

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 4 December 2023
at 5.30pm**

Casey Mihovilovich
Chief Executive Officer
30 November 2023

Committee Members:

Mayor Williams
Councillor R Burns
Councillor P Rogers
Councillor A Zilani
Mr W Ticehurst

Councillor C Knight [Deputy Mayor]
Councillor A Kearns
Councillor S Wright
Mr J Seth

Deputies:

Councillor B Pond
Councillor D Wilkins

AGENDA

1. OPENING OF MEETING

2. ELECTION OF CHAIRPERSON

3. APOLOGIES

4. 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.

5. RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

6. AMENDMENT TO STANDING ORDERS

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

7. PUBLIC QUESTION TIME

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

8. PRESENTATIONS

8.1 Ernst & Young: Auditor Status Report

9. 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.

10. CONFIRMATION OF MINUTES 9 OCTOBER 2023

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

11. DECLARATIONS OF INTERESTS

12. QUESTIONS FROM COMMITTEE MEMBERS

11.1 Questions of Which Due Notice Has Been Given

11.2 Questions of Which Notice Has Not Been Given

13. BUSINESS LEFT OVER FROM PREVIOUS MEETING

14. REPORTS

<i>No.</i>	<i>Item</i>	<i>Page No</i>	<i>Note</i>
1	2022/23 Financial Statements	3-64	
2	Privacy and Responsible Information Sharing (PRIS)	65-71	

15. LATE AND URGENT BUSINESS ITEMS

16. CONFIDENTIAL ITEMS

Organisational Pulse Survey 2023

17. CLOSE OF MEETING

1	SUBJECT:	2022/23 Financial Statements
	DIRECTOR:	Acting Director Business Services
	MEETING:	Audit and Risk Committee
	MEETING DATE:	4 December 2023

Summary

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

The audit of the Annual Financial Statements for 2022/23 is nearing completion. Ernst & Young have been appointed by the Office of the Auditor General (OAG) as the City of Mandurah's auditor. Ernst & Young will present an audit status update at the 4 December Audit Committee meeting.

A copy of the draft 2022/23 Financial Statements is detailed in Attachment 1.1 for noting. City officers are preparing the 2022/23 Financial Statements to be fair and appropriately presented in accordance with the Australian Accounting Standards Board and *Local Government Act 1995* (the Act). For the 2021/22 Financial Year the City received a qualified audit for the fixed asset register, however following considerable action by the City over the last 12 months, the City officers have completed the actions required for the auditor to consider issuing the City an unqualified audit opinion.

It is expected that Council will receive the final 2022/23 Financial Statements, final audit and management reports and the Office of the Auditor General (OAG) Closing Report at its Ordinary Council Meeting in January 2024.

The Audit and Risk Committee are now requested to note the draft 2022/23 Financial Statements and the Audit Status Update as presented by Ernst & Young.

Disclosure of Interest

Nil

Previous Relevant Documentation

G.3/4/23	18 April 2023	Council received the 2021/22 Financial Statements; OAG Closing Report; and the OAG audit report and management letter
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Background

Since the 2020/21 year, the City's annual financial statements audit has been undertaken by the Office of the Auditor General (OAG). It is a requirement under the *Local Government Act 1995* that an approved auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year. 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 \$6.8 million above adopted budget due to:

- Additional interim rates received (\$216,000).
- 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 Statutory Planning Applications (\$280,000), Building Applications (\$152,000), Marina pen fees (\$191,000) and Property Search fees (\$296,000).
- Interest Revenue performing better than expected due to higher interest rates throughout the year (\$2 million).

- **Expenses**

Total expenses are approximately \$6.3 million above adopted budget; however the following points are noted:

- Employee costs were over budget by \$900,000 due to the salary accrual requirements of 10 days from the last pay and the end of the financial year and long service leave payments which were funded from the Leave Reserve. Note: the transfer from Leave Reserve is not offset in the employee costs expense category.
- Materials and contracts were under budget by \$1.3 million due to underspends in the Working Smarter project (\$302,000), Tims Thicket Inert sewerage (\$262,000), Community Development projects underspend (\$264,000), Economic Development projects (\$478,000) and the remaining amount relates to general savings across the organisation.
- Finance costs were under budget by \$313,000 due to the City utilising the offset facility on loans.
- Depreciation which is a non-cash expense was higher than what was budgeted by \$6.5 million due to the impact of the Found and Gifted assets. 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 2022/23 has increased from the budgeted deficit of \$560,210 to a surplus of \$1,018,970. The surplus will be carried forward to fund the budget deficit of \$440,468 in 2023/24 and the balance of \$578,502 is recommended to be transferred to the Asset Management Reserve. A workshop with Council in context of the impacts relating to the surplus will form part of the Long Term Financial Plan discussions.

Statement of Financial Position

Key points to note are:

- Cash and cash equivalents: Cash holdings have increased by approximately \$22.5 million over the year. This is compared to a budgeted decrease of \$3.5 million. The difference is primarily due to the proposed 2022/23 capital projects not being completed and requiring these funds to be carried forward into the 2023/24 financial year.
- Reserves – Cash backed: The City has a total amount of \$62.8 million in reserves on 30 June 2023. This is an increase of \$11.5 million from the previous year (2021/22) due to an increase in the Asset Management Reserve (\$5.6 million) and the Plant Reserve (\$1 million) as a result of 2022/23 capital projects not being completed, transfer of excess funds of \$2.16 million to the Waste Reserve and an increase in the unspent grants reserve of \$1.8 million, which is to be used in 2023/24 financial year to complete projects that were expected to be completed in 2022/23 financial year.

Rates Setting Statement

- The City shows a surplus for the year ended 30 June 2023 of \$1,018,970. The surplus will be carried forward to fund the budget deficit of \$440,468 in 2023/24 and the balance of \$578,502 is recommended to be transferred to the Asset Management Reserve. As mentioned above, a workshop with Council will occur prior to a decision being made on the treatment of the surplus.

Audit Progress

At the time of issuing the Audit and Risk Committee agenda, the City had revised the 2022/23 Financial Statements based on the auditor's comments and sent the changes to the auditor for review. The steps required for the City to present Council with a final 2022/23 Financial Statements, final audit and management reports and the Office of the Auditor General (OAG) Closing Report are as follows:

1. Ernst & Young to review the revised 2022/23 Financial Statements.
2. Ernst & Young confirm to the OAG that the file is ready for a final review.
3. OAG to carry out a final review of the file.
4. OAG to present to the Chair of the Audit and Risk Committee, Mayor, CEO and any other interested Audit and Risk Committee Members. Note: This is a meeting outside of a formal Audit and Risk Committee meeting.
5. OAG to provide the signed auditors report to the City.
6. City officers to prepare a Council report. Note: This is intended to be presented to Council at its Ordinary Council Meeting in January 2024.
7. A presentation to the Audit and Risk Committee meeting at its March 2024 meeting from City officers in relation to any significant findings and management report comments and the proposed actions to address any matters.

Statutory Environment

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

The *Local Government Act 1995* states:

7.9. *Audit to be conducted*

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

7.12AB. *Conducting a financial audit*

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

7.12AD. *Reporting on a financial audit*

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

7.12A. *Duties of local government with respect to audits*

...

- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*
- (3) *A local government must —*
 - (aa) *examine an audit report received by the local government; and*
 - (a) *determine if any matters raised by the audit report, require action to be taken by the local government; and*
 - (b) *ensure that appropriate action is taken in respect of those matters.*
- (4) *A local government must —*
 - (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
 - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*

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

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

9. *Performance of audit*

...

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

10. *Report by auditor*

- (1) *An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.*
- (2) *The report is to give the auditor's opinion on —*
- (a) *the financial position of the local government; and*
 - (b) *the results of the operations of the local government.*
- (3) *The report is to include —*
- (a) *any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government; and*
 - (b) *any matters indicating non-compliance with Part 6 of the Act, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law; and*
 - (c) *details of whether information and explanations were obtained by the auditor; and*
 - (d) *a report on the conduct of the audit; and*
- (4) *Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.*

Policy Implications

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.

Conclusion

City officers are preparing the 2022/23 Financial Statements to be fair and appropriately presented in accordance with the Australian Accounting Standards Board and *Local Government Act 1995* (the Act) and have completed the actions required for the auditor to consider issuing the City an unqualified audit opinion.

It is expected that Council will receive the final 2022/23 Financial Statements, final audit and management reports and the Office of the Auditor General (OAG) Closing Report at its Ordinary Council Meeting in January 2024.

The Audit and Risk Committee are now requested to note the draft 2022/23 Financial Statements and the Audit Status Update as presented by Ernst & Young.

NOTE:

- Refer ***Attachment 1.1 DRAFT 2022/23 Financial Statements***

RECOMMENDATION

That the Audit and Risk Committee:

1. Note the draft Annual Financial Statements 2022/23 as detailed in Attachment 1.1.
2. Note the Auditor Status Report as presented by Ernst & Young at Item 8: Presentations of the Agenda.

CITY OF MANDURAH
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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

The City will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

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

**CITY OF MANDURAH
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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

STATEMENT BY CEO

The accompanying financial report of the City of Mandurah has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

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

Signed on the _____ day of _____ 2023

CEO

Name of CEO

CITY OF MANDURAH
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

		2023	2023	2022
	NOTE	Actual	Budget	Restated (*)
		\$	\$	\$
Revenue				
Rates	28,2(a)	87,363,981	87,148,305	82,607,155
Grants, subsidies and contributions	2(a)	6,474,595	4,912,360	6,136,973
Fees and charges	2(a)	32,173,899	29,770,724	28,619,200
Interest revenue	2(a)	3,527,737	1,480,000	1,003,316
Other revenue	2(a)	1,383,791	796,103	1,758,472
		130,924,003	124,107,493	120,125,117
Expenses				
Employee costs	2(b)	(51,188,432)	(50,238,311)	(47,357,304)
Materials and contracts		(53,821,398)	(55,137,938)	(47,730,040)
Utility charges		(4,491,720)	(4,561,221)	(4,354,197)
Depreciation		(37,144,519)	(30,575,421)	(33,456,045)
Finance costs	2(b)	(909,873)	(1,222,929)	(739,333)
Insurance		(1,737,603)	(1,257,846)	(1,720,769)
Other expenditure	2(b)	(39,605)	0	(161,752)
		(149,333,150)	(142,993,667)	(135,519,440)
		(18,409,147)	(18,886,174)	(15,394,324)
Capital grants, subsidies and contributions	2(a)	13,239,954	5,262,383	17,073,966
Profit on asset disposals		134,365	0	232,699
Loss on asset disposals		(4,658,768)	0	(5,756,262)
Fair value adjustments to financial assets at fair value through profit or loss		(9,586)	0	827,981
Fair value adjustments to investment property	12	0	0	6,137,308
Loss on revaluation of Infrastructure - drainage	9(a)	0	0	(125,180)
		8,705,965	5,262,383	18,390,512
Net result for the period	26(b)	(9,703,182)	(13,623,791)	2,996,189
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	0	0	66,232,502
Total other comprehensive income for the period	18	0	0	66,232,502
Total comprehensive income for the period		(9,703,182)	(13,623,791)	69,228,691

(*) Refer to Note 32 for restatement details.

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

CITY OF MANDURAH
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	2023 \$	2022 Restated (*) \$	1 July 2021 Restated (*)
CURRENT ASSETS				
Cash and cash equivalents	3	69,919,904	47,406,827	53,866,550
Trade and other receivables	5	4,177,835	5,201,294	6,443,291
Other financial assets	4(a)	12,403,760	24,104,590	9,111,103
Inventories	6	694,556	957,480	540,691
Other assets	7	4,485,545	3,867,795	2,407,241
TOTAL CURRENT ASSETS		91,681,600	81,537,985	72,368,876
NON-CURRENT ASSETS				
Trade and other receivables	5	1,571,313	1,545,959	1,475,315
Other financial assets	4(b)	619,265	674,994	448,285
Property, plant and equipment	8	273,430,508	272,308,579	262,438,458
Infrastructure	9	779,228,961	795,684,793	764,356,900
Right-of-use assets	11(a)	548,814	433,934	759,271
Investment property	12	10,683,760	10,683,760	4,860,000
TOTAL NON-CURRENT ASSETS		1,066,082,621	1,081,332,019	1,034,338,229
TOTAL ASSETS		1,157,764,221	1,162,870,004	1,106,707,105
CURRENT LIABILITIES				
Trade and other payables	13	19,787,860	17,443,276	16,239,800
Other liabilities	14	7,361,651	5,893,352	5,986,307
Lease liabilities	11(b)	210,703	371,198	438,797
Borrowings	15	4,361,670	4,710,362	5,677,779
Employee related provisions	16	9,501,728	8,867,295	8,966,506
Other provisions	17	624,543	671,448	481,416
TOTAL CURRENT LIABILITIES		41,848,155	37,956,931	37,790,605
NON-CURRENT LIABILITIES				
Other liabilities	14	4,703,999	4,524,318	4,100,675
Lease liabilities	11(b)	363,184	80,486	347,168
Borrowings	15	19,202,243	19,142,781	18,883,553
Employee related provisions	16	811,107	626,772	689,483
TOTAL NON-CURRENT LIABILITIES		25,080,533	24,374,357	24,020,879
TOTAL LIABILITIES		66,928,688	62,331,288	61,811,484
NET ASSETS		1,090,835,534	1,100,538,716	1,044,895,621
EQUITY				
Retained surplus		242,212,244	263,433,040	280,556,278
Reserve accounts	31	62,819,360	51,301,746	44,767,915
Revaluation surplus	18	785,803,930	785,803,930	719,571,428
TOTAL EQUITY		1,090,835,534	1,100,538,716	1,044,895,621

(*) Refer to Note 32 for restatement details.

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

CITY OF MANDURAH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 30 June 2021		214,458,861	44,767,915	711,681,428	970,908,204
Correction of prior year balance		52,511,821	0	7,890,000	60,401,821
Balance as at 1 July 2021 - restated		266,970,682	44,767,915	719,571,428	1,031,310,025
Comprehensive income for the period					
Net result for the period - Restated	27	2,996,189	0	0	2,996,189
Other comprehensive income for the period - Restated	18/27	0	0	66,232,502	66,232,502
Total comprehensive income for the period		2,996,189	0	66,232,502	69,228,691
Transfers from reserve accounts	31	16,161,074	(16,161,074)	0	0
Transfers to reserve accounts	31	(22,694,905)	22,694,905	0	0
Balance as at 30 June 2022		263,433,040	51,301,746	785,803,930	1,100,538,716
Comprehensive income for the period					
Net result for the period		(9,703,182)	0	0	(9,703,182)
Other comprehensive income for the period	18	0	0	0	0
Total comprehensive income for the period		(9,703,182)	0	0	(9,703,182)
Transfers from reserve accounts	31	13,440,581	(13,440,581)	0	0
Transfers to reserve accounts	31	(24,958,195)	24,958,195	0	0
Balance as at 30 June 2023		242,212,244	62,819,360	785,803,930	1,090,835,534

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 2023

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		88,195,987	84,111,578
Operating grants, subsidies and contributions		6,939,165	6,186,856
Fees and charges		32,155,998	29,063,988
Interest revenue		3,527,737	1,003,316
Goods and services tax received		222,029	(362,966)
Other revenue		1,383,791	1,758,572
		132,424,706	121,761,345
Payments			
Employee costs		(50,142,184)	(47,350,612)
Materials and contracts		(52,053,267)	(48,637,302)
Utility charges		(4,491,720)	(4,354,197)
Finance costs		(909,873)	(739,333)
Insurance paid		(1,737,603)	(1,720,769)
Other expenditure		(39,605)	(161,752)
		(109,374,252)	(102,963,966)
Net cash provided by (used in) operating activities	19(b)	23,050,454	18,797,379
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost		11,696,701	(15,038,453)
Payments for purchase of property, plant & equipment		(6,269,699)	(5,608,870)
Payments for construction of infrastructure		(14,466,663)	(18,164,257)
Capital grants, subsidies and contributions		8,023,679	12,053,620
Proceeds from financial assets at fair values through profit and loss		0	550,424
Proceeds from sale of property, plant & equipment		911,507	1,707,242
Net cash provided by (used in) investing activities		(104,475)	(24,500,294)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	30(a)	(4,155,961)	(5,338,920)
Payments for principal portion of lease liabilities	30(d)	(545,354)	(592,153)
Payments for principal portion of interest bearing liabilities		(544,988)	998,143
Proceeds from financial assets at amortised cost - community loans		50,271	95,815
Proceeds from interest bearing liabilities		896,397	(550,424)
Proceeds from new borrowings	30(a)	3,866,732	4,630,731
Net cash provided by (used in) financing activities		(432,903)	(756,808)
Net increase (decrease) in cash held		22,513,076	(6,459,723)
Cash at beginning of year		47,406,827	53,866,550
Cash and cash equivalents at the end of the year	19(a)	69,919,903	47,406,827

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

CITY OF MANDURAH
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	28	87,363,981	87,148,305	82,607,155
Grants, subsidies and contributions		6,474,595	4,912,360	6,136,973
Fees and charges		32,173,899	29,770,724	28,620,474
Interest revenue		3,527,737	1,480,000	1,003,316
Other revenue		1,384,119	796,103	1,758,573
Profit on asset disposals		134,365	0	232,699
Fair value adjustments to financial assets at fair value through profit or loss		(9,586)	0	827,981
Fair value adjustments to investment property	12	0	0	6,137,308
		131,049,109	124,107,492	127,324,479
Expenditure from operating activities				
Employee costs		(51,188,432)	(50,238,311)	(47,357,304)
Materials and contracts		(53,821,398)	(55,137,938)	(47,730,040)
Utility charges		(4,491,720)	(4,561,221)	(4,354,197)
Depreciation		(37,144,519)	(30,575,421)	(32,440,340)
Finance costs		(909,873)	(1,222,929)	(739,333)
Insurance		(1,737,603)	(1,257,846)	(1,720,769)
Other expenditure		(33,155)	0	(161,751)
Loss on asset disposals		(4,658,768)	0	(5,756,262)
Loss on revaluation of non-current assets		0	0	(125,180)
		(153,985,468)	(142,993,666)	(140,385,177)
Non-cash amounts excluded from operating activities	29(a)	41,431,827	30,575,421	31,922,309
Amount attributable to operating activities		18,495,467	11,689,247	18,861,612
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		13,233,505	5,262,383	17,073,963
Proceeds from disposal of assets		911,507	2,853,359	1,707,242
Proceeds from financial assets at amortised cost - community loans		50,271	50,271	95,815
		14,195,282	8,166,013	18,877,020
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(6,269,699)	(6,446,948)	(5,487,258)
Purchase and construction of infrastructure	9(a)	(14,466,663)	(17,438,871)	(18,160,071)
		(20,736,362)	(23,885,819)	(23,647,329)
Non-cash amounts excluded from investing activities	29(b)	(4,895,833)	(800,000)	(5,510,375)
Amount attributable to investing activities		(11,436,912)	(16,519,806)	(10,280,684)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	30(a)	3,866,732	5,268,469	4,630,731
Loans Utilised		2,096,554	0	(1,868,047)
Proceeds from interest bearing liabilities		896,397	0	0
Transfers from reserve accounts	31	13,440,581	6,632,888	16,161,074
		20,300,264	11,901,357	18,923,758
Outflows from financing activities				
Repayment of borrowings	30(a)	(4,155,961)	(4,365,891)	(5,338,920)
Payments for principal portion of lease liabilities	30(d)	(545,354)	(1,139,274)	(592,153)
Payments for principal portion of interest bearing liabilities		(544,988)	0	447,719
Transfers to reserve accounts	31	(24,958,195)	(2,725,844)	(22,694,905)
		(30,204,498)	(8,231,009)	(28,178,259)
Amount attributable to financing activities		(9,904,234)	3,670,348	(9,254,501)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	29(c)	3,864,650	600,000	4,538,223
Amount attributable to operating activities		18,495,467	11,689,247	18,861,612
Amount attributable to investing activities		(11,436,912)	(16,519,806)	(10,280,684)
Amount attributable to financing activities		(9,904,234)	3,670,348	(9,254,501)
Surplus or deficit after imposition of general rates	29(c)	1,018,971	(560,210)	3,864,650

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

CITY OF MANDURAH
FOR THE YEAR ENDED 30 JUNE 2023
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CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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 Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

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 32 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

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	87,363,981	0	87,363,981
Grants, subsidies and contributions	6,474,595	0	0	0	6,474,595
Fees and charges	32,173,899	0	0	0	32,173,899
Service charges	0	0	0	0	0
Interest revenue	0	0	718,842	2,808,895	3,527,737
Other revenue	425,949	0	0	957,842	1,383,791
Capital grants, subsidies and contributions	0	13,143,236	0	0	13,143,236
Total	39,074,443	13,143,236	88,082,823	3,766,737	144,067,239

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	82,607,155	0	82,607,155
Grants, subsidies and contributions	6,136,973	0	0	0	6,136,973
Fees and charges	28,619,200	0	0	0	28,619,200
Service charges	0	0	0	0	0
Interest revenue	0	0	724,844	278,472	1,003,316
Other revenue	784,884	0	0	973,588	1,758,472
Capital grants, subsidies and contributions	0	11,809,911	0	0	11,809,911
Total	35,541,058	11,809,911	83,331,999	1,252,060	131,935,028

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	Note	2023 Actual \$	2022 Actual \$
Assets and services acquired below fair value			
Contributed assets		0	0
Recognised volunteer services		0	0
		0	0
<p>The City utilises volunteer services at the fire station, library and beach lifeguards. When beach lifeguard volunteers are not available, the City employs paid beach lifeguards, and therefore the fair value of beach lifeguard volunteers can be reliably measured. All other volunteer services are not recognised as revenue as the fair value of the services cannot be reliably estimated.</p>			
Interest revenue			
Financial assets at amortised cost - community loans			
Interest on reserve funds		966,200	145,262
Rates instalment and penalty interest		718,842	724,844
Other interest revenue		1,842,695	133,210
		3,527,737	1,003,316
<p>The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$2,500.</p>			
Fees and charges relating to rates receivable			
Charges on instalment plan		97,251	100,600
<p>The 2023 original budget estimate in relation to: Charges on instalment plan was \$116,220</p>			
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report		98,100	88,000
- Other services – grant acquittals		0	0
		98,100	88,000
Employee Costs			
Employee benefit costs		44,183,164	41,211,016
Other employee costs		7,005,267	6,146,288
		51,188,432	47,357,304
Finance costs			
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss		308,349	264,672
Interest rate swap		31,603	236,124
Interest bearing liabilities		569,921	238,537
Provisions: unwinding of discount		0	0
		909,873	739,333
Other expenditure			
Impairment losses on rates and statutory receivables			
Impairment losses on trade receivables		0	0
Impairment losses on other receivables			
Impairment losses on contract assets			
Write down of inventories to net realisable value	6		
Sundry expenses		39,605	161,752
		39,605	161,752

The impairment loss on contract assets has been recognised in relation to expenditure incurred for a future event for which grant funding is yet to be received. This amount has been recognised as revenue as the City has satisfied the relevant performance obligations in the contract.

The City has calculated the loss allowance to take into account the credit risk associated with the event being cancelled due to ongoing uncertainties.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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	2023	2022
	\$	\$
	31,444,622	18,740,715
	38,475,282	28,666,112
19(a)	69,919,904	47,406,827
	17,233,390	16,688,733
19(a)	52,686,514	30,718,094
	69,919,904	47,406,827

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.

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.

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Community Loans
Term deposits

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 or loss - Local Government House Trust
Financial assets at fair value through profit or loss - Interest Rate Swap

Financial assets at amortised cost

Financial assets at amortised cost - community loans

Financial assets at fair value through profit or loss - Local Government House Trust

Units in Local Government House Trust - opening balance
Movement attributable to fair value increment
Units in Local Government House Trust - closing balance

	2023	2022
	\$	\$
	12,403,760	24,104,590
	12,403,760	24,104,590
30(c)	46,142	50,271
	12,357,618	24,054,319
	12,403,760	24,104,590
	46,142	50,270
19(a)	12,357,618	24,054,319
	12,403,760	24,104,590
	222,132	268,274
	142,607	136,156
	254,526	270,564
	619,265	674,994
	222,132	268,274
	222,132	268,274
	136,156	129,162
	6,451	6,994
	142,607	136,156

Loans receivable from community have the same terms and conditions as the related borrowing disclosed in Note 30(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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

The City has elected to classify the following financial assets at fair value through profit or loss:

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

Impairment and risk

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

5. TRADE AND OTHER RECEIVABLES

Current

Rates and statutory receivables	
Trade receivables	
Other receivables - Infringements	
GST receivable	
Other receivables Pensioner Rebates and ESL	
Allowance for credit losses of trade and other receivables	

Note	2023	2022
	\$	\$
	2,137,344	2,327,689
	745,099	1,363,388
	868,854	863,730
	557,703	779,732
	61,804	77,625
23(b)	(192,969)	(210,870)
	4,177,835	5,201,294
	1,571,313	1,545,959
	1,571,313	1,545,959

Non-current

Pensioner's rates and ESL deferred

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers
Allowance for credit losses of trade receivables
Total trade and other receivables from contracts with customers

Note	30 June 2023 Actual	30 June 2022 Actual
	\$	\$
	137,519	88,088
	0	184
	137,519	88,271

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other Receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

6. INVENTORIES

Current

Fuel and materials
Land held for resale

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventory movement

Balance at end of year

Note	2023	2022
	\$	\$
	249,556	512,480
	445,000	445,000
	694,556	957,480
	957,480	540,691
	(262,924)	416,789
	694,556	957,480

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 2023

7. OTHER ASSETS

	2023	2022
	\$	\$
Other assets - current		
Prepayments	1,351,471	1,939,164
Accrued income	3,134,073	1,928,631
	4,485,545	3,867,795

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.

Accrued Income

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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 2021 - Restated	27	100,755,200	143,248,708	244,003,908	2,136,763	12,431,907	3,865,880	262,438,458
Additions		1,695,000	4,737,780	6,432,780	285,977	1,523,000	(2,754,499)	5,487,258
Gifted Assets - Restated		0	0	0	148,851	0	0	148,851
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	(5,710,209)	(5,710,209)	(246,896)	(1,413,582)	0	(7,370,687)
Transfers		(445,000)	313,548	(131,452)	0	0	0	(131,452)
Balance at 30 June 2022		93,525,000	163,398,180	256,923,180	2,262,236	12,011,782	1,111,381	272,308,579
Comprises:								
Gross balance amount at 30 June 2022		93,525,000	163,614,642	257,139,642	2,964,502	15,859,888	1,111,381	277,075,413
Accumulated depreciation at 30 June 2022		0	(216,462)	(216,462)	(702,266)	(3,848,106)	0	(4,766,834)
Balance at 30 June 2022	27	93,525,000	163,398,180	256,923,180	2,262,236	12,011,782	1,111,381	272,308,579
Additions		0	1,315,522	1,315,522	172,458	2,499,797	2,281,922	6,269,699
Disposals Cost		0	(61,096)	(61,096)	(50,000)	(1,158,018)	0	(1,269,114)
Disposals Accumulated Depreciation		0	11	11	0	491,880	0	491,891
Depreciation		0	(2,532,738)	(2,532,738)	(257,228)	(1,580,581)	0	(4,370,547)
Transfers		0	0	0	0	0	0	0
Balance at 30 June 2023		93,525,000	162,119,879	255,644,879	2,127,466	12,264,860	3,393,303	273,430,508
Comprises:								
Gross balance amount at 30 June 2023		93,525,000	164,869,068	258,394,068	3,086,960	17,201,667	3,393,303	282,075,998
Accumulated depreciation at 30 June 2023		0	(2,749,189)	(2,749,189)	(959,494)	(4,936,807)	0	(8,645,490)
Balance at 30 June 2023		93,525,000	162,119,879	255,644,879	2,127,466	12,264,860	3,393,303	273,430,508

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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 valuer and Management valuation	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 2023

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 2021 - Restated	27	334,996,515	138,118,402	141,944,222	49,805,713	62,852,132	5,372,056	17,682,264	750,771,304
Additions		1,091,628	164,752	1,720,292	0	0	0	15,183,399	18,160,071
Gifted Assets - Restated		2,962,868	948,078	1,345,361	7,746	0	0	0	5,264,053
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)	(9,873,406)	(2,383,959)	(9,937,770)	(2,393,531)	(717,791)	(195,694)	0	(25,502,151)
Transfers		0	0	0	516,915	(516,915)	0	0	0
Balance at 30 June 2022	27	346,510,552	160,347,953	130,603,793	51,410,266	69,184,352	4,762,214	32,865,663	795,684,793
Comprises:									
Gross balance at 30 June 2022		584,723,357	218,650,300	189,848,345	108,696,512	88,325,118	5,766,723	32,865,663	1,228,876,018
Accumulated depreciation at 30 June 2022		(238,212,805)	(58,302,347)	(59,244,552)	(57,286,246)	(19,140,766)	(1,004,509)	0	(433,191,225)
Balance at 30 June 2022		346,510,552	160,347,953	130,603,793	51,410,266	69,184,352	4,762,214	32,865,663	795,684,793
Additions*		5,871,829	980,006	1,841,953	408,670	0	0	5,364,205	14,466,663
Gifted Assets Cost		4,674,504	794,600	879,254	0	0	0	0	6,348,358
Gifted Assets Accumulated Depreciation		(22,465)	0	(196,942)	0	0	0	0	(219,407)
Disposals Cost		(2,548,827)	(472,612)	(3,361,450)	(3,525,203)	0	(640,917)	0	(10,549,009)
Disposals Accumulated Depreciation		1,444,105	121,317	1,594,132	2,398,945	0	162,399	0	5,720,898
Revaluation increments / (decrements) transferred to revaluation surplus		0	0	0	0	0	0	0	0
Depreciation		(13,151,101)	(2,765,316)	(12,718,391)	(2,501,510)	(883,251)	(203,766)	0	(32,223,335)
Balance at 30 June 2023		342,778,597	159,005,948	118,642,349	48,191,168	68,301,101	4,079,930	38,229,868	779,228,961
Comprises:									
Gross balance at 30 June 2023		592,720,863	219,952,294	189,208,102	105,579,979	88,325,118	5,125,806	38,229,868	1,239,142,030
Accumulated depreciation at 30 June 2023		(249,942,266)	(60,946,346)	(70,565,753)	(57,388,811)	(20,024,017)	(1,045,876)	0	(459,913,069)
Balance at 30 June 2023		342,778,597	159,005,948	118,642,349	48,191,168	68,301,101	4,079,930	38,229,868	779,228,961

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2023

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
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10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings - non-specialised	25 to 100 years
Furniture and equipment	2 to 26 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

(b) Fully Depreciated Assets in Use

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

	2023	2022
	\$	\$
Property, Plant and Equipment	102,680	75,900
Infrastructure	8,027,513	6,587,122
	8,130,193	6,663,022

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 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.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, 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 City's revaluation policy, 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 consistent with *Financial Management Regulation 17A(4)*.

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 consistent with *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 asset classes are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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).

Impairment

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 or losses on disposal

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

CITY OF MANDURAH
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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 2021		759,271	759,271
Lease movement		257,871	257,871
Depreciation		(583,208)	(583,208)
Balance at 30 June 2022		433,934	433,934
Lease movement		667,229	667,229
Depreciation		(552,349)	(552,349)
Balance at 30 June 2023		548,814	548,814

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

		2023 Actual	2022 Actual
		\$	\$
Depreciation on right-of-use assets		(552,349)	(583,208)
Finance charge on lease liabilities	30(d)	(13,767)	(19,411)
Low-value asset lease payments recognised as expense		(387,402)	(434,666)
Total amount recognised in the statement of comprehensive income		(953,518)	(1,037,285)
Total cash outflow from leases		(559,121)	(611,564)

(b) Lease Liabilities

Current		210,703	371,198
Non-current		363,184	80,486
	30(d)	573,887	451,684

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.

Details of individual lease liabilities required by regulations are provided at Note 30(d).

Right-of-use assets - measurement

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

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

Right-of-use assets - depreciation

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

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
3 to 4 years
4 to 5 years
> 5 years

2023 Actual	2022 Actual
\$	\$
1,082,166	1,142,424
1,055,934	1,007,054
1,053,484	1,000,001
1,062,835	950,457
1,069,649	935,268
12,744,211	11,091,891
18,068,279	16,127,095

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 group 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
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12. INVESTMENT PROPERTY

Non-current assets - at fair value

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

Amounts recognised in profit or loss for investment properties

Rental income	758,790	551,651
Direct operating expenses from property that generated rental income	(16,966)	(39,894)
Direct operating expenses from property that did not generate rental income	0	0
Fair value gain recognised in profit or loss	0	6,137,308

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	0	551,651
1 to 2 years	0	285,717
2 to 3 years	0	0
3 to 4 years	0	0
4 to 5 years	0	0
> 5 years	0	0
	0	837,368

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the group is a lessor is recognised in income on a straightline basis over the lease term.

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 group 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.

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, yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2023

13. TRADE AND OTHER PAYABLES

Current

	2023	2022
	\$	\$
Sundry creditors	8,429,452	4,048,964
Prepaid rates	4,820,082	4,153,066
Accrued payroll liabilities	1,460,662	1,233,182
Bonds and deposits held	4,728,860	7,272,942
Other payables - receipts in advance	7,643	235,512
Other payables - other accrued expenses	64,448	95,954
Other payables - retention monies	276,713	403,656
	19,787,860	17,443,276

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 any 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 income for the prepaid rates that have not been refunded.

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2023

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

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 aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$7,871,605 (2022: \$6,575,034)

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

Reconciliation of changes in capital grant/contribution liabilities

Opening balance
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

2023	2022
\$	\$
108,453	45,000
6,547,243	5,314,125
705,954	534,227
7,361,651	5,893,352
1,215,909	1,215,909
3,488,090	3,308,409
4,703,999	4,524,318
45,000	89,910
378,967	45,000
(315,514)	(89,910)
108,453	45,000
6,530,034	6,602,155
6,866,165	5,464,125
(5,633,047)	(5,536,246)
7,763,152	6,530,034
6,547,243	5,314,125
1,215,909	1,215,909
7,763,152	6,530,034

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 income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, 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.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

15. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		4,361,670	19,202,243	23,563,914	4,710,362	19,142,781	23,853,143
Total secured borrowings	30(a)	4,361,670	19,202,243	23,563,914	4,710,362	19,142,781	23,853,143

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 2023 and 2022 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 30(a).

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions
Employee benefit provisions
Annual Leave
Long Service Leave
Total current employee related provisions
Non-current provisions
Long Service Leave
Total non-current employee related provisions
Total employee related provisions

2023	2022
\$	\$
4,714,952	4,275,289
4,786,776	4,592,006
9,501,728	8,867,295
811,107	626,772
811,107	626,772
10,312,834	9,494,067

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	2023	2022
	\$	\$
	4,714,952	4,275,289
	5,597,882	5,218,778
	10,312,834	9,494,067

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
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17. OTHER PROVISIONS

	Provision for Workers Compensation	Total
	\$	\$
Opening balance at 1 July 2022		
Current provisions	671,448	671,448
	<u>671,448</u>	<u>671,448</u>
 Amounts used	 (46,905)	 (46,905)
Balance at 30 June 2023	<u>624,543</u>	<u>624,543</u>
 Comprises		
Current	624,543	624,543
	<u>624,543</u>	<u>624,543</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
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18. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	75,390,270	0	75,390,270	82,425,470	(7,035,200)	75,390,270
Revaluation surplus - Buildings - non-specialised	89,853,505	0	89,853,505	69,012,339	20,841,166	89,853,505
Revaluation surplus - Furniture and equipment	1,001,625	0	1,001,625	852,774	148,851	1,001,625
Revaluation surplus - Plant and equipment	188,092	0	188,092	188,092	0	188,092
Revaluation surplus - Infrastructure - roads	227,256,653	0	227,256,653	209,409,041	17,847,612	227,256,653
Revaluation surplus - Other infrastructure - drainage	118,790,040	0	118,790,040	95,224,109	23,565,931	118,790,040
Revaluation surplus - Other infrastructure - parks	188,952,729	0	188,952,729	189,564,223	(611,494)	188,952,729
Revaluation surplus - Other infrastructure - coastal and estuary	42,449,246	0	42,449,246	38,540,536	3,908,710	42,449,246
Revaluation surplus - Other infrastructure - bridges	24,230,622	0	24,230,622	16,663,696	7,566,926	24,230,622
Revaluation surplus - Other infrastructure - cultural	17,691,148	0	17,691,148	17,691,148	0	17,691,148
	785,803,930	0	785,803,930	719,571,428	66,232,502	785,803,930

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	69,919,904	47,406,827
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	52,686,514	30,718,094
- Financial assets at amortised cost	4	12,357,618	24,054,319
		65,044,132	54,772,413
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	31	62,819,360	51,301,746
Unspent loans	30(c)	2,224,772	3,470,667
Total restricted financial assets		65,044,132	54,772,413

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

Net result		(9,703,182)	(1,250,787)
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		9,586	(827,981)
Adjustments to fair value of investment property		0	(6,137,308)
Depreciation/amortisation		37,144,519	32,440,340
(Profit)/loss on sale of asset		4,524,403	5,523,563
Loss on revaluation of fixed assets		0	125,180
Assets received for substantially less than fair value		(6,128,951)	125,798
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		998,104	1,169,982
(Increase)/decrease in other assets		(617,750)	(1,460,554)
(Increase)/decrease in inventories		707,924	28,211
Increase/(decrease) in trade and other payables		2,344,584	1,203,477
Increase/(decrease) in employee related provisions		818,767	(161,922)
Increase/(decrease) in other provisions		(46,905)	190,032
Increase/(decrease) in other liabilities		1,296,571	(117,031)
Capital grants, subsidies and contributions		(8,297,216)	(12,053,620)
Net cash provided by/(used in) operating activities		23,050,454	18,797,379

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	200,000	700,000
Credit card balance at balance date	(43,196)	(41,598)
Total amount of credit unused	156,804	658,402

Loan facilities

Loan facilities - current	4,925,859	4,710,362
Loan facilities - non-current	18,638,054	19,142,781
Total facilities in use at balance date	23,563,914	23,853,143

Unused loan facilities at balance date

2,224,772	3,470,667
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CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

20. CONTINGENT LIABILITIES

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

21. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	11,187,623	3,901,280
- plant & equipment purchases	1,368,006	1,412,166
	12,555,629	5,313,446
Payable:		
- not later than one year	12,555,629	5,313,446

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

22. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual	2023 Budget	2022 Actual
	\$	\$	\$
Mayor's annual allowance	95,497	95,497	93,253
Deputy Mayor's annual allowance	26,499	26,499	25,938
Meeting attendance fees	438,344	438,344	424,622
Annual allowance for ICT expenses	38,500	38,500	38,165
Travel and accommodation expenses	5,614	21,320	9,156
22(b)	604,454	620,160	591,134

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual	2022 Actual
	\$	\$
Short-term employee benefits	2,634,802	2,525,207
Post-employment benefits	384,040	336,666
Employee - other long-term benefits	67,601	57,138
Employee - termination benefits	96,168	35,789
Council member costs	604,454	591,134
22(a)	3,787,065	3,545,934

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

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

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits

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

Council member costs

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

CITY OF MANDURAH
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2023

22. RELATED PARTY TRANSACTIONS

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:

	2023 Actual \$	2022 Actual \$
Sale of goods and services	0	0
Purchase of goods and services	1,194,184	832,513
Short term employee benefits - other related parties	0	0
Payment of Council member costs (Refer to Note 22(a))	604,454	591,134
Amounts outstanding from related parties:		
Trade and other receivables	0	5,684
Amounts payable to related parties:		
Trade and other payables	0	0

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 and are detailed in Notes 22(a) and 22(b).

23. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2023					
Cash and cash equivalents	3.54%	69,919,904	38,475,282	31,444,622	0
Financial assets at amortised cost - term deposits	4.62%	12,357,618	12,357,618	0	0
2022					
Cash and cash equivalents	0.42%	47,406,827	28,666,112	18,740,715	0
Financial assets at amortised cost - term deposits	1.55%	24,054,319	24,054,319	0	0

Sensitivity

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

	2023	2022
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	314,446	187,407

* 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 30(a).

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade and other receivables.

	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
30 June 2023					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	160,172	148,790	144,561	3,255,134	3,708,657
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2023					
Trade and other receivables					
Expected credit loss	0.00%	20.13%	5.86%	17.48%	
Gross carrying amount	434,916	82,887	131,468	964,679	1,613,951
Loss allowance	0	16,688	7,700	168,581	192,969

30 June 2022					
Trade and other receivables					
Expected credit loss	4.05%	13.84%	10.71%	15.70%	
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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

	Rates receivables		Trade and other receivables		Contract Assets	
	2023 Actual	2022 Actual	2023 Actual	2022 Actual	2023 Actual	2022 Actual
Opening loss allowance as at 1 July	\$ 0	\$ 0	\$ 210,870	\$ 158,610	\$ 0	\$ 0
Increase in loss allowance recognised in profit or loss during the year	0	0	113,447	200,566	0	0
Receivables written off during the year as uncollectible	0	0	(131,348)	(148,306)	0	0
Closing loss allowance at 30 June	0	0	192,969	210,870	0	0

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

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

Contract Assets

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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
2023	\$	\$	\$	\$	\$
Trade and other payables	19,787,860	0	0	19,787,860	19,787,860
Borrowings	190,931	7,406,002	15,966,980	23,563,913	23,563,913
Interest bearing liabilities	1,049,378	3,709,962	629,019	5,388,359	4,194,044
Lease liabilities	210,703	363,184	0	573,887	573,887
	21,238,872	11,479,148	16,595,999	49,314,019	48,119,704
2022					
Trade and other payables	17,443,276	0	0	17,443,276	17,443,276
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
	23,405,513	18,603,480	4,764,936	46,773,929	45,590,739

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 report is presented.

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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.

26. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

Objective

Description

Governance

To provide a decision making process for the efficient allocation of scarce resources.

Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting council members and ratepayers on matters which do not concern specific local government services.

General purpose funding

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

Law, order, public safety

To provide services to help ensure a safer and environmentally conscious community.

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

Health

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

Education and welfare

To provide services to disadvantaged persons, the elderly, children and youth.

Operation of senior citizen's centre, youth centre and assistance to various community and voluntary services associated with families, children, aged and disabled.

Community amenities

To provide services required by the community.

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

Recreation and culture

To establish and effectively manage infrastructure and resources which will help the social well being of the community.

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

Transport

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

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

Economic services

To help promote the local government and its economic wellbeing.

Marketing & promotion of tourism, visitor centres, economic development, implementation of building and development controls.

Other property and services

To monitor and control operating accounts.

Private works, administration and public works overheads, works depots and council plant operations.

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

26. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2023	2022
	Actual	Actual
	\$	\$
Income excluding grants, subsidies and contributions		
Governance	153	7,410
General purpose funding	92,737,981	85,026,561
Law, order, public safety	682,314	661,413
Health	227,729	209,803
Education and welfare	455,796	430,605
Community amenities	18,521,160	16,891,104
Recreation and culture	7,143,967	6,016,725
Transport	1,823,342	2,644,597
Economic services	2,560,543	8,392,500
Other property and services	430,787	905,414
	124,583,773	121,186,132
Grants, subsidies and contributions		
General purpose funding	4,934,629	4,409,678
Law, order, public safety	105,334	116,703
Health	261,702	277,959
Education and welfare	41,550	158,206
Community amenities	9,785	13,742
Recreation and culture	3,185,715	1,465,149
Transport	4,145,885	6,378,050
Economic services	740,802	4,781,730
Other property and services	6,289,148	5,609,722
	19,714,549	23,210,939
Total Income	144,298,322	144,397,071
Expenses		
Governance	(5,202,841)	(5,727,513)
General purpose funding	(2,979,784)	(2,889,582)
Law, order, public safety	(3,937,261)	(3,775,474)
Health	(2,364,956)	(2,185,772)
Education and welfare	(4,523,292)	(4,768,374)
Community amenities	(23,180,144)	(20,781,730)
Recreation and culture	(53,440,948)	(52,581,052)
Transport	(31,553,488)	(26,586,444)
Economic services	(5,452,832)	(5,690,633)
Other property and services	(21,365,957)	(16,609,084)
Total expenses	(154,001,504)	(141,595,658)
Net result for the period	(9,703,182)	2,801,413
(c) Total Assets		
Governance	11,478,624	11,729,638
General purpose funding	3,562,120	3,726,664
Law, order, public safety	12,432,521	12,437,210
Health	2,521	7,500
Education and welfare	5,410,593	5,390,349
Community amenities	3,982,527	4,262,358
Recreation and culture	414,252,633	350,361,553
Transport	605,976,681	635,356,324
Economic services	101,506,186	101,823,598
Other property and services	993,814	878,934
Unallocated	(1,833,998)	50,286,696
	1,157,764,221	1,176,260,824

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

27. CORRECTION OF ERROR

The City of Mandurah has reviewed the asset database and found assets that were not previously recorded in our asset register. The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Statement of Financial Position (Extract)	Note	30 June 2022 \$	Increase/ (Decrease) \$	30 June 2022 (Restated) \$	30 June 2021 \$	Increase/ (Decrease) \$	30 June 2021 (Restated) \$
Property, plant and equipment	(i)	272,195,383	113,196	272,308,579	254,428,252	8,010,206	262,438,458
Infrastructure	(ii)	761,906,420	33,778,375	795,684,795	698,379,689	52,391,615	750,771,304
Net assets		1,066,648,518	33,891,571	1,100,540,089	970,908,204	60,401,821	1,031,310,025
Revaluation surplus	(iii)	808,672,530	(22,868,600)	785,803,930	711,681,428	7,890,000	719,571,428
Retained surplus	(iv)	206,672,868	56,760,171	263,433,039	214,458,861	52,511,822	266,970,683
Total equity		1,066,648,518	33,891,571	1,100,540,089	970,908,204	60,401,822	1,031,310,026

Statement of Comprehensive Income (Extract)	Note	30 June 2022 \$	Increase/ (Decrease) \$	30 June 2022 (Restated) \$
Depreciation	(i), (ii), (iii)	(32,440,340)	(1,015,705)	(33,456,045)
Capital grants, subsidies and contributions	(ii)	11,809,911	5,264,055	17,073,966
Net result for the period		(1,252,161)	4,248,351	2,996,190
Changes in asset revaluation surplus		96,991,102	(30,758,600)	66,232,502
Total comprehensive income for the period		96,991,102	(30,758,599)	66,232,503

- (i) The adjustment to the balance at 1 July 2021 relates to the assets found in FY23 and FY22 that were built/gifted to the City prior to 1 July 2021. The assets found in FY22 were previously recorded as part of the 30 June 2022 balances.

The adjustment to balance at 30 June 2022 relates to the assets found in FY23 that were built/gifted to the City prior to 30 June 2022 less the associated depreciation expenses for the FY22.

- (ii) The adjustment to the balance at 1 July 2021 relates to the assets found in FY23 and FY22 that were built/gifted to the City prior to 1 July 2021. The assets found in FY22 were previously recorded as part of the 30 June 2022 balances.

The adjustment to balance at 30 June 2022 relates to the assets found in FY23 that were built/gifted to the City prior to 1 July 2021 less the associated depreciation expenses for the FY22 and the assets were gifted to the City in FY22 that were not previously recorded.

- (iii) The adjustment to 1 July 2021 balance relates to newly found assets in FY22 and FY23 as covered under (i) and (ii) that were previously expensed.

The adjustment to 30 June 2022 balance relates to the newly found assets in FY23 as covered under (i) and (ii) that were previously expensed, the associated depreciation expenses and the gifted assets in FY22 that were not previously recognised. In addition, all of the newly found assets in FY22 were incorrectly recognised against the revaluation surplus in the FY22 financial statements. This was subsequently corrected in FY23, which reduced the revaluation surplus at 30 June 2022 and increased the retained surplus by the same amount.

- (iv) The adjustment to 1 July 2021 balance relates to revaluation gain on newly found assets in FY22 and FY23 as covered under (i) and (ii).

The adjustment to 30 June 2022 balance relates to the error associated to the newly found assets in FY22 as discussed under (iii).

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2023

28. RATING INFORMATION

(a) General Rates

RATE TYPE		Rate in \$	Number of Properties	2022/23 Actual Rateable Value \$	2022/23 Actual Rate Revenue \$	2022/23 Actual Interim Rates \$	2022/23 Actual Back Rates \$	2022/23 Actual Total Revenue \$	2022/23 Budget Rate Revenue \$	2022/23 Budget Interim Rate \$	2022/23 Budget Total Revenue \$	2021/22 Actual Total Revenue \$
Rate Description	Basis of valuation											
Residential Improved	Gross rental valuation	0.10202	34,158	541,544,055	55,248,323	693,930	35,591	55,977,844	55,174,265	626,580	55,800,845	52,569,353
Residential Vacant	Gross rental valuation	0.17328	1,703	21,382,856	3,705,221	(50,679)	(34,471)	3,620,071	3,862,837	0	3,862,837	3,607,508
Business Improved	Gross rental valuation	0.09879	989	146,949,467	14,517,138	130,927	5,243	14,653,308	14,517,138	0	14,517,138	13,878,069
Business Vacant	Gross rental valuation	0.17605	116	3,274,044	576,395	(30,709)	(3)	545,683	576,395	0	576,395	551,052
Urban Development	Gross rental valuation	0.13883	10	1,812,200	251,588	1,835	0	253,423	140,801	0	140,801	230,197
Total general rates			36,976	714,962,622	74,298,665	745,304	6,360	75,050,329	74,271,436	626,580	74,898,016	70,836,179
Minimum payment												
Residential Improved	Gross rental valuation	1,178	8,216	81,975,766	9,678,448	(37,706)	(3,402)	9,637,340	9,758,552	0	9,758,552	9,351,101
Residential Vacant	Gross rental valuation	975	1,711	7,225,306	1,668,225	152,388	42,675	1,863,288	1,668,225	0	1,668,225	1,619,300
Business Improved	Gross rental valuation	1,178	373	2,143,234	439,394	(3,163)	(1,940)	434,291	439,394	0	439,394	421,328
Business Vacant	Gross rental valuation	1,178	18	93,340	21,204	(10,402)	0	10,802	21,204	0	21,204	22,160
Total minimum payments			10,318	91,437,646	11,807,271	101,117	37,333	11,945,721	11,887,375	0	11,887,375	11,413,889
Total general rates and minimum payments			47,294	806,400,268	86,105,936	846,421	43,693	86,996,050	86,158,811	626,580	86,785,391	82,250,068
Specified Area Rates												
Waterside Canal Frontage	Residential improved	0.00000	317	6,476,440	0	0	0	0	0	0	0	0
Mandurah Ocean Marina	Residential improved	0.01430	885	21,285,934	304,389	346	85	304,820	304,388	0	304,388	304,173
Mandurah Quay	Residential improved	0.00240	406	6,651,920	15,965	18	0	15,983	15,965	0	15,965	15,953
Port Bouvard Eastport Canals	Residential improved	0.00150	423	8,669,900	13,005	197	8	13,210	13,005	0	13,005	12,943
Port Bouvard Northport Canals	Residential improved	0.00400	325	5,771,935	23,088	(134)		22,954	23,088	0	23,088	23,091
Port Mandurah Canals	Residential improved	0.00390	886	20,402,270	79,569	(21)	3	79,551	79,569	0	79,569	79,472
Total amount raised from rates (excluding general rates)			2,925	62,781,959	436,016	406		436,518	436,015	0	436,015	435,632
Discounts								0			0	0
Concessions								(68,587)	(73,101)		(73,101)	(69,766)
Total Rates								87,363,981			87,148,305	82,615,934
Rate instalment interest								400,109			360,000	387,283
Rate overdue interest								318,733			280,000	337,561

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

29. DETERMINATION OF SURPLUS OR DEFICIT

Audit and Risk Committee Report
4 December 2023

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2023

30. 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 2021	During 2021-22	Repayments	June 2022	During 2022-23	Repayments	30 June 2023	July 2022	During 2022-23	Repayments	30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
IT Communications Equipment [318(i)]		49,193	0	(18,587)	30,606	0	(18,507)	12,099	30,037		(17,210)	12,827
Rushton Park Redevelopment [318(ii)]		241,639	0	(94,263)	147,376	0	(93,855)	53,521	149,162		(90,350)	58,812
Meadow Springs Recreation Facility [318(iii)]		180,868	0	(70,808)	110,060	0	(70,502)	39,558	111,048	0	(68,838)	42,210
Drainage [318(iv)]		60,772	0	(23,455)	37,317	0	(23,354)	13,963	38,114		(21,512)	16,602
Road Construction [318(v)]		604,820	0	(235,436)	369,384	0	(234,418)	134,966	365,688		(232,329)	133,359
Mandurah Rugby Club [320]		650	0	(649)	0	0	0	0	0		0	0
Mandurah Cricket Club [321]		215	0	(215)	0	0	0	0	0		0	0
Falcon Bay Seawall [351]		206,931	0	(38,993)	167,938	0	(36,179)	131,759	167,697		(37,557)	130,140
Halls Head Ablution Block [350]		82,406	0	(15,543)	66,863	0	(14,422)	52,441	66,761		(14,978)	51,783
Waste Water Reuse [349]		123,584	0	(23,327)	100,257	0	(21,647)	78,610	100,106		(22,475)	77,631
MPAC Forecourt [348]		103,000	0	(19,434)	83,566	0	(18,035)	65,531	83,441		(18,726)	64,715
MARC Carpark [347]		247,154	0	(46,662)	200,492	0	(43,306)	157,186	200,207		(44,949)	155,258
Road Construction [346]		325,323	0	(61,445)	263,878	0	(57,015)	206,863	263,509		(59,172)	204,337
MARC Stage 2 [345]		1,018,914	0	(212,706)	806,208	0	(205,600)	600,608	805,599		(193,127)	612,472
Mandurah Football & Sporting Club [324]		84,392	0	(82,689)	1,703	0	(1,703)	0	1,701		(1,701)	0
Mandurah Rugby Club [325]		6,511	0	(6,354)	158	0	(158)	0	148		(148)	0
Ablutions - Netball Centre [329(i)]		45,686	0	(45,682)	4	0	(4)	0	0		0	0
Road Construction [329(ii)]		95,049	0	(95,040)	9	0	(9)	0	0		0	0
Drainage Construction [329(iii)]		33,345	0	(33,342)	3	0	(3)	0	0		0	0
Peelwood Oval - Parking [329(iv)]		12,341	0	(12,340)	1	0	(1)	0	0		0	0
Parks Construction [329(v)]		44,193	0	(44,189)	4	0	(4)	0	0		0	0
Path Construction [329(vi)]		6,286	0	(6,285)	1	0	(1)	0	0		0	0
IT Equipment [329(vii)]		13,085	0	(13,084)	1	0	(1)	0	0		0	0
Street Lighting [329(viii)]		8,009	0	(8,006)	3	0	(3)	0	0		0	0
Land Purchase [330]		589,352	0	(589,349)	3	0	(3)	0	0		0	0
Bowling Club Relocation [326]		531,182	0	(531,169)	13	0	(13)	0	0		0	0
Parks - Falcon Bay Reserve [333(i)]		48,650	0	(25,951)	22,699	0	(22,699)	0	22,669		(22,669)	0
Road Construction [333(ii)]		212,835	0	(109,428)	103,407	0	(103,407)	0	103,271		(103,271)	0
Waste Trailers and Dolly [336]		182,929	0	(59,522)	123,407	0	(58,252)	65,155	123,230		(59,345)	63,885
New Pedestrian Bridge Construction [335]		364,096	0	(120,378)	243,718	0	(117,943)	125,775	243,382		(120,092)	123,290
MARC Redevelopment [338]		599,116	0	(167,335)	431,781	0	(166,812)	264,969	431,571		(158,725)	272,846
New Road Construction [339]		430,313	0	(116,598)	313,715	0	(109,366)	204,349	313,472		(113,063)	200,409
WMC Tims Thicket [343]		83,051	0	(16,002)	67,049	0	(14,936)	52,113	66,945		(15,484)	51,461
MARC Redevelopment Stage 2 [341]		1,051,932	0	(228,129)	823,803	0	(226,829)	596,974	823,172		(208,805)	614,367
New Road Construction [342]		539,017	0	(113,931)	425,086	0	(104,830)	320,256	424,889		(103,930)	320,959
MARC Redevelopment Stage 1 [340]		420,178	0	(85,320)	334,858	0	(77,677)	257,181	334,589		(80,362)	254,227
Eastern Foreshore Wall [344]		689,125	0	(147,421)	541,704	0	(136,330)	405,374	541,452		(134,904)	406,548
Halls Head Bowling Club upgrade [331]		273,985	0	(38,130)	235,855	0	(33,738)	202,117	235,521		(35,791)	199,730
Mandurah Marina [352]		153,180	0	(21,052)	132,128	0	(18,576)	113,552	131,936		(19,733)	112,203
MARC Solar Plan [353]		153,181	0	(21,046)	132,135	0	(18,576)	113,559	131,943		(19,733)	112,210
MARC Carpark [354]		229,772	0	(31,579)	198,193	0	(27,867)	170,326	197,910		(29,593)	168,317
Novara Foreshore Development [355]		306,342	0	(41,913)	264,429	0	(36,833)	227,596	264,051		(39,459)	224,592
Falcon Bay Foreshore Upgrades [356]		306,342	0	(42,117)	264,225	0	(37,165)	227,060	263,851		(39,466)	224,385
Mandurah Foreshore Boardwalk Renewal [357]		344,544	0	(48,299)	296,245	0	(41,852)	254,393	296,023		(44,419)	251,604
Mandjar Square Development [358]		382,825	0	(53,892)	328,933	0	(48,291)	280,642	328,666		(49,368)	279,299

New Road Construction [359]	1,028,241	0	(163,701)	864,540	0	(140,576)	723,964	863,839	(142,058)	721,781	
Lakelands DOS [360]	2,040,330	0	(327,151)	1,713,179	0	(325,482)	1,387,697	1,711,905	(281,019)	1,430,886	
Smoke Bush Retreat Footpath [361]	76,587	0	(10,522)	66,065	0	(9,290)	56,775	65,962	(9,873)	56,089	
New Road Construction 2018/19	1,329,503	0	(157,234)	1,172,269	0	(146,015)	1,026,254	1,156,574	(142,756)	1,013,818	
Mandjar Square Stage 3 and 4	803,936	0	(95,267)	708,669	0	(87,839)	620,830	308,260	(86,589)	221,671	
Falcon Seawall	413,013	0	(45,592)	367,421	0	(38,978)	328,443	753,670	(42,827)	710,843	
New Boardwalks 18/19	413,013	0	(43,373)	369,640	0	(38,878)	330,762	365,327	(42,735)	322,592	
Civic Building - Tuckey Room Extension	413,014	0	(43,777)	369,237	0	(38,894)	330,343	364,576	(42,761)	321,815	
Novara Foreshore Stage 3	165,255	0	(17,131)	148,124	0	(15,533)	132,591	146,260	(17,089)	129,171	
Pinjarra Road Carpark	165,255	0	(17,131)	148,124	0	(15,533)	132,591	146,260	(17,089)	129,171	
Coodanup Drive - Road Rehabilitation	82,641	0	(8,558)	74,083	0	(7,762)	66,321	73,146	(8,544)	64,602	
South Harbour Upgrade	209,228	0	(19,676)	189,552	0	(20,228)	169,324	187,347	(20,542)	166,805	
Falcon Skate Park Upgrade	108,084	0	(11,283)	96,801	0	(10,677)	86,124	95,556	(10,796)	84,760	
Falcon Bay Foreshore Stage 3 of 4	272,894	0	(25,676)	247,218	0	(28,203)	219,015	244,346	(26,795)	217,551	
New Road Construction 2019/20	798,115	0	(94,810)	703,305	0	(99,180)	604,125	693,846	(81,755)	612,091	
Mandjar Square Final Stage	272,894	0	(25,689)	247,205	0	(28,203)	219,002	244,333	(26,795)	217,538	
Halls Head Recycled Water 2019/20	181,932	0	(17,122)	164,810	0	(17,933)	146,877	162,892	(17,864)	145,028	
Westbury Way North side POS Stage 3	181,937	0	(17,113)	164,824	0	(17,933)	146,891	162,906	(17,863)	145,043	
Smart Street Mall Upgrade 2019/20	450,310	0	(48,975)	401,335	0	(51,182)	350,153	396,166	(45,040)	351,126	
Smart Street Mall 2020/21	1,102,206	0	(97,402)	1,004,804	0	(99,371)	905,433	994,683	(93,163)	901,520	
New Roads 2020/21	600,023	0	(56,147)	543,876	0	(61,919)	481,957	538,083	(56,675)	481,408	
Enclosed Dog Park	20,151	0	(1,685)	18,466	0	(1,401)	17,065	18,263	(1,704)	16,559	
Falcon Bay Upgrade - Stage 4 of 5	280,011	0	(23,624)	256,387	0	(24,907)	231,480	253,699	(23,633)	230,066	
Novara Foreshore Stage 4	100,004	0	(8,428)	91,576	0	(7,026)	84,550	90,607	(8,435)	82,172	
Bortolo Reserve - Shared Use Parking and Fire Track F	300,011	0	(25,309)	274,702	0	(26,314)	248,388	271,821	(25,330)	246,491	
South Harbour Paving Upgrade Stage 2	50,002	0	(4,208)	45,794	0	(3,508)	42,286	45,303	(4,218)	41,085	
Eastern/ Western Foreshore 2020/21	1,140,973	0	(109,833)	1,031,140	0	(118,389)	912,751	1,019,829	(96,791)	923,038	
Falcon Skate Park Upgrade 2020/21	75,456	0	(6,354)	69,102	0	(6,025)	63,077	68,368	(6,373)	61,995	
Ablutions 2020/21 & 2021/22 (consolidation of above At	0	250,000	51	250,051	0	(21,194)	228,857	250,000	(21,265)	228,735	
Eastern/ Western Foreshore 2021/22	0	1,534,387	313	1,534,700	0	(156,899)	1,377,801	1,534,387	(130,452)	1,403,935	
Smart Street Mall 2021/22	0	630,439	129	630,568	0	(62,443)	568,125	630,439	(53,609)	576,830	
Enclosed Dog Park 2021/22	0	179,849	37	179,886	0	(14,157)	165,729	179,849	(15,297)	164,552	
Novara Foreshore Stage 4 2021/22	0	230,000	47	230,047	0	(20,002)	210,045	230,000	(19,562)	210,438	
Falcon Bay Upgrade - Stage 4 of 5 2021/22	0	71,440	15	71,455	0	(5,267)	66,188	71,440	(6,081)	65,359	
Parks and Reserves Upgrades 2021/22	0	495,000	101	495,101	0	(48,318)	446,783	495,000	(42,098)	452,902	
Mandurah Library Re Roofing Project	0	115,000	23	115,023	0	(8,759)	106,264	115,000	(9,787)	105,213	
Falcon Reserve Activation Plan	0	0	0	0	0	0	0	0	0	0	
Rushton Park Precinct	0	0	0	0	0	0	0	0	0	0	
Western Foreshore Yr 3	0	0	0	0	0	0	0	0	0	0	
Direct Cooling System	0	0	0	0	0	0	0	0	0	0	
Carryover Roads 2020/21	0	500,000	102	500,102	0	(43,022)	457,080	500,000	(42,518)	457,482	
Roads 2021/22	0	250,000	51	250,051	0	(20,437)	229,614	250,000	(21,265)	228,735	
Boardwalks 2021/22	0	0	0	0	0	0	0	0	0	0	
Carparks 2021/22	0	165,639	34	165,673	0	(13,239)	152,434	165,639	(14,095)	151,544	
Pedestrian Bridge Mandurah Road	0	0	0	0	0	0	0	0	0	0	
Cambria Island Abutment Wall	0	58,977	12	58,989	0	(4,040)	54,949	58,977	(5,024)	53,953	
Mandurah Ocean Marina Chalets Refurbishment	0	150,000	31	150,031	0	(12,320)	137,711	150,000	(12,761)	137,239	
Bortolo Reserve Fire Track Water Infrastructure	0	0	0	0	40,000	21	40,021	0	0	0	
Falcon Reserve Activation Plan Stage 3	0	0	0	0	400,000	211	400,211	0	400,000	(34,014)	365,986
Pleasant Grove Foreshore	0	0	0	0	59,000	31	59,031	0	59,000	(5,023)	53,977
Kangaroo Paw Park	0	0	0	0	307,408	162	307,570	0	400,000	(34,014)	365,986
Falcon Bay Stage 5 of 5	0	0	0	0	145,000	76	145,076	0	350,000	(29,756)	320,244
2022/23 South Harbour Upgrades	0	0	0	0	102,000	54	102,054	0	150,000	(12,761)	137,239
Bruce Cresswell Reserve	0	0	0	0	196,000	103	196,103	0	300,000	(25,511)	274,489
Seascapes Boardwalk	0	0	0	0	200,000	105	200,105	0	200,000	(17,007)	182,993
Mandurah Community Museum Roof and Gutters	0	0	0	0	130,000	68	130,068	0	150,000	(12,761)	137,239
Stage 2 of Upgrades to Peelwood Reserve	0	0	0	0	0	0	0	0	350,000	(29,756)	320,244
Smart Street Mall Upgrade	0	0	0	0	58,717	31	58,748	0	0	0	

2022/23 Parks and Reserves Upgrades	0	0	0	0	390,000	205	390,205	0	0	0	0		
SP Halls Head PSP	0	0	0	0	200,000	105	200,105	0	200,000	(17,007)	182,993		
RC Peel Street	0	0	0	0	111,000	58	111,058	0	500,000	(42,518)	457,482		
Senior Citizens Carpark	0	0	0	0	12,000	6	12,006	0	100,000	(8,504)	91,496		
Torcello Mews Canal PAW Renewal	0	0	0	0	100,000	54	100,054	0	100,000	(8,504)	91,496		
MARC Carpark Additional and overflow	0	0	0	0	0	0	0	0	50,000	(4,258)	45,742		
Halls Head Parade Car Park Stage 2a	0	0	0	0	50,000	26	50,026	0	50,000	(4,258)	45,742		
RC Pinjarra Road Stage 4	0	0	0	0	500,000	263	500,263	0	500,000	(42,518)	457,482		
Cambria Island Abutment Walls Repair	0	0	0	0	268,397	141	268,538	0	300,000	(25,511)	274,489		
RC Pinjarra Road Stage 3	0	0	0	0	500,000	263	500,263	0	0	0	0		
Halls Head Pde Beach Central CP Stage 2	0	0	0	0	97,210	51	97,261	0	0	0	0		
Total Borrowings	15	24,561,332	4,630,731	(5,338,920)	23,853,143	3,866,732	(4,155,961)	23,563,914	0	23,736,319	4,159,000	(4,365,891)	23,529,428

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 2022 and 2023.

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
						\$	\$	\$
IT Communications Equipment [318(i)]		3	Westpac	5.68%	19/06/2025	(334)	(697)	(215)
Rushton Park Redevelopment [318(ii)]		3	Westpac	5.68%	19/06/2025	(1,479)	(3,661)	(1,088)
Meadow Springs Recreation Facility [318(iii)]		3	Westpac	5.68%	19/06/2025	(1,093)	(2,789)	(818)
Drainage [318(iv)]		3	Westpac	5.68%	19/06/2025	(386)	(872)	(271)
Road Construction [318(v)]		3	Westpac	5.68%	19/06/2025	(3,730)	(9,414)	(2,719)
Falcon Bay Seawall [351]		6	Westpac	5.21%	19/06/2027	(6,637)	(5,271)	(3,822)
Halls Head Ablution Block [350]		7	Westpac	5.21%	19/06/2027	(2,642)	(2,098)	(1,522)
Waste Water Reuse [349]		8	Westpac	5.21%	16/06/2027	(3,961)	(3,145)	(2,280)
MPAC Forecourt [348]		9	Westpac	5.21%	19/06/2027	(3,302)	(2,622)	(1,900)
MARC Carpark [347]		10	Westpac	5.21%	19/06/2027	(7,921)	(6,291)	(4,567)
Road Construction [346]		11	Westpac	5.21%	16/06/2027	(10,425)	(8,280)	(5,995)
MARC Stage 2 [345]		12	Westpac	5.21%	19/06/2027	(12,631)	(25,117)	(5,527)
Mandurah Football & Sporting Club [324]		13	Westpac	0.00%	16/07/2022	0	(5)	(877)
Mandurah Rugby Club [325]		14	Westpac	0.00%	16/07/2022	0	0	(68)
Ablutions - Netball Centre [329(i)]		15	Westpac	0.00%	16/07/2022	0	0	(447)
Road Construction [329(ii)]		15	Westpac	0.00%	16/07/2022	0	0	(973)
Drainage Construction [329(iii)]		15	Westpac	0.00%	16/07/2022	0	0	(316)
Peelwood Oval - Parking [329(iv)]		15	Westpac	0.00%	16/07/2022	0	0	(132)
Parks Construction [329(v)]		15	Westpac	0.00%	16/07/2022	0	0	(447)
Path Construction [329(vi)]		15	Westpac	0.00%	16/07/2022	0	0	(79)
IT Equipment [329(vii)]		15	Westpac	0.00%	16/07/2022	0	0	(132)
Street Lighting [329(viii)]		15	Westpac	0.00%	16/07/2022	0	0	(105)
Land Purchase [330]		16	Westpac	0.00%	16/07/2022	0	0	(2,454)
Bowling Club Relocation [326]		17	Westpac	0.00%	16/07/2022	0	0	(3,089)
Parks - Falcon Bay Reserve [333(i)]		18	Westpac	0.00%	19/06/2023	(453)	(400)	(707)
Road Construction [333(ii)]		18	Westpac	0.00%	19/06/2023	(2,064)	(1,822)	(3,222)
Waste Trailers and Dolly [336]		19	Westpac	5.56%	19/06/2024	(4,447)	(3,367)	(3,178)
New Pedestrian Bridge Construction [335]		20	Westpac	5.56%	19/06/2024	(8,738)	(6,604)	(6,306)
MARC Redevelopment [338]		21	Westpac	5.68%	19/06/2025	(4,477)	(12,575)	(3,954)
New Road Construction [339]		22	Westpac	5.68%	16/06/2025	(12,638)	(9,169)	(5,408)
WMC Tims Thicket [343]		23	Westpac	5.21%	16/06/2026	(2,633)	(2,096)	(1,564)
MARC Redevelopment Stage 2 [341]		24	Westpac	5.21%	19/06/2026	(7,445)	(25,483)	(6,146)
New Road Construction [342]		25	Westpac	5.21%	16/06/2026	(12,301)	(13,214)	(3,199)
MARC Redevelopment Stage 1 [340]		26	Westpac	5.21%	19/06/2026	(13,104)	(10,430)	(5,460)
Eastern Foreshore Wall [344]		27	Westpac	5.21%	19/06/2026	(15,364)	(16,800)	(4,272)
Halls Head Bowling Club upgrade [331]		28	Westpac	5.21%	19/06/2028	(9,715)	(7,673)	(5,323)
Mandurah Marina [352]		29	Westpac	5.21%	16/06/2028	(5,447)	(4,303)	(2,972)
MARC Solar Plan [353]		30	Westpac	5.21%	19/06/2028	(5,448)	(4,303)	(2,979)
MARC Carpark [354]		31	Westpac	5.21%	16/06/2028	(8,171)	(6,455)	(4,458)
Novara Foreshore Development [355]		32	Westpac	5.21%	19/05/2028	(11,228)	(8,613)	(6,146)
Falcon Bay Foreshore Upgrades [356]		33	Westpac	5.21%	16/06/2028	(10,893)	(8,606)	(5,943)
Mandurah Foreshore Boardwalk Renewal [357]		34	Westpac	5.21%	16/05/2028	(12,211)	(9,653)	(5,762)
Mandjar Square Development [358]		35	Westpac	5.21%	19/06/2028	(11,782)	(10,716)	(6,179)
New Road Construction [359]		36	Westpac	5.21%	19/06/2028	(29,441)	(27,970)	(6,315)
Lakelands DOS [360]		37	Westpac	5.21%	16/06/2028	(10,963)	(55,437)	(9,291)
Smoke Bush Retreat Footpath [361]		38	Westpac	5.21%	19/06/2028	(2,724)	(2,151)	(1,489)
New Road Construction 2018/19		39	Westpac	5.04%	19/06/2029	(34,933)	(38,204)	(8,636)
Mandjar Square Stage 3 and 4		40	Westpac	5.04%	19/06/2029	(21,830)	(23,091)	(4,664)
Falcon Seawall		41	Westpac	5.04%	16/06/2029	(15,848)	(12,013)	(5,264)
New Boardwalks 18/19		42	Westpac	5.04%	19/06/2029	(15,949)	(12,105)	(6,884)
Civic Building - Tuckey Room Extension		43	Westpac	5.04%	19/06/2029	(15,931)	(12,079)	(6,481)
Novara Foreshore Stage 3		44	Westpac	5.04%	16/06/2029	(6,392)	(4,847)	(2,967)

Pinjarra Road Carpark	45	Westpac	5.04%	16/06/2029	(6,392)	(4,847)	(2,967)
Coodanup Drive - Road Rehabilitation	46	Westpac	5.04%	19/06/2029	(3,197)	(2,424)	(1,486)
South Harbour Upgrade	47	Westpac	5.65%	19/06/2030	(5,644)	(6,230)	(4,037)
Falcon Skate Park Upgrade	48	Westpac	5.65%	16/06/2030	(3,894)	(3,172)	(2,070)
Falcon Bay Foreshore Stage 3 of 4	49	Westpac	5.65%	19/06/2030	(5,554)	(8,125)	(5,266)
New Road Construction 2019/20	50	Westpac	5.65%	19/06/2030	(10,150)	(22,981)	(5,410)
Mandjar Square Final Stage	51	Westpac	5.65%	16/06/2030	(5,553)	(8,125)	(5,253)
Halls Head Recycled Water 2019/20	52	Westpac	5.65%	16/06/2030	(4,568)	(5,416)	(3,502)
Westbury Way North side POS Stage 3	53	Westpac	5.65%	19/06/2030	(4,569)	(5,417)	(3,511)
Smart Street Mall Upgrade 2019/20	54	Westpac	5.65%	19/06/2030	(9,549)	(13,148)	(6,695)
Smart Street Mall 2020/21	55	Westpac	5.66%	20/06/2031	(12,397)	(33,329)	(5,051)
New Roads 2020/21	56	Westpac	5.66%	20/06/2031	(4,310)	(17,929)	(4,564)
Enclosed Dog Park	57	Westpac	5.66%	20/06/2031	(807)	(612)	(338)
Falcon Bay Upgrade - Stage 4 of 5	58	Westpac	5.66%	20/06/2031	(5,995)	(8,503)	(4,702)
Novara Foreshore Stage 4	59	Westpac	5.66%	20/06/2031	(4,004)	(3,037)	(1,679)
Bortolo Reserve - Shared Use Parking and Fire Track F	60	Westpac	5.66%	20/06/2031	(6,796)	(9,110)	(5,038)
South Harbour Paving Upgrade Stage 2	61	Westpac	5.66%	20/06/2031	(2,002)	(1,518)	(840)
Eastern/ Western Foreshore 2020/21	62	Westpac	5.66%	20/06/2031	(7,577)	(34,151)	(5,634)
Falcon Skate Park Upgrade 2020/21	63	Westpac	5.66%	20/06/2031	(2,293)	(2,291)	(1,267)
Carryover Roads 2020/21	64	Westpac	6.30%	19/06/2032	(11,762)	(16,822)	(102)
Roads 2021/22	65	Westpac	6.30%	19/06/2032	(6,661)	(8,411)	(51)
Carparks 2021/22	66	Westpac	6.30%	19/06/2032	(5,363)	(5,573)	(34)
Ablutions 2020/21 & 2021/22 (consolidation of above At	67	Westpac	6.30%	19/06/2032	(6,647)	(8,411)	(51)
Eastern/ Western Foreshore 2021/22	68	Westpac	6.30%	19/06/2032	(11,522)	(51,624)	(313)
Parks and Reserves Upgrades 2021/22	69	Westpac	6.30%	19/06/2032	(6,339)	(16,654)	(101)
Cambria Island Abutment Wall	70	Westpac	6.30%	19/06/2032	(2,883)	(1,984)	(12)
Mandurah Library Re Roofing Project	71	Westpac	6.30%	19/06/2032	(4,296)	(3,869)	(23)
Mandurah Ocean Marina Chalets Refurbishment	72	Westpac	6.30%	19/06/2032	(4,576)	(5,047)	(31)
Enclosed Dog Park 2021/22	73	Westpac	6.30%	19/06/2032	(6,004)	(6,051)	(37)
Falcon Bay Upgrade - Stage 4 of 5 2021/22	74	Westpac	6.30%	19/06/2032	(3,025)	(2,403)	(15)
Novara Foreshore Stage 4 2021/22	75	Westpac	6.30%	19/06/2032	(5,641)	(7,738)	(47)
Smart Street Mall 2021/22	76	Westpac	6.30%	19/06/2032	(7,037)	(21,211)	(129)
RC Pinjarra Road Stage 3	77	Westpac	6.41%	19/06/2033	(263)	0	0
RC Pinjarra Road Stage 4	78	Westpac	6.41%	19/06/2033	(263)	(16,822)	0
Falcon Reserve Activation Plan Stage 3	79	Westpac	6.41%	19/06/2033	(211)	(13,458)	0
2022/23 Parks and Reserves Upgrades	80	Westpac	6.41%	19/06/2033	(205)	(11,776)	0
Kangaroo Paw Park	81	Westpac	6.41%	19/06/2033	(162)	(13,458)	0
Cambria Island Abutment Walls Repair	82	Westpac	6.41%	19/06/2033	(141)	(10,093)	0
SP Halls Head PSP	83	Westpac	6.41%	19/06/2033	(105)	(6,729)	0
Seascapes Boardwalk	84	Westpac	6.41%	19/06/2033	(105)	(6,729)	0
Bruce Cresswell Reserve	85	Westpac	6.41%	19/06/2033	(103)	(10,093)	0
Falcon Bay Stage 5 of 5	86	Westpac	6.41%	19/06/2033	(76)	(11,776)	0
Mandurah Community Museum Roof and Gutters	87	Westpac	6.41%	19/06/2033	(68)	(5,047)	0
RC Peel Street	88	Westpac	6.41%	19/06/2033	(58)	(16,822)	0
2022/23 South Harbour Upgrades	89	Westpac	6.41%	19/06/2033	(54)	(5,047)	0
Torcello Mews Canal PAW Renewal	90	Westpac	6.41%	19/06/2033	(53)	(3,364)	0
MARC Carpark Additional and overflow	0	0	0.00%	0/01/1900	0	(1,682)	0
Halls Head Parade Car Park Stage 2a	91	Westpac	6.41%	19/06/2033	(51)	(1,682)	0
Pleasant Grove Foreshore	92	Westpac	6.41%	19/06/2033	(31)	(1,985)	0
Smart Street Mall Upgrade	93	Westpac	6.41%	19/06/2033	(31)	0	0
Halls Head Pde Beach Central CP Stage 2	94	Westpac	6.41%	19/06/2033	(26)	0	0
Bortolo Reserve Fire Track Water Infrastructure	95	Westpac	6.41%	19/06/2033	(21)	0	0
Senior Citizens Carpark	96	Westpac	6.41%	19/06/2033	(6)	(3,364)	0
Total Finance Cost Payments					(556,154)	(906,534)	(245,261)

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

30. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Interest & Charges		Total Interest & Charges	Actual Balance Drawn Down
					2023 Actual	2023 Budget	2023 Actual	2023 Budget		
				%	\$	\$	\$	\$	\$	\$
Bortolo Reserve Fire Track Water Westpac		Debenture	10	6.41%	40,000	0	21	0	21	40,021
Falcon Reserve Activation Plan S Westpac		Debenture	10	6.41%	400,000	400,000	211	400,000	211	400,211
Pleasant Grove Foreshore Westpac		Debenture	10	6.41%	59,000	59,000	31	59,000	31	59,031
Kangaroo Paw Park Westpac		Debenture	10	6.41%	307,408	400,000	162	400,000	162	307,570
Falcon Bay Stage 5 of 5 Westpac		Debenture	10	6.41%	145,000	350,000	76	350,000	76	145,076
2022/23 South Harbour Upgrades Westpac		Debenture	10	6.41%	102,000	150,000	54	150,000	54	102,054
Bruce Cresswell Reserve Westpac		Debenture	10	6.41%	196,000	300,000	103	300,000	103	196,103
Seascapes Boardwalk Westpac		Debenture	10	6.41%	200,000	200,000	105	200,000	105	200,105
Mandurah Community Museum R Westpac		Debenture	10	6.41%	130,000	150,000	68	150,000	68	130,068
Stage 2 of Upgrades to Peelwood Westpac		Debenture	10	6.41%	0	350,000	0	350,000	0	0
Smart Street Mall Upgrade Westpac		Debenture	10	6.41%	58,717	0	31	0	31	58,748
2022/23 Parks and Reserves Upg Westpac		Debenture	10	6.41%	390,000	0	205	0	205	390,205
SP Halls Head PSP Westpac		Debenture	10	6.41%	200,000	200,000	105	200,000	105	200,105
RC Peel Street Westpac		Debenture	10	6.41%	111,000	500,000	58	500,000	58	111,058
Senior Citizens Carpark Westpac		Debenture	10	6.41%	12,000	100,000	6	100,000	6	12,006
Torcello Mews Canal PAW Rene Westpac		Debenture	10	6.41%	100,000	100,000	54	100,000	54	100,054
MARC Carpark Additional and ov Westpac		Debenture	10	6.41%	0	50,000	0	50,000	0	0
Halls Head Parade Car Park Stag Westpac		Debenture	10	6.41%	50,000	50,000	26	50,000	26	50,026
RC Pinjarra Road Stage 4 Westpac		Debenture	10	6.41%	500,000	500,000	263	500,000	263	500,263
Cambria Island Abutment Walls F Westpac		Debenture	10	6.41%	268,397	300,000	141	300,000	141	268,538
RC Pinjarra Road Stage 3 Westpac		Debenture	10	6.41%	500,000	0	263	0	263	500,263
Halls Head Pde Beach Central Cf Westpac		Debenture	10	6.41%	97,210	0	51	0	51	97,261
					3,866,732	4,159,000	2,038	4,159,000	2,038	3,868,770

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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30. BORROWING AND LEASE LIABILITIES (Continued)

(c) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2022 \$	Borrowed During Year \$	Spent During Year \$	Unspent Balance 30 June 2023 \$
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	352,398	0	(163,081)	189,317
Mandurah Foreshore Boardwalk Stage 3	Westpac	6/02/2019	38,704	0	(13,582)	25,122
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	2,070,944	0	(1,282,947)	787,997
Smart Street Mall 2020/21	Westpac	30/06/2021	393,283	0	(393,283)	0
Ablutions 2021/22	Westpac	29/06/2022	56,416	0	(56,416)	0
Falcon Bay Upgrade - Stage 4 of 5 2021/22	Westpac	29/06/2022	18,117	0	(18,117)	0
Parks and Reserves Upgrades 2021/22	Westpac	29/06/2022	71,828	0	(27,868)	43,960
Mandurah Library Re Roofing Project	Westpac	29/06/2022	105,937	0	(105,937)	0
Carparks 2021/22	Westpac	29/06/2022	35,323	0	(35,323)	0
Cambria Island Abutment Wall	Westpac	29/06/2022	37,603	0	0	37,603
Mandurah Ocean Marina Chalets Refurbishment	Westpac	29/06/2022	53,039	0	0	53,039
Falcon Reserve Activation Plan Stage 3	Westpac	19/06/2023	0	400,000	(257,105)	142,895
Pleasant Grove Foreshore	Westpac	19/06/2023	0	59,000	(16,426)	42,574
Falcon Bay Stage 5 of 5	Westpac	19/06/2023	0	145,000	(46,485)	98,515
2022/23 South Harbour Upgrades	Westpac	19/06/2023	0	102,000	(100,334)	1,666
Seascapes Boardwalk	Westpac	19/06/2023	0	200,000	(44,136)	155,864
Mandurah Community Museum Roof and Gutters	Westpac	19/06/2023	0	130,000	(112,168)	17,832
2022/23 Parks and Reserves Upgrades	Westpac	19/06/2023	0	390,000	(316,050)	73,950
SP Halls Head PSP	Westpac	19/06/2023	0	200,000	0	200,000
RC Peel Street	Westpac	19/06/2023	0	111,000	0	111,000
Torcello Mews Canal PAW Renewal	Westpac	19/06/2023	0	100,000	(93,637)	6,363
			3,470,667	1,837,000	(3,082,895)	2,224,772

(d) Lease Liabilities

Purpose	Note	Actual							Budget				
		Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Gym Equipment		293,681	53,780	(201,033)	146,428	47,192	(185,261)	8,359	146,428	74,054	(210,278)	10,204	
Software		64,829	73,096	(109,575)	28,350	73,096	(83,090)	18,356	28,350	54,587	(81,768)	1,169	
IT Equipment		406,889	62,385	(214,260)	255,014	295,536	(216,182)	334,368	255,014	134,714	(201,941)	187,787	
Survey Equipment		17,680	67,886	(63,674)	21,892	245,583	(54,671)	212,804	17,680	375,225	(90,429)	302,476	
Records - Postage Meter		2,886	725	(3,611)	0	6,150	(6,150)	0	0	3,849	(3,783)	66	
Total Lease Liabilities	11(b)	785,965	257,872	(592,153)	451,684	667,557	(545,354)	573,887	0	447,472	642,429	(588,199)	501,702

Lease Finance Cost Payments

Purpose	Note	Institution	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
				\$	\$	\$	
Gym Equipment		MAIA - Marc Equipment	Various	(1,449)	(3,675)	(6,646)	Various
Software		MAIA - Business Systems	Various	(460)	(1,782)	(1,033)	Various
IT Equipment		HP and Fuji	Various	(8,960)	(5,845)	(11,336)	Various
Survey Equipment		MAIA - Survey	1/03/2027	(2,804)	(2,250)	(357)	27 months
Records - Postage Meter		Pitney Bowes	23/05/2023	(94)	(117)	(39)	75 months
Total Finance Cost Payments				(13,767)	(13,669)	(19,411)	

CITY OF MANDURAH
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31. RESERVE ACCOUNTS

Restricted by legislation/agreement

Cash in Lieu of Parking Reserve

Restricted by council

Building Reserve

Asset Management Reserve

Cultural Centre Reserve

Sustainability Reserve

Waste Reserve

Traffic Bridge Reserve

Interest Free Loans Reserve

CLAG Reserve

Mandurah Ocean Marina Reserve

Waterways Reserve - Stingray Wharf

Port Mandurah Canals Stage 2 Maintenance Reserve

Mariners Cove Canals Reserve

Port Bouvard Canal Maintenance Contributions Reserve

Unspent Grants Reserve

Leave Reserve

Bushland Acquisition Reserve

Coastal Storm Contingency Reserve

Digital Futures Reserve

Decked Carparking Reserve

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash in Lieu of Parking Reserve	481,438	10,257	0	491,695	488,384	6,412	0	494,796	479,332	2,106	0	481,438
	481,438	10,257	0	491,695	488,384	6,412	0	494,796	479,332	2,106	0	481,438
Building Reserve	1,627,162	70,123	(248,447)	1,448,838	947,695	12,443	0	960,138	1,674,855	340,993	(388,686)	1,627,162
Asset Management Reserve	15,417,266	7,598,757	(1,935,919)	21,080,104	10,752,634	2,119,918	(897,474)	11,975,078	10,688,231	7,407,655	(2,678,620)	15,417,266
Cultural Centre Reserve	215,975	0	(26,212)	189,763	2,480	0	0	2,480	149,781	66,194	0	215,975
Sustainability Reserve	531,204	10,636	(31,978)	509,862	373,345	4,902	(77,000)	301,247	625,422	2,324	(96,542)	531,204
Waste Reserve	6,053,666	2,441,519	(273,696)	8,221,489	4,419,449	41,850	(1,306,916)	3,154,383	4,008,943	2,497,088	(452,365)	6,053,666
Traffic Bridge Reserve	0	0	0	0	(114)	0	0	(114)	49,886	0	(49,886)	0
Interest Free Loans Reserve	145,562	46,142	0	191,704	325	0	0	325	50,325	95,237	0	145,562
CLAG Reserve	11,917	8,773	0	20,690	1,182	16	0	1,198	6,407	11,917	(6,407)	11,917
Mandurah Ocean Marina Reserve	177,997	3,792	0	181,789	180,577	2,371	0	182,948	177,219	778	0	177,997
Waterways Reserve - Stingray Wharf	811,550	243,827	0	1,055,377	724,745	9,515	(63,377)	670,883	733,673	91,302	(13,425)	811,550
Port Mandurah Canals Stage 2 Maintenance Reserve	93,112	1,984	0	95,096	94,438	1,240	0	95,678	92,705	407	0	93,112
Mariners Cove Canals Reserve	84,837	1,808	0	86,645	86,065	1,130	0	87,195	84,466	371	0	84,837
Port Bouvard Canal Maintenance Contributions Reserve	267,030	5,689	0	272,719	270,874	3,556	0	274,430	265,862	1,168	0	267,030
Unspent Grants Reserve	8,773,649	8,184,208	(6,336,550)	10,621,307	3,224,965	0	(3,139,113)	85,852	8,707,386	8,183,631	(8,117,368)	8,773,649
Leave Reserve	4,592,006	194,770	(1,525,348)	3,261,428	4,663,760	0	(905,791)	3,757,969	4,576,258	15,748	0	4,592,006
Bushland Acquisition Reserve	1,307,640	232,121	0	1,539,761	1,301,700	217,090	0	1,518,790	3,000,000	5,720	(1,698,080)	1,307,640
Coastal Storm Contingency Reserve	258,494	5,507	0	264,001	262,219	3,443	0	265,662	257,363	1,131	0	258,494
Digital Futures Reserve	56,866	1,212	0	58,078	70,768	929	0	71,697	69,192	249	(12,575)	56,866
Decked Carparking Reserve	1,008,622	21,489	0	1,030,111	1,023,157	13,433	0	1,036,590	1,004,210	4,412	0	1,008,622

Specified Area Rates - Waterside Canals	116,972	2,437	(2,601)	116,808	113,938	1,496	(6,738)	108,696	118,986	512	(2,526)	116,972
Specified Area Rates - Port Mandurah Canals	212,247	74,764	0	287,011	144,978	66,803	(1,131)	210,650	415,584	80,401	(283,738)	212,247
Specified Area Rates - Mandurah Quay Canals	222,331	16,859	0	239,190	222,158	11,882	0	234,040	209,361	16,925	(3,955)	222,331
Specified Area Rates - Mandurah Ocean Marina	564,257	209,949	0	774,206	410,720	156,783	0	567,503	403,902	160,355	0	564,257
Specified Area Rate - Port Bouvard Canals	131,740	20,985	0	152,725	122,542	2,197	0	124,739	120,423	23,668	(12,351)	131,740
Specified Area Rate - Mariners Cove	10,331	100	(5,648)	4,783	5,201	69	(5,317)	(47)	15,857	46	(5,572)	10,331
Specified Area Rate - Eastport	43,891	8,694	0	52,585	36,288	476	(31)	36,733	35,919	13,136	(5,164)	43,891
Sports Club Maintenance Levy Reserve	242,545	62,128	0	304,673	204,217	2,681	0	206,898	188,306	54,239	0	242,545
City Centre Land Acquisition Reserve	1,010,931	41,988	0	1,052,919	1,006,509	13,215	(100,000)	919,724	1,006,509	4,422	0	1,010,931
Lakelands Community Infrastructure Reserve	1,102,123	23,481	0	1,125,604	1,118,005	14,679	0	1,132,684	1,097,302	4,821	0	1,102,123
Plant Reserve	2,014,060	1,779,592	(782,277)	3,011,375	835,239	10,966	0	846,205	1,582,499	1,143,187	(711,626)	2,014,060
Workers Compensation Reserve	673,563	11,562	(130,874)	554,251	483,542	6,349	0	489,891	481,416	192,147	0	673,563
Restricted Cash Reserve	3,040,759	1,948,378	(2,141,031)	2,848,106	2,004,924	0	(130,000)	1,874,924	2,390,335	2,272,612	(1,622,188)	3,040,759
Transform Mandurah Funding Program Reserve	0	852,513	0	852,513	0	0	0	0	0	0	0	0
Public Arts Reserve	0	311,498	0	311,498	0	0	0	0	0	0	0	0
Community Safety Reserve	0	510,653	0	510,653	0	0	0	0	0	0	0	0
	50,820,308	24,947,938	(13,440,581)	62,327,665	35,108,525	2,719,432	(6,632,888)	31,195,069	44,288,583	22,692,799	(16,161,074)	50,820,308
	51,301,746	24,958,195	(13,440,581)	62,819,360	35,596,909	2,725,844	(6,632,888)	31,689,865	44,767,915	22,694,905	(16,161,074)	51,301,746

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

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

Name of reserve account	Purpose of the reserve account
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
Sustainability Reserve	Sustainability - Development of Mandurah as a sustainable city
Waste Reserve	Waste Facilities Reserve Fund - Future waste treatment initiatives
Traffic Bridge Reserve	Traffic Bridge - Replacement of Mandurah Traffic Bridge
Interest Free Loans Reserve	Interest Free Loans - Interest-free loans to sporting & community groups for minor capital projects
CLAG Reserve	CLAG - Contiguous Local Authority Group for control of mosquitoes
Mandurah Ocean Marina Reserve	Mandurah Ocean Marina - Future maintenance/asset replacement at Mandurah Ocean Marina
Waterways Reserve - Stingray Wharf	Waterways - Future maintenance/asset replacement of specific waterways infrastructure
Port Mandurah Canals Stage 2 Maintenance Reserve	Port Mandurah Canals Stage 2 Maintenance - Stage 2 Future maintenance of canals
Mariners Cove Canals Reserve	Mariners Cove Canals - Future maintenance of canals
Port Bouvard Canal Maintenance Contributions Reserve	Port Bouvard Canal Maintenance Contributions - Contribution Future maintenance of canals

Unspent Grants Reserve	Unspent Grants & Contributions - Operating and non-operating grants and contributions tied to future expenditure
Leave Reserve	Long Service Leave - To fund the long service and sick leave liability of Council's staff
Bushland Acquisition Reserve	Bushland Acquisition - For the purchase & protection of bushland and environmentally sensitive sites within the City
Coastal Storm Contingency Reserve	Coastal Storm Contingency - Provide for coastal emergency works due to storm damage
Digital Futures Reserve	Digital Futures - Fund development, investigation or commissioning of digital technology initiatives
Decked Carparking Reserve	Decked Carparking - Amount received from Landcorp in June 2006, set aside for Decked Carparking
Specified Area Rates - Waterside Canals	Specified Area Rates - Waterside Canals - Future maintenance of canals
Specified Area Rates - Port Mandurah Canals	Specified Area Rates - Port Mandurah Canals - Future maintenance of canals
Specified Area Rates - Mandurah Quay Canals	Specified Area Rates - Mandurah Quay Canals - Future maintenance of canals
Specified Area Rates - Mandurah Ocean Marina	Specified Area Rates - Mandurah Ocean Marina - Future maintenance/asset replacement at Mandurah Ocean Marina
Specified Area Rate - Port Bouvard Canals	Specified Area Rate - Port Bouvard Canals - Future maintenance of canals
Specified Area Rate - Mariners Cove	Specified Area Rate - Mariners Cove - Future maintenance of canals
Specified Area Rate - Eastport	Specified Area Rate - Eastport - Future maintenance of canals
Sports Club Maintenance Levy Reserve	Sports Clubs Maintenance Levy - To maintain various city buildings leased to clubs
City Centre Land Acquisition Reserve	City Centre Land Acquisition Reserve - For future property purchases within the City Centre area
Lakelands Community Infrastructure Reserve	Lakelands Community Infrastructure Reserve - Contribute to the construction of the community infrastructure on Lot 2300 Seppings Parade Lakelands
Plant Reserve	Plant reserve - Replacement of heavy plant and equipment
Workers Compensation Reserve	Workers Compensation - For the purposes of funding previous year workers compensation claims that are open and still have costs required to be paid by the City of Mandurah
Restricted Cash Reserve	Restricted cash carried forward for future use
Transform Mandurah Funding Program Reserve	Progress projects endorsed by Council under Transform Mandurah or identified through other City Strategies to support the City's Economic aspirations and objectives
Public Arts Reserve	To fund public art throughout the City of Mandurah district
Community Safety Reserve	To fund the relevant actions in the Community Safety Strategy that have been identified as being funded from this reserve

CITY OF MANDURAH
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2023

32. 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 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
Cash-in-lieu of public open space	1,246,258	151,398	0	1,397,656
	1,246,258	151,398	0	1,397,656

2	SUBJECT:	Privacy and Responsible Information Sharing (PRIS)
	DIRECTOR:	Place and Community
	MEETING:	Audit and Risk Committee
	MEETING DATE:	4 December 2023

Summary

The WA Government is drafting new legislation that will form the basis of Privacy and Responsible Information Sharing (PRIS) reforms, designed to ensure that personal information is collected, used, and handled responsibly. City officers presented PRIS information at the Audit and Risk Committee in August 2023, and confirmed a further update would be provided in December 2023.

The privacy and responsible information sharing legislation is intended to provide Western Australians with greater control over their personal information and improve the delivery of government services. This legislation will enable data to be shared within government for the right reasons and provide greater accountability and transparency about how government uses personal information.

PRIS reforms are expected to apply to several entities (including local government) that will be referred to collectively as 'agencies' to be consistent with the proposed Bill. WA Government is adopting a collaborative and coordinated approach in preparing agencies for PRIS, with a variety of guidelines, checklists, and readiness actions. The City is undertaking a series of readiness actions in alignment with the WA Government approach and timeline.

It is intended to provide progress reports to the Audit and Risk Committee, aligned with key milestones in the City's PRIS readiness journey. Additionally, Officers will report by exception if there are any material project changes or concerns.

The Audit and Risk Committee is requested to note this first progress update on the City's preparedness for the new PRIS obligations.

Disclosure of Interest

Nil

Location

N/A

Previous Relevant Documentation

AR.2/9/23	4 September 2023	That the Audit and Risk Committee noted the City's intention to progress consistent with the Privacy and Information Sharing readiness approach developed by the State Govt.
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Background

The State Government is drafting new Privacy and Responsible Information Sharing (PRIS) legislation to reform personal privacy protections and the accountability of information sharing within government. The legislation should provide Western Australians with more control over their personal privacy, improve the delivery of government services and create local research and development opportunities. The draft legislation has not yet been made available for review.

The State Government advises that the PRIS Legislation will introduce seven key areas of reform:

1. The introduction of Information Privacy Principles (IPPs) – rules that guide the collection, use, disclosure, and handling of personal information. The IPPs will apply to the WA public sector and, where required, contracted service providers.
2. The appointment of a Privacy Commissioner – an independent statutory officer that reports directly to Parliament and is primarily responsible for privacy matters in WA, that will, amongst other things: monitor agency compliance with the IPPs; and receive complaints about alleged breaches of privacy.
3. A mandatory data breach notification scheme requiring agencies to notify the Privacy Commissioner and any affected individuals of serious data breaches involving personal information.
4. A statutory mechanism for WA public sector agencies to share information only when adhering to new, stringent standards for risk assessment, decision making, governance and transparency.
5. The introduction of Responsible Sharing Principles (RSPs) to provide a consistent framework for the assessment of risks and benefits associated with a data sharing arrangement.
6. Establishing a Chief Data Officer function in government, to promote and support a culture of responsible information sharing and use in the public.
7. Introducing a mechanism that supports Aboriginal data sovereignty and governance in WA, by requiring that Aboriginal people and communities are involved or consulted when data about them is shared.

These changes are proposed on the basis that:

- Government holds a lot of information needed to provide services, ensure compliance with laws and regulations, and to plan for citizens' future needs.
- Government is responsible for ensuring the security and appropriate use of personal information.
- Western Australia is one of only two States without privacy legislation.
- Government should use the information it holds to provide better services and outcomes for people and the community.

PRIS Approach and Progress

There are four self-assessment activities and 18 key actions that the City needs to prioritise to develop our culture and capability in readiness for the proposed PRIS reforms. Figure 1 shows the WA Government endorsed PRIS readiness approach and timeline adopted by the City.

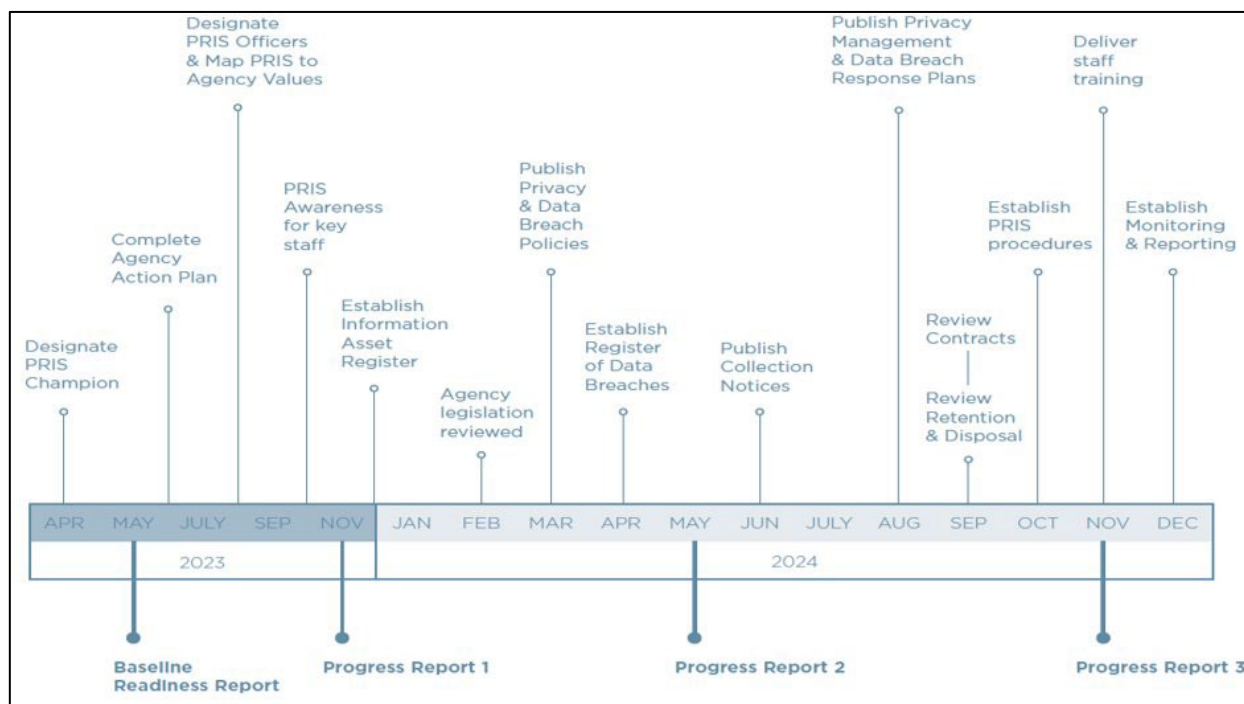


Figure 1. PRIS Readiness Approach and Timeline

The checklist below is aligned with the WA Government PRIS readiness approach and indicates the City's progress against key actions and milestones.

Table 1. Checklist of PRIS Readiness Actions

Date	Action	Status
Apr 23	Designate a PRIS Champion	✓
May 23	Baseline Readiness Assessment and Report	✓
Jun 23	Complete PRIS Action Plan – approved by senior executive	✓
Aug 23	Map PRIS to Agency values	✓
Aug 23	Designate a Privacy Officer and Information Sharing Officer	
Oct 23	PRIS Officers and other key staff attend awareness sessions (April, June)	✓
Nov 23	Progress Report 1	✓
Dec 23	Survey information holdings and establish Information Asset Register	
Feb 24	Review agency legislation for PRIS implications	
Mar 24	Develop and publish a Privacy Policy	
Mar 24	Develop and publish a Data Breach Policy	
Apr 24	Establish an internal register of data breaches	
May 24	Progress Report 2	
Jun 24	Develop and publish Collection Notices	
Aug 24	Develop and publish a Privacy Management Plan	
Aug 24	Develop and publish a Data Breach Response Plan	
Sep 24	Review contracts with partners and service providers	
Sep 24	Review retention and disposal requirements	
Oct 24	Establish internal procedures for handling and tracking PRIS requests, complaints, and breaches	
Nov 24	Deliver internal PRIS training and awareness for agency staff	
Nov 24	Progress Report 3	
Dec 24	Establish internal procedures for PRIS monitoring and compliance reporting	

Comment

The Office Digital Government notified agencies on 1 November 2023 that while drafting of the PRIS Bill is proceeding well, by necessity the assumed target date for introducing the Bill into Parliament has been delayed to early 2024. Consequently, the Office Digital Government will revisit the schedule for readiness planning which will be updated and released in due course. Once the Bill is introduced to Parliament, the City will have a better understanding of its responsibilities and whether PRIS obligations can be met within existing workforce capacity.

In November 2023, the Office Digital Government opened the portal for one week for agencies to submit their PRIS Readiness Report. The City submitted its report accordingly.

The City's PRIS Readiness Assessment produced an indication of the City's current PRIS maturity level against each activity in the checklist, indicating areas where the City is meeting or exceeding maturity expectations, and one area where further action is required to meet the target. Figures 2 and 3 show the City's current maturity level against the designated target. Note, the readiness actions in Figure 2 and Figure 3, from "Establish an Information Asset Register" to "Establish Monitoring and Reporting" are not yet due which gives reason to their lack of current readiness.

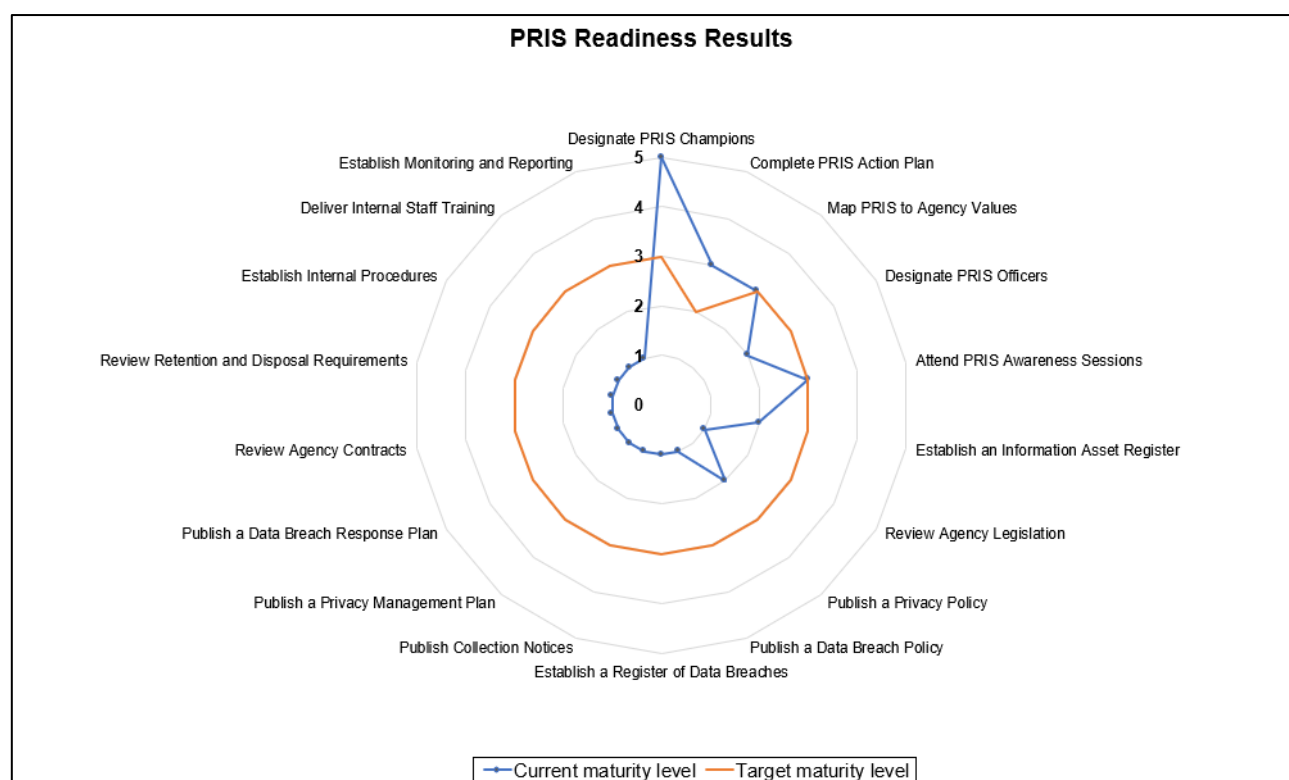


Figure 2. PRIS Readiness Results – Radial Graph

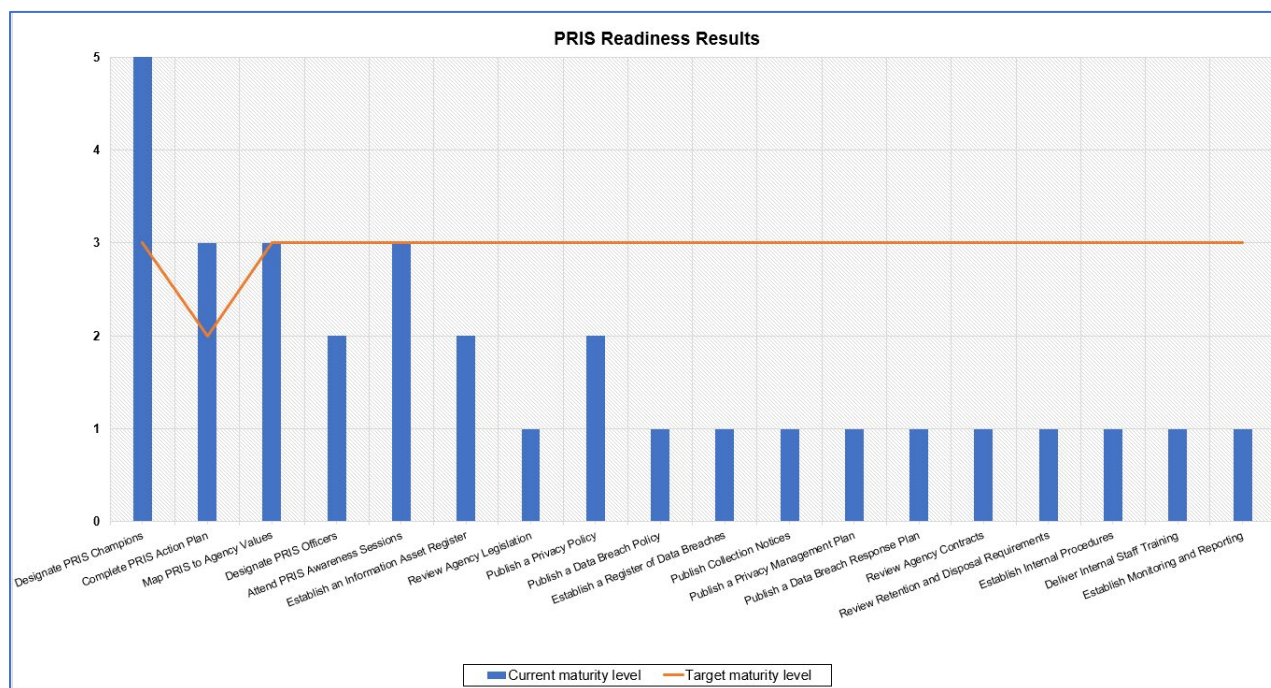


Figure 3. PRIS Readiness Results – Bar Graph with Line Overlay

Of the items actioned to date, the City is meeting or exceeding the target maturity level in all areas with the exception of Item 4 – *Designate PRIS Officers*, where a maturity level of 2 was considered below the target level. The City has deferred the official designation of PRIS Officers until further details of the role requirements are apparent. Based on the information provided so far, the role could potentially be split between the Executive Manager Governance Services and the Coordinator Information Management which could enable the City to leverage subject matter expertise associated with existing positions. The City is awaiting more detail about the specific requirements of PRIS Officer roles, and the reforms more generally, before officially designating the PRIS Officers.

Next Steps

In accordance with the WA Government approach to PRIS Readiness, a timeline has been established for the next steps in preparing for PRIS obligations. Figure 4 outlines the actions to be taken before the next Progress Report is submitted to Audit and Risk Committee in May 2024.

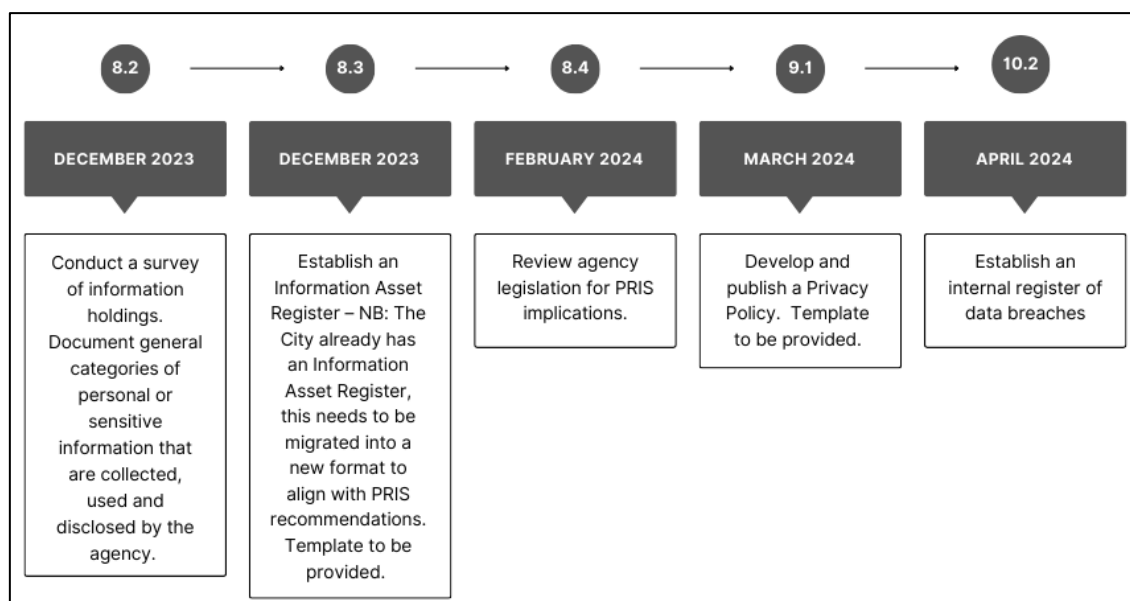


Figure 4. Timeline for Upcoming PRIS Readiness Actions

Consultation

In 2019 the WA Government held the first consultation targeting the public, community groups, community service organisations, health researchers, privacy experts, Aboriginal people and representative organisations and industry. These findings were collated into the Privacy and Responsible Information Consultation Summary Report. Following that, a second consultation period was held, engaging a wide range of government agencies to finalise the privacy and responsible sharing model. This process was delayed, impacted by the pandemic. These consultations by State Government helped inform the draft legislation and readiness approach.

City officers have not yet formed a view on whether community consultation is required in relation to PRIS and will address the need for consultation as progress is made against actions in the schedule.

The WA Government has recommended that the PRIS Champion consider establishing a project board, to provide senior oversight for PRIS readiness and resourcing, and coordinate PRIS activities with aligned projects or processes. Members of a project board could include representatives from areas such as cyber security, data management, information technology, Freedom of Information, information classification, records management, human resources and organisational development, legal and compliance, privacy, risk management, service delivery and corporate communications.

Based on this recommendation, the City formed a PRIS Project Team comprising Officers listed in Table 2, all with specialised knowledge relevant to aspects of the PRIS readiness project.

Table 2. PRIS Project Team

PRIS Project Team
Director, Place and Community
Coordinator, Information Management
Executive Manager, Systems & Project
Manager, People and Culture
Coordinator, Customer Services
Executive Manager, Governance Services
Corporate Communications Representative

Youth Advisory Group Comment

Not applicable at this stage. YAG will be consulted in relation to PRIS as required.

Statutory Environment

The WA Government is drafting new legislation that will form the basis of Privacy and Responsible Information Sharing (PRIS) reforms. Relevant existing legislation includes:

- *Freedom of Information Act 1992 (WA)*
- *Local Government Act 1995 (WA)*

- *State Records Act 2000 (WA)*
- *Australian Privacy Act 1988 (Cth)*

Policy Implications

POL-IMT-01 Records Management Policy
POL-GVN-09 Code of Conduct Complaints Management Policy
Proposed Privacy Policy and Data Breach Procedures

Financial Implications

At present, PRIS readiness commitments can be carried out within existing financial and human resources. Once the draft PRIS Legislation is publicly available, City officers will reassess capacity of the organisation to deliver responsibilities within existing resources and will reflect any changes through the budgeting process for Council consideration.

Risk Analysis

Failure to undertake PRIS readiness actions may:

- increase the risk of non-compliance with PRIS legislation once in force
- damage the reputation of the City with State Government, stakeholders and the public
- reduce the ability for the City to meet the privacy and sharing of information expectations of our community

City officers are endeavouring to meet the scheduled dates for all PRIS readiness actions, depending on the timely release of relevant information from the State Government and the City's own processes for endorsement of documents. Any further delays in meeting deadlines will be reported to the Audit and Risk Committee via planned progress reports.

Strategic Implications

PRIS aligns with the following Focus Area and objectives:

Organisational Excellence:

- Demonstrate regional leadership and advocate for the needs of our community.
- Ensure the City has the capacity and capability to deliver quality services and facilities through accountable and transparent business practices.
- Ensure that our actions maintain a sustainable balance between economic growth, the environment, and social values

Conclusion

This progress report provides Council an update on the City's actions aligned with the State Government mandated PRIS readiness approach. Measures of the City's maturity level in each action area show that the City is meeting targets in all areas with the exception of designating PRIS officers. Based on the information received from the WA Government to date, the City has nominated suggested officers, but has deferred formally appointing the Officers until more information about PRIS obligations is apparent. A further report to Audit and Risk Committee will be provided following the City's next progress report milestone in May 2024.

RECOMMENDATION

The Audit and Risk Committee notes the City's progress in accordance with the Privacy and Information Sharing readiness approach developed by the State Government in preparation for the introduction of new Legislation.