon Bay Seawall			500,000	500,000		(500,000)	500,000	-
Not Funded		MARC Geothermal				350,000		(350,000)	-	-
			-	-	-	-			-	-
Totals			3,113,844	3,376,530	5,240,000	5,590,000	(5,817,438)	(8,737,430)	2,536,406	229,100

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

26. Borrowings (continued)

(b) Loan liability summary for the year ended 30 June 2017

	Principal Liability		New Loans Taken Out		Interest Paid in Year		Principal Paid in Year		Principal Liability	
	Actual 1/07/2016 \$	Un-audited Budget 1/07/2016 \$	Actual 2016/17 \$	Un-audited Budget 2016/17 \$	Actual 2016/17 \$	Un-audited Budget 2016/17 \$	Actual 2016/17 \$	Un-audited Budget 2016/17 \$	Actual 30/06/2017 \$	Un-audited Budget 30/06/2017 \$
Law, Order, Public Safety	1,316,266	1,316,245	-	-	37,398	37,396	136,660	136,655	1,179,606	1,179,590
Education & Welfare	-	-	-	-	-	-	-	-	-	-
Community Amenities	639,678	2,871,284	500,000	700,000	45,444	86,085	404,106	540,591	735,572	3,030,693
Recreation	13,036,721	15,841,612	3,100,000	4,100,000	487,793	571,913	2,133,203	2,293,349	14,003,518	17,648,263
Transport	9,357,429	10,512,271	1,640,000	1,390,000	397,778	449,219	1,747,017	1,886,190	9,250,412	10,016,081
Economic Services	49,777	49,788	-	-	3,252	3,251	23,983	23,971	25,794	25,817
Other Property and Services	4,642,819	5,351,407	-	-	203,277	200,215	742,524	731,740	3,900,295	4,619,667
Total	29,042,690	35,942,607	5,240,000	6,190,000	1,174,942	1,348,078	5,187,493	5,612,496	29,095,197	36,520,111

Comparison with detailed loan schedule may reveal rounding differences.

Principal	Actual 30/06/17 \$'000	Actual 30/06/16 \$'000
Current	5,642	5,130
Non-Current	23,453	23,913
Total	29,095	29,043

Interest	Actual 30/06/17 \$'000	Actual 30/06/16 \$'000
Interest and Guarantee Fee paid during the year	1,350	1,520
Interest accrued at reporting date	98	72
Reversal of interest accrued in prior period	(72)	(94)
Interest expense	1,376	1,498

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

26. Borrowings (continued)

(c) Loan Liability Statement for the year ended 30 June 2017

Particulars	Term (years)	New loans taken up 2016/2017	Total up to 30/06/16	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2016	Interest paid in year	Principal paid in year	Principal liability 30/06/2017	Principal Reimbursed
<u>Law, Order, Public Safety</u>											
316(v) Surf Life Saving Club	10		100,000	6.39	WATC	JUN. 2020	47,645	2,875	10,812	36,833	
337 SES Building	10		1,391,030	2.79	WATC	APR. 2025	1,268,621	34,523	125,848	1,142,773	
		-	1,491,030				1,316,266	37,398	136,660	1,179,606	
<u>Community Amenities</u>											
247 Transfer Station	10		2,147,535	6.65	WATC	JAN. 2017	217,529	10,744	217,529	-	
328 Waste Compactor & Trailers	5		450,000	3.64	WATC	JUN. 2017	96,637	2,208	96,637	-	
335 Waste Trailers & Dolly	10		495,000	4.10	WATC	JUN. 2024	325,512	32,492	89,940	235,572	
349 Waste Water Reuse	5	300,000		2.50	WATC	MAY.2022	-	-	-	300,000	
350 Halls Head Ablution Block	5	200,000		2.50	WATC	MAY.2022	-	-	-	200,000	
		500,000	3,092,535				639,678	45,444	404,106	735,572	
<u>Recreation</u>											
259 Recreation & Foreshores	20		1,000,000	6.61	WATC	JAN. 2018	167,610	9,613	81,081	86,529	
Carried Forward		0	1,000,000				167,610	9,613	81,081	86,529	-

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

26. Borrowings (continued)

(c) Loan Liability Statement for the year ended 30 June 2017 (continued)

Particulars	Term (years)	New loans taken up 2016/2017	Total up to 30/06/16	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2016	Interest paid in year	Principal paid in year	Principal liability 30/06/2017	Principal Reimbursed
Recreation											
Brought Forward			1,000,000				167,610	9,613	81,081	86,529	-
310 Cinema	10		2,068,999	6.45	WATC	APR. 2017	271,332	11,026	271,331	1	
311 Mandurah City Soccer Club	10		200,000	6.45	WATC	MAY. 2017	26,228	1,066	26,228	-	
314(iv) Falcon Library Construction	10		750,000	7.41	WATC	JUN. 2018	196,487	12,838	94,671	101,816	
314(v) Meadow Springs Recreation	10		500,000	7.41	WATC	JUN. 2018	130,991	8,559	63,114	67,877	
316(iii) Allnutt Reserve Bowling Facility	10		468,000	6.39	WATC	JUN. 2020	222,980	13,453	50,601	172,379	
316(vii) Town Beach Ablutions	10		200,000	6.39	WATC	JUN. 2020	95,291	5,749	21,624	73,667	
318(ii) Rushton Park Redevelopment	10		2,000,000	5.54	WATC	JUN. 2021	1,135,772	60,148	203,030	932,742	
318(iii) Meadow Springs Pavillion	10		1,500,000	5.54	WATC	JUN. 2021	851,829	45,111	152,272	699,557	
320 Mandurah Rugby Club	10		300,000	5.54	WATC	JUN. 2021	170,366	9,022	30,454	139,912	
321 Mandurah Cricket Club	10		100,000	5.54	WATC	JUN. 2021	56,789	3,007	10,151	46,638	
324 Mandurah Football & Sporting	10		650,000	4.01	WATC	JUN. 2022	420,611	15,923	63,300	357,311	
325 Mandurah Rugby Club	10		50,000	4.01	WATC	JUN. 2022	32,354	1,225	4,869	27,485	
326 Allnutt Reserve Bowling Facility	10		4,430,000	4.01	WATC	JUN. 2022	2,866,630	108,518	431,411	2,435,219	
329(i) Ablutions - Netball Centre	10		350,000	4.01	WATC	JUN. 2022	226,484	8,574	34,084	192,400	
329(v) Parks Construction	10		346,000	4.01	WATC	JUN. 2022	223,894	8,476	33,695	190,199	
331 Halls Head Bowling Club Upgrade	15		450,000	4.71	WATC	APR. 2028	383,243	17,767	24,406	358,837	
333 Parks - Falcon Bay Reserve	10		200,000	4.00	WATC	JUN. 2023	148,076	5,738	18,725	129,351	
334 Peel Thunder Self Supporting Loan	5		150,000	3.40	WATC	JUN. 2018	62,952	1,752	30,998	31,954	
338 Aquatic & recreation Centre	10		1,400,000	2.79	WATC	APR. 2025	1,276,802	34,745	126,660	1,150,142	
340 Aquatic & recreation Centre Stage 1	10		775,000	2.67	WATC	JUN. 2026	775,000	20,086	68,645	706,355	
341 Aquatic & recreation Centre Stage 2	10		2,000,000	2.67	WATC	JUN. 2026	2,000,000	51,834	177,149	1,822,851	
344 Eastern Foreshore Wall	10		1,295,000	2.67	WATC	JUN. 2026	1,295,000	33,563	114,704	1,180,296	
345 MARC Stage 2	5	2,600,000		2.50	WATC	MAY.2022	-	-	-	2,600,000	
351 Falcon Bay Seawall	5	500,000		2.50	WATC	MAY.2022	-	-	-	500,000	
		3,100,000	21,182,999				13,036,721	487,793	2,133,203	14,003,518	-

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

26. Borrowings (continued)

(c) Loan Liability Statement for the year ended 30 June 2017 (continued)

Particulars	Term (years)	New loans taken up 2016/2017	Total up to 30/06/16	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2016	Interest paid in year	Principal paid in year	Principal liability 30/06/2017	Principal Reimbursed
Transport											
312 Marina Pens	10		1,100,000	6.88	WATC	JUN. 2017	146,360	7,595	146,360	-	
313 Marina Pens	10		1,100,000	7.18	WATC	MAR. 2018	285,995	18,102	137,956	148,039	
314(i) Road Construction	10		1,706,255	7.41	WATC	JUN. 2018	447,010	29,206	215,377	231,633	
314(ii) Drainage	10		18,745	7.41	WATC	JUN. 2018	4,911	321	2,366	2,545	
316(ii) Road Construction	10		1,498,000	6.39	WATC	JUN. 2020	713,728	43,060	161,966	551,762	
316(iv) Car Parking	10		110,000	6.39	WATC	JUN. 2020	52,411	3,162	11,893	40,518	
318(v) Road Construction	10		5,000,000	5.54	WATC	JUN. 2021	2,839,432	150,371	507,575	2,331,857	
318(vi) Drainage	10		500,000	5.54	WATC	JUN. 2021	283,944	15,037	50,757	233,187	
329(ii) Road Construction	10		750,000	4.01	WATC	JUN. 2022	485,321	18,372	73,038	412,283	
329(iii) Drainage Construction	10		250,000	4.01	WATC	JUN. 2022	161,773	6,124	24,346	137,427	
329(iv) Peelwood Oval - Parking	10		100,000	4.01	WATC	JUN. 2022	64,710	2,450	9,738	54,972	
329(vi) Path Construction	10		57,000	4.01	WATC	JUN. 2022	36,884	1,396	5,551	31,333	
329(viii) Street Lighting	10		75,000	4.01	WATC	JUN. 2022	48,532	1,837	7,304	41,228	
332 Road Plant	5		350,000	3.42	WATC	JUN. 2018	147,157	4,420	72,331	74,826	
333 Road Construction	10		893,000	4.00	WATC	JUN. 2023	661,158	25,619	83,607	577,551	
336 New Pedestrian Bridge Construction	10		1,000,000	4.10	WATC	JUN. 2024	916,103	16,083	44,520	871,583	
339 New Road Construction	10		1,000,000	2.79	WATC	APR.2025	912,001	24,818	90,471	821,530	
342 New Road Construction	10		1,000,000	2.67	WATC	JUN.2026	1,000,000	25,917	88,575	911,425	
343 WMC Tims Thicket	10		150,000	2.67	WATC	JUN.2026	150,000	3,888	13,286	136,714	
346 Road Construction	5	790,000		2.50	WATC	MAY.2022	-	-	-	790,000	
347 MARC Carpark	5	600,000		2.50	WATC	MAY.2022	-	-	-	600,000	
348 MPAC Forecourt	5	250,000		2.50	WATC	MAY.2022	-	-	-	250,000	
		1,640,000	16,658,000				9,357,430	397,778	1,747,017	9,250,413	

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

26. Borrowings (continued)

(c) Loan Liability Statement for the year ended 30 June 2017 (continued)

Particulars	Term (years)	New loans taken up 2016/2017	Total up to 30/06/16	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2016	Interest paid in year	Principal paid in year	Principal liability 30/06/2017	Principal Reimbursed
<u>Economic Services</u>											
314(iii) Transit Station Welcome Centre	10		190,000	7.41	WATC	JUN. 2018	49,777	3,252	23,983	25,794	
		-	190,000				49,777	3,252	23,983	25,794	-
<u>Other Property and Services</u>											
272 Office Building	20		2,500,000	6.30	WATC	APR. 2021	937,902	55,631	165,060	772,842	
316(i) Information Systems	10		100,000	6.39	WATC	JUN. 2020	47,645	2,875	10,812	36,833	
316(vi) IT Server Room Upgrade	10		270,000	6.39	WATC	JUN. 2020	128,642	7,761	29,193	99,449	
318(i) IT Communications Equipment	10		400,000	5.54	WATC	JUN. 2021	227,153	12,030	40,606	186,547	
329(vii) IT Equipment	10		102,000	4.01	WATC	JUN. 2022	66,003	2,499	9,933	56,070	
330 Land Purchase	10		5,000,000	4.01	WATC	JUN. 2022	3,235,474	122,481	486,920	2,748,554	
		-	8,372,000				4,642,819	203,277	742,524	3,900,295	-
Total all loans		5,240,000	51,086,564				29,042,691	1,174,942	5,187,493	29,095,198	-

27. Reserves - asset revaluations

Transaction Summary

	Opening balance 1 July 2016 \$'000	Increase during year \$'000	Decrease during year \$'000	Closing balance 30 June 2017 \$'000
Land	74,246			74,246
Buildings	76,331			76,331
Furniture and fittings	364			364
Plant and machinery	59			59
Bridges	14,968			14,968
Parks	171,599	1,119		172,718
Drainage	80,318	3,004		83,322
Roads, footpaths, kerbs and seals	182,864	1,528		184,392
Coastal	40,696	612		41,308
	<u>641,445</u>	<u>6,263</u>	<u>-</u>	<u>647,708</u>

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

28. 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 Pavillion	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 Pavillion	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
FOR THE YEAR ENDED 30 JUNE 2017

	2016/17 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2015/16 ACTUAL \$'000
28. Reserves - cash backed (continued)			
(a) Building			
Opening balance	2,599	1,628	1,958
Amount set aside / Transfer to Reserve	832		1,000
Amount used / Transfer from Reserve	(950)	(828)	(359)
	<u>2,481</u>	<u>800</u>	<u>2,599</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	4,170	3,222	3,927
Amount set aside / Transfer to Reserve	440	-	1,000
Amount used / Transfer from Reserve	(983)	(1,556)	(757)
	<u>3,627</u>	<u>1,666</u>	<u>4,170</u>
(d) Cultural Centre			
Opening balance	572	591	864
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	(331)	(338)	(292)
	<u>241</u>	<u>253</u>	<u>572</u>
(e) Museum			
Opening balance	160	160	160
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>160</u>	<u>160</u>	<u>160</u>
(f) Property Acquisition			
Opening balance	3,078	3,065	3,920
Amount set aside / Transfer to Reserve	2,179	-	-
Amount used / Transfer from Reserve	-		(842)
	<u>5,257</u>	<u>3,065</u>	<u>3,078</u>
(g) Sustainability			
Opening balance	530	383	30
Amount set aside / Transfer to Reserve	180	-	500
Amount used / Transfer from Reserve	-	-	-
	<u>710</u>	<u>383</u>	<u>530</u>
(h) Aquatic and Recreation Centre			
Opening balance	908	1,008	987
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	(908)	(1,000)	(79)
	<u>-</u>	<u>8</u>	<u>908</u>
(i) Sanitation			
Opening balance	1,490	2,130	1,550
Amount set aside / Transfer to Reserve	-		90
Amount used / Transfer from Reserve	(371)	(1,170)	(150)
	<u>1,119</u>	<u>960</u>	<u>1,490</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

	2016/17 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2015/16 ACTUAL \$'000
28. Reserves - cash backed (continued)			
(j) Community Improvements			
Opening balance	349	349	349
Amount set aside / Transfer to Reserve	28	-	-
Amount used / Transfer from Reserve	(149)	(349)	-
	<u>228</u>	<u>-</u>	<u>349</u>
(k) Traffic Bridge			
Opening balance	2,819	3,000	3,137
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	(2,500)	(3,000)	(318)
	<u>319</u>	<u>-</u>	<u>2,819</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	51	51	51
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	(51)	(51)	-
	<u>-</u>	<u>-</u>	<u>51</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	240	240	240
Amount set aside / Transfer to Reserve	15	-	-
Amount used / Transfer from Reserve	(100)	-	-
	<u>155</u>	<u>240</u>	<u>240</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

	2016/17 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2015/16 ACTUAL \$'000
28. Reserves - cash backed (continued)			
(s) CLAG			
Opening balance	11	11	11
Amount set aside / Transfer to Reserve	6	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>17</u>	<u>11</u>	<u>11</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>
(u) Mandurah Ocean Marina			
Opening balance	241	241	241
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>241</u>	<u>241</u>	<u>241</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	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>80</u>	<u>80</u>	<u>80</u>
(y) Mariners Cove Canals Maintenance			
Opening balance	72	72	72
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>72</u>	<u>72</u>	<u>72</u>
(z) Port Bouvard Canals Maintenance			
Opening balance	226	226	226
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>226</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>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

	2016/17 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2015/16 ACTUAL \$'000
28. Reserves - cash backed (continued)			
(ab) Cash in Lieu POS Contributions			
Opening balance	2,298	1,826	1,931
Amount set aside / Transfer to Reserve	58	-	460
Amount used / Transfer from Reserve	-	(1,170)	(93)
	<u>2,356</u>	<u>656</u>	<u>2,298</u>
(ac) Unspent Grants & Contributions			
Opening balance	11,360	13,303	19,080
Amount set aside / Transfer to Reserve	5,035	-	8,349
Amount used / Transfer from Reserve	(12,354)	(10,735)	(16,069)
	<u>4,041</u>	<u>2,568</u>	<u>11,360</u>
(ad) Long Service Leave			
Opening balance	4,056	3,608	3,608
Amount set aside / Transfer to Reserve	84	-	448
Amount used / Transfer from Reserve	-	-	-
	<u>4,140</u>	<u>3,608</u>	<u>4,056</u>
(ae) Carbon Offset			
Opening balance	133	83	183
Amount set aside / Transfer to Reserve	30	-	-
Amount used / Transfer from Reserve	(31)	(83)	(50)
	<u>132</u>	<u>-</u>	<u>133</u>
(af) Bushland Acquisition			
Opening balance	1,448	1,448	948
Amount set aside / Transfer to Reserve	549	500	500
Amount used / Transfer from Reserve	-	-	-
	<u>1,997</u>	<u>1,948</u>	<u>1,448</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 Pavillion			
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>

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

	2016/17 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2015/16 ACTUAL \$'000
28. Reserves - cash backed (continued)			
(ak) Refurbishment Meadow Springs Pavillion			
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	137
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	(21)
	<u>116</u>	<u>125</u>	<u>116</u>
(am) Decked Car Park			
Opening balance	992	992	992
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	(17)	-	-
	<u>975</u>	<u>992</u>	<u>992</u>
(an) Specified Area Rates - Waterside Canals			
Opening balance	107	122	127
Amount set aside / Transfer to Reserve	3	-	4
Amount used / Transfer from Reserve	(2)	-	(24)
	<u>108</u>	<u>122</u>	<u>107</u>
(ao) Specified Area Rates - Port Mandurah Canals			
Opening balance	298	358	440
Amount set aside / Transfer to Reserve	71	-	73
Amount used / Transfer from Reserve	-	-	(215)
	<u>369</u>	<u>358</u>	<u>298</u>
(ap) Specified Area Rates - Mandurah Quay Canals			
Opening balance	155	144	147
Amount set aside / Transfer to Reserve	10	-	12
Amount used / Transfer from Reserve	-	-	(4)
	<u>165</u>	<u>144</u>	<u>155</u>
(aq) Specified Area Rates - Mandurah Ocean Marina			
Opening balance	138	316	316
Amount set aside / Transfer to Reserve	3	-	335
Amount used / Transfer from Reserve	(10)	-	(513)
	<u>131</u>	<u>316</u>	<u>138</u>
(ar) Specified Area Rates -Port Bouvard Canals			
Opening balance	39	20	20
Amount set aside / Transfer to Reserve	20	-	44
Amount used / Transfer from Reserve	-	-	(25)
	<u>59</u>	<u>20</u>	<u>39</u>
(ar) Specified Area Rates -Mariners Cove			
Opening balance	13	10	10
Amount set aside / Transfer to Reserve	6	-	9
Amount used / Transfer from Reserve	-	-	(6)
	<u>19</u>	<u>10</u>	<u>13</u>
(ar) Specified Area Rates -Eastport			
Opening balance	4	-	-
Amount set aside / Transfer to Reserve	8	-	11
Amount used / Transfer from Reserve	-	-	(7)
	<u>12</u>	<u>-</u>	<u>4</u>
Total Cash Backed Reserves	30,871	20,350	40,071
Total Summary			
Opening Balance	40,071	40,130	47,060
Transfer to Reserves	9,557	500	12,835
Transfer from Reserves	(18,757)	(20,280)	(19,824)
Closing Balance	<u>30,871</u>	<u>20,350</u>	<u>40,071</u>

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.

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

	2016/17 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2015/16 ACTUAL \$'000
28. Reserves - cash backed (continued)			
<u>Summary of transfers to cash-backed reserves</u>			
Building	832	-	1,000
Asset management	440	-	1,000
Cultural Centre	-	-	-
Property acquisition	2,179	-	-
Aquatic and recreation centre	-	-	-
Sanitation	-	-	90
Traffic bridge	-	-	-
Interest free loans	15	-	-
CLAG	6	-	-
Port Mandurah canals maintenance Stage 2	-	-	-
Mariners Cove canals maintenance	-	-	-
Port Bouvard canals maintenance	-	-	-
Soccer club rooms refurbishment	-	-	-
Cash in lieu POS contributions	58	-	460
Unspent grants and contributions	5,035	-	8,349
Long Service Leave	84	-	448
Carbon Offset	30	-	-
Bushland Acquisition	549	500	500
Port Bouvard surf club rooms	-	-	-
Refurbishment Bortolo Pavillion	-	-	-
Refurbishment Rushton Park Pavillion	-	-	-
Refurbishment Meadow Springs Pavillion	-	-	-
Digital Futures	-	-	-
Decked Car Park	-	-	-
Specified Area Rate Waterside canals	3	-	4
Specified Area Rate Port Mandurah canals	71	-	73
Specified Area Rate Mandurah Quay canals	10	-	12
Specified Area Rate Mandurah Ocean Marina	3	-	335
Specified Area Rate Port Bouvard canals	20	20	44
Specified Area Rate Mariners Cove	6	20	9
Specified Area Rate Eastport	8	-	11
	<u>9,557</u>	<u>500</u>	<u>12,835</u>
<u>Summary of transfers from cash-backed reserves</u>			
Building	(950)	(828)	(359)
Asset management	(983)	(1,556)	(757)
Cultural Centre	(331)	(338)	(292)
Property acquisition	-	-	(842)
Sustainability	-	-	-
Aquatic and recreation centre	(908)	(1,000)	(79)
Sanitation	(371)	(1,170)	(150)
Traffic bridge	(2,500)	(3,000)	(318)
Road network	(51)	(51)	-
Interest free loans	(100)	-	-
Mandurah Ocean Marina	-	-	-
Waterways	-	-	-
Cash in lieu POS contributions	-	(1,170)	(93)
Unspent grants and contributions	(12,354)	(10,735)	(16,069)
Carbon Offset	(31)	(83)	(50)
Bushland Acquisition	-	-	-
Specified Area Rate Waterside canals	(2)	-	(24)
Specified Area Rate Port Mandurah canals	-	-	(215)
Specified Area Rate Mandurah Quay canals	-	-	(4)
Specified Area Rate Mandurah Ocean Marina	(10)	-	(513)
Specified Area Rate Port Bouvard canals	-	-	(25)
Specified Area Rate Mariners Cove	-	-	(6)
Specified Area Rate Eastport	-	-	(7)
	<u>(18,757)</u>	<u>(20,280)</u>	<u>(19,824)</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

29. 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 2017 \$'000	30 June 2016 \$'000
Road construction	416	1,138
Drainage construction	427	43
Street Lighting Upgrades	394	-
Heavy Vehicles & Equipment	323	-
Mandurah Performing Arts Centre upgrades	306	357
Halls Head Ablution Block	296	-
Park and Reserve Upgrades	123	-
Light Vehicles	104	45
Upgrades to North Mandurah Community Centre	75	-
Boardwalk Renewal	62	179
Visitor Centre Upgrades	43	-
Halls Cottage Conservation Stage 3	27	-
Port Bouvard Surf Club	25	-
Building Construction	25	60
Mandurah Aquatic and Recreation Centre upgrade	17	10,449
Bridge Construction	14	229
Cambria Island Repair Retaining Wall	12	-
Geothermal Heating System	3	19
Eastern Foreshore Wall	-	1,504
Dawesville Ablution	-	61
Mandurah SES Facility	-	53
Milgar reserve - Caterpillar Playground	-	44
Dawesville Boatramp	-	43
	<u>2,692</u>	<u>14,224</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	1,353	730
- later than 1 year but not later than 5 years	2,418	1,671
- later than 5 years	-	-
	<u>3,771</u>	<u>2,401</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	1,185	959
- later than 1 year but not later than 5 years	4,412	3,822
- later than 5 years	15,040	14,586
	<u>20,637</u>	<u>19,367</u>

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

30. Bonds and deposits

	Balance 1/07/16 \$'000	Amounts Received \$'000	Amounts Paid \$'000	Balance 30/06/17 \$'000
Marina pen key deposits	5	-	-	5
Maintenance bonds	823	162	(213)	772
Public open space contributions	733	-	(40)	693
Outstanding works	755	5	-	760
Kerb/verge deposits	841	7	(10)	838
Deposits/refunds	269	13	(3)	279
MARC hall deposits	38	40	(33)	45
Senior Citizens Centre	4	2	(3)	3
Rates refunds	1	-	-	1
Loan guarantee funds	-	-	-	-
Contributions to works	276	-	-	276
Hall/key deposits	41	-	-	41
Reserve/key deposits	9	-	-	9
Ranger equipment hire deposits	1	8	(8)	1
Library deposits	2	-	-	2
Accommodation deposits	2	-	-	2
TOTALS	<u>3,800</u>	<u>237</u>	<u>(310)</u>	<u>3,727</u>

31. Trust funds

The City has \$26,071 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 2016 \$'000	Receipts \$'000	Paid Out \$'000	Closing Balance 30 June 2017 \$'000
<u>26</u>	<u>453</u>	<u>(456)</u>	<u>23</u>

32. Current position at 1 July 2016

The current position balance carried forward from the previous year for the purpose of the 2016/2017 budget was surplus of \$2,175,000.

The actual opening current position balance shown in the audited financial report as at 30 June 2016 was surplus of \$4,290,000.

The difference is made up of prepaid rates revenue as at 30 June 2016 and revisions to the end of year financial position totalling \$2,115,000.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

33. Performance measures - financial ratios

	30 June 2017	30 June 2016	30 June 2015
(a) Current ratio	0.93	0.97	1.10
(b) Asset consumption ratio	0.72	0.73	0.73
(c) Asset renewal funding ratio	1.42	0.76	0.78
(d) Asset sustainability ratio	1.12	1.01	0.78
(e) Debt service cover ratio	3.04	2.32	1.96
(f) Operating surplus ratio	(0.11)	(0.17)	(0.19)
(g) Own source revenue coverage ratio	0.84	0.81	0.79

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	$\frac{\text{Capital renewal and replacement expenditure}}{\text{Depreciation}}$
(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	$\frac{\text{Own source operating revenue}}{\text{Operating expense}}$

34. Contingent liabilities

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

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

35. 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 \$2.9 million has been spent for development costs to 30 June 2015.

(b) Current year transactions

	Original Project \$'000	2016/2017 Actual \$'000	Up to 30 June 2016 \$'000
<u>Income</u>	13,977	1,230	946
<u>Expenditure</u>			
Materials & contracts			
Advertising	-	(4)	(34)
Project management	(345)		(476)
Surveying	-		(2)
Development and administration	(3,775)	(19)	(2,418)
Selling costs and settlement	(482)	(51)	(23)
Interest charges	(300)		-
Fees and taxes	(125)		(5)
	<u>8,950</u>	<u>(74)</u>	<u>(2,958)</u>
<u>Assets</u>			
Land - at fair value		6,044	7,419
<u>Liabilities</u>		Nil	Nil

(c) Expected future cash flows

	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<u>Cash Inflows</u>			
Land sales	1,500	2,500	850
GST refund	-	-	-
	<u>1,500</u>	<u>2,500</u>	<u>850</u>
<u>Cash Outflows</u>			
Project management			
Development & administration			
Selling costs	(140)	(233)	(79)
Other Costs	(26)	(43)	(14)
	<u>(166)</u>	<u>(276)</u>	<u>(93)</u>
Net Cash Flows	<u>1,334</u>	<u>2,224</u>	<u>757</u>

36. 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 FOR THE YEAR ENDED 30 JUNE 2017

37. 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.

(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 amount \$'000	-1% Change Loss \$'000	Equity \$'000	+1% Change Loss \$'000	Equity \$'000
2017					
Financial assets					
Cash	12,808	(128)	(128)	128	128
Deposits	31,079	(311)	(311)	311	311
		(439)	(439)	439	439
Financial liabilities					
Borrowings	29,095	291	291	(291)	(291)
		291	291	(291)	(291)
Total (Increase)/Decrease		(148)	(148)	148	148
2016					
Financial assets					
Cash	2,192	(22)	(22)	22	22
Deposits	52,662	(527)	(527)	527	527
		(549)	(549)	549	549
Financial liabilities					
Borrowings	29,043	290	290	(290)	(290)
		290	290	(290)	(290)
Total (Increase)/Decrease		(258)	(258)	258	258

(c) Price risk management

Price 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.

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

37. Financial instruments (continued)

(c) 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 provision for doubtful debts is made by the City as required following critical assessment of outstanding receivables. 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.

(d) 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:

	Weighted average rate %	Floating interest rate \$'000	Fixed Interest Rate Maturity			Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000		
2017							
Financial assets							
Cash and cash at bank	0.96	10,089	-	-	-	23	10,112
Deposits	2.50	527	33,766	-	-	-	34,293
Receivables	-	-	-	-	-	10,982	10,982
Total financial assets		10,616	33,766	-	-	11,005	55,387
Financial liabilities							
Borrowings	3.86	-	771	18,279	10,045	-	29,095
Payables	-	-	-	-	-	9,177	9,177
Total financial liabilities		-	771	18,279	10,045	9,177	38,272
2016							
Financial assets							
Cash at bank	1.06	2,166	-	-	-	26	2,192
Deposits	2.13	23,726	28,936	-	-	-	52,662
Receivables	-	-	-	-	-	-	-
Total financial assets		25,892	28,936	-	-	26	54,854
Financial liabilities							
Borrowings	4.31	-	758	8,367	19,918	-	29,043
Payables	-	-	-	-	-	-	-
Total financial liabilities		-	758	8,367	19,918	-	29,043

(e) 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 FOR THE YEAR ENDED 30 JUNE 2017

38. Fair value measurements

(i) Assets measured at Fair Value

Fair Value as at 30 June 2017	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		-	79,707	15,180	94,887
Buildings		-	1,273	154,297	155,570
Furniture and fittings		-	-	1,437	1,437
Plant and Machinery		-	4,325	5,932	10,257
Bridges		-	-	29,717	29,717
Parks		-	-	156,319	156,319
Roads, footpaths, kerbs and seals		-	-	310,279	310,279
Drainage		-	-	124,959	124,959
Marina		-	-	1,554	1,554
Coastal & Estuary		-	-	44,153	44,153
Total		-	85,305	843,827	929,132

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 2016.

(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 valued 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 Aquent Consulting Pty Ltd ("Aquent"). They have appropriate qualifications and recent experience in the valuation of infrastructure assets. The most recent valuation was performed in June 2015.

(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.

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

38. 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 2016 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Land (\$15,180)	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 (\$145,406)	Depreciated Replacement Cost	Historical cost per square metre floor area	The diversity of the various assets in this class make it difficult to provide meaningful information in a summarised format. (a)	Higher historical cost per m2 increases fair value
		Consumed economic benefit/obsolescence of asset	2% - 50% per year (4.74% per year)	Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Furniture and fittings (\$1,484)	Depreciated Replacement Cost	Historical cost per unit	Individual rates per item over a wide range of items - \$1,500 - \$200,000	Higher historical cost per unit increases fair value.
		Consumed economic benefit/obsolescence of asset	7% - 50% per year (19.70% per year)	Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Plant and Machinery (\$4,130)	Depreciated Replacement Cost	Historical cost per unit	Individual rates per item over a wide range of items - \$1,500 - \$100,000	Higher historical cost per unit increases fair value.
		Consumed economic benefit/obsolescence of asset	4% - 50% per year (11.22% per year)	Greater consumption of economic benefit or increased obsolescence lowers the fair value.

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

38. Fair value measurements (continued)

Description and fair value as at 30 June 2014 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Bridges (\$19,852)	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 \$200,000 - \$9,000,000 1.3% - 2.2% per year (0.81% per year)	Higher historical cost per unit increases fair value Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Parks (\$163,883)	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) 1% - 40% per year (5.38% 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 (\$310,279)	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 - \$35.78- \$2,432.70 per square metre Bus stop shelters - measured at cost. 3.1% - 12.5% per year (1.84% per year)	Higher unit rates increases fair value. Greater consumption of economic benefit or increased obsolescence lowers the fair value.

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

38. Fair value measurements (continued)

Description and fair value as at 30 June 2014 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Drainage (\$120,619)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i) Consumed economic benefit/obsolescence of asset	Pipes - \$242.50 - \$926.79 per lineal metre Access chambers - \$5,043.31 - \$5,096.91 per item Collection pits - \$277.48 - \$8,070.62 per item Water quality devices - \$45,000 per item 1.25% - 25% per year (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 2014 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Coastal & Estuary (\$42,521)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i) Consumed economic benefit/obsolescence of asset	Boat Ramps - \$1,345.97 - \$2,254.25 per square metre Jetties - \$914.91 - \$3,978.17 per square metre Boardwalks - \$3,978.17 per square metre Seawalls - \$756.05 - \$5,743.34 per lineal metre 2% - 20% per year (2.27% 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	1,518
Buildings	15,430
Furniture and fittings	144
Plant and machinery	593
Bridges	2,972
Parks	15,632
Roads, footpaths, kerbs and seals	31,028
Drainage	12,496
Coastal & Estuary	4,415

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

38. 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 2016	15,180	145,406	1,484	4,130	163,883	120,619	303,528	19,852	1,759	42,521	818,362
Additions		12,989	89	2,388	2,668	3,462	17,666	10,151	-	2,865	52,278
Revaluation increments/(decrements) recognised in Profit and Loss			-		-	-	-	-	-	-	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income			-		1,119	3,004	1,528	-	-	612	6,263
Transfer (to)/from Level 2			-		-	-	-	-	-	-	-
Reclassification					115	-	(143)	-		28	
Disposals		-	-	(179)	(516)	(23)	(4,018)	-	-	(14)	(4,750)
Depreciation expense		(4,098)	(136)	(407)	(10,950)	(2,103)	(8,282)	(286)	(206)	(1,859)	(28,327)
Fair value at end of period	15,180	154,297	1,437	5,932	156,319	124,959	310,279	29,717	1,553	44,153	843,826
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 2017

19. 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 (all in office for full financial year)

Marina Vergone
Jane Field
Fred Riebeling JP
Tahlia Jones
Darren Lee
Lynn Rodgers
Shane Jones
Ron Wortley
Caroline Knight
Peter Jackson
Dave Schumacher
Shannon Lawson
Peter Rogers

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
Corporate Lawyer Legal, Governance & Procurement	Wido Peppinck
Director People & Communities	Lesley Wilkinson
Manager Financial Services	David Prattent

(c) Key management personal compensation

Description	2017 \$'000
Short Term Economic Benefits	1,896
Post-Employment Benefits	161
Long-Term Benefits	88
Termination Benefits	-
Total	2,145

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 accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

d) Transactions with other related parties

Description		2017 \$
Fees and charges charged to associates		-
# Fees and charges charged to entities controlled by key management personnel		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.

There were no other transactions with related parties.

e) Outstanding balances

The City has no balances currently outstanding for key management personnel

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

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.



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