

City of Mandurah Financial Statements

2017-2018



CITY OF MANDURAH

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

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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.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City of Mandurah (the "City") which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income by program, the statement of comprehensive income by nature or type, the statement of changes in equity, the statement of cash flows and the rate setting statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the statement by the Chief Executive Officer as set out on page iv and pages 1 to 55.

In our opinion, the accompanying financial report:

- (i) is based on proper accounts and records; and
- (ii) presents fairly, in all material respects, the City's financial position as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the Local Government Act 1995 Part 6 (the "Act") and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the City in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Chief Executive Officer and the Council for the Financial Report

The Chief Executive Officer of the City is responsible for the preparation of the financial report in accordance with the requirements of the Local Government Act 1995 Part 6 and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the ability of the City to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

The Council of the City is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer.
- Conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive Officer and the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

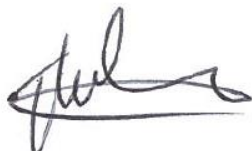
Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996, we report that:

- We did not become aware of any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government.
- We did not become aware of any instance where the Council did not materially comply with the requirements of Part 6 of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they apply to financial statements.
- All required information and explanations were obtained by us.
- All procedures were satisfactorily completed.
- In our opinion, the asset consumption ratio and the asset renewal funding ratio included in the financial report were supportable by verifiable information and reasonable assumptions.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



John Sibenaler

Partner

Chartered Accountants

Perth, 12 December 2018

CITY OF MANDURAH
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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 2018 are, in my opinion, properly drawn up so as to present fairly the financial position of the City of Mandurah at 30 June 2018 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 12 day of December 2018



Mark Newman
Chief Executive Officer

CITY OF MANDURAH
STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 ACTUAL \$'000	Un-audited 2017/18 BUDGET \$'000	2016/17 ACTUAL \$'000
Revenue				
General Purpose Funding		80,317	80,715	78,521
Governance		5	50	54
Law, Order, Public Safety		867	799	1,239
Health		319	276	300
Education and Welfare		592	697	541
Community Amenities		13,961	13,381	13,757
Recreation and Culture		7,483	9,354	6,851
Transport		2,917	412	4,114
Economic Services		2,040	2,095	1,964
Other Property and Services		603	360	723
		<u>109,104</u>	<u>108,139</u>	<u>108,064</u>
Expenses				
General Purpose Funding		(2,379)	(1,944)	(2,473)
Governance		(6,397)	(6,112)	(5,821)
Law, Order, Public Safety		(3,731)	(3,329)	(3,593)
Health		(1,950)	(1,943)	(1,860)
Education and Welfare		(3,852)	(4,254)	(3,895)
Community Amenities		(16,932)	(17,562)	(18,488)
Recreation and Culture		(45,442)	(53,549)	(43,432)
Transport		(27,776)	(18,171)	(25,214)
Economic Services		(5,893)	(6,171)	(5,646)
Other Property and Services		(9,587)	(10,094)	(8,608)
		<u>(123,939)</u>	<u>(123,129)</u>	<u>(119,030)</u>
Profit / (Loss) on Asset Disposal				
General Purpose Funding		-		-
Governance		-		-
Law, Order, Public Safety		-		13
Education and Welfare		-		-
Health		-		-
Community Amenities		-		-
Recreation and Culture		(1,854)		(516)
Transport		(1,064)		(3,975)
Economic Services		-		-
Other Property and Services		(166)	109	(388)
		<u>(3,084)</u>	<u>109</u>	<u>(4,866)</u>
Sub total		(17,919)	(14,881)	(15,832)
Non Operating Grants, Subsidies and Contributions				
General Purpose Funding		25	-	25
Law, Order, Public Safety		155		54
Education and Welfare		287	437	-
Community Amenities		25	120	-
Recreation and Culture		4,178	3,224	6,787
Transport		39,574	3,159	15,757
Other Property and Services		32		30
		<u>44,276</u>	<u>6,940</u>	<u>22,653</u>
NET PROFIT/(LOSS)	3	<u>26,357</u>	<u>(7,942)</u>	<u>6,821</u>
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Gain/(loss) on revaluation of land		-	-	-
Gain/(loss) on revaluation of buildings		-	-	-
Gain/(loss) on revaluation of furniture and fittings		-	-	-
Gain/(loss) on revaluation of plant and machinery		14	-	-
Gain/(loss) on revaluation of roads		25,968	-	1,528
Gain/(loss) on revaluation of bridges		1,869	-	-
Gain/(loss) on revaluation of drainage		5,793	-	3,004
Gain/(loss) on revaluation of coastal		3,984	-	612
Gain/(loss) on revaluation of parks		39,521	-	1,119
Total Other Comprehensive Income		<u>77,149</u>	<u>-</u>	<u>6,262</u>
TOTAL COMPREHENSIVE INCOME		<u>103,506</u>	<u>(7,942)</u>	<u>13,084</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 2018

	NOTE	2017/18 ACTUAL \$'000	Un-audited 2017/18 BUDGET \$'000	2016/17 ACTUAL \$'000
Revenue				
Rates	22	74,780	74,929	71,546
Operating grants, subsidies and contributions		6,020	5,302	8,835
Fees and charges	16	25,567	25,522	24,648
Interest earnings	3	2,064	2,200	2,052
Other revenue/income		671	185	983
		<u>109,102</u>	<u>108,138</u>	<u>108,064</u>
Expenses				
Employee costs		(43,881)	(41,948)	(41,393)
Materials and contracts		(42,447)	(43,878)	(40,158)
Utilities (gas, electricity, water etc.)		(4,046)	(3,452)	(4,023)
Depreciation on non-current assets	13	(30,583)	(31,317)	(29,219)
Interest expenses	3, 26(b)	(1,266)	(1,414)	(1,376)
Insurance expenses		(781)	(944)	(852)
Other expenses		(533)	(176)	(1,609)
		<u>(123,537)</u>	<u>(123,129)</u>	<u>(118,630)</u>
Sub-total		(14,435)	(14,991)	(10,566)
Non Operating Grants, Subsidies and Contributions		44,276	6,940	22,653
Assets Ceded to the Crown		(401)	-	(401)
Profit/(Loss) on Disposal of Assets		(3,084)	109	(4,866)
NET PROFIT/(LOSS)		<u>26,357</u>	<u>(7,942)</u>	<u>6,821</u>
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Gain/(loss) on revaluation of land		-	-	-
Gain/(loss) on revaluation of buildings		-	-	-
Gain/(loss) on revaluation of furniture and fittings		-	-	-
Gain/(loss) on revaluation of plant and machinery		14	-	-
Gain/(loss) on revaluation of roads		25,968	-	1,528
Gain/(loss) on revaluation of bridges		1,869	-	-
Gain/(loss) on revaluation of drainage		5,793	-	3,004
Gain/(loss) on revaluation of coastal		3,984	-	612
Gain/(loss) on revaluation of parks		39,521	-	1,119
Total Other Comprehensive Income		<u>77,149</u>	<u>-</u>	<u>6,263</u>
TOTAL COMPREHENSIVE INCOME		<u>103,506</u>	<u>(7,942)</u>	<u>13,084</u>

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

CITY OF MANDURAH
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTE	2017/18 ACTUAL \$'000	2016/17 ACTUAL \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	49,081	43,887
Receivables	6(a)	6,236	7,410
Inventories	7	307	320
TOTAL CURRENT ASSETS		<u>55,624</u>	<u>51,617</u>
NON CURRENT ASSETS			
Receivables	6(b)	2,591	3,572
Property plant and equipment	11, 12	260,583	262,151
Infrastructure	11, 12	775,648	672,817
TOTAL NON-CURRENT ASSETS		<u>1,038,822</u>	<u>938,540</u>
TOTAL ASSETS		<u>1,094,446</u>	<u>990,157</u>
CURRENT LIABILITIES			
Payables	8	9,367	9,177
Provisions	9	8,130	7,567
Borrowings	10, 26(b)	4,841	5,642
TOTAL CURRENT LIABILITIES		<u>22,338</u>	<u>22,386</u>
NON CURRENT LIABILITIES			
Provisions	9	911	991
Borrowings	10, 26(b)	24,364	23,453
TOTAL NON-CURRENT LIABILITIES		<u>25,275</u>	<u>24,444</u>
TOTAL LIABILITIES		<u>47,613</u>	<u>46,830</u>
NET ASSETS		<u>1,046,833</u>	<u>943,327</u>
EQUITY			
Accumulated surplus		291,721	264,748
Reserves - Asset Revaluation	27	724,857	647,708
Reserves - Cash Backed	28	30,255	30,871
TOTAL EQUITY		<u>1,046,833</u>	<u>943,327</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 2018

NOTE	Accumulated surplus \$'000	Reserves - cash backed \$'000	Reserves - asset revaluation \$'000	Total \$'000
Balance as at 1 July 2016	248,727	40,071	641,445	930,243
Gain on revaluation of non-current assets	-	-	6,263	6,263
Other comprehensive income	-	-	6,263	6,263
Net Profit	6,821	-	-	6,821
Total comprehensive income	6,821	-	6,263	13,084
Transfer to accumulated surplus from cash backed reserves	9,200	(9,200)	-	-
Balance as at 30 June 2017	264,748	30,871	647,708	943,327
Gain on revaluation of non-current assets	-	-	77,149	77,149
Other comprehensive income	-	-	77,149	77,149
Net Profit	26,357	-	-	26,357
Total comprehensive income	26,357	-	77,149	103,506
Transfer to accumulated surplus from cash backed reserves	616	(616)	-	-
Balance as at 30 June 2018	291,721	30,255	724,857	1,046,833

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

CITY OF MANDURAH
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 ACTUAL \$'000	Un-audited 2017/18 BUDGET \$'000	2016/17 ACTUAL \$'000
Revenue				
General Purpose Funding		5,536	5,786	6,975
Governance		5	50	54
Law, Order, Public Safety		867	799	1,239
Health		319	276	300
Education and Welfare		592	697	539
Community Amenities		13,960	13,381	13,757
Recreation and Culture		7,483	9,354	6,851
Transport		2,917	412	4,113
Economic Services		2,040	2,095	1,964
Other Property and Services		674	509	758
		34,393	33,359	36,550
Expenses				
General Purpose Funding		(2,379)	(1,944)	(2,473)
Governance		(6,397)	(6,112)	(5,820)
Law, Order, Public Safety		(3,731)	(3,329)	(3,593)
Health		(1,950)	(1,943)	(1,860)
Education and Welfare		(3,852)	(4,254)	(3,895)
Community Amenities		(16,932)	(17,562)	(18,487)
Recreation and Culture		(47,296)	(53,548)	(43,948)
Transport		(28,841)	(18,171)	(29,189)
Economic Services		(5,893)	(6,171)	(5,646)
Other Property and Services		(9,875)	(10,049)	(9,029)
		(127,146)	(123,083)	(123,940)
Other Inflows				
Capital grants and contributions		44,276	6,940	22,653
Proceeds from disposal of assets	14	1,969	1,614	2,062
Reserves utilised	28	9,220	7,469	18,757
Loans utilised	26(a)	4,466	6,200	5,817
Contributions - community loans		1,245	270	918
		61,176	22,493	50,207
Capital Works Program				
Development of land for resale		-	-	-
Land and buildings		(3,736)	(10,817)	(12,826)
Furniture and fittings		(515)	(515)	(83)
Plant and machinery		(2,304)	(3,433)	(2,387)
Infrastructure assets - roads, drainage & bridges		(12,366)	(13,247)	(22,990)
Infrastructure assets - recreation infrastructure		(3,387)	(4,168)	(2,129)
Infrastructure assets - marina		-	(2,866)	-
Infrastructure assets - coastal & estuary		(1,217)	-	(2,019)
Infrastructure assets - other		(430)	-	(1,045)
		(23,955)	(35,046)	(43,478)
Other Outflows				
Repayment of loan debt	26(b)	(6,655)	(5,229)	(5,187)
Transfers to reserves	28	(8,604)	(1,238)	(9,557)
Loans to community and sporting bodies		(40)	-	(100)
		(15,299)	(6,467)	(14,844)
Non Cash Items				
Donated assets	4	(35,695)	-	(9,919)
Loss on sale of assets	14	3,084	(109)	4,866
Write back depreciation	13	30,584	31,317	29,219
Long service leave now in reserves		312	-	84
		(1,715)	31,208	24,250
Add: Surplus July 1 b/fwd	32	4,581	2,260	4,290
Less: Surplus June 30 c/fwd		6,815	(350)	4,581
Amount Required from Rates		(74,780)	(74,928)	(71,546)

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

CITY OF MANDURAH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/18 ACTUAL \$'000	Un-audited 2017/18 BUDGET \$'000	2016/17 ACTUAL \$'000
Cash flows from operating activities				
Receipts				
Rates		75,691	74,924	71,694
Operating grants, subsidies and contributions		6,490	5,094	8,364
Fees and charges		26,261	25,627	24,165
Interest earnings		1,380	2,270	2,257
Other revenue		720	185	982
Goods and services tax		53	6,000	8
Movement in bonds & deposits		-	-	-
		<u>110,596</u>	<u>114,100</u>	<u>107,470</u>
Payments				
Employee costs		(44,372)	(41,904)	(40,817)
Materials and contracts		(42,336)	(43,827)	(41,015)
Utilities (gas, electricity, water etc.)		(3,868)	(3,452)	(4,096)
Interest expense		(1,257)	(1,384)	(1,371)
Insurance		(787)	(944)	(939)
Other expenses		(395)	(176)	(784)
Goods and services tax		-	(6,000)	-
Movement in bonds & deposits		(95)	-	(74)
Movement in funds held		(98)	-	-
		<u>(93,208)</u>	<u>(97,687)</u>	<u>(89,096)</u>
Net cash flows from operating activities	18(b)	<u>17,388</u>	<u>16,413</u>	<u>18,374</u>
Cash flows from investing activities				
Receipts				
Non-operating grants, subsidies and contributions		8,527	6,940	13,466
Disposal of property, plant and equipment		2,048	1,614	2,126
Payments				
Purchase and construction of assets		(24,105)	(35,046)	(45,111)
Net cash outflows from investing activities		<u>(13,530)</u>	<u>(26,492)</u>	<u>(29,519)</u>
Cash flows from financing activities				
Proceeds from borrowing		6,765	6,200	5,240
Repayment of borrowing		(6,655)	(5,229)	(5,188)
Loans to community & sports bodies		(40)	-	(100)
Proceeds from community loan repayments		1,267	270	222
Net cash provided by financing activities		<u>1,337</u>	<u>1,241</u>	<u>174</u>
<i>Net (decrease)/increase in cash and cash equivalents held</i>		5,195	(8,838)	(10,971)
Cash and cash equivalents at 1 July		<u>43,887</u>	<u>41,577</u>	<u>54,858</u>
Cash and cash equivalents at 30 June	5, 18(a)	<u>49,081</u>	<u>32,739</u>	<u>43,887</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 2018

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 (as they apply to local governments and not for profit entities) and Interpretations of the Australian Accounting Standards Board, the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

(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 in 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 2018

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 2018

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 as indicated less where applicable any accumulated depreciation and impairment losses.

Land and buildings are carried at fair value determined through independent valuations. Furniture and fittings, plant and machinery are carried at fair value determined through 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. The City's 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 2018

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 value exceed the thresholds below:

<u>Classification</u>	<u>\$</u>
Land	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. In addition, the City is required by Regulation 16 of the Local Government (Financial management) Regulations 1996 not to recognise value for land under roads as this is deemed to be Crown land

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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 2018

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 2016. 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.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• 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 1058 'Income of Not-for-profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	1-Jan-19	30-Jun-20

The City is in the process of assessing the impact of these standards

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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 2018

3. Revenue and expenses

The net profit/(loss) for the year includes:

	2017/18	2016/17
	Actual	Actual
	\$'000	\$'000
(i) Charged as expense:		
Auditors' remuneration		
- Audit or review of the financial report	97	83
The auditor of the City of Mandurah is Deloitte Touche Tohmatsu.		
Bad and doubtful debts written off	500	628
Operating leases	1,442	1,256
Depreciation of non-current assets	30,583	29,219
Interest expenses and other borrowing charges		
General Purpose	202	199
Health	30	34
Community Amenities	29	28
Recreation & Culture	454	466
Transport	385	445
Economic Services	1	4
Other Property and Services	165	200
Total	<u>1,266</u>	<u>1,376</u>
(ii) Crediting as revenue:		
Interest earnings		
Investments		
- Reserve funds	863	800
- Other funds	1,128	1,149
Other interest revenue (see note 23)	73	103
	<u>2,064</u>	<u>2,052</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

4. Significant non cash revenue

Non cash contributions are recognised in the Statement of Comprehensive Income 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.

	2017/18	2016/17
	Actual	Actual
	\$'000	\$'000
Land		
Buildings	-	232
Furniture and Equipment	-	6
Infrastructure assets:		
- Roads and footpaths	1,294	5,964
- Drainage	612	2,314
- Bridges	33,781	-
- Recreation, parks	8	558
- Coastal and waterways	-	845
Total	<u>35,695</u>	<u>9,919</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:

Reconciliation of cash and cash equivalents	2017/18	2016/17
	Actual	Actual
	\$'000	\$'000
Cash at bank	6,915	7,488
Investments at call	277	5,320
Fixed term investments	41,889	31,079
Total	<u>49,081</u>	<u>43,887</u>

	2017/18	Un-audited	2016/17
	Actual	2017/18	Actual
	\$'000	Budget	\$'000
	\$'000	\$'000	\$'000
Restricted	38,924	31,511	37,335
Unrestricted	10,157	1,228	6,552
Total	<u>49,081</u>	<u>32,739</u>	<u>43,887</u>

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

Reserve Fund	30,255	27,782	30,871
Loan monies unspent at 30 June	4,836	229	2,536
Income in advance	204	-	201
Deposits (see note 30)	3,629	3,500	3,727
Total restricted funds	<u>38,924</u>	<u>31,511</u>	<u>37,335</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

6. Receivables	2017/18	2016/17
	Actual	Actual
	\$'000	\$'000
(a) Current		
Rates outstanding	2,943	4,012
Emergency Services Levy outstanding	11	43
Trade receivables	1,309	1,138
Other receivables	1,512	2,054
Community loans	91	222
GST	714	777
Prepayments	470	328
Allowance for doubtful debts	(814)	(1,164)
	<u>6,236</u>	<u>7,410</u>
(b) Non-Current		
Rates and ESL outstanding - pensioners deferred	1,294	1,178
Community loans	1,297	2,394
	<u>2,591</u>	<u>3,572</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	17	40
60 - 90 days	23	42
Greater than 90 days	215	271
	<u>255</u>	<u>353</u>

Movement in the allowance for doubtful debts

Balance at the beginning of the year	1,164	642
Impairment losses recognised on receivables	150	1,150
Amounts written off as uncollectible	(500)	(628)
Balance at the end of the year	<u>814</u>	<u>1,164</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 2018

7. Inventories	2017/18	2017/18
	Actual	Actual
	\$'000	\$'000
Raw materials	<u>307</u>	<u>321</u>

8. Payables

Current

Trade payables	4,157	4,099
Accrued expenses	1,377	1,150
Income in advance	204	201
Bonds and deposits (see note 30 for additional detail)	<u>3,629</u>	<u>3,727</u>
	<u>9,367</u>	<u>9,177</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	7,990	7,359
Workers Compensation Insurance	<u>140</u>	<u>208</u>
	<u>8,130</u>	<u>7,567</u>

(b) Non-Current

Employee benefits	<u>911</u>	<u>992</u>
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10. Long Term Borrowings

(a) Current

Secured by floating charge debentures	<u>4,841</u>	<u>5,642</u>
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(b) Non-Current

Secured by floating charge debentures	<u>24,364</u>	<u>23,453</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 2018**

11. Property, Plant, Equipment and Infrastructure

	2017/18	2016/17
	Actual	Actual
	\$'000	\$'000
<u>Property, plant and equipment:</u>		
Land - at 2016 independent valuation	93,465	94,887
	<u>93,465</u>	<u>94,887</u>
Building - at 2016 independent valuation	161,050	159,259
Less: Accumulated depreciation	(8,630)	(4,130)
Work in progress	2,008	441
	<u>154,428</u>	<u>155,570</u>
Furniture and fittings - valuation 2016	1,919	1,573
Less: Accumulated depreciation	(272)	(136)
Work in progress	198	-
	<u>1,845</u>	<u>1,437</u>
Plant and machinery - valuation 2016	12,982	11,298
Less: Accumulated depreciation	(2,137)	(1,041)
Work in progress	-	-
	<u>10,845</u>	<u>10,257</u>
Property, Plant and Equipment - Total	<u>260,583</u>	<u>262,151</u>
<u>Infrastructure:</u>		
Bridges - independent valuation 2018	71,928	35,237
Less: Accumulated depreciation	(7,106)	(15,674)
Work in Progress	171	10,154
	<u>64,993</u>	<u>29,717</u>
Parks - independent valuation 2018	227,971	214,344
Less: Accumulated depreciation	(42,234)	(58,214)
Work in progress	1,068	189
	<u>186,805</u>	<u>156,319</u>
Drainage - independent valuation 2018	179,048	168,000
Less: Accumulated depreciation	(48,751)	(43,482)
Work in progress	11	441
	<u>130,308</u>	<u>124,959</u>
Roads, footpaths, kerbs & seals - independent valuation 2018	512,177	458,046
Less: Accumulated depreciation	(176,886)	(156,025)
Work in progress	3,364	8,258
	<u>338,655</u>	<u>310,279</u>
Marina infrastructure - Independent Valuation 2016	4,094	4,095
Less: Accumulated depreciation	(2,747)	(2,541)
	<u>1,347</u>	<u>1,554</u>
Coastal and estuary - independent valuation 2018	93,398	80,815
Less: Accumulated depreciation	(46,913)	(36,719)
Work in progress	823	57
	<u>47,308</u>	<u>44,153</u>
Land improvements - cost	1,362	1,351
Less: Accumulated depreciation	(177)	(143)
Work in Progress	5,047	4,628
	<u>6,232</u>	<u>5,836</u>
Infrastructure - Total	<u>775,648</u>	<u>672,817</u>
Net carrying amount	<u>1,036,231</u>	<u>934,968</u>

(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 2018 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 2018

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:

	Land \$'000	Buildings \$'000	Furniture & Fittings \$'000	Plant & Machinery \$'000	Infra- structure \$'000	TOTAL \$'000
Balance at 1 July 2016	96,194	146,709	1,484	10,165	656,989	911,541
Reclassifications						-
Revaluations					6,252	6,252
Additions	68	30,922	210	2,388	42,549	76,137
Work in progress		(17,931)	(121)		(4,683)	(22,735)
Disposals	(1,375)			(1,062)	(4,571)	(7,008)
Depreciation expense		(4,130)	(136)	(1,234)	(23,719)	(29,219)
Balance as at 30 June 2017	94,887	155,570	1,437	10,257	672,817	934,968
Reclassifications						-
Revaluations				152	77,137	77,289
Additions		4,715	544	2,305	73,600	81,164
Work in progress		(980)	-	-	(20,506)	(21,486)
Disposals	(1,422)	(337)		(713)	(2,649)	(5,121)
Depreciation expense		(4,540)	(136)	(1,156)	(24,751)	(30,583)
Balance as at 30 June 2018	93,465	154,428	1,845	10,845	775,648	1,036,231

13. Depreciation

(a) Depreciation by asset class

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

	2017/18 Actual \$'000	Un-audited 2017/18 Budget \$'000	2016/17 Actual \$'000
Buildings	4,540	5,987	4,130
Furniture and fittings	136	331	136
Plant and machinery	1,156	1,476	1,234
Infrastructure assets	24,751	23,523	23,719
	<u>30,583</u>	<u>31,317</u>	<u>29,219</u>

(b) Depreciation of assets by program

	2017/18 Actual \$'000	2016/17 Budget \$'000	2016/17 Actual \$'000
Law, Order, Public Safety	177	96	95
Health		-	-
Education and Welfare	147	208	147
Community Amenities	219	325	218
Recreation and Culture	14,585	17,996	14,265
Transport	13,874	10,530	12,821
Economic Services	94	125	94
Other Property and Services	1,487	2,037	1,579
	<u>30,583</u>	<u>31,317</u>	<u>29,219</u>

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

14. Disposal of assets

(a) Disposal of assets by class

	Carrying Amount \$'000	Disposal Proceeds \$'000	Profit \$'000	Loss \$'000
Land	1,422	1,329	-	(93)
Buildings	337	-	-	(337)
Furniture and equipment	-	-	-	-
Plant and machinery	713	640	-	(73)
Roads, paths	1,034	-	-	(1,034)
Drainage	30	-	-	(30)
Parks	1,517	-	-	(1,517)
Coastal	-	-	-	-
	<u>5,053</u>	<u>1,969</u>	<u>-</u>	<u>(3,084)</u>

(b) Disposal of assets classified by program

	Carrying Amount \$'000	Disposal Proceeds \$'000	Profit \$'000	Loss \$'000
Governance	41	38	-	(3)
Law, Order and Public Safety	57	55	-	(2)
Education and Welfare				-
Health				
Community Amenities	30	-	-	(30)
Recreation and Culture	2,147	299	-	(1,848)
Transport	1,271	172	-	(1,099)
Economic Services	1,507	1,405	-	(102)
Other Property and Services				
	<u>5,053</u>	<u>1,969</u>	<u>-</u>	<u>(3,084)</u>

15. Total assets classified by function and activity

	2017/18 Actual \$'000	2016/17 Actual \$'000
General Purpose Funding	4,018	4,578
Governance	12,166	12,198
Law, Order, Public Safety	2,150	3,342
Health	191	150
Education and Welfare	4,894	5,043
Community Amenities	8,829	8,894
Recreation and Culture	364,713	331,273
Transport	543,111	473,320
Economic Services	101,712	103,609
Other Property and Services	117	-
Unallocated	52,513	47,742
	<u>1,094,414</u>	<u>990,149</u>

CITY OF MANDURAH
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FOR THE YEAR ENDED 30 JUNE 2018

16. Fees and charges

	2017/18 Actual \$'000	Un-audited 2017/18 Budget \$'000	2016/17 Actual \$'000
General Purpose Funding	613	784	772
Law, Order, Public Safety	652	592	755
Health	186	156	159
Education and Welfare	401	642	430
Community Amenities	13,280	13,159	12,639
Recreation and Culture	6,236	7,773	5,260
Transport	1,984	170	2,167
Economic Services	1,996	2,061	1,938
Other Property and Services	219	186	528
	<u>25,567</u>	<u>25,523</u>	<u>24,648</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.

	2017/18 Actual \$'000	Un-audited 2017/18 Budget \$'000	2016/17 Actual \$'000
Meeting fees allowance	377	381	404
Mayoral allowance	72	73	74
Deputy Mayoral allowance	12	21	28
Information and communications technology allowance	43	46	46
Councillors travel, conferences and other expenses	61	41	32
	<u>565</u>	<u>562</u>	<u>584</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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:

	2017/18 Actual \$'000	Un-audited 2017/18 Budget \$'000	2016/17 Actual \$'000
Cash and cash equivalents	<u>49,081</u>	<u>32,739</u>	<u>43,887</u>
b) Reconciliation of net cash flows from operating activities to net result			
Net Profit/(Loss)	26,357	(7,942)	6,821
Non cash items			
Depreciation	30,583	31,317	29,219
(Profit)/Loss on sale of assets	3,084	(109)	4,866
Changes in assets and liabilities during the financial year:			
Decrease/(increase) in receivables	808	(121)	(441)
Decrease/(increase) in inventories	14	(40)	86
Increase/(decrease) in payables	343	272	408
Increase/(decrease) in provisions	482	(25)	142
(Decrease)/increase in bonds & deposits	82	-	(74)
Other Movements	(90)	-	-
Grants/contributions for the development of assets	<u>(44,276)</u>	<u>(6,940)</u>	<u>(22,653)</u>
Net cash provided by operating activities	<u>17,387</u>	<u>16,412</u>	<u>18,374</u>
c) Credit standby arrangements			
Credit card facility	60		60
Purchasing card facility	600		600
Credit and purchasing card debt balance at reporting date	<u>(66)</u>		<u>(54)</u>
	<u>594</u>		<u>606</u>
d) Borrowing facilities			
Loan facilities - current	4,841		5,642
Loan facilities - non current	<u>24,364</u>		<u>23,453</u>
Total loan facilities in use at reporting date	<u>29,205</u>		<u>29,095</u>
Unused loan facility as at reporting date	<u>4,836</u>		<u>2,536</u>

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

19. Number of employees	30 June 2018	30 June 2017
Number of employees (FTE's) at reporting date	<u>532</u>	<u>488</u>

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	
	2017/18	2016/17
\$100,000 - \$109,999	16	7
\$110,000 - \$119,999	11	7
\$120,000 - \$129,999	7	9
\$130,000 - \$139,999	2	3
\$140,000 - \$149,999	2	-
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	-	2
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999	-	-
\$230,000 - \$239,999	-	-
\$240,000 - \$249,999	-	-
\$250,000 - \$259,999	-	-
\$260,000 - \$269,999	-	1
\$270,000 - \$279,999	1	-

21. Conditions over grants and contributions

	2017/18 \$'000	2016/17 \$'000
Opening balance of unexpended grants and contributions	4,040	11,334
Grants and contributions recognised as revenue in the reporting period	<u>50,296</u>	<u>31,488</u>
	54,336	42,822
Grants and contributions expended in the period:		
Operational grants and contributions	(7,730)	(7,267)
Grants and contributions for capital works	<u>(43,237)</u>	<u>(31,515)</u>
	(50,967)	(38,782)
Closing balance of unexpended grants	3,369	4,040
Net movement in unspent grants and contributions	(671)	(7,294)

All unspent grants and contributions as at 30 June 2018 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 2018

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	589,057	0.08090	33,507		49,555	74,438		6,547		6,940	663,495	40,054	-	56,495
Residential Vacant	27,881	0.14100	2,097		3,931	9,247		1,954		1,735	37,128	4,051	-	5,666
Urban Development	5,189	0.10190	14		529	-		-		-	5,189	14	-	529
Business Improved	133,755	0.08610	1,021		11,516	1,376		272		288	135,131	1,293	-	11,805
Business Vacant	4,642	0.14100	137		654	227		38		40	4,869	175	-	695
Mandurah Ocean Marina:														
- Residential Improved	606	0.08090	17		49	-		-		-	606	17	-	49
- Vacant	-	0.00000	-		-	-		-		-	-	-	-	-
- Business Improved	756	0.08610	6		65	-		-		-	756	6	-	65
Interim Rates														519
Back Rates														(2,331)
Prepaid Rates														760
Sub Total General Rates	761,885		36,799	-	66,300	85,288		8,811	-	9,004	847,173	45,610	-	74,251
Specified Area Rates														
Port Mandurah		0.00340			79									79
Waterside		0.00000			-									-
Mandurah Ocean Marina		0.01610			377									377
Mandurah Quay		0.00150			11									11
Port Bouvard Eastport		0.00160			11									11
Port Bouvard Northport		0.00640			41									41
Mariners Cove		0.00120			10									10
Sub Total	-			-	529								-	529
Rates Concessions														-
TOTAL RATES				-	66,829				-	9,004			-	74,780

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

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 \$0.0809
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 \$0.0861
Mandurah Ocean Marina Business Improved	
Urban Development	Rate in the dollar \$0.1019
Business Vacant	Rate in the dollar \$0.1410

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 \$0.1410
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	\$1,060
Mandurah Ocean Marina Residential Improved	\$1,060
Business Improved	\$1,060
Marina Business	\$1,060
Residential Vacant	\$888
Business Vacant	\$1,040
Urban Development	\$1,040
Mandurah Ocean Marina Vacant	\$888

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

23. Interest charges and instalments

Instalment options offered for payment of rates were:

Option	Payment dates
Payment in full	11 September 2017
Two instalments	11 September 2017 17 January 2018
Four instalments	11 September 2017 13 November 2017 15 January 2018 15 March 2018
Equal instalments	Payment by twelve equal instalments from April 2017 to March 2018. Continuation of instalments from April as advance payments for 2018/19.

		2017/18 Actual \$'000	Un-audited 2017/18 Budget \$'000	2016/17 Actual \$'000
Interest on unpaid rates	7%	327	205	268
Interest on instalment plan	5.50%	357	350	348
Charges on instalment plan (for two and four instalment option)	\$3	107	109	108

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	369,220	79,367	9,231	(17,326)	7,104	447,596
Waterside	108,109	-	2,703	(12,460)	5,607	103,959
Mandurah Quay	165,283	10,811	4,132	(1,978)	-	178,248
Mandurah Ocean Marina	131,122	379,231	3,278	(445,829)	-	67,802
Mariners Cove	19,113	10,184	478	(14,919)	-	14,856
Port Bouvard Canals Northport	59,150	42,163	1,479	(29,028)	-	73,764
Port Bouvard Canals Eastport	11,715	12,592	293	(12,356)	-	12,244
Total	863,712	534,348	21,594	(533,896)	12,711	898,469

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 2018

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 2018 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 0.34c 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 1.61c 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 0.15c 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 0.64c 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.

Port Bouvard - Eastport 0.16c in the dollar

This is levied on all canal frontages on the Eastport 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.

Mariners Cove 0.12c in the dollar

This is levied on all properties within the Mariners Cove 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.

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 2018**

26. Borrowings

(a) Movement in unspent loan fund for the year ended 30 June 2018

Date Loan Funded	Loan No.	Particulars	Unspent Balance ¹ July 2017		New loans raised		Loans utilised		Balance 30 June 2018	
			Actual	Un-audited Budget	Actual 2017/2018 \$	Un-audited Budget 2017/2018 \$	Actual 2017/2018 \$	Un-audited Budget 2017/2018 \$	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
22/04/15	337	New SES Facility	38,800				38,800		-	-
22/04/15	339	Roads	86,944				86,944		-	-
10/01/16	341	MARC Stage 2	-						-	-
10/01/16	342	Roads	75,003				75,003		-	-
10/01/16	343	WMC Tims Thicket	150,000						150,000	-
10/01/16	344	Eastern Foreshore Wall	444,656	500,000			330,442	(500,000)	114,214	-
5/05/17	345	MARC Stage 2	-						-	-
5/05/17	346	Road Construction	536,706				95,864		440,842	-
5/05/17	347	MARC Carpark	-				290,000		(290,000)	-
5/05/17	348	MPAC Forecourt	-	250,000				(250,000)	-	-
5/05/17	349	Waste Water Reuse	275,197	300,000			275,197	(300,000)	-	-
5/05/17	350	Halls Head Ablution Block	200,000	175,000			200,000	(175,000)	-	-
5/05/17	351	Falcon Bay Seawall	500,000	450,000			500,000	(450,000)	-	-
	352	Mandurah Marina			200,000	200,000	124,562	(200,000)	75,438	-
	353	MARC Solar Plan			200,000	200,000	14,006	(200,000)	185,994	-
	354	MARC Carpark			300,000	300,000	288,407	(300,000)	11,593	-
	355	Novara Foreshore Stage 2			400,000	400,000	323,146	(400,000)	76,854	-
	356	Falcon Bay Foreshore Development			400,000	400,000	165,936	(400,000)	234,064	-
	357	Mandurah Foreshore Boardwalk Renewal			450,000	450,000	2,403	(450,000)	447,597	-
	358	Mandjar Square Development			500,000	500,000	500,000	(500,000)	-	-
	359	New Road Construction			1,415,000	1,815,000	1,155,066	(1,815,000)	259,934	-
	360	Lakelands DOS			2,800,000	-		-	2,800,000	-
	361	Smokebush Retreat			100,000	100,000		(100,000)	100,000	-
			-	-	-	-			-	-
Totals			2,536,406	1,904,100	6,765,000	4,365,000	4,465,776	(6,040,000)	4,835,630	229,100

CITY OF MANDURAH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

26. Borrowings (continued)

(b) Loan liability summary for the year ended 30 June 2018

	Principal Liability		New Loans Taken Out		Interest Paid in Year		Principal Paid in Year		Principal Liability	
	Actual 1/07/2017 \$	Un-audited Budget 1/07/2017 \$	Actual 2017/18 \$	Un-audited Budget 2017/18 \$	Actual 2017/18 \$	Un-audited Budget 2017/18 \$	Actual 2017/18 \$	Un-audited Budget 2017/18 \$	Actual 30/06/2018 \$	Un-audited Budget 30/06/2018 \$
Law, Order, Public Safety	1,179,606	1,179,611	-	-	37,870	33,158	1,154,287	140,892	25,319	1,038,719
Education & Welfare	-	-	-	-	-	-	-	-	-	-
Community Amenities	735,572	980,992	100,000	-	40,750	33,876	188,685	100,243	646,887	880,749
Recreation	14,003,518	15,026,344	3,800,000	1,750,000	466,082	553,921	2,508,655	2,260,480	15,294,863	14,515,864
Transport	9,250,412	8,965,106	2,865,000	2,415,000	342,259	421,177	1,999,553	2,017,808	10,115,859	9,362,298
Economic Services	25,794	25,806	-	-	1,442	1,411	25,794	25,780	-	26
Other Property and Services	3,900,295	3,915,448	-	200,000	167,778	170,292	778,190	777,562	3,122,105	3,337,886
Total	29,095,197	30,093,307	6,765,000	4,365,000	1,056,181	1,213,835	6,655,164	5,322,765	29,205,033	29,135,542

Comparison with detailed loan schedule may reveal rounding differences.

Principal	Actual 30/06/18 \$'000	Actual 30/06/17 \$'000
Current	4,841	5,642
Non-Current	24,364	23,453
Total	29,205	29,095

Interest	Actual 30/06/18 \$'000	Actual 30/06/17 \$'000
Interest and Guarantee Fee paid during the year	1,257	1,350
Interest accrued at reporting date	81	98
Reversal of interest accrued in prior period	(72)	(72)
Interest expense	1,266	1,376

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

26. Borrowings (continued)

(c) Loan Liability Statement for the year ended 30 June 2018

Particulars	Term (years)	New loans taken up 2017/18	Total up to 30/06/17	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2017	Interest paid in year	Principal paid in year	Principal liability 30/06/2018	Principal Reimbursed
<u>Law, Order, Public Safety</u>											
316(v) Surf Life Saving Club	10		100,000	6.39	WATC	JUN. 2020	36,833	2,171	11,514	25,319	
337 SES Building	10		1,391,030	2.79	WATC	APR. 2025	1,142,773	35,699	1,142,773	-	
		-	1,491,030				1,179,606	37,870	1,154,287	25,319	
<u>Community Amenities</u>											
335 Waste Trailers & Dolly	10		495,000	4.10	WATC	JUN. 2024	235,572	28,840	93,592	141,980	
349 Waste Water Reuse	5		300,000	2.50	WATC	MAY.2022	300,000	7,146	57,056	242,944	
350 Halls Head Ablution Block	5		200,000	2.50	WATC	MAY.2022	200,000	4,764	38,037	161,963	
360 Smokeshed Retreat	10	100,000		3.18	WATC	MAY.2028	-	-	-	100,000	
		100,000	995,000				735,572	40,750	188,685	646,887	
<u>Recreation</u>											
259 Recreation & Foreshores	20		1,000,000	6.61	WATC	JAN. 2018	86,529	4,248	86,529	-	
Carried Forward		0	1,000,000				86,529	4,248	86,529	-	-

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

26. Borrowings (continued)

(c) Loan Liability Statement for the year ended 30 June 2018 (continued)

Particulars	Term (years)	New loans taken up 2017/18	Total up to 30/06/17	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2017	Interest paid in year	Principal paid in year	Principal liability 30/06/2018	Principal Reimbursed
Recreation											
Brought Forward			1,000,000				86,529	4,248	86,529	-	-
314(iv) Falcon Library Construction	10		750,000	7.41	WATC	JUN. 2018	101,816	5,693	101,816	-	-
314(v) Meadow Springs Recreation	10		500,000	7.41	WATC	JUN. 2018	67,877	3,795	67,877	-	-
316(iii) Allnutt Reserve Bowling Facility	10		468,000	6.39	WATC	JUN. 2020	172,379	10,168	53,886	118,493	-
316(vii) Town Beach Ablutions	10		200,000	6.39	WATC	JUN. 2020	73,667	4,345	23,028	50,639	-
318(ii) Rushton Park Redevelopment	10		2,000,000	5.54	WATC	JUN. 2021	932,742	48,745	214,434	718,308	-
318(iii) Meadow Springs Pavillion	10		1,500,000	5.54	WATC	JUN. 2021	699,557	36,558	160,825	538,732	-
320 Mandurah Rugby Club	10		300,000	5.54	WATC	JUN. 2021	139,912	7,312	32,165	107,747	-
321 Mandurah Cricket Club	10		100,000	5.54	WATC	JUN. 2021	46,638	2,437	10,722	35,916	-
324 Mandurah Football & Sporting	10		650,000	4.01	WATC	JUN. 2022	357,311	13,346	65,876	291,435	-
325 Mandurah Rugby Club	10		50,000	4.01	WATC	JUN. 2022	27,485	1,027	5,067	22,418	-
326 Allnutt Reserve Bowling Facility	10		4,430,000	4.01	WATC	JUN. 2022	2,435,219	90,957	448,972	1,986,247	-
329(i) Ablutions - Netball Centre	10		350,000	4.01	WATC	JUN. 2022	192,400	7,186	35,472	156,928	-
329(v) Parks Construction	10		346,000	4.01	WATC	JUN. 2022	190,199	7,104	35,066	155,133	-
331 Halls Head Bowling Club Upgrade	15		450,000	4.71	WATC	APR. 2028	358,837	16,604	25,569	333,268	-
333 Parks - Falcon Bay Reserve	10		200,000	4.00	WATC	JUN. 2023	129,351	4,981	19,482	109,869	-
334 Peel Thunder Self Supporting Loan	5		150,000	3.40	WATC	JUN. 2018	31,954	684	31,954	-	-
338 Aquatic & recreation Centre	10		1,400,000	2.79	WATC	APR. 2025	1,150,142	31,187	130,218	1,019,924	-
340 Aquatic & recreation Centre Stage 1	10		775,000	2.67	WATC	JUN. 2026	706,355	18,255	70,477	635,878	-
341 Aquatic & recreation Centre Stage 2	10		2,000,000	2.67	WATC	JUN. 2026	1,822,851	47,109	181,875	1,640,976	-
344 Eastern Foreshore Wall	10		1,295,000	2.67	WATC	JUN. 2026	1,180,296	30,503	117,764	1,062,532	-
345 MARC Stage 2	5		2,600,000	2.50	WATC	MAY.2022	2,600,000	61,929	494,487	2,105,513	-
351 Falcon Bay Seawall	5		500,000	2.50	WATC	MAY.2022	500,000	11,909	95,094	404,906	-
353 MARC Solar Plan	10	200,000		3.18	WATC	MAY.2028	-	-	-	200,000	-
355 Novara Foreshore Stage 2	10	400,000		3.18	WATC	MAY.2028	-	-	-	400,000	-
356 Falcon Bay Foreshore Development	10	400,000		3.18	WATC	MAY.2028	-	-	-	400,000	-
360 Lakelands DOS	10	2,800,000		3.18	WATC	MAY.2028	-	-	-	2,800,000	-
		3,800,000	22,014,000				14,003,517	466,082	2,508,655	15,294,862	-

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

26. Borrowings (continued)

(c) Loan Liability Statement for the year ended 30 June 2018 (continued)

Particulars	Term (years)	New loans taken up 2017/18	Total up to 30/06/17	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2017	Interest paid in year	Principal paid in year	Principal liability 30/06/2018	Principal Reimbursed
Transport											
313 Marina Pens	10		1,100,000	7.18	WATC	MAR. 2018	148,039	8,019	148,039	-	
314(i) Road Construction	10		1,706,255	7.41	WATC	JUN. 2018	231,633	12,951	231,633	-	
314(ii) Drainage	10		18,745	7.41	WATC	JUN. 2018	2,545	142	2,545	-	
316(ii) Road Construction	10		1,498,000	6.39	WATC	JUN. 2020	551,762	32,546	172,481	379,281	
316(iv) Car Parking	10		110,000	6.39	WATC	JUN. 2020	40,518	2,390	12,665	27,853	
318(v) Road Construction	10		5,000,000	5.54	WATC	JUN. 2021	2,331,857	121,862	536,084	1,795,773	
318(vi) Drainage	10		500,000	5.54	WATC	JUN. 2021	233,187	12,186	53,608	179,579	
329(ii) Road Construction	10		750,000	4.01	WATC	JUN. 2022	412,283	15,399	76,011	336,272	
329(iii) Drainage Construction	10		250,000	4.01	WATC	JUN. 2022	137,427	5,133	25,337	112,090	
329(iv) Peelwood Oval - Parking	10		100,000	4.01	WATC	JUN. 2022	54,972	2,053	10,135	44,837	
329(vi) Path Construction	10		57,000	4.01	WATC	JUN. 2022	31,333	1,170	5,777	25,556	
329(viii) Street Lighting	10		75,000	4.01	WATC	JUN. 2022	41,228	1,540	7,601	33,627	
332 Road Plant	5		350,000	3.42	WATC	JUN. 2018	74,826	1,925	74,826	-	
333 Road Construction	10		893,000	4.00	WATC	JUN. 2023	577,551	22,241	86,985	490,566	
336 New Pedestrian Bridge Construction	10		1,000,000	4.10	WATC	JUN. 2024	871,583	14,276	46,328	825,255	
339 New Road Construction	10		1,000,000	2.79	WATC	APR.2025	821,530	22,276	93,013	728,517	
342 New Road Construction	10		1,000,000	2.67	WATC	JUN.2026	911,425	23,554	90,937	820,488	
343 WMC Tims Thicket	10		150,000	2.67	WATC	JUN.2026	136,714	3,533	13,641	123,073	
346 Road Construction	5		790,000	2.50	WATC	MAY.2022	790,000	18,817	150,248	639,752	
347 MARC Carpark	5		600,000	2.50	WATC	MAY.2022	600,000	14,291	114,112	485,888	
348 MPAC Forecourt	5		250,000	2.50	WATC	MAY.2022	250,000	5,955	47,547	202,453	
352 Mandurah Marina	10	200,000		3.18	WATC	MAY.2028	-	-	-	200,000	
354 MARC Carpark	10	300,000		3.18	WATC	MAY.2028	-	-	-	300,000	
357 Mandurah Foreshore Boardwalk Renewal	10	450,000		3.18	WATC	MAY.2028	-	-	-	450,000	
358 Mandjar Square Development	10	500,000		3.18	WATC	MAY.2028	-	-	-	500,000	
359 New Road Construction	10	1,415,000		3.18	WATC	MAY.2028	-	-	-	1,415,000	
		2,865,000	17,198,000				9,250,413	342,259	1,999,553	10,115,860	

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

26. Borrowings (continued)

(c) Loan Liability Statement for the year ended 30 June 2018 (continued)

Particulars	Term (years)	New loans taken up 2017/18	Total up to 30/06/17	Rate of interest	Lender	Month & year of maturity	Principal liability 1/07/2017	Interest paid in year	Principal paid in year	Principal liability 30/06/2018	Principal Reimbursed
Economic Services											
314(iii) Transit Station Welcome Centre	10		190,000	7.41	WATC	JUN. 2018	25,794	1,442	25,794	-	
		-	190,000				25,794	1,442	25,794	0	-
Other Property and Services											
272 Office Building	20		2,500,000	6.30	WATC	APR. 2021	772,842	45,236	175,622	597,220	
316(i) Information Systems	10		100,000	6.39	WATC	JUN. 2020	36,833	2,173	11,514	25,319	
316(vi) IT Server Room Upgrade	10		270,000	6.39	WATC	JUN. 2020	99,449	5,866	31,088	68,361	
318(i) IT Communications Equipment	10		400,000	5.54	WATC	JUN. 2021	186,547	9,749	42,887	143,660	
329(vii) IT Equipment	10		102,000	4.01	WATC	JUN. 2022	56,070	2,094	10,338	45,732	
330 Land Purchase	10		5,000,000	4.01	WATC	JUN. 2022	2,748,554	102,660	506,741	2,241,813	
		-	8,372,000				3,900,295	167,778	778,190	3,122,105	-
Total all loans		6,765,000	50,360,030				29,095,197	1,056,181	6,655,164	29,205,033	-

27. Reserves - asset revaluations

Transaction Summary

	Opening balance 1 July 2017 \$'000	Increase during year \$'000	Decrease during year \$'000	Closing balance 30 June 2018 \$'000
Land	74,246			74,246
Buildings	76,331			76,331
Furniture and fittings	364			364
Plant and machinery	59	14		73
Bridges	14,968	1,869		16,837
Parks	172,718	39,521		212,239
Drainage	83,322	5,793		89,115
Roads, footpaths, kerbs and seals	184,392	25,968		210,360
Coastal	41,308	3,984		45,292
	647,708	77,149	-	724,857

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

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 2018

	2017/18 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2016/17 ACTUAL \$'000
28. Reserves - cash backed (continued)			
(a) Building			
Opening balance	2,481	4,219	2,599
Amount set aside / Transfer to Reserve	600	300	832
Amount used / Transfer from Reserve	(793)	(1,111)	(950)
	<u>2,288</u>	<u>3,408</u>	<u>2,481</u>
(b) Parking			
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>
(c) Asset Management			
Opening balance	3,627	5,561	4,170
Amount set aside / Transfer to Reserve	600	-	440
Amount used / Transfer from Reserve	(1,927)	(1,995)	(983)
	<u>2,300</u>	<u>3,566</u>	<u>3,627</u>
(d) Cultural Centre			
Opening balance	241	322	572
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	(232)	(322)	(331)
	<u>9</u>	<u>-</u>	<u>241</u>
(e) Museum			
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>
(f) Property Acquisition			
Opening balance	5,257	3,179	3,078
Amount set aside / Transfer to Reserve	1,422	300	2,179
Amount used / Transfer from Reserve	(178)	-	-
	<u>6,501</u>	<u>3,479</u>	<u>5,257</u>
(g) Sustainability			
Opening balance	710	1,626	530
Amount set aside / Transfer to Reserve	300	-	180
Amount used / Transfer from Reserve	-	-	-
	<u>1,010</u>	<u>1,626</u>	<u>710</u>
(h) Aquatic and Recreation Centre			
Opening balance	-	8	908
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	(908)
	<u>-</u>	<u>8</u>	<u>-</u>
(i) Sanitation			
Opening balance	1,119	1,105	1,490
Amount set aside / Transfer to Reserve	464	-	-
Amount used / Transfer from Reserve	(345)	(1,000)	(371)
	<u>1,238</u>	<u>105</u>	<u>1,119</u>

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2016/17 ACTUAL \$'000
28. Reserves - cash backed (continued)			
(j) Community Improvements			
Opening balance	228	200	349
Amount set aside / Transfer to Reserve	-	-	28
Amount used / Transfer from Reserve	-	-	(149)
	<u>228</u>	<u>200</u>	<u>228</u>
(k) Traffic Bridge			
Opening balance	319	500	2,819
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	(500)	(2,500)
	<u>319</u>	<u>-</u>	<u>319</u>
(l) Tims Thicket Septage			
Opening balance	74	74	74
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>74</u>	<u>74</u>	<u>74</u>
(m) Tims Thicket Inert			
Opening balance	102	102	102
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>102</u>	<u>102</u>	<u>102</u>
(n) Inert Landfill			
Opening balance	40	40	40
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>40</u>	<u>40</u>	<u>40</u>
(o) Road Network			
Opening balance	-	-	51
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	(51)
	<u>-</u>	<u>-</u>	<u>-</u>
(p) Arts and Craft Centre			
Opening balance	230	230	230
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>230</u>	<u>230</u>	<u>230</u>
(q) Sand Pit Restoration			
Opening balance	67	67	67
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>67</u>	<u>67</u>	<u>67</u>
(r) Interest Free Loans			
Opening balance	155	240	240
Amount set aside / Transfer to Reserve	29	-	15
Amount used / Transfer from Reserve	(40)	-	(100)
	<u>144</u>	<u>240</u>	<u>155</u>

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2016/17 ACTUAL \$'000
28. Reserves - cash backed (continued)			
(s) CLAG			
Opening balance	17	11	11
Amount set aside / Transfer to Reserve	6	-	6
Amount used / Transfer from Reserve	-	-	-
	<u>23</u>	<u>11</u>	<u>17</u>
(t) Emergency Relief Fund			
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>
(u) Mandurah Ocean Marina			
Opening balance	241	241	241
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	(11)	(100)	-
	<u>230</u>	<u>141</u>	<u>241</u>
(v) Waterways			
Opening balance	-	-	-
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
(w) Interest on Investments			
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>
(x) Port Mandurah Canals Stage 2 Maintenance			
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>
(y) Mariners Cove Canals Maintenance			
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>
(z) Port Bouvard Canals Maintenance			
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>
(aa) Soccer Club Rooms Refurbishment			
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 2018

	2017/18 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2016/17 ACTUAL \$'000
28. Reserves - cash backed (continued)			
(ab) Cash in Lieu POS Contributions			
Opening balance	2,356	1,576	2,298
Amount set aside / Transfer to Reserve	99	-	58
Amount used / Transfer from Reserve	(880)	(916)	-
	<u>1,575</u>	<u>660</u>	<u>2,356</u>
(ac) Unspent Grants & Contributions			
Opening balance	4,041	5,726	11,360
Amount set aside / Transfer to Reserve	3,624	-	5,035
Amount used / Transfer from Reserve	(4,294)	(1,520)	(12,354)
	<u>3,371</u>	<u>4,206</u>	<u>4,041</u>
(ad) Long Service Leave			
Opening balance	4,140	3,608	4,056
Amount set aside / Transfer to Reserve	312	-	84
Amount used / Transfer from Reserve	-	-	-
	<u>4,452</u>	<u>3,608</u>	<u>4,140</u>
(ae) Carbon Offset			
Opening balance	132	-	133
Amount set aside / Transfer to Reserve	-	-	30
Amount used / Transfer from Reserve	-	-	(31)
	<u>132</u>	<u>-</u>	<u>132</u>
(af) Bushland Acquisition			
Opening balance	1,997	1,948	1,448
Amount set aside / Transfer to Reserve	500	500	549
Amount used / Transfer from Reserve	-	-	-
	<u>2,497</u>	<u>2,448</u>	<u>1,997</u>
(ag) Port Bouvard Surf Life Saving Clubrooms			
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>
(ah) Coastal Storm Contingency			
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>
(ai) Refurbishment Bortolo Pavillion			
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>
(aj) Refurbishment Rushton Park			
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
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2016/17 ACTUAL \$'000
28. Reserves - cash backed (continued)			
(ak) Refurbishment Meadow Springs Pavillion			
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>
(al) Digital Futures			
Opening balance	116	125	116
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>116</u>	<u>125</u>	<u>116</u>
(am) Decked Car Park			
Opening balance	975	992	992
Amount set aside / Transfer to Reserve	-	-	-
Amount used / Transfer from Reserve	-	-	(17)
	<u>975</u>	<u>992</u>	<u>975</u>
(an) Specified Area Rates - Waterside Canals			
Opening balance	108	122	107
Amount set aside / Transfer to Reserve	3	-	3
Amount used / Transfer from Reserve	(7)	(5)	(2)
	<u>104</u>	<u>117</u>	<u>108</u>
(ao) Specified Area Rates - Port Mandurah Canals			
Opening balance	369	358	298
Amount set aside / Transfer to Reserve	88	38	71
Amount used / Transfer from Reserve	(10)	-	-
	<u>447</u>	<u>396</u>	<u>369</u>
(ap) Specified Area Rates - Mandurah Quay Canals			
Opening balance	165	144	155
Amount set aside / Transfer to Reserve	15	-	10
Amount used / Transfer from Reserve	(2)	-	-
	<u>178</u>	<u>144</u>	<u>165</u>
(aq) Specified Area Rates - Mandurah Ocean Marina			
Opening balance	131	316	138
Amount set aside / Transfer to Reserve	382	-	3
Amount used / Transfer from Reserve	(445)	-	(10)
	<u>68</u>	<u>316</u>	<u>131</u>
(ar) Specified Area Rates -Port Bouvard Canals			
Opening balance	59	20	39
Amount set aside / Transfer to Reserve	44	-	20
Amount used / Transfer from Reserve	(29)	-	-
	<u>74</u>	<u>20</u>	<u>59</u>
(as) Specified Area Rates -Mariners Cove			
Opening balance	19	10	13
Amount set aside / Transfer to Reserve	11	-	6
Amount used / Transfer from Reserve	(15)	-	-
	<u>15</u>	<u>10</u>	<u>19</u>
(at) Specified Area Rates -Eastport			
Opening balance	12	-	4
Amount set aside / Transfer to Reserve	12	-	8
Amount used / Transfer from Reserve	(12)	-	-
	<u>12</u>	<u>-</u>	<u>12</u>
(au) Sportsclubs Maintenance Levy			
Opening balance	-	-	-
Amount set aside / Transfer to Reserve	93	-	-
Amount used / Transfer from Reserve	-	-	-
	<u>93</u>	<u>-</u>	<u>12</u>
Total Cash Backed Reserves	<u>30,255</u>	<u>27,682</u>	<u>30,871</u>

CITY OF MANDURAH

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

	2017/18 ACTUAL \$'000	Un-audited 2016/17 BUDGET \$'000	2016/17 ACTUAL \$'000
Total Summary			
Opening Balance	30,871	34,013	40,071
Transfer to Reserves	8,604	1,138	9,557
Transfer from Reserves	(9,220)	(7,469)	(18,757)
Closing Balance	<u>30,255</u>	<u>27,682</u>	<u>30,871</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.

28. Reserves - cash backed (continued)

Summary of transfers to cash-backed reserves

Building	600	300	832
Asset management	600	-	440
Cultural Centre	-	-	-
Property acquisition	1,422	300	2,179
Sustainability	300	-	180
Aquatic and recreation centre	-	-	-
Sanitation	464	-	-
Community improvements	-	-	28
Traffic bridge	-	-	-
Interest free loans	29	-	15
CLAG	6	-	6
Port Mandurah canals maintenance Stage 2	-	-	-
Mariners Cove canals maintenance	-	-	-
Port Bouvard canals maintenance	-	-	-
Soccer club rooms refurbishment	-	-	-
Cash in lieu POS contributions	99	-	58
Unspent grants and contributions	3,624	-	5,035
Long Service Leave	312	-	84
Carbon Offset	-	-	30
Bushland Acquisition	500	500	549
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	3	-	3
Specified Area Rate Port Mandurah canals	88	38	71
Specified Area Rate Mandurah Quay canals	15	-	10
Specified Area Rate Mandurah Ocean Marina	382	-	3
Specified Area Rate Port Bouvard canals	44	-	20
Specified Area Rate Mariners Cove	11	-	6
Specified Area Rate Eastport	12	-	8
Sportclubs Maintenance Levy	93	-	-
	<u>8,604</u>	<u>1,138</u>	<u>9,557</u>

Summary of transfers from cash-backed reserves

Building	(793)	(1,111)	(950)
Asset management	(1,927)	(1,995)	(983)
Cultural Centre	(232)	(322)	(331)
Property acquisition	(178)	-	-
Sustainability	-	-	-
Aquatic and recreation centre	-	-	(908)
Sanitation	(345)	(1,000)	(371)
Traffic bridge	-	(500)	(2,500)
Road network	-	-	(51)
Interest free loans	(40)	-	(100)
Mandurah Ocean Marina	(11)	(100)	-
Waterways	-	-	-
Cash in lieu POS contributions	(880)	(916)	-
Unspent grants and contributions	(4,294)	(1,520)	(12,354)
Carbon Offset	-	-	(31)
Bushland Acquisition	-	-	-
Specified Area Rate Waterside canals	(7)	(5)	(2)
Specified Area Rate Port Mandurah canals	(10)	-	-
Specified Area Rate Mandurah Quay canals	(2)	-	-
Specified Area Rate Mandurah Ocean Marina	(445)	-	(10)
Specified Area Rate Port Bouvard canals	(29)	-	-
Specified Area Rate Mariners Cove	(15)	-	-
Specified Area Rate Eastport	(12)	-	-
	<u>(9,220)</u>	<u>(7,469)</u>	<u>(18,757)</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:

	30 June 2018 \$'000	30 June 2017 \$'000
Road construction	1,006	416
Drainage construction	509	427
Street Lighting Upgrades	175	394
Heavy Vehicles & Equipment	662	323
Mandurah Performing Arts Centre upgrades	125	306
Halls Head Ablution Block	-	296
Park and Reserve Upgrades	283	123
Light Vehicles	-	104
Upgrades to North Mandurah Community Centre	5	75
Boardwalk Renewal	476	62
Visitor Centre Upgrades	-	43
Halls Cottage Conservation Stage 3	-	27
Port Bouvard Surf Club	64	25
Building Construction	28	25
Mandurah Aquatic and Recreation Centre upgrade	7	17
Bridge Construction	196	14
Cambria Island Repair Retaining Wall	-	12
Geothermal Heating System	-	3
Waste Management Centre Upgrades	805	-
Lakelands DOS	206	-
Falcon Bay Foreshore & Seawall Upgrades	101	-
CCTV Infrastructure	108	-
Museum Courtroom Interpretation Project	55	-
	<u>4,811</u>	<u>2,692</u>

(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	1,410	1,353
- later than 1 year but not later than 5 years	1,643	2,418
- later than 5 years	-	-
	<u>3,053</u>	<u>3,771</u>

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	1,670	1,185
- later than 1 year but not later than 5 years	5,206	4,412
- later than 5 years	12,347	15,040
	<u>19,223</u>	<u>20,637</u>

CITY OF MANDURAH

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FOR THE YEAR ENDED 30 JUNE 2018**

30. Bonds and deposits

The funds over which the City has no control and which are not included in the financial statements are as follows:

	Balance 1/07/17 \$'000	Amounts Received \$'000	Amounts Paid \$'000	Balance 30/06/18 \$'000
Marina pen key deposits	5	-	-	5
Maintenance bonds	772	81	(95)	758
Public open space contributions	693	-	-	693
Outstanding works	760	7	(81)	686
Kerb/verge deposits	838	25	(5)	858
Deposits/refunds	279	4	(6)	277
MARC hall deposits	45	39	(41)	43
Senior Citizens Centre	3	-	-	3
Rates refunds	1	-	-	1
Loan guarantee funds	-	-	-	-
Contributions to works	276	-	-	276
Hall/key deposits	41	-	(17)	24
Reserve/key deposits	9	-	(9)	-
Ranger equipment hire deposits	1	7	(7)	1
Library deposits	2	-	-	2
Accommodation deposits	2	-	-	2
Nomination Deposits	-	2	(2)	-
TOTALS	<u>3,727</u>	<u>165</u>	<u>(263)</u>	<u>3,629</u>

31. Trust funds

The City has \$21,420 held in trust for consignment and travel payments relating to monies received for bookings and sale of consignment goods by the Mandurah Visitor Centre.

Opening Balance 1 July 2017 \$'000	Receipts \$'000	Paid Out \$'000	Closing Balance 30 June 2018 \$'000
23	261	263	21

32. Current position at 1 July 2017

The current position balance carried forward from the previous year for the purpose of the 2017/2018 budget was surplus of \$2,260,000.

The actual opening current position balance shown in the audited financial report as at 30 June 2017 was surplus of \$4,581,000.

The difference is made up of prepaid rates revenue as at 30 June 2017 and revisions to the end of year financial position totalling \$2,321,000.

CITY OF MANDURAH
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33. Performance measures - financial ratios

	30 June 2018	30 June 2017	30 June 2016
(a) Current ratio	1.11	0.93	0.97
(b) Asset consumption ratio	0.73	0.72	0.73
(c) Asset renewal funding ratio	1.42	1.42	0.76
(d) Asset sustainability ratio	0.54	1.12	1.01
(e) Debt service cover ratio	2.25	3.04	2.32
(f) Operating surplus ratio	(0.09)	(0.11)	(0.17)
(g) Own source revenue coverage ratio	0.87	0.84	0.81

The above ratios are calculated as follows:

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

34. Contingent liabilities

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

CITY OF MANDURAH

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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 \$3.03 million has been spent for development costs to 30 June 2018.

(b) Current year transactions

	Original Project \$'000	2017/2018 Actual \$'000	Up to 30 June 2017 \$'000
<u>Income</u>	13,977	1,367	2,176
<u>Expenditure</u>			
Materials & contracts			
Advertising	-		(38)
Project management	(345)		(476)
Surveying	-		(2)
Development and administration	(3,775)		(2,437)
Selling costs and settlement	(482)	(38)	(74)
Interest charges	(300)		-
Fees and taxes	(125)		(5)
Surplus/(Deficit)	<u>8,950</u>	<u>1,329</u>	<u>(856)</u>
<u>Assets</u>			
Land - at fair value		6,044	7,419
<u>Liabilities</u>		Nil	Nil

(c) Expected future cash flows

	2018/19 \$'000	2019/20 \$'000
<u>Cash Inflows</u>		
Land sales	2,500	850
GST refund	-	-
	<u>2,500</u>	<u>850</u>
<u>Cash Outflows</u>		
Project management		
Development & administration		
Selling costs	(233)	(79)
Other Costs	(43)	(14)
	<u>(276)</u>	<u>(93)</u>
Net Cash Flows	<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 2018**

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.

The City held the following financial instruments as at the reporting date:

	Carrying value		Fair Value	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Financial assets</u>				
Cash and cash equivalents	49,081	43,887	49,081	43,887
Receivables	8,357	10,654	8,357	10,654
	57,438	54,541	57,438	54,541
<u>Financial liabilities</u>				
Payables	9,367	9,177	9,367	9,177
Borrowings	29,205	29,095	29,205	29,095
	38,572	38,272	38,572	38,272

The City considers that the carrying amount of financial assets and financial liabilities recorded on the financial statements represents their respective fair values.

(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.

CITY OF MANDURAH

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

(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
2018					
Financial assets					
Cash	7,192	(72)	(72)	72	72
Deposits	41,889	(419)	(419)	419	419
		<u>(491)</u>	<u>(491)</u>	<u>491</u>	<u>491</u>
Financial liabilities					
Borrowings	29,205	292	292	(292)	(292)
		<u>292</u>	<u>292</u>	<u>(292)</u>	<u>(292)</u>
Total (Increase)/Decrease		<u>(199)</u>	<u>(199)</u>	<u>199</u>	<u>199</u>
2017					
Financial assets					
Cash	12,808	(128)	(128)	128	128
Deposits	31,079	(311)	(311)	311	311
		<u>(439)</u>	<u>(439)</u>	<u>439</u>	<u>439</u>
Financial liabilities					
Borrowings	29,095	291	291	(291)	(291)
		<u>291</u>	<u>291</u>	<u>(291)</u>	<u>(291)</u>
Total (Increase)/Decrease		<u>(148)</u>	<u>(148)</u>	<u>148</u>	<u>148</u>

(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
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FOR THE YEAR ENDED 30 JUNE 2018

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		
2018							
Financial assets							
Cash and cash at bank	0.95	6,894	-	-	-	21	6,915
Deposits	2.52	533	41,633	-	-	-	42,166
Receivables	-	-	-	-	-	8,827	8,827
Total financial assets		7,427	41,633	-	-	8,848	57,908
Financial liabilities							
Borrowings	3.62	-	-	16,075	13,130	-	29,205
Payables	-	-	-	-	-	9,367	9,367
Total financial liabilities		-	-	16,075	13,130	9,367	38,572
2017							
Financial assets							
Cash at bank	0.96	10,089	-	-	-	23	10,112
Deposits	2.50	527	33,766	-	-	-	34,293
Receivables	-	-	-	-	-	10,982	-
Total financial assets		10,616	33,766	-	-	11,005	55,387
Financial liabilities							
Borrowings	3.86	-	771	18,279	10,045	-	29,095
Payables	-	-	-	-	-	9,177	9,177
Total financial liabilities		-	771	18,279	10,045	9,177	38,272

(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 2018**

38. Fair value measurements

(i) Assets measured at Fair Value

Fair Value as at 30 June 2018	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		-	78,285	15,180	93,465
Buildings		-	1,253	153,175	154,428
Furniture and fittings		-	-	1,845	1,845
Plant and Machinery		-	3,285	7,560	10,845
Bridges		-		64,993	64,993
Parks		-		186,805	186,805
Roads, footpaths, kerbs and seals		-		338,655	338,655
Drainage		-		130,308	130,308
Marina		-	-	1,347	1,347
Coastal & Estuary		-		47,308	47,308
Total		-	82,823	947,176	1,029,999

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. The most recent valuation was performed in June 2016.

(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 considered to be 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 Aquenta Consulting Pty Ltd ("Aquentia"). They have appropriate qualifications and recent experience in the valuation of infrastructure assets. The most recent valuation was performed in June 2018.

(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
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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 during the most recent valuation. 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

Description and fair value as at 30 June 2018 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
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 (\$153,175)	Depreciated Replacement Cost	Historical cost per square metre floor area 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) 2.83% per year	Higher historical cost per m2 increases fair value Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Furniture and fittings (\$1,845)	Depreciated Replacement Cost	Historical cost per unit Consumed economic benefit/obsolescence of asset	Individual rates per item over a wide range of items - \$1,500 - \$100,000 7.79% per year	Higher historical cost per unit increases fair value. Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Plant and Machinery (\$7,560)	Depreciated Replacement Cost	Historical cost per unit Consumed economic benefit/obsolescence of asset	Individual rates per item over a wide range of items - \$1,500 - \$450,000 9.21% per year	Higher historical cost per unit 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
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38. Fair value measurements (continued)

Description and fair value as at 30 June 2018 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Bridges (\$64,993)	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 \$150,000 - \$44,000,000 1.01% per year	Higher historical cost per unit increases fair value Greater consumption of economic benefit or increased obsolescence lowers the fair value.
Parks (\$186,805)	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) 4.96% 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 (\$338,655)	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 - \$37.43 - \$2,498.10 per square metre Bus stop shelters - measured at cost. 1.86% 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
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38. Fair value measurements (continued)

Description and fair value as at 30 June 2018 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Drainage (\$130,308)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i) Consumed economic benefit/obsolescence of asset	Pipes - \$126.32 - \$934.05 per lineal metre Access chambers - \$277.48 - \$345.16 per square metre Collection pits - \$285.99 - \$8,318.37 per item Water quality devices - \$46,381.50 per item 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 2018 \$'000	Valuation Technique(s)	Significant unobservable inputs	Range of significant unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Coastal & Estuary (\$47,308)	Depreciated Replacement Cost	Aquenta Consulting Valuation unit rates (i) Consumed economic benefit/obsolescence of asset	Boat Ramps - \$1,429.88 - \$2,394.78 per square metre Jetties - \$993.54 - \$4,226.17 per square metre Boardwalks - \$886.63 - \$2,498.10 per square metre Seawalls - \$899.44 - \$5,186.53 per lineal metre 2.20% 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	15,318
Furniture and fittings	185
Plant and machinery	756
Bridges	6,499
Parks	18,681
Roads, footpaths, kerbs and seals	33,866
Drainage	13,031
Coastal & Estuary	4,731

CITY OF MANDURAH

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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 2017	15,180	154,297	1,437	5,932	156,319	124,959	310,279	29,717	1,553	44,153	843,826
Additions		3,723	544	2,304	3,396	1,748	12,353	33,952		1,217	59,237
Revaluation increments/(decrements) recognised in Profit and Loss	-	-	-	-	-	-	-	-	-	-	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	-	-	153	39,521	5,793	25,968	1,869	-	3,984	77,288
Transfer (to)/from Level 2	-	-	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	(337)	-	(151)	(1,502)	(30)	(1,056)	(3)	-	(57)	(3,136)
Depreciation expense	-	(4,508)	(136)	(677)	(10,929)	(2,163)	(8,889)	(542)	(206)	(1,989)	(30,039)
Fair value at end of period	15,180	153,175	1,845	7,561	186,805	130,307	338,655	64,993	1,347	47,308	947,176
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	-	-	-	-	-	-	-	-	-	-	-

Revaluation is recognised in the current year as infrastructure additions are valued at current unit rates based on current valuations.

CITY OF MANDURAH

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39. Related Party Transactions

(a) Subsidiaries

The City has no subsidiaries, joint venture or associate investments.

(b) Key management personal compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel (KMP). Details of persons holding the position of Councillors or other members of key management personnel at any time during the year are:

Councillors (Some in office for part of the financial year)

Marina Vergone	Part Year
Rhys Williams	Part Year
Jane Field	Part Year
Fred Riebeling JP	Full Year
Tahlia Jones	Full Year
Darren Lee	Full Year
Lynn Rodgers	Full Year
Merv Darcy	Part Year
Shane Jones	Full Year
Ron Wortley	Full Year
Caroline Knight	Full Year
Peter Jackson	Full Year
Dave Schumacher	Full Year
Shannon Lawson	Part Year
Matt Rogers	Part Year
Peter Rogers	Full Year

Chief Executive Officer and other Key Management Personnel

Position	Name
Chief Executive Officer	Mark Newman
Director Works & Services	Allan Claydon
Director Sustainable Development	Tony Free
Executive Manager Strategy & Business Performance	Graeme Davies
Corporate Lawyer Legal, Governance & Procurement (Position Redundant)	Wido Peppinck/Vacant
Acting Executive Manager Finance and Governance	David Prattent
Director People & Communities (Position Redundant)	Lesley Wilkinson/Vacant

(c) Key management personal compensation

The total remuneration paid to KMP during the year is as follows:

Description	2018 \$'000	2017 \$'000
Short Term Economic Benefits	1,948	1,896
Post-Employment Benefits	158	161
Long-Term Benefits	26	88
Termination Benefits	512	-
Total	2,644	2,145

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP including details in respect to fees and benefits paid to elected members which may also be found at Note 17.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits including the non-current entitlement to LSL accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP during the year.

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(d) Transactions with other related parties

Description	2018 \$	2017 \$
Fees and charges charged to associates	-	-
# Fees and charges charged to entities controlled by key management personnel	2	2
Infrastructure contributions from entities controlled by key management personnel	-	-
Employee expenses for close family members of key management personnel	-	-
Purchase of materials and services from entities controlled by key management personnel	-	-

#The City leases a house to Westaus Crisis and Welfare Inc., a not-for-profit organisation over which some of the Council's key management personnel have significant influence. The charges to Westaus were consistent with Council's schedule of fees for community organisation.

There were no other transactions with related parties.

(e) Outstanding balances

The City has no balances currently outstanding for key management personnel or other related parties

(f) Loan and Guarantees to/from related parties

The City does not make loans to or receive loans from related parties. No guarantees have been provided.

(g) Commitments to/from other related parties

The City has no outstanding commitments to/from other related parties

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