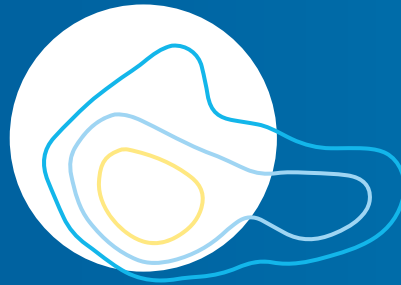




Shire of Mundaring Snapshot

Population

39,139

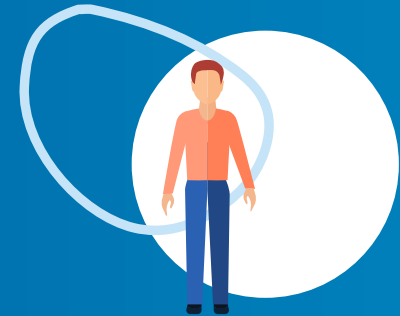


Land Area

64,409ha
(644 Km²)

Population density

0.61
persons per hectare



Enquiries to Mundaring Visitors Centre

12,495

Number of residents
employed (Aged 15-64)

65.8%



Contents

INTRODUCTION

4

Acknowledgement of Traditional Owners

About Us

About this Annual Report

Shire President's message

CEO's message

Our Organisation

Councillors and Wards

REPORT OF OPERATIONS

16

Highlights of the year

Challenges and future outlook

THE YEAR IN REVIEW

20

Youth Partnership Fund

Community Events

Emergency Management

A Tourism Destination

Innovations in Our Shire

Libraries

Awards

Community Grants

OUR WORKFORCE

45

Executive Leadership Team

Our workforce

Our volunteers

PERFORMANCE INDICATORS AND MEASURES

50

Acknowledgement of Traditional Owners



Shire of Mundaring respectfully acknowledges the Whadjuk people of the Noongar Nation, who are the traditional custodians of this land. We wish to acknowledge Elders past, present and emerging and respect their continuing culture and the contribution they make to the region.

- A highlight of the Shire's Events Calendar is the celebration of NAIDOC Week. Several activities are held including a highly successful flag raising ceremony.

Plans are underway for the development of a Reconciliation Action Plan (RAP).

The plan will further cement the Shire's ongoing commitment to respecting Aboriginal and Torres Strait Islander people and preserving their culture, particularly within the Perth Hills region.

About Us



Shire of Mundaring is located on the eastern fringe of Perth, approximately 35 kilometres from the Perth CBD. The original inhabitants of the Mundaring area were the Noongar Aboriginal people. Mundaring is thought to be an Aboriginal word meaning “a high place on a high place” or “the place of the grass tree leaves”.

It encompasses a total land area of 644sqkm, of which nearly half is National Park, State Forest or water catchments. Townsites and locations include Bailup, Beechina, Bellevue (part), Boya, Chidlow, Darlington, Glen Forrest, Gorrie, Greenmount, Helena Valley, Hovea, Mahogany Creek, Malmalling, Midvale (part), Mount Helena, Mundaring, Parkerville, Sawyers Valley, Stoneville, Swan View (part), The Lakes and Wooroloo.

Shire of Mundaring has an estimated resident population of 39,139 (Australian Bureau of Statistics, 2018). Over the past decade, the population increased by approximately eight percent.

The largest industries are construction, manufacturing, rental hiring and real estate services. There are 2,985 local businesses as of 2018, and 10,650 local jobs. Industrial precincts are in Mundaring and Midvale. Just over 20,000 residents are employed. (National Institute of Economic and Industry Research 2018).

An aerial photograph of a town, likely Mundaring, showing a mix of residential and commercial buildings, parking lots, and green spaces. In the foreground, there is a large playground with colorful equipment. The town is surrounded by dense green trees and forest. The image is framed by large, stylized geometric shapes in blue and yellow on the left and top edges.

About this Annual Report

The current Strategic Community Plan and its supporting Corporate Business Plan form the Shire's plan for the future.

These two publications detail the community's aspirations for the Shire of Mundaring. The 2018/19 Annual Report informs the reader of how the Shire is delivering on its vision to provide a sense of space, a sense of place.

What we value

A peaceful lifestyle with amenity

Living in a safe place

Being part of a resilient, supportive and inclusive community

Living sustainably

Respect for the heritage and history of the area

Engaged, responsible leadership

This Annual Report comprises the following:

- An overview of the Shire including reports from the Shire President and Chief Executive Officer (CEO)
- Report of Operations
- The Year in Review
- Our Workforce
- Performance Indicators and Measures



If you would like to provide feedback on the Annual Report please email the Shire at shire@mundaring.wa.gov.au.

Alternative formats of this document are available upon request.



Message from the Shire President

It is with great pleasure that I present Shire of Mundaring's Annual Report for 2018/19 on behalf of my colleague Councillors.

I thank all Councillors and Shire officers for their wise use of our financial resources to deliver positive outcomes for residents, ratepayers, community groups and businesses.

The Shire succeeded in delivering services valued by the community, at an affordable and sustainable level of rates and charges and through grants and other income. I thank community members for their continued support of Council decision-making through ongoing community engagement about financial and service-priority issues

Community engagement became more accessible and inclusive this past year with the launch of an online engagement platform known as Engage Mundaring. This online consultation tool allowed community members to share ideas and participate in surveys, vote in polls and tell the Shire about their visions for the Shire - at a time and place of convenience to them.

Resources were applied to continue the development and maintenance of our valued roads, footpaths and drainage infrastructure, to our local libraries, cultural centres, recreation venues, sporting clubs and venues, bushfire preparedness and playgrounds. I am pleased to report

that not only was the new Mundaring Arena in constant use by our clubs, but that special sporting events, including international ones, were held at the Arena.

In its first year of operation the Youth Advisory Group, known as The C.R.E.W, recommended grants from the Engagement Partnership Fund. Shire/Community collaborations were funded to deliver programs and initiatives for local youth.

Our Family and Children's Service (Midvale Hub) secured an additional five years funding to operate two Department of Education Child and Parent Centres. This self-funded service provides significant support to our local families

Council achieved a number of environmental goals, particularly in minimising our water usage and improving waste management.

The Shire received Gold Waterwise status, awarded to local governments demonstrating innovation and significant progress towards best practice sustainable water management. Bilgoman Aquatic Centre had a staggering 524kl (524,000 litres) reduction of water use compared to the previous year.

Innovative waste management initiatives over the past year enabled an average rate decrease of \$10 per household in this year's budget. This saving was generated by increased recycling and less waste to landfill, together with overall operational efficiencies in waste management.

Updating the Shire's solar panels on its administration building and civic centre also generated significant savings. This initiative was part of Council's Energy and Emissions Strategy.

Our commitment to waste reduction and community education about lowering the domestic carbon footprint led to the second Grab 'n Go 'tip shop' opening at the Coppin Road facility. These two shops helped reduce the amount of waste in the community by promoting the benefits of re-purposing household items

The Community Grants Program supported an increased number of community events that brought families together. These initiatives were delivered by hardworking volunteers who gave time and inspiration to make our Shire a better place. A dollar value has not yet been put on this volunteer contribution, and it would be enormous.

As an organisation, the Shire of Mundaring was responsive to the needs of our residents and businesses, providing strong leadership and governance to encourage a thriving local economy, sustainable environment and a sense of place.

I am proud of what we have delivered on your behalf, and the sense of community we have fostered over the past year. I look forward to what we will achieve in the future as we continue to build the Shire of Mundaring.



Cr John Daw
Shire President



Message from the Chief Executive Officer

I am pleased to present the Shire of Mundaring Annual Report which outlines the organisation's performance in 2018/19. Our strong strategic focus to deliver high quality services remained a priority, while careful planning and self-evaluation has allowed us to make improvements and preparations to face challenges head-on, with drive and vision.

Responsible financial management

Shire of Mundaring has maintained its excellent track record of financial sustainability. Once again the rate increase was kept to a minimum. Our efforts to keep rate increases as low as possible while maintaining a good level of service delivery to meet community expectations demonstrates the Shire's strong financial management.

Strategic projects

The past 12 months have seen the development of a range of significant projects including the Mundaring Town Centre Activity Plan and the Recreation and Facilities Informing Strategy.



Consultation with the community was a central part of the Activity Master Plan and highlighted the importance of keeping a village atmosphere with trees and open spaces among other priorities. The plan, which is currently with the Western Australian Planning Commission (WAPC), will shape the Mundaring town centre for the foreseeable future.

The Recreation and Facilities Informing Strategy was adopted in early 2019. It aims to provide strategic direction and guidance in the provision of community, sport and recreation facilities across the Shire.

This Annual Report also documents our continued focus on maintaining the natural environment through initiatives such as the Energy and Emissions Strategy, which aims to reduce corporate emissions from Shire facilities. The target is to reduce emissions by 30% by 2030. Other key environmental projects which commenced during the reporting period include a Weed Tracking Program and a Dieback Rehabilitation project.

Advocacy and partnerships

Shire of Mundaring continued to advocate, develop and maintain partnerships to deliver the priorities outlined in our Strategic Community Plan 2026. We have worked closely with both the Federal and State Governments and local businesses to support investment and development throughout the Shire and facilitate progress on our major strategic projects.

As a result, the Shire secured \$100,000 Federal funding and State Government funding of \$167,000 to contribute towards the installation of floodlights at Chidlow Oval. This much anticipated community-project has made a significant difference to local residents as it has allowed them to play sport (and other activities) in the evening.

Major upgrade works at Mundaring Hardcourts have been undertaken, also through Commonwealth grant funding. This meant all eight courts were able to be resurfaced, along with all new backboards and the installation of LED floodlighting.

Funding commitments made during the Federal Government election include upgrade works at Morgan John Morgan Reserve (\$200,000), Chidlow Village Skatepark (\$150,000) and lighting at Mundaring Oval (\$195,000).

Facilities

Patronage at Mundaring Arena continued to rise since its opening in 2018. This has led to an increase in the number of sporting clubs throughout the region. The Arena has attracted national and international attention with the Malaysian hockey teams hosting a series of games at the venue earlier this year. This was a big drawcard among hockey fans, attracting local residents and spectators from further afield.

The progress we have made as a Shire during the year is the result of a concerted team effort and consistently high levels of customer service. I would like to express my gratitude to the Shire President, Cr John Daw, Councillors, the Executive Team, employees and volunteers for their hard work and support. I am proud of what we have achieved together and I look forward to continuing to drive excellence in our Shire in 2019/20.



Jonathan Throssell
Chief Executive Office

Our Organisation

The Shire's roles and responsibilities are wide-ranging. We are responsible for providing strategic leadership and sustainable future planning, while also delivering a range of infrastructure and services needed for a growing community. Local Governments in WA operate under the *Local Government Act 1995*. This Act directs the way the Shire and its Council function and the activities and services we provide to our local community.

More than 100 other pieces of legislation also influence and affect the work of the Shire including the *Building Act 2011*, *Waste Avoidance and Resource Recovery Act 2007*, *Public Health Act 2016*, *Health (Miscellaneous Provisions) Act 1911*, *Bush Fires Act 1954*, *Dog Act 1976*, *Emergency Management Act 2005*, *Rates and Charges (Rebates and Deferments) Act 1992*, *Occupational Safety and Health Act 1984* and many other Acts and subsidiary legislation including regulations made under various Acts and Shire of Mundaring Local Laws.

Accountability and Governance

Achievement of best practice in corporate governance is a major responsibility of Council. It entails the consideration and approval of Shire policies, strategic direction and resource allocation as well as monitoring the Shire's performance, progress towards targets and use of resources. Risk management is critical to the organisation's ability to achieve the strategic objectives contained in its Strategic Community Plan and Corporate Business Plan. By fostering a dynamic risk management culture that encourages all employees to systematically apply the procedures outlined in this framework, the Shire seeks to minimise resource waste and ensure that all Shire events, activities and projects are undertaken with minimal risk to employees and the general community.

Freedom of Information

The Shire's Freedom of Information statement has been prepared in accordance with the Freedom of Information Act 1992. The statement is available on the Shire website and outlines the Shire's functions, the type of records that are kept and how these records

can be accessed by the public. The Shire received 14 Freedom of Information applications in this reporting period.

Occupational Health and Safety

The Shire continues to provide a safe and healthy workplace. It has met its moral and legal responsibilities under the Occupational Health and Safety Act 1984. A review of operational practices was progressing during the reporting timeframe.

Information Management

Information Management Services provides record keeping services as per the State Records Act 2000. Shire of Mundaring deals with a large amount of sensitive, commercial and confidential information.

Therefore a key area of focus is the responsible management and disclosure of information. The majority of information retained by the Shire is stored in an electronic format.

Councillors and Wards



L-R Cr David Lavell, Cr Ian Green, Cr Darrell Jones, Cr James Martin, Cr Tony Brennan, Cr Kate Driver, Cr Doug Jeans, Cr Toni Burbidge, Cr Stephen Fox, Cr Jason Russell, (seated Deputy Shire President Cr Lynn Fisher and Shire President Cr John Daw).

Council Meetings

Shire of Mundaring is committed to ensuring all Council meetings are carried out in accordance with legislative requirements and that the community has genuine opportunities to participate in the decision-making process.

Council generally holds one Ordinary Council Meeting each month. These meetings are held in an open environment, with the Shire's Meeting Procedures Local Law guiding how the meetings are conducted. In 2018/19, Council held 12 Ordinary Council Meetings and one annual Electors Meeting. Council Meetings are audio recorded and are available to the public on the Shire's website.

Elected Members

Our Shire comprises four wards with three Elected Members representing each ward. Following each local government election, Council elects a Shire President and Deputy Shire President. While each Elected Member represents a particular ward, their role is to consider the current and future interests of the entire Shire.

Number of Council Meetings attended

Elected Member	Ordinary (12)	Special (0)	Electors (1)
Cr John Daw	12	0	1
Cr Lynn Fisher	12	0	1
Cr Doug Jeans	11	0	1
Cr Stephen Fox	11	0	1
Cr Tony Brennan	10	0	0
Cr James Martin	9	0	1
Cr David Lavell	9	0	0
Cr Darrell Jones	11	0	1
Cr Toni Burbidge	12	0	1
Cr Kate Driver	11	0	0
Cr Jason Russell	10	0	0
Cr Ian Green	11	0	1






Committees

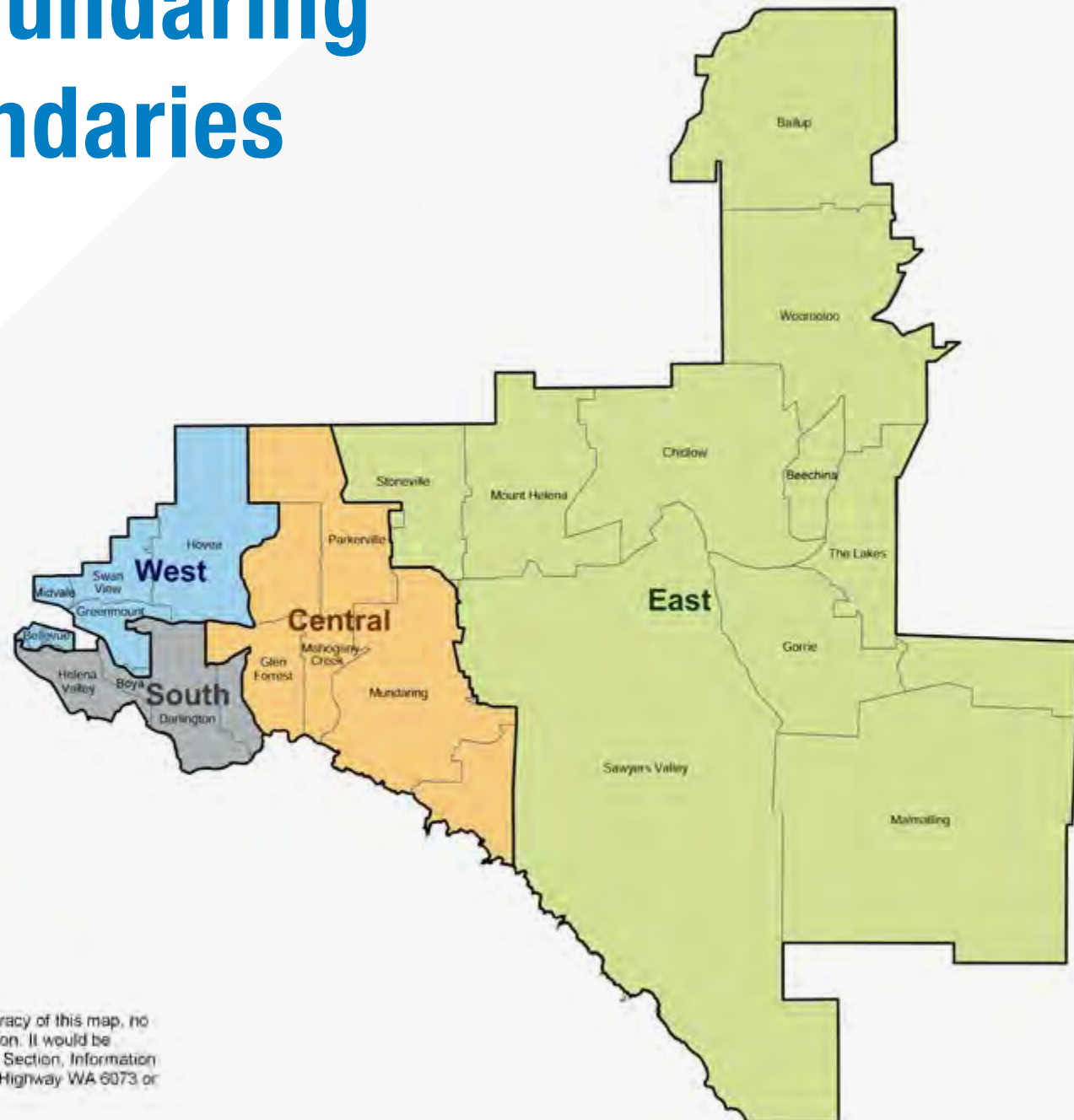
As well as attending Council meetings, Elected Members take part in internal and external committees and working groups. These provide additional opportunities for Elected Members to be involved in and contribute to issues important and relevant to their community. Details are available on the Shire's website.

Shire of Mundaring

Ward Boundaries

Legend

-  Suburb Boundaries
-  Central Ward
-  East Ward
-  South Ward
-  West Ward



Whilst every effort has been made to ensure the accuracy of this map, no liability can be assumed for any errors in the information. It would be appreciated if any errors could be reported to the GIS Section, Information Technology, Shire of Mundaring, 7000 Great Eastern Highway WA 6073 or email shire@mundaring.wa.gov.au



REPORT OF OPERATIONS



Highlights of the year



Shire of Mundaring's 2018/19 Annual Report details the organisation's progress against the strategic objectives outlined in the Strategic Community Plan 2026. It also reports against measures set out in the Corporate Business Plan 2018/19 - 2022/23. These two plans, together with the Strategic Community Plan, form the Shire's blueprint for the future.

The Shire's vision is divided into four following aspirational objectives:

- **Governance**
- **Community**
- **Natural Environment**
- **Built Environment**

The following section highlights the Shire's major achievements across all four objectives over the past 12 months. A detailed report on these achievements is available in the the Financials section.



GOVERNANCE

Enhanced online animal registration process

Online bin collection day query

Council Decisions available on website (through centralised database)

GPS tracking application for Fire Protection Officer



COMMUNITY

Preparedness (Bushfires

Youth Engagement Partnership Fund

Perth Hills Tourism Alliance

Community Grants

Child and Parent Centres - five year fundin

Engage Mundaring

Business workshops

Research into gaps in service for Aboriginal families

Recreation Facilities Informing Strategy



NATURAL ENVIRONMENT

Dieback Rehabilitation Project

Energy and Emissions Reduction Strategy

Joining Cities Power Partnership

Seedlings for Landcare Program

Vegetation Weed Control Crew

Weed Tracking Program



BUILT ENVIRONMENT

Universal accessible toilet blocks in Glen Forrest & Sawyers Valley

Reconstruction of Elliott Road, Chidlow

Mundaring Town Centre Activity Plan

Floodlighting at Chidlow Oval

Playground at Parkerville Oval

Second Grab and Go (Tip Shop)

Footpath and roadworks at Wandu Road

Solar power panels at Shire Administration Building

Turnarounds to create better rubbish truck access

Mundaring Hardcourts

Challenges and Future Outlook

Challenges

Many WA local governments, including the Shire, are experiencing significant financial challenges exacerbated by

- Low economic growth rates, constrained rate revenue and minimal population growth
- The community's increasing aspirations and priorities for improving its economic, environmental and social outcomes
- The community's priorities in terms of expected levels of service and community projects. This is particularly relevant in relation to additional funding requirements for replacement and maintenance of existing assets to standards that meet the expectations of the community
- Significant additional cost burdens from the continual shifting of responsibilities for service provision from the Federal and WA Governments to local government, without corresponding funding.

While it is easy to compare rate increases with other neighbouring Councils, it is important to be mindful of factors that are unique to the Shire such as:

- The district has a large number of assets – compared to other metropolitan areas – such as 656kms of roads which must be regularly maintained by the Shire.
- Limited opportunities to increase revenue as there is a little opportunity for additional rates revenue due to limited population growth.
- Restricted opportunity to generate alternative sources of significant revenue outside of the Shire's Investment Property Strategy.

The Future

Plans for the next 12 months, as per the Shire's Corporate Business Plan 2018/19 – 2022/23 will see the commencement of the following projects. These are captured within the Shire's Capital Works Program as follows:

- Mundaring Oval Lighting Upgrade (\$195,000 plus \$195,000 grant funding)
- New toilet block at Broz Park, Helena Valley (\$250,000)
- Resurfacing of hard courts at Mundaring Tennis Club (\$200,000)
- Skate Park Extension (\$100,000), Mt Helena, Elsie Austin
- Scott Street Bridge Upgrade – Substructure Works (\$600,000)
- Accessibility upgrades to Morgan John Morgan Park toilets and Parkerville Oval Pavilion
- Installation of large solar power systems to Boya Community Centre and Mundaring Arena to reduce power consumption from the grid, reducing carbon emissions and running costs

Other initiatives for the Shire include:

- Implementation of a Health and Wellbeing Informing Strategy
- Development of an Age-Friendly Informing Strategy
- Mundaring Town Centre Land Assembly Project



THE YEAR IN REVIEW



Youth Engagement Partnership Fund



Shire of Mundaring has developed a Youth Engagement Partnership Fund. It involves working in collaboration with community groups to deliver a range of programs and initiatives to local young people.

The program provides a funding pool of up to \$35,000 each financial year to community groups delivering initiatives that are aligned to the objectives of the Shire's youth services model.

Funded initiatives are community driven and actively engage young people, developing their personal and life skills and increasing opportunities for participation.

Community Events



Golden Jubilee Community Celebration

Bilgoman Aquatic Centre in Darlington celebrated its Golden Jubilee in November 2018 with a community open day.

Marking 50 years since the pool first opened in 1968, residents were invited to enjoy free entry to the centre where they were offered a BBQ and a range of fun activities throughout the day. Councillors and staff were on BBQ duties at the 50th anniversary celebration.





Cinema Under Starlight Series

Residents once again enjoyed a series of free outdoor movies over summer. Hosted by Shire of Mundaring, four movies were screened at local ovals and parks. More than 1300 people attended the 2018/19 popular series. Several children's activities were held prior to each movie including face painting and interactive science challenges! Cinema Under Starlight continues to be a much anticipated Shire-run event, sponsored in 2018/19 by Perth Airport, Lotterywest and Mundaring Community Bank Branch Bendigo Bank and Linley Valley Fresh.

Australia Day

More than 30 new Australians were officially welcomed the Shire of Mundaring during the annual Citizen Ceremony as part of Australia Day celebrations on 26 January 2019. A number of Community Achievement Awards were also presented, recognising the contribution volunteers make to the Shire and their communities. Other awards presented include Citizen of the Year and Young Citizen of the Year Award.





Each week, approximately 30 local community members participate in a range of activities hosted by the Shire and the Active Ageing Network at The Hub of the Hills.

LiveLighter Seniors Day

Each year the Shire co-hosts a LiveLighter Seniors Activity Information Day with the Seniors Recreation Council of WA (SRCWA). The popular event aims to highlight the importance of social inclusion while encouraging people of all abilities to participate in activities held in the community.

The event gives people the opportunity to connect with other seniors while having a go at a variety of activities. A number of local community groups, volunteers and service providers were available on the day to share valuable information with guests.

The Shire provides multiple regular activities for seniors throughout the year including Memory Café, Gadgets and Gizmos workshops as well as functions such as the Seniors Christmas celebration, morning teas and Book Cafés. Memory Café lunch continues to be very popular as it provides a safe forum for people living with memory loss (and their carers) to come together and share their experiences.

Shire of Mundaring is committed to providing its seniors community with as many opportunities as possible which enable them to live an active, safe and productive life.



Emergency Management

Bush Fire Risk Management Plan

The Bush Fire Risk Management Plan (BRMP) was completed and endorsed by the Office of Bush Fire Risk Management (OBRM) in February 2019. Soon after it was formally adopted by Council. Once this mechanism was put in place, the Shire was able to apply for a grant known as the Mitigation Activity Fund (MAF). This is funded through the current Emergency Services Levy (ESL) increase imposed by the State Government and Department of Fire and Emergency Services (DFES).

In May 2019 a \$256,000 grant was awarded to allow mitigation works to be carried out on 21 reserves managed by the Shire. Works include the installation of firebreaks, maintaining firebreaks weed treatments and mechanical removal of woody weeds, strategic breaks for future burning and hazard reduction burns. A second successful funding application for \$389,000 was made in June 2019. This will allow for works to be carried out on 32 reserves managed by the Shire. All works will help create a safer and more prepared community.



Preparedness in the community

Fire Hazard Inspection Officers (FHIOs) and residents have had great outcomes with preparing their properties for bush fires prompted by either voluntary or targeted inspections. FHIOs have worked hard with limited resources in identifying works required for mitigation through the Shire budget and also the MAF. Officers are also required to carry out works on reserves and burning in conjunction with our volunteer bush fire brigades

There are nine local volunteer brigades attached to the Shire of Mundaring.

Results from the 2019 Community Perceptions Survey indicate the majority of residents interviewed are Satisfied or Very Satisfied with bushfire prevention control in the Shire, achieving an

80%

satisfaction rate.

Number of Property Inspections and Assessments

631



Mitigation Treatments (addressing problems)

467

Prescribed Burns

16





GPS Tracking Application

A GPS tracking application has been introduced to help improve the accuracy of mapping in Shire reserves. The new tool is used by Fire Protection Officers and can be used remotely.

It is integrated with the Shire's geographic system to ensure the accuracy of maps in the local area. The maps can be accessed in real time and can be used via electronic devices.

Fire Protection Officers work extensively on Shire reserves to reduce potential fire through fuel load reduction and controlled burns. They are also required to attend incidents.



Community Safety (Rangers)

The Shire's Community Safety team has continued to provide effective communication and education about pet-related matters throughout the community.

There has been significant work carried out to improve signage in Dog Exercise Areas and other popular locations people walk their dogs and are required to have them on a leash.

The team has reunited more than 100 lost cats and dogs with their owners during the reporting period.

In addition, the Community Safety Team re-homed around 20 stray animals.

Online Pet Registration

This online service, developed in late 2017, has been enhanced to help create a more streamlined process. Improvements include the development of an online Animal Registration System in early 2018. The service has resulted in a more user-friendly experience for pet owners including the ability to update details online and upload relevant documents from the comfort of their own home.

The Shire has received 146 registration renewals through the new system. In addition, the new process will allow for the majority of renewals to be sent via email rather than post. This has created a saving of \$5000 to \$7000 per annum. It also aligns with the Shire's commitment towards environmental sustainability.





A Tourist Destination

Historic Chidlow Tavern offers the unique experience of allowing visitors to 'park' their horse at the venue.

Regional Tourism

Mundaring Visitors Centre has adopted a regional approach to tourism marketing. It has joined forces with the Shire of Serpentine-Jarrahdale and Cities of Swan, Kalamunda and Armadale to form the Perth Hills Tourism Alliance. All five councils will work collaboratively to promote the Perth Hills region. This will be reflected in ongoing regional branding and marketing. A Memorandum of Understanding, formalising the agreement, was signed by member participants in early 2019.

**Mundaring Visitors
Centre (MVC) dealt with
in excess of 12,000
enquiries:**

1,482
**Bookings for Lake
Leschenaultia**

6,890
**Lake Leschenaultia
enquiries**

128,861
**Number of views
(MVC website)**



Lake of Opportunity

Iconic Lake Leschenaultia in Chidlow is a popular location among local residents and visitors.

It is both a tourist attraction as well as a much sought after venue for a range of different community events and activities. It is home to Reflections Café, the recipient of several Gold Trip Advisor awards.

The Maida Vale Masters Swimming Club has held its annual open water event at the lake for more than 30 years. In November 2018, the Shire worked with Perth Trail Series and hosted the group's first ever ladies only running event, known as Lake Lash Dash. Both events were a great success.





Innovation in our Shire

Pictured: Co-ordinator Waste and Fleet, Roger Haripersad, at Grab n Go at Coppin Road. The converted sea container now operates as a 'tip shop' to help reduce the amount of waste going to landfill

Tip Shops prove to be a treasure for managing waste

A second Grab n Go facility at Coppin Road, Mundaring was opened by the Shire in late June. It follows the success of the first shop which opened two years ago at Mathieson Road, Chidlow. Both shops are based at the transfer stations.

The Grab n Go 'tip shops' were developed to help reduce the amount of waste in the community by promoting the benefits of re-purposing household items.

There has already been a reduction in items going to landfill as the waste stream has been reduced. The Grab n Go facilities are based on the spirit of sharing and are run on an honour principle.

Solar strategy to reduce power bill

The Shire completed an overhaul of the solar panels on its administration building and civic centre as part of its Energy and Emissions Reduction Strategy. A key part of this overhaul was the addition of power optimisers to increase power generation efficiency.

In promoting the initiative, the Shire also urged local businesses and residents to consider the benefits from installing rooftop solar for their daytime power. Given the cost of solar panels has reduced in the past decade, the Shire reminded people that very often, the system paid for itself in electricity savings in just a few years. The Shire also hosted a Living Smart course, which was designed to help people learn more about reducing their own environmental footprint.





Digital Weed Tracking Program

A successful Weed Tracking Program was implemented during the reporting period. The online process allows the user to record the types of weeds found at a particular location.

The program can then help determine the type of action required at a follow up inspection such as whether to re-spray or revegetate the area. The new tracking program has enhanced the Shire's overall weed management strategies.

Energy and Emissions Reduction Strategy

This strategy, which was adopted by Council in September 2018, includes the Shire's intention of working towards a 30% reduction of emissions from Shire facilities and activities by 2030.

Shire officers have formed an Energy Team to work towards reducing energy use and increasing the use of rooftop solar, while also encouraging local residents, schools and businesses to follow their lead.

The strategy also aims to provide helpful information on ways to reduce energy use throughout the Shire, such as materials developed by the Switch Your Thinking program.

High energy use facilities were identified for energy audits and substantial new rooftop solar systems, to be completed in the next 12 months. LED lighting replacements are continuing across Shire facilities.

Benefits associated with hybrid and electric passenger vehicle options are also being investigated.



Online Engagement

The Shire's new engagement platform was implemented in early 2019.

Known as Engage Mundaring, this online consultation and communication tool allows community members to share their thoughts, participate in surveys, vote in polls and tell the Shire about their visions for the future.

Engage Mundaring was introduced to engage more residents in decision-making, improve access to the Shire and to provide a forum for local discussion in a safe environment.

Supporting Local Business

The Shire has partnered with Mundaring Chamber of Commerce to help deliver training workshops to local businesses.

A wide range of topics were presented during the reporting period such as digital marketing and how to start a business. Training in specific social media platforms was also offered including Facebook and Instagram. Workshops were either free or a nominal fee was charged.

They were delivered by Business Station, Community News Group and the Small Business Development Corporation. The partnership will continue throughout 2019-20.





Libraries

Memberships on the rise

Shire of Mundaring has two community libraries - Albert Facey Memorial Library in Mundaring and Katharine Susannah Prichard Library, based at the Boya Community Centre. While there's been plenty of discussion over the years about libraries losing their popularity, membership has significantly increased in the Shire.

With the expansion of digital media and the rise of resources such as e-books, libraries are considered much more than a quiet place to read books. The libraries offer new technology, accessible screens, and an environment where people of all ages can explore and learn new technology.

The Katharine Susannah Prichard Library, which opened in 2017, also offers a bright and cheerful children's corner, several meeting rooms and a focus on digital technology with free wi-fi and self checkout (as well as traditional checkout with library staff).



Story Time Success

Story time sessions continue to be one of the most popular library activities.

These sessions, which are held each week, are designed to be informative, engaging and interactive.



Almost **11,000** children and adults enjoyed the diverse range of activities and programs offered by the Shire's libraries

They are Story Time, Baby Rhyme Time, Wooroloo Mobile Library, Author Talks and various School Holiday Programs.



There are **13,346** active library members

Membership across both libraries has increased by nearly

2,000





Mobile Library Services

Wooroloo Mobile Library

This mobile library service is held on a three weekly basis at the Wooroloo Hall. Library staff take a variety of items (such as books, DVDs and audio books) so local residents can exchange their items. This outreach service has proved popular with local residents who enjoy the opportunity to come together whilst accessing the service. The mobile library is facilitated by a library staff member and a Shire of Mundaring volunteer.

Pictured: Library Volunteer participating in the Shire's Home Delivery Service.

Books on Wheels

Home Delivery

The Shire's Library Services operate a home delivery service. It is available to Shire of Mundaring residents who cannot visit a public library due to age or physical disability. Volunteers help deliver this service by selecting, delivering or returning books using their own vehicles.

Wooroloo Prison

Books and DVDs that library patrons might like to borrow are selected from a list from prison staff. Library Services send approximately 250 items every six weeks.

Yallambee Hostel

Library Services staff visit the hostel and take approximately 100 items each visit including books, DVDs, magazines and audio books. These are set up in the dining room and the patrons come and return and borrow items.

Yallambee Village

This book borrowing service is held once every three weeks. Staff select items for each patron as well as a few additional items that might interest the residents.



Awards & Recognition

Caption: Shire of Mundaring Director Statutory Services Mark Luzi and WA Water Minister Dave Kelly.

Gold Waterwise Status

Shire of Mundaring was awarded Gold Waterwise status and recognised as one of WA's top water saving councils at a Water Corporation's special recognition event held recently. Gold Waterwise status is awarded to local governments for demonstrating innovation, significant progress towards best practice sustainable water management, or achievement above and beyond the actions required for endorsement.

Last year, the Shire developed a new Street Tree Policy to formally recognise the role of street trees in maintaining shade,

amenity and the overall water balance within catchments. In 2018, the Shire adopted a new Environmental Sustainability Policy, which includes sustainable water use principles as well as the protection of creek lines and catchments.

The Shire has hosted free gardening talks and workshops to encourage residents to learn more about waterwise garden design and how to minimise watering requirements.



Excellence in Water Savings

Bilgoman Aquatic Centre has once again been officially recognised as a Water Wise Aquatic Centre for 2019.

In a 12 month period, there was a 524 kl (524,000 litres), reduction of water use compared to the previous year.

Staff at the centre are committed to continuous improvement in developing water saving initiatives. This includes the diligent collection and analysis of all water usage at the popular facility.

Firewise Garden Recognised for Innovation

The Shire's Waterwise and Firewise demonstration garden at Sculpture Park in Mundaring made the shortlist for Water Corporation's Waterwise Council Community Choice Awards.

The garden showcases waterwise native plants and incorporates firewise elements, like gravel paths and smaller plants that don't drop flammable material. The initiative attracted widespread support from the local community and further afield.





Community Grants

Milestone Grant Recipients

Parkerville Primary School was awarded the Shire's Milestone Grant in 2018 which helped them host a very successful Twilight Christmas Markets event.

The students were thrilled to be able to run the fundraising event at which they hoped to raise \$70,000 to upgrade basketball courts at the school.

Parkerville Primary School was one of six successful recipients in the Shire's first 2018/19 Community Event Grant round

Shire of Mundaring supports individuals and community groups through its Community Grants Program. The program provides funds across various categories, supporting community events, programs, minor capital upgrades, training and development, equipment, promotional material, volunteer recognition and sponsorship of young people. The Shire's Community Grant Program is organised on an annual basis and selection is made through a competitive process. All grants aim to support the sustainability and independence of community groups. During

the 2018/19 financial year, a total of \$70,714 was awarded to local community groups. These funds enabled the delivery of community events, facility upgrades, development of promotional material, purchase of equipment, celebration of volunteer contributions and for young people to represent their club/organisation in sport, community service and cultural competitions or events.

Lobbying and Advocacy

In 2018/19, Council continued to advocate for major key strategic priorities including:

Mundaring Town Initiative Masterplan

As this is a long-term process, the Shire has focused its efforts on convincing service agencies to plan for increased capacity in the wastewater treatment infrastructure for the Mundaring town site. This would facilitate increased residential densities and commercial development.

Perth – Adelaide National Highway

Regional lobbying efforts over several years have resulted in a renewed focus on planning for the highway project. This will assist with reducing heavy vehicle movements through town sites along Great Eastern Highway. As such, the project is now incorporated in long-term metropolitan transport plans and \$10M was allocated in the 2018 Federal budget.

Community Recreational Facilities

Funding commitments for numerous projects were announced during the recent Federal Government election. Funding was secured by the Shire and various community groups for upgrading lighting at Mundaring Oval (\$195,000); Mundaring Tennis Court Resurfacing (\$150,460); Morgan John Morgan Reserve (\$200,000); Chidlow Village Skatepark (\$150,000); Darlington Lower Oval Upgrade (\$338,000); Darlington Pavilion (\$150,000); Chidlow Hall (\$11,000); Chidlow Hardcourts Upgrade (\$49,850); Men's Shed relocation (\$900,000); Mahogany Creek Hall and tennis courts (\$100,000); Upgrade of Great Eastern Highway and Old Northern Road, Wooroloo (\$20m); Upgrade of Great Eastern Highway and Old Northern Road, Chidlow (\$1.5m).



Chidlow in the Spotlight!

The installation of new floodlights at Chidlow Oval (pictured) was welcomed by local sporting clubs and residents. The much-anticipated community project was largely driven by the lobbying efforts of Chidlow Cougars Football Club with support from other clubs in the area.

The project received \$100,000 Federal Funding, supported by Ken Wyatt MP Member for Hasluck, through the Community Development Grants Program. It also received State Government funding of \$167,000 – supported by Jessica Shaw MLA Member for Swan Hills. The new night lights at the oval have allowed people to play sports (and other activities) in the evenings, making a significant difference to the local community.

Mundaring Hardcourts

Upgrade works at Mundaring Hardcourts were originally going to be carried out in two stages however following successful Commonwealth grant funding, all eight courts were able to be resurfaced, along with all new backboards. LED floodlighting has been installed. They are more energy efficient and will result in less frequent globe replacements.



Commonwealth Funding for Lake Developments

The Australian Government recently committed to investing \$102,872 to support upgrades at Lake Leschenaultia. The funding is to be provided through the Building Better Regions Funding which is designed to help promote and support tourism growth in the eastern region of the Shire.

Upgrades will include the construction of a small outdoor stage to help bring new events to the area as well as terraced picnic areas, accessible pathways and eco-zoned landscaping.

Number of Visitors to Lake Leschenaultia

Approximately 200 people visited Lake Leschenaultia each day in the peak season, October to May.

From June to September, around 100 people visited each day. Many camped at the lake while others enjoyed the variety of activities on offer such as canoeing and stand-up paddle boarding.

Previous Commonwealth funding for Lake Leschenaultia has included the addition of new beach sand (pictured) which has significantly improved the amenity of the area





Funding Boost for Child and Parent Centres

In early 2019 Family and Children's Service Midvale Hub was successful in securing an additional five years funding to operate two Department of Education's Child and Parent Centres. The facilities are located adjacent to the Middle Swan and Clayton View Primary Schools. These sites offer a suite of health, early years and parenting services. Of the 21 Child and Parent Centres in Western Australia, the Midvale Hub premises have been the most successful in offering integrated family support services. The new funding contract commenced in July 2019 and will continue until 2024.





OUR WORKFORCE





Executive Leadership Team

Shire of Mundaring's Executive Leadership Team, L-R Director Strategic & Community Services Megan Griffiths, Director Infrastructure Services Shane Purdy, Director Statutory Services Mark Luzi, Chief Executive Officer Jonathan Throssell, Director Corporate Services Paul O'Connor.

Shire of Mundaring comprises four directorates: Strategic and Community Services, Infrastructure Services, Statutory Services and Corporate Services. Each directorate is led by a director who reports to the Chief Executive Officer (CEO). Directorates are made up of a number of service teams, overseen by a manager.

Our Directors provide strategic and operational advice to the CEO, Council and other Shire employees. The team is an integral part of budgeting, forward planning, governance and determining organisational risk. The CEO is appointed by and directly accountable to Council, who are elected by the Shire's residents.

Employee Profile

The approved organisational structure is 211.72 full-time employees in 2018/19. The figure incorporates 38.2 full time equivalents who deliver services to the community, which are funded through grants and service fees.

Our workforce comprises both temporary and casual workers. Many employees are also residents which demonstrates the value of our organisation as a local employer.

Our Workforce

Workplace Ethos

Shire of Mundaring recognises the important role its workforce plays in delivering responsive, effective and valued services. It encourages a values-driven workplace culture that provides a welcoming, supportive environment; enables employees to thrive; and drives our business performance in line with strategic objectives. The Shire's core values, Code of Conduct, competency framework, performance review process and other workplace practices provide the foundation for how we go about our business.

Code of Conduct

The Local Government Act 1995 requires that every local government prepares or adopts a Code of Conduct to set out acceptable standards of ethical and professional behaviour expected to be observed by elected members, committee members and employees. The Shire's Code of Conduct, available on our website, outlines the principles, values and behaviours that the community is entitled to expect of all elected members, committee members and employees. Its intent is to document expected standards of conduct, not to control or prohibit any behaviour. Additionally, the Local Government (Rules of Conduct) Regulations 2007 provide the disciplinary framework to deal with individual misconduct by elected members.

Comparative employee turnover has remained consistently low for the last five years as reflected below

2018/19 - 11.8%
2017/18 - 10.17%
2016/17 - 12.45%
2015/16 - 9.54%

Employee turnover is affected by an ageing workforce and is likely to increase over the next few years.

Salaries

The Local Government (Administration) Regulations 1996 require local governments to state in their annual report the number of employees with a salary of more than \$100,000.

During 2018/19, 17 Shire of Mundaring employees were entitled to an annual cash salary of \$100,000 or more as stated in the following categories:

Breakdown of employees earning over \$100,000.

Salary Range	Number of Employees
100000 - 109999	0
110000 - 119000	1
120000 - 129999	2
130000 - 139999	5
140000 - 149999	3
150000 - 159999	1
160000 - 169999	0
170000 - 179999	2
180000 - 189999	2
250000 - 260000	1
Total	17

Volunteers

Shire of Mundaring is fortunate to have around 6700 people volunteering their services across the district. These dedicated people contribute in excess of 1.2 million hours of their time each year to help our community.

During 2018/19, the Shire has continuously improved training and induction processes upholding the National Standards Framework for volunteers, ensuring that all volunteers are trained to undertake their role in a professional and safe manner.

Volunteer roles within the Shire include fundraising, research, sales, teaching, community arts, youth activities, library work, gardening and child minding.

Volunteering is a reciprocal relationship – the community and individuals benefit from the efforts of volunteers, whilst volunteers themselves experience the satisfaction of giving, enjoy increased community involvement, learn new skills, build confidence and gain experience.



Pictured: Volunteer Raelene Watters (right) offers technology assistance to local resident Anne Anetts (left).

There are
6,700
volunteers in the Shire



Equates to around
21%
of residents

Collectively contribute
1,278,360
hours per year



Economic value of volunteers
to the Shire is more than

51m
per annum



PERFORMANCE INDICATORS AND MEASURES



The SCP identifies four strategic priorities and the CBP has the four year priorities, which provide further focus for Council's actions. These are listed in the table below. The indicators track progress in strategic priority and four year priority areas and are identified on the indicator table using the notation below. Indicators tracking progress in other areas are designated "O".

Shire of Mundaring Strategic Priorities:

SP1	A Fiscally responsible Shire
SP2	A strong and localised community
SP3	A place where the environment is well managed
SP4	A place that is connected, safe and easy to move around

Four Year Priorities from CBP

P4	Built Environment
P3	Natural Environment
P2	Community
O	Tracking Progress in Other Areas

Local Government level of Control/Influence

Some of the indicators cover areas over which Council may have little control or influence, but which remain appropriate measures of progress towards the achievement of the community's vision. The level of Council influence is reflected alongside the indicators and is colour coded for ease of reference in the indicator tables.

The coding is reflected in the diagram below



Strategic Theme 1: Governance

- A fiscally responsible Shire that prioritises spending appropriately
- Transparent, responsive and engaged processes for Shire decision making

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2016/17	2017/18
H	O	Residents satisfied with the elected members leadership % of respondents satisfied with the Shire's elected member's leadership within the community	45*	47**
M	O	# of Ordinary and Special Council Meetings attended by elected members	172	194
M	O	% Respondents' satisfaction with how the Shire engage the community about local issues	56*	53**
H	P4	% of respondents who agree that the Shire has developed and communicated a clear vision for the area.	26*	44**
M	SP2	Health and Wellbeing Informing Strategy		Commenced 2018/19 – 2019/20
H	P4	Mundaring Town Centre Land Assembly Project		Commenced 2018/19 – 2019/20

Strategic Theme 2: Community

- A community that is prepared for bush fire and other natural disaster
- Residents of all ages, needs and backgrounds are engaged and supported by their community
- A strong and localised community spirit
- A place of vibrant culture and arts
- Flourishing local business

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2016/17	2017/18
H	SP2	% of respondents satisfied with the performance of the SOM with respect to playgrounds and parks	77*	78**
H	SP2	Sport and recreation facilities	81*	79**
H	SP2	Bilgoman Aquatic Centre and Mount Helena Aquatic Centre (16/17)	92*	
		Aquatic Centres (17/18)		70**
H	SP2	Library services	85*	83**
M	SP2	Events and Cultural Activities	66*	62**
M	SP2	Bushfire preparedness % of assessments leading to issuing of bushfire compliance notice	12.84	71.24

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2016/17	2017/18
H	SP4	# of Bushfire preparedness inspections undertake	266	386
H	O	# of years lapsed since the Heritage register was updated	100%	Review 2020
H	O	\$ investment in public art	10,000	12,000
H	P2	% Building Minor Capital Projects Completed	75	71
H	O	% Community Satisfaction in the efficiency and effectiveness of the Shire's Customer Service	71*	74**
H	P2	Lake Leschenaultia Caretaker Accommodation		No longer required. Camp Host model implemented
H	P2	Construct Boya Oval Facilities	100%	NA
H	P2	Glen Forest Oval - Replace Toilet Block	NA	33%
H	P2	Sawyers Valley Oval - Replace Toilet Block	NA	33%

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2016/17	2017/18
H	P3	% Community Satisfaction with Waste Transfer Stations services	79*	75**
H	P3	% Community Satisfaction with verge-side bulk rubbish collection	78*	75**
M	SP3	% who feel residents of all ages, needs and backgrounds are engaged and supported by their community	N/A	66**
M	SP2	Recreation Plan		Commenced 2018/19
M	P2	Public Health Plan		Commenced 2018/19 – 2019/20
M	P2	Seniors Housing Land Use Strategy		Commencing 2019/20

Strategic Theme 3: Natural Environment

- A community that manages water sustainability
- A place where the environment is well managed
- A great place to immerse yourself in nature

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2016/17	2017/18
M	SP1	# of trees/seedlings planted in natural areas / greenways by Shire and Friends Groups	2369	3050
L	P3	# hours spent on-ground by Friends Groups	2154	1258
H	P3	# of hours of Landcare Team assistance to Friends Group	456	454
M	P3	% Friends Groups satisfaction with Shire assistance	91	100
L	P3	# of new Friends Groups	2	2
H	P3	# of seedlings provided to public through Tree Canopy and Understorey Program	53,100	47,877
M	P3	# of applications for the Tree Canopy and Understorey Program	985	1150
M	SP1 & 4	Bush fire protection and weed control - # of prescribed burns conducted	65	32✍

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2016/17	2017/18
H	P2	% parks, reserves and public open spaces capital projects completed	89	75
H	SP1	# of hours to mow verges	7334	7085
M	SP1	Residents satisfaction with services and facilities: % of respondents satisfied with mowing of verges, reserves and public open spaces	63*	60**
M	P3	Weed Control Strategy Review		Commencing 2018/19 – 2019/20
H	P3	Wildlife Corridor Strategy Review		Commencing 2020/21

Strategic Theme 4: Built Environment

- A place that is connected, safe and easy to move around
- Community needs are considered in planning for the future
- Reliable digital services and power supply

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2016/17	2017/18
H	P4	Access strategy for Bushfire prone area	100%	
H	P4	Helena Valley urban expansion strategy	100%	
H	P4	Review Local Commercial Strategy		100%
H	P4	Public Open Space Strategy		Commencing 2019/20
H	P4	Limited Rural Strategy for Bailup and Wooroloo prepared		Commencing 2020/21
H	P4	Mundaring Town Centre Precinct Plan	70%	82%
H	P4	Watercourse Hierarchy Strategy		Commencing 2020/22
H	P2	% Roads, Bridges and Bus Shelter Capital Projects Completed	86%	72%

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2016/17	2017/18
M	P2	% of Roads in "Satisfactory" Condition	Road Condition Surveys carried out every five year	91%
H	P2	% Footpaths / Cycleways Capital Projects Completed	87%	86%
M	P2	% of Footpaths / Cycleways in "Satisfactory" Condition	Incomplete – subject to condition survey being completed and available funding.	Next Survey due in 2017/18 financial year
H	P2	# Drainage Capital Projects Completed	75	33
M	P2	# of Properties Complaining of Flooding	7	15
H	P2	# of Catchments Analysed for Drainage Capacity Per Annum	0	Next Catchment Analysis due in 2018/19



FINANCIAL REPORT



Annual Financial Statements

SHIRE OF MUNDARING

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	54

COMMUNITY VISION

a sense space, a sense place

Principal place of business:

7000 Great Eastern Highway, Mundaring WA 6073

**SHIRE OF MUNDARING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Mundaring for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Mundaring at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 27th day of November 2019



Chief Executive Officer

Jonathan Throssell

**STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	23(a)	28,386,167	28,160,287	27,375,948
Operating grants, subsidies and contributions	2(a)	6,332,488	5,366,702	5,860,186
Fees and charges	2(a)	12,792,343	12,637,433	12,277,089
Interest earnings	2(a)	1,097,000	952,840	984,574
Other revenue	2(a)	793,150	749,870	942,216
		49,401,148	47,867,132	47,440,013
Expenses				
Employee costs		(19,408,622)	(19,258,728)	(19,184,762)
Materials and contracts		(18,191,442)	(19,788,790)	(17,951,935)
Utility charges		(1,295,574)	(1,403,696)	(1,276,544)
Depreciation on non-current assets	10(b)	(8,950,800)	(7,048,166)	(7,397,842)
Interest expenses	2(b)	(577,456)	(500,716)	(609,593)
Insurance expenses		(488,792)	(446,126)	(437,906)
Other expenditure		(760,595)	(754,837)	(739,478)
		(49,673,281)	(49,201,059)	(47,598,060)
		(272,133)	(1,333,927)	(158,047)
Non-operating grants, subsidies and contributions	2(a)	2,024,236	1,928,858	3,265,015
Profit on asset disposals	10(a)	24,865	1,728,391	1,818
(Loss) on asset disposals	10(a)	(442,683)	(3,930)	(135,282)
Fair value adjustments to financial assets at fair value through profit or loss	7	122,620	0	0
Change in Equity - Investment in Associate	19	962,933	0	916,244
		2,691,971	3,653,319	4,047,795
Net result for the period		2,419,838	2,319,392	3,889,748
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	701,002	0	(69,060,425)
Total other comprehensive income for the period		701,002	0	(69,060,425)
Total comprehensive income for the period		3,120,840	2,319,392	(65,170,677)

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

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
	2(a)			
Governance		237,596	231,500	305,700
General purpose funding		32,058,340	31,287,329	30,824,225
Law, order, public safety		811,470	469,200	688,534
Health		107,187	55,700	86,959
Education and welfare		5,857,582	4,835,750	5,321,614
Community amenities		8,155,733	8,187,998	7,946,410
Recreation and culture		1,344,922	1,344,070	1,393,680
Transport		58,862	641,000	89,862
Economic services		246,745	332,185	251,282
Other property and services		522,711	482,400	531,747
		49,401,148	47,867,132	47,440,013
Expenses				
	2(b)			
Governance		(4,343,973)	(4,709,587)	(4,775,505)
General purpose funding		(622,803)	(650,773)	(636,341)
Law, order, public safety		(2,686,315)	(2,479,686)	(2,491,000)
Health		(659,616)	(690,177)	(646,643)
Education and welfare		(7,093,747)	(6,467,843)	(6,967,744)
Community amenities		(8,695,665)	(9,743,248)	(8,647,054)
Recreation and culture		(10,441,181)	(10,081,844)	(9,630,844)
Transport		(12,298,985)	(11,356,639)	(11,010,752)
Economic services		(787,286)	(793,651)	(744,383)
Other property and services		(1,466,254)	(1,726,895)	(1,438,201)
		(49,095,825)	(48,700,343)	(46,988,467)
Finance Costs				
	2(b)			
Governance		(270,695)	(249,449)	(289,798)
Recreation and culture		(306,761)	(251,267)	(319,795)
		(577,456)	(500,716)	(609,593)
		(272,133)	(1,333,927)	(158,047)
Non-operating grants, subsidies and contributions	2(a)	2,024,236	1,928,858	3,265,015
Profit on disposal of assets	10(a)	24,865	1,728,391	1,818
(Loss) on disposal of assets	10(a)	(442,683)	(3,930)	(135,282)
Fair value adjustments to financial assets at fair value through profit or loss	7	122,620	0	0
Change in Equity - Investment in Associate	19	962,933	0	916,244
		2,691,971	3,653,319	4,047,795
Net result for the period		2,419,838	2,319,392	3,889,748
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	701,002	0	(69,060,425)
Total other comprehensive income for the period		701,002	0	(69,060,425)
Total comprehensive income for the period		3,120,840	2,319,392	(65,170,677)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	8,551,291	7,370,762
Trade receivables	5	2,218,953	1,981,982
Other financial assets	7	26,043,921	21,897,381
Inventories	6	96,367	112,090
TOTAL CURRENT ASSETS		36,910,532	31,362,215
NON-CURRENT ASSETS			
Trade receivables	5	1,020,261	961,993
Other financial assets	7	122,620	0
Property, plant and equipment	8	74,575,071	75,227,212
Infrastructure	9	295,687,864	296,344,898
Investment in Associate	19	20,854,109	19,891,176
TOTAL NON-CURRENT ASSETS		392,259,925	392,425,279
TOTAL ASSETS		429,170,457	423,787,494
CURRENT LIABILITIES			
Trade and other payables	12	4,300,200	1,429,155
Borrowings	13	635,200	605,330
Employee related provisions	14	3,245,465	3,280,522
TOTAL CURRENT LIABILITIES		8,180,865	5,315,007
NON-CURRENT LIABILITIES			
Borrowings	13	10,501,468	11,136,668
Employee related provisions	14	309,801	278,336
TOTAL NON-CURRENT LIABILITIES		10,811,269	11,415,004
TOTAL LIABILITIES		18,992,134	16,730,011
NET ASSETS		410,178,323	407,057,483
EQUITY			
Retained surplus		142,699,111	142,954,754
Reserves - cash backed	4	22,026,683	19,351,202
Revaluation surplus	11	245,452,529	244,751,527
TOTAL EQUITY		410,178,323	407,057,483

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019**

			RESERVES		
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		137,540,104	20,876,104	313,811,952	472,228,160
Comprehensive income					
Net result for the period		3,889,748	0	0	3,889,748
Other comprehensive income	11	0	0	(69,060,425)	(69,060,425)
Total comprehensive income		3,889,748	0	(69,060,425)	(65,170,677)
Transfers from/(to) reserves		1,524,902	(1,524,902)	0	0
Balance as at 30 June 2018		142,954,754	19,351,202	244,751,527	407,057,483
Comprehensive income					
Net result for the period		2,419,838	0	0	2,419,838
Other comprehensive income	11	0	0	701,002	701,002
Total comprehensive income		2,419,838	0	701,002	3,120,840
Transfers from/(to) reserves		(2,675,481)	2,675,481	0	0
Balance as at 30 June 2019		142,699,111	22,026,683	245,452,529	410,178,323

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		28,149,167	28,160,287	27,296,725
Operating grants, subsidies and contributions		6,253,696	5,366,702	5,860,186
Fees and charges		12,792,343	12,637,433	12,266,881
Interest received		1,097,000	952,840	984,574
Goods and services tax received		2,022,795	1,700,000	2,417,616
Other revenue		793,150	749,870	960,033
		51,108,151	49,567,132	49,786,015
Payments				
Employee costs		(19,154,849)	(19,258,728)	(19,117,196)
Materials and contracts		(15,562,039)	(19,788,790)	(18,925,503)
Utility charges		(1,295,574)	(1,403,696)	(1,276,544)
Interest expenses		(577,456)	(500,716)	(609,593)
Insurance paid		(488,792)	(446,126)	(437,906)
Goods and services tax paid		(2,002,242)	(1,700,000)	(2,408,412)
Other expenditure		(760,595)	(754,837)	(739,478)
		(39,841,547)	(43,852,893)	(43,514,632)
Net cash provided by (used in) operating activities	15	11,266,604	5,714,239	6,271,383
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(1,880,802)	(2,503,142)	(6,535,683)
Payments for construction of infrastructure	9(a)	(6,040,764)	(5,139,138)	(5,809,552)
Proceeds from/(payments for) financial assets at amortised cost		(4,146,540)	0	3,798,838
Non-operating grants, subsidies and contributions	2(a)	2,024,236	1,928,858	3,265,015
Proceeds from sale of property, plant & equipment	10(a)	563,125	3,291,831	435,314
Net cash provided by (used in) investment activities		(9,480,745)	(2,421,591)	(4,846,068)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(605,330)	(605,330)	(577,065)
Net cash provided by (used in) financing activities		(605,330)	(605,330)	(577,065)
Net increase (decrease) in cash held		1,180,529	2,687,318	848,250
Cash at beginning of year		7,370,762	24,595,036	6,522,512
Cash and cash equivalents at the end of the year	15	8,551,291	27,282,354	7,370,762

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

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	7,301,336	3,859,575	7,720,764
		7,301,336	3,859,575	7,720,764
Revenue from operating activities (excluding rates)				
Governance		237,596	242,345	305,700
General purpose funding		3,672,173	3,127,042	3,448,277
Law, order, public safety		811,470	469,200	688,534
Health		107,187	55,700	86,959
Education and welfare		5,857,582	4,837,010	5,321,614
Community amenities		8,155,733	8,193,183	7,948,228
Recreation and culture		1,344,922	2,179,070	1,393,680
Transport		83,727	657,101	89,862
Economic services		246,745	332,185	251,282
Other property and services		522,711	1,342,400	531,747
		21,039,846	21,435,236	20,065,883
Expenditure from operating activities				
Governance		(4,651,961)	(4,959,036)	(5,065,303)
General purpose funding		(622,803)	(650,773)	(636,341)
Law, order, public safety		(2,699,526)	(2,483,616)	(2,517,318)
Health		(660,614)	(690,177)	(646,643)
Education and welfare		(7,116,495)	(6,467,843)	(6,967,744)
Community amenities		(8,718,542)	(9,743,248)	(8,647,054)
Recreation and culture		(10,763,281)	(10,333,111)	(9,953,968)
Transport		(12,298,985)	(11,356,639)	(11,110,932)
Economic services		(789,833)	(793,651)	(744,383)
Other property and services		(1,793,924)	(1,726,895)	(1,443,656)
		(50,115,964)	(49,204,989)	(47,733,342)
Non-cash amounts excluded from operating activities	24(a)	9,341,815	5,323,705	7,569,152
Amount attributable to operating activities		(12,432,967)	(18,586,473)	(12,377,543)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	2,024,236	1,928,858	3,265,015
Proceeds from disposal of assets	10(a)	563,125	3,291,831	435,314
Purchase of property, plant and equipment	8(a)	(1,880,802)	(2,503,142)	(6,535,683)
Purchase and construction of infrastructure	9(a)	(6,040,764)	(5,139,138)	(5,809,552)
Amount attributable to investing activities		(5,334,205)	(2,421,591)	(8,644,906)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(605,330)	(605,330)	(577,065)
Transfers to reserves (restricted assets)	4	(4,222,617)	(6,716,149)	(4,358,635)
Transfers from reserves (restricted assets)	4	1,547,136	1,806,760	5,883,537
Amount attributable to financing activities		(3,280,811)	(5,514,719)	947,837
Surplus/(deficit) before imposition of general rates		(21,047,983)	(26,522,783)	(20,007,040)
Total amount raised from general rates	23	28,386,167	28,160,287	27,375,948
Surplus/(deficit) after imposition of general rates	24(b)	7,338,184	1,637,504	7,301,336

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have 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, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads* paragraph 15 and *AASB 116 Property, Plant and Equipment* paragraph 7.

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

Grants, subsidies and contributions are included as both operating and non-operating revenues in the Statement of Comprehensive Income:

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	2,333,840	1,930,202	2,240,172
Law, order, public safety	617,609	299,000	485,624
Education and welfare	3,197,795	2,463,750	2,833,208
Community amenities	87,075	2,500	9,930
Recreation and culture	35,584	40,000	212,671
Transport	45,356	625,000	62,714
Economic services	0	0	15,867
Other property and services	15,229	6,250	0
	6,332,488	5,366,702	5,860,186
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	632,000	268,257
Recreation and culture	565,161	20,000	981,953
Transport	1,459,075	1,276,858	2,014,805
	2,024,236	1,928,858	3,265,015
Total grants, subsidies and contributions	8,356,724	7,295,560	9,125,201

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, donations and other contributions (Continued)

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 22. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Other revenue			
Reimbursements and recoveries	146,304	184,720	231,630
Other	646,846	565,150	710,586
	793,150	749,870	942,216
Fees and Charges			
Governance	32,247	65,000	65,757
General purpose funding	201,448	210,500	157,236
Law, order, public safety	193,860	170,200	202,638
Health	107,187	55,700	86,959
Education and welfare	2,639,574	2,354,000	2,404,905
Community amenities	8,066,566	8,187,998	7,936,186
Recreation and culture	1,260,036	1,244,850	1,135,635
Transport	15,597	16,000	27,149
Economic services	246,745	332,185	251,282
Other property and services	29,083	1,000	9,342
	12,792,343	12,637,433	12,277,089
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Reserve accounts interest	457,381	427,840	446,827
Rates penalty interest (refer Note 23(c))	221,822	175,000	196,645
Other interest earnings	417,797	350,000	341,102
	1,097,000	952,840	984,574

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Financial Management Review
- Other services

Interest expenses (finance costs)

Borrowings (refer Note 13(b))

Rental charges

- Operating leases

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
	45,000	33,000	21,672
	0	0	8,907
	2,710	10,000	1,950
	47,710	43,000	32,529
	577,456	500,716	609,593
	577,456	500,716	609,593
	215,640	211,000	207,000
	215,640	211,000	207,000

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		8,551,291	7,370,762
Total cash and cash equivalents		8,551,291	7,370,762
Financial assets at amortised cost	7(a)	26,043,921	21,897,381
Total cash, cash equivalents and all term deposits		34,595,212	29,268,143
Comprises:			
- Unrestricted cash and cash equivalents		10,070,935	9,896,308
- Restricted cash and cash equivalents		24,524,277	19,371,835
		34,595,212	29,268,143
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Reserves Cash Backed - Plant Reserve	4	1,214,606	1,185,811
Reserves Cash Backed - Civic Facilities Reserve	4	8,774,504	7,097,652
Reserves Cash Backed - Information Technology Reserve	4	1,044,192	982,506
Reserves Cash Backed - Childrens Services Reserve	4	2,305,803	2,154,342
Reserves Cash Backed - Capital Investment Reserve	4	3,896,605	3,896,605
Reserves Cash Backed - Capital Income Reserve	4	4,104,921	3,783,891
Reserves Cash Backed - Gravel Pit Rehabilitation Reserve	4	59,519	58,229
Reserves Cash Backed - Long Service Leave Reserve	4	403,533	79,914
Reserves Cash Backed - Unspent Grants Reserve	4 & 22	223,000	112,252
		22,026,683	19,351,202
Other restricted cash and cash equivalents			
Unspent grants/contributions	22	0	20,633
Bonds and Deposits held	12 & 26	2,497,594	0
Total restricted cash and cash equivalents		24,524,277	19,371,835

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves Cash Backed - Plant Reserve	1,185,811	726,053	(697,258)	1,214,606	878,889	729,609	(881,311)	727,187	682,282	878,403	(374,874)	1,185,811
(b) Reserves Cash Backed - Civic Facilities Reserve	7,097,652	1,935,532	(258,680)	8,774,504	5,904,862	1,941,143	(249,449)	7,596,556	9,233,832	2,147,371	(4,283,551)	7,097,652
(c) Reserves Cash Backed - Information Technology Reserve	982,506	61,686	0	1,044,192	826,748	66,762	0	893,510	918,106	64,400	0	982,506
(d) Reserves Cash Backed - Childrens Services Reserve	2,154,342	151,461	0	2,305,803	2,059,025	66,652	(116,000)	2,009,677	2,483,263	172,786	(501,707)	2,154,342
(e) Reserves Cash Backed - Capital Investment Reserve	3,896,605	0	0	3,896,605	3,896,605	2,675,000	0	6,571,605	3,896,605	0	0	3,896,605
(f) Reserves Cash Backed - Capital Income Reserve	3,783,891	556,030	(235,000)	4,104,921	3,394,195	493,022	(305,000)	3,582,217	3,191,627	592,264	0	3,783,891
(g) Reserves Cash Backed - Gravel Pit Rehabilitation Reserve	58,229	1,290	0	59,519	22,585	89,731	(36,000)	76,316	56,813	1,416	0	58,229
(h) Reserves Cash Backed - Long Service Leave Reserve	79,914	657,565	(333,946)	403,533	130,689	654,230	(219,000)	565,919	63,718	429,743	(413,547)	79,914
(i) Reserves Cash Backed - Unspent Grants Reserve	112,252	133,000	(22,252)	223,000	0	0	0	0	349,858	72,252	(309,858)	112,252
	19,351,202	4,222,617	(1,547,136)	22,026,683	17,113,598	6,716,149	(1,806,760)	22,022,987	20,876,104	4,358,635	(5,883,537)	19,351,202

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves Cash Backed - Plant Reserve	Ongoing	To fund the replacement of works plant and light vehicles.
(b) Reserves Cash Backed - Civic Facilities Reserve	Ongoing	To fund the construction and/or purchase of public buildings and facilities.
(c) Reserves Cash Backed - Information Technology Reserve	Ongoing	To fund the upgrade and replacement of the Shire's information technology.
(d) Reserves Cash Backed - Childrens Services Reserve	Ongoing	To provide funds for the purchase of capital equipment, preventative maintenance for Children's Services buildings and employee entitlements. Also allows cash surpluses to be carried forward to fund operating expenses for future years.
(e) Reserves Cash Backed - Capital Investment Reserve	Ongoing	To fund the advancement of the Shire's property strategy.
(f) Reserves Cash Backed - Capital Income Reserve	Ongoing	To fund the development of Shire facilities and infrastructure.
(g) Reserves Cash Backed - Gravel Pit Rehabilitation Reserve	Ongoing	To fund the production of gravel and the rehabilitation of gravel pits.
(h) Reserves Cash Backed - Long Service Leave Reserve	Ongoing	To fund the Shire's long service leave liability.
(i) Reserves Cash Backed - Unspent Grants Reserve	Ongoing	To quarantine any unspent grant funds received during the financial year.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

5. TRADE RECEIVABLES

Current

Rates receivable
Sundry receivables
LSL Contributions - Other Local Governments
Waste Charges
GST receivable

Non-current

Pensioner's rates and ESL deferred
LSL Contributions - Other Local Governments
Debtors - POS Payments

2019	2018
\$	\$
1,398,710	1,225,763
289,545	254,736
59,646	23,384
174,833	161,327
296,219	316,772
2,218,953	1,981,982
990,982	926,929
2,042	7,827
27,237	27,237
1,020,261	961,993

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

6. INVENTORIES

Current

Fuel and Materials

2019	2018
\$	\$
96,367	112,090
96,367	112,090
112,090	92,741
(535,026)	(440,377)
519,303	459,726
96,367	112,090

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

Carrying amount at 30 June

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

7. OTHER FINANCIAL ASSETS

	NOTE	2019 \$	2018 \$
(a) Current assets			
Other financial assets at amortised cost		26,043,921	21,897,381
		26,043,921	21,897,381
Other financial assets at amortised cost			
- Financial assets at amortised cost - term deposits	3	26,043,921	21,897,381
		26,043,921	21,897,381
(a) Non-current assets			
Financial assets at fair value through profit and loss		122,620	0
		122,620	0
Financial assets at fair value through profit and loss			
- Unlisted equity investments			
Local Government House Trust		122,620	0
		122,620	0
During the year, the following gains/(losses) were recognised in profit and loss:			
Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services			
		122,620	0
		122,620	0

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Term deposits with original terms of three months or more were classified as cash and cash equivalents in the 2018 financial report. However, they have now been reclassified as financial assets at amortised cost.

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 27 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Works in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	25,954,702	800,000	26,754,702	32,612,767	32,612,767	59,367,469	514,789	6,825,428	4,557,029	71,264,715
Additions	0	0	0	5,395,471	5,395,471	5,395,471	19,831	1,078,052	42,329	6,535,683
(Disposals)	0	0	0	0	0	0	0	(568,778)	0	(568,778)
Depreciation (expense)	0	0	0	(1,275,447)	(1,275,447)	(1,275,447)	(31,756)	(697,205)	0	(2,004,408)
Transfers	0	0	0	4,557,029	4,557,029	4,557,029	0	0	(4,557,029)	0
Carrying amount at 30 June 2018	25,954,702	800,000	26,754,702	41,289,820	41,289,820	68,044,522	502,864	6,637,497	42,329	75,227,212
Comprises:										
Gross carrying amount at 30 June 2018	25,954,702	800,000	26,754,702	64,381,000	64,381,000	91,135,702	1,140,105	10,707,237	42,329	103,025,373
Accumulated depreciation at 30 June 2018	0	0	0	(23,091,180)	(23,091,180)	(23,091,180)	(637,241)	(4,069,740)	0	(27,798,161)
Carrying amount at 30 June 2018	25,954,702	800,000	26,754,702	41,289,820	41,289,820	68,044,522	502,864	6,637,497	42,329	75,227,212
Additions	0	0	0	505,734	505,734	505,734	83,081	1,289,937	2,050	1,880,802
(Disposals)	0	0	0	(9,646)	(9,646)	(9,646)	(344,723)	(626,574)	0	(980,943)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	701,002	0	701,002
Depreciation (expense)	0	0	0	(1,507,104)	(1,507,104)	(1,507,104)	(30,364)	(715,534)	0	(2,253,002)
Transfers	0	0	0	42,329	42,329	42,329	0	0	(42,329)	0
Carrying amount at 30 June 2019	25,954,702	800,000	26,754,702	40,321,133	40,321,133	67,075,835	210,858	7,286,328	2,050	74,575,071
Comprises:										
Gross carrying amount at 30 June 2019	25,954,702	800,000	26,754,702	64,881,463	64,881,463	91,636,165	559,413	11,040,680.00	2,050	103,238,308
Accumulated depreciation at 30 June 2019	0	0	0	(24,560,330)	(24,560,330)	(24,560,330)	(348,555)	(3,754,352.00)	0	(28,663,237)
Carrying amount at 30 June 2019	25,954,702	800,000	26,754,702	40,321,133	40,321,133	67,075,835	210,858	7,286,328	2,050	74,575,071

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	Level 2	Market approach using recent observable data for similar properties in the area	Independent Registered Valuers	30 June 2017	Price per square metre
Land - freehold land	Level 3	Cost approach	Independent Registered Valuers	30 June 2017	Purchase costs and current condition (Level 2) and remaining useful life assessments (Level 3) inputs
Land - vested in and under the control of Council	Level 3	Cost approach	Independent Registered Valuers	30 June 2017	Purchase costs and current condition (Level 2) and remaining useful life assessments (Level 3) inputs
Buildings - specialised	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	30 June 2017	Construction costs and current condition (Level 2) and remaining useful life assessments (Level 3) inputs
Furniture and equipment	Level 3	Cost approach using depreciated replacement cost	Management Valuation	30 June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment	Level 2	Market approach using recent observable data for similar plant	Independent Registered Valuers	30 June 2019	Price per item (Level 2)
Plant and equipment	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	30 June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and Ovals	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2017	285,162,828	14,013,700	42,539,263	23,273,414	364,989,205
Additions	3,016,223	609,760	753,969	1,429,600	5,809,552
Revaluation increments / (decrements) transferred to revaluation surplus	(67,982,712)	(1,970,687)	4,744,900	(3,851,926)	(69,060,425)
Depreciation (expense)	(3,872,065)	(340,607)	(492,475)	(688,287)	(5,393,434)
Carrying amount at 30 June 2018	216,324,274	12,312,166	47,545,657	20,162,801	296,344,898
Comprises:					
Gross carrying amount at 30 June 2018	267,084,119	15,457,867	69,210,942	26,017,535	377,770,463
Accumulated depreciation at 30 June 2018	(50,759,845)	(3,145,701)	(21,665,285)	(5,854,734)	(81,425,565)
Carrying amount at 30 June 2018	216,324,274	12,312,166	47,545,657	20,162,801	296,344,898
Additions	3,316,502	365,241	692,760	1,666,261	6,040,764
Depreciation (expense)	(4,942,433)	(245,906)	(700,438)	(809,021)	(6,697,798)
Carrying amount at 30 June 2019	214,698,343	12,431,501	47,537,979	21,020,041	295,687,864
Comprises:					
Gross carrying amount at 30 June 2019	270,400,621	15,823,108	69,903,702	27,683,796	383,811,227
Accumulated depreciation at 30 June 2019	(55,702,278)	(3,391,607)	(22,365,723)	(6,663,755)	(88,123,363)
Carrying amount at 30 June 2019	214,698,343	12,431,501	47,537,979	21,020,041.00	295,687,864

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost	Management valuation	30 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Roads (Bridges)	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	30 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Management valuation	30 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	30 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks and Ovals	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	30 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment												
Governance	119,420	88,320	0	(31,100)	36,125	46,970	10,845	0	0	0	0	0
Law, order, public safety	58,000	44,789	0	(13,211)	36,250	32,320	0	(3,930)	105,000	78,682	0	(26,318)
Education and welfare	40,000	20,273	0	(19,727)	25,000	26,260	1,260	0	0	0	0	0
Community amenities	109,968	87,091	0	(22,877)	13,500	18,685	5,185	0	20,000	21,818	1,818	0
Recreation and culture	0	0	0	0	0	0	0	0	21,338	18,009	0	(3,329)
Transport	261,184	286,049	24,865	0	476,495	492,596	16,101	0	407,440	307,260	0	(100,180)
Economic services	18,002	15,455	0	(2,547)	0	0	0	0	0	0	0	0
Other property and services	20,000	18,182	0	(1,818)	0	0	0	0	15,000	9,545	0	(5,455)
	626,574	560,159	24,865	(91,280)	587,370	616,831	33,391	(3,930)	568,778	435,314	1,818	(135,282)
Furniture and Equipment												
Governance	6,193	0	0	(6,193)	0	0	0	0	0	0	0	0
Health	3,964	2,966	0	(998)	0	0	0	0	0	0	0	0
Education and welfare	3,021	0	0	(3,021)	0	0	0	0	0	0	0	0
Recreation and culture	5,693	0	0	(5,693)	0	0	0	0	0	0	0	0
	18,871	2,966	0	(15,905)	0	0	0	0	0	0	0	0
Buildings												
Recreation and culture	9,646	0	0	(9,646)	0	0	0	0	0	0	0	0
	9,646	0	0	(9,646)	0	0	0	0	0	0	0	0
Land												
Recreation and culture	0	0	0	0	340,000	1,175,000	835,000	0	0	0	0	0
Other property and services	0	0	0	0	640,000	1,500,000	860,000	0	0	0	0	0
	0	0	0	0	980,000	2,675,000	1,695,000	0	0	0	0	0
Assets expensed due to change in accounting policy (note 32)												
Furniture and Equipment												
Other property and services	325,852	0	0	(325,852)	0	0	0	0	0	0	0	0
	325,852	0	0	(325,852)	0	0	0	0	0	0	0	0
	980,943	563,125	24,865	(442,683)	1,567,370	3,291,831	1,728,391	(3,930)	568,778	435,314	1,818	(135,282)

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - specialised	1,507,104	1,274,205	1,275,447
Furniture and equipment	30,364	32,229	31,756
Plant and equipment	715,534	671,267	697,205
Infrastructure - Roads *	4,942,433	3,780,000	3,872,065
Infrastructure - Footpaths	245,906	180,000	340,607
Infrastructure - Drainage	700,438	540,000	492,475
Infrastructure - Parks and Ovals	809,021	570,465	688,287
	8,950,800	7,048,166	7,397,842

* Change in accounting estimate. Prior to the 2018/19 financial year the Shire factored in a non-depreciable component (residual value) for the pavement and surface of sealed roads. This practice was discontinued in 2018/19, which has resulted in a significant increase in the annual depreciation expense for roads. Whilst the Shire continues to recycle pavement and surface material, the cost involved to bring the material to a standard suitable to provide the same level of service is significant, making the residual value immaterial to the calculation of the depreciable amount.

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	
- Structure	30 to 75 years
- Fit out	18 to 45 years
- Mechanical	18 to 45 years
- Roof Cladding	24 to 60 years
Furniture and Equipment	3 to 12 years
Plant and Equipment	3 to 20 years
Sealed Roads and Streets	
- Formation	not depreciated
- Pavement	70 to 110 years
- Surface	15 to 30 years
- Kerb	70 years
Unsealed Roads	
- Formation	not depreciated
- Surface	15 years
Drainage	60 to 100 years
Bridges	40 to 100 years
Footpaths	15 to 100 years
Heritage Trails	75 years
- Formation	not depreciated
- Pavement	60 years
- Point Items	15 to 100 years
Waste Transfer Stations	15 to 100 years
Bus Shelters	20 to 50 years
Parks Hard Assets	5 to 80 years

Depreciation (Continued)

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation Surplus - Land and Buildings	41,318,001	0	0	0	41,318,001	41,318,001	0	0	0	41,318,001
Revaluation Surplus - Plant and Equipment	926,871	701,002	0	701,002	1,627,873	926,871	0	0	0	926,871
Revaluation surplus - Infrastructure - Roads	153,544,587	0	0	0	153,544,587	221,527,299	0	(67,982,712)	(67,982,712)	153,544,587
Revaluation surplus - Infrastructure - Footpaths	6,315,940	0	0	0	6,315,940	8,286,627	0	(1,970,687)	(1,970,687)	6,315,940
Revaluation surplus - Infrastructure - Drainage	30,852,091	0	0	0	30,852,091	26,107,191	4,744,900	0	4,744,900	30,852,091
Revaluation surplus - Infrastructure - Parks and Ovals	11,794,037	0	0	0	11,794,037	15,645,963	0	(3,851,926)	(3,851,926)	11,794,037
	244,751,527	701,002	0	701,002	245,452,529	313,811,952	4,744,900	(73,805,325)	(69,060,425)	244,751,527

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

12. TRADE AND OTHER PAYABLES

Current

	2019	2018
	\$	\$
Sundry creditors	1,093,964	1,076,416
Accrued salaries and wages	257,365	0
Bonds and Deposits Held (note 26)	2,497,594	0
Creditor Accruals	451,277	352,739
	4,300,200	1,429,155

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

13. INFORMATION ON BORROWINGS

(a) Borrowings

	2019	2018
	\$	\$
Current	635,200	605,330
Non-current	10,501,468	11,136,668
	11,136,668	11,741,998

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019					30 June 2019					30 June 2018				
				Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2018	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2017	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																		
Civic Facility Redevelopment	170	WATC*	6.95%	3,659,454	0	262,672	270,695	3,396,782	3,659,454	0	262,672	249,449	3,396,782	3,904,539	0	245,085	289,798	3,659,454
Recreation and culture																		
Community Building Projects	171	WATC*	3.17%	8,082,544	0	342,658	306,761	7,739,886	8,082,544	0	342,658	251,267	7,739,886	8,414,524	0	331,980	319,795	8,082,544
				11,741,998	0	605,330	577,456	11,136,668	11,741,998	0	605,330	500,716	11,136,668	12,319,063	0	577,065	609,593	11,741,998

* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

13. INFORMATION ON BORROWINGS (Continued)

	2019	2018
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	55,300	86,500
Credit card balance at balance date	(28,538)	(28,949)
Total amount of credit unused	526,762	557,551
Loan facilities		
Loan facilities - current	635,200	605,330
Loan facilities - non-current	10,501,468	11,136,668
Total facilities in use at balance date	11,136,668	11,741,998
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 25.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	1,617,844	1,662,678	3,280,522
Non-current provisions	0	278,336	278,336
	1,617,844	1,941,014	3,558,858
Additional provision	1,226,983	409,391	1,636,374
Amounts used	(1,298,847)	(341,119)	(1,639,966)
Balance at 30 June 2019	1,545,980	2,009,286	3,555,266
Comprises			
Current	1,545,980	1,699,485	3,245,465
Non-current	0	309,801	309,801
	1,545,980	2,009,286	3,555,266
	2019	2018	
	\$	\$	
Amounts are expected to be settled on the following basis			
Less than 12 months after the reporting date	1,571,242	1,536,880	
More than 12 months from reporting date	1,984,024	2,021,978	
	3,555,266	3,558,858	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

15. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	8,551,291	27,282,354	7,370,762
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	2,419,838	2,319,392	3,889,748
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(122,620)	0	0
Depreciation	8,950,800	7,048,166	7,397,842
(Profit)/loss on sale of asset	417,818	(1,724,461)	133,464
Share of profits of associates	(962,933)	0	(916,244)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(295,239)	0	(62,410)
(Increase)/decrease in inventories	15,723	0	(19,349)
Increase/(decrease) in payables	2,871,045	0	(954,219)
Increase/(decrease) in provisions	(3,592)	0	67,566
Grants contributions for the development of assets	(2,024,236)	(1,928,858)	(3,265,015)
Net cash from operating activities	11,266,604	5,714,239	6,271,383

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	10,461,844	10,827,297
General purpose funding	37,375,477	31,851,103
Law, order, public safety	3,709,433	3,573,242
Health	337,944	352,918
Education and welfare	1,619,338	1,707,986
Community amenities	22,492,954	21,386,766
Recreation and culture	53,839,413	53,447,111
Transport	278,192,994	279,393,940
Economic services	55,568	49,050
Other property and services	21,085,492	21,198,081
	429,170,457	423,787,494

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

17. LEASING COMMITMENTS

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year
- later than one year but not later than five years

2019	2018
\$	\$
246,420	215,640
360,480	606,900
606,900	822,540

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

18. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	255,420	255,420	255,618
President's allowance	50,852	50,852	50,852
Deputy President's allowance	12,713	12,713	12,713
Travelling expenses	12,858	12,000	13,205
Telecommunications allowance	42,359	42,000	42,000
	374,202	372,985	374,388

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	1,184,687	1,080,621
Post-employment benefits	95,800	94,396
Other long-term benefits	24,582	24,516
	1,305,069	1,199,534

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

18. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

KMP, other than elected members, are entitled to and do utilise the free use of the Shire's Aquatic Centres.

Elected members are provided with food and refreshments before all Council meetings.

	2019 Actual	2018 Actual
	\$	\$
Associate entity:		
Purchase of goods and services	2,906,685	2,862,406

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

19. INVESTMENT IN ASSOCIATE

The Shire is a member of the Eastern Metropolitan Regional Council (EMRC). The Shire's share in the EMRC as calculated by the EMRC is 10.67%.

The Shire's share in the assets and liabilities based on the audited results of the EMRC is as follows:

	2019	2018
	\$	\$
Current Assets	11,489,374	10,782,685
Non Current Assets	10,609,421	10,040,381
Total assets	22,098,795	20,823,066
Current liabilities	765,404	549,957
Non Current Liabilities	479,282	381,933
Total liabilities	1,244,686	931,890
Net Assets	20,854,109	19,891,176
Net Movement	962,933	916,244

SIGNIFICANT ACCOUNTING POLICIES

Investment in associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in associates (Continued)

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate. When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

20. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2018/2019 financial year.

21. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2018/2019 financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance ⁽⁴⁾
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
Grant - Volunteer Bush Fire Brigade Equipment	0	90,000	(69,168)	20,832	0	(20,832)	0
Community amenities							
Environmental Grants - State NRM	0	0	0	0	87,075	(54,075)	33,000
Recreation and culture							
Grant - Kidsport Funding	0	78,756	(77,336)	1,420	0	(1,420)	0
Grant - Mundaring Arena	0	766,231	(766,231)	0	0	0	0
Grant - Mundaring Arts Centre	7,966	0	(7,966)	0	0	0	0
Grant - Leno Court and Parkerville Oval	0	50,000	0	50,000	0	0	50,000
Grant - Skatepark	0	0	0	0	100,000	0	100,000
Transport							
Grant - Special Bridge Grant	60,000	0	(20,000)	40,000	0	0	40,000
Grant - Roads to Recovery	281,892	961,717	(1,222,976)	20,633	0	(20,633)	0
Total	349,858	1,946,704	(2,163,677)	132,885	187,075	(96,960)	223,000

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

(4) - These amounts have been quarantined in the Unspent Grants Reserve as per Note 3.

23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value	2018/19 Actual Rate Revenue	2018/19 Actual Interim Rates	2018/19 Actual Back Rates	2018/19 Actual Total Revenue	2018/19 Budget Rate Revenue	2018/19 Budget Interim Rate	2018/19 Budget Back Rate	2018/19 Budget Total Revenue	2017/18 Actual Total Revenue
Differential general rate / general rate			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations												
GRV - Residential	0.081948	11,287	221,004,104	18,110,844	158,434	0	18,269,278	18,184,537	140,101	0	18,324,638	17,628,398
GRV - Commercial	0.081948	280	24,495,475	2,007,355	11,007	0	2,018,362	1,933,663	0	0	1,933,663	1,949,518
GRV - Light Industrial	0.081948	283	16,269,688	1,333,268	0	0	1,333,268	1,333,268	0	0	1,333,268	1,303,202
GRV - Rural Residential	0.081948	3,056	65,551,750	5,371,835	29,007	0	5,400,842	5,371,835	0	0	5,371,835	5,251,782
Unimproved valuations												
UV - Rural	0.00578	258	144,209,000	833,529		0	833,529	833,528	0	0	833,528	786,200
Sub-Total		15,164	471,530,017	27,656,831	198,448	0	27,855,279	27,656,831	140,101	0	27,796,932	26,919,100
Minimum payment												
Gross rental valuations												
GRV - Residential	841	347	2,749,378	291,827	0	0	291,827	291,827	0	0	291,827	328,032
GRV - Commercial	841	3	22,790	2,523	0	0	2,523	2,523	0	0	2,523	2,448
GRV - Light Industrial	841	1	8,400	841	0	0	841	841	0	0	841	816
GRV - Rural Residential	841	76	697,430	63,916	0	0	63,916	63,916	0	0	63,916	53,856
Unimproved valuations												
UV - Mining	1,062	4	52,514	4,248	0	0	4,248	4,248	0	0	4,248	4,124
Sub-Total		431	3,530,512	363,355	0	0	363,355	363,355	0	0	363,355	389,276
		15,595	475,060,529	28,020,186	198,448	0	28,218,634	28,020,186	140,101	0	28,160,287	27,308,376
Movement in Rates paid in advance							167,533				0	67,572
Total amount raised from general rate							28,386,167				28,160,287	27,375,948
Totals							28,386,167				28,160,287	27,375,948

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

23. RATING INFORMATION (Continued)

(b) Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted		Type	Discount	Discount	2019 Actual	2019 Budget	2018 Actual
			%	\$	\$	\$	\$
Rates	Write-Off		0.00%	0.00	44	500	37
Penalty Interest	Write-Off		0.00%	0.00	2,826	5,000	4,327
					2,870	5,500	4,364

No discount or concession on rates was available.

The cost to the Shire for the early payment of rates incentive was \$4,000 being \$2,500 towards the first prize and \$1,500 towards the second prize.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

23. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single Full Payment	23 Aug 2018	0.00	0.00%	11.00%
Option Three				
First Instalment	23 Aug 2018	0.00	0.00%	11.00%
Second Instalment	25 Oct 2018	9.50	0.00%	11.00%
Third Instalment	10 Jan 2019	9.50	0.00%	11.00%
Fourth Instalment	14 Mar 2019	9.50	0.00%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	221,822	175,000	196,645
Charges on instalment plan	151,443	153,000	141,836
	373,265	328,000	338,481

24. RATE SETTING STATEMENT INFORMATION

		2018/19 (30 June 2019 Carried Forward)	2018/19 Budget (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought Forward)
Note		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
<p>The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i>.</p>				
Adjustments to operating activities				
	10(a)	(24,865)	(1,728,391)	(1,818)
		(64,053)	0	(19,953)
		37,250	0	57,799
	10(a)	442,683	3,930	135,282
	10(b)	8,950,800	7,048,166	7,397,842
Non cash amounts excluded from operating activities		9,341,815	5,323,705	7,569,152
(b) Surplus/(deficit) after imposition of general rates				
<p>The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.</p>				
Adjustments to net current assets				
	3	(22,026,683)	(22,022,987)	(19,351,202)
	13(a)	635,200	635,200	605,330
Total adjustments to net current assets		(21,391,483)	(21,387,787)	(18,745,872)
Net current assets used in the Rate Setting Statement				
		36,910,532	29,322,447	31,362,215
		(8,180,865)	(6,297,156)	(5,315,007)
		(21,391,483)	(21,387,787)	(18,745,872)
Net current assets used in the Rate Setting Statement		7,338,184	1,637,504	7,301,336

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

25. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	1.40%	8,551,291	0	8,551,291	0
Financial assets at amortised cost - term deposits	2.41%	26,043,921	26,043,921	0	0
2018					
Cash and cash equivalents	1.40%	7,370,762	0	7,370,762	0
Financial assets at amortised cost	2.60%	21,897,381	21,897,381	0	0

Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	345,952	292,681

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,050,715	93,246	89,490	165,259	1,398,710
Loss allowance	0	0	0	0	0
01 July 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	920,713	86,619	80,313	138,118	1,225,763
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for trade receivables. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for trades receivables as historical data indicates that any expected credit loss would be immaterial.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	448,524	13,089	1,006	1,759	464,378
Loss allowance	0	0	0	0	0
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	399,002	17,106	(45)	0	416,063
Loss allowance	0	0	0	0	0

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	4,300,200	0	0	4,300,200	4,300,200
Borrowings	1,103,182	4,412,729	9,065,137	14,581,048	11,136,668
	5,403,382	4,412,729	9,065,137	18,881,248	15,436,868
2018					
Payables	1,429,155	0	0	1,429,155	1,429,155
Borrowings	1,082,659	4,412,729	10,168,318	15,663,706	11,741,998
	2,511,814	4,412,729	10,168,318	17,092,861	13,171,153

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

26. TRUST FUNDS

In previous years bonds and deposits were held in trust. They are now included in Restricted cash at Note 3 and shown as a current liability at Note 12.

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

	1 July 2018	Amounts Received	Amounts Paid	Reclassification to Restricted Cash	30 June 2019
	\$	\$	\$		\$
Deposits, Bonds & Retentions	1,008,616	130,823	(302,015)	(837,424)	0
Public Open Space	3,305,774	74,759	(22,747)	0	3,357,786
Road Construction	1,677,200	52,422	(69,452)	(1,660,170)	0
	5,991,590	258,004	(394,214)	(2,497,594)	3,357,786

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with potential material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption would have been recognised directly in accumulated surplus/(deficit).

There was no effect of adopting AASB 9 as at 1 July 2018 for the following reasons:

No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for trade receivables as historical data indicates that any expected credit loss would be immaterial.

The Shire does not hold any self-supporting loans or available for sale financial assets.

The nature of these adjustments are described below:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

AASB 139 category	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
Loans and receivables				
Trade receivables	1,641,826	1,641,826	0	0
	1,641,826	1,641,826	0	0

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire did not recognise any additional impairment on the Shire's Trade receivables as historical data indicates that any expected credit loss would be immaterial.

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

The standard impacts the timing of revenue recognition as it requires a local government to recognise revenue aligned to the transfer of promised goods or services to customers for an amount that reflects the consideration the local government is entitled for those goods or services. Whilst the nature of this type of revenue is uncertain, the Shire did have unspent grants as at 30 June 2019.

In summary the following adjustments are expected to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount		AASB 15 carrying amount	
	Note	30 June 2019	Reclassification	01 July 2019
		\$	\$	\$
Contract liabilities - current				
Unspent grants, contributions and reimbursements		0	223,000	223,000
Adjustment to retained surplus from adoption of AASB 15	28(d)		(223,000)	

(b) Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 2.2%.

	Note	2019
		\$
Operating lease commitments disclosed as at 30 June 2019		
Lease liability recognised as at 1 July 2019		
discounted using the Shire's incremental borrowing rate of 2.2%		594,363
Right of use asset recognised as at 1 July 2019		594,363
Low-value leases recognised on a straight-line basis as an expense		0

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments. Property, plant and equipment increases by \$594,363 on 1 July 2019 and the net impact on retained earnings on 1 July 2019 will be Nil.

On adoption of AASB 16 *Leases* (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

		AASB 1004 carrying amount		AASB 1058 carrying amount
	Note	30 June 2019	Reclassification	01 July 2019
Trade and other payables		\$ 4,300,200	\$ 1,143,848	\$ 5,444,048
Adjustment to retained surplus from adoption of AASB 1058	28(d)		(1,143,848)	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services will not be recognised as revenue and expenditure as the fair value of the services cannot be reliably estimated.

(d) Impact of changes to Retained Surplus

The impact on the Shire of the changes as at 1 July 2019 is as follows:

	Note	2019
		\$
Retained surplus - 30 June 2019		141,736,178
Adjustment to retained surplus from adoption of AASB 15	28(a)	(223,000)
Adjustment to retained surplus from adoption of AASB 1058	28(c)	(1,143,848)
Retained surplus - 01 July 2019		140,369,330

29. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

30. ACTIVITIES/PROGRAMS

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of resources.	Includes the activities of members of council and the administrative support required for the Council and Shire services.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer community.	Supervision and enforcement of legislation and various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH To provide an operational framework for environmental and community health.	Prevention of human illnesses, including inspection of premises/food control.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	Operating and maintaining child minding centres and playgroup centres. Provision of services and programs for the youth and seniors of the Shire.
COMMUNITY AMENITIES To provide essential services required by the community.	Rubbish collection services, operation of waste disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemeteries and public conveniences.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social well being of the community.	Maintenance of public halls, civic centres, aquatic centres, lake, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of libraries and other cultural facilities.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, pathways, depots, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES To help promote the shire and its economic wellbeing.	Tourism and area promotion. Provision of standpipes. Approval of building construction and implementation of statutory building controls.
OTHER PROPERTY AND SERVICES To monitor and control the Shire's overheads operating accounts.	Public works overheads, plant and equipment operations and activities not reported in the above programs.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

31. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	2.35	2.29	2.17
Asset consumption ratio	0.73	0.74	0.85
Asset renewal funding ratio	1.11	1.14	0.99
Asset sustainability ratio	0.56	0.62	1.02
Debt service cover ratio	8.39	7.27	7.13
Operating surplus ratio	0.01	0.02	(0.02)
Own source revenue coverage ratio	0.85	0.86	0.81

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

32. IMPACT OF CHANGE IN ACCOUNTING POLICY

On the 26 June 2018 Paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000.

Australian Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimate and Errors, requires this amendment to the asset values to be treated as a change in accounting policy. The standard requires balances to be adjusted retrospectively, unless it is impracticable to determine the period-specific or cumulative effects of the change. As the overall impact was immaterial, an adjustment to prior period balances was not required.

As a result, during the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 30 June 2018 have been excluded from the assets of the Shire. The total amount of these assets was \$325,852 (refer to Note 10).

33. SUBSEQUENT EVENTS

There have been no material events after the end of the reporting period that would require an adjustment or disclosure in the financial report.

34. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire has a listed site which may be potentially contaminated. Details of the site are:

- Mathieson Road Transfer Station (former landfill site)

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of this site. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Mundaring

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Mundaring which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Mundaring:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant 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 my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of an annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability 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 has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the annual financial report.

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

- Identify and assess the risks of material misstatement of the annual 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 my 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 Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO'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 Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the past two years. The financial ratios are reported in Note 31 of the financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 31 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Mundaring for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



SANDRA LABUSCHAGNE
DEPUTY AUDITOR GENERAL

Delegate of the Auditor General for Western Australia
Perth, Western Australia

29 November 2019



Shire of Mundaring

7000 Great Eastern Highway, Mundaring WA 6073

9290 6666

shire@mundaring.wa.gov.au

