Minutes of AUDIT, RISK AND IMPROVEMENT COMMITTEE

held on

Tuesday 9 December 2025 at 5:30 pm

in the Council Chambers, 83 Mandurah Terrace, Mandurah

Confirmed

PRESENT:

Mr W Ticehurst	Independent Member (Presiding Member)	
Mayor	A Kearns	
Councillor	J Green	East Ward
Councillor	D Wilkins	East Ward
Councilor	C Knight	North Ward
Mr Duy Vo	Independent Member	

MEMBERS OBSERVING:

Councillor	J Smith	(Electronic Attendance)
Councillor	S Wright	
Councillor	R Burns	
Mr J Seth	Independent Member (Deputy Presiding Member)	

GUESTS:

Subha Gunalan	Director, Financial Audit
Heidi Poltz	Principal Auditor, Financial Audit
Kamran Aslam	Senior Director, Information Systems and Performance Audit
Michael Chumak	Associate Director, Information Systems and Performance Audit

Ms C Mihovilovich	Chief Executive Officer
Mrs T Jones	Director Business Services
Mr J Campbell-Sloan	Director Strategy and Economic Development (Electronic Attendance)
Mr M Hall	Director Built and Natural Environment
Mrs K Hemmings	Executive Manager Governance and Commercial Services
Ms L Grieve	Minute Officer

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Confirmed

1 OPENING OF MEETING AND ANNOUNCEMENT OF VISITORS

The Chairperson declared the meeting open at 5.30pm and welcomed the committee members.

2 ACKNOWLEDGEMENT OF COUNTRY

I would like to begin by acknowledging the traditional custodians of the land we are meeting on today and pay my respect to their Elders past and present. I also acknowledge my gratitude that we share this land today, my sorrow for some of the costs of that sharing, and my hope and belief that we can move to a place of equity, justice and partnership together.

3 APOLOGIES

Cr P Jackson
Cr J Cumberworth

4 DISCLAIMER

The purpose of this Committee Meeting is to discuss and make recommendations to Council about items appearing on the agenda and other matters for which the Committee is responsible. The Committee has no power to make any decisions which are binding on the Council or the City of Mandurah unless specific delegation of authority has been granted by Council.

No person should rely on or act on the basis of any advice or information provided by a Member or officer, or on the content of any discussion occurring, during the course of the meeting. The City of Mandurah expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any advice or information provided by a Member or officer, or the content of any discussion occurring, during the course of the Committee meeting.

5 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

6 AMENDMENT TO STANDING ORDERS

Not required.

7 PUBLIC QUESTION TIME

Nil

8 PRESENTATIONS

ARIC.1/12/25 Close Doors

MOTION
Moved: Councillor C Knight
Seconded: Mayor A Kearns

That the meeting proceeds with closed doors at 5.37pm in accordance with Section 5.23(2) of the *Local Government Act 1995*, to allow for the confidential discussion of an item.

Carried:	6/0
For:	Mayor A Kearns, Mr W Ticehurst, Cr J Green, Cr D Wilkins, Cr C Knight, Mr D Vo
Against:	Nil

Confirmed

Non-senior employees and persons in the gallery left the meeting at this point. The Minute Officer and Executive Manager remained with Senior Officers.

The meeting proceeded with closed doors at 5.37pm.

8.1 Office of the Auditor General Financial Statements Audit Close out Report (CONFIDENTIAL)

Subha Gunalan and Michael Chumak from the Office of the Auditor General presented the confidential presentation.

Mayor A Kearns left the Chambers at 6.14pm
Mayor A Kearns returned to the Chambers at 6.15pm

ARIC.2/12/25 Open Doors

MOTION
Moved: **Mr D Vo**
Seconded: **Councillor C Knight**

That the meeting resumes with open doors at 6.22pm.

Carried:	6/0
For:	Mayor A Kearns, Mr W Ticehurst, Cr J Green, Cr D Wilkins, Cr C Knight, Mr D Vo
Against:	Nil

The meeting proceeded with open doors at 6.22pm.

9 DEPUTATIONS

Nil

10 CONFIRMATION OF MINUTES

ARIC.3/12/25 Audit, Risk and Improvement Committee Meeting held on 4 August 2025

MOTION
Moved: Mayor A Kearns
Seconded: Mr W Ticehurst

That the Minutes of the Audit, Risk and Improvement Committee Meeting held on 4 August 2025 be confirmed.

Carried	6/0
For:	Mayor A Kearns, Mr W Ticehurst, Cr J Green, Cr D Wilkins, Cr C Knight, Mr D Vo
Against:	Nil

11 DECLARATIONS OF INTERESTS

Nil

Confirmed

12 QUESTIONS FROM COMMITTEE MEMBERS

12.1 Questions of which due notice has been given

Nil

12.2 Questions of which notice has not been given

Nil

13 BUSINESS LEFT OVER FROM PREVIOUS MEETING

Nil

14 REPORTS

ARIC.4/12/25 2024/25 Financial Statements

Summary

In accordance with the City of Mandurah Audit, Risk and Improvement Committee (AR&IC) Terms of Reference, the AR&IC is to provide advice and assistance to Council as to the carrying out of the function of examining the City's Financial Statements (receiving the external audit report). The AR&IC is to oversee the implementation of any action relating to significant matters raised by the auditor.

The audit of the Annual Financial Statements for 2024/25 is nearing completion. The Office of the Auditor General (OAG) are City of Mandurah's auditor and will present an audit status update at the 9 December AR&IC meeting.

City officers are preparing the 2024/25 Financial Statements to be fair and appropriately presented in accordance with the Australian Accounting Standards Board and *Local Government Act 1995* (the Act). A copy of the draft 2024/25 Financial Statements is detailed in Attachment 14.1.1 for noting.

It is expected that Council will receive the final 2024/25 Financial Statements, final audit, and management reports and the Office of the Auditor General (OAG) Closing Report at its Ordinary Council Meeting in December 2025.

The AR&IC are now requested to note the draft 2024/25 Financial Statements and the Audit Status Update as presented by the Office of the Auditor General.

Officer Recommendation

That the Audit, Risk and Improvement Committee:

1. Note the draft Annual Financial Statements 2024/25 as detailed in Attachment 14.1.1.

2. Note the Auditor Status Report as presented by the Office of the Auditor General.

3. Notes the Financial Audit Management Letter and the City of Mandurah management comments as per Confidential Attachment 14.1.2.

4. Notes the Information Systems Audit Management Letter and the City of Mandurah management comments as per Confidential Attachment 14.1.3 and the Office of Auditor General Maturity Model Assessment as per Attachment 14.1.4.

Confirmed

Amended Officer Recommendation

1. Note the draft Annual Financial Statements 2024/25 as detailed in Attachment 14.1.1, with the following amendments:

1.1 Adjust write-off work in progress assets to reflect in the expenditure instead of reducing Capital contributions. This amendment repositioned $1,539,236 from reducing the Capital grants, subsidies and contributions line item to increasing the Other Expenditure line item. The change has no effect on the bottom line figures but does adjust individual sub totals.

- This change affects the following pages:
- Page 12 – Statement of Comprehensive Income
- Page 15 – Statement of Cash Flows
- Page 16 – Statement of Financial Activity
- Page 20 – Note 2(b) – Add line under Other expenditure named Write-Off of WIP /Duplicated Assets
- Page 27 – Note 9 – Line name change from Reversals to Write-Off of WIP/Duplicated Assets
- Page 44 – Note 28 – Line name change from Add: Reversal of infrastructure assets to Add: Write-Off of WIP / Duplicated Assets.

1.2 Adjust positioning of Non-cash lease revenue from INVESTING ACTIVITIES to display under FINANCING ACTIVITES

This amendment repositioned $251,472 for the 2025 Actual column and $507,877 from the 2024 Actual column in the Statement of Financial Activity from Investing Activities – Right of use assets received – non-cash to Financing Activities – Non-cash amounts excluded from financing activities. The change has no effect on the bottom line figures but does adjust individual sub totals.

This change affects the following pages:
- Page 16 – Statement of Financial Activity
- Page 44 – Note 28 – Determination of Surplus or Deficit

1.3 Adjust positioning of Non-cash lease revenue from INVESTING ACTIVITIES to display under FINANCING ACTIVITES

This amendment repositioned $251,472 for the 2025 Actual column and $507,877 from the 2024 Actual column in the Statement of Financial Activity from Investing Activities – Right of use assets received – non-cash to Financing Activities – Non-cash amounts excluded from financing activities. The change has no effect on the bottom line figures but does adjust individual sub totals.

This change affects the following pages:
- Page 16 – Statement of Financial Activity
- Page 44 – Note 28 – Determination of Surplus or Deficit

1.4 Minor wording changes:
- Page 10 – Included “Table of Contents” title
- Page 11 – Change from September to December on signing date
- Page 14 – Statement of Change in Equity – Rounding changes
- Page 16 – Statement of Financial Activity – Removed reference “29(c)” on Investing Activities section
- Page 18 – Note 1 – Removed sentences “Assets Held for Sale – Note 7”, “Impairment
- losses of non-financial assets – Note 9” and “Estimated useful life of intangible assets – Note

Confirmed

- 12" as they are not applicable
- Page 29 – Note 10 – Headings included
- Page 36 – Note 15 Change "Debentures" to "Bank Loans"
- Page 39 – Note 16 – Reference "5" included on note
- Page 49 – Note 23(c) – Line with 0 for Interest Bearing liabilities deleted
- Pae 53 – Note 28(a) – Reference 10(a) removed
- Page 61 – Note 30 – Rounding changes

2. Note the Auditor Status Report as presented by the Office of the Auditor General.

3. Notes the Financial Audit Management Letter and the City of Mandurah management comments as per Confidential Attachment 14.1.2, with the following amendments:

- Amendment by the Office of the Auditor General to Finding 1: Year End Balance
- Sheet Reconciliations (page 65) under "Accuracy and completeness" the line "Bank
- Reconciliations reflected incorrect balances" should read "Bank Reconciliations
- initially reflected incorrect balances".
- Correction by City officers to the completion date for Management Comment
- response to Finding 2: Incorrect accounting of cash received in lieu of public open space (page 68) reads June 2025 and this is be replaced with 2026.

4. Notes the Information Systems Audit Management Letter and the City of Mandurah management comments as per Confidential Attachment 14.1.3 and the Office of Auditor General Maturity Model Assessment as per Attachment 14.1.4.

Comment 1.1: The City conducted a fixed asset register review in the 2024 financial year and, as a result, commissioned found and gifted assets to ensure the completeness of the register. The Lakelands District Open Space project was underway at the time as a multiyear project and some assets from that project were inadvertently taken up in the 2024 asset register clean up. These assets were also recorded in the City's work in progress accounts. To address the duplication, City officers wrote off the WIP item initially to reverse the noncash revenue. The Office of the Auditor General suggested a change on 8 December 2025 to move that write off amount into Other Expenditure to enhance transparency and readability of the City's Financial Statements. The change has no bearing on the City's end result as the adjustment was for a non-cash transfer.

Comment 1.2 : The Office of the Auditor General suggested a change on 8 December 2025 to where new non-cash leases revenue was shown in the financials to enhance transparency and readability of the City's Financial Statements. The change has no bearing on the City's end result as the adjustment was for a non-cash revenue.

Comment 1.3: The Office of the Auditor General provided updated comments on the Financial Statements on 8 December 2025.

Comment 3: Office of Auditor General provided a late amendment to the Financial Audit Management Letter and the second amendment is a correction to the City officer Management response.

Committee Recommendation

MOTION
Moved: Mr D Vo
Seconded: Mayor A Kearns

That the Audit, Risk and Improvement Committee:

1. **Note the draft Annual Financial Statements 2024/25 as detailed in Attachment 14.1.1, with the following amendments:**

   1.1 Adjust write-off work in progress assets to reflect in the expenditure instead of reducing Capital contributions. This amendment repositioned $1,539,236 from reducing the Capital grants, subsidies and contributions line item to increasing the Other Expenditure line item. The change has no effect on the bottom line figures but does adjust individual sub totals.

   - **This change affects the following pages:**
   - **Page 12 – Statement of Comprehensive Income**
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   - **Page 16 – Statement of Financial Activity**
   - **Page 20 – Note 2(b) – Add line under Other expenditure named Write-Off of WIP /Duplicated Assets**
   - **Page 27 – Note 9 – Line name change from Reversals to Write-Off of WIP/Duplicated Assets**
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   This amendment repositioned $251,472 for the 2025 Actual column and $507,877 from the 2024 Actual column in the Statement of Financial Activity from Investing Activities – Right of use assets received – non-cash to Financing Activities – Non-cash amounts excluded from financing activities. The change has no effect on the bottom line figures but does adjust individual sub totals.

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   1.4 Minor wording changes:
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   - **Page 11 – Change from September to December on signing date**
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   - **Page 16 – Statement of Financial Activity – Removed reference "29(c)" on Investing Activities section**
   - **Page 18 – Note 1 – Removed sentences "Assets Held for Sale – Note 7", "Impairment**
   - **losses of non-financial assets – Note 9" and "Estimated useful life of intangible assets – Note**

Confirmed

- **12" as they are not applicable**
- **Page 29 – Note 10 – Headings included**
- **Page 36 – Note 15 Change "Debentures" to "Bank Loans"**
- **Page 39 – Note 16 – Reference "5" included on note**
- **Page 49 – Note 23(c) – Line with 0 for Interest Bearing liabilities deleted**
- **Pae 53 – Note 28(a) – Reference 10(a) removed**
- **Page 61 – Note 30 – Rounding changes**

2. **Note the Auditor Status Report as presented by the Office of the Auditor General.**
3. **Notes the Financial Audit Management Letter and the City of Mandurah management comments as per Confidential Attachment 14.1.2, with the following amendments:**
   - **Amendment by the Office of the Auditor General to Finding 1: Year End Balance**
   - **Sheet Reconciliations (page 65) under "Accuracy and completeness" the line "Bank**
   - **Reconciliations reflected incorrect balances" should read "Bank Reconciliations**
   - **initially reflected incorrect balances".**
   - **Correction by City officers to the completion date for Management Comment**
   - **response to Finding 2: Incorrect accounting of cash received in lieu of public open space (page 68) reads June 2025 and this is be replaced with 2026.**
4. **Notes the Information Systems Audit Management Letter and the City of Mandurah management comments as per Confidential Attachment 14.1.3 and the Office of Auditor General Maturity Model Assessment as per Attachment 14.1.4.**

Carried	6/0
For:	Mayor A Kearns, Mr W Ticehurst, Cr J Green, Cr D Wilkins, Cr C Knight, Mr D Vo
Against:	Nil

15 REPORTS FROM AUDITORS

Nil

16 LATE AND URGENT BUSINESS ITEMS

Nil

17 CONFIDENTIAL ITEMS

ARIC.5/12/25 Close Doors

MOTION

Moved:	Mayor A Kearns
Seconded:	Councillor C Knight

That the meeting proceeds with closed doors at 6:32pm in accordance with Section 5.23(2) of the *Local Government Act 1995*, to allow for the confidential discussion of an item.

Carried:	6/0
For:	Mayor A Kearns, Mr W Ticehurst, Cr J Green, Cr D Wilkins, Cr C Knight, Mr D Vo
	Nil

Confirmed

Against:

Non-senior employees left the meeting at this point. The Minute Officer and Executive Manager remained with Senior Officers.

The meeting proceeded with closed doors at 6.33pm.

ARIC.6/12/25 Strategic Risk Update Report Quarter One 2025/26

Confidential discussion ensued regarding this report.

MOTION
Moved: **Councillor C Knight**
Seconded: **Councillor D Wilkins**

Committee Recommendation

That the Audit, Risk and Improvement Committee:

1. **Note Quarter One 2025/26 – Strategic Risk Bowtie Report as per Confidential Attachment 14.1.1.**
2. **Note the Strategic Risk Control Ratings 2025 as per Confidential Attachment 14.1.2.**
3. **Notes that a Strategic Risk Review workshop will be held in 2026.**

Carried: 6/0
For: Mayor A Kearns, Mr W Ticehurst, Cr J Green, Cr D Wilkins, Cr C Knight, Mr D Vo

Against: Nil

ARIC.7/12/25 Strategic Internal Audit Monitoring Report - Quarter One FY 2025-26

Confidential discussion ensued regarding this report.

MOTION
Moved: **Councillor C Knight**
Seconded: **Mayor A Kearns**

Committee Recommendation

That the Audit, Risk and Improvement Committee:

1. Notes the Strategic Internal Audit Plan Monitoring Report – Quarter One Financial Year 2025/26 as detailed in Confidential Attachment 1.

Carried: 6/0
For: Mayor A Kearns, Mr W Ticehurst, Cr J Green, Cr D Wilkins, Cr C Knight, Mr D Vo

Against: Nil

ARIC.8/12/25 Open Doors

Confirmed

MOTION
Moved: **Councillor C Knight**
Seconded: **Mayor A Kearns**

That the meeting resumes with open doors at 6.57pm.

Carried	6/0
For:	Mayor A Kearns, Mr W Ticehurst, Cr J Green, Cr D Wilkins, Cr C Knight, Mr D Vo
Against:	Nil

The meeting proceeded with open doors at 6.57pm.

ARIC.9/12/25 Endorse Recommendations

MOTION
Moved: **Councillor C Knight**
Seconded: **Mayor A Kearns**

That Council endorses the resolutions taken with closed doors.

Carried:	6/0
For:	Mayor A Kearns, Mr W Ticehurst, Cr J Green, Cr D Wilkins, Cr C Knight, Mr D Vo
Against:	Nil

18 CLOSE OF MEETING

There being no further business, the Chairperson declared the meeting closed at 6.57pm.

CONFIRMED .....(CHAIRPERSON)

Confirmed

CITY OF MANDURAH

NOTICE OF MEETING

AUDIT, RISK AND IMPROVEMENT COMMITTEE

Members of Council are advised that a meeting will be held in the Council Chambers, 83 Mandurah Terrace, Mandurah:

Tuesday 9 December 2025 at 5:30 pm

CASEY MIHOVILOVICH
Chief Executive Officer
5 December 2025

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1 OPENING OF MEETING AND ANNOUNCEMENT OF VISITORS

2 ACKNOWLEDGEMENT OF COUNTRY

3 APOLOGIES

4 DISCLAIMER

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

5 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

6 AMENDMENT TO STANDING ORDERS

Modification to *Standing Orders Local Law 2016* – electronic attendance at meeting.

7 PUBLIC QUESTION TIME

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

8 PRESENTATIONS

CONFIDENTIAL: Office of the Auditor General on the Financial Statements Audit.

9 DEPUTATIONS

Any person or group wishing to make a Deputation to Council regarding a matter listed on this agenda for consideration must complete an application form. For more information regarding making a deputation, please visit the City's website About Council Meetings or telephone 9550 3787.

10 CONFIRMATION OF MINUTES

10.1 Audit, Risk and Improvement Committee Meeting held on 4 August 2025

RECOMMENDATION

That the Minutes of the Audit, Risk and Improvement Committee Meeting held on 4 August 2025 be confirmed.

Minutes are available on the City's website Agendas and Minutes

11 DECLARATIONS OF INTERESTS

12 QUESTIONS FROM COMMITTEE MEMBERS

12.1 Questions of which due notice has been given

12.2 Questions of which notice has not been given

13 BUSINESS LEFT OVER FROM PREVIOUS MEETING

14 REPORTS

Subject: 14.1 2024/25 Financial Statements

Summary

In accordance with the City of Mandurah Audit, Risk and Improvement Committee (AR&IC) Terms of Reference, the AR&IC is to provide advice and assistance to Council as to the carrying out of the function of examining the City's Financial Statements (receiving the external audit report). The AR&IC is to oversee the implementation of any action relating to significant matters raised by the auditor.

The audit of the Annual Financial Statements for 2024/25 is nearing completion. The Office of the Auditor General (OAG) are City of Mandurah's auditor and will present an audit status update at the 9 December AR&IC meeting.

City officers are preparing the 2024/25 Financial Statements to be fair and appropriately presented in accordance with the Australian Accounting Standards Board and *Local Government Act 1995* (the Act). A copy of the draft 2024/25 Financial Statements is detailed in Attachment 14.1.1 for noting.

It is expected that Council will receive the final 2024/25 Financial Statements, final audit, and management reports and the Office of the Auditor General (OAG) Closing Report at its Ordinary Council Meeting in December 2025.

The AR&IC are now requested to note the draft 2024/25 Financial Statements and the Audit Status Update as presented by the Office of the Auditor General.

Disclosure of Interest

Nil

Previous Relevant Documentation

Nil

Background

Since the 2020/21 year, the City's annual financial statements audit has been undertaken by the Office of the Auditor General (OAG). It is a requirement under the *Local Government Act 1995* that an approved auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year.

Comment

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

- **Revenue**
  Operating revenue is approximately $3.6 million above adopted budget due to:
  - Fees and charges performing better than expected by $3.39m, including Mandurah Aquatic and Recreation Centre fees ($514,000), Planning fees ($408,000), Building Fees ($419,000), Chalet's revenue ($534,000), Waste Commercial fees ($212,000), Marina Pen fees ($353,000).

- Grants, Subsidies and Contributions was under budget by $1.4 million, while Other Revenue is over budget by $1.51 million. This variance is due to donations and reimbursements being budgeted under Grants, Subsidies and Contributions but recorded as Other Revenue. The City will adjust the 2026/27 budget to align reporting lines with actual allocations.
- Interest revenue performing better than budget by $142,000.

- **Expenses**
  Total expenses are $567,397 above the adopted budget; however the following points are noted:
  - Materials and contracts were under budget by $908,000 due to general underspends across the organisation.
  - Utility charges were over budget by $282,000 due to increases in utility costs during the year. This was addressed at the City Mid-year review.
  - Insurance costs were $299,000 over budget due to increases in insurance claims in the 2024/25 year.
  - Depreciation which is a non-cash expense was higher than what was budgeted by $671,000 due to the impact of new assets commissioned in the 2024/25 financial year. It has a nil impact to the closing surplus as the total amount is taken out for the closing surplus calculation as it is non-cash in nature.

It is also noted that the operating position for 2024/25 has increased from the budgeted deficit of $449,343 to a surplus of $893,702. The surplus will be carried forward to fund the 2025/26 budgeted opening surplus of $600,000 and the balance of $293,702 is recommended to be placed in the Asset Management Reserve in keeping with Council's position on renewal of assets.

Statement of Financial Position

Key points to note are:

- Cash and cash equivalents: Cash holdings have decreased by approximately $12.67 million from the previous year. This is primarily due to having to carryover 2023/24 capital projects into 2024/25 financial year.

- Reserves – Cash backed: The City has a total amount of $65.68 million in reserves on 30 June 2025. This is a decrease of $3.8 million from the previous year due to:
  - Decrease in the Asset Management Reserve ($2.0 million) as a result of 2023/24 capital carryover projects being completed in 2024/25 financial year.
  - Decrease in the unspent grants reserve ($4.8 million) as a result of grant funds received by the CIty being able to be transferred into municipal funds and treated as revenue due to the projects being completed.

Rates Setting Statement
The City shows a surplus for the year ended 30 June 2025 of $893,703. In the City's 2025/2026 Budget the surplus for the year ended 30 June 2025 was estimated to be $600,000 (opening surplus). The remaining $293,703 is recommended to be placed in the Asset Management Reserve in keeping with Councils position on renewals of assets.

Audit Progress

At the time of issuing the Audit, Risk and Improvement Committee agenda, the City had revised the 2024/25 Financial Statements based on the auditor's comments and sent the changes to the auditor for review. The steps required for the City to present Council with the final 2024/25 Financial Statements, final audit and management reports and the OAG Closing Report are as follows:
1. OAG to provide the signed auditors report to the City.

2. City officers to prepare a Council report. Note: This is intended to be presented to Council at its Ordinary Council Meeting in December 2025.

Information Systems Audit

In addition to the Financial Audit, the OAG completed an Information Systems Audit, which incorporated general computer controls. The Information Systems Audit determines if an entities' information technology and related internal controls effectively support the integrity, availability and confidentiality of the information and systems used to prepare the financial statements. The City's response to the Information Systems Management Letter is available at Confidential Attachment 14.1.3.

A maturity model assessment has also been undertaken (refer to Confidential Attachment 14.1.4) which provides a way of measuring key management processes. The ratings given are based on the OAG's review of these areas as part of the general computer controls audit.

Statutory Environment

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

The *Local Government Act 1995* states:

7.9. Audit to be conducted

(1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —

(a) the mayor or president; and

(b) the CEO of the local government; and

(c) the Minister.

7.12AB. Conducting a financial audit

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

7.12AD. Reporting on a financial audit

(1) The auditor must prepare and sign a report on a financial audit.

(2) The auditor must give the report to —

(a) the mayor, president or chairperson of the local government; and

(b) the CEO of the local government; and

(c) the Minister.

7.12A. Duties of local government with respect to audits

(2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.

(3) A local government must —

(aa) examine an audit report received by the local government; and

(a) determine if any matters raised by the audit report, require action to be taken by the local government; and

(b) ensure that appropriate action is taken in respect of those matters.

(4) A local government must —

(a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and

(b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

(5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

The *Local Government (Audit) Regulations 1996* states:

9. Performance of audit

(2) An auditor must carry out an audit in accordance with the Australian Auditing Standards made or formulated and amended from time to time by the Auditing and Assurance Standards Board established by the Australian Securities and Investments Commission Act 2001 (Commonwealth) section 227A.

(3) An auditor must carry out the work necessary to form an opinion whether the annual financial report —

(a) is based on proper accounts and records; and

(b) fairly represents the results of the operations of the local government for the financial year and the financial position of the local government at 30 June in accordance with —

(i) the Act; and

(ii) the Australian Accounting Standards (to the extent that they are not inconsistent with the Act).

10. Report by auditor

(1) An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.

(2) The report is to give the auditor's opinion on —

(a) the financial position of the local government; and

(b) the results of the operations of the local government.

(3) The report is to include —

(a) any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government; and

(b) any matters indicating non-compliance with Part 6 of the Act, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law; and

(c) details of whether information and explanations were obtained by the auditor; and

(d) a report on the conduct of the audit; and

(4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

Policy Implications

Financial Position and Performance Policy

Financial Implications

Appropriate financial management is essential to the effective operations of the local government. The cost of the audit for the 2025 financial year is estimated to be $151,799.

Economic Implications

Nil

Environmental Implications

Nil

Risk Implications

The *Local Government Act 1995* states:

7.9. Audit to be conducted

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

If Council do not adopt the City's financial report by 31 December, then the City may be in breach of the *Local Government Act 1995.*

Strategic Implications

The following strategies from the City of Mandurah Strategic Community Plan 2024-2044 is relevant to this report:

Leadership
- Responsible, transparent, value for money delivery of well planned, sustainable, projects, programs and services

Conclusion

City officers are preparing the 2024/25 Financial Statements to be fair and appropriately presented in accordance with the Australian Accounting Standards Board and *Local Government Act 1995* and have completed the actions required for the auditor to consider issuing the City an unqualified audit opinion.

It is expected that Council will receive the final 2024/25 Financial Statements, final audit, and management reports and the Office of the Auditor General (OAG) Closing Report at its Ordinary Council Meeting in December 2025.

The Audit, Risk and Improvement Committee are now requested to note the draft 2024/25 Financial Statements and the Audit Status Update as presented by the OAG.

Officer Recommendation

That the Audit, Risk and Improvement Committee:

1. **Note the draft Annual Financial Statements 2024/25 as detailed in Attachment 14.1.1.**
2. **Note the Auditor Status Report as presented by the Office of the Auditor General.**
3. **Notes the Financial Audit Management Letter and the City of Mandurah management comments as per Confidential Attachment 14.1.2.**
4. **Notes the Information Systems Audit Management Letter and the City of Mandurah management comments as per Confidential Attachment 14.1.3 and the Office of Auditor General Maturity Model Assessment as per Attachment 14.1.4.**

Attachments

1. Annual Financial Statements 2024/25 [**14.1.1** - 54 pages]

CITY OF MANDURAH

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2025

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The City of Mandurah conducts the operations of a local government with the following community vision:

Woven by waterways; a city that is thriving and connected to its people and nature.

Principal place of business:
3 Peel St, Mandurah WA 6210

CITY OF MANDURAH
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

Local Government Act 1995
Local Government (Financial Management) Regulations 1996

Statement by CEO

The accompanying financial report of the City of Mandurah has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2025 and the financial position as at 30 June 2025.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the day of September 2025

CEO

Casey Mihovilovich
Name of CEO

CITY OF MANDURAH
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual	2025 Budget	2024 Actual
		$	$	$
Revenue				
Rates	2(a),27	98,056,579	98,083,897	93,164,669
Grants, subsidies and contributions	2(a)	4,867,778	6,293,578	5,635,783
Fees and charges	2(a)	38,581,727	35,192,242	34,107,075
Interest revenue	2(a)	4,443,093	4,301,430	4,789,540
Other revenue	2(a)	1,603,994	79,169	1,364,955
		147,553,171	143,950,316	139,062,022
Expenses				
Employee costs	2(b)	(59,514,332)	(59,439,328)	(55,373,119)
Materials and contracts		(60,839,183)	(61,747,749)	(58,492,124)
Utility charges		(5,022,010)	(4,740,090)	(4,275,112)
Depreciation		(35,876,845)	(35,205,987)	(35,755,740)
Finance costs	2(b)	(1,216,573)	(1,122,702)	(1,072,265)
Insurance		(1,775,489)	(1,476,652)	(1,410,406)
Other expenditure	2(b)	(55,473)	0	(29,373)
		(164,299,905)	(163,732,508)	(156,408,139)
		(16,746,734)	(19,782,192)	(17,346,117)
Capital grants, subsidies and contributions	2(a)	27,514,117	14,108,173	25,981,030
Profit on asset disposals		275,878	0	188,569
Loss on asset disposals		(2,765,679)	0	(7,246,306)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(6,215)	0	(251,584)
Fair value adjustments to investment property	12	804,038	0	0
		25,822,139	14,108,173	18,671,709
Net result for the period	26(b)	**9,075,405**	**(5,674,019)**	**1,325,592**
Total comprehensive income for the period		**9,075,405**	**(5,674,019)**	**1,325,592**

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

CITY OF MANDURAH
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025	2024
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	61,810,976	74,477,069
Trade and other receivables	5	8,583,453	11,057,982
Other financial assets	4(a)	19,764,861	6,522,395
Inventories	6	1,004,876	837,615
Other assets	7	3,878,677	3,377,738
TOTAL CURRENT ASSETS		95,042,843	96,272,799
NON-CURRENT ASSETS			
Trade and other receivables	5	2,044,842	1,685,741
Other financial assets	4(b)	268,938	322,261
Property, plant and equipment	8	286,794,249	281,267,077
Infrastructure	9	770,808,685	768,996,872
Right-of-use assets	11(a)	515,180	613,481
Investment property	12	11,487,798	10,683,760
TOTAL NON-CURRENT ASSETS		1,071,919,692	1,063,569,192
TOTAL ASSETS		1,166,962,535	1,159,841,991
CURRENT LIABILITIES			
Trade and other payables	13	21,969,393	18,392,884
Contract liabilities	14	429,480	253,428
Capital grant/contributions liabilities	14	1,437,267	4,812,548
Lease liabilities	11(b)	173,812	254,514
Borrowings	15	6,509,258	6,237,234
Employee related provisions	16	9,563,235	9,616,596
Other provisions	17	330,335	330,335
TOTAL CURRENT LIABILITIES		40,412,780	39,897,539
NON-CURRENT LIABILITIES			
Capital grant/contributions liabilities	14	0	1,215,909
Lease liabilities	11(b)	367,969	388,928
Borrowings	15	23,523,171	24,853,039
Employee related provisions	16	915,918	819,285
TOTAL NON-CURRENT LIABILITIES		24,807,058	27,277,161
TOTAL LIABILITIES		65,219,838	67,174,700
NET ASSETS		1,101,742,697	1,092,667,291
EQUITY			
Retained surplus		250,260,610	237,390,978
Reserve accounts	30	65,678,157	69,472,383
Revaluation surplus	18	785,803,930	785,803,930
TOTAL EQUITY		1,101,742,697	1,092,667,291

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

CITY OF MANDURAH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	Retained surplus	Reserve accounts	Revaluation surplus	Total equity
		$	$	$	$
Balance as at 1 July 2023		**242,718,412**	**62,819,360**	**785,803,930**	**1,091,341,702**
Comprehensive income for the period					
Net result for the period		1,325,592	0	0	1,325,592
Total comprehensive income for the period		1,325,592	0	0	1,325,592
Transfers from reserve accounts	30	21,253,107	(21,253,107)	0	0
Transfers to reserve accounts	30	(27,906,133)	27,906,133	0	0
Balance as at 30 June 2024		**237,390,978**	**69,472,383**	**785,803,930**	**1,092,667,291**
Comprehensive income for the period					
Net result for the period		9,075,405	0	0	9,075,405
Total comprehensive income for the period		9,075,405	0	0	9,075,405
Transfers from reserve accounts	30	21,903,914	(21,903,914)	0	0
Transfers to reserve accounts	30	(18,109,686)	18,109,686	0	0
Balance as at 30 June 2025		**250,260,610**	**65,678,157**	**785,803,930**	**1,101,742,697**

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

CITY OF MANDURAH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual	2024 Actual
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		97,919,084	92,144,266
Grants, subsidies and contributions		9,904,806	1,837,772
Fees and charges		38,636,009	34,129,717
Interest revenue		4,443,093	4,789,540
Goods and services tax received		138,004	(113,191)
Other revenue		1,603,994	1,364,955
		152,644,990	134,153,059
Payments			
Employee costs		(59,504,618)	(55,408,314)
Materials and contracts		(59,158,419)	(60,330,519)
Utility charges		(5,022,010)	(4,275,112)
Finance costs		(1,216,573)	(1,072,265)
Insurance paid		(1,775,489)	(1,410,406)
Other expenditure		(55,473)	(29,373)
		(126,732,582)	(122,525,989)
Net cash provided by operating activities	19(b)	25,912,408	11,627,070
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost		(13,205,360)	0
Payments for purchase of property, plant & equipment	8(a)	(11,276,449)	(13,946,846)
Payments for construction of infrastructure	9(a)	(24,684,883)	(14,896,724)
Proceeds from capital grants, subsidies and contributions		10,734,330	11,923,496
Proceeds for financial assets at amortised cost		0	5,845,223
Proceeds from financial assets at amortised cost - community loans		10,002	81,562
Proceeds from sale of property, plant & equipment		1,254,833	1,029,391
Net cash (used in) investing activities		(37,167,527)	(9,963,898)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	29(a)	(5,509,463)	(5,024,549)
Payments for principal portion of lease liabilities	29(d)	(353,132)	(438,322)
Proceeds from new borrowings	29(a)	4,451,621	8,356,864
Net cash provided by (used in) financing activities		(1,410,974)	2,893,993
Net increase (decrease) in cash held		(12,666,093)	4,557,165
Cash at beginning of year		74,477,069	69,919,904
Cash and cash equivalents at the end of the year	19(a)	61,810,976	74,477,069

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

CITY OF MANDURAH
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual	2025 Budget	2024 Actual
		$	$	$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	27	98,056,579	98,083,897	93,164,669
Grants, subsidies and contributions		4,867,778	6,293,578	5,635,783
Fees and charges		38,581,727	35,192,242	34,107,075
Interest revenue		4,443,093	4,301,430	4,789,540
Other revenue		1,603,994	79,169	1,364,955
Profit on asset disposals		275,878	0	188,569
Fair value adjustments to investment property	12	804,038	0	0
		148,633,087	143,950,316	139,250,591
Expenditure from operating activities				
Employee costs		(59,514,332)	(59,439,328)	(55,373,119)
Materials and contracts		(60,839,183)	(61,747,749)	(58,492,124)
Utility charges		(5,022,010)	(4,740,090)	(4,275,112)
Depreciation		(35,876,845)	(35,205,987)	(35,755,740)
Finance costs		(1,216,573)	(1,122,702)	(1,072,265)
Insurance		(1,775,489)	(1,476,652)	(1,410,406)
Other expenditure		(55,473)	0	(29,373)
Loss on asset disposals		(2,765,679)	0	(7,246,306)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(6,215)	0	(251,584)
		(167,071,799)	(163,732,508)	(163,906,029)
Non-cash amounts excluded from operating activities	28(a)	38,520,873	35,443,132	42,396,964
Amount attributable to operating activities		20,082,161	15,660,940	17,741,526
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		27,514,117	14,108,173	25,981,030
Proceeds from disposal of assets		1,254,833	7,449,567	1,029,391
Proceeds from financial assets at amortised cost - self-supporting loans	29(a)	10,002	0	81,562
		28,778,952	21,557,740	27,091,983
Outflows from investing activities				
Right of use assets received - non cash	11(a)	(251,472)	0	(507,877)
Acquisition of property, plant and equipment	8(a)	(11,276,449)	(12,421,726)	(13,946,846)
Acquisition of infrastructure	9(a)	(24,684,883)	(27,410,469)	(14,896,724)
		(36,212,804)	(39,832,195)	(29,351,447)
Non-cash amounts excluded from investing activities	28(b)	(16,627,615)	500,000	(13,505,420)
Amount attributable to investing activities		(24,061,467)	(17,774,455)	(15,764,884)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	29(a)	4,451,621	4,650,000	8,356,864
Proceeds from Unspent Loans		1,484,086	0	1,009,740
Proceeds from new interest earning liabilities		0	461,000	0
Proceeds from new leases - non cash	29(d)	251,471	1,863,760	507,877
Transfers from reserve accounts	30	21,903,914	9,478,565	21,253,107
		28,091,092	16,453,325	31,127,588
Outflows from financing activities				
Repayment of borrowings	29(a)	(5,509,463)	(4,332,703)	(5,024,549)
Principal elements of interest earning liabilities		0	(949,701)	0
Payments for principal portion of lease liabilities	29(d)	(353,132)	(576,642)	(438,322)
Transfers to reserve accounts	30	(18,109,686)	(7,666,347)	(27,906,133)
		(23,972,281)	(13,525,393)	(33,369,004)
Non-cash amounts excluded from financing activities	28(c)	0	(1,863,760)	0
Amount attributable to financing activities		4,118,811	1,064,172	(2,241,416)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	28(d)	754,197	600,000	1,018,971
Amount attributable to operating activities		20,082,161	15,660,940	17,741,526
Amount attributable to investing activities		(24,061,467)	(17,774,455)	(15,764,884)
Amount attributable to financing activities		4,118,811	1,064,172	(2,241,416)
Surplus or deficit after imposition of general rates	28(d)	**893,702**	**(449,343)**	**754,197**

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

CITY OF MANDURAH
FOR THE YEAR ENDED 30 JUNE 2025
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CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

1. BASIS OF PREPARATION

The financial report of the City of Mandurah which is a Class 1 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements
Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:
- land and buildings classified as property, plant and equipment;or
- infrastructure; or
- vested improvements that the local government controls ;

and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from *AASB 116 Property, Plant and Equipment* , which would have required the City to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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

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

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

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment - Note 8
  - Infrastructure - Note 9
- Expected credit losses on financial assets - Note 5
- Assets held for sale - Note 7
- Impairment losses of non-financial assets - Note 9
- Investment property - Note 12
- Estimated useful life of intangible assets - Note 12
- Measurement of employee benefits - Note 16
- Measurement of provisions - Note 17

Fair value heirarchy information can be found in Note 25

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 of the financial report.

Initial application of accounting standards
During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.
- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- *AASB 2023-3 Amendments to Australian Accounting Standards - Disclosure of Non-current Liabilities with Covenants: Tier 2*
- *AASB 2024-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements: Tier 2 Disclosures*
- *AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements*

These amendments are not expected to have any material impact on the financial report on initial application.
- *AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendment may result in changes to the fair value of certain non-financial assets on revaluation. The impact has not been quantified as it is not considered practicable to determine the amount of the difference in fair value attributable to the change in the standard.

New accounting standards for application in future years
The following new accounting standards will have application to local government in future years:
- *AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2024-4b Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- *AASB 2022-9 Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector*
- *AASB 2023-5 Amendments to Australian Accounting Standards - Lack of Exchangeability*
- *AASB 18 (FP) Presentation and Disclosure in Financial Statements - (Appendix D) [for for-profit entities]*
- *AASB 18 (NFP/super) Presentation and Disclosure in Financial Statements - (Appendix D) [for not-for-profit and superannuation entities]*
- *AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments*
- *AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers
Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/refunds/ warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval

Consideration from contracts with customers is included in the transaction price.

Revenue recognition

Rate revenue was recognised from the rate record as soon as practicable after the City resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2025

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	98,056,579	0	98,056,579
Grants, subsidies and contributions	4,867,778	0	0	0	4,867,778
Fees and charges	38,581,727	0	0	0	38,581,727
Interest revenue	0	0	652,966	3,790,127	4,443,093
Other revenue	302,855	0	0	1,301,139	1,603,994
Capital grants, subsidies and contributions	0	27,514,117	0	0	27,514,117
Total	43,752,360	27,514,117	98,709,545	5,091,266	175,067,288

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	$	$	$	$	$
Rates	0	0	93,164,669	0	93,164,669
Grants, subsidies and contributions	5,635,783	0	0	0	5,635,783
Fees and charges	34,107,075	0	0	0	34,107,075
Interest revenue	0	0	713,295	4,076,245	4,789,540
Other revenue	300,834	0	0	1,064,121	1,364,955
Capital grants, subsidies and contributions	0	25,981,030	0	0	25,981,030
Total	40,043,692	25,981,030	93,877,964	5,140,366	165,043,052

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	Note	2025 Actual	2024 Actual
		$	$
Interest revenue			
Interest on reserve account		1,454,886	1,522,615
Rates instalment and penalty interest		652,966	713,295
Other interest revenue		2,335,241	2,553,630
		4,443,093	4,789,540
Fees and charges relating to rates receivable			
Charges on instalment plan		108,532	92,951
The 2025 original budget estimate in relation to: Charges on instalment plan was $103,300.			

(b) Expenses

Auditors remuneration			
- Audit of the Annual Financial Report		151,799	142,200
		151,799	142,200
Employee Costs			
Employee benefit costs		50,597,824	47,270,516
Other employee costs		8,916,508	8,102,603
		59,514,332	55,373,119
Finance costs			
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss		780,017	680,122
Interest rate swap		0	303
Other Borrowings interest		436,556	391,840
		1,216,573	1,072,265
Other expenditure			
Sundry expenses		55,473	29,373
		55,473	29,373

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

3. CASH AND CASH EQUIVALENTS

	Note	2025	2024
		$	$
Cash at bank and on hand		25,560,472	30,142,409
Term deposits		36,250,504	44,334,660
Total cash and cash equivalents	19(a)	61,810,976	74,477,069
Held as			
- Unrestricted cash and cash equivalents		13,358,200	4,341,390
- Restricted cash and cash equivalents	19(a)	48,452,776	70,135,679
		61,810,976	74,477,069

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents
Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets
Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

4. OTHER FINANCIAL ASSETS

	Note	2025	2024
		$	$
(a) Current assets			
Financial assets at amortised cost		19,764,861	6,522,395
		19,764,861	6,522,395
Other financial assets at amortised cost			
Community Loans		47,106	10,000
Term deposits		19,717,755	6,512,395
		19,764,861	6,522,395
Held as			
- Unrestricted other financial assets at amortised cost		47,106	10,000
- Restricted other financial assets at amortised cost	19(a)	19,717,755	6,512,395
		19,764,861	6,522,395
(b) Non-current assets			
Financial assets at amortised cost - Community Loans		129,604	176,712
Financial assets at fair value through profit or loss - Local Government House Trust		139,334	145,549
		268,938	322,261
Financial assets at amortised cost			
Financial assets at amortised cost - Community Loans		129,604	176,712
		129,604	176,712
Financial assets at fair value through profit or loss			
Units in Local Government House Trust - opening balance		145,549	142,607
Movement attributable to fair value changes		(6,215)	2,942
Units in Local Government House Trust - closing balance		139,334	145,549

Loans receivable from community have the same terms and conditions as the related borrowing disclosed in Note 29(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost
The City classifies financial assets at amortised cost if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cashflows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierachy (see Note 25 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit or loss
The City classifies the following financial assets at fair value through profit or loss:
- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has elected to recognise as fair value gains and losses through profit or loss.

Impairment and risk
Information regarding impairment and exposure to risk can be found at Note 23.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

5. TRADE AND OTHER RECEIVABLES

	Note	2025	2024
		$	$
Current			
Rates and statutory receivables		5,061,263	3,662,665
Trade receivables		1,728,493	1,848,912
Other receivables - Infringements		790,234	803,309
GST receivable		532,891	670,895
Receivables for employee related provisions	16	450,456	358,794
Allowance for credit losses of trade receivables	23(b)	(269,893)	(215,611)
Other receivables Pensioner Rebates and ESL		290,009	145,519
Other receivables - Insurance Claims		0	3,783,499
		8,583,453	11,057,982
Non-current			
Pensioner's rates and ESL deferred		2,044,842	1,685,741
		2,044,842	1,685,741

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non-financial assets is:	Note	30 June 2025 Actual	30 June 2024 Actual
		$	$
Trade and other receivables from contracts with customers		249,076	160,287
Total trade and other receivables from contracts with customers		249,076	160,287

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables
Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables
Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non financial assets as part of the ordinary course of business.

Other receivables
Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts received as grants for the construction of recognisable non financial assets.

Measurement
Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement
Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

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

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

Impairment and risk exposure
Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

6. INVENTORIES

	Note	2025	2024
Current		$	$
Fuel and materials		559,876	392,615
Land held for resale			
Cost of acquisition		445,000	445,000
		1,004,876	837,615
The following movements in inventories occurred during the year:			
Balance at beginning of year		837,615	694,556
Inventory movement		167,261	143,059
Balance at end of year		1,004,876	837,615

MATERIAL ACCOUNTING POLICIES

General
Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for resale
Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)
Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the City's intentions to release for sale.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

7. OTHER ASSETS

	2025	2024
	$	$
Other assets - current		
Prepayments	623,894	1,283,653
Accrued income	3,254,783	2,094,085
	3,878,677	3,377,738

MATERIAL ACCOUNTING POLICIES
Other current assets
Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Accrued Income
Accrued income primarily relate to the City's right to receive considerations for work completed but not billed at the end of the period.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Note	Land	Buildings	Land	Buildings	Total property	Furniture and equipment	Plant and equipment	Work in Progress	Total property, plant and equipment
		$	$	$	$	$	$	$	$	$
Balance at 1 July 2023		93,525,000	162,119,879	93,525,000	162,119,879	255,644,879	2,127,466	12,264,860	3,393,303	273,430,508
Additions		0	1,093,100	0	1,093,100	1,093,100	197,624	3,673,378	8,982,744	13,946,846
Disposals		0	(299,746)	0	(299,746)	(299,746)	0	(1,640,967)	0	(1,940,713)
Depreciation		0	(2,554,399)	0	(2,554,399)	(2,554,399)	(263,035)	(1,352,130)	0	(4,169,564)
Transfers		0	2,709,965	0	2,709,965	2,709,965	0	0	(2,709,965)	0
Balance at 30 June 2024		93,525,000	163,068,799	93,525,000	163,068,799	256,593,799	2,062,055	12,945,141	9,666,082	281,267,077
Comprises:										
Gross balance amount at 30 June 2024		93,525,000	168,367,911	93,525,000	168,367,911	261,892,911	3,284,584	18,237,957	9,666,082	293,081,534
Accumulated depreciation at 30 June 2024		0	(5,299,112)	0	(5,299,112)	(5,299,112)	(1,222,529)	(5,292,816)	0	(11,814,457)
Balance at 30 June 2024	8(b)	93,525,000	163,068,799	93,525,000	163,068,799	256,593,799	2,062,055	12,945,141	9,666,082	281,267,077
Additions		0	197,131	0	197,131	197,131	0	2,423,380	8,655,938	11,276,449
Disposals		(110,000)	(88,568)	(110,000)	(88,568)	(198,568)	0	(1,158,683)	0	(1,357,251)
Depreciation		0	(2,630,876)	0	(2,630,876)	(2,630,876)	(270,378)	(1,526,249)	0	(4,427,503)
Transfers		0	7,896,447	0	7,896,447	7,896,447	0	286,880	(8,147,850)	35,477
Balance at 30 June 2025		93,415,000	168,442,933	93,415,000	168,442,933	261,857,933	1,791,677	12,970,469	10,174,170	286,794,249
Comprises:										
Gross balance amount at 30 June 2025		93,415,000	176,370,135	93,415,000	176,370,135	269,785,135	3,284,584	18,776,642	10,174,170	302,020,531
Accumulated depreciation at 30 June 2025		0	(7,927,202)	0	(7,927,202)	(7,927,202)	(1,492,907)	(5,806,173)	0	(15,226,282)
Balance at 30 June 2025	8(b)	93,415,000	168,442,933	93,415,000	168,442,933	261,857,933	1,791,677	12,970,469	10,174,170	286,794,249

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying amount measurements

Asset class	Note	Carrying amount 2025	Carrying amount 2024	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
		$	$					
(i) Fair value - as determined at the last valuation date								
Land and buildings								
Land		93,415,000	93,525,000	2	Market Approach	Independent registered valuer	June 2022	Selection of Land similar approximate utility
Total land	8(a)	93,415,000	93,525,000					
Buildings - non specialised		168,442,933	163,068,799	2	Cost approach using current replacement cost	Independent valuer and Management valuation	June 2022	Historical cost per square floor area. Consumed benefit/obsolescence of asset.
Total buildings	8(a)	168,442,933	163,068,799					

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

9. INFRASTRUCTURE

(a) Movements in balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - roads	Infrastructure - drainage	Infrastructure - parks	Infrastructure - work in progress	Other infrastructure - coastal and estuary	Other infrastructure - bridges	Other infrastructure - other infrastructure	Total infrastructure
	$	$	$	$	$	$	$	$
Balance at 1 July 2023	342,778,597	159,005,948	119,148,517	38,229,868	48,191,168	68,301,101	4,079,930	779,735,129
Additions	1,848,388	0	1,042,936	12,005,400	0	0	0	14,896,724
(Disposals)	(2,405,592)	(964,462)	(2,411,307)	0	(482,913)	0	0	(6,264,274)
Gifted Assets Cost	8,225,551	3,534,137	415,692	0	0	0	0	12,175,380
Gifted Assets Accumulated Depreciation	(27,351)	(345,647)	(31,657)	0	0	0	0	(404,655)
Depreciation	(12,824,446)	(2,899,882)	(11,961,163)	0	(2,378,917)	(883,251)	(193,773)	(31,141,432)
Transfers	6,259,598	2,296,050	3,542,130	(12,425,870)	94,425	0	233,667	0
Balance at 30 June 2024	343,854,745	160,626,144	109,745,148	37,809,398	45,423,763	67,417,850	4,119,824	768,996,872
Comprises:								
Gross balance at 30 June 2024	604,641,227	224,700,473	189,181,347	37,809,398	104,825,685	88,325,118	5,359,473	1,254,842,721
Accumulated depreciation at 30 June 2024	(260,786,482)	(64,074,329)	(79,436,199)	0	(59,401,922)	(20,907,268)	(1,239,649)	(485,845,849)
Balance at 30 June 2024	343,854,745	160,626,144	109,745,148	37,809,398	45,423,763	67,417,850	4,119,824	768,996,872
Additions	24,424	0	65,323	24,595,136	0	0	0	24,684,883
(Disposals)	(891,035)	(434,012)	(1,026,765)	0	(33,403)	0	0	(2,385,215)
Gifted Assets Cost	8,875,482	1,874,737	1,633,393	0	0	0	0	12,383,612
Gifted Assets Accumulated Depreciation	(76,272)	(6,889)	(114,027)	0	0	0	0	(197,188)
Reversals	0	0	0	(1,539,236)	0	0	0	(1,539,236)
Depreciation	(12,078,967)	(2,860,199)	(12,595,371)	0	(2,479,424)	(883,251)	(202,354)	(31,099,566)
Transfers	6,565,289	409,649	4,665,577	(11,675,992)	0	0	0	(35,477)
Balance at 30 June 2025	346,273,666	159,609,430	102,373,278	49,189,306	42,910,936	66,534,599	3,917,470	770,808,685
Comprises:								
Gross balance at 30 June 2025	617,484,154	226,379,090	192,631,678	49,189,306	104,677,763	88,325,118	5,359,473	1,284,046,582
Accumulated depreciation at 30 June 2025	(271,210,488)	(66,769,660)	(90,258,400)	0	(61,766,827)	(21,790,519)	(1,442,003)	(513,237,897)
Balance at 30 June 2025	346,273,666	159,609,430	102,373,278	49,189,306	42,910,936	66,534,599	3,917,470	770,808,685

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

9. INFRASTRUCTURE (Continued)

(b) Carrying amount measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs, current condition, remaining useful lives. Consumed economic benefit/obsolescence of asset.
Infrastructure - drainage	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs, current condition, remaining useful lives. Consumed economic benefit/obsolescence of asset.
Infrastructure - parks	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs, current condition, remaining useful lives. Consumed economic benefit/obsolescence of asset.
Other infrastructure - coastal and estuary	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs, current condition, remaining useful lives. Consumed economic benefit/obsolescence of asset.
Other infrastructure - bridges	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs, current condition, remaining useful lives. Consumed economic benefit/obsolescence of asset.
Other infrastructure - other infrastructure	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs, current condition, remaining useful lives. Consumed economic benefit/obsolescence of asset.

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

10. FIXED ASSETS

(a) Depreciation

Depreciation rates
Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset class	Useful life
Buildings - non-specialised	20 to 110 years
Furniture and equipment	1 to 30 years
Plant and equipment	1 to 35 years
Infrastructure - roads	1 to 115 years
Infrastructure - drainage	1 to 100 years
Infrastructure - parks	1 to 100 years
Infrastructure - coastal and estuary	1 to 100 years
Infrastructure - bridges	60 to 115 years
Infrastructure - other	5 to 100 years
Right of use - plant and equipment	Based on the remaining lease

(b) Fully depreciated assets in use

The gross carrying amount of assets held by the City which are currently in use yet fully depreciated are shown in the table below.

Plant and equipment	200,414	199,314
Infrastructure	48,349,227	14,550,365
	48,549,641	14,749,679

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

Assets for which the fair value as at the date of acquisition is under $5,000 are not recognised as an asset in accordance with *Local Government (Financial Management) Regulation 17A(5).* These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the City's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2).* Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable value

In accordance with *Local Government (Financial Management) Regulation 17A(2)* , the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the City.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the City to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
(i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; or
(ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management)* Regulations 17A(4C), the City is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

11. LEASES

(a) Right-of-use assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - plant and equipment	Total right-of-use assets
		$	$
Balance at 1 July 2023		548,814	548,814
Additions		507,877	507,877
Depreciation		(443,210)	(443,210)
Balance at 30 June 2024		613,481	613,481
Additions		251,472	251,472
Depreciation		(349,773)	(349,773)
Balance at 30 June 2025		515,180	515,180

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the City is the lessee:		2025 Actual	2024 Actual
		$	$
Depreciation on right-of-use assets		(349,773)	(443,210)
Finance charge on lease liabilities	29(d)	(17,088)	(21,659)
Low-value asset lease payments recognised as expense		(435,902)	(446,631)
Total amount recognised in the statement of comprehensive income		(802,763)	(911,500)
Total cash outflow from leases		(370,220)	(459,981)

(b) Lease liabilities

Current		173,812	254,514
Non-current		367,969	388,928
	29(d)	541,781	643,442

Refer to Note 29(d) for details of lease liabilities.

Secured liabilities and assets pledged as security
Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

MATERIAL ACCOUNTING POLICIES

Leases
At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 29(d).

Right-of-use assets - measurement
Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the material accounting policies applying to vested improvements.

Right-of-use assets - depreciation
Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

11. LEASES (Continued)

(c) Lessor - property, plant and equipment subject to lease

	2025 Actual	2024 Actual
The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.	$	$
Less than 1 year	1,836,109	1,529,305
1 to 2 years	1,028,491	1,164,660
2 to 3 years	1,054,144	1,150,150
3 to 4 years	1,033,814	1,166,281
4 to 5 years	1,003,506	1,146,086
> 5 years	9,287,864	12,249,055
	15,243,928	18,405,537

MATERIAL ACCOUNTING POLICIES

The City as lessor

Upon entering into each contract as a lessor, the City assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the City applies AASB 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

12. INVESTMENT PROPERTY

	2025 Actual	2024 Actual
	$	$
Non-current assets - at reportable value		
Carrying balance at 1 July	10,683,760	10,683,760
Net gain/(loss) from fair value adjustment	804,038	0
Closing balance at 30 June	11,487,798	10,683,760
Amounts recognised in profit or loss for investment properties		
Rental income	728,438	728,438
Direct operating expenses from property that generated rental income	(7,764)	(21,849)
Fair value gain recognised in profit or loss	804,038	0

MATERIAL ACCOUNTING POLICIES

Investment properties
Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City.

In accordance with *Local Government (Financial Management) Regulation 17A(2),* the carrying amount of non-financial assets that are investment properties, are shown at their reportable value.

Reportable value for the purposes of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date.

Revaluation
In accordance with the regulatory framework, investment properties are required to be revalued whenever required by AASB 140 and, in any event, every five years.

Fair value of investment properties
A management valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

13. TRADE AND OTHER PAYABLES

	2025	2024
	$	$
Current		
Sundry creditors	8,177,324	6,473,385
Prepaid rates	6,586,103	5,325,000
Accrued payroll liabilities	1,184,800	1,239,653
Payables for employee related provisions	442,857	421,562
Bonds and deposits held	5,095,557	4,661,400
Other payables - receipts in advance	195,920	0
Other payables - other accrued expenses	34,742	51,871
Other payables - retention monies	252,090	220,013
	21,969,393	18,392,884

MATERIAL ACCOUNTING POLICIES

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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

Statutory liabilities
Statutory liabilities, are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates
Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises income for the prepaid rates that have not been refunded.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

14. OTHER LIABILITIES

	2025	2024
	$	$
Current		
Contract liabilities	429,480	253,428
Capital grant/contributions liabilities	1,437,267	4,812,548
	1,866,747	5,065,976
Non-current		
Capital grant/contributions liabilities	0	1,215,909
	0	1,215,909
Reconciliation of changes in contract liabilities		
Opening balance	253,428	108,453
Additions	429,480	253,428
Revenue from contracts with customers included as a contract liability at the start of the period	(253,428)	(108,453)
	429,480	253,428
The City expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.		
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	6,028,457	7,763,152
Additions	372,182	2,029,581
Revenue from capital grant/contributions held as a liability at the start of the period	(4,963,372)	(3,764,276)
	1,437,267	6,028,457
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	1,437,267	4,812,548
1 to 2 years	0	1,215,909
2 to 3 years	0	0
3 to 4 years	0	0
4 to 5 years	0	0
> 5 years	0	0
	1,437,267	6,028,457

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

MATERIAL ACCOUNTING POLICIES

Contract liabilities
Contract liabilities represent the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities
Capital grant/contribution liabilities represent the City's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the City which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

15. BORROWINGS

	Note	2025 Current	2025 Non-current	2025 Total	2024 Current	2024 Non-current	2024 Total
Secured		**$**	**$**	**$**	**$**	**$**	**$**
Debentures		5,510,331	20,554,561	26,064,892	5,317,216	21,204,784	26,522,000
Other borrowings		998,927	2,968,610	3,967,537	920,018	3,648,255	4,568,273
Total secured borrowings	29(a)	6,509,258	23,523,171	30,032,429	6,237,234	24,853,039	31,090,273

Secured liabilities and assets pledged as security
Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the City of Mandurah.

The City of Mandurah has complied with the financial covenants of its borrowing facilities during the 2025 and 2024 years.

MATERIAL ACCOUNTING POLICIES
Borrowing costs
The City has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierachy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk
Details of individual borrowings required by regulations are provided at Note 29(a).
Information regarding exposure to risk can be found at Note 23.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

16. EMPLOYEE RELATED PROVISIONS

Employee related provisions

	2025	2024
Current provisions	$	$
Employee benefit provisions		
Annual leave	4,058,924	3,876,955
Long service leave	3,879,040	4,124,167
Other employee leave provisions	333,845	312,966
	8,271,809	8,314,088
Employee related other provisions		
Employment on-costs	1,291,426	1,302,508
	1,291,426	1,302,508
Total current employee related provisions	9,563,235	9,616,596
Non-current provisions		
Employee benefit provisions		
Long service leave	788,065	704,585
	788,065	704,585
Employee related other provisions		
Employment on-costs	127,853	114,700
	127,853	114,700
Total non-current employee related provisions	915,918	819,285
Total employee related provisions	10,479,153	10,435,881

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	Note	2025	2024
Amounts are expected to be settled on the following basis:		$	$
Less than 12 months after the reporting date		4,259,600	4,588,902
More than 12 months from reporting date		6,219,553	5,846,979
		10,479,153	10,435,881
Expected reimbursements of employee related provisions from other WA local governments		450,456	358,794

MATERIAL ACCOUNTING POLICIES

Employee benefits
The City's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

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

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

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

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

17. OTHER PROVISIONS

	Provision for Workers Compensation	Total
	$	$
Opening balance at 1 July 2024		
Current provisions	330,335	330,335
	330,335	330,335
Balance at 30 June 2025	330,335	330,335
Comprises		
Current	330,335	330,335
	330,335	330,335

Other provisions
Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

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

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

18. REVALUATION SURPLUS

	2025 Opening balance	Total Movement on revaluation	2025 Closing balance	2024 Opening balance	Total Movement on revaluation	2024 Closing balance
	$	$	$	$	$	$
Revaluation surplus - Land - freehold land	75,390,270	0	75,390,270	75,390,270	0	75,390,270
Revaluation surplus - Buildings - non-specialised	89,853,505	0	89,853,505	89,853,505	0	89,853,505
Revaluation surplus - Furniture and equipment	1,001,625	0	1,001,625	1,001,625	0	1,001,625
Revaluation surplus - Plant and equipment	188,092	0	188,092	188,092	0	188,092
Revaluation surplus - Infrastructure - roads	227,256,653	0	227,256,653	227,256,653	0	227,256,653
Revaluation surplus - Infrastructure - drainage	118,790,040	0	118,790,040	118,790,040	0	118,790,040
Revaluation surplus - Infrastructure - parks	188,952,729	0	188,952,729	188,952,729	0	188,952,729
Revaluation surplus - Other infrastructure - coastal and estuary	42,449,246	0	42,449,246	42,449,246	0	42,449,246
Revaluation surplus - Other infrastructure - bridges	24,230,622	0	24,230,622	24,230,622	0	24,230,622
Revaluation surplus - Other infrastructure - cultural	17,691,148	0	17,691,148	17,691,148	0	17,691,148
	785,803,930	0	785,803,930	785,803,930	0	785,803,930

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the Statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2025 Actual	2024 Actual
		$	$
Cash and cash equivalents	3	61,810,976	74,477,069
Restrictions			
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	48,452,776	70,135,679
- Financial assets at amortised cost	4	19,717,755	6,512,395
		68,170,531	76,648,074
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	30	65,678,155	69,472,383
Contract liabilities	14	429,480	253,428
Capital grant liabilities	14	1,437,267	4,812,548
Unspent loans	29(c)	625,629	2,109,715
Total restricted financial assets		68,170,531	76,648,074

(b) Reconciliation of net result to net cash provided by operating activities

Net result		9,075,405	1,325,592
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		6,215	251,584
Adjustments to fair value of investment property		(804,038)	0
Depreciation/amortisation		35,876,845	35,755,740
(Profit)/loss on sale of asset		2,489,801	7,057,737
Assets received for substantially less than fair value		(12,186,424)	(11,770,725)
Reversal of fixed assets		1,539,236	0
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		2,115,428	(5,558,856)
(Increase)/decrease in other assets		(500,939)	30,882
(Increase)/decrease in inventories		(167,261)	(143,059)
Increase/(decrease) in trade and other payables		3,576,509	(1,816,538)
Increase/(decrease) in employee related provisions		43,272	185,814
Increase/(decrease) in other provisions		0	(294,208)
Increase/(decrease) in other liabilities		(4,415,138)	(1,215,491)
Capital grants, subsidies and contributions		(10,736,503)	(12,181,402)
Net cash provided by/(used in) operating activities		25,912,408	11,627,070

(c) Undrawn borrowing facilities

Credit standby arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	200,000	200,000
Credit card balance at balance date	(50,988)	(39,971)
Total amount of credit unused	149,012	160,029
Loan facilities		
Loan facilities - current	6,509,258	6,237,234
Loan facilities - non-current	23,523,171	24,853,039
Total facilities in use at balance date	30,032,429	31,090,273
Unused loan facilities at balance date	625,629	2,109,715

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

20. CONTINGENT LIABILITIES

In compliance with the *Contaminated Sites Act 2003* ,
the City has listed one site to be possible sources of contamination.
Details of this site is:

- Lot 29 Red Road and 35 Mulga Drive, former sand quarry, landfill, Mandurah.

Until the City conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the City is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

21. CAPITAL COMMITMENTS

	2025	2024
	$	$
Contracted for:		
- capital expenditure projects	4,708,813	17,023,816
- plant & equipment purchases	1,347,776	2,300,720
	6,056,589	19,324,536
Payable:		
- not later than one year	6,056,589	19,324,536

The capital expenditure projects outstanding at the end of the current reporting period represent the renovation and improvement of the City's Parks, Reserves, Coodanup Foreshore, Waterfront, Dawesville Channel, Boardwalk and Beach Access and Fleet Vehicles (the prior year commitment was mainly for renovation and improvement of the City's Parks, Reserves, Eastern Foreshore, Dawesville Community Centre and Fleet Vehicles).

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

22. RELATED PARTY TRANSACTIONS

(a) Council member remuneration

Fees, expenses and allowances to be paid or reimbursed to council members.	Note	2025 Actual	2025 Budget	2024 Actual
		$	$	$
Mayor's annual allowance		96,850	97,115	91,997
Mayor's meeting attendance fees		29,639	51,412	49,435
Mayor's other expenses		7,278	9,225	2,458
Mayor's annual allowance for ICT expenses		2,018	3,500	3,500
Mayor's travel and accommodation expenses		1,668	0	0
		137,453	161,252	147,390
Deputy Mayor's annual allowance		13,930	24,279	22,999
Deputy Mayor's meeting attendance fees		34,278	34,278	32,960
Deputy Mayor's other expenses		843	5,225	1,730
Deputy Mayor's annual allowance for ICT expenses		3,500	3,500	3,500
Deputy Mayor's travel and accommodation expenses		384	0	2,394
		52,935	67,282	63,583
All other council member's meeting attendance fees		377,058	377,058	362,830
All other council member's other expenses		23,704	57,475	19,596
All other council member's annual allowance for ICT expenses		38,500	38,500	38,500
All other council member's travel and accommodation expenses		1,640	0	3,948
		440,902	473,033	424,874
	22(b)	631,290	701,567	635,847

(b) Key management personnel (KMP) compensation

The total of compensation paid to KMP of the City during the year are as follows:				
Short-term employee benefits		3,382,570		2,502,187
Post-employment benefits		465,370		345,682
Employee - other long-term benefits		84,434		65,419
Employee - termination benefits		0		232,562
Council member costs	22(a)	631,290		635,847
		4,563,664		3,781,697

(a) The Mayor resigned from Council on the 26th January 2025 and the Deputy Mayor acted as Mayor for the remainder of the year.

(b) *Short-term employee benefits*
These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits
These amounts are the current-year's cost of the City's superannuation contributions made during the year.

Other long-term benefits
These amounts represent annual leave and long service leave entitlements 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).

Council member costs
These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

22. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties

Transactions between related parties and the City are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:	2025 Actual $	2024 Actual $
Purchase of goods and services	811,836	913,851
Payment of council member costs (Refer to Note 22(a))	631,290	635,847

(d) Related parties

The City's main related parties are as follows:

i. Key management personnel
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the City, directly or indirectly, including any council member, are considered key management personnel.

ii. Other Related Parties
There were no such entities requiring disclosure during the current or previous year.

iii. Entities subject to significant influence by the City
There were no such entities requiring disclosure during the current or previous year.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

23. FINANCIAL RISK MANAGEMENT

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The City does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance department under policies approved by the council. The finance department identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents
The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted average interest rate	Carrying amounts	Fixed interest rate	Variable interest rate	Non interest bearing
	%	$	$	$	$
2025					
Cash and cash equivalents	4.12%	61,810,976	36,250,504	25,560,472	0
Financial assets at amortised cost - term deposits	4.37%	19,894,465	19,894,465	0	0
2024					
Cash and cash equivalents	4.32%	74,477,069	44,334,660	30,142,409	0
Financial assets at amortised cost - term deposits	5.08%	6,512,395	6,512,395	0	0

Sensitivity
Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2025	2024
	$	$
Impact of a 1% movement in interest rates on profit or loss and equity*	255,605	301,424

* Holding all other variables constant

Borrowings
Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 29(a).

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and other receivables
The City's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

The City applies the AASB 9 Financial Instruments simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2024 or 1 July 2025 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2025 and 30 June 2024 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2025					
Trade and other receivables					
Expected credit loss	0.00%	26.41%	8.16%	20.05%	
Gross carrying amount	1,135,002	159,551	151,423	1,074,258	2,520,234
Loss allowance	0	42,137	12,361	215,394	269,892
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	85,435	21,714	620,077	6,378,879	7,106,105
Loss allowance	0	0	0	0	0
30 June 2024					
Trade and other receivables					
Expected credit loss	0.00%	25.5651%	21.1339%	21.9258%	
Gross carrying amount	1,169,395	49,917	41,628	885,038	2,145,978
Loss allowance	0	12,761	8,798	194,052	215,611
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	0	0	0	5,348,406	5,348,406
Loss allowance	0	0	0	0	0

CITY OF MANDURAH
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23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The loss allowances for trade, other receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivables		Trade and other receivables		Contract Assets	
	2025 Actual	2024 Actual	2025 Actual	2024 Actual	2025 Actual	2024 Actual
	$	$	$	$	$	$
Opening loss allowance as at 1 July	0	0	215,611	192,969	0	0
Increase in loss allowance recognised in profit or loss during the year	0	0	140,691	62,195	0	0
Receivables written off during the year as uncollectible	0	0	(86,410)	(39,553)	0	0
Closing loss allowance at 30 June	0	0	269,892	215,611	0	0

Trade, other receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on rates and statutory receivables, trade, other receivables and contract assets are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contract assets

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The City applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

CITY OF MANDURAH
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23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings
Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 19(c).

The contractual undiscounted cash flows of the City's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

2025	Due within 1 year $	Due between 1 & 5 years $	Due after 5 years $	Total contractual cash flows $	Carrying amount $
Trade and other payables	21,969,393	0	0	21,969,393	21,969,393
Borrowings	5,510,331	16,542,448	4,012,113	26,064,892	30,032,429
Interest bearing liabilities	0	0	0	0	0
Lease liabilities	173,812	367,969	0	541,781	541,781
	27,653,536	16,910,417	4,012,113	48,576,066	52,543,603
2024					
Trade and other payables	17,971,322	0	0	17,971,322	18,392,884
Borrowings	200,440	9,383,784	16,937,776	26,522,000	31,090,273
Interest bearing liabilities	1,338,806	4,409,740	0	5,748,546	0
Lease liabilities	254,514	388,928	0	643,442	643,442
	19,765,082	14,182,452	16,937,776	50,885,310	50,126,599

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FOR THE YEAR ENDED 30 JUNE 2025

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No events occurred after balance sheet date.

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25. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification
The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

c) Rounding off figures
All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

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

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial report is presented.

e) Budget comparative figures
Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation
The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

g) Fair value of assets and liabilities
Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Interest revenue
Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) Fair value hierarchy
AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques
The City selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City are consistent with one or more of the following valuation approaches:

Market approach
Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach
Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach
Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

j) Impairment of assets
In accordance with Australian Accounting Standards the City's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:
- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

City operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
Governance To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting council members and ratepayers on matters which do not concern specific local government services.
General purpose funding To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
Health To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
Education and welfare To provide services to disadvantaged persons, the elderly, children and youth.	Operation of senior citizen's centre, youth centre and assistance to various community and voluntary services associated with families, children, aged and disabled.
Community amenities To provide services required by the community.	Rubbish collection services, recycling services, operation of transfer station, cemetery services, administration of town planning scheme and protection of the environment.
Recreation and culture To establish and effectively manage infrastructure and resources which will help the social well being of the community.	Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
Transport To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
Economic services To help promote the local government and its economic wellbeing.	Marketing & promotion of tourism, visitor centres, economic development, implementation of building and development controls.
Other property and services To monitor and control operating accounts.	Private works, administration and public works overheads, works depots and council plant operations.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

26. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses	2025 Actual	2024 Actual
	$	$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	1,862	0
General purpose funding	103,992,922	98,666,244
Law, order, public safety	776,939	585,519
Health	258,374	253,775
Education and welfare	596,658	504,983
Community amenities	21,750,217	19,413,322
Recreation and culture	8,883,719	7,562,877
Transport	3,596,391	3,169,280
Economic services	3,148,107	2,789,339
Other property and services	760,120	669,469
	143,765,309	133,614,808
Grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	15,240	0
General purpose funding	2,864,501	3,950,975
Law, order, public safety	96,714	137,887
Health	448,928	257,289
Education and welfare	189,481	77,286
Community amenities	20,210	5,464
Recreation and culture	9,260,833	7,003,182
Transport	5,700,734	5,752,730
Economic services	2,817,838	2,349,913
Other property and services	10,967,416	12,082,087
	32,381,895	31,616,813
Total income	176,147,204	165,231,621
Expenses		
Governance	(6,062,117)	(6,018,975)
General purpose funding	(2,349,708)	(1,824,804)
Law, order, public safety	(3,935,901)	(3,889,795)
Health	(3,038,440)	(2,187,647)
Education and welfare	(5,142,650)	(4,764,563)
Community amenities	(27,604,444)	(24,960,642)
Recreation and culture	(57,855,200)	(57,268,763)
Transport	(30,545,655)	(33,266,755)
Economic services	(5,747,318)	(5,780,269)
Other property and services	(24,790,366)	(23,943,816)
Total expenses	(167,071,799)	(163,906,029)
Net result for the period	9,075,405	1,325,592
(c) Assets		
Governance	12,626,176	12,298,830
General purpose funding	7,396,114	5,493,925
Law, order, public safety	12,037,267	12,219,894
Health	1,681	2,100
Education and welfare	5,280,401	5,362,158
Community amenities	3,242,821	3,298,995
Recreation and culture	327,521,145	372,514,578
Transport	608,753,394	606,481,767
Economic services	101,235,688	101,436,263
Other property and services	960,180	1,058,481
Unallocated	87,907,668	39,675,000
Total assets	1,166,962,535	1,159,841,991

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27. RATING INFORMATION

(a) General rates

RATE TYPE Rate description	Basis of valuation	Rate in $	Number of properties	2024/25 Actual rateable value*	2024/25 Actual rate revenue	2024/25 Actual interim rates	2024/25 Actual total revenue	2024/25 Budget rate revenue	2024/25 Budget interim rate	2024/25 Budget total revenue	2023/24 Actual total revenue
				$	$	$	$	$	$	$	$
Residential Improved	Gross rental valuation	0.08967	37,861	737,133,377	66,098,760	894,270	66,993,030	66,222,959	900,000	67,122,959	63,206,834
Residential Vacant	Gross rental valuation	0.17193	1,407	19,212,635	3,303,229	18,185	3,321,414	3,736,277	0	3,736,277	3,202,033
Business Improved	Gross rental valuation	0.09785	1,028	165,590,572	16,203,038	23,001	16,226,039	16,275,264	0	16,275,264	15,612,548
Business Vacant	Gross rental valuation	0.17934	106	3,119,760	559,498	(4,792)	554,706	559,498	0	559,498	539,237
Urban Development	Gross rental valuation	0.15986	10	3,439,100	549,775	(33,274)	516,501	549,775	0	549,775	516,567
Total general rates			40,412	928,495,444	86,714,300	897,390	87,611,690	87,343,773	900,000	88,243,773	83,077,219
		Minimum payment $									
Minimum payment											
Residential Improved	Gross rental valuation	1,285	5,748	73,655,738	7,386,180	0	7,386,180	7,280,810	0	7,280,810	7,123,068
Residential Vacant	Gross rental valuation	1,064	1,973	8,712,566	2,099,272	0	2,099,272	1,666,224	0	1,666,224	2,018,379
Business Improved	Gross rental valuation	1,285	419	3,184,623	538,415	0	538,415	476,735	0	476,735	522,828
Business Vacant	Gross rental valuation	1,285	11	54,250	14,135	0	14,135	14,135	0	14,135	13,596
Total minimum payments			8,151	85,607,177	10,038,002	0	10,038,002	9,437,904	0	9,437,904	9,677,871
Total general rates and minimum payments			48,563	1,014,102,621	96,752,302	897,390	97,649,692	96,781,677	900,000	97,681,677	92,755,090
		Rate in $									
Specified area rates											
Mandurah Ocean Marina		0.01169	889	25,858,751	302,289	921	303,210	302,146	0	302,146	302,616
Mandurah Quay		0.00425	406	7,992,780	33,970	48	34,018	33,861	0	33,861	33,953
Port Bouvard Eastport Canals		0.00128	428	10,880,850	13,928	138	14,066	13,889	0	13,889	14,131
Port Bouvard Northport Canals		0.00220	320	7,206,740	15,855	0	15,855	15,818	0	15,818	15,855
Port Mandurah Canals		0.00347	885	23,324,780	80,937	92	81,029	80,840	0	80,840	81,104
Mariners Cove		0.00067	445	11,745,035	7,869	87	7,956	7,656	0	7,656	11,695
Total amount raised from rates (excluding general rates)			3,373	87,008,936	454,848	1,286	456,134	454,210	0	454,210	459,354
Concessions							(49,247)			(51,990)	(49,775)
Total rates							98,056,579			98,083,897	93,164,669

(b) Rates related information

Rates instalment interest							348,981			413,200	389,549
Rates instalment plan charges							108,532			103,300	108,532
Rates overdue interest							303,985			309,900	323,746

*Rateable Value at time of raising of rate.

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28. DETERMINATION OF SURPLUS OR DEFICIT

	Note	2024/25 (30 June 2025 carried forward)	2024/25 Budget (30 June 2025 carried forward)	2023/24 (30 June 2024 carried forward)
		$	$	$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32.*				
Adjustments to operating activities				
Less: Profit on asset disposals		(275,878)	0	(188,569)
Less: Non-cash movement in assets		(500,939)	0	(1,490,669)
Less: Movement in liabilities associated with restricted cash		0	237,145	0
Less: Fair value adjustments to financial assets at fair value through profit or loss		6,215	0	251,584
Add: Loss on disposal of assets		2,765,679	0	7,246,306
Add: Reversal of infrastructure assets	9(a)	1,539,236	0	0
Add: Depreciation	10(a)	35,876,845	35,205,987	35,755,740
Non-cash movements in non-current assets and liabilities:				
Investment property	12	(804,038)	0	0
Pensioner deferred rates		(359,101)	0	(114,428)
Employee benefit provisions		96,633	0	79,713
Liabilities		626,957	0	330,421
Other liabilities		(600,736)	0	381,891
Contract liabilities		150,000	0	144,975
Non-cash amounts excluded from operating activities		38,520,873	35,443,132	42,396,964
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32.*				
Adjustments to investing activities				
Movement in non-current capital grant/contribution liability		0	500,000	0
Infrastructure received for substantially less than fair value	19(b)	(12,186,424)	0	(11,770,725)
Movement in current unspent capital grants associated with restricted cash		(4,441,191)	0	(1,734,695)
Non-cash amounts excluded from investing activities		(16,627,615)	500,000	(13,505,420)
(c) Non-cash amounts excluded from financing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32.*				
Adjustments to financing activities				
Non cash proceeds from new leases	29(d)	0	(1,863,760)	0
Non-cash amounts excluded from financing activities		0	(1,863,760)	0
(d) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	30	(65,678,155)	(62,300,778)	(69,472,383)
Less: Financial assets at amortised cost - self-supporting loans	4(a)	(47,106)	0	(10,000)
Less: Financial assets at amortised cost				
Less: Current assets not expected to be received at end of year				
- Inventory	6	(445,000)	0	(445,000)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	6,509,258	4,082,703	6,237,234
- Unspent portion of borrowings		(625,629)	(2,124,066)	(2,109,715)
- Current portion of contract liability held in reserve		1,866,747	1,115,424	5,065,976
- Current portion of lease liabilities	11(b)	173,812	1,731,395	254,514
- Employee benefit provisions		4,509,712	1,818,111	4,886,946
Total adjustments to net current assets		(53,736,361)	(55,677,211)	(55,592,428)
Net current assets used in the Statement of financial activity				
Total current assets		95,042,843	90,409,174	95,914,005
Less: Total current liabilities		(40,412,780)	(35,181,306)	(39,567,380)
Less: Total adjustments to net current assets		(53,736,361)	(55,677,211)	(55,592,428)
Surplus or deficit after imposition of general rates		893,702	(449,343)	754,197

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

		Actual							Budget			
Purpose	Note	Principal at 1 July 2023	New loans during 2023-24	Principal repayments during 2023-24	Principal at 30 June 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	Principal at 1 July 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025
		$	$	$	$	$	$	$	$	$	$	$
IT Communications Equipment [318(i)]		12,099	0	(12,099)	0	0	0	0	0	0	0	0
Rushton Park Redevelopment [318(ii)]		53,521	0	(53,521)	0	0	0	0	0	0	0	0
Meadow Springs Recreation Facility [318(iii)]		39,558	0	(39,558)	0	0	0	0	0	0	0	0
Drainage [318(iv)]		13,963	0	(13,963)	0	0	0	0	0	0	0	0
Road Construction [318(v)]		134,966	0	(134,966)	0	0	0	0	0	0	0	0
Halls Head Bowling Club upgrade [331]		202,117	0	(32,544)	169,573	0	(40,074)	129,499	175,748	0	(26,369)	149,379
New Pedestrian Bridge Construction [335]		125,775	0	(122,749)	3,026	0	(3,026)	0	0	0	0	0
Waste Trailers and Dolly [336]		65,155	0	(60,640)	4,515	0	(4,515)	0	0	0	0	0
MARC Redevelopment [338]		264,969	0	(162,049)	102,920	0	(102,920)	0	112,912	0	(112,912)	0
New Road Construction [339]		204,349	0	(114,371)	89,978	0	(89,978)	0	97,843	0	(97,843)	0
MARC Redevelopment Stage 1 [340]		257,181	0	(77,926)	179,255	0	(88,086)	91,169	186,764	0	(70,416)	116,348
MARC Redevelopment Stage 2 [341]		596,974	0	(204,920)	392,054	0	(229,827)	162,227	418,390	0	(178,583)	239,807
New Road Construction [342]		320,256	0	(101,175)	219,081	0	(114,578)	104,503	231,455	0	(88,802)	142,653
WMC Tims Thicket [343]		52,113	0	(14,960)	37,153	0	(15,837)	21,316	37,847	0	(14,266)	23,581
Eastern Foreshore Wall [344]		405,374	0	(131,541)	273,833	0	(147,624)	126,209	291,824	0	(113,550)	178,274
MARC Stage 2 [345]		600,608	0	(188,188)	412,420	0	(214,368)	198,052	439,181	0	(161,425)	277,756
Road Construction [346]		206,863	0	(56,866)	149,997	0	(65,291)	84,706	159,321	0	(47,540)	111,781
MARC Carpark [347]		157,186	0	(43,193)	113,993	0	(48,545)	65,448	121,078	0	(36,109)	84,969
MPAC Forecourt [348]		65,531	0	(17,986)	47,545	0	(19,028)	28,517	50,492	0	(15,039)	35,453
Waste Water Reuse [349]		78,610	0	(21,590)	57,020	0	(22,838)	34,182	60,557	0	(18,053)	42,504
Halls Head Ablution Block [350]		52,441	0	(14,383)	38,058	0	(15,215)	22,843	40,415	0	(12,027)	28,387
Falcon Bay Seawall [351]		131,759	0	(36,078)	95,681	0	(41,013)	54,668	101,619	0	(30,140)	71,479
Mandurah Marina [352]		113,552	0	(17,897)	95,655	0	(20,592)	75,063	98,721	0	(14,832)	83,889
MARC Solar Plan [353]		113,559	0	(17,896)	95,663	0	(20,586)	75,077	98,759	0	(14,800)	83,959
MARC Carpark [354]		170,326	0	(26,846)	143,480	0	(34,049)	109,431	148,079	0	(22,247)	125,832
Novara Foreshore Development [355]		227,596	0	(41,444)	186,152	0	(45,601)	140,551	188,050	0	(39,545)	148,505
Falcon Bay Foreshore Upgrades [356]		227,060	0	(35,824)	191,236	0	(46,341)	144,895	196,468	0	(30,592)	165,876
Mandurah Foreshore Boardwalk Renewal [357]		254,393	0	(42,111)	212,282	0	(52,224)	160,058	217,518	0	(36,875)	180,644
Mandjar Square Development [358]		280,642	0	(47,401)	233,241	0	(58,185)	175,056	239,775	0	(40,867)	198,908
New Road Construction [359]		723,964	0	(134,613)	589,351	0	(165,632)	423,719	620,795	0	(103,169)	517,627

Lakelands DOS [360]	1,387,697	0	(267,295)	1,120,402	0	(327,883)	792,519	1,182,594	0	(205,103)	977,492
Smoke Bush Retreat Footpath [361]	56,775	0	(8,947)	47,828	0	(9,449)	38,379	49,375	0	(7,400)	41,976
New Road Construction 2018/19 [39]	1,026,254	0	(124,360)	901,894	0	(157,651)	744,243	929,088	0	(97,166)	831,922
Mandjar Square Stage 3 and 4 [40]	620,830	0	(75,433)	545,397	0	(95,710)	449,687	297,438	0	(31,005)	266,434
Falcon Seawall [41]	328,443	0	(36,704)	291,739	0	(40,060)	251,679	562,043	0	(58,787)	503,257
New Boardwalks 18/19 [42]	330,762	0	(36,737)	294,025	0	(41,510)	252,515	289,455	0	(41,307)	248,148
Civic Building - Tuckey Room Extension [43]	330,343	0	(36,761)	293,582	0	(40,866)	252,716	289,073	0	(41,270)	247,803
Novara Foreshore Stage 3 [44]	132,591	0	(14,768)	117,823	0	(16,480)	101,343	109,920	0	(22,671)	87,249
Pinjarra Road Carpark [45]	132,591	0	(14,768)	117,823	0	(16,480)	101,343	109,920	0	(22,671)	87,249
Coodanup Drive - Road Rehabilitation [46]	66,321	0	(7,459)	58,862	0	(7,696)	51,166	49,918	0	(16,402)	33,516
South Harbour Upgrade [47]	169,324	0	(16,744)	152,580	0	(18,380)	134,200	137,032	0	(32,291)	104,741
Falcon Skate Park Upgrade [48]	86,124	0	(10,090)	76,034	0	(10,308)	65,726	79,649	0	(6,475)	73,174
Falcon Bay Foreshore Stage 3 of 4 [49]	219,015	0	(31,750)	187,265	0	(23,295)	163,970	184,568	0	(34,446)	150,122
New Road Construction 2019/20 [50]	604,125	0	(104,899)	499,226	0	(95,106)	404,120	502,874	0	(101,251)	401,623
Mandjar Square Final Stage [51]	219,002	0	(30,617)	188,385	0	(24,307)	164,078	186,615	0	(32,386)	154,229
Halls Head Recycled Water 2019/20 [52]	146,877	0	(14,307)	132,570	0	(16,131)	116,439	136,446	0	(10,431)	126,015
Westbury Way North side POS Stage 3 [53]	146,891	0	(14,305)	132,586	0	(15,049)	117,537	136,480	0	(10,411)	126,069
Smart Street Mall Upgrade 2019/20 [54]	350,153	0	(57,113)	293,040	0	(44,969)	248,071	295,429	0	(54,724)	240,706
Smart Street Mall 2020/21 [55]	905,433	0	(105,466)	799,967	0	(89,720)	710,247	775,113	0	(130,320)	644,793
New Roads 2020/21 [56]	481,957	0	(61,623)	420,334	0	(54,157)	366,177	414,547	0	(67,411)	347,136
Enclosed Dog Park [57]	17,065	0	(1,244)	15,821	0	(1,313)	14,508	16,204	0	(861)	15,343
Falcon Bay Upgrade - Stage 4 of 5 [58]	231,480	0	(29,175)	202,305	0	(25,512)	176,793	199,113	0	(32,367)	166,746
Novara Foreshore Stage 4 [59]	84,550	0	(7,784)	76,766	0	(6,922)	69,844	78,124	0	(6,426)	71,699
Bortolo Reserve - Shared Use Parking and Fire Track Facility [602]	248,388	0	(31,271)	217,117	0	(26,698)	190,419	212,764	0	(35,624)	177,140
South Harbour Paving Upgrade Stage 2 [61]	42,286	0	(3,373)	38,913	0	(3,301)	35,612	39,793	0	(2,494)	37,299
Eastern/ Western Foreshore 2020/21 [62]	912,751	0	(120,004)	792,747	0	(121,060)	671,687	779,568	0	(133,183)	646,385
Falcon Skate Park Upgrade 2020/21 [63]	63,077	0	(5,022)	58,055	0	(5,022)	53,033	59,456	0	(3,621)	55,835
Carryover Roads 2020/21 [64]	457,080	0	(51,509)	405,571	0	(51,438)	354,133	395,866	0	(61,213)	334,653
Roads 2021/22 [65]	229,614	0	(25,305)	204,309	0	(24,368)	179,941	199,370	0	(30,244)	169,126
Carparks 2021/22 [66]	152,434	0	(17,244)	135,190	0	(16,460)	118,730	132,727	0	(19,707)	113,020
Ablutions 2020/21 & 2021/22 (consolidation of above Ablution loans) [67]	228,857	0	(25,755)	203,102	0	(24,612)	178,490	198,973	0	(29,885)	169,088
Eastern/ Western Foreshore 2021/22	1,377,801	0	(159,732)	1,218,069	0	(160,896)	1,057,173	1,191,189	0	(186,611)	1,004,577
Parks and Reserves Upgrades 2021/22	446,783	0	(51,216)	395,567	0	(51,441)	344,126	387,392	0	(59,391)	328,001
Cambria Island Abutment Wall	54,949	0	(6,351)	48,598	0	(6,415)	42,183	47,930	0	(7,019)	40,912
Mandurah Library Re Roofing Project	106,264	0	(12,070)	94,194	0	(10,565)	83,629	92,634	0	(13,630)	79,004
Mandurah Ocean Marina Chalets Refurbishment	137,711	0	(15,821)	121,890	0	(15,598)	106,292	119,587	0	(18,123)	101,464
Enclosed Dog Park 2021/22	165,729	0	(18,599)	147,130	0	(17,978)	129,152	144,466	0	(21,262)	123,204
Falcon Bay Upgrade - Stage 4 of 5 2021/22	66,188	0	(7,295)	58,893	0	(7,741)	51,152	58,386	0	(7,802)	50,584
Novara Foreshore Stage 4 2021/22	210,045	0	(23,828)	186,217	0	(23,481)	162,736	182,850	0	(27,195)	155,655
Smart Street Mall 2021/22	568,125	0	(65,422)	502,703	0	(65,598)	437,105	492,211	0	(75,913)	416,298
RC Pinjarra Road Stage 3	500,263	0	(63,813)	436,450	0	(64,713)	371,737	439,135	0	(61,129)	378,006
RC Pinjarra Road Stage 4	500,263	0	(63,800)	436,463	0	(64,711)	371,752	439,135	0	(61,129)	378,006
Falcon Reserve Activation Plan Stage 3	400,211	0	(51,388)	348,823	0	(51,036)	297,787	350,645	0	(49,565)	301,080
2022/23 Parks and Reserves Upgrades	390,205	0	(50,030)	340,175	0	(50,008)	290,167	342,000	0	(48,206)	293,794
Kangaroo Paw Park	307,570	0	(39,016)	268,554	0	(39,245)	229,309	270,283	0	(37,287)	232,997
Cambria Island Abutment Walls Repair	268,538	0	(34,592)	233,946	0	(34,155)	199,791	235,065	0	(33,473)	201,593
SP Halls Head PSP	200,105	0	(25,609)	174,496	0	(25,493)	149,003	175,489	0	(24,616)	150,873

Seascapes Boardwalk	200,105	0	(25,611)	174,494	0	(25,491)	149,003	175,489	0	(24,616)	150,873
Bruce Cresswell Reserve	196,103	0	(24,934)	171,169	0	(25,129)	146,040	172,189	0	(23,914)	148,275
Falcon Bay Stage 5 of 5	145,076	0	(18,480)	126,596	0	(17,917)	108,679	127,343	0	(17,734)	109,609
Mandurah Community Museum Roof and Gutters	130,068	0	(16,676)	113,392	0	(16,493)	96,899	113,991	0	(16,077)	97,914
RC Peel Street	111,058	0	(14,138)	96,920	0	(12,902)	84,018	97,461	0	(13,597)	83,864
2022/23 South Harbour Upgrades	102,054	0	(13,027)	89,027	0	(12,192)	76,835	89,619	0	(12,435)	77,183
Torcello Mews Canal PAW Renewal	100,054	0	(12,723)	87,331	0	(12,036)	75,295	87,829	0	(12,223)	75,606
Halls Head Pde Beach Central CP Stage 2	97,261	0	(12,055)	85,206	0	(11,733)	73,473	86,088	0	(11,173)	74,915
Pleasant Grove Foreshore	59,031	0	(7,408)	51,623	0	(7,240)	44,383	52,869	0	(6,162)	46,708
Smart Street Mall Upgrade	58,748	0	(7,392)	51,356	0	(7,218)	44,138	51,797	0	(6,951)	44,846
Halls Head Parade Car Park Stage 2a	50,026	0	(4,683)	45,343	0	(6,152)	39,191	47,542	0	(2,484)	45,058
Bortolo Reserve Fire Track Water Infrastructure	40,021	0	(2,830)	37,191	0	(4,941)	32,250	39,336	0	(685)	38,651
Senior Citizens Carpark	12,006	0	(852)	11,154	0	(896)	10,258	11,793	0	(213)	11,580
Building Renewal & Upgrades	0	1,408,979	0	1,408,979	0	(107,703)	1,301,276	1,408,562	720,000	(145,794)	1,982,768
Parks and Reserves Upgrades	0	3,440,409	0	3,440,409	0	(262,990)	3,177,419	3,439,391	1,080,000	(355,996)	4,163,395
Roads & Drainage Program	0	2,365,222	0	2,365,222	0	(180,800)	2,184,422	2,364,522	2,700,000	(244,741)	4,819,781
Parks & Reserves Upgrade 24/25	0	0	0	0	1,080,000	54	1,080,054	0	0	0	0
Building Renewal & Upgrades Program 24-25	0	0	0	0	720,000	735	720,735	0	0	0	0
Roads & Drainage Program 24/25	0	0	0	0	2,200,000	48	2,200,048	0	0	0	0
Mandurah Quay Seawall Repair	0	0	0	0	100,848	0	100,848	0	150,000	0	150,000
MAIA - E6N0162552 (ERP System)	1,106,208	0	(153,864)	952,344	0	(164,946)	787,398	0	0	0	0
MAIA - E6N0162763 (ERP System)	161,241	0	(22,427)	138,814	0	(24,042)	114,773	0	0	0	0
MAIA - E6N0162894 (ERP System)	231,611	0	(32,125)	199,487	0	(34,473)	165,013	0	0	0	0
MAIA - E6N0162965 (ERP System)	228,125	0	(63,549)	164,576	0	(56,497)	108,079	0	0	0	0
MAIA - E6N0163066 (ERP System)	111,049	0	(29,453)	81,596	0	(31,607)	49,988	0	0	0	0
MAIA - E6N0163214 (ERP System)	160,906	0	(38,320)	122,585	0	(41,765)	80,821	0	0	0	0
MAIA - E6N0163365 (ERP System)	99,557	0	(13,560)	85,997	0	(14,647)	71,350	0	0	0	0
MAIA - E6N0163612 (ERP System)	298,051	0	(63,299)	234,752	0	(68,854)	165,898	0	0	0	0
MAIA - E6N0163764 (ERP System)	299,911	0	(57,921)	241,990	0	(63,133)	178,857	0	0	0	0
MAIA - E6N0163853 (ERP System)	611,750	0	(104,597)	507,153	0	(116,223)	390,930	0	0	0	0
MAIA - E6N0164030 (ERP System)	181,289	0	(23,787)	157,502	0	(27,162)	130,339	0	0	0	0
MAIA - E6N0164072 (ERP System)	704,346	0	(103,051)	601,295	0	(114,216)	487,079	0	0	0	0
MAIA - E6N0164204 (ERP System)	0	301,559	(19,048)	282,511	0	(42,225)	240,286	0	0	0	0
MAIA - E6N0164270 (ERP System)	0	825,319	(27,648)	797,671	0	(120,227)	677,444	0	0	0	0
CHG - 2502673 (ERP System)	0	0	0	0	350,773	(31,490)	319,282	0	0	0	0
Total	27,757,958	8,341,488	(5,009,170)	31,090,273	4,451,621	(5,509,463)	30,032,429	26,697,364	4,650,000	(4,332,703)	27,014,673

Borrowing finance cost payments

Purpose	Loan number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024
					$	$	$
IT Communications Equipment [318(i)]	318	Westpac	5.215%	19/06/2025	0	0	(196)
Rushton Park Redevelopment [318(ii)]	318	Westpac	5.215%	19/06/2025	0	0	(1,029)
Meadow Springs Recreation Facility [318(iii)]	318	Westpac	5.215%	19/06/2025	0	0	(784)
Drainage [318(iv)]	318	Westpac	5.215%	19/06/2025	0	0	(245)
Road Construction [318(v)]	318	Westpac	5.215%	19/06/2025	0	0	(2,647)
Halls Head Bowling Club upgrade [331]	331	Westpac	5.215%	19/06/2028	(3,378)	(7,646)	(10,907)
Parks - Falcon Bay Reserve [333(i)]	333	Westpac	0.00%	19/06/2023	0	0	0
Road Construction [333(ii)]	333	Westpac	0.00%	19/06/2023	0	0	0
New Pedestrian Bridge Construction [335]	335	Westpac	0.00%	19/06/2024	(13)	0	(3,931)
Waste Trailers and Dolly [336]	336	Westpac	0.00%	19/06/2024	(19)	0	(2,060)
MARC Redevelopment [338]	338	Westpac	5.215%	19/06/2025	(2,229)	(4,823)	(9,239)
New Road Construction [339]	339	Westpac	5.215%	16/06/2025	(2,378)	(4,373)	(7,634)
MARC Redevelopment Stage 1 [340]	340	Westpac	5.215%	19/06/2026	(2,692)	(9,144)	(12,855)
MARC Redevelopment Stage 2 [341]	341	Westpac	5.215%	19/06/2026	(4,448)	(20,944)	(29,357)
New Road Construction [342]	342	Westpac	5.215%	16/06/2026	(2,554)	(11,356)	(15,957)
WMC Tims Thicket [343]	343	Westpac	5.215%	16/06/2026	(1,731)	(1,854)	(2,607)
Eastern Foreshore Wall [344]	344	Westpac	5.215%	19/06/2026	(4,071)	(14,345)	(20,150)
MARC Stage 2 [345]	345	Westpac	5.215%	19/06/2027	(3,864)	(21,363)	(30,047)
Road Construction [346]	346	Westpac	5.215%	16/06/2027	(2,149)	(7,487)	(10,573)
MARC Carpark [347]	347	Westpac	5.215%	19/06/2027	(2,686)	(5,689)	(8,035)
MPAC Forecourt [348]	348	Westpac	5.215%	19/06/2027	(2,309)	(2,372)	(3,350)
Waste Water Reuse [349]	349	Westpac	5.215%	16/06/2027	(2,769)	(2,845)	(4,018)
Halls Head Ablution Block [350]	350	Westpac	5.215%	19/06/2027	(1,849)	(1,898)	(2,681)
Falcon Bay Seawall [351]	351	Westpac	5.215%	19/06/2027	(1,802)	(4,771)	(6,739)
Mandurah Marina [352]	352	Westpac	5.215%	16/06/2028	(3,435)	(4,296)	(6,128)
MARC Solar Plan [353]	353	Westpac	5.215%	19/06/2028	(3,437)	(4,296)	(6,129)
MARC Carpark [354]	354	Westpac	5.215%	16/06/2028	(1,986)	(6,443)	(9,192)
Novara Foreshore Development [355]	355	Westpac	5.345%	19/05/2028	(2,459)	(5,198)	(6,616)
Falcon Bay Foreshore Upgrades [356]	356	Westpac	5.215%	16/06/2028	(1,721)	(8,579)	(12,234)
Mandurah Foreshore Boardwalk Renewal [357]	357	Westpac	5.215%	16/05/2028	(1,837)	(8,532)	(11,950)
Mandjar Square Development [358]	358	Westpac	5.215%	19/06/2028	(1,883)	(9,098)	(12,671)
New Road Construction [359]	359	Westpac	5.215%	19/06/2028	(4,386)	(25,138)	(35,405)
Lakelands DOS [360]	360	Westpac	5.215%	16/06/2028	(8,562)	(49,387)	(69,148)
Smoke Bush Retreat Footpath [361]	361	Westpac	5.215%	19/06/2028	(2,562)	(2,148)	(3,064)
New Road Construction 2018/19	39	Westpac	5.471%	19/06/2029	(23,297)	(39,622)	(56,592)
Mandjar Square Stage 3 and 4	40	Westpac	5.471%	19/06/2029	(13,961)	(23,969)	(18,122)
Falcon Seawall	41	Westpac	5.471%	16/06/2029	(14,767)	(12,686)	(34,234)
New Boardwalks 18/19	42	Westpac	5.471%	19/06/2029	(13,317)	(12,717)	(18,091)
Civic Building - Tuckey Room Extension	43	Westpac	5.471%	19/06/2029	(13,962)	(12,700)	(18,067)
Novara Foreshore Stage 3	44	Westpac	5.471%	16/06/2029	(5,444)	(5,061)	(7,155)
Pinjarra Road Carpark	45	Westpac	5.471%	16/06/2029	(5,444)	(5,061)	(7,155)
Coodanup Drive - Road Rehabilitation	46	Westpac	5.471%	19/06/2029	(3,259)	(2,501)	(3,498)
South Harbour Upgrade	47	Westpac	5.471%	19/06/2030	(7,493)	(6,480)	(9,126)
Falcon Skate Park Upgrade	48	Westpac	5.471%	16/06/2030	(4,260)	(3,233)	(4,478)
Falcon Bay Foreshore Stage 3 of 4	49	Westpac	5.471%	19/06/2030	(10,462)	(1,461)	(2,007)
New Road Construction 2019/20	50	Westpac	5.471%	19/06/2030	(14,226)	(3,043)	(4,433)
Mandjar Square Final Stage	51	Westpac	5.471%	16/06/2030	(9,450)	(2,246)	(3,140)
Halls Head Recycled Water 2019/20	52	Westpac	5.471%	16/06/2030	(6,368)	(5,726)	(8,195)
Westbury Way North side POS Stage 3	53	Westpac	5.471%	19/06/2030	(7,451)	(5,726)	(8,196)
Smart Street Mall Upgrade 2019/20	54	Westpac	5.471%	19/06/2030	(15,762)	(2,622)	(3,618)
Smart Street Mall 2020/21	55	Westpac	5.45%	20/06/2031	(22,047)	(4,319)	(6,305)
New Roads 2020/21	56	Westpac	5.45%	20/06/2031	(12,070)	(3,120)	(4,607)
Enclosed Dog Park	57	Westpac	5.45%	20/06/2031	(899)	(672)	(964)
Falcon Bay Upgrade - Stage 4 of 5	58	Westpac	5.45%	20/06/2031	(5,388)	(1,240)	(1,726)
Novara Foreshore Stage 4	59	Westpac	5.45%	20/06/2031	(4,105)	(2,518)	(3,246)

Bortolo Reserve - Shared Use Parking and Fire Track Facility	60	Westpac	5.45%	20/06/2031	(6,410)	(1,233)	(1,837)
South Harbour Paving Upgrade Stage 2	61	Westpac	5.45%	20/06/2031	(2,209)	(1,530)	(2,135)
Eastern/ Western Foreshore 2020/21	62	Westpac	5.45%	20/06/2031	(4,903)	(3,854)	(5,959)
Falcon Skate Park Upgrade 2020/21	63	Westpac	5.45%	20/06/2031	(3,294)	(2,347)	(3,294)
Carryover Roads 2020/21	64	Westpac	6.09%	19/06/2032	(3,342)	(2,200)	(3,273)
Roads 2021/22	65	Westpac	6.09%	19/06/2032	(2,729)	(1,287)	(1,792)
Carparks 2021/22	66	Westpac	6.09%	19/06/2032	(2,139)	(977)	(1,357)
Ablutions 2020/21 & 2021/22 (consolidation of above Ablution loans)	67	Westpac	6.09%	19/06/2032	(3,228)	(1,388)	(2,088)
Eastern/ Western Foreshore 2021/22	68	Westpac	6.09%	19/06/2032	(7,526)	(6,016)	(8,686)
Parks and Reserves Upgrades 2021/22	69	Westpac	6.09%	19/06/2032	(3,217)	(2,343)	(3,446)
Cambria Island Abutment Wall	70	Westpac	6.09%	19/06/2032	(510)	(366)	(573)
Mandurah Library Re Roofing Project	71	Westpac	6.09%	19/06/2032	(2,490)	(709)	(986)
Mandurah Ocean Marina Chalets Refurbishment	72	Westpac	6.09%	19/06/2032	(1,297)	(769)	(1,077)
Enclosed Dog Park 2021/22	73	Westpac	6.09%	19/06/2032	(2,181)	(1,121)	(1,560)
Falcon Bay Upgrade - Stage 4 of 5 2021/22	74	Westpac	6.09%	19/06/2032	(551)	(708)	(998)
Novara Foreshore Stage 4 2021/22	75	Westpac	6.09%	19/06/2032	(2,166)	(1,308)	(1,815)
Smart Street Mall 2021/22	76	Westpac	6.09%	19/06/2032	(3,884)	(2,858)	(4,058)
RC Pinjarra Road Stage 3	77	Westpac	6.221%	19/06/2033	(2,440)	(2,269)	(3,337)
RC Pinjarra Road Stage 4	78	Westpac	6.221%	19/06/2033	(2,441)	(2,269)	(3,351)
Falcon Reserve Activation Plan Stage 3	79	Westpac	6.221%	19/06/2033	(2,689)	(1,568)	(2,339)
2022/23 Parks and Reserves Upgrades	80	Westpac	6.221%	19/06/2033	(2,373)	(1,574)	(2,351)
Kangaroo Paw Park	81	Westpac	6.221%	19/06/2033	(2,036)	(1,506)	(2,263)
Cambria Island Abutment Walls Repair	82	Westpac	6.221%	19/06/2033	(1,892)	(973)	(1,454)
SP Halls Head PSP	83	Westpac	6.221%	19/06/2033	(1,366)	(847)	(1,246)
Seascapes Boardwalk	84	Westpac	6.221%	19/06/2033	(1,366)	(9,118)	(1,246)
Bruce Cresswell Reserve	85	Westpac	6.221%	19/06/2033	(1,188)	(908)	(1,382)
Falcon Bay Stage 5 of 5	86	Westpac	6.221%	19/06/2033	(1,544)	(655)	(986)
Mandurah Community Museum Roof and Gutters	87	Westpac	6.221%	19/06/2033	(969)	(524)	(783)
RC Peel Street	88	Westpac	6.221%	19/06/2033	(2,004)	(496)	(766)
2022/23 South Harbour Upgrades	89	Westpac	6.221%	19/06/2033	(1,501)	(477)	(665)
Torcello Mews Canal PAW Renewal	90	Westpac	6.221%	19/06/2033	(1,392)	(457)	(707)
Halls Head Parade Car Park Stage 2a	91	Westpac	6.221%	19/06/2033	(1,323)	(712)	(999)
Pleasant Grove Foreshore	92	Westpac	6.221%	19/06/2033	(681)	(914)	(1,173)
Smart Street Mall Upgrade	93	Westpac	6.221%	19/06/2033	(664)	(355)	(495)
Halls Head Pde Beach Central CP Stage 2	94	Westpac	6.221%	19/06/2033	(556)	(1,593)	(2,024)
Bortolo Reserve Fire Track Water Infrastructure	95	Westpac	6.221%	19/06/2033	(424)	(1,764)	(2,534)
Senior Citizens Carpark	96	Westpac	6.221%	19/06/2033	(714)	(529)	(760)
Building Renewal & Upgrades	97	Westpac	5.115%	19/06/2034	(76,905)	(34,695)	(417)
Parks and Reserves Upgrades	98	Westpac	5.115%	19/06/2034	(187,786)	(84,716)	(1,018)
Roads & Drainage Program	99	Westpac	5.115%	19/06/2034	(129,120)	(58,241)	(700)
Parks & Reserves Upgrade 24/25	100	Westpac	4.724%	19/06/2038	(54)	0	0
Building Renewal & Upgrades Program 24-25	101	Westpac	4.794%	19/06/2038	(736)	0	0
Roads & Drainage Program 24/25	102	Westpac	4.794%	19/06/2038	(48)	0	0
MAIA - E6N0162552 (ERP System)	M1	CHG Meridian	7.016%	1/07/2029	(62,540)	0	(73,622)
MAIA - E6N0162763 (ERP System)	M2	CHG Meridian	7.013%	1/07/2029	(9,112)	0	(10,727)
MAIA - E6N0162894 (ERP System)	M3	CHG Meridian	7.119%	1/07/2029	(13,295)	0	(15,643)
MAIA - E6N0162965 (ERP System)	M4	CHG Meridian	7.056%	1/07/2029	(9,905)	0	(14,571)
MAIA - E6N0163066 (ERP System)	M5	CHG Meridian	7.682%	1/07/2029	(4,978)	0	(7,132)
MAIA - E6N0163214 (ERP System)	M6	CHG Meridian	7.644%	1/07/2029	(9,327)	0	(12,771)
MAIA - E6N0163365 (ERP System)	M7	CHG Meridian	7.231%	1/07/2029	(6,278)	0	(7,366)
MAIA - E6N0163612 (ERP System)	M8	CHG Meridian	8.453%	1/07/2029	(17,798)	0	(23,352)
MAIA - E6N0163764 (ERP System)	M9	CHG Meridian	8.495%	1/07/2029	(19,052)	0	(24,264)
MAIA - E6N0163853 (ERP System)	M10	CHG Meridian	10.486%	1/07/2029	(49,611)	0	(61,238)
MAIA - E6N0164030 (ERP System)	M11	CHG Meridian	12.732%	1/07/2029	(19,911)	0	(23,286)
MAIA - E6N0164072 (ERP System)	M12	CHG Meridian	10.567%	1/07/2029	(58,288)	0	(69,452)
MAIA - E6N0164204 (ERP System)	M13	CHG Meridian	12.927%	1/07/2029	(37,077)	0	(20,603)
MAIA - E6N0164270 (ERP System)	M14	CHG Meridian	13.476%	1/07/2029	(101,616)	0	(27,813)
CHG - 2502673 (ERP System)	M15	CHG Meridian	10.361%	1/07/2029	(17,767)	0	0
Total finance cost payments					(1,199,484)	(638,922)	(1,050,303)

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29. BORROWING AND LEASE LIABILITIES (Continued)

(b) New borrowings - 2024/25

Particulars/purpose	Institution	Loan type	Term years	Interest rate	Amount borrowed 2025 Actual	Amount borrowed 2025 Budget	Amount (used) 2025 Actual	Amount (used) 2025 Budget	Total interest and charges	Actual balance unspent
				%	$	$	$	$	$	$
Parks & Reserves Upgrade 24/25	Westpac	Variable	13 Years	4.724%	1,080,000	1,080,000	(1,080,000)	(1,080,000)	(54)	0
Building Renewal & Upgrades Program 24/25	Westpac	Variable	13 Years	4.794%	720,000	720,000	(720,000)	(720,000)	(736)	0
Roads & Drainage Program 24/25	Westpac	Variable	13 Years	4.794%	2,200,000	2,700,000	(2,007,092)	(2,700,000)	(48)	192,908
Mandurah Quay Seawall	Westpac	Variable	13 Years	4.724%	100,848	150,000	(28,782)	(150,000)	0	72,066
CHG - 2502673 (ERP System)	CHG Meridian	Variable	5 Years	10.361%	350,773	0	(350,773)	0	(17,767)	0
					4,451,621	4,650,000	(4,186,647)	(4,650,000)	(18,605)	264,974

(c) Unspent borrowings

Particulars	Institution	Date Borrowed	Unspent balance 1 July 2024	Borrowed during 2024-25	Expended during 2024-25	Unspent balance 30 June 2025
			$	$	$	$
Bighton Lane	Westpac	6/02/2019	43,022	0	0	43,022
Brighton Plaza	Westpac	6/02/2019	14,115	0	0	14,115
WMC Tims Thicket	Westpac	6/02/2019	150,000	0	0	150,000
Lakelands DOS	Westpac	6/02/2019	78,293	0	(78,293)	0
Pinjarra Road Carpark	Westpac	6/02/2019	11	0	0	11
Halls Head Recyled Water	Westpac	30/06/2020	29,927	0	0	29,927
Eastern/ Western Foreshore 20/21	Westpac	30/06/2021	776,084	0	(776,084)	0
Parks and Reserves Upgrades 2021/22	Westpac	29/06/2022	4,209	0	0	4,209
Cambria Island Abutment Wall	Westpac	29/06/2022	37,603	0	0	37,603
Mandurah Ocean Marina Chalets Refurbishment	Westpac	29/06/2022	53,039	0	0	53,039
Pleasant Grove Foreshore	Westpac	19/06/2023	4,534	0	0	4,534
Mandurah Community Museum Roof and Gutters	Westpac	19/06/2023	17,832	0	0	17,832
Torcello Mews Canal PAW Renewal	Westpac	19/06/2023	6,363	0	0	6,363
Parks & Reserves Upgrades (23/24)	Westpac	30/06/2024	94,683	0	(94,683)	0
Parks & Reserves Upgrades (23/24)	Westpac	30/06/2024	800,000	0	(800,000)	0
Mandurah Quay Seawall	Westpac	24/06/2025	0	100,848	(28,782)	72,066
Roads & Drainage Program 24/25	Westpac	24/06/2025	0	2,200,000	(2,007,092)	192,908
			2,109,715	2,300,848	(3,784,934)	625,629

(d) Lease liabilities

		Actual							Budget			
Purpose	Note	Principal at 1 July 2023	New leases during 2023-24	Principal repayments during 2023-24	Principal at 30 June 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	Principal at 1 July 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025
		$	$	$	$	$	$	$	$	$	$	$
Gym equipment		8,359	219,276	(144,178)	83,457	29,650	(113,107)	0	51,637	882,016	(220,705)	712,948
Software		18,356	73,096	(73,096)	18,356	36,052	(54,408)	0	18,026	405,914	(87,416)	336,524
IT Equipment		334,368	215,505	(166,978)	382,895	185,769	(129,630)	439,034	222,403	575,829	(212,141)	586,091
Survey Equipment		212,804	0	(54,070)	158,734	0	(55,987)	102,747	152,212	0	(56,379)	95,833
Total lease liabilities	11(b)	573,887	507,877	(438,322)	643,442	251,471	(353,132)	541,781	444,278	1,863,760	(576,642)	1,731,396

Lease finance cost payments

Purpose	Lease number	Institution	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024	Lease term
				$	$	$	
Gym equipment	E6TEC64146	CHG Meridian	31/03/2025	(729)	(16,127)	(4,323)	21 months
Software	Various	CHG Meridian	1/04/2025	(126)	(7,671)	(330)	Various
IT Equipment	Various	HP, Fuji, Dell & Kyocera	Various	(11,627)	(22,271)	(10,484)	Various
Survey Equipment	2508156	CHG Meridian	1/03/2027	(4,606)	(4,605)	(6,522)	48 months
Total finance cost payments				(17,088)	(50,674)	(21,659)	

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30. RESERVE ACCOUNTS

	2025 Actual opening balance	2025 Actual transfer to	2025 Actual transfer (from)	2025 Actual closing balance	2025 Budget opening balance	2025 Budget transfer to	2025 Budget transfer (from)	2025 Budget closing balance	2024 Actual opening balance	2024 Actual transfer to	2024 Actual transfer (from)	2024 Actual closing balance
	$	$	$	$	$	$	$	$	$	$	$	$
Restricted by legislation/agreement												
Cash in Lieu of Parking Reserve	505,194	24,075	0	529,269	503,320	0	0	503,320	491,695	13,499	0	505,194
	505,194	24,075	0	529,269	503,320	0	0	503,320	491,695	13,499	0	505,194
Restricted by council												
Building Reserve	1,543,544	73,557	0	1,617,101	1,512,891	7,000,000	0	8,512,891	1,448,838	166,243	(71,537)	1,543,544
Asset Management Reserve	29,005,913	5,975,806	(8,011,605)	26,970,114	32,076,141	0	(5,283,629)	26,792,512	21,080,104	10,998,768	(3,072,959)	29,005,913
Cultural Centre Reserve	493	0	0	493	2,480	0	0	2,480	189,763	13	(189,283)	493
Sustainability Reserve	283,127	13,492	0	296,619	282,900	0	0	282,900	509,862	7,545	(234,280)	283,127
Waste Reserve	9,608,503	1,304,406	(197,632)	10,715,277	7,936,741	0	(3,029,636)	4,907,105	8,221,489	1,801,708	(414,694)	9,608,503
Interest Free Loans Reserve	237,124	0	(45,420)	191,704	191,704	0	0	191,704	191,704	45,420	0	237,124
CLAG Reserve	32,425	20,064	(51,074)	1,415	20,974	0	0	20,974	20,690	11,735	0	32,425
Mandurah Ocean Marina Reserve	186,780	8,901	0	195,681	186,087	0	0	186,087	181,789	4,991	0	186,780
Waterways	574,299	51,093	0	625,392	941,563	0	0	941,563	1,055,377	64,849	(545,927)	574,299
Port Mandurah Canals Stage 2 Maintenance Reserve	97,707	4,656	0	102,363	97,344	0	0	97,344	95,096	2,611	0	97,707
Mariners Cove Canals Reserve	89,024	4,242	0	93,266	88,693	0	0	88,693	86,645	2,379	0	89,024
Port Bouvard Canal Maintenance Contributions Reserve	280,206	13,353	0	293,559	279,167	0	0	279,167	272,719	7,487	0	280,206
Unspent Grants Reserve	9,070,982	3,855,489	(8,684,374)	4,242,097	5,771,117	0	0	5,771,117	10,621,307	11,760,898	(13,311,223)	9,070,982
Leave Reserve	3,528,937	1,028,192	(1,160,498)	3,396,631	2,297,295	420,468	(1,160,498)	1,557,265	3,261,428	267,509	0	3,528,937
Bushland Acquisition Reserve	1,582,033	284,922	0	1,866,955	1,776,093	0	0	1,776,093	1,539,761	42,272	0	1,582,033
Coastal Storm Contingency Reserve	271,249	12,926	0	284,175	270,242	0	0	270,242	264,001	7,248	0	271,249
Digital Futures Reserve	59,672	2,844	0	62,516	59,455	0	0	59,455	58,078	1,594	0	59,672
Decked Carparking Reserve	1,058,391	50,437	0	1,108,828	1,054,465	0	0	1,054,465	1,030,111	28,280	0	1,058,391
Specified Area Rates - Waterside Canals	116,583	5,246	(6,425)	115,404	112,732	0	(2,942)	109,790	116,808	2,455	(2,680)	116,583
Specified Area Rates - Port Mandurah Canals	140,024	74,122	(13,856)	200,290	145,661	64,900	(1,860)	208,701	287,011	67,849	(214,836)	140,024
Specified Area Rates - Mandurah Quay Canals	272,821	41,038	0	313,859	271,632	26,861	0	298,493	239,190	33,631	0	272,821
Specified Area Rates - Mandurah Ocean Marina	943,219	201,203	0	1,144,422	892,459	149,147	0	1,041,606	774,206	169,013	0	943,219
Specified Area Rate - Port Bouvard Canals	154,751	18,468	0	173,219	156,606	4,118	0	160,724	152,725	3,259	(1,233)	154,751
Specified Area Rate - Mariners Cove	9,825	246	(4,144)	5,927	5,715	0	0	5,715	4,783	5,042	0	9,825
Specified Area Rate - Eastport	53,609	13,415	0	67,024	54,494	853	0	55,347	52,585	1,129	(105)	53,609
Sports Club Maintenance Levy Reserve	372,780	76,790	0	449,570	322,802	0	0	322,802	304,673	68,107	0	372,780
City Centre Land Acquisition Reserve	1,081,825	1,049,239	0	2,131,064	1,074,940	0	0	1,074,940	1,052,919	28,906	0	1,081,825
Lakelands Community Infrastructure Reserve	1,156,506	55,113	0	1,211,619	1,152,215	0	0	1,152,215	1,125,604	30,902	0	1,156,506
Plant Reserve	1,975,087	1,382,100	(1,445,699)	1,911,488	487,561	0	0	487,561	3,011,375	814,008	(1,850,296)	1,975,087
Workers Compensation Reserve	314,546	14,990	0	329,536	567,334	0	0	567,334	554,251	8,405	(248,110)	314,546
Restricted Cash Reserve	2,975,709	2,351,907	(1,223,547)	4,104,069	1,772,053	0	0	1,772,053	2,848,106	1,223,547	(1,095,944)	2,975,709
Transform Mandurah Funding Program Reserve	952,303	45,382	(997,685)	0	925,969	0	0	925,969	852,513	99,790	0	952,303
Public Arts Reserve	412,520	29,583	(7,107)	434,996	311,498	0	0	311,498	311,498	101,022	0	412,520
Community Safety Reserve	524,672	22,389	(54,848)	492,213	510,653	0	0	510,653	510,653	14,019	0	524,672
Large-Scale Arts and Culture Attraction Reserve	0	0	0	0	0	0	0	0	0	0	0	0
	68,967,189	18,085,611	(21,903,914)	65,148,886	63,609,676	7,666,347	(9,478,565)	61,797,458	62,327,662	27,892,634	(21,253,107)	68,967,189
	69,472,383	18,109,686	(21,903,914)	65,678,155	64,112,996	7,666,347	(9,478,565)	62,300,778	62,819,357	27,906,133	(21,253,107)	69,472,383

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

In accordance with council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of reserve account	Purpose of the reserve account
Restricted by legislation/agreement	
Cash in Lieu of Parking Reserve	Parking - Provide additional parking areas
Restricted by council	
Building Reserve	Building - Future new building capital requirements
Asset Management Reserve	Asset Management - Renewal and upgrade of current infrastructure
Cultural Centre Reserve	Cultural Centre - Equipment/plant replacement for Mandurah Performing Arts Centre and the provision of standby financing
Sustainability Reserve	Sustainability - Development of Mandurah as a sustainable city
Waste Reserve	Waste Facilities Reserve Fund - Future waste treatment initiatives
Interest Free Loans Reserve	Interest Free Loans - Interest-free loans to sporting & community groups for minor capital projects
CLAG Reserve	CLAG - Contiguous Local Authority Group for control of mosquitoes
Mandurah Ocean Marina Reserve	Mandurah Ocean Marina - Future maintenance/asset replacement at Mandurah Ocean Marina
Waterways	Waterways - Future maintenance/asset replacement of specific waterways infrastructure
Port Mandurah Canals Stage 2 Maintenance Reserve	Port Mandurah Canals Stage 2 Maintenance - Stage 2 Future maintenance of canals
Mariners Cove Canals Reserve	Mariners Cove Canals - Future maintenance of canals
Port Bouvard Canal Maintenance Contributions Reserve	Port Bouvard Canal Maintenance Contributions - Contribution Future maintenance of canals
Unspent Grants Reserve	Unspent Grants & Contributions - Operating and non-operating grants and contributions tied to future expenditure
Leave Reserve	Long Service Leave - To fund the long service and sick leave liability of Council's staff
Bushland Acquisition Reserve	Bushland Acquisition - For the purchase & protection of bushland and environmentally sensitive sites within the City
Coastal Storm Contingency Reserve	Coastal Storm Contingency - Provide for coastal emergency works due to storm damage
Digital Futures Reserve	Digital Futures - Fund development, investigation or commissioning of digital technology initiatives
Decked Carparking Reserve	Decked Carparking - Amount received from Landcorp in June 2006, set aside for Decked Carparking
Specified Area Rates - Waterside Canals	Specified Area Rates - Waterside Canals - Future maintenance of canals
Specified Area Rates - Port Mandurah Canals	Specified Area Rates - Port Mandurah Canals - Future maintenance of canals
Specified Area Rates - Mandurah Quay Canals	Specified Area Rates - Mandurah Quay Canals - Future maintenance of canals
Specified Area Rates - Mandurah Ocean Marina	Specified Area Rates - Mandurah Ocean Marina - Future maintenance/asset replacement at Mandurah Ocean Marina
Specified Area Rate - Port Bouvard Canals	Specified Area Rate - Port Bouvard Canals - Future maintenance of canals
Specified Area Rate - Mariners Cove	Specified Area Rate - Mariners Cove - Future maintenance of canals
Specified Area Rate - Eastport	Specified Area Rate - Eastport - Future maintenance of canals
Sports Club Maintenance Levy Reserve	Sports Clubs Maintenance Levy - To maintain various city buildings leased to clubs
City Centre Land Acquisition Reserve	City Centre Land Acquisition Reserve - For future property purchases within the City Centre area
Lakelands Community Infrastructure Reserve	Lakelands Community Infrastructure Reserve - Contribute to the construction of the community infrastructure on Lot 2300 Seppings Parade Lakelands
Plant Reserve	Plant reserve - Replacement of heavy plant and equipment
Workers Compensation Reserve	Workers Compensation - For the purposes of funding previous year workers compensation claims that are open and still have costs required to be paid by the City of Mandurah
Restricted Cash Reserve	Restricted cash carried forward for future use
Transform Mandurah Funding Program Reserve	Progress projects endorsed by Council under Transform Mandurah or identified through other City Strategies to support the City's Economic aspirations and objectives
Public Arts Reserve	To fund public art throughout the City of Mandurah district
Community Safety Reserve	To fund the relevant actions in the Community Safety Strategy that have been identified as being funded from this reserve
Large-Scale Arts and Culture Attraction Reserve	To fund Mandurah as a desirable City in its cultural offerings, by actively seeking impactful, large-scale arts and culture initiatives to Mandurah through research, partnerships and leveraging funding opportunities

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

31. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2024	Amounts received	Amounts paid	30 June 2025
	$	$	$	$
Cash-in-lieu of public open space	1,316,060	98,637	(478,234)	936,463
	1,316,060	98,637	(478,234)	936,463

15 REPORTS FROM AUDITORS

16 LATE AND URGENT BUSINESS ITEMS

17 CONFIDENTIAL ITEMS

17.1 Strategic Risk Update Report Quarter One 2025/26

17.2 Strategic Internal Audit Monitoring Report - Quarter One FY 2025-26

18 CLOSE OF MEETING

ADDITIONAL INFORMATION FROM CHIEF EXECUTIVE OFFICER

AUDIT RISK AND IMPROVEMENT MEETING: 9 DECEMBER 2025

REPORT 14.1 2024/25 FINANCIAL STATEMENTS

ATTACHMENT 14.1.1 ANNUAL FINANCIAL STATEMENTS 2024/25

1. *Adjust write-off work in progress assets to reflect in the expenditure instead of reducing Capital contributions*

This amendment repositioned $1,539,236 from reducing the Capital grants, subsidies and contributions line item to increasing the Other Expenditure line item. The change has no effect on the bottom line figures but does adjust individual sub totals.

This change affects the following pages:

Page 12 – Statement of Comprehensive Income
Page 15 – Statement of Cash Flows
Page 16 – Statement of Financial Activity
Page 20 – Note 2(b) – Add line under Other expenditure named Write-Off of WIP / Duplicated Assets
Page 27 – Note 9 – Line name change from Reversals to Write-Off of WIP/Duplicated Assets
Page 44 – Note 28 – Line name change from Add: Reversal of infrastructure assets to Add: Write-Off of WIP / Duplicated Assets

Comment: The City conducted a fixed asset register review in the 2024 financial year and, as a result, commissioned found and gifted assets to ensure the completeness of the register. The Lakelands District Open Space project was underway at the time as a multi-year project and some assets from that project were inadvertently taken up in the 2024 asset register clean up. These assets were also recorded in the City's work in progress accounts. To address the duplication, City officers wrote off the WIP item initially to reverse the non-cash revenue. The Office of the Auditor General suggested a change on 8 December 2025 to move that write off amount into Other Expenditure to enhance transparency and readability of the City's Financial Statements. The change has no bearing on the City's end result as the adjustment was for a non-cash transfer.

2. *Adjust positioning of Non-cash lease revenue from INVESTING ACTIVITIES to display under FINANCING ACTIVITES*

This amendment repositioned $251,472 for the 2025 Actual column and $507,877 from the 2024 Actual column in the Statement of Financial Activity from Investing Activities – Right of use assets received – non-cash to Financing Activities – Non-cash amounts excluded from financing activities. The change has no effect on the bottom line figures but does adjust individual sub totals.

This change affects the following pages:

Page 16 – Statement of Financial Activity
Page 44 – Note 28 – Determination of Surplus or Deficit

Comment: The Office of the Auditor General suggested a change on 8 December 2025 to where new non-cash leases revenue was shown in the financials to enhance transparency and readability of the City's Financial Statements. The change has no bearing on the City's end result as the adjustment was for a non-cash revenue.

3. *Minor wording changes*

Page 10 – Included "Table of Contents" title

Page 11 – Change from September to December on signing date

Page 14 – Statement of Change in Equity – Rounding changes

Page 16 – Statement of Financial Activity – Removed reference "29(c)" on Investing Activities section

Page 18 – Note 1 – Removed sentences "Assets Held for Sale – Note 7", "Impairment losses of non-financial assets – Note 9" and "Estimated useful life of intangible assets – Note 12" as they are not applicable

Page 29 – Note 10 – Headings included

Page 36 – Note 15 Change "Debentures" to "Bank Loans"

Page 39 – Note 16 – Reference "5" included on note

Page 49 – Note 23(c) – Line with 0 for Interest Bearing liabilities deleted

Pae 53 – Note 28(a) – Reference 10(a) removed

Page 61 – Note 30 – Rounding changes

Comment: The Office of the Auditor General provided updated comments on the Financial Statements on 8 December 2025.

***CONFIDENTIAL* ATTACHMENT 14.1.2 – FINANCIAL AUDIT MANGMENT LETTER**

Amendments are displayed in red:

- Amendment by the Office of the Auditor General to Finding 1: Year End Balance Sheet Reconciliations (page 65) under "Accuracy and completeness" the line "Bank Reconciliations reflected incorrect balances" should read "Bank Reconciliations initially reflected incorrect balances".

- Correction by City officers to the completion date for Management Comment response to Finding 2: Incorrect accounting of cash received in lieu of public open space (page 68) reads June 2025 and this is be replaced with 2026.

Comment: Office of Auditor General provided a late amendment to the Financial Audit Management Letter and the second amendment is a correction to the City officer Management response.