

NOTICE OF MEETING

AUDIT AND RISK COMMITTEE

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

**Monday 3 April 2023
at 5.30pm**

MARK R NEWMAN

Chief Executive Officer
30 March 2023

Committee Members:

| | |
|-----------------------------------|------------------------------------|
| Councillor P Rogers [Chairperson] | Mayor Williams |
| Councillor R Burns | Councillor J Green |
| Councillor A Zilani | Councillor C Knight [Deputy Mayor] |
| Mr W Ticehurst | |

Deputies:

| | |
|----------------------|---------------------|
| Councillor D Pember | Councillor A Kearns |
| Councillor D Wilkins | |

AGENDA

1 OPENING OF MEETING

2 APOLOGIES

3 IMPORTANT NOTE

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

4 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

5 AMENDMENT TO STANDING ORDERS

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

6 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 mandurah.wa.gov.au or telephone 9550 3787.

7 PRESENTATIONS

8 DEPUTATIONS

Any person or group wishing to make a Deputation to the Committee meeting 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 mandurah.wa.gov.au or telephone 9550 3787.

9 CONFIRMATION OF MINUTES 7 MARCH 2023

Minutes available on the City's website via mandurah.wa.gov.au/council/council-meetings/agendas-and-minutes

10 DECLARATIONS OF INTERESTS**11 QUESTIONS FROM COMMITTEE MEMBERS**

- 11.1 Questions of Which Due Notice Has Been Given
- 11.2 Questions of Which Notice Has Not Been Given

12 BUSINESS LEFT OVER FROM PREVIOUS MEETING**13 REPORTS**

| <i>No.</i> | <i>Item</i> | <i>Page No</i> | <i>Note</i> |
|------------|---------------------------|----------------|-------------|
| 1 | Annual Financial Report | 3-69 | |
| 2 | Strategic Risk Assessment | 70-77 | |
| | | Confidential | |
| | | Pages 1-59 | |

14 LATE AND URGENT BUSINESS ITEMS**15 CONFIDENTIAL ITEMS**

- 15.1 CEO Review of Risk Management, Internal Controls & Compliance
- 15.2 Strategic Internal Audit Monitoring Report

16 CLOSE OF MEETING

| | | |
|----------|----------------------|-------------------------------------|
| 1 | SUBJECT: | 2021/22 Financial Statements |
| | DIRECTOR: | Business Services |
| | MEETING: | Audit and Risk Committee |
| | MEETING DATE: | 3 April 2023 |

Summary

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

The audit of the Annual Financial Statements for 2021/22 is nearing completion. After the Audit and Risk Committee has considered the closing report presented by Ernst & Young, they will provide the file and their report to the Office of the Auditor General (OAG) who will review and provide the audit and management reports.

A copy of the Annual Financial Statements is detailed in Attachment 1.1 for endorsement. The indication is that the City's Annual Financial Statements is not fairly and appropriately presented in accordance with the Australian Accounting Standards Board and the *Local Government Act 1995*. This is due to the auditors qualifying the audit report based on the completeness of the asset database.

At the April 2023 Ordinary Council Meeting, there will be additional recommendations that will be included in this report. The additional two points that will be included are:

1. To request that Council receive the final audit report issued by the Office of the Auditor General. The Office of the Auditor General cannot issue their final audit and management reports until after the Audit and Risk Committee due to Ernst and Young having to meet with the Audit and Risk Committee to present the closing report presentation before the Office of the Auditor General will conduct a final review of the file.
2. To request that Council receive the final management report issued 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 fallen under the Office of the Auditor General. 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. The OAG contracted the City's audit to Ernst & Young.

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 \$2.98 million above adopted budget due to additional grants and contributions being received including the prepayment of the first quarter financial

assistance grants which was \$1.5 million, fees and charges performing better than expected, including Town Planning Applications (\$113,000), Building Applications (\$165,000) and commercial income from the Waste Transfer Station (\$189,000).

- **Expenses**

Total expenses are approximately \$2.2 million below adopted budget, however the following points are noted:

- Employee costs were under budget by \$900,000 due to a high vacancy rate compared to previous years.
- Materials and contracts were under budget by \$5.95 million due to delay in the Waste to Energy plant being operational (\$2.5 million), Economic Development projects and grants underspent (\$1.04 million) and the remaining amount relates to general savings across the organisation.
- Depreciation which is a non-cash expense was higher than what was budgeted by \$2.6 million. It has a nil impact to the closing surplus as the total amount is taken out for the closing surplus calculation.

It is also noted that the operating position for 2021/22 has increased from the budgeted deficit of \$571,372 to a surplus of \$3,864,653. The surplus will be carried forward to fund the budget deficit of \$539,420 in 2022/23 and the balance of \$3,325,233 is recommended to be transferred to the Asset Management Reserve which may be required to be used for the Mandurah Performing Arts Centre roof replacement and the Mandurah Aquatic and Recreation Centre roof replacement. This will be included as a proposed budget variation in the next Monthly Financial Report to Council.

Statement of Financial Position

Key points to note are:

- **Cash and cash equivalents**

Cash holdings have decreased by approximately \$6.5 million over the year. This is compared to a budgeted decrease of \$17.4 million. The difference is primarily due to the proposed 2021/2022 capital projects not being completed and requiring these funds to be carried forward into the 2022/23 financial year.

- **Reserves – Cash backed**

The City has a total amount of \$51.3 million in reserves on 30 June 2022. This is an increase of \$6.5 million from the previous year (2020/21) due to increase holdings in the Asset Management Reserve to be spent in the 2022/23 year (\$4.7 million), transfer of excess funds of \$2.04 million to the Waste Reserve and an increase in the restricted cash reserve of \$650,000, which is to be used in 2022/23 financial year to complete projects that were expected to be completed in 2021/22 financial year.

Rates Setting Statement

- The City shows a surplus for the year ended 30 June 2022 of \$3,864,653. The surplus will be carried forward to fund the budget deficit of \$539,420 in 2022/23 and the balance of \$3,325,233 is recommended to be transferred to the Asset Management Reserve which may be required to be used for the Mandurah Performing Arts Centre roof replacement and the Mandurah Aquatic and Recreation Centre roof replacement.

Audit Opinion

The audit report that is issued will be a qualified audit opinion. This means that the auditors cannot verify the values are fair and appropriately presented in the financial statements. The values that are qualified relate to the City's building asset category and the infrastructure asset categories of roads; drainage; parks; and coastal and estuary. During the 2021/2022 financial year, the City officers commenced a comprehensive review of its asset portfolio.

This review identified a significant number of assets that have never been recorded in the City's asset database. The review process was as follows:

- Consultant engaged to identify all road assets;
- City officers undertook site inspections to ensure all assets have been identified for each asset category, except drainage (due to these assets being underground) and assessment of the condition of the asset.
- City officers compared the assets identified in the consultant's report and internal inspection to the existing data captured in the City's asset database.
- City officers added assets identified through the above actions into the City's asset database and assigned a value based on the valuation unit rates that were provided in September 2023.
- For drainage, the City officers have undertaken a grid-by-grid search comparing the City's asset database and overlaid this with the City's road data to identify missing assets.

Since the new Enterprise Resource Planning software system has gone live and an increase in internal controls has been implemented, the City officers have identified many assets that were not in the asset database. A notable change to internal controls is where the operations employees are now required to assign a work order to an asset. When maintenance is required to assets, City officers create a work order. This work order cannot be processed unless an asset has been attached to the activity. If the asset cannot be found, the City officers are alerting the asset management and finance teams. This then triggers a found asset procedure to be followed to ensure the asset is added to the asset database. The City officers have been recognised for their commitment to continuous improvement and over the last 18 months, there is greater confidence in the asset database. During the 2022/23 financial year, it is expected that there will be assets that have been identified and will be required to be entered into the assets database. City officers are confident that all assets in the building asset category and the classes of roads, parks and coastal and estuary for infrastructure asset category can be measured reliably by 30 June 2023.

It is expected that with a continued focus and importance placed in this asset management area, retention of knowledgeable and experienced staff and maintaining the strong relationship between asset management and finance areas, the City's asset portfolio will be confidently reliable and accurate.

The drainage class within the infrastructure asset category will require significant resources to identify all assets and assess their condition. This process is complex and requires a significant investment from Council, due to the location of the assets being underground. Subject to market availability and pricing, the estimated cost for the identification and value of drainage assets is \$29.7 million. The Council will need to determine whether this investment is value for money or explore other options that can provide assurance of the valuation of the drainage asset class.

Consultation

Nil

Statutory Environment

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

The *Local Government Act 1995* states:

7.9. Audit to be conducted

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

- (c) the Minister.
- 7.12AB. *Conducting a financial audit*
The auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year.
- 7.12AD. *Reporting on a financial audit*
 - (1) The auditor must prepare and sign a report on a financial audit.
 - (2) The auditor must give the report to —
 - (a) the mayor, president or chairperson of the local government; and
 - (b) the CEO of the local government; and
 - (c) the Minister.
- 7.12A. Duties of local government with respect to audits
- ...
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government must —
 - (aa) examine an audit report received by the local government; and
 - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must —
 - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
 - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

The Local Government (Audit) Regulations 1996 states:

9. *Performance of audit*

- ...
- (2) An auditor must carry out an audit in accordance with the Australian Auditing Standards made or formulated and amended from time to time by the Auditing and Assurance Standards Board established by the Australian Securities and Investments Commission Act 2001 (Commonwealth) section 227A.
- (3) An auditor must carry out the work necessary to form an opinion whether the annual financial report —
 - (a) is based on proper accounts and records; and
 - (b) fairly represents the results of the operations of the local government for the financial year and the financial position of the local government at 30 June in accordance with —
 - (i) the Act; and
 - (ii) the Australian Accounting Standards (to the extent that they are not inconsistent with the Act).
- 10. *Report by auditor*
 - (1) An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.
 - (2) The report is to give the auditor's opinion on —
 - (a) the financial position of the local government; and
 - (b) the results of the operations of the local government.
 - (3) The report is to include —
 - (a) any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government; and

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

Policy Implications

Nil

Financial Implications

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

Risk Analysis

Nil

Strategic Implications

The following strategy from the City of Mandurah Strategic Community Plan 2020-2040 is relevant to this report:

Organisational Excellence:

- Ensure the City has the capacity and capability to deliver quality services and facilities through accountable and transparent business practices, governance, risk and financial management.

Conclusion

The City continues to maintain a balanced financial position. The Council has committed to a Long Term Financial Plan that shows improvements in the financial ratios over time to ensure the City achieves a strong financial position in the long term. Cash holdings have decreased however, they remain at levels sufficient to provide funds for future projects. The City has reported a surplus of \$3,864,653 in the Rate Setting Statement with this surplus being carried forward to fund the budget deficit of \$539,420 in 2022/23 and the balance of \$3,325,233 is recommended to be transferred to the Asset Management Reserve which may be required to be used for the Mandurah Performing Arts Centre roof replacement and the Mandurah Aquatic and Recreation Centre roof replacement. This will be included as a proposed budget variation in next month's Monthly Financial Report to Council.

NOTE:

- Refer **Attachment 1.1 Annual Financial Statements 2021/22**

Officer Recommendation

That the Audit and Risk Committee recommend that Council:

1. Receive the Annual Financial Statements 2021/22 as detailed in Attachment 1.1.
2. Note the Closing Report as presented by the Office of the Auditor General at Item 7: Presentations of the Agenda.

CITY OF MANDURAH
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

TABLE OF CONTENTS

| | |
|---|----|
| Certification of Financial Report | 2 |
| Statement of Comprehensive Income by Nature or Type | 3 |
| Statement of Financial Position | 4 |
| Statement of Changes in Equity | 5 |
| Statement of Cash Flows | 6 |
| Rate Setting Statement | 7 |
| Index of Notes to the Financial Report | 8 |
| Independent Auditor's Report | 62 |

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

We are built in nature - a meeting place surrounded by unique waterways, where the wellbeing of our people and our environment are nurtured; where business in the community can thrive and entrepreneurship is celebrated. We will be the place where a thriving regional city and the heart of a village meet. This is our Mandjoogoordap.

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

CITY OF MANDURAH
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual | 2022 Budget | 2021 Actual |
|---|------------|--------------------|--------------------|---------------------|
| | | \$ | \$ | \$ |
| Revenue | | | | |
| Rates | 27(a),2(a) | 82,607,155 | 82,683,569 | 80,353,712 |
| Operating grants, subsidies and contributions | 2(a) | 6,136,973 | 3,016,346 | 6,060,170 |
| Fees and charges | 26(c),2(a) | 28,620,474 | 28,181,414 | 26,322,211 |
| Interest earnings | 2(a) | 1,003,316 | 1,350,000 | 790,529 |
| Other revenue | 2(a) | 1,758,573 | 1,919,923 | 1,973,167 |
| | | 120,126,491 | 117,151,252 | 115,499,789 |
| Expenses | | | | |
| Employee costs | | (47,357,304) | (48,255,732) | (46,583,884) |
| Materials and contracts | | (47,730,040) | (53,685,459) | (44,089,341) |
| Utility charges | | (4,354,197) | (4,494,203) | (4,005,691) |
| Depreciation | 10(a) | (32,440,340) | (29,868,215) | (31,654,295) |
| Finance costs | 2(b) | (739,333) | (748,253) | (769,545) |
| Insurance | | (1,720,769) | (1,095,774) | (1,594,874) |
| Other expenditure | 2(b) | (161,752) | 0 | (512,458) |
| | | (134,503,735) | (138,147,636) | (129,210,088) |
| | | (14,377,244) | (20,996,384) | (13,710,299) |
| Capital grants, subsidies and contributions | 2(a) | 11,809,911 | 17,656,844 | 10,818,117 |
| Profit on asset disposals | 10(b) | 232,699 | 0 | 0 |
| Loss on asset disposals | 10(b) | (5,756,262) | 0 | (7,525,377) |
| Fair value adjustments to financial assets at fair value through profit or loss | | 827,981 | 0 | 4,525 |
| Fair value adjustments to investment property | 12 | 6,137,308 | 0 | 0 |
| Loss on revaluation of Other infrastructure - other infrastructure | 9(a) | (125,180) | 0 | 0 |
| | | 13,126,457 | 17,656,844 | 3,297,265 |
| Net result for the period | 26(b) | (1,250,787) | (3,339,540) | (10,413,034) |
| Other comprehensive income for the period | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 18 | 96,991,102 | 0 | (3,115,609) |
| Total other comprehensive income for the period | 18 | 96,991,102 | 0 | (3,115,609) |
| Total comprehensive income for the period | | 95,740,315 | (3,339,540) | (13,528,643) |

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

CITY OF MANDURAH
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | NOTE | 2022 \$ | 2021 \$ |
|--------------------------------------|-------|----------------------|----------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 47,406,827 | 53,866,550 |
| Trade and other receivables | 5 | 5,202,665 | 6,443,291 |
| Other financial assets | 4(a) | 24,104,590 | 9,111,103 |
| Inventories | 6 | 957,480 | 540,691 |
| Other assets | 7 | 3,867,795 | 2,407,241 |
| TOTAL CURRENT ASSETS | | 81,539,357 | 72,368,876 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 5 | 1,545,959 | 1,475,315 |
| Other financial assets | 4(b) | 674,994 | 448,285 |
| Property, plant and equipment | 8 | 272,195,383 | 254,428,252 |
| Infrastructure | 9 | 761,906,420 | 698,379,689 |
| Right-of-use assets | 11(a) | 433,934 | 759,271 |
| Investment property | 12 | 10,683,760 | 4,860,000 |
| TOTAL NON-CURRENT ASSETS | | 1,047,440,450 | 960,350,812 |
| TOTAL ASSETS | | 1,128,979,807 | 1,032,719,688 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | 17,443,277 | 16,239,800 |
| Other liabilities | 14 | 5,893,352 | 5,986,307 |
| Lease liabilities | 11(b) | 371,198 | 438,797 |
| Borrowings | 15 | 4,710,362 | 5,677,779 |
| Employee related provisions | 16 | 8,867,295 | 8,966,506 |
| Other provisions | 17 | 671,448 | 481,416 |
| TOTAL CURRENT LIABILITIES | | 37,956,932 | 37,790,605 |
| NON-CURRENT LIABILITIES | | | |
| Other liabilities | 14 | 4,524,318 | 4,100,675 |
| Lease liabilities | 11(b) | 80,486 | 347,168 |
| Borrowings | 15 | 19,142,781 | 18,883,553 |
| Employee related provisions | 16 | 626,772 | 689,483 |
| TOTAL NON-CURRENT LIABILITIES | | 24,374,357 | 24,020,879 |
| TOTAL LIABILITIES | | 62,331,289 | 61,811,484 |
| NET ASSETS | | 1,066,648,518 | 970,908,204 |
| EQUITY | | | |
| Retained surplus | | 206,674,242 | 214,458,861 |
| Reserve accounts | 30 | 51,301,746 | 44,767,915 |
| Revaluation surplus | 18 | 808,672,530 | 711,681,428 |
| TOTAL EQUITY | | 1,066,648,518 | 970,908,204 |

This statement is to be read in conjunction with the accompanying notes.
Audit and Risk Committee
Report

CITY OF MANDURAH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | RETAINED SURPLUS \$ | RESERVE ACCOUNTS \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|---|------|---------------------------|---------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2020 | | 230,440,636 | 39,199,174 | 714,797,037 | 984,436,847 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | (10,413,034) | 0 | 0 | (10,413,034) |
| Other comprehensive income for the period | 18 | 0 | 0 | (3,115,609) | (3,115,609) |
| Total comprehensive income for the period | | (10,413,034) | 0 | (3,115,609) | (13,528,643) |
| Transfers from reserves | 30 | 8,293,848 | (8,293,848) | 0 | 0 |
| Transfers to reserves | 30 | (13,862,589) | 13,862,589 | 0 | 0 |
| Balance as at 30 June 2021 | | 214,458,861 | 44,767,915 | 711,681,428 | 970,908,204 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | (1,250,787) | 0 | 0 | (1,250,787) |
| Other comprehensive income for the period | 18 | 0 | 0 | 96,991,102 | 96,991,102 |
| Total comprehensive income for the period | | (1,250,787) | 0 | 96,991,102 | 95,740,315 |
| Transfers from reserves | 30 | 16,161,074 | (16,161,074) | 0 | 0 |
| Transfers to reserves | 30 | (22,694,905) | 22,694,905 | 0 | 0 |
| Balance as at 30 June 2022 | | 206,674,242 | 51,301,746 | 808,672,530 | 1,066,648,518 |

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 2022

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 84,111,578 | 83,233,569 | 80,853,593 |
| Operating grants, subsidies and contributions | | 6,186,856 | 2,926,736 | 4,814,887 |
| Fees and charges | | 29,063,988 | 28,681,414 | 26,341,807 |
| Interest received | | 1,003,316 | 1,350,000 | 524,914 |
| Goods and services tax received/(paid) | | (362,966) | 50,000 | 309,108 |
| Other revenue | | 1,758,573 | 1,919,923 | 1,702,541 |
| | | 121,761,345 | 118,161,642 | 114,546,850 |
| Payments | | | | |
| Employee costs | | (47,350,612) | (48,255,732) | (46,967,112) |
| Materials and contracts | | (48,637,302) | (53,485,459) | (38,634,024) |
| Utility charges | | (4,354,197) | (4,494,203) | (4,005,691) |
| Finance costs | | (739,333) | (748,253) | (769,545) |
| Insurance paid | | (1,720,769) | (1,095,774) | (1,594,874) |
| Other expenditure | | (161,752) | 0 | (512,458) |
| | | (102,963,965) | (108,079,421) | (92,483,704) |
| Net cash provided by (used in) operating activities | 19(b) | 18,797,380 | 10,082,221 | 22,063,146 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for financial assets at amortised cost | | (15,038,453) | 0 | (9,015,866) |
| Payments for purchase of property, plant & equipment | | (5,608,870) | (9,574,646) | (4,286,859) |
| Payments for construction of infrastructure | | (18,164,257) | (35,433,182) | (17,298,830) |
| Non-operating grants, subsidies and contributions | | 12,053,620 | 12,621,757 | 12,063,441 |
| Proceeds from financial assets at fair values through profit and loss | | 550,423 | 0 | 0 |
| Proceeds from sale of property, plant & equipment | 10(b) | 1,707,242 | 1,108,878 | 2,232,437 |
| Net cash provided by (used in) investing activities | | (24,500,295) | (31,277,193) | (16,305,677) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 29(a) | (5,338,920) | (5,432,960) | (5,337,258) |
| Payments for principal portion of lease liabilities | 29(d) | (592,153) | (685,027) | (589,163) |
| Payments for principal portion of interest bearing liabilities | | 998,143 | 0 | (298,281) |
| Payments for financial assets at amortised cost - community loans | | 0 | 0 | 100,000 |
| Proceeds from financial assets at amortised cost - community loans | | 95,815 | 82,553 | (100,668) |
| Proceeds from interest bearing liabilities | | (550,424) | 0 | 612,248 |
| Proceeds from new borrowings | 29(a) | 4,630,731 | 9,826,754 | 3,668,837 |
| Net cash provided by (used in) financing activities | | (756,808) | 3,791,320 | (1,944,285) |
| Net increase (decrease) in cash held | | (6,459,723) | (17,403,652) | 3,813,184 |
| Cash at beginning of year | | 53,866,550 | 45,313,466 | 50,053,366 |
| Cash and cash equivalents at the end of the year | 19(a) | 47,406,827 | 27,909,814 | 53,866,550 |

CITY OF MANDURAH
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| NET CURRENT ASSETS - At start of financial year - surplus/(deficit) | 28(c) | 4,538,223 | 700,000 | 1,194,780 |
| OPERATING ACTIVITIES | | | | |
| Revenue from operating activities (excluding general rate) | | | | |
| Rates (excluding general rate) | 27(b) | 435,632 | 432,938 | 434,064 |
| Operating grants, subsidies and contributions | | 6,136,973 | 3,016,346 | 6,060,170 |
| Fees and charges | | 28,620,474 | 28,181,414 | 26,322,211 |
| Interest earnings | | 1,003,316 | 1,350,000 | 790,529 |
| Other revenue | | 1,758,573 | 1,919,923 | 1,973,167 |
| Profit on asset disposals | 10(b) | 232,699 | 0 | 0 |
| Fair value adjustments to financial assets at fair value through profit or loss | | 827,981 | 0 | 4,525 |
| Fair value adjustments to investment property | 12 | 6,137,308 | 0 | 0 |
| | | 45,152,956 | 34,900,621 | 35,584,666 |
| Expenditure from operating activities | | | | |
| Employee costs | | (47,357,304) | (48,255,732) | (46,583,884) |
| Materials and contracts | | (47,730,040) | (53,685,459) | (44,089,341) |
| Utility charges | | (4,354,197) | (4,494,203) | (4,005,691) |
| Depreciation | | (32,440,340) | (29,868,215) | (31,654,295) |
| Finance costs | | (739,333) | (748,253) | (769,545) |
| Insurance | | (1,720,769) | (1,095,774) | (1,594,874) |
| Other expenditure | | (161,752) | 0 | (512,458) |
| Loss on asset disposals | 10(b) | (5,756,262) | 0 | (7,525,377) |
| Loss on revaluation of non-current assets | | (125,180) | 0 | 0 |
| | | (140,385,177) | (138,147,636) | (136,735,465) |
| Non-cash amounts excluded from operating activities | 28(a) | 31,922,309 | 30,817,059 | 40,923,432 |
| Amount attributable to operating activities | | (63,309,912) | (72,429,956) | (60,227,367) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 11,809,911 | 17,656,844 | 10,818,117 |
| Proceeds from disposal of assets | 10(b) | 1,707,242 | 1,108,878 | 2,232,437 |
| Proceeds from financial assets at amortised cost - community loans | | 95,815 | 82,553 | (100,668) |
| Payments for financial assets at amortised cost - community loans | | 0 | 0 | 100,000 |
| Purchase of property, plant and equipment | 8(a) | (5,487,258) | (9,574,646) | (4,286,859) |
| Purchase and construction of infrastructure | 9(a) | (18,160,071) | (35,433,182) | (17,740,573) |
| | | (10,034,361) | (26,159,553) | (8,977,546) |
| Non-cash amounts excluded from investing activities | 28(b) | (246,323) | (5,035,087) | (603,762) |
| Amount attributable to investing activities | | (10,280,684) | (31,194,640) | (9,581,308) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 29(a) | (5,338,920) | (5,432,960) | (5,337,258) |
| Proceeds from borrowings | 29(a) | 4,630,731 | 9,826,754 | 3,668,837 |
| Payments for principal portion of lease liabilities | 29(d) | (592,153) | (685,027) | (589,163) |
| Loans Utilised | | (1,868,047) | 0 | 744,828 |
| Payments for principal portion of interest bearing liabilities | | 998,143 | 0 | (298,281) |
| Proceeds from interest bearing liabilities | | (550,424) | 0 | 612,248 |
| Transfers to reserves (restricted assets) | 30 | (22,694,905) | (3,004,611) | (13,862,589) |
| Transfers from reserves (restricted assets) | 30 | 16,161,074 | 19,398,437 | 8,293,848 |
| Amount attributable to financing activities | | (9,254,501) | 20,102,593 | (6,767,530) |
| Surplus/(deficit) before imposition of general rates | | (78,306,873) | (82,822,003) | (75,381,425) |
| Total amount raised from general rates | 27(a) | 82,171,523 | 82,250,631 | 79,919,648 |
| Surplus/(deficit) after imposition of general rates | 28(c) | 3,864,650 | (571,372) | 4,538,223 |

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

CITY OF MANDURAH
FOR THE YEAR ENDED 30 JUNE 2022
INDEX OF NOTES TO THE FINANCIAL REPORT

| | | |
|---------|--|----|
| Note 1 | Basis of Preparation | 9 |
| Note 2 | Revenue and Expenses | 10 |
| Note 3 | Cash and Equivalents | 11 |
| Note 4 | Other Financial Assets | 11 |
| Note 5 | Trade and Other Receivables | 13 |
| Note 6 | Inventories | 14 |
| Note 7 | Other Assets | 15 |
| Note 8 | Property, Plant and Equipment | 17 |
| Note 9 | Infrastructure | 18 |
| Note 10 | Fixed Assets | 20 |
| Note 11 | Leases | 23 |
| Note 12 | Investment Property | 25 |
| Note 13 | Trade and Other Payables | 26 |
| Note 14 | Other Liabilities | 27 |
| Note 15 | Borrowings | 28 |
| Note 16 | Employee Related Provisions | 29 |
| Note 17 | Other Provisions | 30 |
| Note 18 | Revaluation Surplus | 31 |
| Note 19 | Notes to the Statement of Cash Flows | 32 |
| Note 20 | Contingent Liabilities | 33 |
| Note 21 | Capital Commitments | 33 |
| Note 22 | Related Party Transactions | 34 |
| Note 23 | Financial Risk Management | 37 |
| Note 24 | Events Occurring After the End of the Reporting Period | 41 |
| Note 25 | Other Significant Accounting Policies | 42 |
| Note 26 | Function and Activity | 43 |
| Note 27 | Rating Information | 46 |
| Note 28 | Rate Setting Statement Information | 50 |
| Note 29 | Borrowing and Lease Liabilities | 52 |
| Note 30 | Reserve accounts | 57 |
| Note 31 | Trust Funds | 60 |
| Note 32 | Major Land Transactions | 61 |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report 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 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.

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.

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.

Judgements and estimates

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of Interest rate swaps
- estimation of expected credit losses

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue Recognition

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

For the year ended 30 June 2022

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 82,607,155 | 0 | 82,607,155 |
| Operating grants, subsidies and contributions | 6,136,973 | 0 | 0 | 0 | 6,136,973 |
| Fees and charges | 28,620,474 | 0 | 0 | 0 | 28,620,474 |
| Interest earnings | 0 | 0 | 724,844 | 278,472 | 1,003,316 |
| Other revenue | 784,985 | 0 | 0 | 973,588 | 1,758,573 |
| Non-operating grants, subsidies and contributions | 0 | 11,809,911 | 0 | 0 | 11,809,911 |
| Total | 35,542,432 | 11,809,911 | 83,331,999 | 1,252,060 | 131,936,402 |

For the year ended 30 June 2021

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 80,353,712 | 0 | 80,353,712 |
| Operating grants, subsidies and contributions | 6,060,170 | 0 | 0 | 0 | 6,060,170 |
| Fees and charges | 26,322,211 | 0 | 0 | 0 | 26,322,211 |
| Interest earnings | 0 | 0 | 559,790 | 230,739 | 790,529 |
| Other revenue | 1,056,992 | 0 | 0 | 916,175 | 1,973,167 |
| Non-operating grants, subsidies and contributions | 0 | 10,818,117 | 0 | 0 | 10,818,117 |
| Total | 33,439,373 | 10,818,117 | 80,913,502 | 1,146,914 | 126,317,906 |

| Note | 2022 Actual | 2022 Budget | 2021 Actual |
|--|------------------|------------------|----------------|
| Interest earnings | | | |
| Interest on reserve funds | 145,262 | 250,000 | 162,864 |
| Rates instalment and penalty interest (refer Note 27(e)) | 724,844 | 640,000 | 559,790 |
| Other interest earnings | 133,210 | 460,000 | 67,875 |
| | 1,003,316 | 1,350,000 | 790,529 |
| (b) Expenses | | | |
| Auditors remuneration | | | |
| - Audit of the Annual Financial Report | 88,000 | 154,153 | 81,385 |
| | 88,000 | 154,153 | 81,385 |
| Finance costs | | | |
| Borrowings | 29(a) 245,261 | 723,433 | 313,481 |
| Interest rate swap | 236,124 | 0 | 232,027 |
| Interest bearing liabilities | 238,537 | 0 | 199,266 |
| Lease liabilities | 29(d) 19,411 | 24,820 | 24,771 |
| | 739,333 | 748,253 | 769,545 |
| Other expenditure | | | |
| Sundry expenses | 161,752 | 0 | 512,458 |
| | 161,752 | 0 | 512,458 |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Term deposits
Total cash and cash equivalents

Held as
- Unrestricted cash and cash equivalents
- Restricted cash and cash equivalents

| Note | 2022 | 2021 |
|-------|------------|------------|
| | \$ | \$ |
| | 18,740,715 | 18,114,502 |
| | 28,666,112 | 35,752,048 |
| 19(a) | 47,406,827 | 53,866,550 |
| | | |
| | 16,688,733 | 15,917,030 |
| 19(a) | 30,718,094 | 37,949,520 |
| | 47,406,827 | 53,866,550 |

SIGNIFICANT 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 reserves, 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 and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 19.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits
Community Loans

Held as
- Unrestricted other financial assets at amortised cost
- Restricted other financial assets at amortised cost

(b) Non-current assets

Financial assets at amortised cost
Financial assets at fair value through profit and loss

Financial assets at amortised cost

Financial assets at amortised cost - community loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

| | 2022 | 2021 |
|-------|------------|-----------|
| | \$ | \$ |
| | 24,104,590 | 9,111,103 |
| | 24,104,590 | 9,111,103 |
| | | |
| | 24,054,319 | 9,015,866 |
| | 50,271 | 95,237 |
| | 24,104,590 | 9,111,103 |
| | | |
| | 50,271 | 95,237 |
| 19(a) | 24,054,319 | 9,015,866 |
| | 24,104,590 | 9,111,103 |
| | | |
| | 268,274 | 319,123 |
| | 406,720 | 129,162 |
| | 674,994 | 448,285 |
| | | |
| | 268,274 | 319,123 |
| | 268,274 | 319,123 |
| | | |
| | 406,720 | 129,162 |
| | 406,720 | 129,162 |

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if 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.
- term deposits with original terms greater than three months are classified as other financial assets at amortised cost.

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 hierarchy (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 and loss

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

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

Impairment and risk

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

Current

| | Note | 2022 \$ | 2021 \$ |
|--|-------|------------------|------------------|
| Rates receivable | | 2,327,689 | 3,487,767 |
| Trade and other receivables | | 1,364,759 | 1,533,593 |
| GST receivable | | 779,732 | 416,766 |
| Receivables for employee related provisions | 16 | 0 | 25,279 |
| Allowance for credit losses of trade and other receivables | 23(b) | (210,870) | (158,610) |
| Other receivables Infringements | | 863,730 | 1,045,501 |
| Other receivables Pensioner Rebates and ESL | | 77,625 | 92,995 |
| | | 5,202,665 | 6,443,291 |

Non-current

| | | | |
|------------------------------------|--|------------------|------------------|
| Pensioner's rates and ESL deferred | | 1,545,959 | 1,475,315 |
| | | 1,545,959 | 1,475,315 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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.

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 value is considered immaterial.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES

| | Note | 2022 | 2021 |
|----------------------|------|----------------|----------------|
| Current | | \$ | \$ |
| Fuel and materials | | 512,480 | 540,691 |
| Land held for resale | | 445,000 | 0 |
| | | 957,480 | 540,691 |

The following movements in inventories occurred during the year:

| | | |
|-------------------------------------|----------------|----------------|
| Balance at beginning of year | 540,691 | 306,530 |
| Inventory movement | 416,789 | 234,161 |
| Balance at end of year | 957,480 | 540,691 |

SIGNIFICANT 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 Council's intentions to release for sale.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. OTHER ASSETS

Other assets - current

Prepayments

Accrued income

| 2022 | 2021 |
|-----------|-----------|
| \$ | \$ |
| 1,939,164 | 1,680,216 |
| 1,928,631 | 727,025 |
| 3,867,795 | 2,407,241 |

SIGNIFICANT 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.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 - non- specialised \$ | Total land and buildings \$ | Furniture and equipment \$ | Plant and equipment \$ | Work in Progress \$ | Total property, plant and equipment \$ |
|--|-------|-------------|--|--------------------------------------|-------------------------------------|------------------------------|---------------------------|---|
| Balance at 1 July 2020 | | 94,245,200 | 146,763,740 | 241,008,940 | 2,056,797 | 12,925,753 | 3,109,110 | 259,100,600 |
| Additions | | 0 | 1,464,095 | 1,464,095 | 309,829 | 1,756,165 | 756,770 | 4,286,859 |
| Disposals | | (1,380,000) | (291,726) | (1,671,726) | 0 | (917,727) | 0 | (2,589,453) |
| Depreciation | 10(a) | 0 | (4,807,607) | (4,807,607) | (229,863) | (1,332,284) | 0 | (6,369,754) |
| Balance at 30 June 2021 | | 92,865,200 | 143,128,502 | 235,993,702 | 2,136,763 | 12,431,907 | 3,865,880 | 254,428,252 |
| Comprises: | | | | | | | | |
| Gross balance amount at 30 June 2021 | | 92,865,200 | 152,593,511 | 245,458,711 | 2,656,610 | 15,097,988 | 3,865,880 | 267,079,189 |
| Accumulated depreciation at 30 June 2021 | | 0 | (9,465,009) | (9,465,009) | (519,847) | (2,666,081) | 0 | (12,650,937) |
| Balance at 30 June 2021 | | 92,865,200 | 143,128,502 | 235,993,702 | 2,136,763 | 12,431,907 | 3,865,880 | 254,428,252 |
| Additions | | 1,695,000 | 4,737,780 | 6,432,780 | 285,977 | 1,523,000 | (2,754,499) | 5,487,258 |
| Found Assets (a) | | 7,890,000 | 0 | 7,890,000 | 148,851 | 0 | 0 | 8,038,851 |
| Disposals | | (1,445,000) | (32,813) | (1,477,813) | (62,459) | (529,543) | 0 | (2,069,815) |
| Revaluation increments / (decrements) transferred to revaluation surplus | | (7,035,200) | 20,841,166 | 13,805,966 | 0 | 0 | 0 | 13,805,966 |
| Depreciation | 10(a) | 0 | (5,703,199) | (5,703,199) | (246,896) | (1,413,582) | | (7,363,677) |
| Transfers | | (445,000) | 313,548 | (131,452) | 0 | 0 | 0 | (131,452) |
| Balance at 30 June 2022 | | 93,525,000 | 163,284,984 | 256,809,984 | 2,262,236 | 12,011,782 | 1,111,381 | 272,195,383 |
| Comprises: | | | | | | | | |
| Gross balance amount at 30 June 2022 | | 93,525,000 | 163,381,149 | 256,906,149 | 2,964,502 | 15,859,888 | 1,111,381 | 276,841,920 |
| Accumulated depreciation at 30 June 2022 | | 0 | (96,165) | (96,165) | (702,266) | (3,848,106) | 0 | (4,646,537) |
| Balance at 30 June 2022 | | 93,525,000 | 163,284,984 | 256,809,984 | 2,262,236 | 12,011,782 | 1,111,381 | 272,195,383 |

(a) Assets were identified during the 2022 financial year and have been included as "Found Assets".

These assets are existing assets not included in the financial statements previously. These assets have been recognised through the asset revaluation reserve.

The City is undertaking a review of the asset database and as a result of unknown assets is im

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|-----------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------|--|
| (i) Fair Value | | | | | |
| Land and buildings | | | | | |
| Land | | Market Approach | Independent registered valuer | June 2022 | Selection of Land similar approximate utility |
| Buildings - non-specialised | | Depreciated Replacement Cost | Independent registered valuer | June 2022 | Historical cost per square floor area. Consumed 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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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.

| Note | Infrastructure - roads | Other infrastructure - drainage | Other infrastructure - parks | Other infrastructure - coastal and estuary | Other infrastructure - bridges | Other infrastructure - other infrastructure | Work in Progress | Total Infrastructure |
|---|---------------------------|---------------------------------------|------------------------------------|---|--------------------------------------|--|------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 325,747,819 | 133,640,706 | 130,195,765 | 48,267,936 | 63,179,164 | 5,575,951 | 8,840,457 | 715,447,798 |
| Additions | 3,794,955 | 690,162 | 923,197 | 3,755 | 434,042 | 0 | 11,894,462 | 17,740,573 |
| (Disposals) | (2,009,665) | (160,998) | (4,625,937) | (370,949) | 0 | (812) | 0 | (7,168,361) |
| Revaluation increments / (decrements) transferred to revaluation surplus | 0 | 0 | 0 | (62,954) | 0 | 0 | (3,052,655) | (3,115,609) |
| Depreciation | 10(a) (9,576,417) | (2,658,738) | (9,060,769) | (2,264,631) | (761,074) | (203,083) | | (24,524,712) |
| Balance at 30 June 2021 | 317,956,692 | 131,511,132 | 117,432,256 | 45,573,157 | 62,852,132 | 5,372,056 | 17,682,264 | 698,379,689 |
| Comprises: | | | | | | | | |
| Gross balance at 30 June 2021 | 514,525,382 | 185,840,334 | 159,793,453 | 95,218,006 | 72,130,247 | 6,231,299 | 17,682,264 | 1,051,420,985 |
| Accumulated depreciation at 30 June 2021 | (196,568,690) | (54,329,202) | (42,361,197) | (49,644,849) | (9,278,115) | (859,243) | 0 | (353,041,296) |
| Balance at 30 June 2021 | 317,956,692 | 131,511,132 | 117,432,256 | 45,573,157 | 62,852,132 | 5,372,056 | 17,682,264 | 698,379,689 |
| Additions | 1,091,628 | 164,752 | 1,720,292 | 0 | 0 | 0 | 15,183,399 | 18,160,071 |
| Found Assets (a) | 1,705,447 | 3,675,444 | 15,318,251 | 2,169,457 | 0 | 0 | 0 | 22,868,599 |
| (Disposals) | (514,665) | (65,252) | (3,856,818) | (435,287) | 0 | (288,968) | 0 | (5,160,990) |
| Revaluation increments / (decrements) transferred to revaluation surplus | 17,847,612 | 23,565,932 | (611,494) | 3,908,710 | 7,566,926 | 0 | 0 | 52,277,686 |
| Revaluation (loss) / reversals transferred to profit or loss | 0 | 0 | 0 | 0 | 0 | (125,180) | 0 | (125,180) |
| Depreciation | 10(a) (9,576,024) | (2,366,508) | (9,368,713) | (2,268,725) | (717,791) | (195,694) | 0 | (24,493,455) |
| Transfers | 0 | 0 | 0 | 516,915 | (516,915) | 0 | 0 | 0 |
| Balance at 30 June 2022 | 328,510,690 | 156,485,500 | 120,633,774 | 49,464,227 | 69,184,352 | 4,762,214 | 32,865,663 | 761,906,420 |
| Comprises: | | | | | | | | |
| Gross balance at 30 June 2022 | 563,829,155 | 214,197,104 | 174,860,082 | 105,378,120 | 88,325,118 | 5,766,723 | 32,865,663 | 1,185,221,965 |
| Accumulated depreciation at 30 June 2022 | (235,318,465) | (57,711,604) | (54,226,308) | (55,913,893) | (19,140,766) | (1,004,509) | 0 | (423,315,545) |
| Balance at 30 June 2022 | 328,510,690 | 156,485,500 | 120,633,774 | 49,464,227 | 69,184,352 | 4,762,214 | 32,865,663 | 761,906,420 |

(a) Assets were identified during the 2022 financial year and have been included as "Found Assets".

These assets are existing assets not included in the financial statements previously. These assets have been recognised through the asset revaluation reserve.

The City is undertaking a review of the asset database and as a result of unknown assets is impractical to restate the financials for the found assets.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|--|----------------------|------------------------------|-------------------------------|------------------------|---|
| (i) Fair Value | | | | | |
| Infrastructure - roads | | Depreciated Replacement Cost | Independent registered valuer | June 2022 | Construction costs, current condition, remaining useful lives. Consumed economic benefit/obsolescence of asset. |
| Other infrastructure - drainage | | Depreciated Replacement Cost | Independent registered valuer | June 2022 | Construction costs, current condition, remaining useful lives. Consumed economic benefit/obsolescence of asset. |
| Other infrastructure - parks | | Depreciated 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 | | Depreciated Replacement Cost | Independent registered valuer | June 2022 | Construction costs, current condition, remaining useful lives. Consumed economic benefit/obsolescence of asset. |
| Other infrastructure - bridges | | Depreciated Replacement Cost | Independent registered valuer | June 2022 | Construction costs, current condition, remaining useful lives. Consumed economic benefit/obsolescence of asset. |
| Other infrastructure - other infrastructure | | Depreciated 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 2022

10. FIXED ASSETS

(a) Depreciation

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Buildings - non-specialised | 8(a) | 5,703,199 | 3,744,083 | 4,807,607 |
| Furniture and equipment | 8(a) | 246,896 | 218,567 | 229,863 |
| Plant and equipment | 8(a) | 1,413,582 | 1,310,143 | 1,332,284 |
| Infrastructure - roads | 9(a) | 9,576,024 | 9,466,875 | 9,576,417 |
| Other infrastructure - drainage | 9(a) | 2,366,508 | 2,363,780 | 2,658,738 |
| Other infrastructure - parks | 9(a) | 9,368,713 | 8,900,870 | 9,060,769 |
| Other infrastructure - coastal and estuary | 9(a) | 2,268,725 | 2,252,161 | 2,264,631 |
| Other infrastructure - bridges | 9(a) | 717,791 | 738,996 | 761,074 |
| Other infrastructure - other infrastructure | 9(a) | 195,694 | 203,083 | 203,083 |
| Right-of-use assets - plant and equipment | 11(a) | 583,208 | 669,657 | 759,829 |
| | | 32,440,340 | 29,868,215 | 31,654,295 |

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 | 25 to 100 years |
| Furniture and equipment | 3 to 25 years |
| Plant and equipment | 3 to 20 years |
| Infrastructure - roads | 1 to 100 years |
| Infrastructure - drainage | 1 to 80 years |
| Infrastructure - parks | 5 to 100 years |
| Infrastructure - coastal and estuary | 20 to 60 years |
| Infrastructure - bridges | 60 to 100 years |
| Infrastructure - other | 5 to 100 years |
| Right of use - plant and equipment | Based on the remaining lease |

10. FIXED ASSETS (Continued)

(b) Disposals of assets

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss | 2022 Budget Net Book Value | 2022 Budget Sale Proceeds | 2022 Budget Profit | 2022 Budget Loss | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss |
|---|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - freehold land | 1,445,000 | 945,000 | 0 | (500,000) | 0 | 0 | 0 | 0 | 1,380,000 | 1,221,204 | 0 | (158,796) |
| Buildings - non-specialised | 32,813 | 0 | 0 | (32,813) | 0 | 0 | 0 | 0 | 291,726 | 0 | 0 | (291,726) |
| Furniture and equipment | 62,459 | 0 | 0 | (62,459) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and equipment | 529,543 | 762,242 | 232,699 | 0 | 1,108,878 | 1,108,878 | 0 | 0 | 917,727 | 1,011,233 | 0 | 93,506 |
| Infrastructure - roads | 514,665 | 0 | 0 | (514,665) | 0 | 0 | 0 | 0 | 2,009,665 | 0 | 0 | (2,009,665) |
| Other infrastructure - drainage | 65,252 | 0 | 0 | (65,252) | 0 | 0 | 0 | 0 | 160,998 | 0 | 0 | (160,998) |
| Other infrastructure - parks | 3,856,818 | 0 | 0 | (3,856,818) | 0 | 0 | 0 | 0 | 4,625,937 | 0 | 0 | (4,625,937) |
| Other infrastructure - coastal and estuary | 435,287 | 0 | 0 | (435,287) | 0 | 0 | 0 | 0 | 370,949 | 0 | 0 | (370,949) |
| Other infrastructure - other infrastructure | 288,968 | 0 | 0 | (288,968) | 0 | 0 | 0 | 0 | 812 | 0 | 0 | (812) |
| | 7,230,805 | 1,707,242 | 232,699 | (5,756,262) | 1,108,878 | 1,108,878 | 0 | 0 | 9,757,814 | 2,232,437 | 0 | (7,525,377) |

Infrastructure assets are replaced with no sale proceeds resulting in the written down value being the loss on sale.

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least 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 vested land acquired by the City.

At the end of each period the carrying amount for each asset class is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

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

An 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 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.

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. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The City has adopted the first option above.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 | Right-of-use assets Total |
|---|-------------|--|----------------------------------|
| | | \$ | \$ |
| Balance at 1 July 2020 | | 4,293,141 | 4,293,141 |
| Additions | | 264,938 | 264,938 |
| Gains/(losses) from sale and leaseback transactions | | (7,933) | (7,933) |
| Depreciation | | (759,829) | (759,829) |
| Balance at 30 June 2021 | | 759,271 | 759,271 |
| Lease adjustments | | 257,871 | 257,871 |
| Depreciation | 10(a) | (583,208) | (583,208) |
| Balance at 30 June 2022 | | 433,934 | 433,934 |

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

| | | 2022 Actual | 2021 Actual |
|---|-------|--------------------|--------------------|
| | | \$ | \$ |
| Depreciation on right-of-use assets | 10(a) | (583,208) | (759,829) |
| Interest expense on lease liabilities | 29(d) | (19,411) | (24,771) |
| Low-value asset lease payments recognised as expense | | (434,666) | (368,524) |
| Gains/(losses) from sale and leaseback transactions | | 0 | 143 |
| Total amount recognised in the statement of comprehensive income | | (1,037,285) | (1,152,981) |
| Total cash outflow from leases | | (611,564) | (613,934) |
| (b) Lease Liabilities | | | |
| Current | | 371,198 | 438,797 |
| Non-current | | 80,486 | 347,168 |
| | 29(d) | 451,684 | 785,965 |

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.

SIGNIFICANT 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 asset 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.

Leases for right-of-use assets are secured over the asset being leased.

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

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included 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 significant 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 amortised 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 2022

11. LEASES (Continued)

(c) Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year

1 to 2 years

2 to 3 years

| 2022 Actual | 2021 Actual |
|----------------|----------------|
| \$ | \$ |
| 278,881 | 337,319 |
| 0 | 383,910 |
| 0 | 0 |
| 278,881 | 721,229 |

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the City is exposed to changes in the residual value at the end of the current leases, the City typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Refer to note 12 for details of leased investment property

SIGNIFICANT 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 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 2022

12. INVESTMENT PROPERTY

Non-current assets - at fair value

| | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Carrying balance at 1 July | 4,860,000 | 0 | 4,860,000 |
| Transfers | (313,548) | 0 | 0 |
| Net gain/(loss) from fair value adjustment | 6,137,308 | 0 | 0 |
| Closing balance at 30 June | 10,683,760 | 0 | 4,860,000 |

Amounts recognised in profit or loss for investment properties

| | | | |
|--|-----------|---|---------|
| Rental income | 551,651 | 0 | 705,851 |
| Direct operating expenses from property that generated rental income | 39,894 | 0 | 23,910 |
| Fair value gain recognised in other income | 6,137,308 | 0 | 0 |

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

| | | | |
|------------------|---------|---|---------|
| Less than 1 year | 551,651 | 0 | 705,951 |
| 1 to 2 years | 285,717 | 0 | 270,235 |
| 2 to 3 years | 0 | 0 | 0 |
| 3 to 4 years | 0 | 0 | 0 |
| 4 to 5 years | 0 | 0 | 0 |
| > 5 years | 0 | 0 | 0 |
| | 837,368 | 0 | 976,186 |

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. Investment properties are carried at fair value. In accordance with the significant accounting policies disclosed at Note 10.

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, terminal 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 2022

13. TRADE AND OTHER PAYABLES

Current

| |
|---|
| Sundry creditors |
| Prepaid rates |
| Accrued payroll liabilities |
| ATO liabilities |
| Bonds and deposits held |
| Other payables - receipts in advance |
| Other payables - other accrued expenses |
| Other payables - retention monies |

| 2022 | 2021 |
|------------|------------|
| \$ | \$ |
| 4,048,965 | 5,290,226 |
| 4,153,066 | 3,738,077 |
| 1,233,182 | 1,064,535 |
| 0 | 33 |
| 7,272,942 | 5,114,097 |
| 235,512 | 140,719 |
| 95,954 | 652,315 |
| 403,656 | 239,798 |
| 17,443,277 | 16,239,800 |

SIGNIFICANT 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 the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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 revenue 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 2022

14. OTHER LIABILITIES

Current

Contract liabilities
Capital grant/contributions liabilities
Other Liabilities - Interest Earning Liabilities

Non-current

Capital grant/contributions liabilities
Other Liabilities - Interest Earning Liabilities
Other Liabilities - Interest Rate Swap

Reconciliation of changes in contract liabilities

Opening balance
Additions
Revenue from contracts with customers included as a contract liability at the start of the period

The City expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Opening balance
Additions
Revenue from capital grant/contributions held as a liability at the start of the period

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year
1 to 2 years
2 to 3 years
3 to 4 years
4 to 5 years
> 5 years

| | 2022 | 2021 |
|---|-------------|-----------|
| | \$ | \$ |
| Contract liabilities | 45,000 | 89,910 |
| Capital grant/contributions liabilities | 5,314,125 | 5,536,246 |
| Other Liabilities - Interest Earning Liabilities | 534,227 | 360,151 |
| | 5,893,352 | 5,986,307 |
| Capital grant/contributions liabilities | 1,215,909 | 1,065,909 |
| Other Liabilities - Interest Earning Liabilities | 3,308,409 | 2,484,342 |
| Other Liabilities - Interest Rate Swap | 0 | 550,424 |
| | 4,524,318 | 4,100,675 |
| Opening balance | 89,910 | 0 |
| Additions | 45,000 | 89,910 |
| Revenue from contracts with customers included as a contract liability at the start of the period | (89,910) | 0 |
| | 45,000 | 89,910 |
| Opening balance | 6,602,155 | 0 |
| Additions | 5,464,125 | 6,602,155 |
| Revenue from capital grant/contributions held as a liability at the start of the period | (5,536,246) | 0 |
| | 6,530,034 | 6,602,155 |
| Less than 1 year | 5,314,125 | 0 |
| 1 to 2 years | 150,000 | 5,536,246 |
| 2 to 3 years | 0 | 0 |
| 3 to 4 years | 0 | 0 |
| 4 to 5 years | 0 | 0 |
| > 5 years | 1,065,909 | 1,065,909 |
| | 6,530,034 | 6,602,155 |

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.

SIGNIFICANT 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 revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Interest bearing liabilities

Interest-bearing liabilities are recognised initially at fair value and net of directly attributable transaction costs. After initial recognition, the interest-bearing liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Interest rate swap

The City uses derivative financial instruments, interest rate swaps, to hedge its interest rate risks. Such derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The balance at 30 June 2022 relates to a floating to fix swap with original notional amount of \$12 million. The fair value was determined by the bank using its valuation model (level 2 fair value).

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. BORROWINGS

| | Note | 2022 | | | 2021 | | |
|---------------------------------|-------|-----------|-------------|------------|-----------|-------------|------------|
| | | Current | Non-current | Total | Current | Non-current | Total |
| Secured | | \$ | \$ | \$ | \$ | \$ | \$ |
| Debentures | | 4,710,362 | 19,142,781 | 23,853,143 | 5,677,779 | 18,883,553 | 24,561,332 |
| Total secured borrowings | 29(a) | 4,710,362 | 19,142,781 | 23,853,143 | 5,677,779 | 18,883,553 | 24,561,332 |

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 2022 and 2021 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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 hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk

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

Details of individual borrowings required by regulations are provided at Note 29(a).

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

| | 2022 | 2021 |
|--------------------|-----------|-----------|
| | \$ | \$ |
| Annual Leave | 4,275,289 | 4,390,248 |
| Long Service Leave | 4,592,006 | 4,576,258 |
| | 8,867,295 | 8,966,506 |
| Long Service Leave | 626,772 | 689,483 |
| | 626,772 | 689,483 |
| | 9,494,067 | 9,655,989 |

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:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

| Note | 2022 | 2021 |
|--|-----------|-----------|
| | \$ | \$ |
| Less than 12 months after the reporting date | 4,257,321 | 4,390,248 |
| More than 12 months from reporting date | 5,236,746 | 5,265,741 |
| | 9,494,067 | 9,655,989 |

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

5

| | | |
|--|---|--------|
| | - | 25,279 |
|--|---|--------|

SIGNIFICANT 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 2022

17. OTHER PROVISIONS

| | Note | Provision for Workers Compensation | Total |
|---------------------------------------|-------------|---|----------------|
| | | \$ | \$ |
| Opening balance at 1 July 2021 | | | |
| Current provisions | | 481,416 | 481,416 |
| | | <u>481,416</u> | <u>481,416</u> |
| Additional provision | | 190,032 | 190,032 |
| Balance at 30 June 2022 | | <u>671,448</u> | <u>671,448</u> |
| Comprises | | | |
| Current | | 671,448 | 671,448 |
| | | <u>671,448</u> | <u>671,448</u> |

Other provisions

Amounts in relation to Worker's Compensation which are reliably 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.

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 2022

18. REVALUATION SURPLUS

| | 2022 Opening Balance | 2022 Revaluation Increment | 2022 Revaluation (Decrement) | Total Movement on Revaluation | 2022 Closing Balance | 2021 Opening Balance | 2021 Revaluation Increment | 2021 Revaluation (Decrement) | Total Movement on Revaluation | 2021 Closing Balance |
|--|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land - freehold land | 74,535,470 | 854,800 | 0 | 854,800 | 75,390,270 | 74,535,470 | 0 | 0 | 0 | 74,535,470 |
| Revaluation surplus - Buildings - non-specialised | 69,012,339 | 20,841,166 | 0 | 20,841,166 | 89,853,505 | 69,012,339 | 0 | 0 | 0 | 69,012,339 |
| Revaluation surplus - Furniture and equipment | 852,774 | 148,851 | 0 | 148,851 | 1,001,625 | 852,774 | 0 | 0 | 0 | 852,774 |
| Revaluation surplus - Plant and equipment | 188,092 | 0 | 0 | 0 | 188,092 | 188,092 | 0 | 0 | 0 | 188,092 |
| Revaluation surplus - Infrastructure - roads | 209,409,041 | 19,553,059 | 0 | 19,553,059 | 228,962,100 | 209,409,041 | 0 | 0 | 0 | 209,409,041 |
| Revaluation surplus - Other infrastructure - drainage | 95,224,109 | 27,241,376 | 0 | 27,241,376 | 122,465,485 | 95,224,109 | 0 | 0 | 0 | 95,224,109 |
| Revaluation surplus - Other infrastructure - parks | 189,564,223 | 14,706,757 | 0 | 14,706,757 | 204,270,980 | 189,564,223 | 0 | 0 | 0 | 189,564,223 |
| Revaluation surplus - Other infrastructure - coastal and estuarine | 38,540,536 | 6,078,167 | 0 | 6,078,167 | 44,618,703 | 38,603,490 | 0 | (62,954) | (62,954) | 38,540,536 |
| Revaluation surplus - Other infrastructure - bridges | 16,663,696 | 7,566,926 | 0 | 7,566,926 | 24,230,622 | 16,663,696 | 0 | 0 | 0 | 16,663,696 |
| Revaluation surplus - Other infrastructure - cultural | 17,691,148 | 0 | 0 | 0 | 17,691,148 | 17,691,148 | 0 | 0 | 0 | 17,691,148 |
| Revaluation surplus - Work in Progress | 0 | 0 | 0 | 0 | 0 | 3,052,655 | 0 | (3,052,655) | (3,052,655) | 0 |
| | 711,681,428 | 96,991,102 | 0 | 96,991,102 | 808,672,530 | 714,797,037 | 0 | (3,115,609) | (3,115,609) | 711,681,428 |

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| Cash and cash equivalents | 3 | 47,406,827 | 27,909,814 | 53,866,550 |
| 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 | 30,718,094 | 16,080,216 | 37,949,520 |
| - Financial assets at amortised cost | 4 | 24,054,319 | 9,015,866 | 9,015,866 |
| | | 54,772,413 | 25,096,082 | 46,965,386 |
| The restricted financial assets are a result of the following specific purposes to which the assets may be used: | | | | |
| Restricted reserve accounts | 30 | 51,301,746 | 24,888,945 | 44,767,915 |
| Unspent loans | 29(c) | 3,470,667 | 207,137 | 2,197,471 |
| Total restricted financial assets | | 54,772,413 | 25,096,082 | 46,965,386 |

(b) Reconciliation of Net Result to Net Cash Provided By Operating Activities

| | | | | |
|---|--|--------------|--------------|--------------|
| Net result | | (1,250,787) | (3,339,540) | (10,413,034) |
| Non-cash items: | | | | |
| Adjustments to fair value of financial assets at fair value through profit and loss | | (827,981) | 0 | (4,525) |
| Adjustments to fair value of investment property | | (6,137,308) | 0 | 0 |
| Depreciation/amortisation | | 32,440,340 | 29,868,215 | 31,654,295 |
| (Profit)/loss on sale of asset | | 5,523,563 | 0 | 7,525,377 |
| Loss on revaluation of fixed assets | | 125,180 | 0 | 0 |
| Assets received for substantially less than fair value | | 125,798 | 0 | 0 |
| Changes in assets and liabilities: | | | | |
| (Increase)/decrease in trade and other receivables | | 1,169,982 | 1,050,000 | (566,394) |
| (Increase)/decrease in other assets | | (1,460,554) | 0 | 1,178,108 |
| (Increase)/decrease in inventories | | 28,211 | 0 | (234,161) |
| Increase/(decrease) in trade and other payables | | 1,203,477 | 250,000 | 4,785,091 |
| Increase/(decrease) in employee related provisions | | (161,922) | 0 | (413,382) |
| Increase/(decrease) in other provisions | | 190,032 | 0 | 341,434 |
| Increase/(decrease) in other liabilities | | (117,031) | (5,124,697) | 715,521 |
| Non-operating grants, subsidies and contributions | | (12,053,620) | (12,621,757) | (12,505,184) |
| Net cash provided by/(used in) operating activities | | 18,797,380 | 10,082,221 | 22,063,146 |

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

| | | |
|--------------------------------------|----------|----------|
| Bank overdraft limit | 0 | 0 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 700,000 | 700,000 |
| Credit card balance at balance date | (41,598) | (26,292) |
| Total amount of credit unused | 658,402 | 673,708 |

Loan facilities

| | | |
|--|------------|------------|
| Loan facilities - current | 4,710,362 | 5,677,779 |
| Loan facilities - non-current | 19,142,781 | 18,883,553 |
| Lease liabilities - current | 371,198 | 438,797 |
| Lease liabilities - non-current | 80,486 | 347,168 |
| Total facilities in use at balance date | 23,853,143 | 25,347,297 |

Unused loan facilities at balance date

3,470,667 2,197,471

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

20. CONTINGENT LIABILITIES

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

21. CAPITAL COMMITMENTS

| | 2022 | 2021 |
|--------------------------------|-----------|-----------|
| | \$ | \$ |
| Contracted for: | | |
| - capital expenditure projects | 3,901,280 | 5,046,438 |
| - plant & equipment purchases | 1,412,166 | 82,017 |
| | 5,313,446 | 5,128,455 |
| Payable: | | |
| - not later than one year | 5,313,446 | 5,128,455 |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS

| (a) Elected Member Remuneration | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------------|-------------------------------|-------------------------------|-------------------------------|
| Elected member - Mayor Rhys Williams | | | | |
| Mayor's annual allowance | | 93,253 | 89,753 | 89,753 |
| Meeting attendance fees | | 47,516 | 47,516 | 47,516 |
| Other expenses | | 943 | 1,500 | 1,000 |
| ICT expenses | | 0 | 0 | 3,500 |
| Travel, Training and accommodation expenses | | 2,540 | 8,000 | 0 |
| | | 144,252 | 146,769 | 141,769 |
| Elected member - Deputy Mayor Caroline Knight | | | | |
| Deputy Mayor's annual allowance | | 27,115 | 22,438 | 22,438 |
| Meeting attendance fees | | 31,678 | 31,678 | 31,678 |
| Other expenses | | 490 | 1,500 | 500 |
| Annual allowance for ICT expenses | | 0 | 0 | 3,500 |
| Travel, Training and accommodation expenses | | 1,784 | 4,000 | 1,928 |
| | | 61,068 | 59,616 | 60,044 |
| Elected member - Councillor Darren Lee | | | | |
| Meeting attendance fees | | 0 | 31,678 | 17,502 |
| Other expenses | | 0 | 1,500 | 117 |
| Annual allowance for ICT expenses | | 0 | 3,500 | 1,934 |
| Travel, Training and accommodation expenses | | 0 | 4,000 | 0 |
| | | 0 | 40,678 | 19,553 |
| Elected member - Councillor Matthew Rogers | | | | |
| Meeting attendance fees | | 9,312 | 31,678 | 31,678 |
| Other expenses | | 0 | 1,500 | 500 |
| Annual allowance for ICT expenses | | 1,029 | 3,500 | 3,500 |
| Travel, Training and accommodation expenses | | 0 | 4,000 | 0 |
| | | 10,341 | 40,678 | 35,678 |
| Elected member - Councillor Lynn Rodgers | | | | |
| Meeting attendance fees | | 9,312 | 31,678 | 31,678 |
| Other expenses | | 0 | 1,500 | 0 |
| Annual allowance for ICT expenses | | 1,029 | 3,500 | 3,500 |
| Travel, Training and accommodation expenses | | 0 | 4,000 | 0 |
| | | 10,341 | 40,678 | 35,178 |
| Elected member - Councillor Merv Darcy | | | | |
| Meeting attendance fees | | 15,839 | 31,678 | 31,678 |
| Other expenses | | 0 | 1,500 | 500 |
| Annual allowance for ICT expenses | | 1,750 | 3,500 | 3,500 |
| Travel, Training and accommodation expenses | | 23 | 4,000 | 0 |
| | | 17,612 | 40,678 | 35,678 |
| Elected member - Councillor Peter Jackson | | | | |
| Meeting attendance fees | | 31,678 | 31,678 | 31,678 |
| Other expenses | | 1,000 | 1,500 | 500 |
| Annual allowance for ICT expenses | | 3,500 | 3,500 | 3,500 |
| Travel, Training and accommodation expenses | | 0 | 4,000 | 0 |
| | | 36,178 | 40,678 | 35,678 |
| Elected member - Councillor Dave Schumacher | | | | |
| Meeting attendance fees | | 31,678 | 31,678 | 31,678 |
| Other expenses | | 320 | 1,500 | 0 |
| Annual allowance for ICT expenses | | 3,500 | 3,500 | 3,500 |
| Travel, Training and accommodation expenses | | 236 | 4,000 | 0 |
| | | 35,734 | 40,678 | 35,178 |
| Elected member - Councillor Peter Rogers | | | | |
| Meeting attendance fees | | 31,678 | 31,678 | 31,678 |
| Other expenses | | 1,105 | 1,500 | 500 |
| Annual allowance for ICT expenses | | 3,500 | 3,500 | 3,500 |
| Travel, Training and accommodation expenses | | 3,747 | 4,000 | 0 |
| | | 40,030 | 40,678 | 35,678 |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS

Elected member - Councillor Don Pember

| | | | |
|---|---------------|---------------|---------------|
| Meeting attendance fees | 31,678 | 31,678 | 30,094 |
| Other expenses | 452 | 1,500 | 419 |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,325 |
| Travel, Training and accommodation expenses | 23 | 4,000 | 0 |
| | 35,653 | 40,678 | 33,838 |

Elected member - Councillor Candice Di Prinzio

| | | | |
|---|---------------|---------------|---------------|
| Meeting attendance fees | 31,678 | 31,678 | 31,678 |
| Other expenses | 0 | 1,500 | 0 |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,500 |
| Travel, Training and accommodation expenses | 0 | 4,000 | 0 |
| | 35,178 | 40,678 | 35,178 |

Elected member - Councillor Ahmed Zilani

| | | | |
|---|---------------|---------------|---------------|
| Meeting attendance fees | 31,678 | 31,678 | 31,678 |
| Other expenses | 1,188 | 1,500 | 965 |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,500 |
| Travel, Training and accommodation expenses | 627 | 4,000 | 1,197 |
| | 36,993 | 40,678 | 37,340 |

Elected member - Councillor Jenny Green

| | | | |
|---|---------------|---------------|---------------|
| Meeting attendance fees | 31,678 | 31,678 | 31,678 |
| Other expenses | 844 | 1,500 | 421 |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,500 |
| Travel, Training and accommodation expenses | 146 | 4,000 | 1,174 |
| | 36,168 | 40,678 | 36,773 |

Elected member - Councillor Daniel Wilkins

| | | | |
|---|---------------|----------|----------|
| Meeting attendance fees | 22,305 | 0 | 0 |
| Other expenses | 77 | 0 | 0 |
| Annual allowance for ICT expenses | 2,464 | 0 | 0 |
| Travel, Training and accommodation expenses | 0 | 0 | 0 |
| | 24,846 | 0 | 0 |

Elected member - Councillor James Pond

| | | | |
|---|---------------|----------|----------|
| Meeting attendance fees | 22,305 | 0 | 0 |
| Other expenses | 577 | 0 | 0 |
| Annual allowance for ICT expenses | 2,464 | 0 | 0 |
| Travel, Training and accommodation expenses | 30 | 0 | 0 |
| | 25,377 | 0 | 0 |

Elected member - Councillor Amber Kearns

| | | | |
|---|---------------|----------|----------|
| Meeting attendance fees | 22,305 | 0 | 0 |
| Other expenses | 88 | 0 | 0 |
| Annual allowance for ICT expenses | 2,464 | 0 | 0 |
| Travel, Training and accommodation expenses | 0 | 0 | 0 |
| | 24,857 | 0 | 0 |

Elected member - Councillor Ryan Burns

| | | | |
|---|---------------|----------|----------|
| Meeting attendance fees | 22,305 | 0 | 0 |
| Other expenses | 1,032 | 0 | 0 |
| Annual allowance for ICT expenses | 2,464 | 0 | 0 |
| Travel, Training and accommodation expenses | 0 | 0 | 0 |
| | 25,801 | 0 | 0 |

Fees, expenses and allowances to be paid or reimbursed to elected council members.

| | | | |
|---|---------|---------|---------|
| Mayor's annual allowance | 93,253 | 89,753 | 89,753 |
| Deputy Mayor's annual allowance | 27,115 | 22,438 | 22,438 |
| Meeting attendance fees | 424,622 | 427,652 | 411,892 |
| Other expenses | 8,117 | 19,500 | 5,422 |
| ICT expenses | 0 | 0 | 3,500 |
| Annual allowance for ICT expenses | 38,165 | 38,500 | 40,259 |
| Travel, Training and accommodation expenses | 9,156 | 56,000 | 4,299 |

22(b)

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the City during the year are as follows:

| | | 2022 Actual | 2021 Actual |
|--------------------------------------|-------|----------------|----------------|
| | | \$ | \$ |
| Short-term benefits - employee | | 1,917,422 | 1,735,603 |
| Short-term benefits - Council member | 22(a) | 600,428 | 577,563 |
| Post-employment benefits | | 286,351 | 256,325 |
| Employee - other long-term benefits | | 47,336 | 43,568 |
| Employee - termination benefits | | 35,789 | 0 |
| | | 2,887,326 | 2,613,059 |

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.

(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:

| | 2022 Actual | 2021 Actual |
|--|----------------|----------------|
| | \$ | \$ |
| Purchase of goods and services * | 832,513 | 716,636 |
| Short term employee benefits - other related parties | 0 | 630 |

* relates to funding for the Mandurah Performing Arts Centre

(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 entity, directly or indirectly, including any council member, are considered key management personnel.

ii. Other Related Parties

An associate person of KMP was employed by the City under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

iii. Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

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 area under policies approved by the Council. The finance area 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 \$ |
|--|---|---------------------------|------------------------------|---------------------------------|-------------------------------|
| 2022 | | | | | |
| Cash and cash equivalents | 0.42% | 47,406,827 | 28,666,112 | 18,740,715 | |
| Financial assets at amortised cost - term deposits | 1.55% | 24,054,319 | 24,054,319 | 0 | |
| 2021 | | | | | |
| Cash and cash equivalents | 0.90% | 53,866,550 | 35,752,048 | 18,114,502 | |
| Financial assets at amortised cost - term deposits | 0.36% | 9,015,866 | 9,015,866 | 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.

| | 2022 | 2021 |
|--|---------|---------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 187,407 | 181,145 |

* 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).

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

| | Less than 1 year past due | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total | Note |
|-----------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|-----------|------|
| 30 June 2022 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 219,207 | 209,838 | 222,409 | 3,222,194 | 3,873,648 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |
| 30 June 2021 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 357,628 | 53,884 | 224,212 | 4,327,358 | 4,963,082 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

| | Less than 1 month past due | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total | |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------|---|
| 30 June 2022 | | | | | | |
| Trade and other receivables | | | | | | |
| Expected credit loss | 2.13% | 0.58% | 0.07% | 6.69% | | |
| Gross carrying amount | 1,172,191 | 92,852 | 13,535 | 949,912 | 2,228,490 | |
| Loss allowance | 47,423 | 12,854 | 1,449 | 149,144 | 210,870 | 5 |
| 30 June 2021 | | | | | | |
| Trade and other receivables | | | | | | |
| Expected credit loss | 0.002% | 5.00% | 0.002% | 6.00% | | |
| Gross carrying amount | 838,820 | 306,964 | 57,357 | 355,731 | 1,558,872 | |
| Loss allowance | 2,985 | 74,979 | 3,698 | 76,948 | 158,610 | 5 |

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

| | Rates receivable | | Trade and other receivables | | Contract Assets | |
|---|------------------|----------------|-----------------------------|----------------|-----------------|----------------|
| | 2022 Actual | 2021 Actual | 2022 Actual | 2021 Actual | 2022 Actual | 2021 Actual |
| Opening loss allowance as at 1 July | \$ 0 | \$ 0 | \$ 158,610 | \$ 139,014 | \$ 0 | \$ 0 |
| Increase in loss allowance recognised in profit or loss during the year | 0 | 0 | 200,566 | 19,596 | 0 | 0 |
| Receivables written off during the year as uncollectible | 0 | 0 | (148,306) | 0 | 0 | 0 |
| Closing loss allowance at 30 June | 0 | 0 | 210,870 | 158,610 | 0 | 0 |

Trade 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 trade receivables and contract assets are presented as net impairment losses within operating profit. 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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 balances, as the impact of discounting is not significant.

| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|------------------------------|----------------------------------|--|----------------------------------|---|----------------------------|
| 2022 | \$ | \$ | \$ | \$ | \$ |
| Trade and other payables | 17,443,277 | 0 | 0 | 17,443,277 | 17,443,277 |
| Borrowings | 4,710,362 | 15,434,858 | 3,707,923 | 23,853,143 | 23,853,143 |
| Interest bearing liabilities | 829,801 | 3,139,012 | 1,057,013 | 5,025,826 | 3,842,636 |
| Lease liabilities | 422,074 | 29,610 | 0 | 451,684 | 451,684 |
| | 23,405,514 | 18,603,480 | 4,764,936 | 46,773,930 | 45,590,740 |
| 2021 | | | | | |
| Trade and other payables | 16,239,800 | 0 | 0 | 16,239,800 | 16,239,800 |
| Borrowings | 5,677,779 | 15,300,924 | 6,954,720 | 27,933,423 | 24,561,332 |
| Interest bearing liabilities | 581,781 | 2,223,580 | 1,289,885 | 4,095,246 | 2,844,493 |
| Lease liabilities | 531,743 | 354,136 | 0 | 885,879 | 785,965 |
| | 23,031,103 | 17,878,640 | 8,244,605 | 49,154,348 | 44,431,590 |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No events occurred after balance sheet date.

25. OTHER SIGNIFICANT 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 statements 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 earnings

Interest income 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 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 cash generating non-specialised 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.

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) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of

Liabilities as Current or Non-current

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements

2018-2020 and Other Amendments

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates

- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

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 elected 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 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.

Supervision of local laws, food control, mosquito and disease control.

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 halls, parks, playgrounds, sports grounds, recreation centres, various reserves and beaches; operation of libraries and other arts and cultural facilities.

Transport

To provide safe, effective and efficient transport services to the community.

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

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 2022

26. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

Income excluding grants, subsidies and contributions

| | 2022 Actual | 2022 Budget | 2021 Actual |
|-----------------------------|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| Governance | 7,410 | 2,056 | 399 |
| General purpose funding | 85,026,561 | 84,428,055 | 81,995,818 |
| Law, order, public safety | 661,413 | 644,702 | 767,039 |
| Health | 209,803 | 214,108 | 88,426 |
| Education and welfare | 430,605 | 415,721 | 400,467 |
| Community amenities | 16,892,478 | 16,077,422 | 14,804,222 |
| Recreation and culture | 6,016,725 | 6,696,644 | 5,915,272 |
| Transport | 2,519,417 | 2,457,668 | 2,346,448 |
| Economic services | 8,392,500 | 1,966,941 | 2,252,084 |
| Other property and services | 905,414 | 1,231,589 | 873,969 |
| | 121,062,326 | 114,134,906 | 109,444,144 |

Grants, subsidies and contributions

| | | | |
|-----------------------------|-------------------|-------------------|-------------------|
| General purpose funding | 4,409,678 | 1,524,807 | 3,177,214 |
| Law, order, public safety | 116,703 | 153,760 | 363,763 |
| Health | 277,959 | 251,240 | 312,971 |
| Education and welfare | 158,206 | 92,238 | 519,857 |
| Community amenities | 13,742 | 16,240 | 60,427 |
| Recreation and culture | 1,465,149 | 8,469,599 | 1,334,714 |
| Transport | 6,378,050 | 10,073,006 | 4,400,322 |
| Economic services | 4,781,730 | 8,320 | 6,472,157 |
| Other property and services | 345,667 | 83,980 | 236,862 |
| | 17,946,884 | 20,673,190 | 16,878,287 |

Total Income

| | | | |
|--|--------------------|--------------------|--------------------|
| | 139,009,210 | 134,808,096 | 126,322,431 |
|--|--------------------|--------------------|--------------------|

Expenses

| | | | |
|-----------------------------|----------------------|----------------------|----------------------|
| Governance | (5,727,513) | (6,376,498) | (5,784,597) |
| General purpose funding | (2,889,582) | (2,038,437) | (2,980,566) |
| Law, order, public safety | (3,775,474) | (3,435,126) | (3,628,639) |
| Health | (2,185,772) | (2,169,892) | (2,134,974) |
| Education and welfare | (4,768,374) | (5,085,586) | (4,806,393) |
| Community amenities | (20,781,730) | (23,938,381) | (20,436,231) |
| Recreation and culture | (52,581,052) | (45,280,250) | (44,387,262) |
| Transport | (25,250,783) | (25,715,732) | (26,422,412) |
| Economic services | (5,690,633) | (7,752,743) | (6,437,159) |
| Other property and services | (16,609,084) | (16,354,991) | (19,717,232) |
| Total expenses | (140,259,997) | (138,147,636) | (136,735,465) |

Net result for the period

| | | | |
|--|--------------------|--------------------|---------------------|
| | (1,250,787) | (3,339,540) | (10,413,034) |
|--|--------------------|--------------------|---------------------|

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY (Continued)

(c) Fees and Charges

| | 2022 Actual | 2022 Budget | 2021 Actual |
|-----------------------------|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| General purpose funding | 1,008,317 | 753,329 | 826,923 |
| Law, order, public safety | 572,788 | 570,414 | 630,282 |
| Health | 199,702 | 214,108 | 61,148 |
| Education and welfare | 422,137 | 414,693 | 387,725 |
| Community amenities | 16,335,461 | 15,738,218 | 14,378,694 |
| Recreation and culture | 5,588,895 | 6,439,722 | 5,656,662 |
| Transport | 2,005,339 | 1,983,188 | 1,838,830 |
| Economic services | 2,243,793 | 1,966,941 | 2,246,843 |
| Other property and services | 244,042 | 100,801 | 295,104 |
| | 28,620,474 | 28,181,414 | 26,322,211 |

(d) Total Assets

| | 2022 | 2021 |
|-----------------------------|----------------------|----------------------|
| | \$ | \$ |
| Governance | 11,729,638 | 11,104,166 |
| General purpose funding | 3,726,664 | 4,831,467 |
| Law, order, public safety | 12,437,210 | 1,197,235 |
| Health | 7,500 | 106,445 |
| Education and welfare | 5,390,349 | 4,531,998 |
| Community amenities | 4,262,358 | 8,688,579 |
| Recreation and culture | 350,361,553 | 302,613,796 |
| Transport | 588,075,307 | 532,596,160 |
| Economic services | 101,823,598 | 98,427,371 |
| Other property and services | 878,934 | 845,933 |
| Unallocated | 50,286,696 | 67,776,538 |
| | 1,128,979,807 | 1,032,719,688 |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION

(a) General Rates

| RATE TYPE | | Rate in | Number of | 2021/22 Actual Rateable Value * | 2021/22 Actual Rate Revenue | 2021/22 Actual Interim Rates | 2021/22 Actual Back Rates | 2021/22 Actual Total Revenue | 2021/22 Budget Rate Revenue | 2021/22 Budget Interim Rate | 2021/22 Budget Back Rate | 2021/22 Budget Total Revenue | 2020/21 Actual Total Revenue |
|--|---------------------------|----------------|-------------------|--|------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|------------------------------------|------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|
| Rate Description | Basis of valuation | \$ | Properties | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Residential Improved | Gross rental valuation | 0.09767 | 33,517 | 531,299,222 | 51,892,022 | 655,809 | 21,542 | 52,569,373 | 51,893,500 | 650,000 | 0 | 52,543,500 | 50,776,633 |
| Urban Development | Gross rental valuation | 0.13294 | 12 | 3,386,200 | 450,161 | (183,879) | (626) | 265,656 | 450,161 | 0 | 0 | 450,161 | 412,760 |
| Business Improved | Gross rental valuation | 0.0946 | 989 | 146,783,332 | 13,885,703 | 8,018 | (15,652) | 13,878,069 | 13,888,198 | 0 | 0 | 13,888,198 | 13,647,452 |
| Residential Vacant | Unimproved valuation | 0.16593 | 1,796 | 21,165,495 | 3,511,991 | 64,073 | (12,814) | 3,563,250 | 3,529,539 | 0 | 0 | 3,529,539 | 3,473,081 |
| Business Vacant | Unimproved valuation | 0.16858 | 118 | 3,306,044 | 557,333 | (5,395) | (886) | 551,052 | 547,420 | 0 | 0 | 547,420 | 542,948 |
| Sub-Total | | | 36,432 | 705,940,293 | 70,297,210 | 538,626 | (8,436) | 70,827,400 | 70,308,818 | 650,000 | 0 | 70,958,818 | 68,852,874 |
| Minimum payment | | \$ | | | | | | | | | | | |
| Residential Improved | Gross rental valuation | 1,128 | 8,315 | 82,986,958 | 9,379,320 | (27,029) | (1,190) | 9,351,101 | 9,377,064 | 0 | 0 | 9,377,064 | 9,228,734 |
| Urban Development | Gross rental valuation | 1,128 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Business Improved | Gross rental valuation | 1,128 | 374 | 2,150,930 | 421,872 | (544) | 0 | 421,328 | 424,128 | 0 | 0 | 424,128 | 417,063 |
| Residential Vacant | Unimproved valuation | 934 | 1,669 | 6,995,412 | 1,558,846 | 43,451 | 17,003 | 1,619,300 | 1,559,780 | 0 | 0 | 1,559,780 | 1,483,781 |
| Business Vacant | Unimproved valuation | 1,128 | 18 | 94,510 | 20,304 | 473 | 1,383 | 22,160 | 11,280 | 0 | 0 | 11,280 | 10,623 |
| Sub-Total | | | 10,376 | 92,227,810 | 11,380,342 | 16,351 | 17,196 | 11,413,889 | 11,372,252 | 0 | 0 | 11,372,252 | 11,140,201 |
| | | | 46,808 | 798,168,103 | 81,677,552 | 554,977 | 8,760 | 82,241,289 | 81,681,070 | 650,000 | 0 | 82,331,070 | 79,993,075 |
| Concessions on general rates (Refer note 27(d)) | | | | | | | | (69,766) | | | | (80,439) | (73,427) |
| Total amount raised from general rates | | | | | | | | 82,171,523 | | | | 82,250,631 | 79,919,648 |
| * Rateable value is based on the value of properties at the time the rate is raised. | | | | | | | | | | | | | |
| (b) Rates (excluding general rates) | | Rate in | | | | | | | | | | | |
| Specified Area Rates | | \$ | | | | | | | | | | | |
| Port Mandurah | Gross rental valuation | 0.004 | 886 | 20,337,390 | 79,316 | 144 | 12 | 79,472 | 78,706 | 0 | 0 | 78,706 | 78,696 |
| Waterside | Gross rental valuation | 0.000 | 317 | 6,462,690 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mandurah Ocean Marina | Gross rental valuation | 0.014 | 882 | 21,213,902 | 303,359 | 730 | 84 | 304,173 | 303,359 | 0 | 0 | 303,359 | 304,479 |
| Mandurah Quay | Gross rental valuation | 0.002 | 406 | 6,635,500 | 15,925 | 28 | 0 | 15,953 | 15,670 | 0 | 0 | 15,670 | 15,671 |
| Port Bouvard Eastport | Gross rental valuation | 0.002 | 422 | 8,557,950 | 12,837 | 105 | 1 | 12,943 | 12,837 | 0 | 0 | 12,837 | 12,841 |
| Port Bouvard Northport | Gross rental valuation | 0.004 | 325 | 5,761,245 | 23,045 | 43 | 3 | 23,091 | 22,366 | 0 | 0 | 22,366 | 22,373 |
| Mariners Cove | Gross rental valuation | 0.000 | 444 | 9,294,230 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| Sub-Total | | | 3,682 | 78,262,907 | 434,482 | 1,050 | 100 | 435,632 | 432,938 | 0 | 0 | 432,938 | 434,064 |
| Total amount raised from rates (excluding general rates) | | | | | | | | 435,632 | | | | 432,938 | 434,064 |
| (c) Total Rates | | | | | | | | 82,607,155 | | | | 82,683,569 | 80,353,712 |

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

27. RATING INFORMATION (Continued)

(d) Specified Area Rate

| Specified Area Rate | Purpose of the rate | Area/properties Rate Imposed | 2021/22 Actual Rate Applied to Costs | 2021/22 Actual Rate Set Aside to Reserve | 2021/22 Actual Reserve Applied to Costs | 2021/22 Budget Rate Applied to Costs | 2021/22 Budget Rate Set Aside to Reserve | 2021/22 Budget Reserve Applied to Costs |
|------------------------|---|--|--|--|---|--|--|---|
| Port Mandurah | Contribution toward maintaining and managing the canals in accordance with the Artificial Waterways Policy – Canals and Core Management Group. | All canal frontage properties located within the defined area of Port Mandurah Canals. | \$ 79,472 | \$ 0 | \$ 204,266 | \$ 13,806 | \$ 64,900 | \$ 346,454 |
| Waterside | Contribution toward maintaining and managing the canals. | All properties within the Waterside Canals. | 0 | 0 | 2,526 | 0 | 0 | 12,250 |
| Mandurah Ocean Marina | To provide for an enhanced maintenance standard and asset replacement costs. | All properties within the Mandurah Ocean Marina. | 146,287 | 157,886 | 0 | 303,359 | 0 | 0 |
| Mandurah Quay | Maintenance of the marina (i.e. the water body and walls) and is levied to cover the life cycle expenses of the marina. | All properties within the Mandurah Quay sub-division. | 3,955 | 11,998 | 0 | 7,000 | 8,670 | 0 |
| Port Bouvard Eastport | Recoup the costs of litter removal from the canal waterbody together with the costs of water quality testing, canal management fee, surveying and minor maintenance. | All canal frontages on the Eastport canals. | 5,164 | 7,780 | 0 | 12,837 | 0 | 508 |
| Port Bouvard Northport | Recoup the costs of litter removal from the canal waterbody together with the costs of water quality testing, canal management fee, surveying and minor maintenance/canal cleaning. | All canal frontages on the Northport canals. | 12,351 | 10,740 | 0 | 22,366 | 0 | 2,634 |
| Mariners Cove | Contribution toward maintaining and managing the canals in accordance with the Artificial Waterways Policy – Canals and Core Management Group. | All canal frontages on the Mariners Cove canals. | 0 | 0 | 5,572 | 0 | 0 | 11,145 |
| | | | 247,229 | 188,404 | 212,364 | 359,368 | 73,570 | 372,991 |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION (Continued)

Waivers or Concessions

Rate or Fee and
Charge to which
the Waiver or
Concession is Granted

Type

Waiver/
Concession

Discount

Discount

2022
Actual

2022
Budget

2021
Actual

| | | | % | \$ | \$ | \$ | \$ |
|---------------------------------------|------|------------|----------|----|--------|--------|--------|
| General rates | Rate | Concession | 65%-100% | | 69,766 | 80,439 | 73,427 |
| | | | | | 69,766 | 80,439 | 73,427 |
| Total discounts/concessions (Note 27) | | | | | 69,766 | 80,439 | 73,427 |

Rate or Fee and
Charge to which
the Waiver or
Concession is Granted

Circumstances in which
the Waiver or Concession is
Granted and to whom it was
available

Objects of the Waiver
or Concession

Reasons for the Waiver
or Concession

| | | | | | | | |
|---------------|-----------------|--|--|--|--|--|---|
| General rates | Peel Health Hub | | | | | | Majority charitable entities with the exception of a State Government |
|---------------|-----------------|--|--|--|--|--|---|

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | | | |
| Single full payment | 25/08/2021 | 0.0 | 0.00% | 7.00% |
| Option Two | | | | |
| First instalment | 25/08/2021 | 0.0 | 5.50% | 7.00% |
| Second instalment | 14/02/2022 | 3.0 | 5.50% | 7.00% |
| Option Three | | | | |
| First instalment | 25/08/2021 | 0.0 | 5.50% | 7.00% |
| Second instalment | 25/10/2021 | 3.0 | 5.50% | 7.00% |
| Third instalment | 10/01/2022 | 3.0 | 5.50% | 7.00% |
| Fourth instalment | 10/03/2022 | 3.0 | 5.50% | 7.00% |

| | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|-----------------------------|-------------------|-------------------|-------------------|
| Interest on unpaid rates | 337,561 | 280,000 | 224,655 |
| Interest on instalment plan | 387,283 | 360,000 | 335,135 |
| Charges on instalment plan | 100,600 | 112,019 | 95,735 |
| | 825,444 | 752,019 | 655,525 |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. RATE SETTING STATEMENT INFORMATION

| | | 2021/22 2021/22 Budget 2020/21 | 2021/22 Budget 2020/21 |
|--|-------|---|------------------------------|
| | | (30 June 2022) | (30 June 2021) |
| | | Carried Forward) | Carried Forward) |
| Note | | | |
| | | \$ | \$ |
| (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 Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | |
| Adjustments to operating activities | | | |
| Less: Profit on asset disposals | 10(b) | (232,699) | 0 |
| Less: Non-cash movement in assets | | 371,620 | 0 |
| Less: Movement in liabilities associated with restricted cash | | (44,910) | (89,610) |
| Less: Fair value adjustments to financial assets at fair value through profit and loss | | (827,981) | 0 |
| Add: Loss on disposal of assets | 10(b) | 5,756,262 | 0 |
| Add: Loss on revaluation of fixed assets | 9(a) | 125,180 | 0 |
| Add: Depreciation | 10(a) | 32,440,340 | 29,868,215 |
| Non-cash movements in non-current assets and liabilities: | | | |
| Investment property | 12 | (6,137,308) | 0 |
| Pensioner deferred rates | | (70,644) | 0 |
| Employee benefit provisions | | (62,711) | 1,038,454 |
| Contract liabilities | | 0 | 0 |
| Other liabilities | | 423,643 | 0 |
| Liabilities | | 181,517 | 0 |
| Non-cash amounts excluded from operating activities | | 31,922,309 | 30,817,059 |
| (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 Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | |
| Adjustments to investing activities | | | |
| Movement in non-current capital grant/contribution liability | | (150,000) | 0 |
| Non cash non-operating grants, subsidies and contributions | | 125,798 | 0 |
| Movement in current unspent non-operating grants associated with restricted cash | | (222,121) | (5,035,087) |
| Non-cash amounts excluded from investing activities | | (246,323) | (5,035,087) |
| (c) Surplus/(deficit) after imposition of general rates | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | |
| Adjustments to net current assets | | | |
| Less: Reserve accounts | 30 | (51,301,746) | (24,888,945) |
| - Current portion of community loan receivables | | (50,271) | (80,000) |
| - Inventory | | (445,000) | 0 |
| Add: Current liabilities not expected to be cleared at end of year | | | |
| - Current portion of borrowings | 15 | 4,710,362 | 9,826,754 |
| - Unspent portion of borrowings | 29(c) | (3,470,667) | (207,137) |
| - Current portion of contract liability held in reserve | | 5,342,116 | 0 |
| - Current portion of lease liabilities | 11(b) | 371,198 | 759,243 |
| - Current portion of interest bearing liabilities | 14 | 534,227 | 0 |
| - Bonds and deposits held | | 0 | 3,417,743 |
| - Employee benefit provisions | 16 | 4,592,006 | 5,216,724 |
| Total adjustments to net current assets | | (39,717,775) | (5,955,618) |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. RATE SETTING STATEMENT INFORMATION

Net current assets used in the Rate Setting Statement

| | | | |
|--|------------------|------------------|------------------|
| Total current assets | 81,539,357 | 35,281,290 | 72,368,876 |
| Less: Total current liabilities | (37,956,932) | (29,897,044) | (37,790,605) |
| Less: Total adjustments to net current assets | (39,717,775) | (5,955,618) | (30,040,048) |
| Net current assets used in the Rate Setting Statement | 3,864,650 | (571,372) | 4,538,223 |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

| | | Actual | | | | | | | Budget | | | |
|---|------|--------------|----------------|---------------------------|-----------------|----------------|---------------------------|--------------|----------------|----------------|---------------------------|--------------|
| | | Principal at | New Loans | Principal | Principal at 30 | New Loans | Principal | Principal at | Principal at 1 | New Loans | Principal | Principal at |
| Purpose | Note | 1 July 2020 | During 2020-21 | Repayments During 2020-21 | June 2021 | During 2021-22 | Repayments During 2021-22 | 30 June 2022 | July 2021 | During 2021-22 | Repayments During 2021-22 | 30 June 2022 |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Office Building [272] | | 215,016 | 0 | (215,016) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IT Communications Equipment [318(i)] | | 67,470 | 0 | (18,277) | 49,193 | 0 | (18,587) | 30,606 | 50,109 | 0 | (16,847) | 33,262 |
| Rushton Park Redevelopment [318(ii)] | | 334,327 | 0 | (92,688) | 241,639 | 0 | (94,263) | 147,376 | 243,182 | 0 | (88,447) | 154,735 |
| Meadow Springs Recreation Facility [318(iii)] | | 250,493 | 0 | (69,625) | 180,868 | 0 | (70,808) | 110,060 | 181,049 | 0 | (67,388) | 113,661 |
| Drainage [318(iv)] | | 83,835 | 0 | (23,063) | 60,772 | 0 | (23,455) | 37,317 | 62,134 | 0 | (21,059) | 41,075 |
| Road Construction [318(v)] | | 836,324 | 0 | (231,504) | 604,820 | 0 | (235,436) | 369,384 | 601,950 | 0 | (227,434) | 374,516 |
| Mandurah Rugby Club [320] | | 42,468 | 0 | (41,818) | 650 | 0 | (649) | 1 | 666 | 0 | (667) | (1) |
| Mandurah Cricket Club [321] | | 14,145 | 0 | (13,930) | 215 | 0 | (215) | 0 | 203 | 0 | (203) | 0 |
| Falcon Bay Seawall [351] | | 244,835 | 0 | (37,904) | 206,931 | 0 | (38,993) | 167,938 | 207,063 | 0 | (37,509) | 169,554 |
| Halls Head Ablution Block [350] | | 97,505 | 0 | (15,099) | 82,406 | 0 | (15,543) | 66,863 | 82,441 | 0 | (14,959) | 67,482 |
| Waste Water Reuse [349] | | 146,255 | 0 | (22,671) | 123,584 | 0 | (23,327) | 100,257 | 123,654 | 0 | (22,445) | 101,209 |
| MPAC Forecourt [348] | | 121,886 | 0 | (18,886) | 103,000 | 0 | (19,434) | 83,566 | 103,054 | 0 | (18,701) | 84,353 |
| MARC Carpark [347] | | 292,521 | 0 | (45,367) | 247,154 | 0 | (46,662) | 200,492 | 247,320 | 0 | (44,888) | 202,432 |
| Road Construction [346] | | 385,053 | 0 | (59,730) | 325,323 | 0 | (61,445) | 263,878 | 325,550 | 0 | (59,091) | 266,459 |
| MARC Stage 2 [345] | | 1,228,894 | 0 | (209,980) | 1,018,914 | 0 | (212,706) | 806,208 | 1,018,305 | 0 | (192,185) | 826,120 |
| Mandurah Football & Sporting Club [324] | | 165,129 | 0 | (80,737) | 84,392 | 0 | (82,689) | 1,703 | 84,506 | 0 | (82,264) | 2,242 |
| Mandurah Rugby Club [325] | | 12,698 | 0 | (6,187) | 6,511 | 0 | (6,354) | 157 | 6,493 | 0 | (6,331) | 162 |
| Ablutions - Netball Centre [329(i)] | | 88,582 | 0 | (42,896) | 45,686 | 0 | (43,855) | 1,831 | 45,756 | 0 | (43,702) | 2,054 |
| Road Construction [329(ii)] | | 188,410 | 0 | (93,361) | 95,049 | 0 | (95,449) | (400) | 95,200 | 0 | (95,116) | 84 |
| Drainage Construction [329(iii)] | | 63,624 | 0 | (30,279) | 33,345 | 0 | (30,956) | 2,389 | 33,394 | 0 | (30,849) | 2,545 |
| Peelwood Oval - Parking [329(iv)] | | 24,957 | 0 | (12,616) | 12,341 | 0 | (12,898) | (557) | 12,361 | 0 | (12,854) | (493) |
| Parks Construction [329(v)] | | 87,089 | 0 | (42,896) | 44,193 | 0 | (43,855) | 338 | 44,263 | 0 | (43,702) | 561 |
| Path Construction [329(vi)] | | 13,856 | 0 | (7,570) | 6,286 | 0 | (7,739) | (1,453) | 6,298 | 0 | (7,712) | (1,414) |
| IT Equipment [329(vii)] | | 25,701 | 0 | (12,616) | 13,085 | 0 | (12,898) | 187 | 13,105 | 0 | (12,854) | 251 |
| Street Lighting [329(viii)] | | 18,103 | 0 | (10,094) | 8,009 | 0 | (10,319) | (2,310) | 8,026 | 0 | (10,283) | (2,257) |
| Land Purchase [330] | | 1,223,995 | 0 | (634,643) | 589,352 | 0 | (589,349) | 3 | 590,202 | 0 | (590,181) | 21 |
| Bowling Club Relocation [326] | | 1,092,882 | 0 | (561,700) | 531,182 | 0 | (531,170) | 12 | 531,954 | 0 | (531,913) | 41 |
| Parks - Falcon Bay Reserve [333(i)] | | 72,390 | 0 | (23,740) | 48,650 | 0 | (24,368) | 24,282 | 48,700 | 0 | (24,066) | 24,634 |
| Road Construction [333(ii)] | | 320,984 | 0 | (108,149) | 212,835 | 0 | (111,011) | 101,824 | 213,063 | 0 | (109,632) | 103,431 |
| Waste Trailers and Dolly [336] | | 240,815 | 0 | (57,886) | 182,929 | 0 | (59,521) | 123,408 | 183,076 | 0 | (58,331) | 124,745 |
| New Pedestrian Bridge Construction [335] | | 481,195 | 0 | (117,099) | 364,096 | 0 | (120,377) | 243,719 | 364,418 | 0 | (117,999) | 246,419 |
| MARC Redevelopment [338] | | 763,964 | 0 | (164,848) | 599,116 | 0 | (167,334) | 431,782 | 599,424 | 0 | (156,515) | 442,909 |
| New Road Construction [339] | | 544,949 | 0 | (114,636) | 430,313 | 0 | (116,597) | 313,716 | 430,550 | 0 | (111,602) | 318,948 |
| WMC Tims Thicket [343] | | 98,545 | 0 | (15,494) | 83,051 | 0 | (16,002) | 67,049 | 83,091 | 0 | (15,451) | 67,640 |
| MARC Redevelopment Stage 2 [341] | | 1,277,816 | 0 | (225,884) | 1,051,932 | 0 | (228,130) | 823,802 | 1,052,367 | 0 | (207,471) | 844,896 |
| New Road Construction [342] | | 651,651 | 0 | (112,634) | 539,017 | 0 | (113,931) | 425,086 | 539,226 | 0 | (103,365) | 435,861 |
| MARC Redevelopment Stage 1 [340] | | 503,911 | 0 | (83,733) | 420,178 | 0 | (85,319) | 334,859 | 420,414 | 0 | (80,042) | 340,372 |
| Eastern Foreshore Wall [344] | | 835,933 | 0 | (146,808) | 689,125 | 0 | (147,422) | 541,703 | 689,175 | 0 | (134,120) | 555,055 |
| Halls Head Bowling Club upgrade [331] | | 310,796 | 0 | (36,811) | 273,985 | 0 | (38,130) | 235,855 | 274,166 | 0 | (36,250) | 237,916 |
| Mandurah Marina [352] | | 173,489 | 0 | (20,309) | 153,180 | 0 | (21,053) | 132,127 | 153,272 | 0 | (20,000) | 133,272 |
| MARC Solar Plan [353] | | 173,489 | 0 | (20,308) | 153,181 | 0 | (21,046) | 132,135 | 153,272 | 0 | (20,000) | 133,272 |
| MARC Carpark [354] | | 260,243 | 0 | (30,471) | 229,772 | 0 | (31,578) | 198,194 | 229,922 | 0 | (29,993) | 199,929 |
| Novara Foreshore Development [355] | | 346,980 | 0 | (40,638) | 306,342 | 0 | (41,913) | 264,429 | 306,543 | 0 | (40,000) | 266,543 |
| Falcon Bay Foreshore Upgrades [356] | | 346,980 | 0 | (40,638) | 306,342 | 0 | (42,116) | 264,226 | 306,543 | 0 | (40,000) | 266,543 |
| Mandurah Foreshore Boardwalk Renewal [357] | | 390,262 | 0 | (45,718) | 344,544 | 0 | (48,299) | 296,245 | 344,778 | 0 | (44,993) | 299,785 |
| Mandjar Square Development [358] | | 433,630 | 0 | (50,805) | 382,825 | 0 | (53,893) | 328,932 | 383,089 | 0 | (49,996) | 333,093 |
| New Road Construction [359] | | 1,191,883 | 0 | (163,642) | 1,028,241 | 0 | (163,701) | 864,540 | 1,028,594 | 0 | (143,054) | 885,540 |
| Lakelands DOS [360] | | 2,365,995 | 0 | (325,665) | 2,040,330 | 0 | (327,151) | 1,713,179 | 2,041,053 | 0 | (282,919) | 1,758,134 |
| Smoke Bush Retreat Footpath [361] | | 86,736 | 0 | (10,149) | 76,587 | 0 | (10,523) | 66,064 | 76,622 | 0 | (10,006) | 66,616 |
| New Road Construction 2018/19 | | 1,497,356 | 0 | (167,853) | 1,329,503 | 0 | (157,234) | 1,172,269 | 1,329,448 | 0 | (145,594) | 1,183,854 |
| Mandjar Square Stage 3 and 4 | | 908,175 | 0 | (104,239) | 803,936 | 0 | (45,592) | 758,344 | 804,174 | 0 | (88,290) | 715,884 |
| Falcon Seawall | | 458,859 | 0 | (45,846) | 413,013 | 0 | (95,267) | 317,746 | 413,273 | 0 | (43,828) | 369,445 |
| Total Capital and Financial Commitments | | | | | | | | | | | | |

| | | | | | | | | | | | |
|---|-------------------|------------------|--------------------|-------------------|------------------|--------------------|-------------------|-------------------|------------------|--------------------|-------------------|
| New Boardwalks 18/19 | 458,859 | 0 | (45,846) | 413,013 | 0 | (43,373) | 369,640 | 413,273 | 0 | (43,828) | 369,445 |
| Civic Building - Tuckey Room Extension | 458,860 | 0 | (45,846) | 413,014 | 0 | (43,776) | 369,238 | 413,273 | 0 | (43,828) | 369,445 |
| Novara Foreshore Stage 3 | 183,582 | 0 | (18,327) | 165,255 | 0 | (17,131) | 148,124 | 165,348 | 0 | (17,530) | 147,818 |
| Pinjarra Road Carpark | 183,582 | 0 | (18,327) | 165,255 | 0 | (17,131) | 148,124 | 165,348 | 0 | (17,530) | 147,818 |
| Coodanup Drive - Road Rehabilitation | 91,791 | 0 | (9,150) | 82,641 | 0 | (8,558) | 74,083 | 82,674 | 0 | (8,765) | 73,909 |
| South Harbour Upgrade | 230,000 | 0 | (20,772) | 209,228 | 0 | (19,676) | 189,552 | 209,373 | 0 | (21,180) | 188,193 |
| Falcon Skate Park Upgrade | 120,000 | 0 | (11,916) | 108,084 | 0 | (11,283) | 96,801 | 108,152 | 0 | (11,081) | 97,071 |
| Falcon Bay Foreshore Stage 3 of 4 | 300,000 | 0 | (27,106) | 272,894 | 0 | (25,676) | 247,218 | 273,089 | 0 | (27,626) | 245,463 |
| New Road Construction 2019/20 | 900,000 | 0 | (101,885) | 798,115 | 0 | (94,810) | 703,305 | 798,415 | 0 | (83,446) | 714,969 |
| Mandjar Square Final Stage | 300,000 | 0 | (27,106) | 272,894 | 0 | (25,689) | 247,205 | 273,089 | 0 | (27,626) | 245,463 |
| Halls Head Recycled Water 2019/20 | 200,000 | 0 | (18,068) | 181,932 | 0 | (17,122) | 164,810 | 182,060 | 0 | (18,418) | 163,642 |
| Westbury Way North side POS Stage 3 | 200,000 | 0 | (18,063) | 181,937 | 0 | (17,113) | 164,824 | 182,065 | 0 | (18,417) | 163,648 |
| Smart Street Mall Upgrade 2019/20 | 500,000 | 0 | (49,690) | 450,310 | 0 | (48,975) | 401,335 | 450,640 | 0 | (46,159) | 404,481 |
| Smart Street Mall 2020/21 | 0 | 1,102,206 | 0 | 1,102,206 | 0 | (97,402) | 1,004,804 | 1,102,165 | 0 | (96,868) | 1,005,297 |
| New Roads 2020/21 | 0 | 600,023 | 0 | 600,023 | 0 | (56,147) | 543,876 | 650,000 | 0 | (57,134) | 592,866 |
| Enclosed Dog Park | 0 | 20,151 | 0 | 20,151 | 0 | (1,686) | 18,465 | 20,151 | 0 | (1,774) | 18,377 |
| Falcon Bay Upgrade - Stage 4 of 5 | 0 | 280,011 | 0 | 280,011 | 0 | (23,624) | 256,387 | 280,000 | 0 | (24,610) | 255,390 |
| Novara Foreshore Stage 4 | 0 | 100,004 | 0 | 100,004 | 0 | (8,428) | 91,576 | 100,000 | 0 | (8,784) | 91,216 |
| Bortolo Reserve - Shared Use Parking and Fire Track Facility | 0 | 300,011 | 0 | 300,011 | 0 | (25,309) | 274,702 | 300,000 | 0 | (26,377) | 273,623 |
| South Harbour Paving Upgrade Stage 2 | 0 | 50,002 | 0 | 50,002 | 0 | (4,208) | 45,794 | 50,000 | 0 | (4,392) | 45,608 |
| Eastern/ Western Foreshore 2020/21 | 0 | 1,140,973 | 0 | 1,140,973 | 0 | (109,833) | 1,031,140 | 1,140,930 | 0 | (100,278) | 1,040,652 |
| Falcon Skate Park Upgrade 2020/21 | 0 | 75,456 | 0 | 75,456 | 0 | (6,352) | 69,104 | 75,453 | 0 | (6,636) | 68,817 |
| Ablutions 2020/21 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200,000 | (17,580) | 182,420 |
| Ablutions 2021/22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 70,000 | 0 | 70,000 |
| Ablutions 2020/21 & 2021/22 (consolidation of above Ablution loans) | 0 | 0 | 0 | 0 | 250,000 | 51 | 250,051 | 0 | 0 | 0 | 0 |
| Eastern/ Western Foreshore 2021/22 | 0 | 0 | 0 | 0 | 1,534,387 | 313 | 1,534,700 | 0 | 1,629,070 | (143,186) | 1,485,884 |
| Smart Street Mall 2021/22 | 0 | 0 | 0 | 0 | 630,439 | 128 | 630,567 | 0 | 897,835 | (78,912) | 818,923 |
| Enclosed Dog Park 2021/22 | 0 | 0 | 0 | 0 | 179,849 | 37 | 179,886 | 0 | 179,849 | (15,818) | 164,031 |
| Novara Foreshore Stage 4 2021/22 | 0 | 0 | 0 | 0 | 230,000 | 47 | 230,047 | 0 | 230,000 | (20,218) | 209,782 |
| Falcon Bay Upgrade - Stage 4 of 5 2021/22 | 0 | 0 | 0 | 0 | 71,440 | 14 | 71,454 | 0 | 90,000 | (7,913) | 82,087 |
| Parks and Reserves Upgrades 2021/22 | 0 | 0 | 0 | 0 | 495,000 | 101 | 495,101 | 0 | 609,000 | 0 | 609,000 |
| Mandurah Library Re Roofing Project | 0 | 0 | 0 | 0 | 115,000 | 23 | 115,023 | 0 | 155,000 | 0 | 155,000 |
| Falcon Reserve Activation Plan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 400,000 | 0 | 400,000 |
| Rushton Park Precinct | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 70,000 | 0 | 70,000 |
| Western Foreshore Yr 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 800,000 | 0 | 800,000 |
| District Cooling System | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 600,000 | 0 | 600,000 |
| Carryover Roads 2020/21 | 0 | 0 | 0 | 0 | 500,000 | 102 | 500,102 | 0 | 500,000 | (43,945) | 456,055 |
| Roads 2021/22 | 0 | 0 | 0 | 0 | 250,000 | 51 | 250,051 | 0 | 1,250,000 | 0 | 1,250,000 |
| Boardwalks 2021/22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 250,000 | 0 | 250,000 |
| Carparks 2021/22 | 0 | 0 | 0 | 0 | 165,639 | 34 | 165,673 | 0 | 438,000 | 0 | 438,000 |
| Pedestrian Bridge Mandurah Road | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 908,000 | 0 | 908,000 |
| Cambria Island Abutment Wall | 0 | 0 | 0 | 0 | 58,977 | 12 | 58,989 | 0 | 400,000 | 0 | 400,000 |
| Mandurah Ocean Marina Chalets Refurbishment | 0 | 0 | 0 | 0 | 150,000 | 31 | 150,031 | 0 | 150,000 | 0 | 150,000 |
| Total | 26,229,753 | 3,668,837 | (5,337,258) | 24,561,332 | 4,630,731 | (5,338,920) | 23,853,143 | 24,621,989 | 9,826,754 | (5,432,960) | 29,015,783 |

Loans have terms up to 10 years and are secured against the general funds and income, entitlement and receipts arising from the general rates of the City of Mandurah. Loans are subject to the Debt Service Cover Ratio financial covenant. The City complied with the financial covenant for both 2021 and 2020.

Borrowing Interest Repayments

| Purpose | Note | Function and activity | Loan Number | Institution | Interest Rate | Actual for year ending 30 June 2022 | Budget for year ending 30 June 2022 | Actual for year ending 30 June 2021 |
|---|------|-----------------------------|-------------|-------------|---------------|--|--|--|
| | | | | | | \$ | \$ | \$ |
| Office Building [272] | | Other property and services | 2 | Westpac | 0.00% | 0 | 0 | (1,933) |
| IT Communications Equipment [318(i)] | | Other property and services | 3 | Westpac | 2.68% | (215) | (1,060) | (526) |
| Rushton Park Redevelopment [318(ii)] | | Recreation and culture | 3 | Westpac | 2.68% | (1,088) | (5,565) | (2,666) |
| Meadow Springs Recreation Facility [318(iii)] | | Recreation and culture | 3 | Westpac | 2.68% | (818) | (4,240) | (2,002) |
| Drainage [318(iv)] | | Transport | 3 | Westpac | 2.68% | (271) | (1,325) | (663) |
| Road Construction [318(v)] | | Transport | 3 | Westpac | 2.68% | (2,719) | (14,309) | (6,658) |
| Mandurah Rugby Club [320] | | Recreation and culture | 4 | Westpac | 0.00% | 0 | 0 | (493) |
| Mandurah Cricket Club [321] | | Recreation and culture | 5 | Westpac | 0.00% | 0 | 0 | (182) |
| Falcon Bay Seawall [351] | | Recreation and culture | 6 | Westpac | 2.21% | (3,822) | (5,319) | (4,923) |
| Halls Head Ablution Block [350] | | Community amenities | 7 | Westpac | 2.21% | (1,522) | (2,117) | (1,978) |
| Waste Water Reuse [349] | | Community amenities | 8 | Westpac | 2.21% | (2,280) | (3,176) | (2,949) |
| MPAC Forecourt [348] | | Transport | 9 | Westpac | 2.21% | (1,900) | (2,647) | (2,462) |
| MARC Carpark [347] | | Transport | 10 | Westpac | 2.21% | (4,567) | (6,352) | (5,873) |
| Road Construction [346] | | Transport | 11 | Westpac | 2.21% | (5,995) | (8,361) | (7,722) |
| MARC Stage 2 [345] | | Recreation and culture | 12 | Westpac | 2.21% | (5,527) | (26,058) | (8,264) |
| Mandurah Football & Sporting Club [324] | | Recreation and culture | 13 | Westpac | 1.98% | (877) | (1,316) | (2,843) |
| Mandurah Rugby Club [325] | | Recreation and culture | 14 | Westpac | 1.98% | (68) | (101) | (245) |
| Ablutions - Netball Centre [329(i)] | | Recreation and culture | 15 | Westpac | 1.98% | (447) | (672) | (1,478) |
| Road Construction [329(ii)] | | Transport | 15 | Westpac | 1.98% | (973) | (1,463) | (3,218) |
| Drainage Construction [329(iii)] | | Transport | 15 | Westpac | 1.98% | (316) | (474) | (1,044) |
| Peelwood Oval - Parking [329(iv)] | | Transport | 15 | Westpac | 1.98% | (132) | (198) | (435) |
| Parks Construction [329(v)] | | Recreation and culture | 15 | Westpac | 1.98% | (447) | (672) | (1,478) |
| Path Construction [329(vi)] | | Transport | 15 | Westpac | 1.98% | (79) | (119) | (261) |
| IT Equipment [329(vii)] | | Other property and services | 15 | Westpac | 1.98% | (132) | (198) | (435) |
| Street Lighting [329(viii)] | | Transport | 15 | Westpac | 1.98% | (105) | (158) | (348) |
| Land Purchase [330] | | Other property and services | 16 | Westpac | 1.98% | (2,454) | (8,424) | (8,282) |
| Bowling Club Relocation [326] | | Recreation and culture | 17 | Westpac | 1.98% | (3,089) | (7,721) | (7,870) |
| Parks - Falcon Bay Reserve [333(i)] | | Recreation and culture | 18 | Westpac | 2.44% | (707) | (1,012) | (1,338) |
| Road Construction [333(ii)] | | Transport | 18 | Westpac | 2.44% | (3,222) | (4,610) | (6,094) |
| Waste Trailers and Dolly [336] | | Community amenities | 19 | Westpac | 2.56% | (3,178) | (4,381) | (4,824) |
| New Pedestrian Bridge Construction [335] | | Transport | 20 | Westpac | 2.56% | (6,306) | (8,697) | (9,596) |
| MARC Redevelopment [338] | | Recreation and culture | 21 | Westpac | 2.68% | (3,954) | (14,785) | (6,452) |
| New Road Construction [339] | | Transport | 22 | Westpac | 2.68% | (5,408) | (10,630) | (7,379) |
| WMC Tims Thicket [343] | | Transport | 23 | Westpac | 2.21% | (1,564) | (2,129) | (2,085) |
| MARC Redevelopment Stage 2 [341] | | Recreation and culture | 24 | Westpac | 2.21% | (6,146) | (26,817) | (8,404) |
| New Road Construction [342] | | Transport | 25 | Westpac | 2.21% | (3,199) | (13,779) | (4,510) |
| MARC Redevelopment Stage 1 [340] | | Recreation and culture | 26 | Westpac | 2.21% | (5,460) | (10,750) | (7,059) |
| Eastern Foreshore Wall [344] | | Recreation and culture | 27 | Westpac | 2.21% | (4,272) | (17,584) | (4,896) |
| Halls Head Bowling Club upgrade [331] | | Recreation and culture | 28 | Westpac | 2.21% | (5,323) | (7,214) | (6,654) |
| Mandurah Marina [352] | | Transport | 29 | Westpac | 2.21% | (2,972) | (4,036) | (3,727) |
| MARC Solar Plan [353] | | Recreation and culture | 30 | Westpac | 2.21% | (2,979) | (4,036) | (3,727) |
| MARC Carpark [354] | | Transport | 31 | Westpac | 2.21% | (4,458) | (6,055) | (5,577) |
| Novara Foreshore Development [355] | | Recreation and culture | 32 | Westpac | 2.34% | (6,146) | (8,072) | (7,434) |
| Falcon Bay Foreshore Upgrades [356] | | Recreation and culture | 33 | Westpac | 2.21% | (5,943) | (8,072) | (7,434) |
| Mandurah Foreshore Boardwalk Renewal [357] | | Transport | 34 | Westpac | 2.21% | (5,762) | (9,079) | (8,354) |
| Mandjar Square Development [358] | | Recreation and culture | 35 | Westpac | 2.21% | (6,179) | (10,088) | (9,279) |
| New Road Construction [359] | | Transport | 36 | Westpac | 2.21% | (6,315) | (26,973) | (6,386) |
| Lakelands DOS [360] | | Recreation and culture | 37 | Westpac | 2.21% | (9,291) | (53,536) | (10,790) |
| Smoke Bush Retreat Footpath [361] | | Transport | 38 | Westpac | 2.21% | (1,489) | (2,018) | (1,875) |
| New Road Construction 2018/19 | | Transport | 39 | Westpac | 1.57% | (8,636) | (35,366) | (13,108) |
| Mandjar Square Stage 3 and 4 | | Recreation and culture | 40 | Westpac | 1.57% | (4,664) | (21,390) | (5,441) |
| Falcon Seawall | | Recreation and culture | 41 | Westpac | 1.57% | (5,264) | (11,012) | (8,994) |
| New Boardwalks 18/19 | | Transport | 42 | Westpac | 1.57% | (6,884) | (11,012) | (8,994) |
| Civic Building - Tuckey Room Extension | | Other property and services | 43 | Westpac | 1.57% | (6,481) | (11,012) | (8,995) |
| Novara Foreshore Stage 3 | | Recreation and culture | 44 | Westpac | 1.57% | (2,967) | (4,406) | (3,609) |
| Pinjarra Road Carpark | | Transport | 45 | Westpac | 1.57% | (2,967) | (4,406) | (3,609) |
| Coodanup Drive - Road Rehabilitation | | Transport | 46 | Westpac | 1.57% | (1,486) | (2,203) | (1,818) |
| South Harbour Upgrade | | Transport | 47 | Westpac | 3.14% | (4,037) | (5,592) | (5,054) |
| Falcon Skate Park Upgrade | | Recreation and culture | 48 | Westpac | 3.14% | (2,070) | (2,887) | (2,633) |
| Falcon Bay Foreshore Stage 3 of 4 | | Recreation and culture | 49 | Westpac | 3.14% | (5,266) | (7,294) | (6,586) |

| | | | | | | | |
|--|------------------------|----|---------|-------|------------------|------------------|------------------|
| New Road Construction 2019/20 | Transport | 50 | Westpac | 3.14% | (5,410) | (21,290) | (7,231) |
| Mandjar Square Final Stage | Recreation and culture | 51 | Westpac | 3.14% | (5,253) | (7,294) | (6,586) |
| Halls Head Recycled Water 2019/20 | Community amenities | 52 | Westpac | 3.14% | (3,502) | (4,863) | (4,393) |
| Westbury Way North side POS Stage 3 | Recreation and culture | 53 | Westpac | 3.14% | (3,511) | (4,863) | (4,398) |
| Smart Street Mall Upgrade 2019/20 | Recreation and culture | 54 | Westpac | 3.14% | (6,695) | (12,029) | (10,927) |
| Smart Street Mall 2020/21 | Recreation and culture | 55 | Westpac | 3.08% | (5,051) | (29,624) | 0 |
| New Roads 2020/21 | Transport | 56 | Westpac | 3.08% | (4,564) | (17,470) | 0 |
| Enclosed Dog Park | Recreation and culture | 57 | Westpac | 3.08% | (338) | (542) | 0 |
| Falcon Bay Upgrade - Stage 4 of 5 | Recreation and culture | 58 | Westpac | 3.08% | (4,702) | (7,526) | 0 |
| Novara Foreshore Stage 4 | Recreation and culture | 59 | Westpac | 3.08% | (1,679) | (2,688) | 0 |
| Bortolo Reserve - Shared Use Parking and Fire Track Facility | Recreation and culture | 60 | Westpac | 3.08% | (5,038) | (8,063) | 0 |
| South Harbour Paving Upgrade Stage 2 | Recreation and culture | 61 | Westpac | 3.08% | (840) | (1,344) | 0 |
| Eastern/ Western Foreshore 2020/21 | Recreation and culture | 62 | Westpac | 3.08% | (5,634) | (30,666) | 0 |
| Falcon Skate Park Upgrade 2020/21 | Recreation and culture | 63 | Westpac | 3.08% | (1,267) | (2,028) | 0 |
| Ablutions 2020/21 | Community amenities | 0 | Westpac | 0.00% | 0 | (5,375) | 0 |
| Ablutions 2021/22 | Community amenities | 67 | Westpac | 3.72% | (51) | 0 | 0 |
| Eastern/ Western Foreshore 2021/22 | Recreation and culture | 68 | Westpac | 3.72% | (313) | (43,785) | 0 |
| Smart Street Mall 2021/22 | Recreation and culture | 76 | Westpac | 3.72% | (129) | 0 | 0 |
| Enclosed Dog Park 2021/22 | Recreation and culture | 73 | Westpac | 3.72% | (37) | 0 | 0 |
| Novara Foreshore Stage 4 2021/22 | Recreation and culture | 75 | Westpac | 3.72% | (47) | 0 | 0 |
| Falcon Bay Upgrade - Stage 4 of 5 2021/22 | Recreation and culture | 74 | Westpac | 3.72% | (15) | 0 | 0 |
| Parks and Reserves Upgrades 2021/22 | Recreation and culture | 69 | Westpac | 3.72% | (101) | 0 | 0 |
| Mandurah Library Re Roofing Project | Recreation and culture | 71 | Westpac | 3.72% | (23) | 0 | 0 |
| Falcon Reserve Activation Plan | Recreation and culture | 0 | Westpac | 0.00% | 0 | (24,131) | 0 |
| Rushton Park Precinct | Recreation and culture | 0 | Westpac | 0.00% | 0 | (4,834) | 0 |
| Western Foreshore Yr 3 | Recreation and culture | 0 | Westpac | 0.00% | 0 | (6,182) | 0 |
| District Cooling System | Recreation and culture | 0 | Westpac | 0.00% | 0 | (2,419) | 0 |
| Carryover Roads 2020/21 | Recreation and culture | 64 | Westpac | 3.72% | (102) | 0 | 0 |
| Roads 2021/22 | Transport | 65 | Westpac | 3.72% | (51) | (13,439) | 0 |
| Boardwalks 2021/22 | Transport | 0 | Westpac | 0.00% | 0 | 0 | 0 |
| Carparks 2021/22 | Transport | 66 | Westpac | 3.72% | (34) | 0 | 0 |
| Pedestrian Bridge Mandurah Road | Transport | 0 | Westpac | 0.00% | 0 | 0 | 0 |
| Cambria Island Abutment Wall | Transport | 70 | Westpac | 3.72% | (12) | 0 | 0 |
| Mandurah Ocean Marina Chalets Refurbishment | Economic services | 72 | Westpac | 3.72% | (31) | 0 | 0 |
| | | | | | | | 0 |
| | | | | | | | 0 |
| Total | | | | | (245,261) | (723,433) | (313,481) |
| Total Interest Repayments | 2(b) | | | | (245,261) | (723,433) | (313,481) |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

| Particulars/Purpose | Institution | Loan Type | Term Years | Interest Rate % | Amount Borrowed | | Amount (Used) | | Total Interest & Charges \$ | Actual Balance Unspent \$ |
|---|-------------|-----------|------------|-----------------|-----------------|----------------|----------------|----------------|-----------------------------|---------------------------|
| | | | | | 2022 Actual \$ | 2022 Budget \$ | 2022 Actual \$ | 2022 Budget \$ | | |
| Eastern/ Western Foreshore 2021/22 | WBC | | 10 | 2.80% | 1,534,387 | 1,629,070 | 313 | (1,629,070) | 0 | 1,534,700 |
| Smart Street Mall 2021/22 | WBC | | 10 | 2.80% | 630,439 | 897,835 | 128 | (897,835) | 0 | 630,567 |
| Enclosed Dog Park 2021/22 | WBC | | 10 | 2.80% | 179,849 | 179,849 | 37 | (179,849) | 0 | 179,886 |
| Novara Foreshore Stage 4 2021/22 | WBC | | 10 | 2.80% | 230,000 | 230,000 | 47 | (230,000) | 0 | 230,047 |
| Falcon Bay Upgrade - Stage 4 of 5 2021/22 | WBC | | 10 | 2.80% | 71,440 | 90,000 | 14 | (90,000) | 0 | 71,454 |
| Ablutions 2020/21 | WBC | | 10 | 2.80% | 250,000 | 200,000 | 51 | (200,000) | 0 | 250,051 |
| Carryover Roads 2020/21 | WBC | | 10 | 2.80% | 500,000 | 500,000 | 102 | (500,000) | 0 | 500,102 |
| Ablutions 2021/22 | WBC | | 10 | 2.80% | 0 | 70,000 | 0 | (70,000) | 0 | 0 |
| Roads 2021/22 | WBC | | 10 | 2.80% | 250,000 | 1,250,000 | 51 | (1,250,000) | 0 | 250,051 |
| Boardwalks 2021/22 | WBC | | 10 | 2.80% | 0 | 250,000 | 0 | (250,000) | 0 | 0 |
| Carparks 2021/22 | WBC | | 10 | 2.80% | 165,639 | 438,000 | 34 | (438,000) | 0 | 165,673 |
| Pedestrian Bridge Mandurah Road | WBC | | 10 | 2.80% | 0 | 908,000 | 0 | (908,000) | 0 | 0 |
| Cambria Island Abutment Wall | WBC | | 10 | 2.80% | 58,977 | 400,000 | 12 | (400,000) | 0 | 58,989 |
| Mandurah Ocean Marina Chalets Refurbishment | WBC | | 10 | 2.80% | 150,000 | 150,000 | 31 | (150,000) | 0 | 150,031 |
| Parks and Reserves Upgrades 2021/22 | WBC | | 10 | 2.80% | 495,000 | 609,000 | 101 | (609,000) | 0 | 495,101 |
| Mandurah Library Re Roofing Project | WBC | | 10 | 2.80% | 115,000 | 155,000 | 23 | (155,000) | 0 | 115,023 |
| Falcon Reserve Activation Plan | WBC | | 10 | 2.80% | 0 | 400,000 | 0 | (400,000) | 0 | 0 |
| Rushton Park Precinct | WBC | | 10 | 2.80% | 0 | 70,000 | 0 | (70,000) | 0 | 0 |
| Western Foreshore Yr 3 | WBC | | 10 | 2.80% | 0 | 800,000 | 0 | (800,000) | 0 | 0 |
| District Cooling System | WBC | | 10 | 2.80% | 0 | 600,000 | 0 | (600,000) | 0 | 0 |
| | | | | | 4,630,731 | 9,826,754 | 944 | (9,826,754) | 0 | 4,631,675 |

* WA Treasury Corporation

(c) Unspent Borrowings

| Particulars | Institution | Date Borrowed | Unspent Balance 1 July 2021 \$ | Borrowed During Year \$ | Used During Year \$ | Unused Balance 30 June 2022 \$ |
|---|-------------|---------------|--------------------------------|-------------------------|---------------------|--------------------------------|
| 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 | 511,158 | 0 | (158,760) | 352,398 |
| Mandurah Foreshore Boardwalk Stage 3 | Westpac | 6/02/2019 | 38,704 | 0 | 0 | 38,704 |
| Pinjarra Road Carpark | Westpac | 6/02/2019 | 11 | 0 | 0 | 11 |
| Halls Head Recycled Water | Westpac | 30/06/2020 | 29,927 | 0 | 0 | 29,927 |
| Eastern/ Western Foreshore 20/21 | Westpac | 30/06/2021 | 1,140,973 | 1,534,387 | (604,416) | 2,070,944 |
| Smart Street Mall 2020/21 | Westpac | 30/06/2021 | 269,561 | 630,439 | (506,717) | 393,283 |
| Ablutions 2021/22 | Westpac | 29/06/2022 | 0 | 250,000 | (193,584) | 56,416 |
| Falcon Bay Upgrade - Stage 4 of 5 2021/22 | Westpac | 29/06/2022 | 0 | 71,440 | (53,323) | 18,117 |
| Parks and Reserves Upgrades 2021/22 | Westpac | 29/06/2022 | 0 | 250,000 | (178,172) | 71,828 |
| Mandurah Library Re Roofing Project | Westpac | 29/06/2022 | 0 | 115,000 | (9,063) | 105,937 |
| Carparks 2021/22 | Westpac | 29/06/2022 | 0 | 81,000 | (45,677) | 35,323 |
| Cambria Island Abutment Wall | Westpac | 29/06/2022 | 0 | 58,977 | (21,374) | 37,603 |
| Mandurah Ocean Marina Chalets Refurbishment | Westpac | 29/06/2022 | 0 | 150,000 | (96,961) | 53,039 |
| | | | 2,197,471 | 3,141,243 | (1,868,047) | 3,470,667 |

* WA Treasury Corporation

(d) Lease Liabilities

| Purpose | Note | Actual | | | | | | | Budget | | | |
|--------------------------------|-------|--------------|--------------|------------|-----------------|--------------|------------|-----------------|----------------|----------------|------------|--------------|
| | | Principal at | Adjustments/ | Principal | Principal at 30 | Adjustments/ | Principal | Principal at 30 | Principal at 1 | New Leases | Principal | Principal at |
| | | 1 July 2020 | New Leases | Repayments | June 2021 | New Leases | Repayments | June 2022 | July 2021 | During 2021-22 | Repayments | 30 June 2022 |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Gym Equipment | | 497,712 | 0 | (204,031) | 293,681 | 53,780 | (201,033) | 146,428 | 280,933 | 36,186 | (216,779) | 100,340 |
| Software | | 39,613 | 164,739 | (139,523) | 64,829 | 73,096 | (109,575) | 28,350 | 61,017 | 54,592 | (119,626) | (4,017) |
| IT Equipment | | 541,299 | 30,089 | (164,499) | 406,889 | 62,385 | (214,260) | 255,014 | 584,114 | 364,234 | (259,364) | 688,984 |
| Survey Equipment | | 33,321 | 61,735 | (77,376) | 17,680 | 67,886 | (63,674) | 21,892 | 16,705 | 286,246 | (85,358) | 217,593 |
| Tech One | | 3,060,060 | (3,060,060) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Records - Postage Meter | | 6,620 | 0 | (3,734) | 2,886 | 725 | (3,611) | 0 | 2,720 | 17,985 | (3,900) | 16,805 |
| Total Lease Liabilities | 11(b) | 4,178,625 | (2,803,497) | (589,163) | 785,965 | 257,872 | (592,153) | 451,684 | 945,489 | 759,243 | (685,027) | 1,019,705 |

Lease Interest Repayments

| Purpose | Note | Function and activity | Lease Number | Institution | Lease Interest Rate | Actual for year ending 30 June 2022 | Budget for year ending 30 June 2022 | Actual for year ending 30 June 2021 | Lease Term |
|----------------------------------|------|-----------------------------|--------------|-------------------------|---------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------|
| | | | | | | \$ | \$ | \$ | |
| Gym Equipment | | Recreation and culture | | MAIA - Marc Equipment | | (6,646) | (7,291) | (12,748) | Various |
| Software | | Other property and services | | MAIA - Business Systems | | (1,033) | (1,538) | (8,958) | Various |
| IT Equipment | | Other property and services | | HP and Fuji | | (11,336) | (14,064) | (1,924) | Various |
| Survey Equipment | | Other property and services | | MAIA - Survey | | (357) | (1,876) | (975) | 27 months |
| Records - Postage Meter | | Other property and services | | Pitney Bowes | | (39) | (51) | (166) | 75 months |
| Total Interest Repayments | 2(b) | | | | | (19,411) | (24,820) | (24,771) | |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. RESERVE ACCOUNTS

Restricted by legislation/agreement

Cash in Lieu of Parking Reserve

Restricted by council

Building Reserve

Asset Management Reserve

Cultural Centre Reserve

Museum Reserve

Property Acquisition Reserve

Sustainability Reserve

Waste Reserve

Community Improvements Reserve

Traffic Bridge Reserve

Tims Thicket Septage Reserve

Tims Thicket Inert Reserve

Inert Landfill Reserve

Arts and Craft Centre Reserve

Sand Pit Restoration Reserve

Interest Free Loans Reserve

CLAG Reserve

Emergency Relief Fund Reserve

Mandurah Ocean Marina Reserve

Waterways Reserve - Stingray Wharf

Interest on Investments Reserve

Port Mandurah Canals Stage 2 Maintenance Reserve

Mariners Cove Canals Reserve

Port Bouvard Canal Maintenance Contributions Reserve

Soccer Club Rooms Refurbishment Reserve

Unspent Grants Reserve

Leave Reserve

Carbon Offset Reserve

Bushland Acquisition Reserve

Port Bouvard Surf Life Saving Clubrooms Reserve

Coastal Storm Contingency Reserve

Refurbishment Bortolo Pavillion Reserve

Refurbishment Rushton Park Reserve

Refurbishment Meadow Springs Pavillion Reserve

Digital Futures Reserve

Decked Carparking Reserve

Specified Area Rates - Waterside Canals

Specified Area Rates - Port Mandurah Canals

Specified Area Rates - Mandurah Quay Canals

| | 2022 Actual Opening Balance | 2022 Actual Transfer to | 2022 Actual Transfer (from) | 2022 Actual Closing Balance | 2022 Budget Opening Balance | 2022 Budget Transfer to | 2022 Budget Transfer (from) | 2022 Budget Closing Balance | 2021 Actual Opening Balance | 2021 Actual Transfer to | 2021 Actual Transfer (from) | 2021 Actual Closing Balance |
|--|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Restricted by legislation/agreement | | | | | | | | | | | | |
| Cash in Lieu of Parking Reserve | 479,332 | 2,106 | 0 | 481,438 | 481,868 | 9,051 | 0 | 490,919 | 476,232 | 3,100 | 0 | 479,332 |
| | 479,332 | 2,106 | 0 | 481,438 | 481,868 | 9,051 | 0 | 490,919 | 476,232 | 3,100 | 0 | 479,332 |
| Restricted by council | | | | | | | | | | | | |
| Building Reserve | 1,674,855 | 340,993 | (388,686) | 1,627,162 | 1,793,339 | 8,658 | (1,332,385) | 469,612 | 1,750,807 | 10,831 | (86,783) | 1,674,855 |
| Asset Management Reserve | 10,688,231 | 7,407,655 | (2,678,620) | 15,417,266 | 10,498,996 | 1,805,409 | (4,944,899) | 7,359,506 | 3,414,420 | 7,273,811 | 0 | 10,688,231 |
| Cultural Centre Reserve | 149,781 | 66,194 | 0 | 215,975 | 147,301 | 0 | 0 | 147,301 | 149,781 | 0 | 0 | 149,781 |
| Museum Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 160,150 | 0 | (160,150) | 0 |
| Property Acquisition Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,913,886 | 0 | (3,913,886) | 0 |
| Sustainability Reserve | 625,422 | 2,324 | (96,542) | 531,204 | 627,556 | 6,923 | (259,000) | 375,479 | 660,440 | 4,045 | (39,063) | 625,422 |
| Waste Reserve | 4,008,943 | 2,497,088 | (452,365) | 6,053,666 | 2,618,886 | 17,922 | (1,238,520) | 1,398,288 | 2,382,544 | 1,626,399 | 0 | 4,008,943 |
| Community Improvements Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 33,233 | 0 | (33,233) | 0 |
| Traffic Bridge Reserve | 49,886 | 0 | (49,886) | 0 | 0 | 0 | 0 | 0 | 399,886 | 0 | (350,000) | 49,886 |
| Tims Thicket Septage Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 75,697 | 0 | (75,697) | 0 |
| Tims Thicket Inert Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 105,041 | 0 | (105,041) | 0 |
| Inert Landfill Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39,728 | 0 | (39,728) | 0 |
| Arts and Craft Centre Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 229,699 | 0 | (229,699) | 0 |
| Sand Pit Restoration Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 66,970 | 0 | (66,970) | 0 |
| Interest Free Loans Reserve | 50,325 | 95,237 | 0 | 145,562 | 0 | 0 | 0 | 0 | 200,984 | 325 | (150,984) | 50,325 |
| CLAG Reserve | 6,407 | 11,917 | (6,407) | 11,917 | 62,967 | 1,183 | 0 | 64,150 | 62,405 | 41 | (56,039) | 6,407 |
| Emergency Relief Fund Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,295 | 0 | (3,295) | 0 |
| Mandurah Ocean Marina Reserve | 177,219 | 778 | 0 | 177,997 | 178,781 | 3,358 | 0 | 182,139 | 176,073 | 1,146 | 0 | 177,219 |
| Waterways Reserve - Stingray Wharf | 733,673 | 91,302 | (13,425) | 811,550 | 252,829 | 4,497 | (13,425) | 243,901 | 277,341 | 456,332 | 0 | 733,673 |
| Interest on Investments Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,771 | 0 | (12,771) | 0 |
| Port Mandurah Canals Stage 2 Maintenance Reserve | 92,705 | 407 | 0 | 93,112 | 92,244 | 1,733 | 0 | 93,977 | 92,106 | 599 | 0 | 92,705 |
| Mariners Cove Canals Reserve | 84,466 | 371 | 0 | 84,837 | 85,113 | 1,599 | 0 | 86,712 | 83,920 | 546 | 0 | 84,466 |
| Port Bouvard Canal Maintenance Contributions Reserve | 265,862 | 1,168 | 0 | 267,030 | 266,811 | 5,012 | 0 | 271,823 | 264,143 | 1,719 | 0 | 265,862 |
| Soccer Club Rooms Refurbishment Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29,292 | 0 | (29,292) | 0 |
| Unspent Grants Reserve | 8,707,386 | 8,183,631 | (8,117,368) | 8,773,649 | 4,977,235 | 0 | (4,352,834) | 624,401 | 7,974,498 | 732,888 | 0 | 8,707,386 |
| Leave Reserve | 4,576,258 | 15,748 | 0 | 4,592,006 | 4,178,270 | 971,036 | (883,534) | 4,265,772 | 5,103,667 | 0 | (527,409) | 4,576,258 |
| Carbon Offset Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 130,117 | 0 | (130,117) | 0 |
| Bushland Acquisition Reserve | 3,000,000 | 5,720 | (1,698,080) | 1,307,640 | 3,032,619 | 0 | 0 | 3,032,619 | 3,000,000 | 0 | 0 | 3,000,000 |
| Port Bouvard Surf Life Saving Clubrooms Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,000 | 0 | (18,000) | 0 |
| Coastal Storm Contingency Reserve | 257,363 | 1,131 | 0 | 258,494 | 258,513 | 4,856 | 0 | 263,369 | 255,699 | 1,664 | 0 | 257,363 |
| Refurbishment Bortolo Pavillion Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,000 | 0 | (6,000) | 0 |
| Refurbishment Rushton Park Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,500 | 0 | (13,500) | 0 |
| Refurbishment Meadow Springs Pavillion Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,712 | 0 | (8,712) | 0 |
| Digital Futures Reserve | 69,192 | 249 | (12,575) | 56,866 | 83,943 | 1,577 | 0 | 85,520 | 83,029 | 447 | (14,284) | 69,192 |
| Decked Carparking Reserve | 1,004,210 | 4,412 | 0 | 1,008,622 | 1,008,698 | 18,947 | 0 | 1,027,645 | 997,716 | 6,494 | 0 | 1,004,210 |
| Specified Area Rates - Waterside Canals | 118,986 | 512 | (2,526) | 116,972 | 96,574 | 1,689 | (6,737) | 91,526 | 101,760 | 17,226 | 0 | 118,986 |
| Specified Area Rates - Port Mandurah Canals | 415,584 | 80,401 | (283,738) | 212,247 | 416,495 | 65,654 | (336,260) | 145,889 | 345,992 | 69,592 | 0 | 415,584 |
| Specified Area Rates - Mandurah Quay Canals | 209,361 | 16,925 | (3,955) | 222,331 | 211,228 | 12,798 | 0 | 224,026 | 199,550 | 9,811 | 0 | 209,361 |

| | | | | | | | | | | | | |
|--|------------|------------|--------------|------------|------------|-----------|--------------|------------|------------|------------|-------------|------------|
| Specified Area Rates - Mandurah Ocean Marina | 403,902 | 160,355 | 0 | 564,257 | 362,949 | 6,818 | 0 | 369,767 | 220,269 | 183,633 | 0 | 403,902 |
| Specified Area Rate - Port Bouvard Canals | 120,423 | 23,668 | (12,351) | 131,740 | 120,090 | 2,253 | (134) | 122,209 | 118,299 | 2,124 | 0 | 120,423 |
| Specified Area Rate - Mariners Cove | 15,857 | 46 | (5,572) | 10,331 | 13,002 | 46 | (10,656) | 2,392 | 22,719 | 102 | (6,964) | 15,857 |
| Specified Area Rate - Eastport | 35,919 | 13,136 | (5,164) | 43,891 | 29,141 | 544 | (175) | 29,510 | 28,010 | 7,909 | 0 | 35,919 |
| Sports Club Maintenance Levy Reserve | 188,306 | 54,239 | 0 | 242,545 | 196,367 | 15,911 | 0 | 212,278 | 141,402 | 48,604 | (1,700) | 188,306 |
| City Centre Land Acquisition Reserve | 1,006,509 | 4,422 | 0 | 1,010,931 | 1,011,007 | 0 | 0 | 1,011,007 | 3,000,000 | 6,509 | (2,000,000) | 1,006,509 |
| City Facility Relocation Reserve | 0 | 0 | 0 | 0 | 58,531 | 0 | 0 | 58,531 | 214,531 | 0 | (214,531) | 0 |
| Lakelands Community Infrastructure Reserve | 1,097,302 | 4,821 | 0 | 1,102,123 | 1,102,206 | 20,703 | 0 | 1,122,909 | 1,090,206 | 7,096 | 0 | 1,097,302 |
| Plant Reserve | 1,582,499 | 1,143,187 | (711,626) | 2,014,060 | 1,656,314 | 14,308 | (895,181) | 775,441 | 952,687 | 629,812 | 0 | 1,582,499 |
| Workers Compensation Reserve | 481,416 | 192,147 | 0 | 673,563 | 113,201 | 2,126 | 0 | 115,327 | 111,968 | 369,448 | 0 | 481,416 |
| Restricted Cash Reserve | 2,390,335 | 2,272,612 | (1,622,188) | 3,040,759 | 5,249,697 | 0 | (5,124,697) | 125,000 | (1) | 2,390,336 | 0 | 2,390,335 |
| | 44,288,583 | 22,692,799 | (16,161,074) | 50,820,308 | 40,800,903 | 2,995,560 | (19,398,437) | 24,398,026 | 38,722,942 | 13,859,489 | (8,293,848) | 44,288,583 |
| | 44,767,915 | 22,694,905 | (16,161,074) | 51,301,746 | 41,282,771 | 3,004,611 | (19,398,437) | 24,888,945 | 39,199,174 | 13,862,589 | (8,293,848) | 44,767,915 |

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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 | Anticipated date of use | Purpose of the reserve |
|--|--------------------------------|--|
| Cash in Lieu of Parking Reserve | | Parking - Provide additional parking areas |
| 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 |
| Museum Reserve | | Museum - Operation of museum |
| Property Acquisition Reserve | | Property Acquisition - Future property purchases in areas other than the City Centre |
| Sustainability Reserve | | Sustainability - Development of Mandurah as a sustainable city |
| Waste Reserve | | Waste Facilities Reserve Fund - Future waste treatment initiatives |
| Community Improvements Reserve | | Community Improvements - Provision of community facilities |
| Traffic Bridge Reserve | | Traffic Bridge - Replacement of Mandurah Traffic Bridge |
| Tims Thicket Septage Reserve | | Tims Thicket Septage - Future site restoration |
| Tims Thicket Inert Reserve | | Tims Thicket Inert - Future site restoration and development |
| Inert Landfill Reserve | | Inert Landfill - Future site restoration and development |
| Arts and Craft Centre Reserve | | Arts and Craft Centre - Provision of new arts and craft facility |
| Sand Pit Restoration Reserve | | Sand Pit Restoration - Costs associated with closure of Red Road site |
| 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 |
| Emergency Relief Fund Reserve | | Emergency Relief Fund - Capital grants to local emergency service groups. Availability of funds for emergencies/disaster in Mandurah |
| Mandurah Ocean Marina Reserve | | Mandurah Ocean Marina - Future maintenance/asset replacement at Mandurah Ocean Marina |
| Waterways Reserve - Stingray Wharf | | Waterways - Future maintenance/asset replacement of specific waterways infrastructure |
| Interest on Investments Reserve | | Interest on Investments - Allocation for once-off purchases |
| 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 |
| Soccer Club Rooms Refurbishment Reserve | | Soccer Club Rooms Refurbishment - To maintain presentation and functionality of the Club House |
| 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 |
| Carbon Offset Reserve | | Carbon Offset - Fund initiatives which provide an offset to the environmental impact of the City's waste management activities |
| Bushland Acquisition Reserve | | Bushland Acquisition - For the purchase & protection of bushland and environmentally sensitive sites within the City |
| Port Bouvard Surf Life Saving Clubrooms Reserve | | Port Bouvard Surf Life Saving Clubrooms - To maintain presentation and functionality of the Club House |

Coastal Storm Contingency Reserve
 Refurbishment Bortolo Pavillion Reserve
 Refurbishment Rushton Park Reserve
 Refurbishment Meadow Springs Pavillion Reserve
 Digital Futures Reserve
 Decked Carparking Reserve
 Specified Area Rates - Waterside Canals
 Specified Area Rates - Port Mandurah Canals
 Specified Area Rates - Mandurah Quay Canals
 Specified Area Rates - Mandurah Ocean Marina
 Specified Area Rate - Port Bouvard Canals
 Specified Area Rate - Mariners Cove
 Specified Area Rate - Eastport
 Sports Club Maintenance Levy Reserve
 City Centre Land Acquisition Reserve
 City Facility Relocation Reserve
 Lakelands Community Infrastructure Reserve
 Plant Reserve
 Workers Compensation Reserve
 Restricted Cash Reserve

Coastal Storm Contingency - Provide for coastal emergency works due to storm damage
 Refurbishment Bortolo Pavilion - To maintain presentation and functionality of the Club House
 Refurbishment Rushton Park - To maintain presentation and functionality of the Club House
 Refurbishment Meadow Springs Pavilion - To maintain presentation and functionality of the Club House
 Digital Futures - Fund development, investigation or commissioning of digital technology initiatives
 Decked Carparking - Amount received from Landcorp in June 2006, set aside for Decked Carparking
 Specified Area Rates - Waterside Canals - Future maintenance of canals
 Specified Area Rates - Port Mandurah Canals - Future maintenance of canals
 Specified Area Rates - Mandurah Quay Canals - Future maintenance of canals
 Specified Area Rates - Mandurah Ocean Marina - Future maintenance/asset replacement at Mandurah Ocean Marina
 Specified Area Rate - Port Bouvard Canals - Future maintenance of canals
 Specified Area Rate - Mariners Cove - Future maintenance of canals
 Specified Area Rate - Eastport - Future maintenance of canals
 Sports Clubs Maintenance Levy - To maintain various city buildings leased to clubs
 City Centre Land Acquisition Reserve - For future property purchases within the City Centre area
 City Facility Relocation Reserve - To fund long term strategic relocation of city facilities
 Lakelands Community Infrastructure Reserve - Contribute to the construction of the community infrastructure on Lot 2300 Seppings Parade Lakelands
 Plant reserve - Replacement of heavy plant and equipment
 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 M:
 Restricted cash carried forward for future use

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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 2021 | Amounts Received | Amounts Paid | 30 June 2022 |
|--------------|-------------|------------------|--------------|--------------|
| | \$ | \$ | \$ | \$ |
| Cash in Lieu | 1,246,090 | 168 | 0 | 1,246,258 |
| | 1,246,090 | 168 | 0 | 1,246,258 |

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

32. MAJOR LAND TRANSACTIONS

(a) Details

Lots 139, 141, 143 Wedgetail Retreat

(b) Current year transactions

Other revenue

- Sale proceeds

Other expenditure

- Cost of goods sold

| 2022 Actual | 2022 Budget | 2021 Actual |
|------------------------|------------------------|------------------------|
| \$ | \$ | \$ |
| 0 | 515,000 | 381,000 |
| (27,000) | (32,000) | (32,000) |
| (27,000) | 483,000 | 349,000 |

(c) Expected future cash flows

Cash outflows

- Development costs

Cash inflows

- Sale proceeds

Net cash flows

| 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total |
|----------------|----------------|----------------|----------------|--------------|
| \$ | \$ | \$ | \$ | \$ |
| (20,000) | 0 | 0 | 0 | (20,000) |
| (20,000) | 0 | 0 | 0 | (20,000) |
| 445,000 | 0 | 0 | 0 | 445,000 |
| 445,000 | 0 | 0 | 0 | 445,000 |
| 425,000 | 0 | 0 | 0 | 425,000 |

(d) Assets and liabilities

Land held for resale included within Note 6

Current Inventory

Land held for resale

| 2022 | 2021 |
|-------------|-------------|
| \$ | \$ |
| 445,000 | 0 |

| | | |
|----------|----------------------|---------------------------|
| 2 | SUBJECT: | Strategic Risk Assessment |
| | DIRECTOR: | Business Services |
| | MEETING: | Audit and Risk Committee |
| | MEETING DATE: | 3 April 2023 |

Summary

The Audit and Risk Committee is required to review the minor amendments to the Council Risk Management Policy POL-RKM 01 (Attachment 2.1), the annual assessment of the Strategic Risk Register (Confidential Attachment 2.2) and the Strategic Risk Appetite Statement (Confidential Attachment 2.3) before making a recommendation to Council.

The Audit and Risk Committee is also required to note the amendments to the City of Mandurah Risk Management Framework RKM02 (Confidential Attachment 2.4) and the ongoing improvements to the risk management.

Disclosure of Interest

N/A

Previous Relevant Documentation

- | | | |
|--------------|-------------------|--|
| • AR3/6/22 | 9 March 2022 | Strategic Risk Assessment 2023 |
| • AR.8/12/21 | 6 December 2022 | Strategic Risk Ratings and Quarterly Update |
| • AR.11/9/21 | 13 September 2021 | Quarterly Strategic Risk Update |
| • AR.8/6/21 | 14 June 2021 | Quarterly Strategic Risk Update |
| • G.8/3/21 | 8 March 2021 | Strategic Risk Ratings, Treatments and Control Library |
| • G.6/12/20 | 15 December 2020 | Strategic Risk Register |
| • G.11/6/20 | 23 June 2020 | Risk Management Policy |

Background

At its meeting on 8 March 2021, Council adopted the risk appetite statements and levels for each strategic risk. The levels were set according to the City's current position and resourcing levels are reflective of the current investment that Council has made in these areas. On 9 March 2022, Council adopted amendments to the Strategic Risk Register. The Audit and Risk Committee receive quarterly updates on the Strategic Risks and Control Library.

Comment

Risk Management Policy and Framework

Risk Management Policy POL-RKM 01 has now been reviewed and no major amendments are recommended. Refer to Attachment 2.1 which incorporates minor administrative amendments.

A number of amendments have been made to the City of Mandurah Risk Management Framework RKM02 (RM Framework) which reflect the maturity of the risk management and risk culture at the City. An overview of the amendments is below:

- Additional information on internal control management to address the process improvement recommendation from the CEO's review of governance, risk and internal controls, as provided to Audit and Risk Committee on 3 April 2023;
- Removing of the strategic risk assessment process to reduce duplication with the Risk Management Procedure;

- Additional information on risk appetite, capacity and tolerance and how these concepts support improved decision making by the organisation; and
- Referencing the City's new risk management system (software), to be launched in April to enable a more efficient method of managing and reporting risk.

Strategic Risk Assessment

In accordance with the RM Framework, the Audit and Risk Committee and the CEO are required to undertake an annual assessment of the strategic risks for the organisation (refer to Confidential Attachment 2.2).

Utilising the RM Framework, the eight Strategic Risks have now been assessed.

An outline of the actions that the City has undertaken for the annual review is set out below:

- An annual evaluation of strategic risk controls was completed by the City of Mandurah Management Team (CoMMT) to evaluate the level of effectiveness for each risk control.
- A Strategic Risk Workshop was held with the Executive Leadership Team (ELT) and CoMMT to review the strategic risks – causes and impacts, controls and actions.
- A further workshop was held with ELT to finalise the Strategic Risk assessments, with a focus on reviewing the risk appetite statements and tolerances (refer to Confidential Attachment 2.3).
- Utilising the outcomes of the workshops and the evaluated controls, City officers then applied the controls to the inherent rating of each strategic risk resulting in the residual risk ratings (refer to Confidential Attachment 2.2).
- The residual risk ratings were compared with Council's risk appetite to evaluate whether the City's risk exposure was within acceptable levels. This comparison identified that the level of strategic risk is within Council's risk appetite.
- Risk actions were identified for each risk to be implemented over the next 12 months (refer to Confidential Attachment 2.2).

Consultation

ELT and CoMMT have completed the quarterly review of the Strategic Risk Controls.

Policy Implications

Risk Management Policy (POL-RKM 01)
Risk Management Framework (RKM02)

Risk Implications

Effective management and the regular monitoring of strategic risks enables Council and the organisation to better anticipate and control events that may adversely impact the achievement of the Strategic Community Plan objectives. Maintaining up-to-date strategic risk ratings provides a robust understanding of the level of risk exposure that the City must manage and maintain within Council's accepted risk appetite thresholds. This positively contributes to, and supports, the City's capability and capacity.

Financial Implications

Maintaining a current and accurate understanding of the extent of the City's residual risk levels enables better 'risk aware' decision-making which assists to protect and limit financial loss.

The financial costs of undertaking risk management activities are to be included in planning and budgeting as a part 'business as usual' expenses or project costs, as the case may be.

Strategic Implications

The following strategy from the City of Mandurah Strategic Community Plan 2020 – 2040 is relevant to this report:

Organisational Excellence:

- Ensure the City has the capacity and capability to deliver quality services and facilities through accountable and transparent business practices, governance, risk and financial management.

Conclusion

It is recommended that the Audit and Risk Committee approve the changes to the Risk Management Policy Pol RKM 01, Strategic Risk Appetite Statement and the Strategic Risk Register and note the improvements to the Risk Management Framework.

NOTE:

| | | |
|-------|---|--|
| Refer | <i>Attachment 2.1</i> | <i>Council Risk Management Policy POL-RKM 01</i> |
| | <i>Confidential Attachment 2.2</i> | <i>Strategic Risk Register</i> |
| | <i>Confidential Attachment 2.3</i> | <i>Strategic Risk Appetite Statement</i> |
| | <i>Confidential Attachment 2.4</i> | <i>City of Mandurah Risk Management Framework RKM02</i> |

Recommendation

Part One

That the Audit and Risk Committee note the amendments to the City of Mandurah Risk Management Framework RKM02 as per Confidential Attachment 2.4.

Part Two

That the Audit and Risk Committee recommend that Council:

1. Approve amendments to the Council Risk Management Policy POL-RKM 01 as per Attachment 2.1.
2. Approve the annual review of the Strategic Risk Register as per Confidential Attachment 2.2 and the amended Strategic Appetite Statement as per Confidential Attachment 2.3

Risk Management Policy

POL-RKM 01

Introduction

As a public authority, the City of Mandurah (the City) is exposed to a broad range of risks which, if not managed, could adversely impact on its ability to achieve the strategic community objectives.

Therefore, the City will implement a risk management system encompassing a Risk Management Framework, this Policy and Risk Management Procedure to identify and address, where practicable, areas of risk within the City. The system adopted will be consistent with *Australian and New Zealand Standard ISO 31000:2018 Risk Management Guidelines* (the Standard).

The intent of this Policy is to create an environment where Council, management and staff accept direct responsibility for risk management, through development, implementation and improvement of effective risk management practices. Risk management is the responsibility of everyone and will be treated as an integral part of the City's culture, policies, protocols and processes.

Objectives

The objectives of risk management and this Policy are:

- **Protection:** to safeguard the City's assets - people, financial sustainability, environment, property, reputation and information;
- **Improved quality:** to use risk management principles as a tool for improving the reliability, effectiveness and efficiency of services and infrastructure to a consistently high standard;
- **Increase success:** to strengthen financial and non-financial outcomes by using risk assessments to make better informed decisions and clearly articulate what is achievable;
- **Minimise adverse impacts:** to undertake effective management of risks in order to prevent loss, damage and minimise harm from the City's services and infrastructure on the community, visitors and the environment; and
- **Opportunity and innovation:** to capitalise on opportunities identified, foster creativity and facilitate innovation for future success within a sound environment.

Statement

1 APPLICABILITY

This Policy applies to all risk management activities undertaken by City officers, volunteers, appointed representatives and where applicable, contractors.

2 POLICY REQUIREMENTS

2.1 The City will manage risk in accordance with the Standard, and will, at all levels of the organisation, ensure the following is achieved:

- Design and implement a Risk Management Framework that is consistent with the Standard to provide a common approach to all risk management activities across the City;
- Identify, assess and prioritise the strategic risks for each objective stated in the *City of Mandurah Strategic Community Plan* and ensure risk treatments are implemented progressively based on the level of risk and the effectiveness of the current controls;

- Manage all identified risks and undertake regular review of all identified risks;
- Integrate risk management processes into existing business planning cycles and operational processes across all levels of the organisation;
- Act in accordance with relevant legislation and consider political, social, natural and economic environments when managing risks;
- Create and actively promote a culture of risk awareness across the City through implementation, expectation and equipping staff with risk management tools for individual and organisational development; and
- Ensure resources and operational capabilities are identified and allocated to all aspects of the City's Risk Management Framework.

2.2 All levels of the City shall incorporate the following principles of Risk Management. These principles are the City's commitment to create, value and foster effective and efficient risk management practices.

The City's risk management approach is:

- A. **integrated** into all management planning and operational processes undertaken or overseen by The City;
- B. a **structured and comprehensive** approach that is applied to ensure risk management processes are systematic and timely;
- C. **customised** to fit seamlessly within The City's diverse strategic, operational and project-based activities and in proportion to the external and internal context in which the City operates;
- D. **inclusive** of internal and external stakeholder's knowledge, views and perceptions for transparency and better-informed decision-making;
- E. **dynamic, current** and **responsive** to anticipate and manage change in a meaningful and timely manner;
- F. based on the **best available information** considering historical, current and future expectations as would be reasonably foreseeable;
- G. the **responsibility of all**, from Council to the CEO to every employee, forming an essential element in the City's 'One Team' culture; and
- H. **continually improved**.

2.3 The City will use the following elements of the Standard as the model for implementing and managing the risk management process within the City's business operations:

- **General**

The City will ensure the risk management process becomes an integral part of management, embedded in the culture and practices, and tailored to its business processes.

- **Communication and consultation**

The City will communicate and consult with external and internal stakeholders as appropriate during all stages of the risk management process and will address issues relating to the risk - its causes, its consequences (if known) and the measures being taken to treat it. This process will ensure accountability on the part of those implementing the risk management process.

- **Establish the scope, context and criteria**

By establishing the context, the City will articulate its risk objectives, consider the external and internal parameters, set the scope and criteria for the risk management process. This will be undertaken in full consideration of the need to justify the resources required for carrying out risk management.

- **Risk identification**

The City will identify sources of risk, areas of impacts, events (including changes in circumstances) and their causes and potential consequences. The aim of this step is to generate a comprehensive list of risks based on those events that may create, enhance, prevent, degrade, accelerate or delay the achievement of the City's objectives.

- **Risk analysis**

The City will identify causes and sources of risk, the positive and negative consequences, and the likelihood of those consequences occurring. Existing controls, their effectiveness and efficiency, will also be considered. The analysis will identify the inherent risk level and residual risk level once controls and treatments have been applied.

- **Risk evaluation**

The City will compare the level of risk with the established context and criteria for the risk. Risk controls and treatment will then be considered. Such decisions will take into account the wider context including the risk tolerance thresholds of internal and external stakeholders that may be impacted by the risk. Decisions will be made in accordance with any legal requirements and obligations the City may have.

- **Risk treatment**

The City will select the most appropriate and viable risk treatment option taking into consideration a number of factors including, the costs, expected benefit, legal obligations, economic viability, environment, social responsibilities and economic factors. Risk treatments will maintain the City's risk exposure within Council's risk appetite thresholds. Any risks that exceed the residual risk level acceptable threshold will be reported to the CEO and Council for input and sign-off.

- **Monitoring and review**

The City will implement and integrate a 'monitor and review' process to report on achievements of the risk management objectives. Treatment and action plans will also be monitored to ensure continual improvement of the City's performance. Monitoring and review will take place at all stages of the process and in compliance with legislative requirements.

- **Recording and reporting**

The City will ensure all risk management activities are accurately recorded and traceable. Results of the monitoring and review processes will be reported as appropriate through external and internal avenues including, but not limited to, quarterly reports to the Audit and Risk Committee and an annual report to Council. Reports will be used to assess and review the effectiveness of the risk management framework and identify specific areas of need.

- **Responsibility/Accountability**

The Chief Executive Officer is responsible for the allocation of roles, responsibilities and accountabilities. These are outlined in the Risk Management Framework and Risk Management Procedure.

Risk management is everyone's responsibility:

- All employees are accountable for managing risk within their area of responsibility in accordance with the Risk Management Framework and Procedures.
- The Audit and Risk Committee, in accordance with the Terms of Reference, is to monitor and receive reports concerning the development and implementation of the Risk Management Framework and supports Council in fulfilling its governance and risk management oversight responsibilities.
- The Executive Leadership and Management Teams create an environment where managing risk is accepted as the personal responsibility of each member of the organisation, and integrated with planning and operational processes.
- Each Business Area is accountable for the management of risks within their area of responsibility in ways that are consistent with the Risk Management Framework and Procedures.

Legislative Context

Local Government Act 1995

Local Government (Audit) Regulations 1996

Work Health and Safety Act 2020

Work Health and Safety (General) Regulations 2022

Health (Miscellaneous Provisions) Act 1911

Health (Public Buildings) Regulations 1992

Related Documents

AS ISO 31000:2018 – *Risk Management – Guidelines*

City of Mandurah Risk Management Framework FRW-RKM 02

City of Mandurah Audit and Risk Committee Terms of Reference

City of Mandurah Strategic Community Plan

Strategic Risk Appetite Statement POL-RKM 01 (a) - confidential

Risk Management Policy

POL-RKM 01



Responsible Directorate: Business Services

Responsible Department: Governance Services

Reviewer: Director Business Services

Creation date and reference: Minute AR.6/6/07, 26 June 2007

Last Review: tba

| Amendments | | | |
|------------|--|---------------------------|-------------------------|
| Version # | Council Approval Date, Reference | Date Document In force | Date Document Ceased |
| 2 | Minute G.15/9/09 | 16/09/2009 | 15/12/2009 |
| 3 | Minute G.43/12/09 | 16/12/2009 | 24/02/2015 |
| 4 | Minute G.35/2/15 | 25/02/2015 | 23/07/2019 |
| 5 | Policy Manual Review, Minute G.12/7/19 | 24/07/2019 | 23/06/2020 |
| 6 | Minute G.11/6/20 | 24/06/2020 | - |
| 7 | | | |