

# City of Mandurah Financial Statements

2015-2016





## Independent Auditor's Report to the Rate Payers of the City of Mandurah

We have audited the accompanying financial report of City of Mandurah, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and Chief Executive Officer's statement as set out on pages (iii) to 52.

### The Responsibility of the Council for the Financial Report

The Council of the City of Mandurah ("the Council") is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the Local Government Act 1995 Part 6, and for such internal control as Council determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.

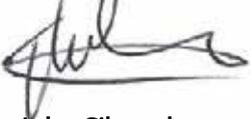
Member of Deloitte Touche Tohmatsu Limited

## Opinion

In our opinion, the financial report of City of Mandurah presents fairly, in all material respects, the City of Mandurah's financial position as at 30 June 2016 and its financial performance for the year then ended in accordance with Australian Accounting Standards and the requirements of the Local Government Act 1995 Part 6.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



**John Sibenaler**

Partner

Chartered Accountants

Perth, 29 November 2016

## CITY OF MANDURAH

### FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

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The City of Mandurah is a body corporate pursuant to the Local Government Act 1995 (as amended) section 2.5. It is incorporated and domiciled in Australia. The City's principal place of business is 3 Peel Street, Mandurah Western Australia.

**CITY OF MANDURAH**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

*The attached financial report of the City of Mandurah being the annual financial report and supporting notes and other information for the financial year ended 30 June 2016 are, in my opinion, properly drawn up so as to present fairly the financial position of the City of Mandurah at 30 June 2016 and the results of its operations for the year then ended in accordance with Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the Regulations under that Act. In my opinion, there are reasonable grounds to believe that the City of Mandurah will be able to pay its debts as and when they become due and payable.*

Signed on the *29* day of *November* 2016



**Mark Newman**  
**Chief Executive Officer**

**CITY OF MANDURAH**  
**STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2015/16 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2014/15 ACTUAL \$'000
<b>Revenue</b>				
General Purpose Funding		76,462	76,050	73,482
Governance		88	76	57
Law, Order, Public Safety		886	771	1,068
Health		312	247	280
Education and Welfare		468	612	783
Community Amenities		14,250	12,716	13,397
Recreation and Culture		6,136	7,656	3,745
Transport		2,996	340	3,689
Economic Services		2,206	2,215	2,263
Other Property and Services		810	361	690
		<u>104,614</u>	<u>101,044</u>	<u>99,454</u>
<b>Expenses</b>				
General Purpose Funding		(2,946)	(2,274)	(1,877)
Governance		(5,733)	(5,779)	(5,135)
Law, Order, Public Safety		(3,271)	(3,081)	(2,923)
Health		(1,821)	(1,886)	(1,752)
Education and Welfare		(3,818)	(3,894)	(3,845)
Community Amenities		(18,816)	(20,127)	(18,137)
Recreation and Culture		(43,682)	(37,766)	(38,210)
Transport		(32,675)	(18,524)	(29,914)
Economic Services		(5,700)	(5,291)	(5,262)
Other Property and Services		(9,032)	(7,834)	(9,375)
		<u>(127,494)</u>	<u>(106,456)</u>	<u>(116,430)</u>
<b>Profit / (Loss) on Asset Disposal</b>				
Governance		(5)	-	-
Law, Order, Public Safety		(60)	-	-
Education and Welfare		2	-	-
Health		1	-	-
Community Amenities		(26)	-	(60)
Recreation and Culture		(1,598)	-	(6,020)
Transport		(481)	-	(817)
Economic Services		606	-	-
Other Property and Services		-	(93)	(327)
		<u>(1,561)</u>	<u>(93)</u>	<u>(7,224)</u>
Sub total		(24,441)	(5,505)	(24,200)
<b>Non Operating Grants, Subsidies and Contributions</b>				
Law, Order, Public Safety		495	-	304
Community Amenities		3	240	-
Recreation and Culture		5,476	12,842	15,195
Transport		12,552	5,545	28,483
Economic Services		-	61	11
Other Property and Services		637	-	-
		<u>19,163</u>	<u>18,688</u>	<u>43,993</u>
<b>NET (LOSS)/PROFIT</b>	3	<u>(5,278)</u>	<u>13,183</u>	<u>19,793</u>
<b>Other Comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Gain/(loss) on revaluation of land		12,369	-	-
Gain/(loss) on revaluation of buildings		19,604	-	-
Gain/(loss) on revaluation of furniture and fittings		357	-	-
Gain/(loss) on revaluation of plant and machinery		59	-	-
Gain/(loss) on revaluation of roads		14,545	-	(31,833)
Gain/(loss) on revaluation of bridges		-	-	(22,221)
Gain/(loss) on revaluation of drainage		(1,473)	-	40,620
Gain/(loss) on revaluation of coastal		(512)	-	41,208
Gain/(loss) on revaluation of parks		6,746	-	126,409
		<u>51,695</u>	<u>-</u>	<u>154,183</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>46,417</u>	<u>13,183</u>	<u>173,976</u>

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

**CITY OF MANDURAH**  
**STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2015/16 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2014/15 ACTUAL \$'000
<b>Revenue</b>				
Rates	22	70,506	69,735	66,940
Operating grants, subsidies and contributions		6,084	4,840	6,457
Fees and charges	16	24,411	23,444	22,213
Interest earnings	3	2,433	2,788	2,930
Profit on asset disposal	14	817	46	72
Other revenue/income		1,179	237	915
		<u>105,430</u>	<u>101,090</u>	<u>99,527</u>
<b>Expenses</b>				
Employee costs		(38,926)	(37,829)	(36,583)
Materials and contracts		(41,946)	(42,660)	(38,575)
Utilities (gas, electricity, water etc.)		(4,088)	(2,999)	(2,887)
Depreciation on non-current assets	13	(31,362)	(20,175)	(29,370)
Interest expenses	3, 26(b)	(1,498)	(1,668)	(1,513)
Insurance expenses		(885)	(965)	(882)
Loss on asset disposal	14	(2,378)	(139)	(7,296)
Other expenses		(1,105)	(160)	(576)
		<u>(122,188)</u>	<u>(106,595)</u>	<u>(117,682)</u>
	Sub-total	(16,758)	(5,505)	(18,155)
Non Operating Grants, Subsidies and Contributions		19,163	18,688	43,993
Assets Ceded to the Crown		(7,683)		(6,045)
<b>NET (LOSS)/PROFIT</b>		<u>(5,278)</u>	<u>13,183</u>	<u>19,793</u>
<b>Other Comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Gain/(loss) on revaluation of land		12,369	-	-
Gain/(loss) on revaluation of buildings		19,604	-	-
Gain/(loss) on revaluation of furniture and fittings		357	-	-
Gain/(loss) on revaluation of plant and machinery		59	-	-
Gain/(loss) on revaluation of roads		14,545	-	(31,833)
Gain/(loss) on revaluation of bridges		-	-	(22,221)
Gain/(loss) on revaluation of drainage		(1,473)	-	40,620
Gain/(loss) on revaluation of coastal		(512)	-	41,208
Gain/(loss) on revaluation of parks		6,746	-	126,409
<b>Total Other Comprehensive Income</b>		<u>51,695</u>	<u>-</u>	<u>154,183</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>46,417</u>	<u>13,183</u>	<u>173,976</u>

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

**CITY OF MANDURAH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	NOTE	2015/16 ACTUAL \$'000	2014/15 ACTUAL \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	54,858	64,291
Receivables	6(a)	7,074	5,204
Inventories	7	407	331
<b>TOTAL CURRENT ASSETS</b>		<u>62,339</u>	<u>69,826</u>
<b>NON CURRENT ASSETS</b>			
Receivables	6(b)	4,150	4,253
Property plant and equipment	11, 12	254,552	218,584
Infrastructure	11, 12	662,267	644,595
<b>TOTAL NON-CURRENT ASSETS</b>		<u>920,969</u>	<u>867,432</u>
<b>TOTAL ASSETS</b>		<u><b>983,308</b></u>	<u><b>937,258</b></u>
<b>CURRENT LIABILITIES</b>			
Payables	8	10,328	10,470
Provisions	9	7,492	7,433
Borrowings	10, 26(b)	5,130	5,432
<b>TOTAL CURRENT LIABILITIES</b>		<u>22,950</u>	<u>23,335</u>
<b>NON CURRENT LIABILITIES</b>			
Provisions	9	924	996
Borrowings	10, 26(b)	23,913	23,823
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>24,837</u>	<u>24,819</u>
<b>TOTAL LIABILITIES</b>		<u><b>47,787</b></u>	<u><b>48,154</b></u>
<b>NET ASSETS</b>		<u><b>935,521</b></u>	<u><b>889,104</b></u>
<b>EQUITY</b>			
Accumulated surplus		248,727	247,016
Reserves - Asset Revaluation	27	646,723	595,028
Reserves - Cash Backed	28	40,071	47,060
<b>TOTAL EQUITY</b>		<u><b>935,521</b></u>	<u><b>889,104</b></u>

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

**CITY OF MANDURAH**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2016**

NOTE	Accumulated surplus \$'000	Reserves - cash backed \$'000	Reserves - asset revaluation \$'000	Total \$'000
Balance as at 1 July 2014	230,100	44,183	440,845	715,128
Gain on revaluation of property	-	-	154,183	154,183
Other comprehensive income	-	-	154,183	154,183
Net (Loss)/Profit	19,793	-	-	19,793
Total comprehensive income	19,793	-	154,183	173,976
Recognition of prior year error	-	-	-	-
Transfer from accumulated surplus to cash backed reserves	(2,877)	2,877	-	-
<b>Balance as at 30 June 2015</b>	<b>247,016</b>	<b>47,060</b>	<b>595,028</b>	<b>889,104</b>
Gain on revaluation of property	-	-	51,695	51,695
Other comprehensive income	-	-	51,695	51,695
Net (Loss)/Profit	(5,278)	-	-	(5,278)
Total comprehensive income	(5,278)	-	51,695	46,417
Transfer to accumulated surplus from cash backed reserves	6,989	(6,989)	-	-
<b>Balance as at 30 June 2016</b>	<b>248,727</b>	<b>40,071</b>	<b>646,723</b>	<b>935,521</b>

**CITY OF MANDURAH**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2015/16 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2014/15 ACTUAL \$'000
<b>Revenue</b>				
General Purpose Funding		6,412	6,771	7,012
Governance		88	76	57
Law, Order, Public Safety		886	771	1,068
Health		312	247	280
Education and Welfare		468	613	783
Community Amenities		14,250	12,716	13,397
Recreation and Culture		6,136	7,656	3,745
Transport		2,996	340	3,689
Economic Services		2,206	2,215	2,263
Other Property and Services		1,627	407	762
		<b>35,381</b>	<b>31,812</b>	<b>33,056</b>
<b>Expenses</b>				
General Purpose Funding		(2,946)	(2,274)	(1,877)
Governance		(5,733)	(5,779)	(5,135)
Law, Order, Public Safety		(3,271)	(3,081)	(2,923)
Health		(1,821)	(1,886)	(1,752)
Education and Welfare		(3,818)	(3,894)	(3,845)
Community Amenities		(18,842)	(20,121)	(18,197)
Recreation and Culture		(45,286)	(37,767)	(44,230)
Transport		(33,130)	(18,531)	(30,732)
Economic Services		(5,700)	(5,290)	(5,262)
Other Property and Services		(9,261)	(7,972)	(9,774)
		<b>(129,808)</b>	<b>(106,595)</b>	<b>(123,727)</b>
<b>Other Inflows</b>				
Capital grants and contributions		19,163	18,688	43,993
Proceeds from disposal of assets	14	3,599	1,560	1,534
Reserves utilised	28	19,824	7,810	26,873
Loans utilised	26(a)	5,334	7,231	1,838
Contributions - community loans		239	202	294
		<b>48,159</b>	<b>35,491</b>	<b>74,532</b>
<b>Capital Works Program</b>				
Development of land for resale		-	-	-
Land and buildings		(11,368)	(17,421)	(18,269)
Furniture and fittings		(361)	(626)	(84)
Plant and machinery		(2,377)	(2,004)	(2,073)
Infrastructure assets - roads, drainage & bridges		(10,778)	(15,825)	(8,341)
Infrastructure assets - recreation infrastructure		(4,307)	(5,141)	-
Infrastructure assets - marina		-	(108)	-
Infrastructure assets - coastal & estuary		(380)	(3,142)	(349)
Infrastructure assets - other		(1,954)	(1,989)	(1,815)
		<b>(31,525)</b>	<b>(46,256)</b>	<b>(30,931)</b>
<b>Other Outflows</b>				
Repayment of loan debt	26(b)	(5,432)	(5,887)	(4,975)
Transfers to reserves	28	(12,835)	(1,134)	(29,750)
Loans to community and sporting bodies		(27)	-	(1,391)
		<b>(18,294)</b>	<b>(7,021)</b>	<b>(36,116)</b>
<b>Non Cash Items</b>				
Donated assets	4	(7,000)	-	(19,928)
Loss on sale of assets	14	1,561	93	7,224
Write back depreciation	13	31,362	20,175	29,370
Long service leave now in reserves		448	-	414
		<b>26,371</b>	<b>20,268</b>	<b>17,080</b>
<b>Add: Surplus July 1 b/fwd</b>	32	3,956	2,653	3,591
<b>Less: Surplus June 30 c/fwd</b>		4,290	(370)	3,956
<b>Amount Required from Rates</b>		<b>(70,050)</b>	<b>(69,278)</b>	<b>(66,471)</b>

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

**CITY OF MANDURAH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2015/16 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2014/15 ACTUAL \$'000
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Rates		70,226	69,636	66,570
Operating grants, subsidies and contributions		4,379	4,840	7,953
Fees and charges		24,116	23,444	21,719
Interest earnings		2,277	2,788	2,950
Other revenue		1,070	237	915
Goods and services tax		-	6,000	7,420
Movement in bonds & deposits		189	-	-
		<u>102,258</u>	<u>106,945</u>	<u>107,527</u>
<b>Payments</b>				
Employee costs		(40,146)	(44,932)	(35,323)
Materials and contracts		(49,887)	(35,606)	(44,332)
Utilities (gas, electricity, water etc.)		(3,782)	(2,999)	(3,092)
Interest expense		(1,427)	(1,668)	(1,510)
Insurance		(752)	(965)	(894)
Other expenses		(477)	(161)	(576)
Goods and services tax		(505)	(6,000)	(7,083)
Movement in bonds & deposits		-	-	(888)
		<u>(96,975)</u>	<u>(92,331)</u>	<u>(93,698)</u>
<b>Net cash flows from operating activities</b>	18(b)	<u><b>5,282</b></u>	<u><b>14,614</b></u>	<u><b>13,829</b></u>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Non-operating grants, subsidies and contributions		11,546	18,688	24,084
Disposal of property, plant and equipment		3,474	1,560	1,540
<b>Payments</b>				
Purchase and construction of assets		(29,780)	(46,256)	(31,160)
<b>Net cash outflows from investing activities</b>		<u><b>(14,760)</b></u>	<u><b>(26,008)</b></u>	<u><b>(5,536)</b></u>
<b>Cash flows from financing activities</b>				
Proceeds from borrowing		5,220	5,220	3,791
Repayment of borrowing		(5,432)	(5,887)	(4,975)
Loans to community & sports bodies		(27)	218	(1,391)
Proceeds from community loan repayments		283	-	239
<b>Net cash provided by/(used in) financing activities</b>		<u><b>44</b></u>	<u><b>(449)</b></u>	<u><b>(2,336)</b></u>
<i>Net (decrease)/increase in cash and cash equivalents held</i>		(9,433)	(11,843)	5,957
<b>Cash and cash equivalents at 1 July</b>		<u>64,291</u>	<u>29,078</u>	<u>58,334</u>
<b>Cash and cash equivalents at 30 June</b>	5, 18(a)	<u><b>54,858</b></u>	<u><b>17,235</b></u>	<u><b>64,291</b></u>

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

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1. Significant accounting policies**

**Statement of compliance**

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

**(a) Basis of preparation**

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

**(b) The local government reporting entity**

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

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

**(c) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the City's accounting policies, the council is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Refer to note 38 for details of the key estimates.

**(d) Comparatives**

Where applicable, prior year comparative figures have been adjusted to reflect changes in presentation for the current year.

**(e) Rounding of figures**

All figures shown in this annual report, other than a rate in the dollar, are rounded to thousands of dollars.

**(f) Cash and cash equivalents**

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

**(g) Financial Assets**

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

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

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1. Significant accounting policies (continued)**

Effective interest method

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

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

Financial assets at fair value through profit or loss

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

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

Held to maturity investments

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

Loans and receivables

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

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1. Significant accounting policies (continued)**

Derecognition of financial assets

The City derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the City neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the City recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the City retains substantially all the risks and rewards of ownership of a transferred financial asset, the City continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**(h) Inventories**

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

**(i) Rates, grants, donations and other contributions**

Rates, grants, donations and other contributions are recognised as revenues when the City obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured, and the timing of commencement of control depends upon the arrangements that exist between the grantor and the City.

Contributions over which the City has control but which had not yet been received at the reporting date are accrued and recognised as receivables.

Where grants and contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 21.

**(j) Investment property**

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

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

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

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

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

Marina and land improvement assets are carried at cost.

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

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1. Significant accounting policies (continued)**

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

Items of property, plant equipment and infrastructure, excluding freehold land, are depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets. Depreciation is recognised on a straight-line basis, using rates which are reviewed at the end of each annual reporting period as follows:

<u>Classification</u>	<u>Years</u>	
Buildings	40 - 60	
Plant and major equipment	5	
Mobile plant (according to type)	5-10	
Computer equipment	3	
Furniture and equipment	10	
Tools	5	
Footpaths/cycleways	20 - 40	dependent on material type
Roads	25 - 100	for individual components
Drainage	80	
Parks	5 - 100	for individual components
Bridges	60 - 100	dependent on material type
Coastal & estuary groynes, boat ramps	20 - 50	for individual components

The financial effect in future periods of the reassessment of estimated useful lives of various infrastructure assets is not disclosed as it is considered impracticable to estimate that effect.

**(l) Capitalisation policies**

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

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

*Land under roads:*

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

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

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1. Significant accounting policies (continued)**

**(m) Impairment of assets**

At each reporting date, the City reviews the carrying amount of its assets to determine whether there is indication of impairment loss. If any such prescribed indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. As the future economic benefits of City assets are not primarily dependent on the assets' ability to generate net cash inflow and the City would, if deprived of the asset(s), replace its remaining future economic benefits, value in use is the depreciated replacement cost of the asset(s).

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss unless the relevant asset is carried at fair value, in which case the loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised amount of its recoverable amount, but only to the extent of any previous impairment loss recognised in prior years. A reversal of an impairment is recognised immediately in profit and loss unless the asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(n) Financial liabilities - other financial liabilities**

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

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

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

**Borrowing Costs**

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

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

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

**(o) Employee benefits**

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

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

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

**(p) Superannuation**

The City contributes to the Local Government Superannuation Plan on the basis of a \$1 for every \$1 contributed to the fund by employees, to a maximum of 4% of the employee's salary. The City also contributes to employee nominated superannuation funds an amount calculated at 9.5% of the employee's gross salary and wages (Superannuation Guarantee Contributions). All contributions made by the City during the reporting period are shown as an expense. No liability for accumulated benefits has been recognised in these financial statements.

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**1. Significant accounting policies (continued)**

**(q) Leases of assets**

All City lease are classified as operating leases.

City as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

Initial indirect costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

City as lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits of the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**(r) Good and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except

- i. where the amount of GST incurred is not recoverable from the Australian Tax Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
  - or
  - ii. for receivables and payables which are recognised inclusive of GST.
- The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Tax Office are classified within operating cash flows.

**(s) Adoption of new and revised accounting standards**

The City has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the City's operations and are effective for the current financial reporting period beginning 1 July 2015. the adoption of these standards and interpretations did not have a material impact on the City.

**(t) Standards and interpretations issued not yet effective**

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

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
• AASB 9 - 'Financial Instruments', and the relevant amending standards	1-Jan-18	30-Jun-19
• AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15', and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1-Jan-18	30-Jun-19
• AASB 16 'Leases'	1-Jan-19	30-Jun-20
• AASB 1057 'Application of Australian Accounting Standards' and AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'	1-Jan-16	30-Jun-17
• AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1-Jan-16	30-Jun-17
• AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1-Jan-16	30-Jun-17
• AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1-Jan-16	30-Jun-17
• AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1-Jan-16	30-Jun-17

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

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|--|----------|-----------|
| • AASB 2015-6 'Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Non-for-Profit Public Sector Entities' | 1-Jul-16 | 30-Jun-17 |
| • AASB 2015-7 'Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities'              | 1-Jul-16 | 30-Jun-17 |
| • AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'                                | 1-Jan-17 | 30-Jun-18 |

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**2. Statement of Objectives and Program Description**

**City of Mandurah Mission Statement:**

Create a vibrant and sustainable community, maximising opportunities through innovation and partnership

The City of Mandurah is dedicated to providing high quality services to the community through various service orientated programs that it has established:

**GENERAL PURPOSE FUNDING**

Rates, general purpose government grants and interest revenue.

**GOVERNANCE**

Management of elected members of council, corporate management and policy making.

**LAW, ORDER AND PUBLIC SAFETY**

Supervision of various local laws, animal control, fire prevention and emergency services.

**HEALTH**

Supervision of local laws, food control, mosquito control and environmental health protection.

**EDUCATION AND WELFARE**

Operation of Senior Citizen's Centre, youth centre and services, assistance to various community groups and voluntary services.

**COMMUNITY AMENITIES**

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

**RECREATION AND CULTURE**

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

**TRANSPORT**

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

**ECONOMIC SERVICES**

Economic development, marketing & tourism promotion, operation of visitors centres and marina chalets, implementation of building and development controls.

**OTHER PROPERTY AND SERVICES**

Public works overheads, administration overheads, plant operations, private works,

In order to discharge its responsibilities to the community, the City of Mandurah has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the City's Mission Statement, and for each of its broad activities/programs.

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**3. Revenue and expenses**

The net result for the year includes:

	<b>2015/16</b>	<b>2014/15</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(i) Charging as expense:</b>		
<b>Auditors' remuneration</b>		
- Audit or review of the financial report	95	65
- Other services	-	105
Audit of pensioner deferred rates interest claim		
Government grant audit		
Consultancy services		
The auditor of the City of Mandurah is Deloitte Touche Tohmatsu.		
<b>Bad and doubtful debts written off</b>	1,644	298
<b>Payments made under operating leases</b>	578	531
<b>Interest expenses and other borrowing charges</b>		
General Purpose	195	-
Health	37	8
Community Amenities	42	61
Recreation & Culture	509	609
Transport	476	556
Economic Services	5	7
Other Property and Services	234	272
<b>Total</b>	<b>1,498</b>	<b>1,513</b>
<b>(ii) Crediting as revenue:</b>		
<b>Interest earnings</b>		
Investments		
- Reserve funds	819	1,185
- Other funds	1,466	1,168
Other interest revenue (see note 23)	148	577
	<b>2,433</b>	<b>2,930</b>

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**4. Significant non cash revenue**

Non cash contributions are recognised in the Income Statement operating revenue section to bring to account infrastructure assets and land acquired from developers and community groups. The value of non cash contributions is detailed below.

	<b>2015/16</b>	<b>2014/15</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$'000</b>	<b>\$'000</b>
Land	-	-
Buildings	486	-
Infrastructure assets:		
- Roads and footpaths	5,723	10,500
- Drainage	-	6,512
- Recreation, parks	288	2,916
- Coastal and waterways	503	2,916
Total	<u>7,000</u>	<u>22,844</u>

**5. Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Cash and cash equivalents at the end of the reporting period is as follows:

<b>Reconciliation of cash and cash equivalents</b>	<b>2015/16</b>	<b>2014/15</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	2,197	3,729
Investments at call	14,760	9,472
Fixed term investments	37,901	51,090
	<u>54,858</u>	<u>64,291</u>

	<b>2015/16</b>	<b>Un-audited</b>	<b>2014/15</b>
	<b>Actual</b>	<b>2015/16</b>	<b>Actual</b>
	<b>\$'000</b>	<b>Budget</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Restricted	47,510	25,049	55,699
Unrestricted	7,348	2,127	8,592
	<u>54,858</u>	<u>27,176</u>	<u>64,291</u>

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

Reserve Fund	40,071	20,720	47,060
Loan monies unspent at 30 June	3,114	229	3,228
Income in advance	525	4,100	1,799
Deposits (see note 30)	3,800	-	3,612
	<u>47,510</u>	<u>25,049</u>	<u>55,699</u>

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

<b>6. Receivables</b>	<b>2015/16</b>	<b>2014/15</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Current</b>		
Rates outstanding	2,594	3,436
Emergency Services Levy outstanding	206	129
Trade receivables	1,978	856
Other receivables	1,650	1,278
Community loans	260	316
GST	738	236
Prepayments	290	260
Provision for doubtful debts	(642)	(1,307)
	<u>7,074</u>	<u>5,204</u>
<b>(b) Non-Current</b>		
Rates and ESL outstanding - pensioners deferred	977	873
Community loans	3,173	3,380
	<u>4,150</u>	<u>4,253</u>

The credit terms offered to the City's trade debtors is 30 days net. Interest is not payable on overdue amounts.

Payment terms relating to rates debtors are set in accordance with the legislative requirements of the Local Government Act 1995 and are detailed separately in note 23.

Community loans are fixed term interest bearing loans to community groups to finance their contributions to facility improvements. The terms of the loans are for periods between 5 and 20 years with fixed equal repayments occurring at frequency of monthly, quarterly or bi-annually intervals. The loans are funded by City borrowings with equivalent terms of repayment.

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

Ageing of balances past due but not impaired

30 - 60 days	35	57
60 - 90 days	22	27
Greater than 90 days	482	241
	<u>539</u>	<u>325</u>

Movement in the allowance for doubtful debts

Balance at the beginning of the year	1,308	1,425
Impairment losses recognised on receivables	926	181
Amounts written off as uncollectible	(1,592)	(298)
Amounts recovered during the year	-	-
Balance at the end of the year	<u>642</u>	<u>1,308</u>

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

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

<b>7. Inventories</b>	<b>2015/16</b>	<b>2014/15</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$'000</b>	<b>\$'000</b>
Raw materials	<u>407</u>	<u>331</u>

**8. Payables**

**Current**

Trade payables	5,007	3,030
Accrued expenses	996	2,029
Income in advance	525	1,799
Bonds and deposits (see note 30 for additional detail)	3,800	3,612
	<u>10,328</u>	<u>10,470</u>

The average credit period for purchase of goods and services is net 30 days.

No interest is charged on trade payables. The City has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

**9. Provisions**

**(a) Current**

Employee benefits	7,284	6,555
Workers Compensation Insurance	208	878
	<u>7,492</u>	<u>7,433</u>

**(b) Non-Current**

Employee benefits	<u>924</u>	<u>996</u>
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**10. Long Term Borrowings**

**(a) Current**

Secured by floating charge debentures	<u>5,130</u>	<u>5,432</u>
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**(b) Non-Current**

Secured by floating charge debentures	<u>23,913</u>	<u>23,823</u>
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Additional details on borrowings is provided in Note 26.

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

<b>11. Property, Plant, Equipment and Infrastructure</b>	<b>2015/16</b>	<b>2014/15</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Property, plant and equipment:</u></b>		
Land - at 2016 independent valuation	96,194	86,142
	<u>96,194</u>	<u>86,142</u>
Building - at 2016 independent valuation	139,776	112,680
Less: Accumulated depreciation	-	(9,655)
Work in progress	6,933	18,338
	<u>146,709</u>	<u>121,363</u>
Furniture and fittings - valuation 2016	1,363	1,998
Less: Accumulated depreciation	-	(903)
Work in progress	121	24
	<u>1,484</u>	<u>1,119</u>
Plant and machinery - valuation 2016	10,165	12,514
Less: Accumulated depreciation	-	(2,554)
Work in progress	-	-
	<u>10,165</u>	<u>9,960</u>
<b>Property, Plant and Equipment - Total</b>	<b><u>254,552</u></b>	<b><u>218,584</u></b>
<b><u>Infrastructure:</u></b>		
Bridges - independent valuation 2015	35,237	35,237
Less: Accumulated depreciation	(15,387)	(15,102)
Work in Progress	3	3
	<u>19,853</u>	<u>20,138</u>
Parks - independent valuation 2015	211,188	197,530
Less: Accumulated depreciation	(47,648)	(32,715)
Work in progress	343	223
	<u>163,883</u>	<u>165,038</u>
Drainage - independent valuation 2015	161,799	164,046
Less: Accumulated depreciation	(41,386)	(40,999)
Work in progress	206	5
	<u>120,619</u>	<u>123,052</u>
Roads, footpaths, kerbs & seals - independent valuation 2015	456,560	430,143
Less: Accumulated depreciation	(150,141)	(144,941)
Work in progress	2,387	2,265
	<u>308,806</u>	<u>287,467</u>
Marina infrastructure - Independent Valuation 2016	4,095	4,312
Less: Accumulated depreciation	(2,336)	(2,177)
	<u>1,759</u>	<u>2,135</u>
Coastal and estuary - independent valuation 2015	80,094	79,981
Less: Accumulated depreciation	(37,995)	(36,233)
Work in progress	422	139
	<u>42,521</u>	<u>43,887</u>
Land improvements - cost	1,261	982
Less: Accumulated depreciation	(109)	(83)
Work in Progress	3,674	1,979
	<u>4,826</u>	<u>2,878</u>
<b>Infrastructure - Total</b>	<b><u>662,267</u></b>	<b><u>644,595</u></b>
<b>Net book value</b>	<b><u>916,819</u></b>	<b><u>863,179</u></b>

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

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**12. Assets - movement in carrying amounts**

Movement in the carrying amounts of each class of property, plant and equipment during the reporting period is as below:

	<b>Land</b>	<b>Buildings</b>	<b>Furniture &amp; Fittings</b>	<b>Plant &amp; Machinery</b>	<b>Infra- structure</b>	<b>TOTAL</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2014	87,181	108,205	1,366	10,023	489,473	696,248
Reclassifications	-	-	-	-	-	-
Revaluations	-	-	-	-	154,183	154,183
Additions	-	1,455	80	2,327	29,907	33,769
Work in progress	-	16,814	24	(254)	522	17,106
Disposals	(1,039)	(244)	-	(649)	(6,825)	(8,757)
Depreciation expense	-	(4,867)	(351)	(1,487)	(22,665)	(29,370)
<b>Balance as at 30 June 2015</b>	<b>86,142</b>	<b>121,363</b>	<b>1,119</b>	<b>9,960</b>	<b>644,595</b>	<b>863,179</b>
Reclassifications	-	(20)	(6)	-	26	-
Revaluations	12,369	19,604	357	59	19,306	51,695
Additions	-	33,672	381	2,380	21,450	57,883
Work in progress	-	(21,819)	(20)	-	2,423	(19,416)
Disposals	(2,317)	(103)	(16)	(758)	(1,966)	(5,160)
Depreciation expense	-	(5,988)	(331)	(1,476)	(23,567)	(31,362)
<b>Balance as at 30 June 2016</b>	<b>96,194</b>	<b>146,709</b>	<b>1,484</b>	<b>10,165</b>	<b>662,267</b>	<b>916,819</b>

**13. Depreciation**

(a) Depreciation by asset class

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

	<b>2015/16 Actual \$'000</b>	<b>Un-audited 2015/16 Budget \$'000</b>	<b>2014/15 Actual \$'000</b>
Buildings	5,987	4,770	4,867
Furniture and fittings	331	550	351
Plant and machinery	1,476	1,272	1,487
Infrastructure assets	23,568	13,583	22,665
	<u>31,362</u>	<u>20,175</u>	<u>29,370</u>

(b) Depreciation of assets by program

	<b>2015/16 Actual \$'000</b>	<b>2015/16 Budget \$'000</b>	<b>2014/15 Actual \$'000</b>
Law, Order, Public Safety	97	70	88
Health	-	-	-
Education and Welfare	207	194	195
Community Amenities	325	290	331
Recreation and Culture	15,918	7,804	14,761
Transport	12,653	9,542	11,813
Economic Services	125	124	125
Other Property and Services	2,037	2,151	2,057
	<u>31,362</u>	<u>20,175</u>	<u>29,370</u>

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**14. Disposal of assets**

(a) Disposal of assets by class

	<b>Net Book Value \$'000</b>	<b>Sales Proceeds \$'000</b>	<b>Profit \$'000</b>	<b>Loss \$'000</b>
Land	2,317	2,933	765	(149)
Buildings	103	-		(103)
Furniture and equipment	16	-		(16)
Plant and machinery	758	666	52	(144)
Roads, paths	418	-		(418)
Drainage	37	-		(37)
Parks	1,511	-		(1,511)
Coastal	-	-		-
	<u>5,160</u>	<u>3,599</u>	<u>817</u>	<u>(2,378)</u>

(b) Disposal of assets classified by program

	<b>Net Book Value \$'000</b>	<b>Sales Proceeds \$'000</b>	<b>Profit \$'000</b>	<b>Loss \$'000</b>
Governance	39	34	1	(6)
Law, Order and Public Safety	106	45	4	(64)
Education and Welfare	28	30	5	(3)
Health	21	22	1	
Community Amenities	26	-	-	(26)
Recreation and Culture	1,794	196	23	(1,621)
Transport	759	278	15	(496)
Economic Services	2,388	2,994	768	(162)
Other Property and Services	-	-	-	-
	<u>5,160</u>	<u>3,599</u>	<u>817</u>	<u>(2,378)</u>

**15. Total assets classified by function and activity**

	<b>2015/16 Actual \$'000</b>	<b>2014/15 Actual \$'000</b>
General Purpose Funding	3,716	3,205
Governance	12,513	11,623
Law, Order, Public Safety	3,198	2,740
Health	191	112
Education and Welfare	5,104	4,738
Community Amenities	8,012	4,100
Recreation and Culture	328,766	312,463
Transport	457,280	436,889
Economic Services	105,232	8,634
Other Property and Services	-	86,142
Unallocated	59,296	66,758
	<u>983,308</u>	<u>937,404</u>

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**16. Fees and charges**

	<b>2015/16 Actual \$'000</b>	<b>Un-audited 2015/16 Budget \$'000</b>	<b>2014/15 Actual \$'000</b>
General Purpose Funding	726	821	772
Law, Order, Public Safety	608	502	688
Health	144	133	134
Education and Welfare	404	558	547
Community Amenities	12,466	12,451	12,372
Recreation and Culture	4,970	6,376	2,763
Transport	2,249	124	2,208
Economic Services	2,198	2,205	2,246
Other Property and Services	646	274	483
	<u>24,411</u>	<u>23,444</u>	<u>22,213</u>

**17. Elected members' benefits**

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

	<b>2015/16 Actual \$'000</b>	<b>Un-audited 2015/16 Budget \$'000</b>	<b>2014/15 Actual \$'000</b>
Meeting fees allowance	369	381	368
Mayoral allowance	70	70	70
Deputy Mayoral allowance	17	17	17
Information and communications technology allowance	46	46	46
Councillors travel, conferences and other expenses	53	51	37
	<u>555</u>	<u>565</u>	<u>538</u>

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**18 Notes to the cash flow statement**

**a) Reconciliation of cash**

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	<b>2015/16 Actual \$'000</b>	<b>Un-audited 2015/16 Budget \$'000</b>	<b>2014/15 Actual \$'000</b>
Cash and cash equivalents	<u>54,858</u>	<u>          </u>	<u>64,291</u>

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

(Loss)/Profit	(5,278)	13,183	19,793
Non cash items			
Depreciation	31,362		29,370
Loss on sale of assets	1,561		7,224
Changes in assets and liabilities during the financial year:			
Decrease/(increase) in receivables	(557)		(503)
Decrease/(increase) in inventories	(76)	-	(50)
Increase/(decrease) in payables	(2,076)		1,695
Increase/(decrease) in provisions	(679)	-	1,181
(Decrease)/increase in bonds & deposits	188	-	(888)
Grants/contributions for the development of assets	<u>(19,163)</u>		<u>(43,993)</u>
Net cash provided by operating activities	<u><u>5,282</u></u>	<u><u>13,183</u></u>	<u><u>13,829</u></u>

**c) Credit standby arrangements**

Credit card facility	60		60
Purchasing card facility	600		400
Credit and purchasing card debt balance at reporting date	<u>(54)</u>		<u>(33)</u>
	<u><u>606</u></u>		<u><u>427</u></u>

**d) Borrowing facilities**

Loan facilities - current	5,130		5,432
Loan facilities - non current	<u>23,913</u>		<u>23,823</u>
Total loan facilities in use at reporting date	<u><u>29,043</u></u>		<u><u>29,255</u></u>
Unused loan facility as at reporting date	<u>3,114</u>		<u>3,228</u>

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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<b>19. Number of employees</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
Number of employees (FTE's) at reporting date	477	450

**20. Payments to employees**

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

Salary range	Number of employees	
	2015/16	2014/15
\$100,000 - \$109,999	8	9
\$110,000 - \$119,999	9	7
\$120,000 - \$129,999	6	6
\$130,000 - \$139,999	3	1
\$140,000 - \$149,999	1	-
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	-	-
\$170,000 - \$179,999	1	3
\$180,000 - \$189,999	2	1
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	1	-
\$210,000 - \$219,999	-	-
\$220,000 - \$229,999	-	-
\$230,000 - \$239,999	-	-
\$240,000 - \$249,999	-	1
\$250,000 - \$259,999	1	-

**21. Conditions over grants and contributions**

	<b>2015/16 \$'000</b>	<b>2014/15 \$'000</b>
Opening balance of unexpended grants and contributions	21,009	16,460
Grants and contributions recognised as revenue in the reporting period	<u>25,247</u>	<u>50,450</u>
	46,256	66,910
Grants and contributions expended in the period:		
Operational grants and contributions	(5,914)	(7,074)
Grants and contributions for capital works	<u>(7,999)</u>	<u>(38,827)</u>
	(13,913)	(45,901)
Closing balance of unexpended grants	32,343	21,009
Net movement in unspent grants and contributions	11,334	4,549

All unspent grants and contributions as at 30 June 2016 are transferred to a Reserve account held for this purpose.

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016

22. Rating Information

Rating Category	General Rate					Minimum Rate					Total			
	GRV Value \$'000	Rate in \$	No. Props	Unaudited Budget \$'000	Rate Actual \$'000	GRV Value \$'000	Min Rate \$	No. Props	Unaudited Budget \$'000	Rate Actual \$'000	GRV Value in \$'000	No. Props	Unaudited Budget \$'000	Rate Actual \$'000
Residential Improved	495,888	0.08280	30,289	41,095	41,060	74,143		6,677	6,794	6,784	570,031	36,966	47,889	47,843
Residential Vacant	28,653	0.15600	2,524	4,477	4,470	10,016		2,398	2,074	2,074	38,669	4,922	6,551	6,544
Urban Development	7,318	0.09780	25	716	716	-		-	1	-	7,318	25	717	716
Business Improved	119,731	0.08530	968	10,215	10,213	722		175	179	179	120,453	1,143	10,394	10,392
Business Vacant	6,665	0.10220	145	679	681	86		12	12	12	6,750	157	691	693
Mandurah Ocean Marina:				-	-				-	-			-	-
- Residential Improved	15,944	0.08280	737	1,320	1,320	575		65	66	66	16,519	802	1,386	1,386
- Vacant	1,202	0.15600	29	180	188	-		-	-	-	1,202	29	180	188
- Business Improved	5,510	0.08530	41	470	470	-		-	-	-	5,510	41	470	470
Interim Rates														1,390
Back Rates														69
Prepaid Rates														359
<b>Sub Total General Rates</b>	<b>680,911</b>		<b>34,758</b>	<b>59,152</b>	<b>59,117</b>	<b>85,542</b>		<b>9,327</b>	<b>9,127</b>	<b>9,115</b>	<b>766,453</b>	<b>44,085</b>	<b>68,278</b>	<b>70,050</b>
<b>Specified Area Rates</b>														
Port Mandurah		0.00250			60									60
Waterside		0.00000			-									-
Mandurah Ocean Marina		0.01420			329									329
Mandurah Quay		0.00110			7									7
Port Bouvard Eastport		0.00140			10									10
Port Bouvard Northport		0.00650			41									41
Mariners Cove		0.00120			9									9
<b>Sub Total</b>					<b>456</b>									<b>456</b>
Rates Concessions														
<b>TOTAL RATES</b>				<b>59,152</b>	<b>59,573</b>				<b>9,127</b>	<b>9,115</b>			<b>68,278</b>	<b>70,506</b>

## CITY OF MANDURAH

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

#### 22. Rating information (continued)

##### Characteristics Forming the Basis of Rates

Council utilises differential rating based on zoning, and properties' improved or unimproved nature.

##### Objects and Reasons for Differential Rates

##### Differential Rates

Residential Improved	Rate in the dollar \$0.0828
Mandurah Ocean Marina Residential Improved	

Residential properties are the predominant property type in the City. The rate calculated reflects Council's policy of ensuring that residential properties contribute significantly to the services and infrastructure which the City provides.

Business Improved	Rate in the dollar \$0.0853
Mandurah Ocean Marina Business Improved	
Urban Development	Rate in the dollar \$0.0978
Business Vacant	Rate in the dollar \$0.1022

Rates on other improved properties are levied at similar rates to reflect the fact that these types make the same relative contribution as the residential improved category.

Residential Vacant	Rate in the dollar \$0.1560
Mandurah Ocean Marina Residential Vacant	

These rates have been set as an interim measure as part of the City's plan to reflect the change in vacant land values over a three year period.

##### Minimum Rates

Council set differentiating minimum rates so that all properties make a reasonable contribution to the cost of services regardless of low property gross rental values.

Residential Improved	\$1,016
Mandurah Ocean Marina Residential Improved	\$1,016
Business Improved	\$1,022
Marina Business	\$1,022
Residential Vacant	\$865
Business Vacant	\$1,030
Urban Development	\$1,029
Mandurah Ocean Marina Vacant	\$865

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**23. Interest charges and instalments**

Instalment options offered for payment of rates were:

Option	Payment dates
Payment in full	23 September 2016
Two instalments	23 September 2016 27 January 2017
Four instalments	23 September 2016 23 November 2016 23 January 2016 23 March 2017
Equal instalments	Payment by twelve equal instalments from April 2015 to March 2016. Continuation of instalments from April as advance payments for 2016/17.

		2015/16 Actual \$'000	Un-audited 2015/16 Budget \$'000	2014/15 Actual \$'000
Interest on unpaid rates	7%	218	200	214
Interest on instalment plan	5.50%	343	350	332
Charges on instalment plan (for two and four instalment option)	\$3	111	109	111

**24. Specified Area Rates**

Rating Category	Specified Area Rates					
	Reserves B/fwd	Revenue Raised	Interest Earned	Expended	Contribution from City of Mandurah	Reserves C/fwd
	\$	\$	\$	\$		\$
Port Mandurah	439,415	60,131	12,743	(363,773)	149,147	297,663
Waterside	126,580	-	3,671	(25,838)	2,627	107,040
Mandurah Quay	147,454	7,715	4,276	(4,367)	-	155,078
Mandurah Ocean Marina	315,947	325,752	9,162	(513,094)	-	137,767
Mariners Cove	9,917	9,174	288	(6,558)	-	12,821
Port Bouvard Canals Northport	20,350	43,017	590	(25,041)	-	38,916
Port Bouvard Canals Eastport	-	10,535	-	(6,784)	-	3,751
<b>Total</b>	<b>1,059,663</b>	<b>456,324</b>	<b>30,730</b>	<b>(945,455)</b>	<b>151,774</b>	<b>753,036</b>

The specified area rates are imposed for the purpose of maintaining and managing the canals at Waterside, Port Mandurah, Mandurah Quay, Port Bouvard and the canals, open space and marina at Mandurah Ocean Marina. The designated areas are identified within council's objects and reasons.

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**24. Specified Area Rates (continued)**

Waterside Canals 0.000c in the dollar

This is levied on all canal frontage properties located within the "Waterside Canals" for owners to make a reasonable contribution toward maintaining and managing the canals in accordance with the Artificial Waterways Policy – Canals and the Core Management Group. For the year ended 30 June 2016 there were sufficient funds in the Reserve Fund to fund maintenance costs.

The area has been identified within the Government Gazette published 23rd June 1995 as Schedule B in the City of Mandurah (Specified Area) Order No. 1 and is commonly known as the "Waterside Canals".

Port Mandurah Canals 0.25c in the dollar

This is levied on all canal frontage properties located within the "Port Mandurah Canals" for owners to make a reasonable contribution toward maintaining and managing the canals in accordance with the Artificial Waterways Policy - Canals and the Core Management Group. The area has been identified within the Government Gazette published 23rd June 1995 as Schedule A in the City of Mandurah (Specified Area) Order No. 1 and is commonly known as "Port Mandurah Canals".

Mandurah Ocean Marina 1.5c in the dollar

This rate is levied on all properties within the Mandurah Ocean Marina Outline Development Plan. The purpose of this rate is to ensure that all owners within the precinct contribute to the operating costs of the marina.

Mandurah Quay 0.11c in the dollar

This is levied on all properties within the Mandurah Quay subdivision. The purpose is to ensure the maintenance of the marina, i.e. water body and walls, and is levied at a level to cover the life cycle expenses of the marina.

Port Bouvard - Northport 0.65c in the dollar

This is levied on all canal frontages on the Northport canals. The purpose is to recoup the costs of litter removal from the canal waterbody together with the costs of water quality testing, management, surveying and minor maintenance.

**25. Service charges**

The City of Mandurah did not impose any service charges during the reporting period.

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**26. Borrowings**

(a) Movement in unspent loan fund for the year ended 30 June 2016

Date Loan Funded	Loan No.	Particulars	Unspent Balance 1 July 2015		New loans raised		Loans utilised		Balance 30 June 2016	
			Actual	Un-audited Budget	Actual 2015/2016 \$	Un-audited Budget 2015/2016 \$	Actual 2015/2016 \$	Un-audited Budget 2015/2016 \$	Actual \$	Un-audited Budget \$
30/03/04	303	Brighton Lane	43,022	43,022					43,022	43,022
30/03/04	304	Brighton Plaza	14,115	14,115					14,115	14,115
14/06/13	333(ii)	Parks Construction	171,963	171,963					171,963	171,963
13/06/14	335	Pedestrian Bridge Construction	1,000,000	-			(1,000,000)		-	-
22/04/15	337	New SES Facility	1,391,030	1,391,030			(1,263,692)	(1,391,030)	127,338	-
22/04/15	339	Roads	607,644	620,247			(496,873)	(620,247)	110,771	-
10/01/16	340	MARC Stage 1			775,000	775,000	(775,000)	(775,000)	-	-
10/01/16	341	MARC Stage 2			2,000,000	2,000,000	(884,912)	(2,000,000)	1,115,088	-
10/01/16	342	Roads			1,000,000	1,000,000	(570,807)	(1,000,000)	429,193	-
10/01/16	343	WMC Tims Thicket			150,000	150,000	-	(150,000)	150,000	-
10/01/16	344	Eastern Foreshore Wall			1,295,000	1,295,000	(342,646)	(1,295,000)	952,354	-
			-	-	-	-			-	-
<b>Totals</b>			<b>3,227,774</b>	<b>2,240,377</b>	<b>5,220,000</b>	<b>5,220,000</b>	<b>(5,333,930)</b>	<b>(7,231,277)</b>	<b>3,113,844</b>	<b>229,100</b>

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**26. Borrowings (continued)**

(b) Loan liability summary for the year ended 30 June 2016

	Principal Liability		New Loans Taken Out		Interest Paid in Year		Principal Paid in Year		Principal Liability	
	Actual 1/07/2015 \$	Un-audited Budget 1/07/2015 \$	Actual 2015/16 \$	Un-audited Budget 2015/16 \$	Actual 2015/16 \$	Un-audited Budget 2015/16 \$	Actual 2015/16 \$	Un-audited Budget 2015/16 \$	Actual 30/06/2016 \$	Un-audited Budget 30/06/2016 \$
Law, Order, Public Safety	1,448,828	1,448,802	-	-	41,495	42,314	132,562	132,557	1,316,266	1,316,245
Education & Welfare	-	-	-	-	-	-	-	-	-	-
Community Amenities	1,023,060	2,511,018	-	1,445,000	65,960	91,084	383,382	465,651	639,678	3,490,367
Recreation	11,493,699	14,268,636	4,070,000	2,775,000	514,191	606,873	2,526,978	2,768,838	13,036,721	14,274,798
Transport	9,865,726	10,824,213	1,150,000	1,000,000	461,117	518,806	1,658,297	1,789,082	9,357,429	10,035,131
Economic Services	72,077	72,077	-	-	4,935	5,155	22,300	22,289	49,777	49,788
Other Property and Services	5,351,383	5,351,407	-	-	237,079	241,368	708,564	708,586	4,642,819	4,642,821
<b>Total</b>	<b>29,254,773</b>	<b>34,476,153</b>	<b>5,220,000</b>	<b>5,220,000</b>	<b>1,324,777</b>	<b>1,505,600</b>	<b>5,432,083</b>	<b>5,887,003</b>	<b>29,042,690</b>	<b>33,809,150</b>

Comparison with detailed loan schedule may reveal rounding differences.

Principal	Actual 30/06/16 \$'000	Actual 30/06/15 \$'000
Current	5,130	5,432
Non-Current	23,913	23,823
<b>Total</b>	<b>29,043</b>	<b>29,255</b>

Interest	Actual 30/06/16 \$'000	Actual 30/06/15 \$'000
Interest and Guarantee Fee paid during the year	1,520	1,507
Interest accrued at reporting date	72	94
Reversal of interest accrued in prior period	(94)	(88)
<b>Interest expense</b>	<b>1,498</b>	<b>1,513</b>

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**26. Borrowings (continued)**

(c) Loan Liability Statement for the year ended 30 June 2016

Particulars	Term (years)	New loans taken up 2015/2016	Total up to 30/06/15	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2015	Interest paid in year	Principal paid in year	Principal liability 30/06/2016	Principal Reimbursed
<b><u>Law, Order, Public Safety</u></b>											
316(v) Surf Life Saving Club	10		100,000	6.39	WATC	JUN. 2020	57,798	3,533	10,153	47,645	
337 SES Building	10		1,391,030	2.79	WATC	APR. 2025	1,391,030	37,962	122,409	1,268,621	
		-	<b>1,491,030</b>				<b>1,448,828</b>	<b>41,495</b>	<b>132,562</b>	<b>1,316,266</b>	
<b><u>Community Amenities</u></b>											
247 Transfer Station	10		2,147,535	6.65	WATC	JAN. 2017	421,282	24,312	203,753	217,529	
328 Waste Compactor & Trailers	5		450,000	3.64	WATC	JUN. 2017	189,836	5,647	93,199	96,637	
335 Waste Trailers & Dolly	10		495,000	4.10	WATC	JUN. 2024	411,942	36,001	86,430	325,512	
		-	<b>3,092,535</b>				<b>1,023,060</b>	<b>65,960</b>	<b>383,382</b>	<b>639,678</b>	
<b><u>Recreation</u></b>											
259 Recreation & Foreshores	20		1,000,000	6.61	WATC	JAN. 2018	243,586	14,641	75,976	167,610	
307 Halls Head Bowling & Recreation	10		150,000	5.82	WATC	OCT. 2015	9,716	283	9,716	-	
308(i) Rushton Park Main Oval	10		450,000	6.22	WATC	JUN. 2016	58,484	2,291	58,484	-	
308(ii) Floating Jetties	10		50,000	6.22	WATC	JUN. 2016	6,498	255	6,498	-	
<b>Carried Forward</b>		<b>0</b>	<b>1,650,000</b>				<b>318,284</b>	<b>17,470</b>	<b>150,674</b>	<b>167,610</b>	<b>-</b>

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**26. Borrowings (continued)**

**(c) Loan Liability Statement for the year ended 30 June 2016 (continued)**

Particulars	Term (years)	New loans taken up 2015/2016	Total up to 30/06/15	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2015	Interest paid in year	Principal paid in year	Principal liability 30/06/2016	Principal Reimbursed
<b>Recreation</b>											
<b>Brought Forward</b>			<b>1,650,000</b>				<b>318,284</b>	<b>17,470</b>	<b>150,674</b>	<b>167,610</b>	-
308(iii) Peelwood Water Supply	10		143,500	6.22	WATC	JUN. 2016	18,650	731	18,650	-	
308(iii) Merlin Reserve	10		11,500	6.22	WATC	JUN. 2016	1,495	59	1,495	-	
308(iv) Mandurah Tce Landscaping	10		100,000	6.22	WATC	JUN. 2016	12,996	509	12,996	-	
310 Cinema	10		2,068,999	6.45	WATC	APR. 2017	525,845	27,843	254,513	271,332	
311 Mandurah City Soccer Club	10		200,000	6.45	WATC	MAY. 2017	50,831	2,691	24,603	26,228	
314(iv) Falcon Library Construction	10		750,000	7.41	WATC	JUN. 2018	284,514	19,481	88,027	196,487	
314(v) Meadow Springs Recreation	10		500,000	7.41	WATC	JUN. 2018	189,676	12,988	58,685	130,991	
316(iii) Allnutt Reserve Bowling Facility	10		468,000	6.39	WATC	JUN. 2020	270,496	16,536	47,516	222,980	
316(vii) Town Beach Ablutions	10		200,000	6.39	WATC	JUN. 2020	115,597	7,067	20,306	95,291	
318(ii) Rushton Park Redevelopment	10		2,000,000	5.54	WATC	JUN. 2021	1,328,005	70,953	192,233	1,135,772	
318(iii) Meadow Springs Pavillion	10		1,500,000	5.54	WATC	JUN. 2021	996,004	53,214	144,175	851,829	
319 Mandurah Bowling Club	20		840,000	5.39	WATC	JUN. 2016	735,033	39,220	735,033	-	
320 Mandurah Rugby Club	10		300,000	5.54	WATC	JUN. 2021	199,201	10,642	28,835	170,366	
321 Mandurah Cricket Club	10		100,000	5.54	WATC	JUN. 2021	66,401	3,547	9,612	56,789	
324 Mandurah Football & Sporting	10		650,000	4.01	WATC	JUN. 2022	481,435	18,399	60,824	420,611	
325 Mandurah Rugby Club	10		50,000	4.01	WATC	JUN. 2022	37,033	1,415	4,679	32,354	
326 Allnutt Reserve Bowling Facility	10		4,430,000	4.01	WATC	JUN. 2022	3,281,166	125,393	414,536	2,866,630	
329(i) Ablutions - Netball Centre	10		350,000	4.01	WATC	JUN. 2022	259,235	9,907	32,751	226,484	
329(v) Parks Construction	10		346,000	4.01	WATC	JUN. 2022	256,271	9,794	32,377	223,894	
331 Halls Head Bowling Club Upgrade	15		450,000	4.71	WATC	APR. 2028	406,539	18,877	23,296	383,243	
333 Parks - Falcon Bay Reserve	10		200,000	4.00	WATC	JUN. 2023	166,074	6,464	17,998	148,076	
334 Peel Thunder Self Supporting Loan	5		150,000	3.40	WATC	JUN. 2018	92,918	2,784	29,966	62,952	
338 Aquatic & recreation Centre	10		1,400,000	2.79	WATC	APR. 2025	1,400,000	38,207	123,198	1,276,802	
340 Aquatic & recreation Centre Stage 1	10	775,000	-	2.67	WATC	JUN. 2026	-	-	-	775,000	
341 Aquatic & recreation Centre Stage 2	10	2,000,000	-	2.67	WATC	JUN. 2026	-	-	-	2,000,000	
344 Eastern Foreshore Wall	10	1,295,000	-	2.67	WATC	JUN. 2026	-	-	-	1,295,000	
		<b>4,070,000</b>	<b>18,857,999</b>				<b>11,493,699</b>	<b>514,191</b>	<b>2,526,978</b>	<b>13,036,721</b>	-

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**26. Borrowings (continued)**

(c) Loan Liability Statement for the year ended 30 June 2016 (continued)

Particulars	Term (years)	New loans taken up 2015/2016	Total up to 30/06/15	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2015	Interest paid in year	Principal paid in year	Principal liability 30/06/2016	Principal Reimbursed
<b>Transport</b>											
308(v) Road Construction	10		48,000	6.22	WATC	JUN. 2016	6,238	244	6,238	-	
308(vi) Drainage	10		250,000	6.22	WATC	JUN. 2016	32,491	1,273	32,491	-	
312 Marina Pens	10		1,100,000	6.88	WATC	JUN. 2017	283,148	17,168	136,788	146,360	
313 Marina Pens	10		1,100,000	7.18	WATC	MAR. 2018	414,555	27,498	128,560	285,995	
314(i) Road Construction	10		1,706,255	7.41	WATC	JUN. 2018	647,273	44,320	200,263	447,010	
314(ii) Drainage	10		18,745	7.41	WATC	JUN. 2018	7,111	487	2,200	4,911	
316(ii) Road Construction	10		1,498,000	6.39	WATC	JUN. 2020	865,820	52,929	152,092	713,728	
316(iv) Car Parking	10		110,000	6.39	WATC	JUN. 2020	63,579	3,887	11,168	52,411	
318(v) Road Construction	10		5,000,000	5.54	WATC	JUN. 2021	3,320,014	177,381	480,582	2,839,432	
318(vi) Drainage	10		500,000	5.54	WATC	JUN. 2021	332,002	17,738	48,058	283,944	
323 Road Sweeper	5		287,000	5.26	WATC	JUN. 2016	63,509	2,516	63,510	(1)	
329(ii) Road Construction	10		750,000	4.01	WATC	JUN. 2022	555,502	21,229	70,181	485,321	
329(iii) Drainage Construction	10		250,000	4.01	WATC	JUN. 2022	185,167	7,076	23,394	161,773	
329(iv) Peelwood Oval - Parking	10		100,000	4.01	WATC	JUN. 2022	74,067	2,831	9,357	64,710	
329(vi) Path Construction	10		57,000	4.01	WATC	JUN. 2022	42,218	1,613	5,334	36,884	
329(viii) Street Lighting	10		75,000	4.01	WATC	JUN. 2022	55,550	2,123	7,018	48,532	
332 Road Plant	5		350,000	3.42	WATC	JUN. 2018	217,077	6,831	69,920	147,157	
333 Road Construction	10		893,000	4.00	WATC	JUN. 2023	741,519	28,862	80,361	661,158	
336 New Pedestrian Bridge Construction	10		1,000,000	4.10	WATC	JUN. 2024	958,886	17,821	42,783	916,103	
339 New Road Construction	10		1,000,000	2.79	WATC	APR.2025	1,000,000	27,290	87,999	912,001	
342 New Road Construction	10	1,000,000	-	2.67	WATC	JUN.2026	-	-	-	1,000,000	
343 WMC Tims Thicket	10	150,000	-	2.67	WATC	JUN.2026	-	-	-	150,000	
		<b>1,150,000</b>	<b>16,093,000</b>				<b>9,865,726</b>	<b>461,117</b>	<b>1,658,297</b>	<b>9,357,429</b>	<b>-</b>

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**26. Borrowings (continued)**

(c) Loan Liability Statement for the year ended 30 June 2016 (continued)

Particulars	Term (years)	New loans taken up 2015/2016	Total up to 30/06/15	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2015	Interest paid in year	Principal paid in year	Principal liability 30/06/2016	Principal Reimbursed
<b>Economic Services</b>											
314(iii) Transit Station Welcome Centre	10		190,000	7.41	WATC	JUN. 2018	72,077	4,935	22,300	49,777	
		-	<b>190,000</b>				<b>72,077</b>	<b>4,935</b>	<b>22,300</b>	<b>49,777</b>	-
<b>Other Property and Services</b>											
272 Office Building	20		2,500,000	6.30	WATC	APR. 2021	1,093,034	65,401	155,132	937,902	
316(i) Information Systems	10		100,000	6.39	WATC	JUN. 2020	57,798	3,533	10,153	47,645	
316(vi) IT Server Room Upgrade	10		270,000	6.39	WATC	JUN. 2020	156,055	9,540	27,413	128,642	
318(i) IT Communications Equipment	10		400,000	5.54	WATC	JUN. 2021	265,600	14,191	38,447	227,153	
329(vii) IT Equipment	10		102,000	4.01	WATC	JUN. 2022	75,548	2,887	9,545	66,003	
330 Land Purchase	10		5,000,000	4.01	WATC	JUN. 2022	3,703,348	141,527	467,874	3,235,474	
		-	<b>8,372,000</b>				<b>5,351,383</b>	<b>237,079</b>	<b>708,564</b>	<b>4,642,819</b>	-
Total all loans		<b>5,220,000</b>	<b>48,196,564</b>				<b>29,254,773</b>	<b>1,324,777</b>	<b>5,432,083</b>	<b>29,042,690</b>	-

**27. Reserves - asset revaluations**

**Transaction Summary**

	Opening balance 1 July 2015 \$'000	Increase during year \$'000	Decrease during year \$'000	Closing balance 30 June 2016 \$'000
Land	61,877	12,369	-	74,246
Buildings	56,727	19,604	-	76,331
Furniture and fittings	7	357	-	364
Plant and machinery	-	59	-	59
Bridges	14,968	-	-	14,968
Parks	164,853	6,746	-	171,599
Drainage	81,791	-	(1,473)	80,318
Roads, footpaths, kerbs and seals	173,597	14,545	-	188,142
Coastal	41,208	-	(512)	40,696
	<u>595,028</u>	<u>53,680</u>	<u>(1,985)</u>	<u>646,723</u>

## CITY OF MANDURAH

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

#### 28. Reserves - cash backed

##### Purpose of cash backed reserves

(a) Building	Future building construction requirements.
(b) Parking	Provide additional parking areas.
(c) Asset management	Maintenance and upgrade of current infrastructure.
(d) Cultural Centre	Equipment/plant replacement for Mandurah Performing Arts Centre.
(e) Museum	Operation of museum.
(f) Property acquisition	Future property purchases.
(g) Sustainability	Development of Mandurah as a sustainable city.
(h) Aquatic and recreation centre	Future reconstruction of Mandurah Aquatic & Recreation Centre and additional swimming space.
(j) Sanitation	Future waste treatment initiatives.
(j) Community improvements	Provision of community facilities.
(k) Traffic bridge	Replacement of Mandurah traffic bridge.
(l) Tims Thicket septage	Future site restoration.
(m) Tims Thicket inert	Future site restoration and development.
(n) Inert landfill	Future site restoration and development.
(o) Road network	Future road improvement schemes
(p) Arts & crafts centre	Provision of a new art and craft facility.
(q) Sand pit restoration	Costs associated with closure of Red Road site.
(r) Interest free loans	Interest-free loans to sporting & community groups for minor capital projects.
(s) CLAG	Contiguous Local Authority Group for control of mosquitoes.
(t) Emergency relief fund	Capital grants to local emergency service groups. Availability of funds for emergencies/disaster in Mandurah.
(u) Mandurah Ocean Marina	Future maintenance/asset replacement at Mandurah Ocean Marina.
(v) Waterways	Future maintenance/asset replacement of specific waterways infrastructure.
(w) Interest on investments	Allocation for one-off purposes.
(x) Port Mandurah canals Stage 2	Future maintenance of canals.
(y) Mariners Cove canals maintenance	Future maintenance of canals.
(z) Port Bouvard canals maintenance	Future maintenance of canals.
(aa) Soccer club rooms refurbishment	Club contributions to maintain presentation and functionality of this facility.
(ab) Cash in lieu POS Contributions	Contributions received in accordance with Planning & Development Act.
(ac) Unspent grants and contributions	Operating and non-operating grants and contributions tied to future expenditure.
(ad) Long service leave	To fund long service leave liability of Council staff.
(ae) Carbon offset	To fund initiatives which provide an offset to the environmental impact of the City's waste management activities.
(af) Bushland acquisition	For purchase and protection of bushland within the City.
(ag) Equipment replacement - Port Bouvard Surf Life Saving Clubhouse	To maintain presentation and functionality of the soccer club house.
(ah) Coastal Storm Contingency	To fund restoration of storm damaged coastal infrastructure.
(ai) Equipment replacement - Bortolo Pavillion	Club contributions to maintain presentation and functionality of this facility.
(aj) Equipment replacement - Rushton Park	Club contributions to maintain presentation and functionality of this facility.
(ak) Equipment replacement - Meadow Springs Pavillion	Club contributions to maintain presentation and functionality of this facility.
(al) Digital Futures	To fund rapid response to develop, investigate or commission digital technology initiatives.
(am) Decked car park	WA Government contribution to development of decked parking facility in the CBD.
<i>Specified Area Rates (SAR):</i>	
(an) Waterside canals SAR	Maintenance of canals.
(ao) Port Mandurah canals SAR	Maintenance of canals.
(ap) Mandurah Quay canals SAR	Maintenance of canals.
(aq) Mandurah Ocean Marina SAR	Maintenance/asset replacement at Mandurah Ocean Marina.
(ar) Port Bouvard canals SAR	Maintenance of canals.

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	2015/16 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2014/15 ACTUAL \$'000
<b>28. Reserves - cash backed (continued)</b>			
<b>(a) Building</b>			
Opening balance	1,958	1,054	1,427
Amount set aside / Transfer to Reserve	1,000	500	1,550
Amount used / Transfer from Reserve	(359)	(1,121)	(1,019)
	<u>2,599</u>	<u>433</u>	<u>1,958</u>
<b>(b) Parking</b>			
Opening balance	465	465	465
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>465</u>	<u>465</u>	<u>465</u>
<b>(c) Asset Management</b>			
Opening balance	3,927	3,108	3,002
Amount set aside / Transfer to Reserve	1,000	-	1,080
Amount used / Transfer from Reserve	(757)	(1,585)	(155)
	<u>4,170</u>	<u>1,523</u>	<u>3,927</u>
<b>(d) Cultural Centre</b>			
Opening balance	864	864	614
Amount set aside / Transfer to Reserve	-	-	250
Amount used / Transfer from Reserve	(292)	(372)	-
	<u>572</u>	<u>492</u>	<u>864</u>
<b>(e) Museum</b>			
Opening balance	160	160	160
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>160</u>	<u>160</u>	<u>160</u>
<b>(f) Property Acquisition</b>			
Opening balance	3,920	3,346	3,632
Amount set aside / Transfer to Reserve	-	-	1,305
Amount used / Transfer from Reserve	(842)	(1,574)	(1,017)
	<u>3,078</u>	<u>1,772</u>	<u>3,920</u>
<b>(g) Sustainability</b>			
Opening balance	30	30	30
Amount set aside / Transfer to Reserve	500	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>530</u>	<u>30</u>	<u>30</u>
<b>(h) Aquatic and Recreation Centre</b>			
Opening balance	987	1,016	6,642
Amount set aside / Transfer to Reserve	-	-	500
Amount used / Transfer from Reserve	(79)	(79)	(6,155)
	<u>908</u>	<u>937</u>	<u>987</u>
<b>(i) Sanitation</b>			
Opening balance	1,550	650	200
Amount set aside / Transfer to Reserve	90	90	1,350
Amount used / Transfer from Reserve	(150)	(718)	-
	<u>1,490</u>	<u>22</u>	<u>1,550</u>

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

	2015/16 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2014/15 ACTUAL \$'000
<b>28. Reserves - cash backed (continued)</b>			
<b>(j) Community Improvements</b>			
Opening balance	349	349	349
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	349	349	349
<b>(k) Traffic Bridge</b>			
Opening balance	3,137	3,137	3,137
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	(318)	-	-
	2,819	3,137	3,137
<b>(l) Tims Thicket Septage</b>			
Opening balance	74	74	74
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	74	74	74
<b>(m) Tims Thicket Inert</b>			
Opening balance	102	102	102
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	102	102	102
<b>(n) Inert Landfill</b>			
Opening balance	40	40	40
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	40	40	40
<b>(o) Road Network</b>			
Opening balance	51	51	197
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	(146)
	51	51	51
<b>(p) Arts and Craft Centre</b>			
Opening balance	230	230	230
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	230	230	230
<b>(q) Sand Pit Restoration</b>			
Opening balance	67	67	67
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	67	67	67
<b>(r) Interest Free Loans</b>			
Opening balance	240	225	225
Amount set aside / Transfer to Reserve	-	-	15
Amount used / Transfer from Reserve	-	-	-
	240	225	240

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	2015/16 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2014/15 ACTUAL \$'000
<b>28. Reserves - cash backed (continued)</b>			
<b>(s) CLAG</b>			
Opening balance	11	9	9
Amount set aside / Transfer to Reserve	-	-	2
Amount used / Transfer from Reserve	-	-	-
	<u>11</u>	<u>9</u>	<u>11</u>
<b>(t) Emergency Relief Fund</b>			
Opening balance	3	3	3
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>3</u>	<u>3</u>	<u>3</u>
<b>(u) Mandurah Ocean Marina</b>			
Opening balance	241	242	273
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	(32)
	<u>241</u>	<u>242</u>	<u>241</u>
<b>(v) Waterways</b>			
Opening balance	-	-	-
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>(w) Interest on Investments</b>			
Opening balance	13	13	13
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>13</u>	<u>13</u>	<u>13</u>
<b>(x) Port Mandurah Canals Stage 2 Maintenance</b>			
Opening balance	80	80	80
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>80</u>	<u>80</u>	<u>80</u>
<b>(y) Mariners Cove Canals Maintenance</b>			
Opening balance	72	72	72
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>72</u>	<u>72</u>	<u>72</u>
<b>(z) Port Bouvard Canals Maintenance</b>			
Opening balance	226	226	226
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>226</u>	<u>226</u>	<u>226</u>
<b>(aa) Soccer Club Rooms Refurbishment</b>			
Opening balance	29	29	29
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>29</u>	<u>29</u>	<u>29</u>

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	2015/16 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2014/15 ACTUAL \$'000
<b>28. Reserves - cash backed (continued)</b>			
<b>(ab) Cash in Lieu POS Contributions</b>			
Opening balance	1,931	1,861	2,003
Amount set aside / Transfer to Reserve	460	-	55
Amount used / Transfer from Reserve	(93)	(105)	(127)
	<u>2,298</u>	<u>1,756</u>	<u>1,931</u>
<b>(ac) Unspent Grants &amp; Contributions</b>			
Opening balance	19,080	3,335	14,458
Amount set aside / Transfer to Reserve	8,349	-	22,185
Amount used / Transfer from Reserve	(16,069)	(2,069)	(17,563)
	<u>11,360</u>	<u>1,266</u>	<u>19,080</u>
<b>(ad) Long Service Leave</b>			
Opening balance	3,608	3,193	3,194
Amount set aside / Transfer to Reserve	448	-	414
Amount used / Transfer from Reserve	-	-	-
	<u>4,056</u>	<u>3,193</u>	<u>3,608</u>
<b>(ae) Carbon Offset</b>			
Opening balance	183	183	204
Amount set aside / Transfer to Reserve	-	-	100
Amount used / Transfer from Reserve	(50)	(150)	(121)
	<u>133</u>	<u>33</u>	<u>183</u>
<b>(af) Bushland Acquisition</b>			
Opening balance	948	948	448
Amount set aside / Transfer to Reserve	500	500	500
Amount used / Transfer from Reserve	-	-	-
	<u>1,448</u>	<u>1,448</u>	<u>948</u>
<b>(ag) Port Bouvard Surf Life Saving Clubrooms</b>			
Opening balance	18	18	18
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>18</u>	<u>18</u>	<u>18</u>
<b>(ah) Coastal Storm Contingency</b>			
Opening balance	250	250	250
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>250</u>	<u>250</u>	<u>250</u>
<b>(ai) Refurbishment Bortolo Pavillion</b>			
Opening balance	6	6	6
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>6</u>	<u>6</u>	<u>6</u>
<b>(aj) Refurbishment Rushton Park</b>			
Opening balance	13	13	13
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>13</u>	<u>13</u>	<u>13</u>

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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	2015/16 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2014/15 ACTUAL \$'000
<b>28. Reserves - cash backed (continued)</b>			
<b>(ak) Refurbishment Meadow Springs Pavillion</b>			
Opening balance	8	8	8
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>8</u>	<u>8</u>	<u>8</u>
<b>(al) Digital Futures</b>			
Opening balance	137	154	200
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	(21)	(29)	(63)
	<u>116</u>	<u>125</u>	<u>137</u>
<b>(am) Decked Car Park</b>			
Opening balance	992	992	992
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>992</u>	<u>992</u>	<u>992</u>
<b>(an) Specified Area Rates - Waterside Canals</b>			
Opening balance	127	122	124
Amount set aside / Transfer to Reserve	4	-	4
Amount used / Transfer from Reserve	(24)	(5)	(1)
	<u>107</u>	<u>117</u>	<u>127</u>
<b>(ao) Specified Area Rates - Port Mandurah Canals</b>			
Opening balance	440	292	583
Amount set aside / Transfer to Reserve	73	44	19
Amount used / Transfer from Reserve	(215)	-	(162)
	<u>298</u>	<u>336</u>	<u>440</u>
<b>(ap) Specified Area Rates - Mandurah Quay Canals</b>			
Opening balance	147	135	138
Amount set aside / Transfer to Reserve	12	-	11
Amount used / Transfer from Reserve	(4)	(3)	(2)
	<u>155</u>	<u>132</u>	<u>147</u>
<b>(aq) Specified Area Rates - Mandurah Ocean Marina</b>			
Opening balance	316	244	246
Amount set aside / Transfer to Reserve	335	-	355
Amount used / Transfer from Reserve	(513)	-	(285)
	<u>138</u>	<u>244</u>	<u>316</u>
<b>(ar) Specified Area Rates -Port Bouvard Canals</b>			
Opening balance	20	-	-
Amount set aside / Transfer to Reserve	44	-	42
Amount used / Transfer from Reserve	(25)	-	(22)
	<u>39</u>	<u>-</u>	<u>20</u>
<b>(ar) Specified Area Rates -Mariners Cove</b>			
Opening balance	10	-	-
Amount set aside / Transfer to Reserve	9	-	13
Amount used / Transfer from Reserve	(6)	-	(3)
	<u>13</u>	<u>-</u>	<u>10</u>
<b>(ar) Specified Area Rates -Eastport</b>			
Opening balance	-	-	-
Amount set aside / Transfer to Reserve	11	-	-
Amount used / Transfer from Reserve	(7)	-	-
	<u>4</u>	<u>-</u>	<u>-</u>
<b>Total Cash Backed Reserves</b>	<b><u>40,071</u></b>	<b><u>20,720</u></b>	<b><u>47,060</u></b>
<b>Total Summary</b>			
Opening Balance	47,060	27,396	44,183
Transfer to Reserves	12,835	1,134	29,750
Transfer from Reserves	(19,824)	(7,810)	(26,873)
Closing Balance	<u>40,071</u>	<u>20,720</u>	<u>47,060</u>

All of the above reserve fund accounts are supported by money held in financial institutions and match the amounts included as restricted cash in Note 5. Minor specific asset replacement/maintenance reserves have been merged into the Asset Management Reserve. No time period has been set for the use of the reserves.

**CITY OF MANDURAH**

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	2015/16 ACTUAL \$'000	Un-audited 2015/16 BUDGET \$'000	2014/15 ACTUAL \$'000
<b>28. Reserves - cash backed (continued)</b>			
<b><u>Summary of transfers to cash-backed reserves</u></b>			
Building	1,000	500	1,550
Asset management	1,000	-	1,080
Cultural Centre	-	-	250
Property acquisition	-	-	1,305
Aquatic and recreation centre	-	-	500
Sanitation	90	90	1,350
Traffic bridge	-	-	-
Interest free loans	-	-	15
CLAG	-	-	2
Port Mandurah canals maintenance Stage 2	-	-	-
Mariners Cove canals maintenance	-	-	-
Port Bouvard canals maintenance	-	-	-
Soccer club rooms refurbishment	-	-	-
Cash in lieu POS contributions	460	-	55
Unspent grants and contributions	8,349	-	22,185
Long Service Leave	448	-	414
Carbon Offset	-	-	100
Bushland Acquisition	500	500	500
Port Bouvard surf club rooms	-	-	-
Refurbishment Bortolo Pavillion	-	-	-
Refurbishment Rushton Park Pavillion	-	-	-
Refurbishment Meadow Springs Pavillion	-	-	-
Digital Futures	-	-	-
Decked Car Park	-	-	-
Specified Area Rate Waterside canals	4	-	4
Specified Area Rate Port Mandurah canals	73	44	19
Specified Area Rate Mandurah Quay canals	12	-	11
Specified Area Rate Mandurah Ocean Marina	335	-	355
Specified Area Rate Port Bouvard canals	44	-	42
Specified Area Rate Mariners Cove	9	-	13
Specified Area Rate Eastport	11	-	-
	<u>12,835</u>	<u>1,134</u>	<u>29,750</u>
<b><u>Summary of transfers from cash-backed reserves</u></b>			
Building	(359)	(1,121)	(1,019)
Asset management	(757)	(1,585)	(155)
Cultural Centre	(292)	(372)	-
Property acquisition	(842)	(1,574)	(1,017)
Sustainability	-	-	-
Aquatic and recreation centre	(79)	(79)	(6,155)
Sanitation	(150)	(718)	-
Traffic bridge	(318)	-	-
Road network	-	-	(146)
Interest free loans	-	-	-
Mandurah Ocean Marina	-	-	(32)
Waterways	-	-	-
Cash in lieu POS contributions	(93)	(105)	(127)
Unspent grants and contributions	(16,069)	(2,069)	(17,563)
Carbon Offset	(50)	(150)	(121)
Bushland Acquisition	-	-	-
Specified Area Rate Waterside canals	(24)	(5)	(1)
Specified Area Rate Port Mandurah canals	(215)	-	(162)
Specified Area Rate Mandurah Quay canals	(4)	(3)	(2)
Specified Area Rate Mandurah Ocean Marina	(513)	-	(285)
Specified Area Rate Port Bouvard canals	(25)	-	(22)
Specified Area Rate Mariners Cove	(6)	-	(3)
Specified Area Rate Eastport	(7)	-	-
	<u>(19,824)</u>	<u>(7,810)</u>	<u>(26,873)</u>

**CITY OF MANDURAH**  
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**29. Commitments for expenditure**

(a) Capital expenditure commitments

At the reporting date, the City had the following contract commitments for capital projects (which have not been provided for elsewhere in the financial statements) and are due for payment within one year:

	<b>30 June 2016 \$'000</b>	<b>30 June 2015 \$'000</b>
Mandurah Aquatic and Recreation Centre upgrade	10,449	3,596
Eastern Foreshore Wall	1,504	-
Road construction	1,138	389
Mandurah Performing Arts Centre upgrades	357	-
Bridge Construction	229	-
Boardwalk Renewal	179	-
Dawesville Ablution	61	-
Building Construction	60	-
Mandurah SES Facility	53	1,374
Light Vehicles	45	67
Milgar reserve - Caterpillar Playground	44	-
Drainage construction	43	55
Dawesville Boatramp	43	-
Geothermal Heating System	19	1,115
Hino truck	-	84
Ocean Road Active Reserve	-	629
Cemetary Ablution	-	29
Port Bouvard Surf Club	-	74
Cambria Island Repair Retaining Wall	-	23
Florida Reserve Development	-	50
Rakoa Reserve	-	11
Parkridge Boat Ramp	-	24
Commercial Vehicles	-	33
	<b><u>14,224</u></b>	<b><u>7,553</u></b>

(b) Lease commitments

**Non-cancellable operating lease payments:**

Future operating lease rentals of plant and equipment not provided for in the financial statements and subject to return at the end of lease term:

Payable - not later than 1 year	730	635
- later than 1 year but not later than 5 years	1,671	1,171
- later than 5 years	-	-
	<b><u>2,401</u></b>	<b><u>1,806</u></b>

**Non-cancellable operating lease receivables:**

Future operating lease rental income for generally sporting and cultural activities with lease terms of between 1 and 42 years. Lease have periodic review clauses linked to market values, consumer price index or participant numbers.

Receivable - not later than 1 year	959	1,422
- later than 1 year but not later than 5 years	3,822	5,759
- later than 5 years	14,586	13,039
	<b><u>19,367</u></b>	<b><u>20,220</u></b>

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**30. Bonds and deposits**

	<b>Balance 1/07/15 \$'000</b>	<b>Amounts Received \$'000</b>	<b>Amounts Paid \$'000</b>	<b>Balance 30/06/16 \$'000</b>
Marina pen key deposits	5	-	-	5
Maintenance bonds	791	876	(844)	823
Public open space contributions	733	-	-	733
Outstanding works	612	143	-	755
Kerb/verge deposits	846	108	(113)	841
Deposits/refunds	266	17	(14)	269
MARC hall deposits	23	153	(138)	38
Senior Citizens Centre	4	4	(4)	4
Rates refunds	1	-	-	1
Loan guarantee funds	-	-	-	-
Contributions to works	276	-	-	276
Hall/key deposits	41	-	-	41
Reserve/key deposits	9	-	-	9
Ranger equipment hire deposits	1	7	(7)	1
Library deposits	2	-	-	2
Accommodation deposits	2	-	-	2
<b>TOTALS</b>	<b><u>3,612</u></b>	<b><u>1,308</u></b>	<b><u>(1,120)</u></b>	<b><u>3,800</u></b>

**31. Trust funds**

The City has \$26,071 held in trust for consignment and travel payments relating to monies received for bookings and sale of consignment goods by the Mandurah Visitor Centre.

<b>Opening Balance 1 July 2015 \$'000</b>	<b>Receipts \$'000</b>	<b>Paid Out \$'000</b>	<b>Closing Balance 30 June 2016 \$'000</b>
<u>26</u>	<u>591</u>	<u>(591)</u>	<u>26</u>

**32. Current position at 1 July 2015**

The current position balance carried forward from the previous year for the purpose of the 2015/2016 budget was surplus of \$2,653,000.

The actual opening current position balance shown in the audited financial report as at 30 June 2015 was surplus of \$3,956,000.

The difference is made up of \$ prepaid rates revenue as at 30 June 2015 and revisions to the end of year financial position totalling \$1,303,000.

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

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**33. Performance measures - financial ratios**

	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
(a) Current ratio	0.97	1.10	0.93
(b) Asset consumption ratio	0.73	0.73	0.64
(c) Asset renewal funding ratio	0.76	0.78	0.82
(d) Asset sustainability ratio	1.01	0.78	0.39
(e) Debt service cover ratio	2.32	1.96	1.94
(f) Operating surplus ratio	(0.17)	(0.19)	(0.09)
(g) Own source revenue coverage ratio	0.81	0.79	0.87

The above ratios are calculated as follows:

<b>(a) Current ratio</b>	$\frac{\text{Current assets minus restricted assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
<b>(b) Asset consumption ratio</b>	$\frac{\text{Depreciated replacement cost of depreciable assets}}{\text{Current replacement cost of depreciable assets}}$
<b>(c) Asset renewal funding ratio</b>	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
<b>(d) Asset sustainability ratio</b>	$\frac{\text{Capital renewal and replacement expenditure}}{\text{Depreciation}}$
<b>(e) Debt service cover ratio</b>	$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{Principal and interest}}$
<b>(f) Operating surplus ratio</b>	$\frac{\text{Operating revenue minus operating expense}}{\text{Own source operating revenue}}$
<b>(g) Own source revenue coverage ratio</b>	$\frac{\text{Own source operating revenue}}{\text{Operating expense}}$

**34. Contingent liabilities**

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

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**35. Major land transactions**

**(a) Details**

The City is sub-dividing land at Lots 1197 and 1200 Leisure Way, Halls Head. This development is the subject of a Business Plan approved in March 2007, a copy of which is available on request from the City's Administration Office. Preliminary design works commenced in 2006/07 and \$2.9 million has been spent for development costs to 30 June 2015.

**(b) Current year transactions**

	<b>Original Project \$'000</b>	<b>2015/16 Actual \$'000</b>	<b>Up to 30 June 2016 \$'000</b>
<u>Income</u>	13,977	485	461
<u>Expenditure</u>			
Materials & contracts			
Advertising	-	(15)	(17)
Project management	(345)		(476)
Surveying	-		(2)
Development and administration	(3,775)	-	(2,418)
Selling costs and settlement	(482)	(18)	(5)
Interest charges	(300)		-
Fees and taxes	(125)		(5)
	<u>8,950</u>	<u>(33)</u>	<u>(2,923)</u>
<u>Assets</u>			
Land - at fair value		7,419	7,419
<u>Liabilities</u>		Nil	Nil

**(c) Expected future cash flows**

	<b>2016/17 \$'000</b>	<b>2017/18 \$'000</b>	<b>2018/19 \$'000</b>	<b>2019/20 \$'000</b>
<u>Cash Inflows</u>				
Land sales	1,000	1,500	2,500	850
GST refund	-	-	-	-
	<u>1,000</u>	<u>1,500</u>	<u>2,500</u>	<u>850</u>
<u>Cash Outflows</u>				
Project management				
Development & administration				
Selling costs	(93)	(140)	(233)	(79)
Other Costs	(17)	(26)	(43)	(14)
	<u>(110)</u>	<u>(166)</u>	<u>(276)</u>	<u>(93)</u>
Net Cash Flows	<u>890</u>	<u>1,334</u>	<u>2,224</u>	<u>757</u>

**36. Events after the reporting date**

There have been no subsequent events of a material nature to report since the end of the financial year.

## CITY OF MANDURAH

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

#### 37. Financial instruments

City activities expose it to financial risks including price risk, credit risk, liquidity risk and interest rate risk. The overall risk management strategy is focused on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the City's financial performance.

The City does not engage in foreign currency transactions, therefore has no exposure to foreign currency risk.

Financial risk management is carried out by Financial Services section of the City's administration in accordance with policies approved by the council which provide written principles on interest rate risk, credit risk and the investment of excess liquidity.

##### (a) Interest rate risk management

The Council is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The risk to cash and cash equivalents is that movements in interest rates will affect returns. The City manages this risk by diversifying investments with a range of maturities and types.

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. This risk is managed by borrowing over long terms and fixing the interest rate to the situation considered the most advantageous to council at the time of negotiation.

##### (b) Interest rate sensitivity analysis

The table below represents a summary of the interest rate sensitivity of the City's financial assets and financial liabilities at year end on the (loss)/surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount \$'000	-1% Change		+1% Change	
		Loss \$'000	Equity \$'000	Loss \$'000	Equity \$'000
<b>2016</b>					
<b>Financial assets</b>					
Cash	2,192	(22)	(22)	22	22
Deposits	52,662	(527)	(527)	527	527
		(549)	(549)	549	549
<b>Financial liabilities</b>					
Borrowings	29,043	290	290	(290)	(290)
		290	290	(290)	(290)
Total (Increase)/Decrease		(258)	(258)	258	258
<b>2015</b>					
<b>Financial assets</b>					
Cash	3,729	(37)	(37)	37	37
Deposits	60,562	(606)	(606)	606	606
		(643)	(643)	643	643
<b>Financial liabilities</b>					
Borrowings	29,255	293	293	(293)	(293)
		293	293	(293)	(293)
Total (Increase)/Decrease		(350)	(350)	350	350

##### (c) Price risk management

Price risk is the risk that the capital value of an investment may fluctuate due to changes in market prices whether these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.

The City manages this risk to its cash and cash equivalents by diversifying its portfolio, only purchasing investments with high credit ratings or capital guarantees.

**CITY OF MANDURAH**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**37. Financial instruments (continued)**

(c) Credit risk management

Credit risk is the risk of financial loss to the City if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The risk arises principally from cash, cash equivalents, trade and other receivables.

The City manages the risk to its cash and cash equivalents by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

The City's major receivables comprise rates, annual charges and user fees and charges and the risk is that these will not be paid. The City manages this risk by monitoring outstanding debts and employing council approved debt recovery policies.

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

A suitable provision for doubtful debts is made by the City as required following critical assessment of outstanding receivables. There are no material receivables that have been subject to a re-negotiation of payment terms and the City has no material credit risk to any single debtor under any financial instrument entered into.

(d) Liquidity risk management

Liquidity risk is the risk that there are insufficient funds on hand to meet payment obligations as they fall due. Payables and borrowings are both subject to this risk. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms may be extended if required.

Liquidity and interest risk table

The following table sets out the carrying amount, by maturity, of the City's financial instruments that are exposed to interest rate and liquidity risk:

	Weighted average rate %	Floating interest rate \$'000	Fixed Interest Rate Maturity			Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000		
<b>2016</b>							
<b>Financial assets</b>							
Cash and cash at bank	1.06	2,166	-	-	-	26	2,192
Deposits	2.13	23,726	28,936	-	-	-	52,662
Receivables	-	-	-	-	-	11,224	11,224
Total financial assets		25,892	28,936	-	-	11,250	66,078
<b>Financial liabilities</b>							
Borrowings	4.31	-	758	8,367	19,918	-	29,043
Payables	-	-	-	-	-	10,328	10,328
Total financial liabilities		-	758	8,367	19,918	10,328	39,371
<b>2015</b>							
<b>Financial assets</b>							
Cash at bank	1.14	3,899	-	-	-	12	3,911
Deposits	2.48	22,272	38,290	-	-	-	60,562
Receivables	-	-	-	-	-	9,457	9,457
Total financial assets		26,171	38,290	-	-	9,469	73,930
<b>Financial liabilities</b>							
Borrowings	4.78	-	847	5,325	23,083	-	29,255
Payables	-	-	-	-	-	10,470	10,470
Total financial liabilities		-	847	5,325	23,083	10,470	39,725

(e) Fair value of financial instruments

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and the notes to the financial statements.

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**38. Fair value measurements**

**(i) Assets measured at Fair Value**

Fair Value as at 30 June 2016	Note	Level 1 (Significant observable inputs)	Level 2 (Significant other observable inputs)	Level 3 (Significant unobservable inputs)	Total
Non-Financial Assets	11	\$'000	\$'000	\$'000	\$'000
Land		-	81,015	15,180	96,195
Buildings		-	1,303	145,406	146,709
Furniture and fittings		-	-	1,484	1,484
Plant and Machinery		-	6,035	4,130	10,165
Bridges		-	-	19,853	19,853
Parks		-	-	163,883	163,883
Roads, footpaths, kerbs and seals		-	-	308,806	308,806
Drainage		-	-	120,619	120,619
Marina		-	-	1,759	1,759
Coastal & Estuary		-	-	42,521	42,521
<b>Total</b>		-	88,353	823,641	911,994

There were no transfers between Levels 1, 2 or 3 during the period.

**(ii) Valuation techniques to derive Level 2 fair values**

The fair value of the City's Land, Buildings, Furniture and Fittings and Plant and Machinery has been arrived at on the basis of a valuation carried out by Griffin Valuation Advisory independent valuers. They have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

Level 2 fair values of Land, Buildings and Plant and Machinery are derived using the market approach that reflects recent transaction prices for similar assets. This method of valuation takes into consideration factors such as location, zoning, land area, development potential, topography, and current market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

**(iii) Valuation techniques to derive Level 3 fair values**

In the absence of market based evidence due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy using a cost approach or market approach adjusted for restrictions. These restrictions have been placed on their use and disposal when they are not determined to be surplus requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service and the Local Government Act 1995.

The fair value of the City's unit rates for Roads, footpaths, kerbs and seals, Drainage, Parks, Bridges and Coastal and Estuary assets have been arrived at on the basis of a valuation carried out by Aquentia Consulting Pty Ltd ("Aquentia"). They have appropriate qualifications and recent experience in the valuation of infrastructure assets.

**(iv) Valuation process**

There were no changes to the valuation techniques during the period.

No transfers between the different levels of the fair value hierarchy have occurred. Transfers between levels will occur where inputs used in making individual asset and liability fair value measurements no longer satisfy the current level of classification.

Fair values for specialised Buildings, Plant and Equipment and Infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, that is depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace similar assets with an asset in new condition, less an amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence.

Fair value for land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted use land), or comparison with market evidence for land with low level utility (high restricted use land).

Significant level 3 inputs used by the City are derived and evaluated as follows:

Costs per square metre floor area (m2)

Costs ascribed to various building components have been based on Rawlinsons Australian Construction Handbook and the Ralph Beattie Bosworth Compendium. All building and improvement values have been calculated from a Perth based construction rate with an appropriate district allowance applied to each location.

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**38. Fair value measurements (continued)**

Consumed economic benefit/obsolescence of asset

These are estimated by Griffin Valuation Advisory, Aquenta Consulting, the City's in-house civil engineers and technical staff.

Land with restricted utility

Fair value for land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low utility are selected by Griffin Valuation Advisory.

Master unit rates

Fair value of Parks, Drainage, Roads, Footpaths, Kerbs and Seals are estimated using current replacement cost based on master unit rates. The rates were determined by independent valuers Aquenta Consulting Pty Ltd effective 30 June 2015. The assets were disaggregated to an appropriate component level to ensure reliable measure of cost and service capability and deterioration of estimated useful Life.

Aquenta derived its rates from its internal database, rates for construction of similar assets and supplier quotations where required. The rates were increased by an appropriate percentage to allow for project overheads.

**(iv) Information about significant unobservable inputs (Level 3) in fair value measurements**

<b>Description and fair value as at 30 June 2016 \$'000</b>	<b>Valuation Technique(s)</b>	<b>Significant unobservable inputs</b>	<b>Range of significant unobservable inputs (weighted average)</b>	<b>Relationship of unobservable inputs to fair value</b>
Land (\$15,180)	Market Approach	Selection of Land similar approximate utility	\$4.59 - \$993.38 per square metre	Higher value of similar land increases estimated fair value.
Buildings (\$145,406)	Depreciated Replacement Cost	Historical cost per square metre floor area	The diversity of the various assets in this class make it difficult to provide meaningful information in a summarised format. (a)	Higher historical cost per m2 increases fair value
		Consumed economic benefit/obsolescence of asset	2% - 50% per year (4.74% per year)	Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Furniture and fittings (\$1,484)	Depreciated Replacement Cost	Historical cost per unit	Individual rates per item over a wide range of items - \$1,500 - \$200,000	Higher historical cost per unit increases fair value.
		Consumed economic benefit/obsolescence of asset	7% - 50% per year (19.70% per year)	Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Plant and Machinery (\$4,130)	Depreciated Replacement Cost	Historical cost per unit	Individual rates per item over a wide range of items - \$1,500 - \$100,000	Higher historical cost per unit increases fair value.
		Consumed economic benefit/obsolescence of asset	4% - 50% per year (11.22% per year)	Greater consumption of economic benefit or increased obsolescence lowers the fair value.

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**38. Fair value measurements (continued)**

<b>Description and fair value as at 30 June 2014 \$'000</b>	<b>Valuation Technique(s)</b>	<b>Significant unobservable inputs</b>	<b>Range of significant unobservable inputs (weighted average)</b>	<b>Relationship of unobservable inputs to fair value</b>
Bridges (\$19,852)	Depreciated Replacement Cost	Aquenta Consulting valuation cost per unit (i)  Consumed economic benefit/obsolescence of asset	Individual rates per item over a range of items \$200,000 - \$9,000,000  1.3% - 2.2% per year (0.81% per year)	Higher historical cost per unit increases fair value  Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Parks (\$163,883)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i)  Consumed economic benefit/obsolescence of asset	The diversity of the various assets in this class make it difficult to provide meaningful information in a summarised format. (a)  1% - 40% per year (5.38% per year)	Higher unit rates increases fair value.  Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Roads, Footpaths, Kerbs and Seals (\$308,806)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i)  Consumed economic benefit/obsolescence of asset	Road pavement - \$34.92 per square metre  Road surface/seal - \$4.09 - \$99.40 per square metre  Kerb - \$38.76 - 45.34 per lineal metre  Footpaths - \$35.78- \$2,432.70 per square metre  Bus stop shelters - measured at cost.  3.1% - 12.5% per year (1.84% per year)	Higher unit rates increases fair value.  Greater consumption of economic benefit or increased obsolescence lowers the fair value.

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**38. Fair value measurements (continued)**

Description and fair value as at 30 June 2014 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Drainage (\$120,619)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i)       Consumed economic benefit/obsolescence of asset	Pipes - \$242.50 - \$926.79 per lineal metre  Access chambers - \$5,043.31 - \$5,096.91 per item  Collection pits - \$277.48 - \$8,070.62 per item  Water quality devices - \$45,000 per item  1.25% - 25% per year (1.25% per year)	Higher unit rates increases fair value.       Greater consumption of economic benefit or increased obsolescence lowers the fair value.

Description and fair value as at 30 June 2014 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Coastal & Estuary (\$42,521)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i)       Consumed economic benefit/obsolescence of asset	Boat Ramps - \$1,345.97 - \$2,254.25 per square metre  Jetties - \$914.91 - \$3,978.17 per square metre  Boardwalks - \$3,978.17 per square metre  Seawalls - \$756.05 - \$5,743.34 per lineal metre  2% - 20% per year (2.27% per year)	Higher unit rates increases fair value.       Greater consumption of economic benefit or increased obsolescence lowers the fair value.

(i) The Aquenta unit rates utilised a number of inputs that require judgement and are therefore unobservable including number of labour hours, material and plant usage quantities and estimates of overheads.

(a) The diversity of the numerous assets in these classes make it difficult to provide meaningful information in a summarised format. Parks comprises of outdoor playing surfaces, irrigation (bores and reticulation), park furniture, play grounds, sculptures, art, shelters, fencing, garden beds, landscaping, signage and lighting. These assets have multiple components comprising different unit rates and useful lives and as such, an average could be misleading.

Buildings comprises of toilet blocks, community and town halls, administration buildings, theatres and heritage buildings. These assets have multiple components comprising different unit rates and useful lives and as such, an average would be misleading. If estimated costs used in level 3 fair value calculations were 10% higher or lower, the fair value of these assets would increase or decrease by :

Description	\$'000
Land	1,518
Buildings	14,541
Furniture and fittings	148
Plant and machinery	413
Bridges	1,985
Parks	16,388
Roads, footpaths, kerbs and seals	30,881
Drainage	12,062
Coastal & Estuary	4,252

**CITY OF MANDURAH**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**38. Fair Value Measurements (continued)**

(vi) Fair value measurement using significant unobservable inputs (Level 3)

	Land	Buildings	Furniture and fittings	Plant and machinery	Parks	Drainage	Roads, footpaths, kerbs and seals	Bridges	Marina	Coastal and Estuary	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance 1 July 2015	62,455	121,136	1,119	1,949	165,038	123,052	287,467	20,138	2,136	43,887	828,377
Additions		11,829	361	775	4,594	1,112	15,390	-	-	882	34,943
Revaluation increments/(decrements) recognised in Profit and Loss	-	-	-	-	-	-	-	-	-	-	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	895	19,412	356	(97)	6,746	(1,473)	14,544	-	(138)	(374)	39,871
Transfer (to)/from Level 2	(48,170)	(898)	-	2,230	-	-	-	-	-	-	(46,838)
Disposals		(124)	(21)	(35)	(1,510)	(37)	(418)	-	-	(56)	(2,201)
Depreciation expense	-	(5,949)	(331)	(692)	(10,985)	(2,035)	(8,177)	(286)	(239)	(1,818)	(30,512)
Fair value at end of period	15,180	145,406	1,484	4,130	163,883	120,619	308,806	19,852	1,759	42,521	823,640
Total gains or losses for the period included in profit or loss, under "Other gains"											
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	-	-	-	-	-	-	-	-	-	-	-

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