



Minutes of Audit and Risk Committee Meeting

Held on

Monday 3 April 2023 at 5.30pm

Held at Council Chamber, 83 Mandurah Terrace, Mandurah

PRESENT:

COUNCILLOR	P ROGERS [Chairperson]	TOWN WARD
COUNCILLOR	R BURNS	TOWN WARD
COUNCILLOR	J GREEN	COASTAL WARD
COUNCILLOR	C KNIGHT [Deputy Mayor]	NORTH WARD
COUNCILLOR	A ZILANI	NORTH WARD
MAYOR	R WILLIAMS	
MR	W TICEHURST	INDEPENDENT MEMBER

ELECTED MEMBERS OBSERVING:

COUNCILLOR	D WILKINS	EAST WARD
COUNCILLOR	B POND	COASTAL WARD

GUESTS:

MR M HOANG AND MS B TAN	ERNST AND YOUNG GLOBAL LIMITED
MR J LANGFORD-SMITH	OFFICE OF THE AUDITOR GENERAL

MR	M NEWMAN	CHIEF EXECUTIVE OFFICER
MS	C MIHOVILOVICH	DIRECTOR BUSINESS SERVICES
MR	J CAMPBELL-SLOAN	DIRECTOR STRATEGY AND ECONOMIC DEVELOPMENT
MR	M HALL	DIRECTOR BUILT AND NATURAL ENVIRONMENT
MRS	T JONES	EXECUTIVE MANAGER GOVERNANCE SERVICES
MRS	A DENBOER	A/MINUTE OFFICER

1. OPENING OF MEETING

The Chairperson declared the meeting open at 5.30pm.

2. APOLOGIES

Councillor A Kearns
Councillor C Di Prinzio
Councillor D Schumacher

Mayor R Williams vacated the Chambers at 5.32pm and returned at 5.35pm

3. IMPORTANT NOTE

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

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

4. RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil.

5. PUBLIC QUESTION TIME

Nil.

Councillor A Zilani joined the meeting at 5.40pm

6. PRESENTATIONS

6.1 OFFICE OF THE AUDITOR GENERAL AND ERNST AND YOUNG: CLOSING REPORT 2021/22 FINANCIAL STATEMENTS.

Mr J Langford-Smith from the Office of the Auditor General and Mr M Hoang and Ms B Tan from EY presented to the Committee the Confidential Auditor Closing Report in relation to Report 1: 2021/22 Financial Statements

7. DEPUTATIONS

Nil.

8. CONFIRMATION OF MINUTES

AR.1/4/23 CONFIRMATION OF MINUTES TUESDAY 7 MARCH 2023

MOTION

Moved: Councillor C Knight

Seconded: Councillor A Zilani

That the Minutes of the Audit and Risk Committee meeting of Tuesday 7 March 2023 be confirmed.

CARRIED: 7/0

9. DECLARATIONS OF INTERESTS

Nil.

10. QUESTIONS FROM COMMITTEE MEMBERS

Questions of Which Due Notice Has Been Given

Nil.

Questions of Which Notice Has Not Been Given

Councillor Ahmed Zilani

Question: Could the City use the 30 June 2022 closing surplus of \$3,864,650 to reduce the amount that is required to be raised in rates for the 2023/24 financial year to fund the City's projects and services?

City of Mandurah response:

At the 28 March 2023 Ordinary Council Meeting, Council adopted to use \$1,234,328 of the remaining 2021/22 closing surplus for the following:

- \$600,000 was estimated at 1 July 2022 to be carried forward to be used in the 2022/2023 financial year
- \$539,420 was used to cover the expected closing deficit at 30 June 2023.
- \$94,908 in net adjustments as a result of operating revenue and expenditure changes as part of the 2022/2023 budget review.

The 2021/22 closing surplus remaining to be allocated is \$2,630,322. Once the audit is finalised, at the next meeting of Council and as part of the Monthly Financial Report, City officers will provide a recommendation in relation to the treatment of the closing surplus at 30 June 2022.

11. BUSINESS LEFT OVER FROM PREVIOUS MEETING

Nil.

12. REPORTS FROM OFFICERS

AR.2/4/23 2021/22 FINANCIAL STATEMENTS (REPORT 1)

Summary

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

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

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

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

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

Officer Recommendation

That the Audit and Risk Committee recommend that Council:

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

Committee Recommendation

MOTION

Moved: Mr W Ticehurst

Seconded: Councillor A Zilani

That the Audit and Risk Committee recommend that Council:

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

CARRIED: 7/0

AR.3/4/23 STRATEGIC RISK ASSESSMENT (REPORT 2)

Summary

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

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

Officer Recommendation

Part One

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

Part Two

That the Audit and Risk Committee recommend that Council:

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

Committee Recommendation

MOTION

Moved: Mayor R Williams
Seconded: Councillor C Knight

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

That the Audit and Risk Committee recommend that Council:

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

CARRIED: 7/0

13. LATE AND URGENT BUSINESS ITEMS

Nil.

14. CONFIDENTIAL ITEMS

AR.4/4/23 CLOSE DOORS

MOTION

Moved: Councillor R Burns
Seconded: Councillor C Knight

That the meeting proceeds with closed doors at 6.42pm in accordance with Section 5.23(2)(e & f) of the *Local Government Act 1995*, to allow for the confidential discussion of an item.

CARRIED: 7/0

Members of the media, non-senior employees and persons in the gallery left the meeting at this point. The Minute Officer and Executive Manager Governance Services remained with Senior Officers.

THE MEETING PROCEEDED WITH CLOSED DOORS AT 6.42PM

AR.5/4/23 CONFIDENTIAL ITEM: CEO REVIEW OF RISK MANAGEMENT, INTERNAL CONTROLS & COMPLIANCE

Confidential discussion ensued regarding this issue.

Part One

MOTION

Moved: Mayor R Williams
Seconded: Councillor P Rogers

That the Audit and Risk Committee:

- 1. Review the CEO's review of risk management, internal controls and legislative compliance as per Confidential Attachment 1.1 and reports the results to Council.**
- 2. Notes the action plan for implementation of the improvements identified as per Confidential Attachment 1.2.**

CARRIED: 7/0

AR. 6/4/23 Part Two

MOTION

Moved: Mayor R Williams
Seconded: Councillor C Knight

That the Audit and Risk Committee recommend that Council:

1. **Endorses the CEO's review of risk management, internal controls and legislative compliance as per Confidential Attachment 1.1.**
2. **Notes the action plan for implementation of the improvements identified as per Confidential Attachment 1.2.**

CARRIED: 7/0

AR.7/4/23 CONFIDENTIAL ITEM: STRATEGIC INTERNAL AUDIT MONITORING REPORT

Confidential discussion ensued regarding this issue.

MOTION

Moved: Mayor R Williams
Seconded: Councillor C Knight

That the Audit and Risk Committee notes the Strategic Internal Audit Plan Monitoring Report as detailed in Confidential Attachment 2.1.

CARRIED: 7/0

AR.8/4/23 OPEN DOORS

MOTION

Moved: Councillor P Rogers
Seconded: Councillor R Burns

That the meeting proceeds with open doors.

CARRIED: 7/0

THE MEETING PROCEEDED WITH OPEN DOORS AT 7.00PM

AR.9/4/23 ENDORSE RESOLUTIONS

MOTION

Moved: Councillor C Knight
Seconded: Councillor A Zilani

That Council endorses the resolutions taken with closed doors.

CARRIED: 7/0

15. CLOSE OF MEETING

There being no further business, the Chairperson declared the meeting closed at 7.00pm.

CONFIRMED:[CHAIRMAN]

Attachments to Committee Minutes: Audit and Risk Agenda 3 April 2023

CONFIRMED

NOTICE OF MEETING

AUDIT AND RISK COMMITTEE

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

**Monday 3 April 2023
at 5.30pm**

MARK R NEWMAN

Chief Executive Officer
30 March 2023

Committee Members:

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

Deputies:

Councillor D Pember	Councillor A Kearns
Councillor D Wilkins	

AGENDA

1 OPENING OF MEETING

2 APOLOGIES

3 IMPORTANT NOTE

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

4 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

5 AMENDMENT TO STANDING ORDERS

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

6 PUBLIC QUESTION TIME

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

7 PRESENTATIONS

8 DEPUTATIONS

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

9 CONFIRMATION OF MINUTES 7 MARCH 2023

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

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

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

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

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

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

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

16 CLOSE OF MEETING

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

Summary

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

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

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

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

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

Disclosure of Interest

Nil

Previous Relevant Documentation

Nil

Background

Since the 2020/21 year, the City's annual financial statements audit has fallen under the Office of the Auditor General. It is a requirement under the *Local Government Act 1995* that an approved auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year. The OAG contracted the City's audit to Ernst & Young.

Comment

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

- *Revenue*
Operating revenue is approximately \$2.98 million above adopted budget due to additional grants and contributions being received including the prepayment of the first quarter financial

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

- **Expenses**

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

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

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

Statement of Financial Position

Key points to note are:

- **Cash and cash equivalents**

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

- **Reserves – Cash backed**

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

Rates Setting Statement

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

Audit Opinion

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

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

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

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

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

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

Consultation

Nil

Statutory Environment

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

The *Local Government Act 1995* states:

7.9. Audit to be conducted

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

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

The Local Government (Audit) Regulations 1996 states:

9. *Performance of audit*

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

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

Policy Implications

Nil

Financial Implications

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

Risk Analysis

Nil

Strategic Implications

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

Organisational Excellence:

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

Conclusion

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

NOTE:

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

Officer Recommendation

That the Audit and Risk Committee recommend that Council:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF MANDURAH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

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

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

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

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

CITY OF MANDURAH
FOR THE YEAR ENDED 30 JUNE 2022
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1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

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

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

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

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

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

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

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

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue Recognition

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

For the year ended 30 June 2022

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

For the year ended 30 June 2021

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

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

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

3. CASH AND CASH EQUIVALENTS

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

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

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits
Community Loans

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

(b) Non-current assets

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

Financial assets at amortised cost

Financial assets at amortised cost - community loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.
- term deposits with original terms greater than three months are classified as other financial assets at amortised cost.

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

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

5. TRADE AND OTHER RECEIVABLES

Current

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

Non-current

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

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

Classification and subsequent measurement

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

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

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

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

6. INVENTORIES

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

The following movements in inventories occurred during the year:

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

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

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

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

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

7. OTHER ASSETS

Other assets - current

Prepayments

Accrued income

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

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

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

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

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

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land		Market Approach	Independent registered valuer	June 2022	Selection of Land similar approximate utility
Buildings - non-specialised		Depreciated Replacement Cost	Independent registered valuer	June 2022	Historical cost per square floor area. Consumed benefit/obsolescence of asset.

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

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

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

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

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

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

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

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

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

CITY OF MANDURAH
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10. FIXED ASSETS

(a) Depreciation

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

Depreciation rates

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

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

10. FIXED ASSETS (Continued)

(b) Disposals of assets

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

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

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

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

Revaluation (continued)

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

Depreciation

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Depreciation on revaluation

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

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

The City has adopted the first option above.

Amortisation

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

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

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

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2022

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

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

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

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

Secured liabilities and assets pledged as security

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

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

Right-of-use assets - valuation measurement

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

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

Right-of-use assets - depreciation

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

City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2022

11. LEASES (Continued)

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

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

Less than 1 year

1 to 2 years

2 to 3 years

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

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

Refer to note 12 for details of leased investment property

SIGNIFICANT ACCOUNTING POLICIES

The City as Lessor

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

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

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

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

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

12. INVESTMENT PROPERTY

Non-current assets - at fair value

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

Amounts recognised in profit or loss for investment properties

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

Leasing arrangements

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

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

Fair value of investment properties

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

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2022

13. TRADE AND OTHER PAYABLES

Current

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

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

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. OTHER LIABILITIES

Current

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

Non-current

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

Reconciliation of changes in contract liabilities

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

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

Reconciliation of changes in capital grant/contribution liabilities

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

Expected satisfaction of capital grant/contribution liabilities

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

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

Interest bearing liabilities

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

Interest rate swap

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

CITY OF MANDURAH
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15. BORROWINGS

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

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the City of Mandurah.

The City of Mandurah has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk

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

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

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

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

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

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

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

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

5	-	25,279
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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
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FOR THE YEAR ENDED 30 JUNE 2022

17. OTHER PROVISIONS

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

Other provisions

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

Provisions

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

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

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

18. REVALUATION SURPLUS

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

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

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

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

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

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

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

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

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

Loan facilities

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

Unused loan facilities at balance date

3,470,667 2,197,471

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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20. CONTINGENT LIABILITIES

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

21. CAPITAL COMMITMENTS

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

CITY OF MANDURAH
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22. RELATED PARTY TRANSACTIONS

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. RELATED PARTY TRANSACTIONS

Elected member - Councillor Don Pember

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

Elected member - Councillor Candice Di Prinzio

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

Elected member - Councillor Ahmed Zilani

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

Elected member - Councillor Jenny Green

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

Elected member - Councillor Daniel Wilkins

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

Elected member - Councillor James Pond

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

Elected member - Councillor Amber Kearns

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

Elected member - Councillor Ryan Burns

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

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

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

22(b)

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. RELATED PARTY TRANSACTIONS

(b) Key Management Personnel (KMP) Compensation

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

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

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

(c) Transactions with related parties

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

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

In addition to KMP compensation above the following transactions occurred with related parties:

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

* relates to funding for the Mandurah Performing Arts Centre

(d) Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the City

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

23. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2022					
Cash and cash equivalents	0.42%	47,406,827	28,666,112	18,740,715	
Financial assets at amortised cost - term deposits	1.55%	24,054,319	24,054,319	0	
2021					
Cash and cash equivalents	0.90%	53,866,550	35,752,048	18,114,502	
Financial assets at amortised cost - term deposits	0.36%	9,015,866	9,015,866	0	

Sensitivity

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

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

* Holding all other variables constant

Borrowings

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

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

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

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

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

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

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

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

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

Contract Assets

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

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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

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

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No events occurred after balance sheet date.

25. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

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

New accounting standards for application in future years

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

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

Liabilities as Current or Non-current

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

2018-2020 and Other Amendments

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

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

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

26. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

Objective

Description

Governance

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

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

General purpose funding

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

Law, order, public safety

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

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

Health

To provide an operational framework for environmental and community health.

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

Education and welfare

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

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

Community amenities

To provide services required by the community.

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

Recreation and culture

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

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

Transport

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

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

Economic services

To help promote the local government and its economic wellbeing.

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

Other property and services

To monitor and control operating accounts.

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

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

26. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

Income excluding grants, subsidies and contributions

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

Grants, subsidies and contributions

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

Total Income

	139,009,210	134,808,096	126,322,431
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Expenses

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

Net result for the period

	(1,250,787)	(3,339,540)	(10,413,034)
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CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY (Continued)

(c) Fees and Charges

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

(d) Total Assets

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

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

27. RATING INFORMATION

(a) General Rates

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

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

27. RATING INFORMATION (Continued)

(d) Specified Area Rate

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

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27. RATING INFORMATION (Continued)

Waivers or Concessions

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

Type

Waiver/
Concession

Discount

%

Discount

\$

2022
Actual

\$

2022
Budget

\$

2021
Actual

\$

General rates

Rate

Concession

65%-100%

69,766

80,439

73,427

69,766

80,439

73,427

Total discounts/concessions (Note 27)

69,766

80,439

73,427

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

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

Objects of the Waiver
or Concession

Reasons for the Waiver
or Concession

General rates

Peel Health Hub

Majority charitable entities with the exception of a State Government

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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27. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

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

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

CITY OF MANDURAH
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28. RATE SETTING STATEMENT INFORMATION

		2021/22 2021/22 (30 June 2022 Carried Forward)	Budget (30 June 2022 Carried Forward)	2020/21 (30 June 2021 Carried Forward)
Note		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(b)	(232,699)	0	0
Less: Non-cash movement in assets		371,620	0	(521,127)
Less: Movement in liabilities associated with restricted cash		(44,910)	(89,610)	36,246
Less: Fair value adjustments to financial assets at fair value through profit and loss		(827,981)	0	(4,525)
Add: Loss on disposal of assets	10(b)	5,756,262	0	7,525,377
Add: Loss on revaluation of fixed assets	9(a)	125,180	0	0
Add: Depreciation	10(a)	32,440,340	29,868,215	31,654,295
Non-cash movements in non-current assets and liabilities:				
Investment property	12	(6,137,308)	0	0
Pensioner deferred rates		(70,644)	0	(209,168)
Employee benefit provisions		(62,711)	1,038,454	(236,210)
Contract liabilities		0	0	(242,439)
Other liabilities		423,643	0	2,920,983
Liabilities		181,517	0	0
Non-cash amounts excluded from operating activities		31,922,309	30,817,059	40,923,432
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Movement in non-current capital grant/contribution liability		(150,000)	0	(1,065,909)
Non cash non-operating grants, subsidies and contributions		125,798	0	(441,743)
Movement in current unspent non-operating grants associated with restricted cash		(222,121)	(5,035,087)	903,890
Non-cash amounts excluded from investing activities		(246,323)	(5,035,087)	(603,762)
(c) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	30	(51,301,746)	(24,888,945)	(44,767,915)
- Current portion of community loan receivables		(50,271)	(80,000)	(95,237)
- Inventory		(445,000)	0	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	4,710,362	9,826,754	5,677,779
- Unspent portion of borrowings	29(c)	(3,470,667)	(207,137)	(2,197,471)
- Current portion of contract liability held in reserve		5,342,116	0	5,626,156
- Current portion of lease liabilities	11(b)	371,198	759,243	438,797
- Current portion of interest bearing liabilities	14	534,227	0	360,151
- Bonds and deposits held		0	3,417,743	0
- Employee benefit provisions	16	4,592,006	5,216,724	4,917,692
Total adjustments to net current assets		(39,717,775)	(5,955,618)	(30,040,048)

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28. RATE SETTING STATEMENT INFORMATION

Net current assets used in the Rate Setting Statement

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

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29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

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

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

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

Borrowing Interest Repayments

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

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

CITY OF MANDURAH
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29. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

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

* WA Treasury Corporation

(c) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2021 \$	Borrowed During Year \$	Used During Year \$	Unused Balance 30 June 2022 \$
Bighton Lane	Westpac	6/02/2019	43,022	0	0	43,022
Brighton Plaza	Westpac	6/02/2019	14,115	0	0	14,115
WMC Tims Thicket	Westpac	6/02/2019	150,000	0	0	150,000
Lakelands DOS	Westpac	6/02/2019	511,158	0	(158,760)	352,398
Mandurah Foreshore Boardwalk Stage 3	Westpac	6/02/2019	38,704	0	0	38,704
Pinjarra Road Carpark	Westpac	6/02/2019	11	0	0	11
Halls Head Recycled Water	Westpac	30/06/2020	29,927	0	0	29,927
Eastern/ Western Foreshore 20/21	Westpac	30/06/2021	1,140,973	1,534,387	(604,416)	2,070,944
Smart Street Mall 2020/21	Westpac	30/06/2021	269,561	630,439	(506,717)	393,283
Ablutions 2021/22	Westpac	29/06/2022	0	250,000	(193,584)	56,416
Falcon Bay Upgrade - Stage 4 of 5 2021/22	Westpac	29/06/2022	0	71,440	(53,323)	18,117
Parks and Reserves Upgrades 2021/22	Westpac	29/06/2022	0	250,000	(178,172)	71,828
Mandurah Library Re Roofing Project	Westpac	29/06/2022	0	115,000	(9,063)	105,937
Carparks 2021/22	Westpac	29/06/2022	0	81,000	(45,677)	35,323
Cambria Island Abutment Wall	Westpac	29/06/2022	0	58,977	(21,374)	37,603
Mandurah Ocean Marina Chalets Refurbishment	Westpac	29/06/2022	0	150,000	(96,961)	53,039
			2,197,471	3,141,243	(1,868,047)	3,470,667

* WA Treasury Corporation

(d) Lease Liabilities

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

Lease Interest Repayments

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

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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30. RESERVE ACCOUNTS

Restricted by legislation/agreement

Cash in Lieu of Parking Reserve

Restricted by council

Building Reserve

Asset Management Reserve

Cultural Centre Reserve

Museum Reserve

Property Acquisition Reserve

Sustainability Reserve

Waste Reserve

Community Improvements Reserve

Traffic Bridge Reserve

Tims Thicket Septage Reserve

Tims Thicket Inert Reserve

Inert Landfill Reserve

Arts and Craft Centre Reserve

Sand Pit Restoration Reserve

Interest Free Loans Reserve

CLAG Reserve

Emergency Relief Fund Reserve

Mandurah Ocean Marina Reserve

Waterways Reserve - Stingray Wharf

Interest on Investments Reserve

Port Mandurah Canals Stage 2 Maintenance Reserve

Mariners Cove Canals Reserve

Port Bouvard Canal Maintenance Contributions Reserve

Soccer Club Rooms Refurbishment Reserve

Unspent Grants Reserve

Leave Reserve

Carbon Offset Reserve

Bushland Acquisition Reserve

Port Bouvard Surf Life Saving Clubrooms Reserve

Coastal Storm Contingency Reserve

Refurbishment Bortolo Pavillion Reserve

Refurbishment Rushton Park Reserve

Refurbishment Meadow Springs Pavillion Reserve

Digital Futures Reserve

Decked Carparking Reserve

Specified Area Rates - Waterside Canals

Specified Area Rates - Port Mandurah Canals

Specified Area Rates - Mandurah Quay Canals

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

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

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Cash in Lieu of Parking Reserve		Parking - Provide additional parking areas
Building Reserve		Building - Future new building capital requirements
Asset Management Reserve		Asset Management - Renewal and upgrade of current infrastructure
Cultural Centre Reserve		Cultural Centre - Equipment/plant replacement for Mandurah Performing Arts Centre and the provision of standby financing
Museum Reserve		Museum - Operation of museum
Property Acquisition Reserve		Property Acquisition - Future property purchases in areas other than the City Centre
Sustainability Reserve		Sustainability - Development of Mandurah as a sustainable city
Waste Reserve		Waste Facilities Reserve Fund - Future waste treatment initiatives
Community Improvements Reserve		Community Improvements - Provision of community facilities
Traffic Bridge Reserve		Traffic Bridge - Replacement of Mandurah Traffic Bridge
Tims Thicket Septage Reserve		Tims Thicket Septage - Future site restoration
Tims Thicket Inert Reserve		Tims Thicket Inert - Future site restoration and development
Inert Landfill Reserve		Inert Landfill - Future site restoration and development
Arts and Craft Centre Reserve		Arts and Craft Centre - Provision of new arts and craft facility
Sand Pit Restoration Reserve		Sand Pit Restoration - Costs associated with closure of Red Road site
Interest Free Loans Reserve		Interest Free Loans - Interest-free loans to sporting & community groups for minor capital projects
CLAG Reserve		CLAG - Contiguous Local Authority Group for control of mosquitoes
Emergency Relief Fund Reserve		Emergency Relief Fund - Capital grants to local emergency service groups. Availability of funds for emergencies/disaster in Mandurah
Mandurah Ocean Marina Reserve		Mandurah Ocean Marina - Future maintenance/asset replacement at Mandurah Ocean Marina
Waterways Reserve - Stingray Wharf		Waterways - Future maintenance/asset replacement of specific waterways infrastructure
Interest on Investments Reserve		Interest on Investments - Allocation for once-off purchases
Port Mandurah Canals Stage 2 Maintenance Reserve		Port Mandurah Canals Stage 2 Maintenance - Stage 2 Future maintenance of canals
Mariners Cove Canals Reserve		Mariners Cove Canals - Future maintenance of canals
Port Bouvard Canal Maintenance Contributions Reserve		Port Bouvard Canal Maintenance Contributions - Contribution Future maintenance of canals
Soccer Club Rooms Refurbishment Reserve		Soccer Club Rooms Refurbishment - To maintain presentation and functionality of the Club House
Unspent Grants Reserve		Unspent Grants & Contributions - Operating and non-operating grants and contributions tied to future expenditure
Leave Reserve		Long Service Leave - To fund the long service and sick leave liability of Council's staff
Carbon Offset Reserve		Carbon Offset - Fund initiatives which provide an offset to the environmental impact of the City's waste management activities
Bushland Acquisition Reserve		Bushland Acquisition - For the purchase & protection of bushland and environmentally sensitive sites within the City
Port Bouvard Surf Life Saving Clubrooms Reserve		Port Bouvard Surf Life Saving Clubrooms - To maintain presentation and functionality of the Club House

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

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

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

31. TRUST FUNDS

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

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

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2022

32. MAJOR LAND TRANSACTIONS

(a) Details

Lots 139, 141, 143 Wedgetail Retreat

(b) Current year transactions

Other revenue

- Sale proceeds

Other expenditure

- Cost of goods sold

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

(c) Expected future cash flows

Cash outflows

- Development costs

Cash inflows

- Sale proceeds

Net cash flows

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

(d) Assets and liabilities

Land held for resale included within Note 6

Current Inventory

Land held for resale

2022	2021
\$	\$
445,000	0

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

Summary

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

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

Disclosure of Interest

N/A

Previous Relevant Documentation

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

Background

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

Comment

Risk Management Policy and Framework

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

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

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

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

Strategic Risk Assessment

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

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

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

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

Consultation

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

Policy Implications

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

Risk Implications

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

Financial Implications

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

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

Strategic Implications

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

Organisational Excellence:

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

Conclusion

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

NOTE:

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

Recommendation

Part One

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

Part Two

That the Audit and Risk Committee recommend that Council:

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

Risk Management Policy

POL-RKM 01

Introduction

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

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

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

Objectives

The objectives of risk management and this Policy are:

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

Statement

1 APPLICABILITY

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

2 POLICY REQUIREMENTS

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

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

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

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

The City's risk management approach is:

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

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

- **General**

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

- **Communication and consultation**

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

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

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

- **Risk identification**

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

- **Risk analysis**

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

- **Risk evaluation**

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

- **Risk treatment**

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

- **Monitoring and review**

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

- **Recording and reporting**

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

- **Responsibility/Accountability**

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

Risk management is everyone's responsibility:

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

Legislative Context

Local Government Act 1995

Local Government (Audit) Regulations 1996

Work Health and Safety Act 2020

Work Health and Safety (General) Regulations 2022

Health (Miscellaneous Provisions) Act 1911

Health (Public Buildings) Regulations 1992

Related Documents

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

City of Mandurah Risk Management Framework FRW-RKM 02

City of Mandurah Audit and Risk Committee Terms of Reference

City of Mandurah Strategic Community Plan

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

Risk Management Policy

POL-RKM 01



Responsible Directorate: Business Services

Responsible Department: Governance Services

Reviewer: Director Business Services

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

Last Review: tba

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