



7 December 2017

## NOTICE OF MEETING

Dear Councillor,

The Annual Electors meeting will be held in the Civic Area at 6.30pm on Wednesday, 13 December 2017.

The attached agenda is presented for your consideration.

Yours sincerely

**Jonathan Throssell**  
**CHIEF EXECUTIVE OFFICER**

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**ANNUAL ELECTORS MEETING  
CIVIC AREA – 6.30 PM**

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**1.0 OPENING PROCEDURES**

Acknowledgement of Country

Shire of Mundaring respectfully acknowledges Noongar elders past and present and their people (specifically the Whadjuk people who are from this area) who are the traditional custodians of this land.

Recording of Meeting

Member of Council and members of the gallery are advised that this meeting will be audio-recorded.

**1.1 Opening of the Meeting**

**1.2 Attendance and Apologies**

**Elected  
Members**

**Staff**                      Ms Andrea Douglas    Minute Secretary

**Apologies**

**Leave of  
Absence**

**Ratepayers/  
Guests**

**Members of  
the Press**

**2.0 CONFIRMATION OF MINUTES**

|                       |
|-----------------------|
| <b>RECOMMENDATION</b> |
|-----------------------|

That the minutes of the meeting of the Annual Electors Meeting held 6.30pm Monday, 19 December 2016 be confirmed (**ATTACHMENT 1**).

## 2.1 Items taken on notice from meeting of 19 December 2016

At the Annual Electors meetings held 19 December 2016, Mrs Makley of Chidlow asked the following question which was taken on notice. Below is a summary of the question and the response provided in a letter to Ms Makley from the CEO.

| Summary of Questions   | Summary of Response Given   |
|--|---|
| Denise Makley, Chidlow   |   |
| 1. Construction to Reservoir Road – re Douglas Road<br>Have the residents been informed? | <p>Director Statutory Services advised that, it is assumed that the question relates to an element of Amendment 4 to the Shire's Local Planning Scheme No.4, which proposes the rezoning of Rural Small Holdings land adjoining Douglas Road, Chidlow to a Rural Residential zone and thereby allowing for closer subdivision. To achieve two ways out of the locality it was highlighted within the information supporting the advertised Amendment that a link between Douglas Road and Reservoir Road would be required for access.</p> <p>At its February 2017 meeting, and on review of the consultation outcomes, Council resolved to not support the Amendment primarily on the basis of poor bushfire access. It is understood the Western Australian Planning Commission are yet to make a recommendation to the Minister concerning Amendment 4. In the unlikely scenario where Amendment 4 is approved, contrary to the Shire and DFES advice, a road link would be required between Douglas Road and Reservoir Road. At that stage, further consultation would be undertaken during the structure planning stage.</p> |

## 3.0 ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

### 3.1 Receiving of Annual Report

#### RECOMMENDATION

That the Annual Report, including the audited annual financial statements, for the year ended 30 June 2017 be received (**ATTACHMENT 2**).



### **3.2 Updates on Shire Projects/Matters**

Updates on Shire projects/matters following the adoption of the Annual Report

### **4.0 GENERAL BUSINESS**

### **5.0 CLOSURE**

### **5.1 Closure of the Meeting**

**Attachment 1**

**Report 2.0**

**234 Pages**



## **UNCONFIRMED MINUTES**

## **ANNUAL ELECTORS' MEETING**

**19 DECEMBER 2016**

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**ANNUAL ELECTORS' MEETING  
COUNCIL CHAMBER**

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**1.0 OPENING PROCEDURES**

**1.1 Opening of the Meeting**

*The Presiding Person declared the meeting open at 6:30pm.*

**1.2 Attendance and Apologies**

|                             |  |   |
|-----------------------------|--|---|
| <b>Elected Members</b>      | <i>Cr David Lavell (President)(Presiding Person)</i> | <i>South Ward</i>   |
|                             | <i>Cr Trish Cook</i>                                 | <i>South Ward</i>   |
|                             | <i>Cr James Martin</i>                               | <i>South Ward</i>   |
|                             | <i>Cr Lynn Fisher</i>                                | <i>Central Ward</i>   |
|                             | <i>Cr Doug Jeans</i>                                 | <i>Central Ward</i>   |
|                             | <i>Cr Tony Brennan</i>                               | <i>West Ward</i>  |
|                             | <i>Cr Tony Cuccaro</i>                               | <i>West Ward</i>  |
|                             | <i>Cr Patrick Bertola</i>                            | <i>East Ward</i>  |
|                             | <i>Cr John Daw</i>                                   | <i>East Ward</i>  |
| <br><b>Staff</b>            | <br><i>Jonathan Throssell</i>                        | <br><i>Chief Executive Officer</i>                                |
|                             | <i>Paul O'Connor</i>                                 | <i>Director Corporate Services</i>                                |
|                             | <i>Mark Luzi</i>                                     | <i>Director Statutory Services</i>                                |
|                             | <i>Shane Purdy</i>                                   | <i>Director Infrastructure Services</i>                           |
|                             | <i>Megan Griffiths</i>                               | <i>Director Strategic &amp; Community Services</i>                |
|                             | <i>Tamara Clarkson</i>                               | <i>Community Engagement Facilitator</i>                           |
|                             | <i>Giulia Censi</i>                                  | <i>Minute Secretary</i>   |
| <br><b>Apologies</b>        | <br><i>Cr Stephen Fox</i>                            | <br><i>East Ward</i>  |
|                             | <i>Cr Bob Perks</i>                                  | <i>Central Ward</i>   |
|                             | <i>Hon John Day MLA</i>                              | <i>Member for Kalamunda</i>                                       |
|                             | <i>Hon Michelle Roberts MLA</i>                      | <i>Member for Midland</i>   |
|                             | <i>Hon Alyssa Hayden MLC</i>                         | <i>Member for East Metropolitan Region</i>                        |
|                             | <i>Hon Ken Wyatt AM,MP</i>                           | <i>Member for Hasluck</i>   |
|                             | <i>Ricky Burgess</i>                                 | <i>Chief Executive Officer - WA Local Government Association</i>  |
|                             | <i>Terry Smith</i>                                   | <i>Mt Helena Recreation &amp; Aquatic Centre Representative</i>   |
|                             | <i>Terry Miller</i>                                  | <i>Tennis Court Representative</i>                                |
|                             | <i>James Saunders</i>                                | <i>Bendigo Bank</i>   |
|                             | <i>Wayne Gregson</i>                                 | <i>Commissioner, Department of Fire and Emergency Services WA</i> |
|                             | <i>Damien Martin</i>                                 | <i>Chidlow Bushfire Brigade</i>                                   |
|                             | <i>Ian Lyons</i>                                     | <i>Principal Helena College Senior School</i>                     |
|                             | <i>George Firms</i>                                  | <i>Sacred Heart Primary School</i>                                |
|                             | <i>Michelle Cuccaro</i>                              | <i>Elector</i>  |
|                             | <i>Graeme Bissett</i>                                | <i>Glen Forrest Volunteer Bushfire Brigade</i>                    |
| <br><b>Leave of Absence</b> | <br><i>Nil</i>                                       |   |

|                                 |                           |  |
|---------------------------------|---------------------------|--|
| <b>Ratepayers/<br/>Guests</b>   | <i>Eric Smith</i>         | <i>Elector</i>   |
|                                 | <i>Jim Morgan</i>         | <i>Elector</i>   |
|                                 | <i>Lorraine Eastwell</i>  | <i>Elector</i>   |
|                                 | <i>Denise Makley</i>      | <i>Elector</i>   |
|                                 | <i>Bill Makley</i>        | <i>Elector</i>   |
|                                 | <i>Edwin Dell</i>         | <i>Elector</i>   |
|                                 | <i>Joy Dell</i>           | <i>Elector</i>   |
|                                 | <i>Rod Mitchell</i>       | <i>Elector</i>   |
|                                 | <i>Gerry Haussen</i>      | <i>Elector</i>   |
|                                 | <i>Lee Roberts</i>        | <i>Elector</i>   |
|                                 | <i>Mark Gloyn</i>         | <i>Elector</i>   |
|                                 | <i>Tom Burbidge</i>       | <i>Mundaring Residents &amp; Ratepayers Association</i>  |
|                                 | <i>Felicity Pexton</i>    | <i>Elector</i>   |
|                                 | <i>Tom Johns</i>          | <i>Mundaring Residents and Ratepayers</i>                |
|                                 | <i>Pam Wilkinson</i>      | <i>Elector</i>   |
|                                 | <i>John Bell</i>          | <i>Elector</i>   |
|                                 | <i>Doris Kiefer</i>       | <i>Elector</i>   |
|                                 | <i>Steven Jones</i>       | <i>Elector</i>   |
|                                 | <i>Dimitra Jones</i>      | <i>Elector</i>   |
|                                 | <i>Karolyn Sumpton</i>    | <i>Elector</i>   |
|                                 | <i>Peter Hug</i>          | <i>Elector</i>   |
|                                 | <i>Dave Salloway</i>      | <i>Elector</i>   |
|                                 | <i>Jenny Johnson</i>      | <i>Hovea Residents &amp; Ratepayers Association</i>      |
|                                 | <i>Max Hore</i>           | <i>Hovea Residents &amp; Ratepayers Association</i>      |
|                                 | <i>Jeff Taylor</i>        | <i>Mundaring Police</i>                                  |
|                                 | <i>Jeff King</i>          | <i>Elector</i>   |
|                                 | <i>Ian Johnston</i>       | <i>Elector</i>   |
|                                 | <i>Kara Powell</i>        | <i>Elector</i>   |
|                                 | <i>Diana Caravelli</i>    | <i>Elector</i>   |
|                                 | <i>Joan Quinn</i>         | <i>Elector</i>   |
|                                 | <i>Chris Pemberton</i>    | <i>Darlington Residents &amp; Ratepayers Association</i> |
|                                 | <i>Kevin McKenna</i>      | <i>Elector</i>   |
|                                 | <i>Judy Mc Coy</i>        | <i>Elector</i>   |
|                                 | <i>Rob Rowe</i>           | <i>Elector</i>   |
|                                 | <i>Keith Woodley</i>      | <i>Sawyer's Valley Volunteer Bushfire Brigade</i>        |
|                                 | <i>Geoff Francis</i>      | <i>Mundaring Chamber of Commerce</i>                     |
|                                 | <i>Brendan McGuinness</i> | <i>Elector</i>   |
|                                 | <i>Joanne McGuinness</i>  | <i>Elector</i>   |
| <b>Members of<br/>the Press</b> | <i>Sarah Brookes</i>      | <i>Echo - Newspaper</i>                                  |

## 2.0 CONFIRMATION OF MINUTES

### RECOMMENDATION

*Moved by:* Eric Smith      *Seconded by:* Jenny Johnson

That the minutes of the meeting of the Annual Electors' Meeting held 6.30pm Thursday 10 December 2015 be confirmed (**ATTACHMENT 1**).

**CARRIED UNANIMOUSLY**

## 2.1 Items taken on notice from meeting of 10 December 2015

At the Annual Electors' meetings held 10 December 2015, Mr Peter Gavranich of Darlington asked the following questions which were taken on notice. Below is a summary of the questions and the responses provided in a letter to Mr Gavranich from the Acting CEO.

| Summary of Questions   |  | Summary of Responses Given   |
|--|--|--|
| <b>Name:</b> Mr Peter Gavranich, 54 Pittersen Road, Darlington |  |  |
| 1.   | When am I going to be refunded the money payable to me on behalf of the Federal Government that has accrued over a number of rating years (my card started 19 April 1999 SHC)? Please pay by cheque as I don't have online facilities. | Your Seniors Health Card (SHC) was registered with the Shire for your property at 54 Pittersen Road Darlington in May 2001 which enabled you to benefit the pensioner rates rebate for rates applicable from 1 July 2001. No retrospective approval is allowable under relevant legislation. Therefore no refund is due. |
| 2.   | Has the Shire alerted ratepayers that if they possessed a Seniors Card together with a Commonwealth Seniors Health Card, they would be eligible for a rates concession? If not, why not?   | Manager Finance & Governance advised that this is noted on the back of all rates notices informing residents to register their application and it is also listed on the Shire's website.   |

|  |   |
|--|---|
| <p>3. <u>Attachment 1</u><br/> Schedule of accounts paid for the period 1 - 30 September 2015<br/> Page 1 of 24: 8 rates overpayment refund request and paid.<br/> Page 6 of 24: 3 rates overpayment refund request and paid all 11 recipients names recorded - P. Gavranich not mentioned or paid.</p> <p><u>Attachment 2</u><br/> Schedule of accounts paid for the period 1 - 31 October 2015.</p> <p>Page 9 of 22: 5 rates refunds overpayment refund request paid, all 5 recipients names recorded. P. Gavranich not mentioned or paid.</p> <p>I would like my overdue rates refunds paid promptly by cheque please. Thank you.</p> | <p>The payments referred to in the schedules above are refunds to ratepayers for overpayment of rates or land revaluations. This is not applicable to you and no refund is due.</p> |
|--|---|

### 3.0 ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

#### 3.1 Receiving of Annual Report

|                       |                      |                     |                 |
|-----------------------|----------------------|---------------------|-----------------|
| <b>RECOMMENDATION</b> |                      |                     |                 |
| <i>Moved by:</i>      | <i>Jenny Johnson</i> | <i>Seconded by:</i> | <i>Max Hore</i> |

That the Annual Report, including the audited annual financial statements, for the year ended 30 June 2016 be received **(ATTACHMENT 2)**.

**CARRIED UNANIMOUSLY**

#### 3.2 Updates on Shire Projects/Matters

*The Chief Executive Officer provided a visual presentation of Shire of Mundaring projects.*

### 4.0 GENERAL BUSINESS

**Preamble by Mr John Bell** - *For the past 10 years the rates, fees and charges have significantly increased far beyond the general increase in prices represented by CPI (Consumer Price Index).*



*CPI represents the general cost pressures faced by the community and forms the basis of their wages increases and thereby ability to pay rates increases. Any disconnect between their CPI and total cost of Shire Rate increases simply means that more of a Ratepayer's income is diverted away from essential household expenditure in order to support the escalating Shire costs.*

*The demographics of the Shire are showing an above median number of older residents, many of whom will be on modest fixed income and who struggle with the increases. The rate setting of the past is simply unsustainable and inevitably leads to a position where ratepayers come under financial stress and this leads to antagonism between the Shire and its electors.*

*While we cannot change the past, we can shape the future and Council's formal commitment to align future increases at or below CPI will send a clear message to Executive that they have to operate more efficiently and provide a "line in the sand" when it comes to framing future budgets.*

*I urge the electors and the Councillors to support this motion and to thereby reinforce to the Executive that there is a very clear line in the sand when it comes to framing future increases to Rates, fees and charges.*

*The wording of the motion allows Councillors some discretion but nonetheless provides them with a clear understanding of Community expectations from them.*

|                  |                  |                     |                      |
|------------------|------------------|---------------------|----------------------|
| <b>MOTION</b>    |                  |                     |                      |
| <i>Moved by:</i> | <i>John Bell</i> | <i>Seconded by:</i> | <i>Dave Salloway</i> |

*That Council adopt a formal position that all future budgets of Shire of Mundaring will not normally exceed the Consumer Price Index (CPI) and that this position is used as the basis for the budgeting process.*

**CARRIED 23/7**

| <b>Summary of Questions</b>  |   | <b>Summary of Responses Given</b>  |
|------------------------------|---|--|
| <i>Joan Quinn, Mt Helena</i> |   |  |
| <i>1.</i>                    | <i>Changes have been made by Shire of Mundaring concerning the position of the Bushcare Co-ordinator. These changes were made without consultation of the Friend's Group. Where does the money that is set out in the budget for an item go when that item is not expended?</i> | <i>Chief Executive Officer advised that the money is retained in consolidated revenue until such time that it can be either re-allocated through mid-year budget review or it may be expended at a later date.</i> |

|  |  |
|--|--|
| 2. <i>In relation to the money that is given to the Bush care co-coordinator role - is it a grant or is it specifically for that role?</i> | <i>Chief Executive Officer advised that the funds are in the salaries budget. The funds are set aside for the position, which is currently vacant.</i> |
|--|--|

|                  |                   |                     |                      |
|------------------|-------------------|---------------------|----------------------|
| <b>MOTION</b>    |                   |                     |                      |
| <i>Moved by:</i> | <i>Joan Quinn</i> | <i>Seconded by:</i> | <i>Kevin McKenna</i> |

*That a Committee of Council be created as follows:*

**Name** - *Development Applications Committee*

**Objective** - *Transparency and open Local Government Procedures*

**Terms of reference** - *To get everyone, including the developers, Shire planning and building staff, neighbours and Residents and Ratepayers in general who have an interest in the process, involved from the beginning so it's not sprung on affected neighbours after the fact.*

**Background** - *A committee that will assist in the development application process that will contribute to have all at the same level playing field.*

**CARRIED 24/5**

| <b>Summary of Questions</b>   | <b>Summary of Responses Given</b>   |
|---|---|
| <i>Max Hore, Hovea Residents &amp; Ratepayers Association</i>                                       |   |
| 1. <i>There should be two combined RRA meetings per year, May &amp; November.</i>                   | <i>Shire President advised that a combined RRA meeting was held in May 2016 and all RRAs were invited to tonight's Electors' meeting. A second meeting per year will be investigated.</i> |
| 2. <i>How is the Shire ensuring that Landcare grants are being accessed?</i>                        | <i>Shire President advised that the identification and submitting of grants is being done in the same way as before by Shire and EMRC staff.</i>  |
| 3. <i>Is there funding from the State Government to complete the Great Eastern Highway upgrade?</i> | <i>Shire President advised that Shire of Mundaring has been told that the works, for the second stage to complete all the works, is expected to be undertaken in summer of 2017/18.</i>   |

|    |  |  |
|----|--|--|
| 4. | <i>Is there funding to complete the fit out of the new Mundaring Recreation Centre?</i>          | <i>Shire President responded that the fitout of the MRC is part of the construction contract. External funding has been sourced from the State Government \$3,000,000, Mundaring Community Financial Services (Bendigo Bank) \$100,000 and current hard court user groups \$50,000. The Shire has explored Federal funding, applying three times to the National Stronger Regions Fund but was unsuccessful. There are no other funding opportunities for this project unless they relate to non-sporting activities. These can be explored once the facility is complete and operational.</i>   |
| 5. | <i>Will the upgrade of the Recreation Centre car park have LED lighting?</i>                     | <i>Shire President advised that the use of LED lights in the expanded carpark is being pursued as part of the carpark design.</i>  |
| 6. | <i>How is the SoM Tourist information being distributed to the adjoining Shires for display?</i> | <p><i>Shire President advised that the Mundaring Visitor Centre (MVC) provides physical resources to other visitor centres packages in the form of:</i></p> <ul style="list-style-type: none"> <li><i>• Brochures for the Mundaring Weir Precinct, Railways Reserves Heritage Trail</i></li> <li><i>• Copies of the Shire of Mundaring Local Area Map</i></li> <li><i>• Suite of 'Things to Do Places to Stay' brochures.</i></li> </ul> <p><i>MVC also provide other visitor centres a copy of the monthly "What's on newsletter". Director Strategic and Community Services advised that the information is distributed to all the other tourist centres, and the Shire ask them to display them, receiving theirs in return. Each centre will prioritise based on space and location.</i></p> |

|    |   |  |
|----|---|--|
| 7. | <i>Two trees have been removed from the verge on the corner of GEH &amp; Mundaring Weir Rd adjacent to Hungry Jacks, are they going to be replaced?</i> | <i>Shire President advised that the two trees were removed a number of years ago and the verge is maintained by Hungry Jacks in accordance with the development approval conditions for landscaping which states that “Such landscaping shall only comprise species which are of local prominence and be maintained to a high horticultural standard”. The Shire has no current plans to plant trees in this particular verge but is looking to install additional trees in the Mundaring Town Centre with guidance from the Mundaring Town Centre masterplan.</i> |
|----|---|--|

| <b>Summary of Questions</b>     |   | <b>Summary of Response Given</b>   |
|---------------------------------|---|--|
| <i>Eric Smith, Glen Forrest</i> |   |  |
| 1.                              | <i>Morrison Rd – wrote to Shire of Mundaring in relation to roundabouts. Increase in traffic and decrease of size of blocks is on Council’s agenda for the next few years to explore the traffic situation.</i> | <i>Shire President advised that traffic calming solutions were added as safer solutions. Director Infrastructure Services advised that there is no current plan for additional roundabouts but there is in the current budget, funds to place a pedestrian crossing near the high school in the near future.</i> |

| <b>Summary of Comment</b>                                |   | <b>Summary of Response Given</b>                           |
|--|---|--|
| <i>Keith Woodley, Sawyer’s Valley Bushfire Volunteer</i> |   |  |
| 1.   | <i>Comment about low energy lighting: “It would be better to pursue low energy lighting and not favour it to just LED. Induction lighting distorts situations they may give you a better outcome and a longer life than ones that have a better energy rating”.</i> | <i>Shire President thanked Mr Woodley for his comment.</i> |

| Summary of Questions        | Summary of Responses Given   |
|-----------------------------|--|
| <i>John Bell, Mt Helena</i> |  |
| 1.                          | <p><i>Re: Performance indicators of the CEO. KPI's from Performance Indicators are confidential, why can they not be public? Is this something that is determined by a Local Government Act or is it determined by the Council?</i></p> <p><i>Shire President advised that Shire of Mundaring has a CEO Performance Review Committee which determines the Key Focus Areas.</i><br/> <i>The Chief Executive Officer advised that Mr Bell has been provided with a copy of his Key Focus Areas. The CEO also advised that his employment contract is legally with the Council of Shire of Mundaring, which determines his performance criteria and undertakes his performance reviews.</i></p> |
| 2.                          | <p><i>In relation to regional co-operation and collaboration, what action has been taken to investigate how to cooperate with other Councils to see how we may share services and costs?</i></p> <p><i>Shire President advised that for many years, through WALGA, there have been bulk purchasing agreements and also through the EMRC, the Shire share services with other LGs. There has been an active search for ways to improve service levels to a lower cost.</i></p>  |
| 3.                          | <p><i>Has consideration been given to reducing the number of Shire supplied passenger vehicle either by car-pooling, or Uber shares or alternatively paying a kilometre allowance for the use of a private car?</i></p> <p><i>Shire President advised that any car that is available to staff is either part of their salary package or in accordance with appropriate levels determined by the Local Government Act through the various remuneration considerations for staff. Any staff that do not have that entitlement, share the pool of vehicles which are always available to other staff to use them.</i></p>   |
| 4.                          | <p><i>What steps will be made in the next EBA to address the positions blow-out of the last five years?</i></p> <p><i>Chief Executive Officer advised that confidential negotiations with staff will occur.</i></p>  |
| 5.                          | <p><i>In relation to governance costs, can I suggest that we align with other councils to get a better comparison capacity?</i></p> <p>-</p>   |
| 6.                          | <p><i>In relation to debt levels, is there any possibility of starting selling assets?</i></p> <p><i>Shire President advised that the budget is small compared to other Local Governments in the area. We have looked at any way to save money and some services will have to be cut and some assets will be sold.</i></p>   |

*Point of Order from Cr Jeans – On the CEO and the statement he made based on it was not relevant to the question about whether the KPIs are confidential and why and is it defined by the Act and the CEO's comments were disrespectful and not relevant.*

*Shire President dismissed the Point of Order.*

*CEO reminded the Councillor about the Rules of Conduct.*

| <b>Summary of Questions</b> |  | <b>Summary of Response Given</b>  |
|-----------------------------|--|---|
| <i>Jenny Johnson, Hovea</i> |  |   |
| 1.                          | <i>What measures is the Shire putting in place to remove weeds in bush reserves?</i> | <i>Director Infrastructure Services advised that he is aware of the issue and noted a business case was prepared trying to improve resources in that area. The business case remains unfunded. Shire continues to look on how we might gradually improve efficiencies to assist this work</i> |

| <b>Summary of Questions</b>     |  | <b>Summary of Response Given</b>  |
|---------------------------------|--|---|
| <i>Kevin McKenna, Mt Helena</i> |  |   |
| 1.                              | <i>Can the Shire of Mundaring provide the letter of notification that informed me regarding the subdivision works across and on the East side of Princess Road, Mt Helena?</i> | <i>Director Statutory Services has taken this question on notice. Director Statutory Services however advised that Mr McKenna has received numerous responses from the Shire relating to his question and a trail of correspondence has been already established.</i> |

| <b>Summary of Questions</b> |  | <b>Summary of Response Given</b>  |
|-----------------------------|--|---|
| <i>John Bell, Mt Helena</i> |  |   |
| 1.                          | <i>Darlington Bus Shelter – there are many places without facilities. What is the program to improve facilities in other parts of the Shire?</i> | <i>Director Infrastructure Services advised that the Shire has two requirements for installation of new bus shelters: first is in locations where there is a significant patronage number. The second component of the program is the replacement of old shelters because of their deterioration. Many have to be replaced, eg Wooroloo. The Shire generally replaces one bus shelter per year. One is scheduled to be replaced in Morrison Road shortly.<br/>Director Infrastructure Services accepts requests for bus shelters.</i> |

| Summary of Questions           |   | Summary of Responses Given  |
|--------------------------------|---|---|
| <i>Eric Smith, Glen Forest</i> |   |   |
| 1.                             | <i>Is there a current maintenance program for gravel shoulders eg Thomas Rd Glen Forest and for repairs along the edge of these roads</i> | <i>Director Infrastructure Services advised that the Shire has a gravel shoulder maintenance account. The Shire tries to prioritise by needs and busy roads.</i>      |
| 2.                             | <i>How many graders does Shire of Mundaring own?</i>  | <i>Director Infrastructure Services advised that the Shire owns two graders but is in the process of selling the second grader as part of improving efficiencies.</i> |

| Summary of Questions          |   | Summary of Response Given                                       |
|-------------------------------|---|---|
| <i>Denise Makley, Chidlow</i> |   |   |
| 1.                            | <i>Construction to Reservoir Road – re Douglas Road<br/>Have the residents been informed?</i> | <i>Director Statutory Services took the question on notice.</i> |

## **5.0 CLOSURE**

### **5.1 Closure of the Meeting**

*The Presiding Person declared the meeting closed at 7.36pm.*

**ATTACHMENT 1**

**REPORT 2.0**

**140 PAGES**





**UNCONFIRMED MINUTES**

**ANNUAL ELECTOR'S MEETING**

**10 DECEMBER 2015**

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## ANNUAL ELECTORS MEETING CIVIC AREA

---

### 1.0 OPENING PROCEDURES

*The Shire President opened the meeting at 6.30pm.*

### 1.1 Attendance and Apologies

|                               |   |  |
|-------------------------------|---|--|
| <b>Elected Members</b>        | <i>Cr David Lavell<br/>Cr Trish Cook<br/>Cr James Martin<br/>Cr Bob Perks<br/>Cr Lynn Fisher<br/>Cr Tony Brennan<br/>Cr Tony Cuccaro<br/>Cr Pauline Clark (arrived 7.30pm)<br/>Cr Patrick Bertola<br/>Cr Stephen Fox<br/>Cr John Daw</i>                          | <i>South Ward<br/>South Ward<br/>South Ward<br/>Central Ward<br/>Central Ward<br/>West Ward<br/>West Ward<br/>West Ward<br/>East Ward<br/>East Ward<br/>East Ward</i>  |
| <b>Staff</b>                  | <i>Mr Jonathan Throssell<br/>Mr Paul O'Connor<br/>Mr Mark Luzi<br/>Mr Shane Purdy<br/>Ms Megan Griffiths<br/>Ms Carli Allen<br/>Mr Stan Kocian<br/>Ms Andrea Douglas</i>  | <i>Chief Executive Officer<br/>Director Corporate Services<br/>Director Statutory Services<br/>Director Infrastructure Services<br/>Director Strategic &amp; Community Services<br/>Communications Officer<br/>Manager Finance and Governance<br/>Minute Secretary</i> |
| <b>Apologies</b>              | <i>Cr Doug Jeans<br/>Mr Ron Dullard<br/>Mrs Helen Dullard<br/>Mr Terry Smith<br/>Ms Tabetha Beggs<br/>Mr Wayne Gregson<br/>Ms Justine Colyer<br/>Ms Jillian Neale<br/>Ms Lucy Webb<br/>Mr Rod McNeill<br/>Mr George Firns<br/>Mr Greg &amp; Ms Diana Hertlzer</i> | <i>Central Ward<br/>Elector<br/>Elector<br/>Eastern Hills High School<br/>KSP Foundation<br/>Dept Fire &amp; Emerg Svs<br/>CEO RISE<br/>Elector<br/>Greenmount Primary School<br/>Mundaring Christian School<br/>Sacred Heart Primary School<br/>Electors</i>          |
| <b>Leave of Absence</b>       | <i>Nil</i>  |  |
| <b>Ratepayers/<br/>Guests</b> | <i>Mr R Kelly<br/>Mr P Vile<br/>Mrs A and Mr B Madlener<br/>Ms D Agacy<br/>Mr G Vincent<br/>Ms S McCann</i>   | <i>Elector<br/>Elector<br/>Elector<br/>Elector<br/>Elector<br/>Elector</i>   |

|                    |  |         |
|--------------------|--|---------|
| Mr D McCann        |  | Elector |
| Mr and Mrs Clarke  |  | Elector |
| Mr J Pieri         |  | Elector |
| Ms J Currell       |  | Elector |
| Ms L Myles         |  | Elector |
| Ms V Ross          |  | Elector |
| Ms J Johnson       |  | Elector |
| Mr M Hore          |  | Elector |
| Mr R Rowe          | Helena Valley Estate Residents Assoc Inc |         |
| Ms R Melvin        |  | Elector |
| Mr D Penfold       |  | Elector |
| Mr P Gavranich     |  | Elector |
| Mr E Smith         |  | Elector |
| Mr D Brockway      | Rotary Club of Mundaring                 |         |
| Ms L Coughlan      |  | Elector |
| Ms R Buswell       |  | Elector |
| Ms R Rudeforth     |  | Elector |
| Mr M Le Vaux       | Sawyers Valley Residents & RPA           |         |
| Ms J van der Merwe | Mundaring Arts Centre                    |         |
| Mr J O'Meara Smith | Rise Network                             |         |
| Ms R Cashmore      |  | Elector |
| Mr T Burbidge      |  | Elector |

**Members of the Press** Nil

## 2.0 CONFIRMATION OF MINUTES

|                       |                 |                    |                   |
|-----------------------|-----------------|--------------------|-------------------|
| <b>RECOMMENDATION</b> |                 |                    |                   |
| <i>Moved by</i>       | <i>Max Hore</i> | <i>Seconded by</i> | <i>Eric Smith</i> |

That the minutes of the meeting of the Annual Elector's Meeting held 6.30pm Thursday 27 November 2014 be confirmed (**ATTACHMENT 1**).

### **CARRIED UNANIMOUSLY**

*The Chief Executive Officer provided a presentation overview of the Annual Report (Refer **ATTACHMENT 3**).*

### 3.0 ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

#### 3.1 Receiving of Annual Report

|                       |
|-----------------------|
| <b>RECOMMENDATION</b> |
|-----------------------|

That the Annual Report, including the audited annual financial statements, for the year ended 30 June 2015 be received (**ATTACHMENT 2**).

#### 3.2 *General Questions arising from the Overview Presentation*

| <b>Summary of Questions</b>   |   | <b>Summary of Responses Given</b>   |
|---|---|---|
| <i>Name: Mr Michael Le Vaux – Sawyers Valley Resident &amp; Rate Payer Assoc.</i> |   |   |
| 1.  | <i>Has the Shire Department changed what was the interest paid and what impact is that if the rates change?</i> | <i>Manager Finance &amp; Governance responded that the debt didn't increase - current debt is approx. \$4.3M, interest was \$312k through the year.</i> |
| 2.  | <i>If rates change, how will that be impacted?</i>  | <i>Fixed term interest for the term of loan.</i>  |

| Summary of Questions   | Summary of Responses Given   |
|--|--|
| <i>Name: Ms Susan McCann, 7 Carabeen Ave, Helena Valley</i>  |  |
| <p>1. <i>What does the Shire have in mind for Helena Valley to save the wetlands and wildlife in Carabeen Avenue?</i></p> <p><i>Can the Shire provide more information on the subdivision?</i></p> <p><i>Has an environmental report been done?</i></p> <p><i>Who did the environmental report?</i></p> <p><i>Who paid for the environmental report?</i></p> | <p><i>Director Statutory Services advised that the Shire is obliged to consider all submitted applications when they are received. The Shire then conducts a legislative process whereby the first stage is that the structure plan is advertised to the public and all the relevant government and service departments.</i></p> <p><i>At the completion of that advertising period, all the comments that are received will be analysed and a report is then submitted to Council. Council will then consider the application and a decision will be made to either recommend it then forward it through to the WAPC for approval or refusal.</i></p> <p><i>At this stage, the advertising period will be coming to a close and sometime in early 2016, the report will be presented to Council.</i></p> <p><i>With Helena Valley in general, the Shire is currently looking at doing a Helena Valley urban structure planning process which has commenced. This includes preliminary workshops and discussions with the residents of large landholders that are affected by some of the parcels of land that are to be reviewed. Following this, there will be a further widespread community consultation.</i></p> <p><i>The outcomes of these discussions, will lead to a structure planning process which will set out the future development in Helena Valley.</i></p> |

| <b>Summary of Questions</b>  | <b>Summary of Responses Given</b>  |
|--|--|
| <i>Name: Unknown (male)</i>  |  |
| <i>Will the Strategy be finished before Plan 71?</i>   | <p><i>Director Statutory Services advised that “no”, the strategy won’t be finished before that time.</i></p> <p><i>There is an application before council under state legislation, the Shire has a time frame in which to assess such and make a recommendation to the WAPC.</i></p>  |
| <p><i>The Shire of Mundaring is very interested in valued natural environment. Is the Shire aware, that in proposal 71, they are going to cut down 240 trees? And will the Shire also consider the climate change if these trees are cut down?</i></p> | <p><i>CEO advised that the landowner has an entitlement to seek an application to be determined by Council, where Council is are obliged to consider.</i></p> <p><i>All of the factors that have been mentioned where they are valid planning considerations have to be taken into account. The Shire’s planning and environment departments need to assess and consider the planning application received and provide professional advice to Council. Council then makes a recommendation.</i></p> <p><i>Shire President advised that at this stage no proposal has been determined. The application has come in and it is being handled in a fashion that the State Government determine. The environmental studies along with planning conditions will be assessed and a recommendation will be provided.</i></p> |

| <b>Summary of Questions</b>  | <b>Summary of Responses Given</b>   |
|--|---|
| <i>Name: Unknown (female)</i>  |   |
| <i>What is the process for feedback for residents that have partitioned against this planning application?</i> | <p><i>CEO advised that all of the submissions supplied by the community after being advertised are assessed. All the elements of the application are assessed as to their appropriateness, their compliance in relation to relevance of the Shire's local planning scheme and other applicable legislation. The views of other parties eg. state government etc that may need to have comment, are also incorporated.</i></p> <p><i>This is all then presented in a report that Council then has to determine.</i></p>  |
| <i>Does the community get to have another say in what's happening after this has taken place?</i>              | <p><i>CEO advised that the submission period is effectively the communities say. There is no third party appeal rights in Western Australia.</i></p> <p><i>Once it goes from Council, it then goes to the WA Planning Commission as it's out of the Shire's jurisdiction and on occasions, it can go to the State Administrative Tribunal where applicants can appeal conditions and/or refusals etc.</i></p> <p><i>The opportunity is through the submission period for members of the public to express their view, which are heard by the Shire's elected members and they then take those views into consideration.</i></p> |

| <b>Summary of Questions</b>                                    | <b>Summary of Responses Given</b>  |
|--|--|
| <i>Name: Unknown (female)</i>                                  |  |
| <i>Why does the Shire allow subdivisions of 281sqm blocks?</i> | <i>Director Statutory Services advised that the Shire of Mundaring is governed by state legislation and its local planning scheme.</i> |



| <b>Summary of Questions</b>                                  |  | <b>Summary of Responses Given</b>   |
|--|--|---|
| <i>Name: Mr Geoff Vincent, 8 Carabeen Ave, Helena Valley</i> |  |   |
| 1.   | <i>When the shire accepted the proposal, is the Shire aware of the contamination in this location is if so, has an assessment been made of the depth of the contamination?</i>   | <i>Shire President advised that all this things will be investigated fully as part of the application requirements and environmental assessments.</i> |
| 2.   | <i>If this goes ahead, there is a certain amount of area that has been designated for Public Open Space. In that area, in our opinion, is the most contaminated part and as such is highly unlikely that it can't be built on.<br/><br/>If this is made POS, who pays for the de-contamination of that land?</i> | <i>Shire President advised that as this is a hypothetical question, the shire will be made aware of this in due course.</i>                           |

| <b>Summary of Questions</b> |   | <b>Summary of Responses Given</b>  |
|-----------------------------|---|--|
| <i>Name: Unknown (male)</i> |   |  |
| 1.                          | <i>About 3 weeks ago, I made a call to the rangers department at the shire about a cow that was having difficulty walking and was in distress. Since this time, I have found out that there have been several unexplained deaths out in this paddock of which the RSPCA was called out to investigate.<br/><br/>Does the Shire know the reasons for the deaths of these cattle?</i> | <i>Shire President advised that he is not aware of any of these situations and the CEO advised that this does not fall within the Shire's jurisdiction and there is no qualified veterinary staff to ascertain this, it is a matter for the RSPCA.</i> |

## **RECOMMENDATION**

*Moved by Jude van der Merwe                      Seconded by Jenny Johnson*

That the Annual Report, including the audited annual financial statements, for the year ended 30 June 2015 be received (**ATTACHMENT 2**).

**CARRIED UNANIMOUSLY**

#### 4.0 GENERAL BUSINESS RELATING TO THE SHIRE OF MUNDARING

| <b>Summary of Questions</b>                             |  | <b>Summary of Responses Given</b>   |
|---|--|---|
| <i>Name: Susan McMann, 7 Carabeen Ave Helena Valley</i> |  |   |
| 1.  | <i>Can the fencing at the Public Open Space at Carrabeen Avenue be extended?</i> | <i>Director Infrastructure Services advised that this had been investigated previously and the fencing was installed along the highest point and only extends to where the land flattens out.</i> |

| <b>Summary of Questions</b>   |   | <b>Summary of Responses Given</b>   |
|---|---|---|
| <i>Name: Mr Rob Rowe – President Helena Valley Progress Association</i> |   |   |
| 1.  | <i>No notification was received by the Helena Valley Progress Association regarding Plan 71.<br/>In the past, previous councillors would attend progress meetings and inform the association of what was happening in the area.</i> | <i>Shire President advised that it is unfortunate that the Progress Association weren't advised as it was presented in July then the advertising was delayed due to staff seeking more information.</i> |

| <b>Summary of Questions</b> |  | <b>Summary of Responses Given</b>  |
|-----------------------------|--|--|
| <i>Name: Unknown (male)</i> |  |  |
| 1.                          | <i>The developers were asked to put this fence through. The developers should have spent the money by completing the fence.<br/>Can this be revisited?</i> | <i>Director Infrastructure Services responded that the installation of the fence was to put it at the steepest point and that's what the developers have done.</i> |

| <b>Summary of Questions</b>   |   | <b>Summary of Responses Given</b>  |
|---|---|--|
| <b>Name:</b> Ms Jenny Johnson, 605 Alexandra Road, Hovea (representing Jane Brook Catchment Group and Hovea Resident and Rate Payers Association) |   |  |
| 1.  | <p><i>The Council meeting of 8 December, I noticed a reference to Environmental Services as supplied by EMRC (Item funding for Special Projects).</i></p> <p><i>Is council considering dispensing with this Environmental service from EMRC?</i></p>  | <p><i>Shire President advised “no”, not at all in this coming budget.</i></p>  |
| 2.  | <p><i>Does Council understand that volunteer groups rely greatly on these services as EMRC has strategic benefits such as contacts with industry, academia and the wider community which although giving outstanding service, the in-house Environmental Team cannot match. These questions are being asked as there is talk in the community that the environmental services are going to be in-house.</i></p> | <p><i>Shire President advised that “no” the shire respects what the EMRC does in the environmental services.</i></p> <p><i>The Shire reviews all contracts to the EMRC yearly.</i></p> |

| <b>Summary of Questions</b> |   | <b>Summary of Responses Given</b>  |
|-----------------------------|---|--|
| <b>Name:</b> Unknown (male) |   |  |
| 1.                          | <p><i>Is the shire aware that Disability Services have purchased a house on Tuckeroo Parade and that at times there is no parking as there as sometimes 5/6 staff cars parked there.</i></p> <p><i>Is anything going to be done about this parking?</i></p> | <p><i>CEO advised that if there are any issues then it needs to be reported to the Shire to investigate any compliance issues.</i></p> |

| <b>Summary of Questions</b>   | <b>Summary of Responses Given</b>  |
|---|--|
| <b>Name:</b> Mr Peter Gavranich, 54 Pittersen Road, Darlington  |  |
| <p>1. <i>When am I going to be refunded the money payable to me on behalf of the Federal Government that has accrued over a number of rating years (my card started 19 April 1999 SHC)? Please pay by cheque as I don't have online facilities.</i></p>   | <p><i>Director Corporate Services advised that this question will be taken on notice.</i></p>  |
| <p>2. <i>Has the Shire alerted ratepayers that if they possessed a Seniors Card together with a Commonwealth Seniors Health Card, they would be eligible for a rates concession? If not, why not?</i></p>   | <p><i>Manager Finance &amp; Governance advised that this is noted on the back of all rates notices informing residents to register their application and it is also listed on the Shire's website.</i></p>                   |
| <p><u>Attachment 1</u><br/> <i>Schedule of accounts paid for the period 1 - 30 September 2015<br/> Page 1 of 24: 8 rates overpayment refund request and paid.<br/> Page 6 of 24: 3 rates overpayment refund request and paid all 11 recipients names recorded - P. Gavranich not mentioned or paid.</i></p> <p><u>Attachment 2</u><br/> <i>Schedule of accounts paid for the period 1 - 31 October 2015.</i></p> <p><i>Page 9 of 22: 5 rates refunds overpayment refund request paid, all 5 recipients names recorded. P. Gavranich not mentioned or paid.</i></p> <p><i>I would like my overdue rates refunds paid promptly by cheque please. Thank you.</i></p> | <p><i>Manager Finance &amp; Governance advised that these payments were for rate payers who had paid their rates twice but a written response will be provided.</i></p> <p><i>This question will be taken on notice.</i></p> |

| Summary of Questions  | Summary of Responses Given  |
|---|---|
| <b>Name:</b> Ms Jenny Currell - Mundaring in Transition   |   |
| <p>1. Can a report be prepared and written by the Audit and Governance Committee of the Shire of Mundaring, investigating an amendment of Investment Policy FI-02, to give preference to financial institutions that do not invest in or finance the fossil fuel industry where:</p> <p>a) the investment is compliant with Council's existing investment policy; and</p> <p>b) the investment rate of interest if favourable to Council relative to other similar investments that may be on offer to Council at the time of investment?</p> | <p>Director Corporate Services advised that the Shire's investment policy is structured in such a way that its risk profile limits us to investing in term deposits with the "big 4" banks;</p> <p>According to the websites that were provided to the Shire in previous correspondence by Peta Bowden, the "big 4" banks do invest in fossil fuels, therefore the Shire do have indirect investments in fossil fuels, however, the Shire doesn't have any direct investments in fossil fuels;</p> <p>The Shire will need to assess the potential budgetary impacts of moving forward towards a "green" investment policy as the "big 4" do offer the higher interest rates for term deposits;</p> <p>The risk profile of the Shire investment policy would also need to be reviewed. For instance, our policy only allows us to invest with institutions with a credit rating of A (long term) or A1 (short term) as a minimum. If we were to move towards a "green investment" policy, we may have to consider "loosening" our policy in terms of credit ratings;</p> <p>Any green investments would have to meet the risk ratings and diversification requirements of the revised investment policy and be considered by the Shire's Audit &amp; Risk Committee before being presented to Council.</p> |



*Mr Joe Clark wished to pass on his thanks to the Shire for looking and taking care of the parks and trees in the shire.*

## **5.0 CLOSURE**

### **5.1 Closure of the Meeting**

*The Shire President thanked electors for their attendance and closed the meeting at 8.15pm.*

**ATTACHMENT 1**

**REPORT 2.0**

**31 PAGES**





**UNCONFIRMED MINUTES**  
**ANNUAL ELECTORS MEETING**  
**27 NOVEMBER 2014**

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**ANNUAL ELECTORS MEETING  
CIVIC AREA**

---

**1.0 OPENING PROCEDURES**

**1.1 Opening of the Meeting**

*The President declared the meeting open at 6.34pm.*

**1.2 Attendance and Apologies**

|                    |  |                     |
|--------------------|--|---------------------|
| <b>Councillors</b> | <i>Cr H Dullard (President) (Presiding Person)</i> | <i>West Ward</i>    |
|                    | <i>Cr S Fox</i>                                    | <i>East Ward</i>    |
|                    | <i>Cr J Daw</i>                                    | <i>East Ward</i>    |
|                    | <i>Cr T Cook</i>                                   | <i>South Ward</i>   |
|                    | <i>Cr D Jones</i>                                  | <i>South Ward</i>   |
|                    | <i>Cr L Gu</i>                                     | <i>Central Ward</i> |
|                    | <i>Cr B Perks</i>                                  | <i>Central Ward</i> |

|              |                       |  |
|--------------|-----------------------|--|
| <b>Staff</b> | <i>Mr J Throssell</i> | <i>Chief Executive Officer</i>                     |
|              | <i>Mr S Kocian</i>    | <i>Acting Director Corporate Services</i>          |
|              | <i>Mr S Purdy</i>     | <i>Director Infrastructure Services</i>            |
|              | <i>Mr M Luzi</i>      | <i>Director Statutory Services</i>                 |
|              | <i>Ms M Griffiths</i> | <i>Director Community &amp; Strategic Services</i> |
|              | <i>Mrs R Noakes</i>   | <i>Communications Advisor</i>                      |
|              | <i>Mr D Martin</i>    | <i>Strategic Projects Advisor</i>                  |
|              | <i>Ms A Douglas</i>   | <i>Minute Secretary</i>                            |

|                  |                              |  |
|------------------|------------------------------|--|
| <b>Apologies</b> | <i>Ms K Abel</i>             | <i>Manager Community Engagement</i>              |
|                  | <i>Mr P O'Connor</i>         | <i>Director Corporate Services</i>               |
|                  | <i>Cr P Bertola</i>          | <i>East Ward</i>                                 |
|                  | <i>Cr A Pilgrim</i>          | <i>Central Ward</i>                              |
|                  | <i>Cr D Lavell</i>           | <i>South Ward</i>                                |
|                  | <i>Cr P Clark</i>            | <i>West Ward</i>                                 |
|                  | <i>Cr T Cuccaro</i>          | <i>West Ward</i>                                 |
|                  | <i>Mr J Smith</i>            | <i>Swan View Community Assoc</i>                 |
|                  | <i>Ms V Shiell</i>           | <i>Inclusion &amp; Disability Access AG</i>      |
|                  | <i>Mr W Gregson</i>          | <i>Commissioner Dpt Fire &amp; Emergency Svs</i> |
|                  | <i>Ms J Colyer</i>           | <i>RISE</i>                                      |
|                  | <i>Ms L Webb</i>             | <i>Greenmount Primary School</i>                 |
|                  | <i>Mr G Firms</i>            | <i>Sacred Heart Primary School</i>               |
|                  | <i>Mr G Green</i>            | <i>St. Anthony's Primary School</i>              |
|                  | <i>Ms J Neale</i>            | <i>Elector</i>                                   |
|                  | <i>Dr C and Mrs B Hughes</i> | <i>Elector</i>                                   |

**Leave of  
Absence**      *Nil*

|                             |                              |  |
|-----------------------------|------------------------------|--|
| <b>Ratepayers/</b>          | <i>Mr P Crichton</i>         | <i>RISE</i>  |
| <b>Guests</b>               | <i>Ms P Klante</i>           | <i>RISE</i>  |
|                             | <i>Mr C Chisholm</i>         | <i>Glen Forrest Primary School</i>                 |
|                             | <i>Mr R McNeill</i>          | <i>Mundaring Christian School</i>                  |
|                             | <i>Mr P Vile</i>             | <i>Darlington RP &amp; Residents Assoc</i>         |
|                             | <i>Mr C Staveley</i>         | <i>Darlington RP &amp; Residents Assoc</i>         |
|                             | <i>Ms R Sarich</i>           | <i>Mundaring Chamber of Commerce</i>               |
|                             | <i>Mr G Francis</i>          | <i>Mundaring Chamber of Commerce</i>               |
|                             | <i>Ms G Dean</i>             | <i>Mt. Helena R &amp; RPPA</i>                     |
|                             | <i>Mr T Johns</i>            | <i>Mundaring R &amp; RPA</i>                       |
|                             | <i>Mr C James</i>            | <i>Elector</i>                                     |
|                             | <i>Mr T Burnett</i>          | <i>Darlington History Group</i>                    |
|                             | <i>Ms C McConigley</i>       | <i>Elector</i>                                     |
|                             | <i>Mr D Jeans</i>            | <i>Hovea RP &amp; R Assoc</i>                      |
|                             | <i>Mr E and Mrs J Dell</i>   | <i>Elector</i>                                     |
|                             | <i>Mrs R Clarke</i>          | <i>Elector</i>                                     |
|                             | <i>Cr S Gregorini</i>        | <i>City of Swan Councillor</i>                     |
|                             | <i>Ms E Carter</i>           | <i>Elector</i>                                     |
|                             | <i>Mr M Le Vaux</i>          | <i>Sawyers Valley Residents &amp; RPA</i>          |
|                             | <i>Mr D Shimmel</i>          | <i>Elector</i>                                     |
|                             | <i>Mr P Dahl</i>             | <i>Darlington RP &amp; Residents Assoc</i>         |
|                             | <i>Mr L and Mrs J Storer</i> | <i>Elector</i>                                     |
|                             | <i>Ms R Mason</i>            | <i>Elector</i>                                     |
|                             | <i>Ms M Wilson</i>           | <i>Elector</i>                                     |
|                             | <i>Mr P Wilson</i>           | <i>Elector</i>                                     |
|                             | <i>Mr T Burbidge</i>         | <i>Elector</i>                                     |
|                             | <i>Mr G Jones</i>            | <i>Stoneville &amp; Parkerville Progress Assoc</i> |
|                             | <i>Mr R Rowe-Hvera</i>       | <i>Helena Valley Estate Residents Assoc Inc</i>    |
|                             | <i>Ms J Johnson</i>          | <i>Elector</i>                                     |
|                             | <i>Mr M Hore</i>             | <i>Elector</i>                                     |
|                             | <i>Mr C James</i>            | <i>Elector</i>                                     |
|                             | <i>Mr G Style</i>            | <i>Elector</i>                                     |
|                             | <i>Ms G Style</i>            | <i>Elector</i>                                     |
|                             | <i>Ms E Marjanovic</i>       | <i>Elector</i>                                     |
|                             | <i>Mr E Smith</i>            | <i>Elector</i>                                     |
|                             | <i>Ms R Rudeforth</i>        | <i>Elector</i>                                     |
|                             | <i>Mr G van Didden</i>       | <i>Elector</i>                                     |
|                             | <i>Ms A Madlener</i>         | <i>Elector</i>                                     |
|                             | <i>Mr J and Ms J Peetoom</i> | <i>Elector</i>                                     |
|                             | <i>Ms A Mcgibbon</i>         | <i>Elector</i>                                     |
|                             | <i>Mr D Mcgibbon</i>         | <i>Elector</i>                                     |
|                             | <i>Mr T Davies</i>           | <i>Elector</i>                                     |
|                             | <i>Mr F Allan</i>            | <i>Elector</i>                                     |
|                             | <i>Mr P Horobin</i>          | <i>Darlington RP &amp; Residents Assoc</i>         |
|                             | <i>Mr K Maxwell</i>          | <i>Elector</i>                                     |
|                             | <i>Mr P Gavranich</i>        | <i>Elector</i>                                     |
|                             |                              |  |
| <b>Members of the Press</b> | <i>Nil</i>                   |  |

## 2.0 CONFIRMATION OF MINUTES

That the minutes of the meeting of the Annual Electors Meeting held 6.30pm Thursday 12 December 2013 be confirmed.

|                                     |                                   |
|-------------------------------------|-----------------------------------|
| <i>Moved by: Mr Michael Le Vaux</i> | <i>Seconded by: Mr Greg Jones</i> |
|-------------------------------------|-----------------------------------|

### **CARRIED UNANIMOUSLY**

## 2.1 Items taken on notice from meeting of 12 December 2013

At the Annual Elector's Meeting held 12 December 2013, Mr Peter Gavranich of Darlington asked a question which was taken on notice. A response was provided to Mr Gavranich in a letter from the CEO dated 17 December 2013.

A summary of the question and a summary of the response is listed below:

| Summary of Questions     |  | Summary of Responses Given  |
|--------------------------|--|---|
| Name: Mr Peter Gavranich |  |   |
| 1.                       | How many NAB credit cards has the Shire issued for use among its staffing level of 193.9 total Full Time Equivalent (FTE)? | CEO advised that there are 72 NAB purchasing cardholder at the Shire. |

## 3.0 ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

*The CEO provided an overview of the Annual Report (Refer ATTACHMENT 1) and the key issues that have occurred in the financial year of 1 July 2013 to 30 June 2014.*

### **Valued Natural Environment**

- The Shire continued to work with its Friends Groups, these members provided 241 volunteer contributions valued at more than \$110,000.*
- 1600 applications were received for the Tree Canopy and Understorey Program, with 52,000 seedlings made available. More than 40 volunteers assisted with their distribution.*
- For 2014/15, A Residents' Vegetative Fuel Load Guide and Tool Kit, designed by employees involved in a Future Leaders course. These tools will assist residents in estimating fuel loads in the lead-up to the bushfire season.*

## **Balanced Development**

- *Last financial year, Council adopted the Local Planning Scheme No 4 and Local Planning Strategy. The documents address a wide range of matters including the Shire's settlement pattern, economic development and employment, transport, biodiversity and other environmental protection, bushfire hazard, climate change, housing provision, community and recreational facilities, and future development of the Mundaring Town Centre.*
- *Solar heating was installed at Bilgoman Aquatic Centre to reduce energy costs. The panels have helped to stabilise water temperatures, which is a major benefit for users.*

## **Plans for 2014/15**

- *Swan View Station Heritage Trail Reserve surroundings will be upgraded, with a trail crossing constructed on Morrison Road.*
- *Upgrades at Blackboy Hill Commemorative Site will be finished in time for the 2015 ANZAC Day commemorations.*
- *Mundaring Community Sculpture Park design works will be completed and construction works will commence.*
- *Bilgoman Aquatic Centre pool pumps and heating systems upgrades will be completed. This will improve operational efficiency and ensure the pools are maintained for future generations. A community celebration will be held on Saturday 29 November to mark completion of the works.*

## **Thriving Community**

- *In 2013/14 our libraries circulated around 290,000 items to 115,000 visitors.*
- *In conjunction with the State Government and Rio Tinto, the Better Beginnings Program provided book packs for families with a new baby. With the program extended to children in kindergarten and pre-primary, more than 500 children received packs this year.*
- *Seven volunteer-based groups received funding to assist in the facilitation of a range of successful events while 33 groups were supported to provide training to volunteers, purchase equipment and undertake minor club room upgrades. Nine groups received Volunteer Recognition Grants, used to acknowledge and thank members for their contribution to the group and community.*

## **Respected Civic Leadership**

- *Council elections in October 2013 saw three Elected Members re-elected and three new Elected Members join the Council.*
- *Council undertook a review of Local Laws and Delegations.*
- *Information Technology projects included increased network protection, a new website for Mundaring Visitor Centre.*

- *The Shire continued to promote a strong culture of workplace occupational safety and health (OSH). The Shire was awarded a silver award by LGIS for demonstrating ongoing improvement of OSH in its workplace.*

### **Access and Inclusion**

- *The winner of our annual Celebration of Ability Award was Glen Forrest Primary School. The school ran an accessible and inclusive community fete and taught students sign language (Auslan).*
- *To celebrate International Day of People with Disability, the Shire screened "The Ride". More than 130 people attended and there was a question and answer time with one of the stars.*
- *The Shire led a successful partnership with the Disability Services Commission, receiving a \$50,000 Count Me In grant to provide 60 whole-of-community accessible art workshops. The workshops, provided by the Mundaring Arts Centre, engaged many individuals and partners.*

### **Community Recovery – Parkerville, Stoneville, Mt. Helena Bushfire 12 January 2014**

#### **Fire Recovery**

- *The Shire has led the recovery process following the Parkerville, Stoneville, Mount Helena Bushfire in January. The Shire ran regular community information meetings in order to keep residents informed about recovery and rebuilding. Regular coffee mornings were established at The Hub of the Hills.*
- *A six month anniversary event was run at Parkerville in June 2014 to provide an opportunity for those impacted to come together with their families and friends. Emergency response and management expert Professor Rob Gordon delivered presentations to Shire employees and the community, with support from Australian Red Cross.*
- *Environmental initiatives also continue.*
- *A one year event is planned for Saturday 10 January at Parkerville Recreation Ground.*
- *The Environmental Recovery Action Plan will continue to be rolled out to assist residents impacted by the Parkerville, Stoneville, Mount Helena Bushfire. Several workshops and hands-on environmental activities, such as a nesting box community activity, are planned.*

#### **Reform**

- *Three community forums were held over the 2013/14 financial year to discuss reform and the Shire's proposal to the LGAB.*
- *The Shire also had the opportunity to meet with the LGAB to push its reasons for Amalgamation over Boundary Change.*
- *Unfortunately, the Minister's Proposal which was Boundary change was accepted. City of Swan/Shire of Mundaring.*
- *15 councillors, inc Mayor, no wards.*
- *Population 163,000 (203,000 by 2026).*

Moved by: Mr Peter Horobin

Seconded by: Mr Eric Smith

*That the Annual Report 2013/14 presented at the Annual Electors Meeting 27 November 2014 be adopted.*

**CARRIED UNANIMOUSLY**

*Mr Horobin thanked the Shire for all the work they did with regards to the fire and hoped that the shire didn't have to do this again.*

**4.0 UPDATE ON LOCAL GOVERNMENT REFORM**

**MOTION**

Moved by Mr Michael Le Vaux

Seconded by Mr Tristram Davies

*This Annual Electors Meeting moves that the Mundaring Shire Council initiates a poll of the electors of the Shire of Mundaring to determine what is the level of support for a merger with the City of Swan or any other LGA either by amalgamation or boundary change.*

**CARRIED 29/13**

*Cr Dullard reminded those present that any motions that were provided at this Annual Electors meeting will need to go to an Ordinary Council Meeting for consideration.*

**MOTION**

Moved by Mr Greg Jones

Seconded by Mr Fred Allan

*That we, the electors present at this Annual Electors Meeting of the Shire of Mundaring, have lost confidence in the Shire of Mundaring for their management of the local government reform process to date and their engagement in the undemocratic process of local government reform currently being undertaken by the State Government.*

**CARRIED 24/16**

*Prior to the next motion, the Shire President read out a letter from Council to the Minister, Mr Colin Barnett dated 11 November 2014 (refer **ATTACHMENT 2**).*



**MOTION***Moved by Mr Greg Jones**Seconded by Mr Peter Horobin*

*That we, the electors present at this Annual Electors Meeting of the Shire of Mundaring, request that the council immediately writes to the Minister for Local Government to demand:-*

- 1. That the current process of local government reform be stopped and scrapped pending replacement with a genuine fresh and democratic process of local government reform.*
- 2. That the State Government's proposed options for local government reform must ultimately be decided by the majority of electors in each individual local government through an open, transparent and democratic process and;*
- 3. That the Ward System be retained in any future local government reform to ensure that local representation is maintained as a minimum requirement.*

***CARRIED 36/7*****4.1 General Questions arising from the Overview Presentation/Reform**

| <b>Summary of Questions</b> |  | <b>Summary of Responses Given</b>  |
|-----------------------------|--|--|
| Name: Ms Eva Marjanovic     |  |  |
| 1.                          | <i>It's been 16 days since the shire sent the letter to the Minister. Has the shire received a response? And will the shire prompt for a response?</i> | <i>Shire President advised that she meets with the Minister regularly, and wanted to advise everyone in attendance that the process is continuing.</i> |
| Name: Mr Micheal Le Vaux    |  |  |
| 1.                          | <i>Is the City of Swan also on the same page as the Shire of Mundaring regarding the Ward Structure to be restored?</i>                                | <i>Shire President advised that both Swan and Mundaring asked for and put in a submission to the LGAB for a ward structure.</i>                        |

| <b>Summary of Questions</b>     |   | <b>Summary of Responses Given</b>  |
|---------------------------------|---|--|
| <i>Name: Mr Tristram Davies</i> |   |  |
| 1.                              | <i>I received the LGAB newsletter and the local law implementation was mentioned during the first year under whatever management the Shire will be under and then following on from there. It was about Local Law Implementation and who's laws override and when they come into effect. Do you have any idea of what is going to happen with this?</i> | <i>Shire President advised the existing local laws that apply to an area will continue to apply but will be administered by the new entity.<br/>Local Laws will change only when the new local government reviews its local laws and replaces them with local laws that will cover the entire district.<br/><br/>Additionally, Local Planning Scheme No. 4 will continue to apply to the district that was formally known as the Shire of Mundaring until a scheme review is undertaken.</i> |

|                            |   |  |
|----------------------------|---|--|
| <i>Name: Mr Greg Jones</i> |   |  |
| 1.                         | <i>Bush Fire Local Law which took seven years to develop based on the City of Swan model and adjusted to suit Shire of Mundaring.<br/><br/>Will this local law still survive?</i> | <i>CEO responded with all local laws will continue in force until they are amended or they are repealed by the new local government.</i> |

| <b>Summary of Questions</b>    |   | <b>Summary of Responses Given</b>  |
|--------------------------------|---|--|
| <i>Name: Ms Eva Marjanovic</i> |   |  |
| <i>1.</i>                      | <i>Hypothetically, if both Shire of Mundaring and City of Swan along with the vast majority of electors in both areas, could it be said that they wanted to have wards and wanted to start implementing those wards, how could the State Government actually stop that process?</i> | <i>CEO advised that the reason the shire got to a no ward situation was due to the Minister not accepting the recommendation of the LGAB for a ward structure which both the City of Swan and the Shire of Mundaring resolved and agreed to. By not accepting the recommendation, the default is that there are no wards.</i><br><br><i>What can happen is a process can be initiated to introduce wards ready for the October 2015 elections, but this can only be commenced by the City of Swan as they are the continuing council. The Shire of Mundaring has no ability (due to the Shire being abolished as of 30 June 2015), other than try and influence the City of Swan to commence that process. This process needs to commence by the end of March 2015 for it to be in time to be in place for October 2015.</i> |

|                               |   |                                 |
|-------------------------------|---|---------------------------------|
| <i>Name: Unknown (female)</i> |   |                                 |
| <i>1.</i>                     | <i>I have in writing that from the very start the Premier and the previous Local Government Minister Mr John Castrelli said that this was going to be a voluntary process.</i><br><br><i>Can we hold them to this and how did they get out of that promise that it was going to be voluntary?</i> | <i>Received as a statement.</i> |

| <b>Summary of Questions</b> |   | <b>Summary of Responses Given</b>  |
|-----------------------------|---|--|
| <i>Name: Unknown (male)</i> |   |  |
| 1.                          | <i>How can we influence City of Swan? How can the rate payer organisations present here help in that way?</i> | <i>CEO advised that Mundaring ratepayers who will become ratepayers of the City of Swan have the ability to influence the existing City of Swan by making representations to the City of Swan.</i> |

|                             |   |   |
|-----------------------------|---|---|
| <i>Name: Unknown (male)</i> |   |   |
| 1.                          | <i>Regarding the various motions that were put up tonight, when do they get discussed at council?</i> | <i>Shire President advised that as the agenda is now closed for this year, it probably won't be until after Christmas</i><br><br><i>The earliest Council can discuss this is at the last council meeting for the year on 9 December 2014.</i> |

|                             |   |   |
|-----------------------------|---|---|
| <i>Name: Unknown (male)</i> |   |   |
| 1.                          | <i>How many councillors are we eligible to elect? And how many under the present structure?</i> | <i>Under a "district" (i.e. no wards), which is what is currently planned, there will be 7 vacancies across the whole district.</i> |

|                           |  |   |
|---------------------------|--|---|
| <i>Name: Mr Poul Dahl</i> |  |   |
| 1.                        | <i>Where do we as a community sit within this process? Are we still able to participate in the process? Is there a chance of a backflip?</i> | <i>Shire President advised that realistically, don't think so.</i><br><br><i>CEO advised that Governors Orders are being finalised. The only thing we can influence is the ward structure by influencing the City of Swan to commence this process.</i> |

|                            |   |   |
|----------------------------|---|---|
| <i>Name: Mr Greg Jones</i> |   |   |
| 1.                         | <i>Do you understand how disempowered we as a community feel?</i> | <i>Shire President acknowledged the sentiment and stated Councillors were also dsappointed.</i> |

| <b>Summary of Questions</b> | <b>Summary of Responses Given</b>   |   |
|-----------------------------|---|---|
| <i>Name: Unknown (male)</i> |   |   |
| 1.                          | <p><i>Regarding the Ministers ever changing and confusing use of words.</i></p> <p><i>Can you please ask the Minister to provide the community with clear explanations and definitions of what he means by all the key words that are used in this forced reform process e.g. a boundary change, which has always been understood to be a minor adjustment to a boundary between two local governments.</i></p> <p><i>Why has the minister now misused these words for a purpose that was never before intended? ie. To now mean an outright takeover of the whole local government bar another. Do you agree the laws must be changed to protect the whole community from this situation?</i></p> <p><i>Is the process the Minister has gone through, deciding a boundary change boundary amendment merger legal or ethical?</i></p> <p><i>Regarding the protection of the democratic right of our community to vote and self-determine after the changes we want for Mundaring and our right to proper representation on the council. The Minister has not given us access to councillors that would be better than we have now, in fact, we may end up with none at all.</i></p> | <p><i>Shire President thanked the gentleman for his questions and advised that a lot of these questions were summarised tonight.</i></p> <p><i>The Shire President advised that what the Minister has done is legal, according to the recent decision of the Chief Justice.</i></p> |

| <b>Summary of Questions</b> |  | <b>Summary of Responses Given</b> |
|-----------------------------|--|-----------------------------------|
| 1. cont..                   | <p><i>Given the responsibility of our Government Federally and Locally to defend our democratic rights and freedom, has the shire asked the Minister, why it wants to silence our whole Mundaring community by preventing us from having a referendum and having a fair and proper representation on any new council. Will he give us a referendum poll?</i></p> <p><i>Will the shire please obtain answers from the Minister?</i></p> |                                   |

|                             |  |   |
|-----------------------------|--|---|
| <i>Name: Unknown (male)</i> |  |   |
| 1.                          | <i>Is there anything to stop us as resident associations going direct to City of Swan ourselves?</i> | <i>Shire President advised that there is nothing to stop you at all. You could go to public question time at their council meetings and start building connections with them.</i> |

|                             |  |  |
|-----------------------------|--|--|
| <i>Name: Unknown (male)</i> |  |  |
| 1.                          | <i>A lot of work went into the Motions and these motions are put up with the hope that this action would take seven days and get them off to the State Government, not to see them falter to a process that might take two months.</i> | <i>Shire President advised that the process of motions from an annual electors meeting is that they must go back to a full council meeting</i> |

| <b>Summary of Questions</b>   | <b>Summary of Responses Given</b>   |
|---|---|
| <i>Name: Unknown (male)</i>   |   |
| <p>1.</p> <p><i>I would like an explanation about the LIC process as it seems to me that this is where we can have some leverage to try and get the best if you can convince the people responsible from the City of Swan and the people from Mundaring.</i></p> <p><i>Can I have an explanation about LIC?</i></p> | <p><i>Shire President advised that the LIC (Local Implementation Committee) has four members from City of Swan and four members from the Shire of Mundaring on the committee (plus CEO Jonathan Throssell).</i></p> <p><i>CEO advised that there is a process by which LIC can engage with the City of Swan to look at the best, smoothest transition from both organisations into a single organisation.</i></p> <p><i>There is a lot of work happening at officer level looking at all the processes, functions and services that the Shire delivers and determining from this, how they will be delivered from 1 July 2015. Some will continue in parallel until such time they become one process.</i></p> <p><i>We are looking a developing a single budget and a single corporate business plan which is bringing together the two organisations, which means there will be only one budget in 2015/16.</i></p> <p><i>LIC has the oversight role for bringing together the two organisations. The CEO's liaise with their own individual councils, they have the ability to raise issues that are important to the individual councils to try and make sure they are represented and if agreed to, are implemented for the new local government. Eg. the LIC reviewed what would be the likely name of the new organisation. LIC will be involved in the development of the budget, as well as an oversight of the proposed organisational structure. It will be up to the City of Swan to adopt budgets, organisational structures and more however.</i></p> |

| <b>Summary of Questions</b> |  | <b>Summary of Responses Given</b>   |
|-----------------------------|--|---|
| <i>Name: Unknown (male)</i> |  |   |
| 1.                          | <i>Has there been any costing done on the actual merge itself?</i> | <p>CEO advised there have been no formal costings done.</p> <p>The State Government has provided some funds in the form of grants and loans, so the Shire would have to borrow funds to implement this. The Shire is yet to see how this is to be distributed but there is no definitive calculation of what this will actually cost.</p> |

|                           |  |   |
|---------------------------|--|---|
| <i>Name: Mr Poul Dahl</i> |  |   |
| 1.                        | <i>Was there a cost of how much this would be?</i>                           | <p>The Local Government Association did do some work on this and they estimated that it would cost between \$60 Million and \$100 Million to implement the changes in the Perth Metropolitan area.</p> <p>This costing was based on Queensland and the merger of Geraldton and Greenough which was between \$5-7 Million.</p> |
| 2.                        | <i>Surely there was a conversation on how this was going to be paid for?</i> | <i>The Sector, and included in that, the Shire, has always said that "this is your process, then you should pay for it".</i>  |

|                            |   |   |
|----------------------------|---|---|
| <i>Name: Mr Greg Jones</i> |   |   |
| 1.                         | <i>Are we ever going to see a cost business analysis?</i> | <i>Shire President didn't believe so.</i> |

|                             |   |   |
|-----------------------------|---|---|
| <i>Name: Unknown (male)</i> |   |   |
| 1.                          | <i>Why didn't the shire disagree with this way back when this was first introduced?</i> | <p>Shire President advised that this was a decision of the State Government and the Shire of Mundaring had no choice.</p> <p>This Shire recognised that we had to make a decision to go with what was the best of the worst options, which was an amalgamation.</p> |



## 5.0 GENERAL BUSINESS

| <b>Summary of Questions</b>  | <b>Summary of Responses Given</b>  |
|--|--|
| <i>Name: Mr Peter Gavranich, Darlington</i>  |  |
| <p>1.</p>  | <p><i>On Monday 13 November 2014, I met with a Landgate Valuation Review Officer who determined that my original valuation set at \$20,280.00 was incorrect and was reduced to \$19,500.00 making \$780.00 overcharged. My interim rate notice issued 18/11 2014 and received Friday 21/11/2014 shows a refund of \$32.62 due to me.</i></p> <p><i>Can you please explain how an overcharge of \$780.00 can be reduced to a refund of \$32.62?</i></p>   |
| <p>2.</p>  | <p><i>Shire President advised Mr Gavranich to speak to one of the Shire's officers to get the answers to his question as this question will not be taken on notice.</i></p> <p><i>CEO advised that a similar question was responded to in a previous year.</i></p> <p><i>When valuations occur they occasionally change, as it is either challenged or there is a re-evaluation. This adjusts the rate in the dollar for which you are then required to pay your rates.</i></p> <p><i>Shire rates are calculated on the property's RV (Gross Rental Value) which has been reduced. Mr Gavranich's rates have not been overcharged by \$780.00.</i></p> |
| <p>3.</p>  | <p><i>I refer to question 2 as published on C5, 11 November 2014 Council minutes is not my question. My query was, why the hard copy for the ordinary meeting for Tuesday 11 November 2014 was not posted at the Greenmount library 5 days beforehand as required by the Local Government Act?</i></p>   |
| <p><i>With the increased administration staff now operating, please advise how many NAB purchasing cardholders are there at the Shire?</i></p> | <p><i>Shire President responded that this was the question that was asked last year and that Mr Gavranich had received an answer.</i></p>  |

*The Shire President advised attendees that this will be the last Annual Electors Meeting as the Shire of Mundaring and wished to thank attendees for coming along to be best informed.*

| <b>Summary of Questions</b> |  | <b>Summary of Responses Given</b>   |
|-----------------------------|--|---|
| <i>Name: Mr Greg Jones</i>  |  |   |
| <i>1.</i>                   | <i>Could we arrange a forum here in Mundaring to meet with the City of Swan, and their councillors and anyone else about where to we go from here?</i> | <i>Shire President advised that the City of Swan councillors are more than willing to meet with electors and suggested electors contact Mark Bishop, (Executive Manager of Place) which is another form of representation that they use. Mark is more than willing to come and talk about issues with electors.<br/>The meeting with electors to meet with City of Swan councillors will be in February 2015 due to absences over the next two months<br/><br/>Dates will be announced through the local paper, on the Shire's website and through the ratepayers associations.</i> |

## **6.0 CLOSURE**

*The Shire President thanked electors for their attendance and closed the meeting at 8.30pm.*

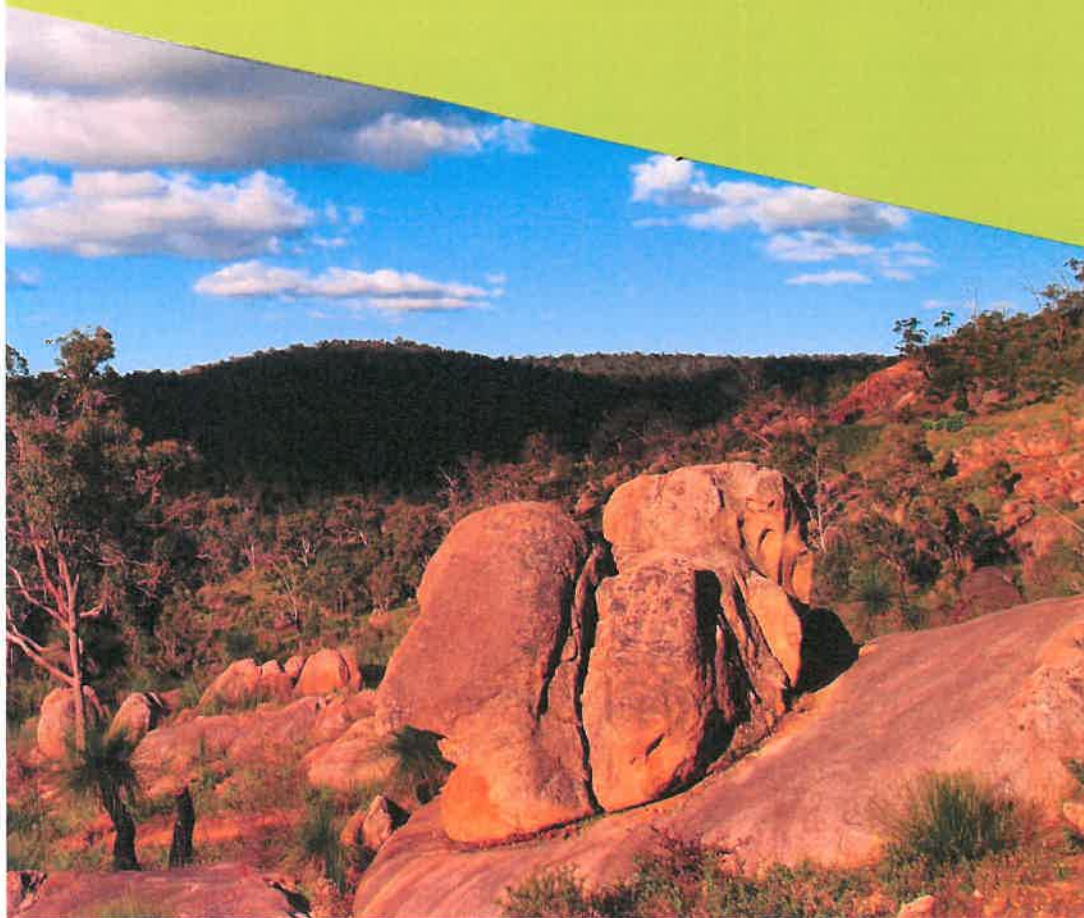
***Attachment 1***

***Report 3.0***

***9 Pages***

# Annual Electors' Meeting

27 November 2014



# Valued Natural Environment



- 89 Friends Groups
- 52,000 seedlings



# Balanced Development

- LPS 4
- Bilgoman Aquatic Centre



# Thriving Community

- Better Beginnings Program
- Community Grants





# Respected Civic Leadership



- Council election
- Review of Local Laws
- OSH award



# Access and Inclusion

- Celebration of Ability Award
- Event – The Ride
- Count Me In Grant

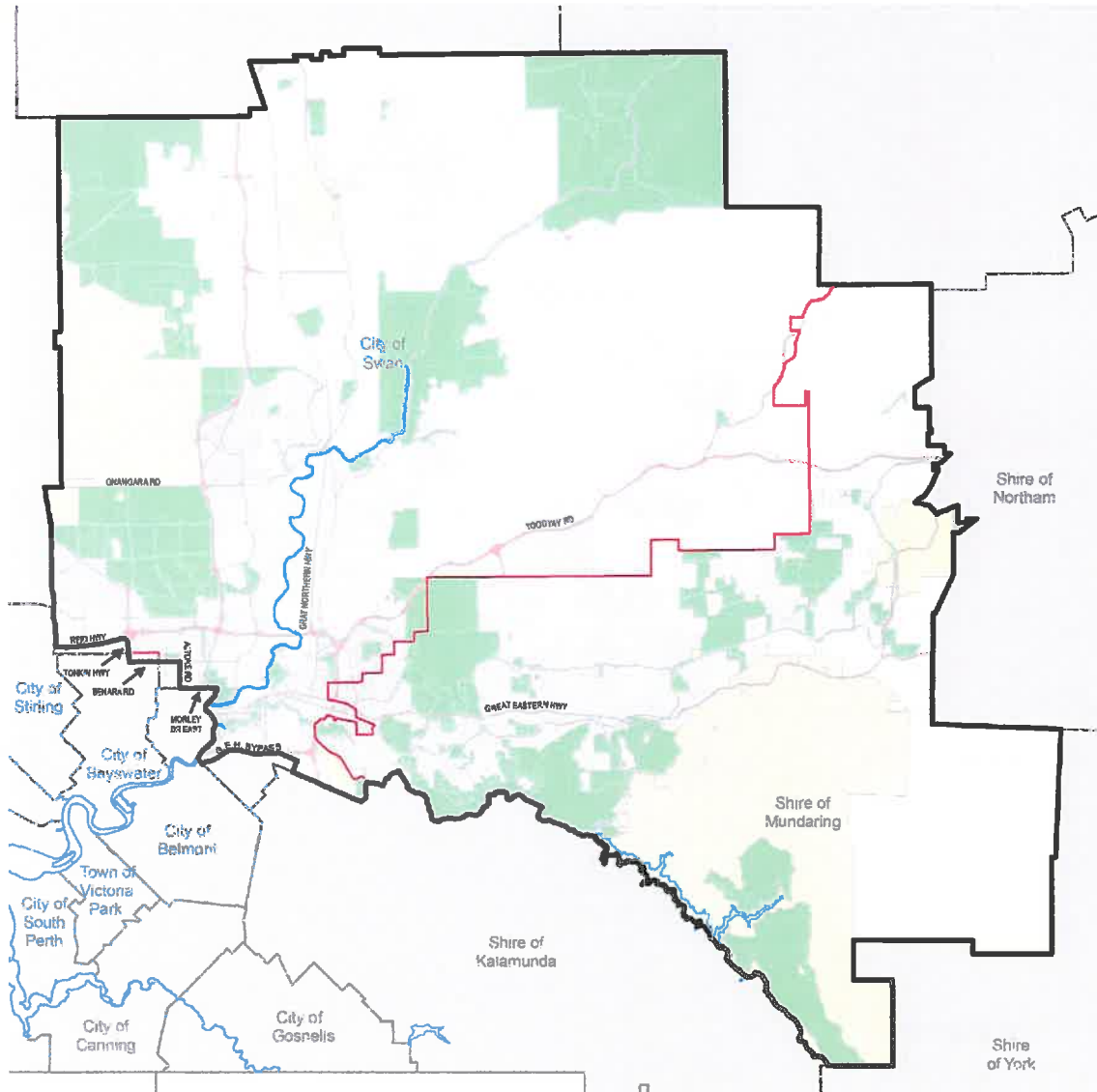


# Community Recovery



**Parkerville, Stoneville, Mt Helena  
Bushfire – 12 January 2014**

# Reform



- Community forums
- Proposal for amalgamation
- LGAB announcement made Oct 14

# Reform

- Governor's Orders
- Continue reviews with Swan

***Attachment 2***

***Report 4.0***

***2 Pages***





**Office of the Shire President**  
**File Code: CM.SRF 1.01**

11 November 2014

Hon Colin Barnett MLA  
Premier of Western Australia  
1 Parliament Place  
WEST PERTH WA 6005

Dear Premier

**REQUEST FOR MUNDARING TO BE GRANTED EQUAL DECISION-MAKING  
POWER WITH SWAN TO EXPLORE THE RETENTION OF A WARD STRUCTURE  
OVER A DISTRICT**

The Shire of Mundaring wishes to register its extreme disappointment with the outcome that has been decided for Mundaring in the Reform process. If the Minister for Local Government had not put in a proposal for a Boundary Amendment, the Local Government Advisory Board would have been looking at two Amalgamation proposals only from Mundaring/Swan. Not only has this community lost the right to vote, but it is now faced with an election process within a District that is not only geographically enormous, but has a population situation at present of 30% vs 70% in favour of Swan.

The "District" mentality will take a few years to meld, and in the meantime one would have to seriously wonder whether Mundaring Hills people will have any local representation. The mechanics of redistribution of Swan Councillors was disappointing, leaving Mundaring with only two (possibly) vacancies for the October 2015 elections. However, this outcome now seems preferable to the daunting task of canvassing such a large population against such odds within a District. Mundaring has indeed lost a great deal, and as locals are saying "is feeling quite gutted".

**Wards**

Mundaring wishes to have the opportunity to influence the retention of a Ward structure in light of the above. We realise we have no power, under present authority, to make this happen. The best we can do is to get the Swan LIC members to agree to take it to their full Council. The timeline for any such submission to the Local Government Advisory Board is 31<sup>st</sup> March 2015, which, given present impacts on Councillors and Christmas, plus a community consultation period, appears to be a forlorn hope unless the process can be granted some leeway.


I distinctly heard you say at the announcement that you would be prepared to consider each case individually. Shire of Mundaring now requests that a Ward Structure, as proposed by both Swan and Mundaring in the Local Government Advisory Board proposals, be considered on its individual merit. Mundaring requests the equal right with Swan to seek a joint Council endorsement for a continuance of a Ward structure from 1<sup>st</sup> July 2015.

**Funding**

The Shire is also aware of Reform costs. There is no budgeted amount for 2015 in its budget. We are keen to understand the funding distribution formula based on "complexity" and "capacity to pay" and what this means for Mundaring. Our community is already looking for answers.

I would appreciate a response from you as soon as possible in light of the tight timelines ahead.

Yours sincerely

A handwritten signature in black ink, appearing to read "Helen Dullard". The signature is fluid and cursive, with a large initial 'H' and 'D'.

**Cr Helen Dullard**  
**SHIRE PRESIDENT**

**ATTACHMENT 2**

**REPORT 3.1**

**84 PAGES**





# *Annual Report* *2014/15*





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*This document is available in  
alternative formats on request.*





## *From the Shire President*

SHIRE of Mundaring is proud to continue representing and serving our community after the State Government called an end to Metropolitan Local Government Reform.

With the amalgamation process now behind us, we can focus on making our community stronger, something the Shire has always been committed to. We are proud that 2015 will see the start to our largest capital works program in a generation. These projects will improve and/or provide new major community facilities.

Boya Community Hub, Mundaring Indoor Recreation Facility and a social room at Elsie Austin Oval are much needed infrastructure projects, while upgrades to Mundaring Community Sculpture Park will provide a meeting and play space for residents and visitors.

In 2015 the Shire will undertake the Community Perceptions Survey. The Survey is conducted every two years and the purpose of the Survey is to better

understand community needs and priorities, evaluate Shire performance against key performance indicators and assist the Shire to make well informed, considered choices when planning for the future and allocating resources. The results link into the Strategic Community Plan which focuses on the next 10 years.

I would like to thank my fellow Elected Members for their great efforts in representing their community in what was a challenging year.

I also acknowledge the effort of Chief Executive Officer Jonathan Throssell and his employees for the hard work to continue strong service delivery in uncertain times. The work on a suite of major projects will ensure adequate facilities for future generations and continue to make the Shire a great place to work and live.

***Cr Helen Dullard***  
***Shire President***







## ***Our Shire***

*Covering a total land area of 644sqkm, the Shire of Mundaring is comprised of a mixture of residential and rural areas.*

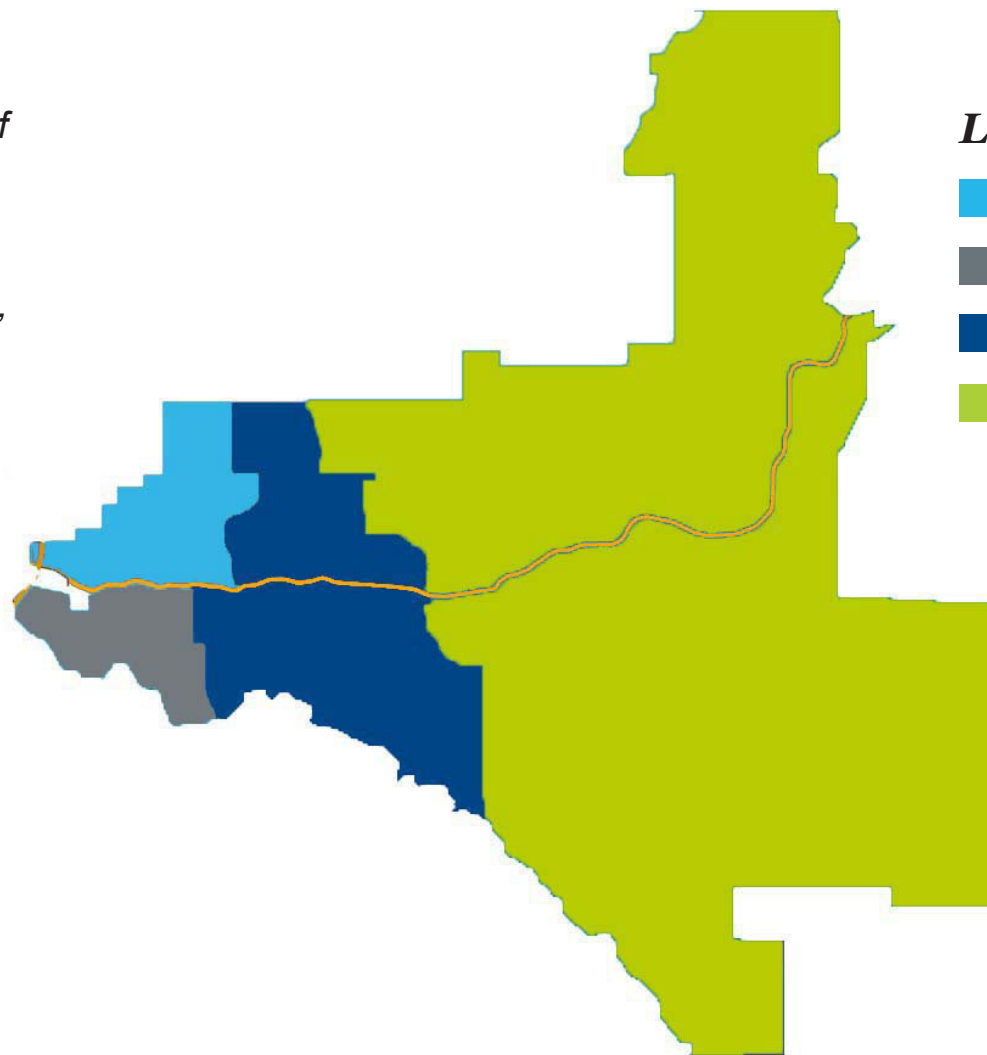
*Nearly half of the shire is made up of national park, state forest or water catchments, making the area attractive to both residents and visitors.*

### **Annual Events**





- Trek the Trail
- Cinema Under Starlight
- Australia Day Citizenship Ceremony
- Darlington Arts Festival
- Swan View Show
- Summer Concerts at Mundaring Weir Hotel
- Mundaring Sunday Markets

### **Local Attractions**

- John Forrest National Park
- Mundaring Weir
- Lake Leschenaultia
- Mundaring Community Sculpture Park
- Railway Reserves Heritage Trail
- Bibbulmun Track
- Munda Bididi Trail
- KEP Track



### ***Legend***

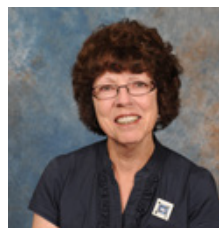
-  West Ward
-  South Ward
-  Central Ward
-  East Ward



## ***Elected Members***

| <b>Number of Council Meetings attended</b> |                      |                    |                     |
|--|----------------------|--------------------|---------------------|
| <b>Elected Member</b>                      | <b>Ordinary (19)</b> | <b>Special (2)</b> | <b>Electors (1)</b> |
| Cr Dullard                                 | 17                   | 2                  | 1                   |
| Cr Cuccaro                                 | 16                   | 1                  |                     |
| Cr Clark                                   | 13                   | 2                  |                     |
| Cr Jones                                   | 18                   | 2                  | 1                   |
| Cr Lavell                                  | 14                   | 2                  |                     |
| Cr Cook                                    | 18                   | 1                  | 1                   |
| Cr Pilgrim                                 | 13                   | 2                  |                     |
| Cr Gu                                      | 18                   | 2                  | 1                   |
| Cr Perks                                   | 16                   | 2                  | 1                   |
| Cr Bertola                                 | 18                   | 2                  |                     |
| Cr Daw                                     | 16                   | 2                  | 1                   |
| Cr S Fox                                   | 19                   | 2                  | 1                   |

### ***West Ward***



**Helen Dullard**

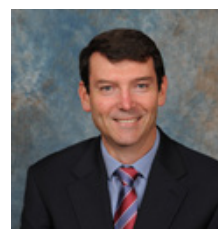


**Tony Cuccaro**



**Pauline Clark**

### ***South Ward***



**Darrell Jones**



**David Lavell**



**Trish Cook**

### ***Central Ward***



**Alan Pilgrim**



**Leona Gu**



**Bob Perks**

### ***East Ward***



**Patrick Bertola**



**John Daw**



**Stephen Fox**



## *From the Chief Executive Officer*

LOCAL Government Reform contributed to an extremely busy year as Shire of Mundaring balanced working through the State Government's Metropolitan Local Government Reform with continuing to meet the needs of the community.

A halt to the amalgamation process earlier this year resulted in a significant change in direction for the Shire. The Shire reset its focus to once again make its own decisions about the delivery of infrastructure and services to its community.

As part of the Integrated Planning and Reporting Framework, strategic planning was undertaken to determine what will be delivered over the next four year period. This is detailed in the Corporate Business Plan (CBP), a rigorously costed and prioritised plan which will enable the Shire to 'activate' the Shire of Mundaring's longer term Strategic Community Plan 2013-2023.

The CBP also places the Shire on a path to strengthened

financial sustainability over the longer term, which will enable the Shire to continue delivering services and infrastructure to meet the needs of its community into the future.

Detailed design work for several projects under the major capital works program was completed this year.

Community Recovery from the Parkerville, Stoneville, Mt Helena Bushfire in January 2014 continued, with a Together Towards Recovery event held to mark one year since the devastating fire.

I am extremely proud of how everyone in the Shire retained their focus during this year, particularly given the uncertainty faced by both employees and Elected Members.

***Jonathan Throssell***  
***Chief Executive Officer***







## ***Executive Leadership Team***



*Executive Leadership Team: (L-R) Director Corporate Services Paul O'Connor, Director Strategic and Community Services Megan Griffiths, Chief Executive Officer Jonathan Throssell, Director Statutory Services Mark Luzi and Director Infrastructure Services Shane Purdy.*

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 Shire performance, progress towards targets and use of resources.

## ***Employee profile***

Shire of Mundaring had an average staffing level of 208.91 total full time equivalents, including 22.6 FTE casual staff.

Comparative employee turnover has remained consistently low for the last few years. Turnover for 2014/15 was 10.57%, it was 9.62% for 2013/14 and 12.93% for 2012/13.

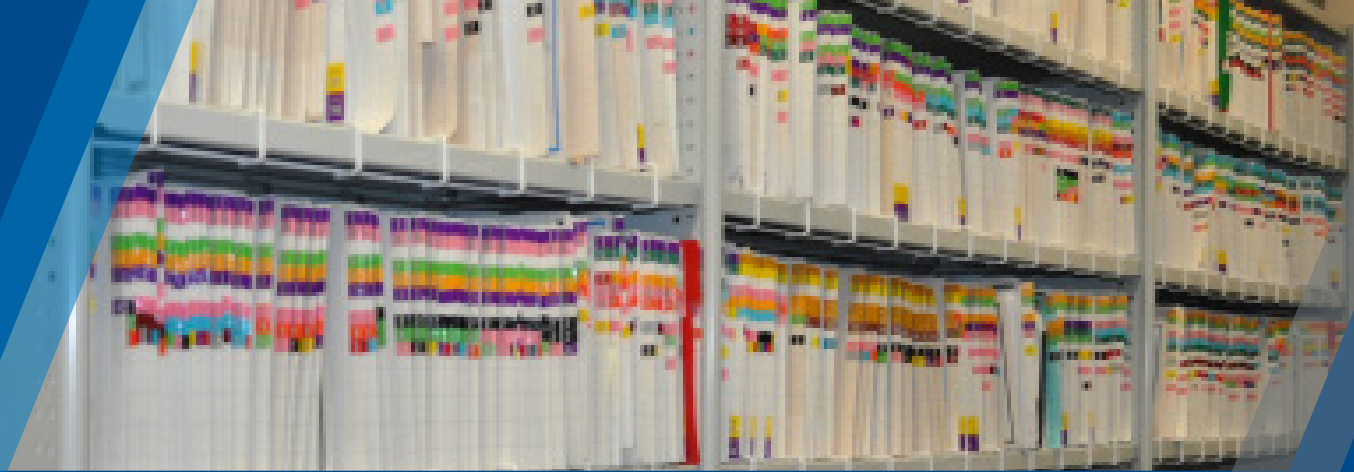
## ***Employee Remuneration***

There were 17 employees entitled to an annual cash salary of \$100,000 or more in the following categories:

|                     |   |                     |   |
|---------------------|---|---------------------|---|
| \$100,000 - 109,999 | 1 | \$140,000 - 149,999 | 0 |
| \$110,000 - 119,999 | 2 | \$160,000 - 169,999 | 3 |
| \$120,000 - 129,999 | 6 | \$170,000 - 179,999 | 1 |
| \$130,000 - 139,999 | 3 | \$250,000 - 259,999 | 1 |

## ***Freedom of Information***

The Shire has a Freedom of Information statement prepared in accordance with the *Freedom of Information Act 1992*. The statement, available on the Shire's website, outlines the Shire's functions, the kind of documents held and how the documents can be accessed. A total of 14 Freedom of Information requests were received in this reporting period.



## ***Information Management***

Information Management continue to provide record keeping services and improve processes, particularly in regard to electronic document management. This ensures *State Records Act 2000* requirements are met, as well as the needs of the Shire for high quality record keeping.

Management of corporate documents and information is specified in the Shire's record keeping plan, and mandatory records and document management training for employees is part of the induction process.

## ***Risk Management***

The Shire identifies and manages its risk through a Risk Management Plan that has been created in line with the Strategic Community Plan. An Organisational Risk Management project was undertaken with the assistance of LGIS, where a review of our business risks was completed. The Shire has developed a Business Continuity Plan to ensure it can respond to, and recover from, any business disruption.

Under the Risk Management Plan, controls have been identified for significant risks and any action required.

## ***Minor breaches***

A complaint of minor breach was lodged by the CEO of Shire of Mundaring against Cr Tony Cuccaro on 15 July 2014.

Description:

Breach of regulation 11 of the *Local Government (Rules of Conduct) Regulations 2007*: having disclosed an impartiality interest for being a member of one of the user groups of a Shire facility a few months previously, Cr Cuccaro failed to disclose an interest affecting impartiality during the Ordinary Council meeting of 8 July 2014 in relation to item 11.1 – Consideration of Projects Listed as Strategic priorities. In response to a query by the CEO of Shire of Mundaring Cr Cuccaro advised that there was no change in his circumstances since the previous declaration.

Details of action taken:

The Standards Panel made an order under section 5.110(6)(c) of the *Local Government Act 1995* that pursuant to subsection (b)(ii) of that section Cr Cuccaro should be ordered to publicly apologise to the other Councillors of the Shire.

Cr Cuccaro made a public apology to the other councillors during the Ordinary Council meeting of 12 May 2015, which is recorded in the minutes of that meeting.





## *Valued Natural Environment*

A Landscape and Revegetation Guidelines booklet was produced to assist residents and developers who are required to submit landscaping or revegetation plans as part of their development applications.

Fire recovery efforts from the 2014 Parkerville, Stoneville, Mt Helena Bushfire continued. Weed control was undertaken, nesting box workshops held and nesting boxes installed in affected reserves.

The Green Army team supported fire recovery efforts and weed control along the Railway Reserves Heritage Trail. Westpac and State Natural Resource Management grants assisted with the recovery.

A Firewise Plant selection fact sheet was developed to assist with tree planting options.

Through the Tree Canopy and Understorey Program, residents and local Friends Groups shared in 52,000 seedlings.

There are 89 Friends Groups in the shire who volunteer to manage weeds and reserves. A Friends Group event was held at Lake Leschenaultia in June with 45 volunteers attending.

The installation of extensive dieback signage was completed in Strettle Reserve through Perth Region Natural Resource Management.

A combined project with Swan-Alcoa Landcare Program (SALP), University of WA researchers and Friends Group members on bee management as part of a \$5500 SALP grant was undertaken.

## *Plans for 2015/16*

Completion of the Eastern Catchment Management Plan will help develop a way forward for catchment management in the shire.

In conjunction with the Environmental Advisory Committee, the Roadside Conservation Strategy Draft will be completed.

A Sculpture Fauna Art Project will be undertaken with students at Chidlow Primary School as part of the Trek the Trail event. The project will focus on the long neck turtle and water rat, which are animals found in Lake Leschenaultia.

Enhancement works on the verges along Helena Valley Road in Helena Valley will continue.



## *Balanced Development*

After several years of lobbying, Shire of Mundaring was successful in attracting \$12million in State and \$9.6million in Federal funds for safety upgrade works on Great Eastern Highway between Mundaring and Greenmount.

The \$24million project will upgrade 7km of road and include intersection improvements, widened and sealed road shoulders, new bus bays and a new shared path between Mann Street and Kintore Road, Mundaring.

Upgrades at Blackboy Hill Commemorative Site were finished in time for the 2015 ANZAC Day commemorations.

Major refurbishment of Bilgoman Aquatic Centre was completed. This saw the main pool renewed with tiling, the addition of ramp access, new solar hot water heating

system and upgrades to the filtration, sanitation and hydraulic systems. The children's pool was increased in size and now includes a beach entry.

Concept plans were completed and \$3million State Government funding secured for the Mundaring Indoor Recreation Facility.

Plans for a social room at Elsie Austin Oval in Mount Helena were completed.

Footpaths were built on Myles Road, Elder Way, Ryecroft Road, Alison Street and Needham Road. Road upgrades were completed on Darlington Road and Montrose Avenue. Beacon Road, Molloy Trail and Horace Street were sealed.

### *Plans for 2015/16*

Mundaring Indoor Recreation Centre construction to begin.

Safety upgrade works on Great Eastern Highway between Mundaring and Greenmount will commence.

Mundaring Community Sculpture Park construction works will continue.

Enhancements of Morgan John Morgan Reserve in Glen Forrest will be completed.

Construction of the social room at Elsie Austin Oval to begin.

Swan View Station Heritage Trail Reserve surroundings will be upgraded, with a trail crossing constructed on Morrison Road.





## *Thriving Community*

### **Children's Services**

Midvale Hub was successful in applying for Indigenous Advancement Strategy funding from the Department of Prime Minister and Cabinet to ensure local children have access to early years services. The Children and Family Centres at Middle Swan and Clayton View Primary Schools celebrated a year of operation. Children's Services was recognised at the Polytechnic West Awards Night – awarded 2014 Employer Partnership of the Year.

### **Youth**

Regular user groups at Swan View Youth Centre provide a range of activities such as dancing, art, sports, circus and life skills programs. A weekly drop-in session at the Centre provides after-school activities each Tuesday. Seen and Heard continued to deliver events across the Shire and ran a successful Battle of the Bands event in June.

### **Seniors**

The major events were Seniors Week Bingo Afternoon at the Swan View Youth Centre and the Active Ageing Network Book Cafes. Intergenerational events included the Seniors Christmas Lunch, a world war themed Afternoon Sing-Along and a Children's Book Cafe.

### **Libraries**

Around 290,000 physical items were borrowed by more than 116,000 people, in addition to more than 6000 eResources. Regular baby rhyme time sessions have begun at the Swan Family Centre. A 'Free Pop-Up Library' was provided at The Pipelines Festival.

### **Grants**

Eight volunteer-based groups received funding to facilitate a range of community events while 44 groups were supported to provide training, purchase equipment and undertake minor upgrades. Giving Back Grants were awarded to 12 groups and Youth Sponsorships were awarded to 32 individuals and three groups. Online grants management system SmartyGrants was purchased.

### **Events**

ANZAC Day 2015 marked 100 years since Australian troops landed at Gallipoli with many services marking the occasion. Redevelopment works at Blackboy Hill Commemorative Site were completed.

Three public citizenship ceremonies were held, with 99 people receiving citizenship. More than 200 people joined Australia Day celebrations.

More than 1600 people attended three Cinema Under Starlight events.



### Visitor Services

The Mundaring Visitor Centre handled more than 13,000 enquiries, with around half relating to Lake Leschenaultia. A new look website was launched and has more than 100 listings of local tourism providers. The website attracted more than 120,000 page views.

### Trails

The Shire joined with Shire of Kalamunda and Department of Parks and Wildlife to develop a trail plan for a link between the Railway Reserves Heritage Trail in Mundaring and the Railway Reserve Trail in Kalamunda.

### Facilities

Reticulation at Parkerville Oval was upgraded and the Darlington Tennis Courts carpark was sealed. Mundaring Arts Centre was upgraded. A five year chair and table replacement program in the Shire's community halls and sporting pavilions was completed.

### Community Recovery

Activities included a 12 month acknowledgement event of the 2014 Parkerville, Stoneville, Mt Helena Bushfire, the development of a Community Memoir, the Pillowcase Project for young people impacted by the fires and Community Recovery e-News to provide support for local residents.

|                                     |               |
|-------------------------------------|---------------|
| Halls and pavilions attendances     | 200,451       |
| Halls and pavilions bookings        | 10,866        |
| Hard court and oval attendances     | Summer 57,620 |
|                                     | Winter 43,800 |
| Bilgoman Aquatic Centre attendance  | 85,262        |
| Mt Helena Aquatic Centre attendance | 19,509        |

## *Plans for 2015/16*

Libraries are working towards building relationships with local businesses and community organisations in order to offer opportunities for the community to become involved in a wider variety of events and have access to more comprehensive resources.

Detailed design works are proceeding for the Boya Community Hub at Boya Oval and Mundaring Indoor Recreation Facility for a replacement library and indoor stadium respectively.

A permanent pop-up library will be established at the Swan View Youth Centre.

Community Recovery efforts from the Parkerville, Stoneville, Mt Helena Bushfire will continue with a Community Art Project.



## *Respected Civic Leadership*

In November 2014, Council approved the review of systems and procedures in regards to risk management, internal control and legislative compliance within the Shire and endorsed the Risk Management Framework which contains practical guidelines to develop Shire of Mundaring's capacity to appropriately manage risk.

Major achievements for Information Technology included upgrades of the GIS Customer Action Request System and Cisco systems and developing a new processing system (APS) to manage Planning, Building and Health applications.

Two new sites for Children's Services were implemented, a new website developed for Mundaring Visitor Centre and a Landgate Shared Location Information Platform implemented. The internal firewall was also replaced.

During the year, governance support was provided to the Audit and Governance Committee in the areas of risk management, internal controls, legislative compliance and audit planning and reporting.

The Shire continued its commitment to fulfilling its moral and legal responsibilities under the Occupational Health and Safety Act, to provide a safe and healthy work environment for employees, contractors and visitors.

## *Plans for 2015/16*

The Shire will develop and grow the relationship with the business community and with the Swan Chamber of Commerce and the Mundaring Chamber of Commerce.

Council Elections will be held in October 2015, with six Elected Members to be elected.

MS SharePoint will be upgraded for five websites, while the email system, server operating system and domain controllers will also be upgraded.

System applications to manage fire safety inspections and public access ways will be developed.





## *Access and Inclusion*

The winner of the annual Celebration of Ability Award for 2014/15 was Riding for the Disabled Hills Group. Activities are provided entirely by volunteers who spend many hours giving up their time. This dedication provides activities that give children and young people increased social confidence, contentment, trusting and loving relationships, higher self-esteem and increased physical wellness. It also gives families, friends and carers an enjoyable outing.

To celebrate International Day of People with a Disability the Shire purchased musical pipes to be installed in Morgan John Morgan Reserve playground upgrades in Glen Forrest. This equipment includes children who have sight impairment.

Bilgoman Aquatic Centre reopened and now includes a new ramp access into the main pool. The new leisure pool has beach entry.

Shire Libraries provide a free home delivery service for people who cannot get to the library. Services are provided to Woorloo, Yallabee Village and Yallabee Hostel where items are displayed ready for loan and morning tea is provided. Albert Facey Memorial (Mundaring) Library provides free computer training.



### *Plans for 2015/16*

In response to community concern regarding access into older facilities, Council resolved to increase the budget for access upgrades from \$150,000 per financial year to \$200,000 for 2015/16. It will then increase to \$300,000 for the following three years.

Mundaring Community Sculpture Park upgrades will provide an accessible play area and outdoor space. Equipment includes an inclusive carousel, soft fall covering, boardwalk and tunnel.

Installation of musical pipes at Morgan John Morgan Reserve.

# Appendix - 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

| Shire of Mundaring Strategic Priorities: |  |
|--|--|
| SP1                                      | Valued Natural Environment   |
| SP2                                      | Community and Sporting Facilities, Playgrounds, Halls and Buildings for Community Groups                             |
| SP3                                      | Improved Community Outcomes in the areas of Public Transport, Services for Seniors, Youth and People with Disability |
| SP4                                      | Bushfire Prevention and Emergency Management   |

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".

| Four Year Priorities from CBP |  |
|-------------------------------|--|
| P2                            | Capital  |
| P3                            | Services (Landcare/Friends, Mowing Parks, Reserves, Verges, Bushfire Mitigation, Drainage and Remodelling) |
| P4                            | Planning and Strategy (from strategy table Page 14)  |
| 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 right:

|        |   |
|--------|---|
| High   | Areas that are in Direct Control of Local Government  |
| Medium | Areas that Local Government does not Control but can Influence  |
| Low    | Areas that Local Government neither Controls nor is likely to Influence, but are of concern to the Community and Impact on Community Well Being |



## Strategic Theme 1: Valued Natural Environment:

- To preserve and enhance the natural environment
- To encourage and support environmental volunteering
- Sustainable Living

| Control level | Strategic Priorities | Indicators and Measures  | 2013-14 | 2014-15               |
|---------------|----------------------|--|---------|-----------------------|
| M             | SP1                  | # of trees/seedlings planted in natural areas / greenways by Shire and Friends Groups  | 8,220   | 10,220                |
| L             | P3                   | # hours spent on-ground by Friends Groups  | 8,220   | 4,114                 |
| H             | P3                   | # of hours of Landcare Officer assistance to Friends Group   | 3,725   | 3,911                 |
| M             | P3                   | % Friends Groups satisfaction with Shire assistance  | 90.9    | 92.5                  |
| L             | P3                   | # of new Friends Groups  | 3       | 4                     |
| H             | P3                   | # of seedlings provided to public through Tree Canopy and Understorey Program  | 52,000  | 52,000                |
| M             | P3                   | # of applications for the Tree Canopy and Understorey Program  | 1,600   | 1,400                 |
| M             | SP1 & 4              | Bush fire protection and weed control - # of prescribed burns conducted  | 65      | 62                    |
| H             | P2                   | % parks, reserves and public open spaces capital projects completed  | 75      | 75                    |
| H             | P2                   | Develop Mundaring Community Sculpture Park   |         | 10% complete          |
| H             | SP1                  | # of hours to mow verges   | 6,297   | 6,893                 |
| M             | SP1                  | Residents Satisfaction with services and facilities: % of respondents satisfied with mowing of : verges, reserves and public open spaces | 63      | Next survey Sept 2015 |



## Strategic Theme 2: Balanced Development:

Balanced development – don't lose our special character

Village lifestyle with a strong town centre

Easy to get around – within and to/from Shire

| High<br>Medium<br>Low-<br>Control | Strategic<br>Priorities | Indicators and Measures                                     | 2013-14          | 2014-15             |
|-----------------------------------|-------------------------|---|------------------|---------------------|
| H                                 | P4                      | Building Envelope Register for LPS4                         | 100%<br>Complete | N/A                 |
| H                                 | P4                      | Access strategy for bushfire prone areas                    |                  | 5%<br>complete      |
| H                                 | P4                      | Helena Valley urban expansion strategy                      |                  | 25%<br>complete     |
| H                                 | P4                      | Review Local Commercial Strategy                            |                  | Commence<br>2016/17 |
| H                                 | P4                      | Light Industrial investigation                              |                  | Commence<br>2018/19 |
| H                                 | P4                      | Limited Rural Strategy for Bailup and Wooroloo prepared     |                  | Commence<br>2018/19 |
| H                                 | P4                      | Mundaring Town Centre Precinct Plan                         |                  | 5%<br>complete      |
| H                                 | P4                      | Darlington Precinct Plan                                    |                  | Commence<br>2018/19 |
| H                                 | P4                      | Watercourse hierarchy strategy                              |                  | Commence<br>2016/17 |
| H                                 | P1                      | Develop a playground strategy                               | 80%<br>Complete  | 80%<br>Complete     |
| H                                 | P2                      | % roads, bridges and bus shelter capital projects completed | 88               | 89                  |

| High<br>Medium<br>Low-<br>Control | Strategic<br>Priorities | Indicators and Measures                                | 2013-14  | 2014-15  |
|-----------------------------------|-------------------------|--|--|--|
| M                                 | P2                      | % of roads in "Satisfactory" condition                 | 66.2%<br>sealed road<br>network in<br>satisfactory<br>condition<br><br>0.8%<br>sealed road<br>network in<br>very poor<br>condition | N/A Road<br>Condition<br>Surveys<br>carried out<br>every 5<br>years  |
|                                   | P2                      | Investigate Trail link Morrison Road                   | Concept<br>Complete  | Funding<br>allocated.<br>Design<br>completed   |
| H                                 | P2                      | % footpaths / cycleways capital projects completed     | 93   | 97   |
| M                                 | P2                      | % of footpaths / cycleways in "Satisfactory" condition | Incomplete<br>– subject to<br>condition<br>survey<br>being<br>completed<br>and<br>available<br>funding.<br>Proposal<br>2015.       | Incomplete<br>– subject to<br>condition<br>survey<br>being<br>completed<br>and<br>available<br>funding.<br>Proposal<br>2015. |

|   |    |  |    |    |
|---|----|--|----|----|
| H | P2 | # Drainage capital projects completed                    | 80 | 86 |
| M | P2 | # of properties complaining of flooding                  | 45 | 0  |
| H | P2 | # of catchments analysed for drainage capacity per annum | 1  | 1  |

### Strategic Theme 3: Thriving Community

Strong sense of community – engaged, connected, inclusive, learning

For young and old – meets the needs across the generations

Appropriate local services and facilities

Great outdoor places – to be, and play

Healthy and active

Celebrate our unique features

Known for our arts, culture and heritage

| High<br>Medium<br>Low-<br>Control | Strategic<br>Priorities | Indicators and Measures  | 2013-14 | 2014-15                  |
|-----------------------------------|-------------------------|--|---------|--------------------------|
| H                                 | SP2                     | % of respondents satisfied with the performance of the SOM with respect to playgrounds and parks   | 74      | Next survey<br>Sept 2015 |
| H                                 | SP2                     | Sport and recreation facilities  | 73      | Next survey<br>Sept 2015 |
| H                                 | SP2                     | Bilgoman Aquatic Centre and,<br>Mount Helena Aquatic Centre  | 90      | Next survey<br>Sept 2015 |
| H                                 | SP2                     | Library services   | 86      | Next survey<br>Sept 2015 |
| M                                 | SP2                     | Community buildings, halls & toilets   | 67      | Next survey<br>Sept 2015 |
| M                                 | SP4                     | Bushfire preparedness<br>% of assessments leading to issuing of bushfire compliance notices        | 2.7%    | 15.49%                   |
| H                                 | SP4                     | # of Bushfire preparedness inspections undertaken (Not a full year, program still being developed) |         | 297                      |
| H                                 | O                       | # of years lapsed since the Heritage register was updated.   |         | 35%<br>complete          |



| High<br>Medium<br>Low-<br>Control | Strategic<br>Priorities | Indicators and Measures  | 2013-14         | 2014-15                       |
|-----------------------------------|-------------------------|--|-----------------|-------------------------------|
| H                                 | O                       | \$ investment in public art  | 10,000          | 10,000                        |
| H                                 | O                       | % Community Satisfaction in the efficiency and effectiveness of the Shire's customer service     | 72              | Next survey<br>Sept 2015      |
| H                                 | P2                      | % Building Minor Capital projects completed  | 50%<br>Complete | 60%<br>Complete               |
| H                                 | P2                      | Lake Leschenaultia caretaker accommodation   |                 | Commence<br>2016/17           |
| H                                 | P2                      | Construct Boya Oval facilities   |                 | 7%<br>complete                |
| H                                 | P2                      | Glen Forest Oval - replace toilet block  |                 | Commence<br>2017/18           |
| H                                 | P2                      | Sawyers Valley Oval - replace toilet block   |                 | Commence<br>2017/18           |
| H                                 | P2                      | Upgrade of Bilgoman Aquatic Centre heating system, pool pumps and piping to improve efficiency   |                 | Completed<br>November<br>2014 |
| H                                 | P3                      | % Community Satisfaction with waste transfer stations services                                   | 78              | Next survey<br>Sept 2015      |
| H                                 | P3                      | % Community Satisfaction with Verge-side bulk rubbish collection                                 | 61              | Next survey<br>Sept 2015      |
|                                   |                         | <b>Residents Satisfaction with services and facilities:</b><br>% of respondents satisfied with : |                 |                               |
| M                                 | SP3                     | Services for children under 12 years old   | 53              | Next survey<br>Sept 2015      |

| High<br>Medium<br>Low-<br>Control | Strategic<br>Priorities | Indicators and Measures                                      | 2013-14 | 2014-15                  |
|-----------------------------------|-------------------------|--|---------|--------------------------|
| M                                 | SP3                     | Services and facilities for youth aged 12-25 years           | 45      | Next survey<br>Sept 2015 |
| M                                 | SP3                     | Facilities, services and care available for seniors          | 75      | Next survey<br>Sept 2015 |
| M                                 | SP3                     | Access to services and facilities for people with disability | 58      | Next survey<br>Sept 2015 |

**Strategic Theme 4: Respected Civic Leadership**  
**strong civic leadership and trusted governance**

| High<br>Medium<br>Low-<br>Control | Strategic<br>Priorities | Indicators and Measures   | 2013-14 | 2014-15                  |
|-----------------------------------|-------------------------|---|---------|--------------------------|
| H                                 | O                       | Residents satisfied with the elected members' leadership<br>% of respondents satisfied with the Shire's elected member's leadership within the community                          | 45      | Next survey<br>Sept 2015 |
| M                                 | O                       | # of Ordinary and Special Council Meetings attended by elected members  | 300     | 263                      |
| H                                 | SP3                     | Advocacy on key issues of community interest<br># of planned activities completed   | 4       | 6                        |
| M                                 | O                       | % Respondents satisfaction with how the Shire engage the community about local issues   | 56      | Next survey<br>Sept 2015 |
| M                                 | SP3                     | # of issues effectively advocated on  | 2       | 2                        |
| H                                 | P4                      | Community members engaged in planning, implementation and or monitoring:<br>% of respondents who agree that the Shire has developed and communicated a clear vision for the area. | 29      | Next survey<br>Sept 2015 |
| H                                 | P4                      | Community members engaged in planning, implementation and or monitoring:<br>% of respondents satisfied with Shire engaging the community about local issues                       | 56      | Next survey<br>Sept 2015 |

**SHIRE OF MUNDARING**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

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**SHIRE OF MUNDARING  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.

Signed as authorisation of issue on the 14th day of October 2015



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Jonathan Throssell  
Chief Executive Officer

**SHIRE OF MUNDARING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

|   | NOTE | 2015<br>Actual<br>\$ | 2015<br>Budget<br>\$ | 2014<br>Actual<br>\$ |
|---|------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  |      |                      |                      |                      |
| Rates   | 22   | 23,755,786           | 23,702,860           | 24,041,908           |
| Operating grants, subsidies and contributions                               | 28   | 7,986,159            | 5,780,407            | 5,813,271            |
| Fees and charges  | 27   | 10,908,892           | 10,695,085           | 7,617,052            |
| Interest earnings   | 2(a) | 890,264              | 1,065,000            | 1,058,218            |
| Other revenue   |      | <u>3,012,129</u>     | <u>2,948,525</u>     | <u>7,457,014</u>     |
|   |      | 46,553,230           | 44,191,877           | 45,987,463           |
| <b>Expenses</b>   |      |                      |                      |                      |
| Employee costs  |      | (17,642,450)         | (18,064,167)         | (16,628,640)         |
| Materials and contracts   |      | (18,026,256)         | (18,503,986)         | (14,925,821)         |
| Utility charges   |      | (1,045,887)          | (1,413,028)          | (1,234,456)          |
| Depreciation on non-current assets  | 2(a) | (7,075,476)          | (8,541,748)          | (7,540,650)          |
| Interest expenses   | 2(a) | (312,759)            | (309,661)            | (326,370)            |
| Insurance expenses  |      | (890,568)            | (1,005,352)          | (913,353)            |
| Other expenditure   |      | <u>(572,177)</u>     | <u>(1,451,451)</u>   | <u>(8,314,431)</u>   |
|   |      | (45,565,573)         | (49,289,393)         | (49,883,721)         |
|   |      | 987,657              | (5,097,516)          | (3,896,258)          |
| Non-operating grants, subsidies and contributions                           | 28   | 3,407,740            | 3,519,507            | 10,346,314           |
| Fair value adjustments to fixed assets at fair value through profit or loss | 7(b) | (2,264,507)          | 0                    | 0                    |
| Loss on asset disposals   | 20   | (97,279)             | 0                    | (132,401)            |
| Change in Equity - Joint Venture  | 16   | <u>1,340,977</u>     | <u>0</u>             | <u>4,385,678</u>     |
| <b>Net result</b>   |      | <b>3,374,588</b>     | <b>(1,578,009)</b>   | <b>10,703,333</b>    |
| <b>Other comprehensive income</b>   |      |                      |                      |                      |
| Changes on revaluation of non-current assets                                | 7(b) | 208,411,635          | 0                    | 38,621,083           |
| <b>Total other comprehensive income</b>                                     |      | <u>208,411,635</u>   | <u>0</u>             | <u>38,621,083</u>    |
| <b>Total comprehensive income</b>   |      | <u>211,786,223</u>   | <u>(1,578,009)</u>   | <u>49,324,416</u>    |

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

**SHIRE OF MUNDARING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

|   | NOTE | 2015<br>Actual<br>\$      | 2015<br>Budget<br>\$      | 2014<br>Actual<br>\$     |
|---|------|---------------------------|---------------------------|--------------------------|
| <b>Revenue</b>  |      |                           |                           |                          |
|   | 2(a) |                           |                           |                          |
| Governance  |      | 145,484                   | 81,200                    | 781,527                  |
| General purpose funding   |      | 29,187,405                | 27,756,952                | 26,516,580               |
| Law, order, public safety   |      | 930,862                   | 418,200                   | 5,151,187                |
| Health  |      | 100,918                   | 55,700                    | 79,120                   |
| Education and welfare   |      | 5,375,622                 | 4,818,166                 | 4,352,479                |
| Community amenities   |      | 7,252,262                 | 7,124,290                 | 4,329,759                |
| Recreation and culture  |      | 1,281,772                 | 1,053,713                 | 2,416,707                |
| Transport   |      | 173,268                   | 186,000                   | 343,825                  |
| Economic services   |      | 316,172                   | 238,500                   | 267,806                  |
| Other property and services   |      | 1,789,465                 | 2,459,156                 | 1,748,473                |
|   |      | <u>46,553,230</u>         | <u>44,191,877</u>         | <u>45,987,463</u>        |
| <b>Expenses</b>   |      |                           |                           |                          |
|   | 2(a) |                           |                           |                          |
| Governance  |      | (4,403,412)               | (5,125,476)               | (4,791,246)              |
| General purpose funding   |      | (669,022)                 | (681,138)                 | (886,524)                |
| Law, order, public safety   |      | (2,659,846)               | (2,395,826)               | (6,717,482)              |
| Health  |      | (684,683)                 | (814,610)                 | (610,802)                |
| Education and welfare   |      | (6,659,065)               | (6,664,979)               | (5,865,574)              |
| Community amenities   |      | (8,158,999)               | (8,779,786)               | (7,765,411)              |
| Recreation and culture  |      | (9,823,430)               | (8,679,958)               | (9,055,067)              |
| Transport   |      | (8,743,645)               | (11,868,069)              | (10,539,365)             |
| Economic services   |      | (737,417)                 | (809,159)                 | (713,023)                |
| Other property and services   |      | (2,713,295)               | (3,160,731)               | (2,612,857)              |
|   |      | <u>(45,252,814)</u>       | <u>(48,979,732)</u>       | <u>(49,557,351)</u>      |
| <b>Finance costs</b>  |      |                           |                           |                          |
|   | 2(a) |                           |                           |                          |
| Governance  |      | <u>(312,759)</u>          | <u>(309,661)</u>          | <u>(326,370)</u>         |
|   |      | (312,759)                 | (309,661)                 | (326,370)                |
| <b>Non-operating grants, subsidies and contributions</b>                    |      |                           |                           |                          |
| Law, order, public safety   |      | 812,107                   | 0                         | 181,239                  |
| Education and welfare   |      | 58,470                    | 58,500                    | 0                        |
| Recreation and culture  |      | 869,339                   | 1,920,000                 | 187,000                  |
| Transport   |      | 1,667,824                 | 1,541,007                 | 9,978,075                |
|   | 28   | <u>3,407,740</u>          | <u>3,519,507</u>          | <u>10,346,314</u>        |
| <b>Profit/(Loss) on disposal of assets</b>                                  |      |                           |                           |                          |
| Governance  |      | (18,477)                  | 0                         | 0                        |
| Law, order, public safety   |      | (1,335)                   | 0                         | (2,000)                  |
| Health  |      | 0                         | 0                         | (2,205)                  |
| Education and welfare   |      | 0                         | 0                         | (4,273)                  |
| Community amenities   |      | (31,934)                  | 0                         | 0                        |
| Recreation and culture  |      | (6,294)                   | 0                         | (2,313)                  |
| Transport   |      | (32,931)                  | 0                         | (121,610)                |
| Other property and services   |      | (6,308)                   | 0                         | 0                        |
|   | 20   | <u>(97,279)</u>           | <u>0</u>                  | <u>(132,401)</u>         |
| Fair value adjustments to fixed assets at fair value through profit or loss | 7(b) | (2,264,507)               | 0                         | 0                        |
| Change in Equity - Joint Venture  | 16   | 1,340,977                 | 0                         | 4,385,678                |
| <b>Net result</b>   |      | <b>3,374,588</b>          | <b>(1,578,009)</b>        | <b>10,703,333</b>        |
| <b>Other comprehensive income</b>   |      |                           |                           |                          |
| Changes on revaluation of non-current assets                                | 7(b) | 208,411,635               | 0                         | 38,621,083               |
| <b>Total other comprehensive income</b>                                     |      | <b>208,411,635</b>        | <b>0</b>                  | <b>38,621,083</b>        |
| <b>Total comprehensive income</b>   |      | <b><u>211,786,223</u></b> | <b><u>(1,578,009)</u></b> | <b><u>49,324,416</u></b> |

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

**SHIRE OF MUNDARING**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2015**

|   | NOTE  | 2015<br>Actual<br>\$ | 2014<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|
| <b>CURRENT ASSETS</b>                   |       |                      |                      |
| Cash and cash equivalents               | 3     | 21,563,712           | 18,332,452           |
| Trade and other receivables             | 4     | 2,278,492            | 3,750,690            |
| Inventories                             | 5     | 109,036              | 98,646               |
| Land held for sale                      | 5 (a) | 116,195              | 116,195              |
| <b>TOTAL CURRENT ASSETS</b>             |       | <u>24,067,435</u>    | <u>22,297,983</u>    |
| <b>NON-CURRENT ASSETS</b>               |       |                      |                      |
| Other receivables                       | 4     | 806,016              | 743,832              |
| Property, plant and equipment           | 6     | 77,373,189           | 77,842,012           |
| Infrastructure                          | 7     | 363,046,945          | 155,937,668          |
| Interest in Joint Venture               | 16    | 16,479,545           | 15,138,568           |
| <b>TOTAL NON-CURRENT ASSETS</b>         |       | <u>457,705,695</u>   | <u>249,662,080</u>   |
| <b>TOTAL ASSETS</b>                     |       | <u>481,773,130</u>   | <u>271,960,063</u>   |
| <b>CURRENT LIABILITIES</b>              |       |                      |                      |
| Trade and other payables                | 8     | 1,285,827            | 3,335,857            |
| Current portion of long term borrowings | 9     | 213,366              | 199,080              |
| Provisions                              | 10    | 2,982,877            | 2,645,776            |
| <b>TOTAL CURRENT LIABILITIES</b>        |       | <u>4,482,070</u>     | <u>6,180,713</u>     |
| <b>NON-CURRENT LIABILITIES</b>          |       |                      |                      |
| Long term borrowings                    | 9     | 4,133,215            | 4,346,581            |
| Provisions                              | 10    | 248,915              | 310,062              |
| <b>TOTAL NON-CURRENT LIABILITIES</b>    |       | <u>4,382,130</u>     | <u>4,656,643</u>     |
| <b>TOTAL LIABILITIES</b>                |       | <u>8,864,200</u>     | <u>10,837,356</u>    |
| <b>NET ASSETS</b>                       |       | <u>472,908,930</u>   | <u>261,122,707</u>   |
| <b>EQUITY</b>                           |       |                      |                      |
| Retained surplus                        |       | 139,461,200          | 137,822,786          |
| Reserves - cash backed                  | 11    | 12,457,169           | 10,720,995           |
| Revaluation surplus                     | 12    | 320,990,561          | 112,578,926          |
| <b>TOTAL EQUITY</b>                     |       | <u>472,908,930</u>   | <u>261,122,707</u>   |

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

**SHIRE OF MUNDARING  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2015**

|  | NOTE | RETAINED<br>SURPLUS<br>\$ | RESERVES<br>CASH<br>BACKED<br>\$ | REVALUATION<br>SURPLUS<br>\$ | TOTAL<br>EQUITY<br>\$ |
|--|------|---------------------------|----------------------------------|------------------------------|-----------------------|
| <b>Balance as at 1 July 2013</b>             |      | <b>126,777,263</b>        | <b>11,063,185</b>                | <b>73,957,843</b>            | <b>211,798,291</b>    |
| Comprehensive income                         |      |                           |                                  |                              |                       |
| Net result                                   |      | 10,703,333                | 0                                | 0                            | 10,703,333            |
| Changes on revaluation of non-current assets | 12   | 0                         | 0                                | 38,621,083                   | 38,621,083            |
| Total comprehensive income                   |      | 10,703,333                | 0                                | 38,621,083                   | 49,324,416            |
| Transfers from/(to) reserves                 |      | 342,190                   | (342,190)                        | 0                            | 0                     |
|  |      | <b>137,822,786</b>        | <b>10,720,995</b>                | <b>112,578,926</b>           | <b>261,122,707</b>    |
| Comprehensive income                         |      |                           |                                  |                              |                       |
| Net result                                   |      | 3,374,588                 | 0                                | 0                            | 3,374,588             |
| Changes on revaluation of non-current assets | 12   | 0                         | 0                                | 208,411,635                  | 208,411,635           |
| Total comprehensive income                   |      | 3,374,588                 | 0                                | 208,411,635                  | 211,786,223           |
| Transfers from/(to) reserves                 |      | (1,736,174)               | 1,736,174                        | 0                            | 0                     |
|  |      | <b>139,461,200</b>        | <b>12,457,169</b>                | <b>320,990,561</b>           | <b>472,908,930</b>    |

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

**SHIRE OF MUNDARING  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2015**

|   | NOTE  | 2015<br>Actual<br>\$     | 2015<br>Budget<br>\$     | 2014<br>Actual<br>\$     |
|---|-------|--------------------------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |       |                          |                          |                          |
| <b>Receipts</b>   |       |                          |                          |                          |
| Rates   |       | 23,556,751               | 23,702,860               | 23,982,181               |
| Operating grants, subsidies and contributions               |       | 7,986,159                | 5,780,407                | 5,813,271                |
| Fees and charges  |       | 12,419,424               | 10,695,085               | 5,303,458                |
| Interest earnings   |       | 890,264                  | 1,065,000                | 1,058,218                |
| Goods and services tax                                      |       | 2,052,581                | 1,500,000                | 1,922,908                |
| Other revenue   |       | <u>3,012,129</u>         | <u>2,948,525</u>         | <u>7,457,014</u>         |
|   |       | 49,917,308               | 45,691,877               | 45,537,050               |
| <b>Payments</b>   |       |                          |                          |                          |
| Employee costs  |       | (17,366,496)             | (18,064,167)             | (16,449,981)             |
| Materials and contracts                                     |       | (20,086,676)             | (18,503,986)             | (13,152,880)             |
| Utility charges   |       | (1,045,887)              | (1,413,028)              | (1,234,456)              |
| Interest expenses   |       | (312,759)                | (309,661)                | (326,370)                |
| Insurance expenses  |       | (890,568)                | (1,005,352)              | (913,353)                |
| Goods and services tax                                      |       | (1,954,067)              | (1,500,000)              | (2,000,566)              |
| Other expenditure   |       | <u>(572,177)</u>         | <u>(1,451,451)</u>       | <u>(8,314,431)</u>       |
|   |       | (42,228,630)             | (42,247,645)             | (42,392,037)             |
| <b>Net cash provided by (used in) operating activities</b>  | 13(b) | <u>7,688,678</u>         | <u>3,444,232</u>         | <u>3,145,013</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |       |                          |                          |                          |
| Payments for purchase of property, plant & equipment        |       | (3,639,114)              | (11,110,986)             | (2,795,912)              |
| Payments for construction of infrastructure                 |       | (4,451,685)              | (4,913,093)              | (12,113,501)             |
| Non-operating grants, Subsidies and contributions           |       | 3,407,740                | 3,519,507                | 10,346,314               |
| Proceeds from sale of fixed assets                          |       | 424,721                  | 2,638,140                | 312,720                  |
| <b>Net cash provided by (used in) investment activities</b> |       | <u>(4,258,338)</u>       | <u>(9,866,432)</u>       | <u>(4,250,379)</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |       |                          |                          |                          |
| Repayment of debentures                                     |       | (199,080)                | (199,080)                | (185,751)                |
| Proceeds from new debentures                                |       | 0                        | 16,000,000               | 0                        |
| <b>Net cash provided by (used in) financing activities</b>  |       | <u>(199,080)</u>         | <u>15,800,920</u>        | <u>(185,751)</u>         |
| <b>Net increase (decrease) in cash held</b>                 |       | 3,231,260                | 9,378,720                | (1,291,117)              |
| Cash at beginning of year                                   |       | 18,332,452               | 18,836,108               | 19,623,569               |
| <b>Cash and cash equivalents at the end of the year</b>     | 13(a) | <u><u>21,563,712</u></u> | <u><u>28,214,828</u></u> | <u><u>18,332,452</u></u> |

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

**SHIRE OF MUNDARING  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2015**

|   | NOTE  | 2015<br>Actual<br>\$ | 2015<br>Budget<br>\$ | 2014<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  |       |                      |                      |                      |
| Governance  |       | 145,484              | 81,200               | 781,527              |
| General purpose funding                               |       | 5,431,619            | 4,054,092            | 2,474,672            |
| Law, order, public safety                             |       | 1,742,969            | 418,200              | 5,332,426            |
| Health  |       | 100,918              | 55,700               | 79,120               |
| Education and welfare                                 |       | 5,434,092            | 4,876,666            | 4,352,479            |
| Community amenities                                   |       | 7,252,262            | 7,124,290            | 4,329,759            |
| Recreation and culture                                |       | 2,151,111            | 2,973,713            | 2,603,707            |
| Transport   |       | 1,841,092            | 1,727,007            | 10,321,900           |
| Economic services                                     |       | 316,172              | 238,500              | 267,806              |
| Other property and services                           |       | 1,789,465            | 2,459,156            | 1,748,473            |
|   |       | <u>26,205,184</u>    | <u>24,008,524</u>    | <u>32,291,869</u>    |
| <b>Expenses</b>                                       |       |                      |                      |                      |
| Governance  |       | (4,734,648)          | (5,435,137)          | (5,117,616)          |
| General purpose funding                               |       | (669,022)            | (681,138)            | (886,524)            |
| Law, order, public safety                             |       | (2,661,181)          | (2,395,826)          | (6,719,482)          |
| Health  |       | (684,683)            | (814,610)            | (613,007)            |
| Education and welfare                                 |       | (6,659,065)          | (6,664,979)          | (5,869,847)          |
| Community amenities                                   |       | (8,190,933)          | (8,779,786)          | (7,765,411)          |
| Recreation and culture                                |       | (9,829,724)          | (8,679,958)          | (9,057,380)          |
| Transport   |       | (8,776,576)          | (11,868,069)         | (10,660,975)         |
| Economic services                                     |       | (737,417)            | (809,159)            | (713,023)            |
| Other property and services                           |       | (2,719,603)          | (3,160,731)          | (2,612,857)          |
|   |       | <u>(45,662,852)</u>  | <u>(49,289,393)</u>  | <u>(50,016,122)</u>  |
| <b>Net result excluding rates</b>                     |       | (19,457,668)         | (25,280,869)         | (17,724,253)         |
| <b>Adjustments for cash budget requirements:</b>      |       |                      |                      |                      |
| <b>Non-cash expenditure and revenue</b>               |       |                      |                      |                      |
| (Profit)/Loss on asset disposals                      | 20    | 97,279               | 0                    | 132,401              |
| Movement in deferred pensioner rates (non-current)    |       | (59,500)             | 0                    | (38,913)             |
| Movement in employee benefit provisions (non-current) |       | (63,834)             | 0                    | (47,137)             |
| Depreciation on assets                                | 2(a)  | 7,075,476            | 8,541,748            | 7,540,650            |
| <b>Capital Expenditure and Revenue</b>                |       |                      |                      |                      |
| Purchase of land and buildings                        | 6(b)  | (1,805,754)          | (10,226,000)         | (1,506,161)          |
| Purchase furniture and equipment                      | 6(b)  | (59,628)             | (105,500)            | (54,323)             |
| Purchase plant and equipment                          | 6(b)  | (1,773,732)          | (779,486)            | (1,235,428)          |
| Purchase Infrastructure                               | 7(b)  | (4,451,685)          | (4,913,093)          | (12,113,501)         |
| Proceeds from disposal of fixed assets                | 20    | 424,721              | 2,638,140            | 312,720              |
| Repayment of debentures                               | 21(a) | (199,080)            | (199,080)            | (185,751)            |
| Proceeds from new debentures                          | 21(a) | 0                    | 16,000,000           | 0                    |
| Transfers to reserves (restricted assets)             | 11    | (4,461,361)          | (21,886,000)         | (2,267,377)          |
| Transfers from reserves (restricted assets)           | 11    | 2,725,187            | 9,159,283            | 2,609,567            |
| ADD Estimated surplus/(deficit) July 1 b/fwd          | 22(b) | 5,479,160            | 4,877,217            | 6,014,758            |
| LESS Estimated surplus/(deficit) June 30 c/fwd        | 22(b) | 7,225,367            | 1,529,220            | 5,479,160            |
| <b>Total amount raised from general rate</b>          | 22    | <u>(23,755,786)</u>  | <u>(23,702,860)</u>  | <u>(24,041,908)</u>  |

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

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) 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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and 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 19 to these financial statements.

**(b) 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.

**(c) 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 that are readily convertible to known amounts of cash 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.



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) 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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**(e) Inventories**

**General**

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

**Land held for sale**

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

**(f) Fixed Assets**

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

**Mandatory requirement to revalue non-current assets**

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations 1996* were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
  - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
    - (i) that are plant and equipment; and
    - (ii) that are -
      - (I) land and buildings; or-
      - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land under control***

In accordance with *Local Government (Financial Management) Regulation 16(a)*, 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.

***Initial recognition and measurement between mandatory revaluation dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***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.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Depreciation***

The depreciable amount of all fixed assets including buildings but excluding freehold 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.

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

|                                 |                 |
|---------------------------------|-----------------|
| <b>Buildings</b>                |                 |
| - Structure                     | 25 to 50 years  |
| - Fit out                       | 10 years        |
| - Mechanical                    | 5 to 15 years   |
| - Roof Cladding                 | 30 to 50 years  |
| <b>Furniture and Equipment</b>  | 3 to 12 years   |
| <b>Plant and Equipment</b>      | 3 to 20 years   |
| <b>Sealed Roads and Streets</b> |                 |
| - Formation                     | not depreciated |
| - Pavement                      | 60 years        |
| - Surface                       | 12 to 15 years  |
| - Kerb                          | 70 years        |
| <b>Unsealed Roads</b>           |                 |
| - Formation                     | not depreciated |
| - Surface                       | 15 years        |
| <b>Drainage</b>                 | 75 years        |
| <b>Culverts</b>                 | 70 years        |
| <b>Bridges</b>                  | 35 to 100 years |
| <b>Footpaths</b>                | 15 to 30 years  |
| <b>Heritage Trails</b>          | 75 years        |
| <b>Waste Transfer Stations</b>  | 15 to 100 years |
| <b>Bus Shelters</b>             | 50 years        |
| <b>Parks Hard Assets</b>        | 10 to 75 years  |

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.

***Capitalisation threshold***

**Infrastructure Assets – Roads and Streets**

Expenses totalling less than \$5,000 on any one item in any year need not be capitalised.

**All other Assets**

Expenses totalling less than \$3,000 on any one item in any year need not be capitalised.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities**

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

***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.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities (Continued)**

**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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations 1996* requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

**(h) Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

***Classification and subsequent measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into 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.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

*(v) Financial liabilities*

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

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

**(i) Impairment of Assets**

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

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(j) 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 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.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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 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.

**(l) 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.

**(m) 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.

**(n) 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 amounts equal to 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.

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 in the periods in which they are incurred.

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



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) 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.

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.

**(p) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

**(q) Rates, Grants, Donations and Other Contributions**

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

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

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 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 2(c). 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.

**(r) 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.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**(t) Rounding Off Figures**

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

**(u) 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 statement, 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.

**(v) 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.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods**

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.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

| Title  | Issued / Compiled | Applicable <sup>(1)</sup> | Impact  |
|--|-------------------|---------------------------|---|
| (i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)   | December 2014     | 1 January 2018            | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.  |
| (ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)<br><br>[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] | September 2012    | 1 January 2018            | Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).   |
| (iii) AASB 15 Revenue from Contracts with Customers  | December 2014     | 1 January 2017            | This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.<br><br>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant. |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

|      | Title  | Issued / Compiled | Applicable <sup>(1)</sup> | Impact   |
|------|--|-------------------|---------------------------|--|
| (iv) | AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments<br><br>[Operative date: Part C Financial Instruments - 1 January 2015] | December 2013     | Refer title column        | Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.<br><br>As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.   |
| (v)  | AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations<br><br>[AASB 1 & AASB 11]   | August 2014       | 1 January 2016            | This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.<br><br>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements. |
| (vi) | AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation<br><br>[AASB 116 & 138]                                       | August 2014       | 1 January 2016            | This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.<br><br>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.   |

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

| Title  | Issued / Compiled | Applicable <sup>(1)</sup> | Impact   |
|--|-------------------|---------------------------|--|
| (vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15  | December 2014     | 1 January 2017            | <p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>   |
| (vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101<br><br>[AASB 7, 101, 134 & 1049] | January 2015      | 1 January 2016            | <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p> |
| (ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality                              | January 2015      | 1 July 2015               | <p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>   |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

| Title   | Issued / Compiled | Applicable <sup>(1)</sup> | Impact  |
|---|-------------------|---------------------------|---|
| (x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities<br><br>[AASB 10, 124 & 1049] | March 2015        | 1 July 2016               | The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.<br><br>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary. |

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**(x) Adoption of New and Revised 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.

These new and revised Standards were:

AASB 2011-7  
AASB 2012-3  
AASB 2013-3  
AASB 2013-8  
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

| <b>2. REVENUE AND EXPENSES</b>  | <b>2015</b>      | <b>2014</b>       |                  |
|---|------------------|-------------------|------------------|
|   | <b>Actual</b>    | <b>Actual</b>     |                  |
| <b>(a) Net Result</b>   | <b>\$</b>        | <b>\$</b>         |                  |
| The Net result includes:  |                  |                   |                  |
| (i) Charging as an expense:   |                  |                   |                  |
| <b>Significant expense</b>  |                  |                   |                  |
| Bushfire Reimbursements - WANDRRA   | <u>282,797</u>   | <u>4,381,552</u>  |                  |
| <b>Auditors remuneration</b>  |                  |                   |                  |
| - Audit of the annual financial report  | 19,800           | 14,060            |                  |
| - Financial Management Review   | 18,000           | 0                 |                  |
| - Other services  | <u>2,110</u>     | <u>1,500</u>      |                  |
|   | <u>39,910</u>    | <u>15,560</u>     |                  |
| <b>Depreciation</b>   |                  |                   |                  |
| Buildings   | 2,663,390        | 959,445           |                  |
| Furniture and Equipment   | 163,619          | 147,869           |                  |
| Plant and Equipment   | 758,928          | 718,111           |                  |
| Roads   | 2,392,286        | 4,657,003         |                  |
| Footpaths   | 168,058          | 157,201           |                  |
| Drainage  | 583,534          | 452,320           |                  |
| Parks Hard Assets   | <u>345,661</u>   | <u>448,701</u>    |                  |
|   | <u>7,075,476</u> | <u>7,540,650</u>  |                  |
| <b>Interest expenses (finance costs)</b>  |                  |                   |                  |
| Debentures (refer Note 21 (a))  | <u>312,759</u>   | <u>326,370</u>    |                  |
|   | <u>312,759</u>   | <u>326,370</u>    |                  |
| (ii) Crediting as revenue:  |                  |                   |                  |
| <b>Significant revenue</b>  |                  |                   |                  |
| Non Cash contribution - subdivision infrastructure assets vested with the Shire | 0                | 7,809,500         |                  |
| Bushfire Reimbursements - WANDRRA   | 282,797          | 4,381,552         |                  |
| Non Cash - change in equity joint venture EMRC                                  | <u>1,340,977</u> | <u>4,385,678</u>  |                  |
|   | <u>1,623,774</u> | <u>16,576,730</u> |                  |
|   | <b>2015</b>      | <b>2015</b>       | <b>2014</b>      |
|   | <b>Actual</b>    | <b>Budget</b>     | <b>Actual</b>    |
|   | <b>\$</b>        | <b>\$</b>         | <b>\$</b>        |
| <b>Interest earnings</b>  |                  |                   |                  |
| - Reserve funds   | 366,597          | 415,000           | 410,535          |
| - Municipal funds   | 379,037          | 500,000           | 493,368          |
| Other interest revenue (refer note 26)  | <u>144,630</u>   | <u>150,000</u>    | <u>154,315</u>   |
|   | <u>890,264</u>   | <u>1,065,000</u>  | <u>1,058,218</u> |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

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

**COMMUNITY VISION**

**"connecting community and environment"**

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer community.

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Prevention of human illnesses, including inspection of premises/food control.

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

Maintenance of child minding centres and playgroup centres.

Provision of services and programs for the youth and seniors of the Shire.



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide essential services required by the community.

**Activities:**

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

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

**TRANSPORT**

**Objective:**

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

**Activities:**

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**

**Objective:**

To help promote the Shire and its economic wellbeing.

**Activities:**

Tourism and area promotion. Provision of standpipes. Approval of building construction and implementation of building controls.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control the Shire's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs and engineering operation costs.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**2. REVENUE AND EXPENSES (Continued)**

| <b>(c) Conditions Over Grants/Contributions</b>  | <b>Opening<br/>Balance <sup>(1)</sup><br/>1/07/13<br/>\$</b> | <b>Received <sup>(2)</sup><br/>2013/14<br/>\$</b> | <b>Expended <sup>(3)</sup><br/>2013/14<br/>\$</b> | <b>Closing<br/>Balance <sup>(1)</sup><br/>30/06/14<br/>\$</b> | <b>Received <sup>(2)</sup><br/>2014/15<br/>\$</b> | <b>Expended <sup>(3)</sup><br/>2014/15<br/>\$</b> | <b>Closing<br/>Balance<br/>30/06/15<br/>\$</b> |
|--|--|---|---|---|---|---|--|
| Grant - Kidsport Funding                         | 21,293   | 41,870  | (43,763)  | <b>19,400</b>   | 53,340  | (49,451)  | <b>23,289</b>                                  |
| Grant - Fusion Art                               | 2,000  | 0   | (2,000)   | <b>0</b>  | 0   | 0   | <b>0</b>                                       |
| Grant - Scooter Mobility Shelter                 | 2,000  | 0   | (2,000)   | <b>0</b>  | 0   | 0   | <b>0</b>                                       |
| Grant - Elsie Austin Oval Social Rooms           | 150,000  | 0   | 0   | <b>150,000</b>  | 37,500  | (4,221)   | <b>183,279</b>                                 |
| Grant - CCTV Lake Leschenaultia                  | 18,360   | 0   | (18,360)  | <b>0</b>  | 0   | 0   | <b>0</b>                                       |
| Grant - Friends Groups                           | 0  | 32,500  | (10,668)  | <b>21,832</b>   | 5,909   | (27,741)  | <b>0</b>                                       |
| Grant - MRRG Guidelines                          | 0  | 13,321  | (7,875)   | <b>5,446</b>  | 0   | (5,446)   | <b>0</b>                                       |
| Contribution - Communication Plan Sculpture Park | 0  | 82,356  | (1,700)   | <b>80,656</b>   | 0   | (121)   | <b>80,535</b>                                  |
| Grant - Local Government Reform                  | 0  | 201,926   | (103,493)   | <b>98,433</b>   | 0   | (98,433)  | <b>0</b>                                       |
| Grant - New Child Care Centres                   | 0  | 375,000   | (64,908)  | <b>310,092</b>  | 0   | (310,092)   | <b>0</b>                                       |
| Grant - Environmental                            | 0  | 0   | 0   | <b>0</b>  | 41,700  | (27,483)  | <b>14,217</b>                                  |
| Grant - Roads to Recovery                        | 0  | 0   | 0   | <b>0</b>  | 480,858   | (382,280)   | <b>98,578</b>                                  |
| Grant - Swan View Youth Centre                   | 0  | 0   | 0   | <b>0</b>  | 58,470  | (9,095)   | <b>49,375</b>                                  |
| Grant - Mundaring Recreation Centre              | 0  | 0   | 0   | <b>0</b>  | 500,000   | (93,825)  | <b>406,175</b>                                 |
| <b>Total</b>                                     | <b><u>193,653</u></b>  | <b><u>746,973</u></b>                             | <b><u>(254,767)</u></b>                           | <b><u>685,859</u></b>   | <b><u>1,177,777</u></b>                           | <b><u>(1,008,188)</u></b>                         | <b><u>855,448</u></b>                          |

**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.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

|   | Note      | 2015<br>Actual<br>\$          | 2014<br>Actual<br>\$          |
|---|-----------|-------------------------------|-------------------------------|
| <b>3. CASH AND CASH EQUIVALENTS</b>   |           |                               |                               |
| Unrestricted  |           | 9,106,543                     | 6,925,598                     |
| Restricted  |           | <u>12,457,169</u>             | <u>11,406,854</u>             |
|   |           | <u>21,563,712</u>             | <u>18,332,452</u>             |
| The following restrictions have been imposed by regulations or other externally imposed requirements: |           |                               |                               |
| Plant Reserve   | 11        | 316,102                       | 559,891                       |
| Civic Facilities Reserve  | 11        | 1,938,928                     | 1,698,326                     |
| Information Technology Reserve  | 11        | 812,501                       | 707,899                       |
| Children's Services Reserve   | 11        | 2,200,153                     | 1,786,292                     |
| Capital Investment Reserve  | 11        | 3,920,966                     | 3,920,966                     |
| Capital Income Reserve  | 11        | 2,107,416                     | 1,724,238                     |
| Gravel Pit Rehabilitation Reserve   | 11        | 110,339                       | 164,574                       |
| Long Service Leave Reserve  | 11        | 195,316                       | 158,809                       |
| Unspent Grants Reserve  | 2(c) & 11 | <u>855,448</u>                | <u>685,859</u>                |
|   |           | <u>12,457,169</u>             | <u>11,406,854</u>             |
| <br>  |           |                               |                               |
|   |           | <b>2015<br/>Actual<br/>\$</b> | <b>2014<br/>Actual<br/>\$</b> |
| <b>4. TRADE AND OTHER RECEIVABLES</b>   |           |                               |                               |
| <b>Current</b>  |           |                               |                               |
| Rates outstanding   |           | 792,900                       | 653,362                       |
| Sundry debtors  |           | 1,326,976                     | 2,979,520                     |
| Sanitation Debtors  |           | 80,881                        | 46,116                        |
| Pool Inspections  |           | 110                           | 301                           |
| LSL Contributions - Other Local Governments   |           | <u>77,625</u>                 | <u>71,391</u>                 |
|   |           | <u>2,278,492</u>              | <u>3,750,690</u>              |
| <b>Non-current</b>  |           |                               |                               |
| Rates outstanding - pensioners  |           | 766,539                       | 707,042                       |
| Debtors - POS Payments  |           | 27,237                        | 27,237                        |
| LSL Contributions - Other Local Governments   |           | <u>12,240</u>                 | <u>9,553</u>                  |
|   |           | <u>806,016</u>                | <u>743,832</u>                |
| <br>  |           |                               |                               |
| <b>5. INVENTORIES</b>   |           |                               |                               |
| <b>Current</b>  |           |                               |                               |
| Fuel and materials  |           | <u>109,036</u>                | <u>98,646</u>                 |
| <br>  |           |                               |                               |
| <b>5 (a). LAND HELD FOR SALE</b>  |           |                               |                               |
| <b>Current</b>  |           |                               |                               |
| Cost of Acquisition   |           | <u>116,195</u>                | <u>116,195</u>                |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

|   | <b>2015<br/>Actual<br/>\$</b> | <b>2014<br/>Actual<br/>\$</b> |
|---|-------------------------------|-------------------------------|
| <b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>                       |                               |                               |
| Land and buildings  |                               |                               |
| Freehold land at:   |                               |                               |
| - Independent valuation 2014 - level 2                            | 31,719,602                    | 31,719,602                    |
| - Additions after valuation - cost                                | <u>0</u>                      | <u>0</u>                      |
|   | 31,719,602                    | 31,719,602                    |
| Land vested in and under the control of Council (Golf Course) at: |                               |                               |
| - Independent valuation 2014 - level 3                            | 800,000                       | 800,000                       |
| - Additions after valuation - cost                                | <u>0</u>                      | <u>0</u>                      |
|   | 800,000                       | 800,000                       |
|   | <u>32,519,602</u>             | <u>32,519,602</u>             |
| Specialised buildings at:   |                               |                               |
| - Independent valuation 2014 - level 3                            | 35,643,000                    | 35,643,000                    |
| - Additions after valuation - cost                                | 2,854,771                     | 0                             |
| - Works in Progress   | 294,658                       | 1,343,675                     |
| Less: accumulated depreciation                                    | <u>(2,663,390)</u>            | <u>0</u>                      |
|   | 36,129,039                    | 36,986,675                    |
|   | <u>36,129,039</u>             | <u>36,986,675</u>             |
| Total land and buildings  | <u>68,648,641</u>             | <u>69,506,277</u>             |
| Furniture and Equipment at:                                       |                               |                               |
| - Management valuation 2013 - level 3                             | 1,792,898                     | 4,332,280                     |
| - Additions after valuation - cost                                | 59,628                        | 54,323                        |
| Less accumulated depreciation                                     | <u>(1,053,561)</u>            | <u>(3,483,227)</u>            |
|   | 798,965                       | 903,376                       |
| Plant and Equipment at:   |                               |                               |
| - Management valuation 2013 - level 2                             | 8,008,991                     | 7,394,394                     |
| - Additions after valuation - cost                                | 1,773,732                     | 1,235,428                     |
| Less accumulated depreciation                                     | <u>(1,857,140)</u>            | <u>(1,197,463)</u>            |
|   | 7,925,583                     | 7,432,359                     |
|   | <u>77,373,189</u>             | <u>77,842,012</u>             |

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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.

**SHIRE OF MUNDARING**  
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**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) 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.

|  |           | <b>Balance<br/>at the<br/>Beginning<br/>of the Year</b> | <b>Additions</b> | <b>(Disposals)</b> | <b>Revaluation<br/>Increments/<br/>(Decrements)</b> | <b>Impairment<br/>(Losses)/<br/>Reversals</b> | <b>Depreciation<br/>(Expense)</b> | <b>Works in<br/>Progress</b> | <b>Carrying<br/>Amount<br/>at the<br/>End of Year</b> |
|--|-----------|---|------------------|--------------------|---|---|-----------------------------------|------------------------------|---|
|  |           | <b>\$</b>   | <b>\$</b>        | <b>\$</b>          | <b>\$</b>   | <b>\$</b>                                     | <b>\$</b>                         | <b>\$</b>                    | <b>\$</b>   |
| Freehold land  | (Level 2) | 31,719,602  | 0                | 0                  | 0   | 0   | 0                                 | 0                            | 31,719,602  |
| Land vested in and under the control<br>of Council (Golf Course) | (Level 3) | 800,000   | 0                | 0                  | 0   | 0   | 0                                 | 0                            | 800,000   |
| <b>Total land</b>  |           | <b>32,519,602</b>                                       | <b>0</b>         | <b>0</b>           | <b>0</b>  | <b>0</b>                                      | <b>0</b>                          | <b>0</b>                     | <b>32,519,602</b>                                     |
| Specialised buildings  | (Level 3) | 36,986,675  | 2,854,771        | 0                  | 0   | 0   | (2,663,390)                       | (1,049,017)                  | 36,129,039  |
| <b>Total buildings</b>   |           | <b>36,986,675</b>                                       | <b>2,854,771</b> | <b>0</b>           | <b>0</b>  | <b>0</b>                                      | <b>(2,663,390)</b>                | <b>(1,049,017)</b>           | <b>36,129,039</b>                                     |
| <b>Total land and buildings</b>                                  |           | <b>69,506,277</b>                                       | <b>2,854,771</b> | <b>0</b>           | <b>0</b>  | <b>0</b>                                      | <b>(2,663,390)</b>                | <b>(1,049,017)</b>           | <b>68,648,641</b>                                     |
| Furniture and Equipment  | (Level 3) | 903,376   | 59,628           | (420)              | 0   | 0   | (163,619)                         | 0                            | 798,965   |
| Plant and Equipment  | (Level 2) | 7,432,359   | 1,773,732        | (521,580)          | 0   | 0   | (758,928)                         | 0                            | 7,925,583   |
| <b>Total property, plant and equipment</b>                       |           | <b>77,842,012</b>                                       | <b>4,688,131</b> | <b>(522,000)</b>   | <b>0</b>  | <b>0</b>                                      | <b>(3,585,937)</b>                | <b>(1,049,017)</b>           | <b>77,373,189</b>                                     |

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| <b>7 (a). INFRASTRUCTURE</b>           | <b>2015<br/>Actual<br/>\$</b> | <b>2014<br/>Actual<br/>\$</b> |
|--|-------------------------------|-------------------------------|
| Roads                                  |                               |                               |
| - Independent valuation 2015 - level 3 | 294,773,844                   | 0                             |
| - Management valuation 2015 - level 3  | 948,000                       |                               |
| - Management valuation 2014 - level 3  | 0                             | 123,570,765                   |
| - Additions after valuation - cost     | 3,377,127                     | 0                             |
| Less accumulated depreciation          | <u>(13,155,593)</u>           | <u>0</u>                      |
|  | 285,943,378                   | 123,570,765                   |
| <br>                                   |                               |                               |
| Footpaths                              |                               |                               |
| - Independent valuation 2015 - level 3 | 13,915,481                    | 0                             |
| - Additions after valuation - cost     | 273,355                       | 0                             |
| - Cost                                 | 0                             | 7,483,193                     |
| Less accumulated depreciation          | <u>(660,696)</u>              | <u>(1,974,531)</u>            |
|  | 13,528,140                    | 5,508,662                     |
| <br>                                   |                               |                               |
| Drainage                               |                               |                               |
| - Management valuation 2015 - level 3  | 63,178,222                    | 0                             |
| - Additions after valuation - cost     | 511,450                       | 0                             |
| - Cost                                 | 0                             | 22,134,532                    |
| Less accumulated depreciation          | <u>(21,496,629)</u>           | <u>(5,633,095)</u>            |
|  | 42,193,043                    | 16,501,437                    |
| <br>                                   |                               |                               |
| Parks Hard Assets                      |                               |                               |
| - Independent valuation 2015 - level 3 | 11,367,684                    | 0                             |
| - Management valuation 2015 - level 3  | 12,512,794                    | 0                             |
| - Additions after valuation - cost     | 289,753                       | 0                             |
| - Cost                                 | 0                             | 14,868,570                    |
| Less accumulated depreciation          | <u>(2,787,847)</u>            | <u>(7,027,895)</u>            |
|  | 21,382,384                    | 7,840,675                     |
| <br>                                   |                               |                               |
| Gardens                                |                               |                               |
| - Management valuation 2015            | 0                             | 0                             |
| - Cost                                 | 0                             | 2,516,129                     |
| Less accumulated depreciation          | <u>0</u>                      | <u>0</u>                      |
|  | 0                             | 2,516,129                     |
|  | <u>363,046,945</u>            | <u>155,937,668</u>            |

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

**SHIRE OF MUNDARING**  
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**7. INFRASTRUCTURE (Continued)**

**(b) 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.

|                             |           | <b>Balance<br/>as at the<br/>Beginning<br/>of the Year</b> | <b>Additions</b>        | <b>(Disposals)</b> | <b>Revaluation<br/>Increments/<br/>(Decrements)</b> | <b>Impairment<br/>(Losses)/<br/>Reversals</b> | <b>Depreciation<br/>(Expense)</b> | <b>Transfers</b> | <b>Carrying<br/>Amount<br/>at the End<br/>of the Year</b> |
|-----------------------------|-----------|--|-------------------------|--------------------|---|---|-----------------------------------|------------------|---|
|                             |           | <b>\$</b>  | <b>\$</b>               | <b>\$</b>          | <b>\$</b>   | <b>\$</b>                                     | <b>\$</b>                         | <b>\$</b>        | <b>\$</b>   |
| Roads                       | (Level 3) | 123,570,765  | 3,377,127               | 0                  | 161,387,772   | 0   | (2,392,286)                       | 0                | 285,943,378   |
| Footpaths                   | (Level 3) | 5,508,662  | 273,355                 | 0                  | 7,914,181   | 0   | (168,058)                         | 0                | 13,528,140  |
| Drainage                    | (Level 3) | 16,501,437   | 511,450                 | 0                  | 25,763,690  | 0   | (583,534)                         | 0                | 42,193,043  |
| Parks Hard Assets           | (Level 3) | 7,840,675  | 289,753                 | 0                  | 13,597,617  | 0   | (345,661)                         | 0                | 21,382,384  |
| Gardens                     |           | 2,516,129  | 0                       | 0                  | (251,622)   | (2,264,507)                                   | 0                                 | 0                | 0   |
| <b>Total infrastructure</b> |           | <b><u>155,937,668</u></b>                                  | <b><u>4,451,685</u></b> | <b><u>0</u></b>    | <b><u>208,411,638</u></b>                           | <b><u>(2,264,507)</u></b>                     | <b><u>(3,489,539)</u></b>         | <b><u>0</u></b>  | <b><u>363,046,945</u></b>                                 |

The revaluation of infrastructure assets resulted in an increase on revaluation of \$208,411,638 in the net value of infrastructure.

With the exception of Gardens, all of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

As part of the fair value valuation exercise Management have determined it is not practical to recognise Gardens (grass, trees and plants) as an asset. As such the \$2,516,129 in Garden assets recognised in the financial statements at historical cost in previous years has been written back against the balance of \$251,621 in the Gardens Revaluation Surplus account (refer Note 12), and against profit and loss in the Statement of Comprehensive Income.

**SHIRE OF MUNDARING**  
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|   | <b>2015</b>              | <b>2014</b>          |                  |
|---|--------------------------|----------------------|------------------|
|   | <b>Actual</b>            | <b>Actual</b>        |                  |
|   | <b>\$</b>                | <b>\$</b>            |                  |
| <b>8. TRADE AND OTHER PAYABLES</b>                      |                          |                      |                  |
| <b>Current</b>  |                          |                      |                  |
| Sundry creditors  | 941,524                  | 1,518,389            |                  |
| Creditor Accruals                                       | 344,303                  | 1,817,468            |                  |
|   | <u>1,285,827</u>         | <u>3,335,857</u>     |                  |
| <b>9. LONG-TERM BORROWINGS</b>                          |                          |                      |                  |
| <b>Current</b>  |                          |                      |                  |
| Secured by floating charge                              |                          |                      |                  |
| Debentures  | 213,366                  | 199,080              |                  |
|   | <u>213,366</u>           | <u>199,080</u>       |                  |
| <b>Non-current</b>                                      |                          |                      |                  |
| Secured by floating charge                              |                          |                      |                  |
| Debentures  | 4,133,215                | 4,346,581            |                  |
|   | <u>4,133,215</u>         | <u>4,346,581</u>     |                  |
| Additional detail on borrowings is provided in Note 21. |                          |                      |                  |
| <b>10. PROVISIONS</b>                                   |                          |                      |                  |
| Analysis of Total Provisions                            | <b>2015</b>              | <b>2014</b>          |                  |
|   | <b>Actual</b>            | <b>Actual</b>        |                  |
|   | <b>\$</b>                | <b>\$</b>            |                  |
| Current   | 2,982,877                | 2,645,776            |                  |
| Non-current   | 248,915                  | 310,062              |                  |
|   | <u>3,231,792</u>         | <u>2,955,838</u>     |                  |
|   | <b>Provision for</b>     | <b>Provision for</b> |                  |
|   | <b>Annual &amp; Sick</b> | <b>Long Service</b>  |                  |
|   | <b>Leave</b>             | <b>Leave</b>         |                  |
|   | <b>\$</b>                | <b>\$</b>            |                  |
| <b>Opening balance at 1 July 2014</b>                   | 1,289,346                | 1,666,492            | 2,955,838        |
| Additional provision                                    | 433,014                  | 379,573              | 812,587          |
| Amounts used  | (369,367)                | (167,266)            | (536,633)        |
| <b>Balance at 30 June 2015</b>                          | <u>1,352,993</u>         | <u>1,878,799</u>     | <u>3,231,792</u> |



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|  | 2015<br>Actual<br>\$ | 2015<br>Budget<br>\$ | 2014<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>11. RESERVES - CASH BACKED</b>            |                      |                      |                      |
| <b>(a) Plant Reserve</b>                     |                      |                      |                      |
| Opening balance                              | 559,891              | 558,145              | 639,844              |
| Amount set aside / transfer to reserve       | 218,780              | 220,131              | 800,150              |
| Amount used / transfer from reserve          | <u>(462,569)</u>     | <u>(466,346)</u>     | <u>(880,103)</u>     |
|  | <u>316,102</u>       | <u>311,930</u>       | <u>559,891</u>       |
| <b>(b) Civic Facilities Reserve</b>          |                      |                      |                      |
| Opening balance                              | 1,698,326            | 2,488,679            | 2,723,882            |
| Amount set aside / transfer to reserve       | 2,053,865            | 18,089,759           | 100,601              |
| Amount used / transfer from reserve          | <u>(1,813,263)</u>   | <u>(3,885,661)</u>   | <u>(1,126,157)</u>   |
|  | <u>1,938,928</u>     | <u>16,692,777</u>    | <u>1,698,326</u>     |
| <b>(c) Information Technology Reserve</b>    |                      |                      |                      |
| Opening balance                              | 707,899              | 705,148              | 578,164              |
| Amount set aside / transfer to reserve       | 104,602              | 105,432              | 147,121              |
| Amount used / transfer from reserve          | <u>0</u>             | <u>0</u>             | <u>(17,386)</u>      |
|  | <u>812,501</u>       | <u>810,580</u>       | <u>707,899</u>       |
| <b>(d) Children's Services Reserve</b>       |                      |                      |                      |
| Opening balance                              | 1,786,292            | 1,791,532            | 1,550,563            |
| Amount set aside / transfer to reserve       | 413,861              | 244,615              | 250,216              |
| Amount used / transfer from reserve          | <u>0</u>             | <u>0</u>             | <u>(14,487)</u>      |
|  | <u>2,200,153</u>     | <u>2,036,147</u>     | <u>1,786,292</u>     |
| <b>(e) Capital Investment Reserve</b>        |                      |                      |                      |
| Opening balance                              | 3,920,966            | 4,065,132            | 4,008,723            |
| Amount set aside / transfer to reserve       | 0                    | 2,471,617            | 0                    |
| Amount used / transfer from reserve          | <u>0</u>             | <u>(4,410,000)</u>   | <u>(87,757)</u>      |
|  | <u>3,920,966</u>     | <u>2,126,749</u>     | <u>3,920,966</u>     |
| <b>(f) Capital Income Reserve</b>            |                      |                      |                      |
| Opening balance                              | 1,724,238            | 1,575,502            | 1,276,846            |
| Amount set aside / transfer to reserve       | 605,536              | 453,824              | 602,237              |
| Amount used / transfer from reserve          | <u>(222,358)</u>     | <u>(216,550)</u>     | <u>(154,845)</u>     |
|  | <u>2,107,416</u>     | <u>1,812,776</u>     | <u>1,724,238</u>     |
| <b>(g) Gravel Pit Rehabilitation Reserve</b> |                      |                      |                      |
| Opening balance                              | 164,574              | 160,138              | 165,918              |
| Amount set aside / transfer to reserve       | 5,496                | 94,776               | 166,137              |
| Amount used / transfer from reserve          | <u>(59,731)</u>      | <u>(36,000)</u>      | <u>(167,481)</u>     |
|  | <u>110,339</u>       | <u>218,914</u>       | <u>164,574</u>       |
| <b>(h) Long Service Leave Reserve</b>        |                      |                      |                      |
| Opening balance                              | 158,809              | 162,075              | 119,245              |
| Amount set aside / transfer to reserve       | 203,773              | 205,846              | 200,915              |
| Amount used / transfer from reserve          | <u>(167,266)</u>     | <u>(144,726)</u>     | <u>(161,351)</u>     |
|  | <u>195,316</u>       | <u>223,195</u>       | <u>158,809</u>       |

**SHIRE OF MUNDARING**  
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|   | <b>2015</b><br><b>Actual</b><br><b>\$</b> | <b>2015</b><br><b>Budget</b><br><b>\$</b> | <b>2014</b><br><b>Actual</b><br><b>\$</b> |
|---|---|---|---|
| <b>11. RESERVES - CASH BACKED (CONTINUED)</b> |   |   |   |
| <b>(i) Unspent Grants Reserve</b>             |   |   |   |
| Opening balance                               | 0   | 0   | 0   |
| Amount set aside / transfer to reserve        | 855,448                                   | 0   | 0   |
| Amount used / transfer from reserve           | 0   | 0   | 0   |
|   | <u>855,448</u>                            | <u>0</u>                                  | <u>0</u>                                  |
| <br>  |   |   |   |
| TOTAL RESERVES                                | <u>12,457,169</u>                         | <u>24,233,068</u>                         | <u>10,720,995</u>                         |
| <br>  |   |   |   |
| Total Opening balance                         | 10,720,995                                | 11,506,351                                | 11,063,185                                |
| Total Amount set aside / transfer to reserve  | 4,461,361                                 | 21,886,000                                | 2,267,377                                 |
| Total Amount used / transfer from reserve     | <u>(2,725,187)</u>                        | <u>(9,159,283)</u>                        | <u>(2,609,567)</u>                        |
| TOTAL RESERVES                                | <u>12,457,169</u>                         | <u>24,233,068</u>                         | <u>10,720,995</u>                         |

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.

**SHIRE OF MUNDARING**  
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**11. RESERVES - CASH BACKED (CONTINUED)**

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

- (a) Plant Reserve**  
- to fund the replacement of works plant and light vehicles.
- (b) Civic Facilities Reserve**  
- to fund the construction and/or purchase of Public Buildings and Facilities.
- (c) Information Technology Reserve**  
- to fund the upgrade and replacement of the Shire's Information Technology.
- (d) Children's Services Reserve**  
- 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) Capital Investment Reserve**  
- to fund the advancement of the Shire's Property Strategy.
- (f) Capital Income Reserve**  
- to fund the development of Shire facilities and infrastructure.
- (g) Gravel Pit Rehabilitation Reserve**  
- to fund the production of gravel and the rehabilitation of gravel pits.
- (h) Long Service Leave Reserve**  
- to fund the Shire's Long Service Leave Liability.
- (i) Unspent Grants Reserve**  
- to quarantine any unspent grant funds received during the financial year.

The Long Service Leave and Plant reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

**SHIRE OF MUNDARING**  
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| <b>12. REVALUATION SURPLUS</b>   | <b>2015</b>               | <b>2014</b>               |
|--|---------------------------|---------------------------|
|  | <b>Actual</b>             | <b>Actual</b>             |
|  | <b>\$</b>                 | <b>\$</b>                 |
| Revaluation surpluses have arisen on revaluation of the following classes of non-current assets: |                           |                           |
| <b>(a) Plant and Equipment</b>   |                           |                           |
| Opening balance  | 1,464,646                 | 1,464,646                 |
| Revaluation increment  | 0                         | 0                         |
| Revaluation decrement  | 0                         | 0                         |
|  | <u>1,464,646</u>          | <u>1,464,646</u>          |
| <b>(b) Furniture and Equipment</b>   |                           |                           |
| Opening balance  | 57,775                    | 57,775                    |
| Revaluation increment  | 0                         | 0                         |
| Revaluation decrement  | 0                         | 0                         |
|  | <u>57,775</u>             | <u>57,775</u>             |
| <b>(c) Roads &amp; Streets</b>   |                           |                           |
| Opening balance  | 60,139,527                | 69,419,504                |
| Revaluation increment  | 161,387,772               | 0                         |
| Revaluation decrement  | 0                         | <u>(9,279,977)</u>        |
|  | <u>221,527,299</u>        | <u>60,139,527</u>         |
| <b>(d) Drainage</b>  |                           |                           |
| Opening balance  | 343,500                   | 343,500                   |
| Revaluation increment  | 25,763,691                | 0                         |
| Revaluation decrement  | 0                         | 0                         |
|  | <u>26,107,191</u>         | <u>343,500</u>            |
| <b>(e) Footpaths &amp; Other Infrastructure</b>  |                           |                           |
| Opening balance  | 372,448                   | 372,448                   |
| Revaluation increment  | 7,914,179                 | 0                         |
| Revaluation decrement  | 0                         | 0                         |
|  | <u>8,286,627</u>          | <u>372,448</u>            |
| <b>(f) Gardens</b>   |                           |                           |
| Opening balance  | 251,621                   | 251,621                   |
| Revaluation increment  | 0                         | 0                         |
| Revaluation decrement  | <u>(251,621)</u>          | 0                         |
|  | <u>0</u>                  | <u>251,621</u>            |
| <b>(g) Parks Hard Assets</b>   |                           |                           |
| Opening balance  | 2,048,349                 | 2,048,349                 |
| Revaluation increment  | 13,597,614                | 0                         |
| Revaluation decrement  | 0                         | 0                         |
|  | <u>15,645,963</u>         | <u>2,048,349</u>          |
| <b>(h) Land &amp; Buildings</b>  |                           |                           |
| Opening balance  | 47,901,060                | 0                         |
| Revaluation increment  | 0                         | 47,901,060                |
| Revaluation decrement  | 0                         | 0                         |
|  | <u>47,901,060</u>         | <u>47,901,060</u>         |
| <b>TOTAL ASSET REVALUATION SURPLUS</b>   | <u><u>320,990,561</u></u> | <u><u>112,578,926</u></u> |

**SHIRE OF MUNDARING**  
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**13. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

|                           | <b>2015<br/>Actual<br/>\$</b> | <b>2015<br/>Budget<br/>\$</b> | <b>2014<br/>Actual<br/>\$</b> |
|---------------------------|-------------------------------|-------------------------------|-------------------------------|
| Cash and cash equivalents | <u>21,563,712</u>             | <u>28,214,828</u>             | <u>18,332,452</u>             |

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

|  |                    |                  |                    |
|--|--------------------|------------------|--------------------|
| Net result   | 3,374,588          | (1,578,009)      | 10,703,333         |
| Non-cash flows in Net result:  |                    |                  |                    |
| Depreciation   | 7,075,476          | 8,541,748        | 7,540,650          |
| (Profit)/Loss on sale of asset   | 97,279             | 0                | 132,401            |
| Fair value adjustments to fixed assets<br>at fair value through profit or loss | 2,264,507          | 0                | 0                  |
| Changes in assets and liabilities:   |                    |                  |                    |
| (Increase)/Decrease in receivables   | 1,311,497          | 0                | (2,373,321)        |
| (Increase)/Decrease in inventories   | (10,390)           | 0                | 201,034            |
| Increase/(Decrease) in payables  | (2,050,030)        | 0                | 1,571,907          |
| Increase/(Decrease) in provisions  | 275,954            | 0                | 178,659            |
| GST Movements  | 98,514             |                  | (77,658)           |
| Grants contributions for<br>the development of assets                          | (3,407,740)        | (3,519,507)      | (10,346,314)       |
| Change on Equity - EMRC  | <u>(1,340,977)</u> | <u>0</u>         | <u>(4,385,678)</u> |
| Net cash from operating activities   | <u>7,688,678</u>   | <u>3,444,232</u> | <u>3,145,013</u>   |

**(c) Undrawn Borrowing Facilities  
Credit Standby Arrangements**

|                                      | <b>2015<br/>\$</b> | <b>2014<br/>\$</b> |
|--------------------------------------|--------------------|--------------------|
| Bank overdraft limit                 | 1,000,000          | 1,000,000          |
| Bank overdraft at balance date       | 0                  | 0                  |
| Credit card limit                    | 300,000            | 300,000            |
| Credit card balance at balance date  | <u>(97,268)</u>    | <u>(128,485)</u>   |
| <b>Total amount of credit unused</b> | <u>1,202,732</u>   | <u>1,171,515</u>   |

**Loan facilities**

|  |                  |                  |
|--|------------------|------------------|
| Loan facilities - current                      | 213,366          | 199,080          |
| Loan facilities - non-current                  | 4,133,215        | 4,346,581        |
| <b>Total facilities in use at balance date</b> | <u>4,346,581</u> | <u>4,545,661</u> |

**Unused loan facilities at balance date**

|  |            |            |
|--|------------|------------|
|  | <u>NIL</u> | <u>NIL</u> |
|--|------------|------------|

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**14. CONTINGENT LIABILITIES**

Nil

**15. CAPITAL AND LEASING COMMITMENTS**

Nil

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**16. JOINT VENTURE ARRANGEMENTS**

The Shire is a member of the Eastern Metropolitan Regional council (EMRC). The Shire's interest in the joint venture as calculated by the EMRC is 11.17%

The Shire's interest in the assets and liabilities of the EMRC is as follows:

|                         | <b>2015<br/>Actual<br/>\$</b> | <b>2014<br/>Actual<br/>\$</b> |
|-------------------------|-------------------------------|-------------------------------|
| Current Assets          | 8,765,846                     | 8,237,269                     |
| Non-Current Assets      | <u>9,099,072</u>              | <u>8,286,117</u>              |
| Total Assets            | <u>17,864,918</u>             | <u>16,523,386</u>             |
| Current Liabilities     | 597,920                       | 611,212                       |
| Non-Current Liabilities | <u>787,453</u>                | <u>773,606</u>                |
| Total Liabilities       | <u>1,385,373</u>              | <u>1,384,818</u>              |
| Net Assets              | <u>16,479,545</u>             | <u>15,138,568</u>             |
| Net Movement            | <u>1,340,977</u>              | <u>4,385,678</u>              |

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

|                             | <b>2015<br/>Actual<br/>\$</b> | <b>2014<br/>Actual<br/>\$</b> |
|-----------------------------|-------------------------------|-------------------------------|
| Governance                  | 11,647,571                    | 14,526,293                    |
| General purpose funding     | 24,347,574                    | 20,202,926                    |
| Law, order, public safety   | 4,130,472                     | 3,572,742                     |
| Health                      | 458,707                       | 519,497                       |
| Education and welfare       | 1,910,551                     | 2,096,180                     |
| Community amenities         | 18,261,962                    | 16,300,414                    |
| Recreation and culture      | 47,296,874                    | 35,948,166                    |
| Transport                   | 345,855,168                   | 150,981,804                   |
| Economic services           | 42,027                        | 48,455                        |
| Other property and services | 27,507,119                    | 27,463,702                    |
| Unallocated                 | <u>315,105</u>                | <u>299,884</u>                |
|                             | <u>481,773,130</u>            | <u>271,960,063</u>            |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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| <b>18. FINANCIAL RATIOS</b>       | <b>2015</b> | <b>2014</b> | <b>2013</b> |
|-----------------------------------|-------------|-------------|-------------|
| Current ratio                     | 2.71        | 1.81        | 2.39        |
| Asset sustainability ratio        | 0.79        | 0.69        | 1.32        |
| Debt service cover ratio          | 14.37       | 16.06       | 12.67       |
| Operating surplus ratio           | (0.001)     | 0.01        | (0.05)      |
| Own source revenue coverage ratio | 0.80        | 0.81        | 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 sustainability ratio        | $\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$  |
| 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 | $\frac{\text{own source operating revenue}}{\text{operating expenses}}$  |

**RATIO INFORMATION**

The following information relates to those ratios that only require attestation they have been checked and are supported by verifiable information.

|                             | <b>2015</b> | <b>2014</b> | <b>2013</b> |
|-----------------------------|-------------|-------------|-------------|
| Asset Consumption Ratio     | 0.90        | 0.93        | 0.84        |
| Asset Renewal Funding Ratio | 0.94        | 0.95        | 0.97        |

The above ratios are calculated as follows:

|                             |   |
|-----------------------------|---|
| Asset Consumption Ratio     | $\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$           |
| Asset Renewal Funding Ratio | $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**19. TRUST FUNDS**

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

|                              | Balance<br>1 July 2014<br>\$ | Amounts<br>Received<br>\$ | Amounts<br>Paid<br>(\$) | Balance<br>30 June 2015<br>\$ |
|------------------------------|------------------------------|---------------------------|-------------------------|-------------------------------|
| Deposits, Bonds & Retentions | 1,197,055                    | 1,216,151                 | (1,009,996)             | 1,403,210                     |
| POS & Road Construction      | 3,969,409                    | 318,655                   | (283,185)               | 4,004,879                     |
| Scheme 7 Costs               | 38,344                       | 1,291                     | 0                       | 39,635                        |
| BCITF Levy                   | 0                            | 206,548                   | (206,548)               | 0                             |
| Building Services Levy       | 0                            | 135,494                   | (135,494)               | 0                             |
|                              | <u>5,204,808</u>             |                           |                         | <u>5,447,725</u>              |

**20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR**

The following assets were disposed of during the year.

|                                | Net Book Value |                  | Sale Price     |                  | Profit (Loss)   |              |
|--------------------------------|----------------|------------------|----------------|------------------|-----------------|--------------|
|                                | Actual<br>\$   | Budget<br>\$     | Actual<br>\$   | Budget<br>\$     | Actual<br>\$    | Budget<br>\$ |
| <b>Plant and Equipment</b>     | 521,580        | 313,140          | 424,721        | 313,140          | (96,859)        | 0            |
| <b>Furniture and Equipment</b> | 420            | 0                | 0              | 0                | (420)           | 0            |
| <b>Land</b>                    | 0              | 2,325,000        | 0              | 2,325,000        | 0               | 0            |
|                                | <u>522,000</u> | <u>2,638,140</u> | <u>424,721</u> | <u>2,638,140</u> | <u>(97,279)</u> | <u>0</u>     |

|        |                 |          |
|--------|-----------------|----------|
| Profit | 0               | 0        |
| Loss   | (97,279)        | 0        |
|        | <u>(97,279)</u> | <u>0</u> |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

| Particulars                    | Principal<br>1 July<br>2014<br>\$ | New<br>Loans<br>\$ | Principal<br>Repayments |              | Principal<br>30 June 2015 |              | Interest<br>Repayments |              |
|--------------------------------|-----------------------------------|--------------------|-------------------------|--------------|---------------------------|--------------|------------------------|--------------|
|                                |                                   |                    | Actual<br>\$            | Budget<br>\$ | Actual<br>\$              | Budget<br>\$ | Actual<br>\$           | Budget<br>\$ |
| <b>Governance</b>              |                                   |                    |                         |              |                           |              |                        |              |
| Civic Facilities Redevelopment | 4,545,661                         | 0                  | 199,080                 | 199,080      | 4,346,581                 | 4,346,581    | 312,759                | 309,661      |
|                                | 4,545,661                         | 0                  | 199,080                 | 199,080      | 4,346,581                 | 4,346,581    | 312,759                | 309,661      |

(b) New Debentures - 2014/15

Nil

(c) Unspent Debentures

Nil

(d) Overdraft

The Shire of Mundaring has an overdraft facility of \$1,000,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2014 and 30 June 2015 was Nil.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR**

| (a) Rates                             | Rate in<br>\$         | Number<br>of<br>Properties | Rateable<br>Value<br>\$ | Rate<br>Revenue<br>\$ | Interim<br>Rates<br>\$ | Back<br>Rates<br>\$ | Total<br>Revenue<br>\$ | Budget<br>Rate<br>Revenue<br>\$ | Budget<br>Interim<br>Rate<br>\$ | Budget<br>Back<br>Rate<br>\$ | Budget<br>Total<br>Revenue<br>\$ |
|---------------------------------------|-----------------------|----------------------------|-------------------------|-----------------------|------------------------|---------------------|------------------------|---------------------------------|---------------------------------|------------------------------|----------------------------------|
| <b>RATE TYPE</b>                      |                       |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| <b>General Rate</b>                   |                       |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| GRV - Commercial                      | 0.07242902            | 256                        | 21,177,649              | 1,533,876             | 931                    | 0                   | 1,534,807              | 1,533,876                       | 4,300                           | 0                            | 1,538,176                        |
| GRV - Light Industrial                | 0.07242902            | 285                        | 17,971,308              | 1,301,644             | (2,149)                | 0                   | 1,299,495              | 1,301,644                       | 8,800                           | 0                            | 1,310,444                        |
| GRV - Residential                     | 0.07242902            | 10,722                     | 209,164,025             | 15,148,920            | 120,017                | 0                   | 15,268,937             | 15,137,008                      | 101,250                         | 0                            | 15,238,258                       |
| GRV - Rural Residential               | 0.07242902            | 2,980                      | 61,965,295              | 4,488,085             | 8,614                  | 0                   | 4,496,699              | 4,487,389                       | 3,000                           | 0                            | 4,490,389                        |
| UV - Rural                            | 0.00442574            | 239                        | 160,705,000             | 711,239               | (7,768)                | 0                   | 703,471                | 711,239                         | 0                               | 0                            | 711,239                          |
| <b>Sub-Totals</b>                     |                       | 14,482                     | 470,983,277             | 23,183,764            | 119,645                | 0                   | 23,303,409             | 23,171,156                      | 117,350                         | 0                            | 23,288,506                       |
| <b>Minimum Payment</b>                | <b>Minimum<br/>\$</b> |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| GRV - Commercial                      | 724                   | 6                          | 51,936                  | 4,344                 | 0                      | 0                   | 4,344                  | 4,344                           | 0                               | 0                            | 4,344                            |
| GRV - Light Industrial                | 724                   | 1                          | 9,328                   | 724                   | 0                      | 0                   | 724                    | 724                             | 0                               | 0                            | 724                              |
| GRV - Residential                     | 724                   | 507                        | 3,931,148               | 364,244               | 0                      | 0                   | 364,244                | 349,692                         | 0                               | 0                            | 349,692                          |
| GRV - Rural Residential               | 724                   | 77                         | 695,862                 | 55,748                | 0                      | 0                   | 55,748                 | 55,024                          | 0                               | 0                            | 55,024                           |
| UV - Mining                           | 914                   | 5                          | 63,127                  | 4,570                 | 0                      | 0                   | 4,570                  | 4,570                           | 0                               | 0                            | 4,570                            |
| <b>Sub-Totals</b>                     |                       | 596                        | 4,751,401               | 429,630               | 0                      | 0                   | 429,630                | 414,354                         | 0                               | 0                            | 414,354                          |
|                                       |                       |                            |                         |                       |                        |                     | <b>23,733,039</b>      |                                 |                                 |                              | <b>23,702,860</b>                |
| Movement in Rates Received in Advance |                       |                            |                         |                       |                        |                     | 22,747                 |                                 |                                 |                              | 0                                |
| <b>Total Rates</b>                    |                       |                            |                         |                       |                        |                     | <b>23,755,786</b>      |                                 |                                 |                              | <b>23,702,860</b>                |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)**

**(b) Information on Surplus/(Deficit) Brought Forward**

|  | 2015<br>(30 June 2015<br>Carried Forward)<br>\$ | 2015<br>(1 July 2014<br>Brought Forward)<br>\$ | 2014<br>(30 June 2014<br>Carried Forward)<br>\$ |
|--|---|--|---|
| <b>Surplus/(Deficit) 1 July 14 brought forward</b> | <u>7,225,367</u>                                | <u>5,479,160</u>                               | <u>5,479,160</u>                                |
| <b>Comprises:</b>                                  |   |  |   |
| Cash and cash equivalents                          |   |  |   |
| Unrestricted                                       | 9,106,542                                       | 6,925,598                                      | 6,925,598                                       |
| Restricted   | 12,457,170                                      | 11,406,854                                     | 11,406,854                                      |
| Receivables  |   |  |   |
| Rates outstanding                                  | 792,900   | 653,362  | 653,362   |
| Sundry debtors                                     | 1,326,976                                       | 2,979,520                                      | 2,979,520                                       |
| Sanitation Debtors                                 | 80,881  | 46,116   | 46,116  |
| Pool Inspections                                   | 110   | 301  | 301   |
| LSL Contributions - Other Local Governments        | 77,625  | 71,391   | 71,391  |
| Inventories  |   |  |   |
| Fuel and materials                                 | 109,036   | 98,646   | 98,646  |
| Land held for sale                                 |   |  |   |
| Cost of Acquisition                                | 116,195   | 116,195  | 116,195   |
| <b>Less:</b>                                       |   |  |   |
| Trade and other payables                           |   |  |   |
| Sundry creditors                                   | (941,524)                                       | (1,518,389)                                    | (1,518,389)                                     |
| Creditor Accruals                                  | (344,303)                                       | (1,817,468)                                    | (1,817,468)                                     |
| Current portion of long term borrowings            |   |  |   |
| Secured by floating charge                         | (213,366)                                       | (199,080)                                      | (199,080)                                       |
| Provisions   |   |  |   |
| Provision for annual leave                         | (1,352,993)                                     | (1,289,346)                                    | (1,289,346)                                     |
| Provision for long service leave                   | (1,629,884)                                     | (1,356,430)                                    | (1,356,430)                                     |
| <b>Net current assets</b>                          | <u>19,585,365</u>                               | <u>16,117,270</u>                              | <u>16,117,270</u>                               |
| <b>Less:</b>                                       |   |  |   |
| Reserves - restricted cash                         | (12,457,169)                                    | (10,720,995)                                   | (10,720,995)                                    |
| Land held for sale                                 | (116,195)                                       | (116,195)                                      | (116,195)                                       |
| <b>Add:</b>  |   |  |   |
| Secured by floating charge                         | 213,366   | 199,080  | 199,080   |
| <b>Surplus/(deficit)</b>                           | <u>7,225,367</u>                                | <u>5,479,160</u>                               | <u>5,479,160</u>                                |

**Difference**

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR**

The Shire did not impose any Specified Area Rates.

**24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR**

The Shire did not impose any service charges.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2014/15 FINANCIAL YEAR**

|                            | Type      | Total<br>Cost/<br>Value<br>\$ | Budget<br>Cost/<br>Value<br>\$ |
|----------------------------|-----------|-------------------------------|--------------------------------|
| Rates                      | Write-Off | 715                           | 3,500                          |
| Interest on Unpaid Rates   | Write-Off | 1,577                         | 3,500                          |
| Charges on Instalment Plan | Write-Off | 0                             | 500                            |

No discount on rates is available.

The cost to the Shire for the early payment of rates was \$4,300 being \$2,500 towards the first prize, \$1,500 towards the second prize and \$300 for pool entry.

**26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR**

|                               | Interest<br>Rate<br>% | Admin.<br>Charge<br>\$ | Revenue<br>\$ | Budgeted<br>Revenue<br>\$ |
|-------------------------------|-----------------------|------------------------|---------------|---------------------------|
| Interest on Unpaid Rates      | 11.00%                |                        | 144,630       | 150,000                   |
| Charges on Instalment Plan ** |                       | 24                     | 125,942       | 120,000                   |
|                               |                       |                        | 270,572       | 270,000                   |

Ratepayers had the option of paying rates in four equal instalments, due on 4 September 2014, 6 November 2014, 8 January 2015 and 12 March 2015. Administration charges (no interest) applied for the final three instalments.

\*\* Total charges for 2nd, 3rd and 4th instalments.

| <b>27. FEES &amp; CHARGES</b> | <b>2015<br/>Actual<br/>\$</b> | <b>2014<br/>Actual<br/>\$</b> |
|-------------------------------|-------------------------------|-------------------------------|
| General purpose funding       | 125,942                       | 112,470                       |
| Law, order, public safety     | 269,305                       | 246,847                       |
| Health                        | 100,918                       | 79,120                        |
| Education and welfare         | 2,033,682                     | 1,822,262                     |
| Community amenities           | 7,191,806                     | 4,328,259                     |
| Recreation and culture        | 834,349                       | 742,793                       |
| Transport                     | 10,809                        | 7,760                         |
| Economic services             | 316,172                       | 267,386                       |
| Other property and services   | 25,909                        | 10,155                        |
|                               | <u>10,908,892</u>             | <u>7,617,052</u>              |

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**SHIRE OF MUNDARING**  
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**28. GRANT REVENUE**

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

|   | <b>2015</b>       | <b>2014</b>       |
|---|-------------------|-------------------|
|   | <b>Actual</b>     | <b>Actual</b>     |
|   | <b>\$</b>         | <b>\$</b>         |
| <b>By Nature or Type:</b>                         |                   |                   |
| Operating grants, subsidies and contributions     | 7,986,159         | 5,813,271         |
| Non-operating grants, subsidies and contributions | <u>3,407,740</u>  | <u>10,346,314</u> |
|   | <u>11,393,899</u> | <u>16,159,585</u> |
| <b>By Program:</b>                                |                   |                   |
| General purpose funding                           | 4,299,600         | 1,244,689         |
| Governance  | 530               | 201,926           |
| Law, order, public safety                         | 1,181,818         | 654,922           |
| Education and welfare                             | 3,185,690         | 2,498,426         |
| Recreation and culture                            | 990,405           | 1,544,226         |
| Transport   | 1,721,775         | 10,015,396        |
| Other property and services                       | 14,081            | 0                 |
|   | <u>11,393,899</u> | <u>16,159,585</u> |

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

|  | <b>2015</b>   | <b>2014</b>   |
|--|---------------|---------------|
|  | <b>Actual</b> | <b>Actual</b> |
|  | <u>202</u>    | <u>208</u>    |

**30. ELECTED MEMBERS REMUNERATION**

The following fees, expenses and allowances were paid to council members.

|   | <b>2015</b>    | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|----------------|
|   | <b>Actual</b>  | <b>Budget</b>  | <b>Actual</b>  |
|   | <b>\$</b>      | <b>\$</b>      | <b>\$</b>      |
| Meeting Fees                              | 247,475        | 247,475        | 248,945        |
| President's allowance                     | 22,492         | 46,505         | 59,003         |
| Deputy President's allowance              | 11,626         | 11,626         | 11,288         |
| Travelling expenses                       | 7,801          | 10,000         | 7,826          |
| Telecommunications allowance and expenses | 44,361         | 42,000         | 44,748         |
|   | <u>333,755</u> | <u>357,606</u> | <u>371,810</u> |

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**31. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2014/15.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

**33. EVENTS AFTER THE REPORTING DATE**

There have been no significant events after the reporting period that are required to be included in the 2014/15 Annual Financial Report.



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**34. FINANCIAL RISK MANAGEMENT**

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

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 Shire held the following financial instruments at balance date:*

|                              | <b>Carrying Value</b> |                   | <b>Fair Value</b> |                   |
|------------------------------|-----------------------|-------------------|-------------------|-------------------|
|                              | <b>2015</b>           | <b>2014</b>       | <b>2015</b>       | <b>2014</b>       |
|                              | <b>\$</b>             | <b>\$</b>         | <b>\$</b>         | <b>\$</b>         |
| <b>Financial assets</b>      |                       |                   |                   |                   |
| Cash and cash equivalents    | 21,563,712            | 18,332,452        | 21,563,712        | 18,332,452        |
| Receivables                  | 3,084,508             | 4,494,522         | 3,084,508         | 4,494,522         |
| Other Assets (Share of EMRC) | 16,479,545            | 15,138,568        | 16,479,545        | 15,138,568        |
|                              | <u>41,127,765</u>     | <u>37,965,542</u> | <u>41,127,765</u> | <u>37,965,542</u> |
| <b>Financial liabilities</b> |                       |                   |                   |                   |
| Payables                     | 1,285,827             | 3,335,857         | 1,285,827         | 3,335,857         |
| Borrowings                   | 4,346,581             | 4,545,661         | 2,638,232         | 2,665,965         |
|                              | <u>5,632,408</u>      | <u>7,881,518</u>  | <u>3,924,059</u>  | <u>6,001,822</u>  |

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**34. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

|  | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| Impact of a 1% <sup>(1)</sup> movement in interest rates on cash |             |             |
| - Equity   | 215,637     | 183,325     |
| - Statement of Comprehensive Income                              | 215,637     | 183,325     |

*Notes:*

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**34. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

The Shire's major receivables comprise rates and annual charges and user charges and fees. 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 makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

|  | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|
| Percentage of rates and annual charges |             |             |
| - Current                              | 97%         | 97%         |
| - Overdue                              | 3%          | 3%          |
| Percentage of other receivables        |             |             |
| - Current                              | 92%         | 88%         |
| - Overdue                              | 8%          | 12%         |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**34. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

**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.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

|                    | <b>Due<br/>within<br/>1 year<br/>\$</b> | <b>Due<br/>between<br/>1 &amp; 5 years<br/>\$</b> | <b>Due<br/>after<br/>5 years<br/>\$</b> | <b>Total<br/>contractual<br/>cash flows<br/>\$</b> | <b>Carrying<br/>values<br/>\$</b> |
|--------------------|---|---|---|--|-----------------------------------|
| <b><u>2015</u></b> |   |   |   |  |                                   |
| Payables           | 1,285,827                               | 0   | 0                                       | 1,285,827  | 1,285,827                         |
| Borrowings         | <u>509,258</u>                          | <u>2,037,032</u>                                  | <u>4,074,064</u>                        | <u>6,620,354</u>                                   | <u>4,346,581</u>                  |
|                    | <u><u>1,795,085</u></u>                 | <u><u>2,037,032</u></u>                           | <u><u>4,074,064</u></u>                 | <u><u>7,906,181</u></u>                            | <u><u>5,632,408</u></u>           |
| <b><u>2014</u></b> |   |   |   |  |                                   |
| Payables           | 3,335,857                               | 0   | 0                                       | 3,335,857  | 3,335,857                         |
| Borrowings         | <u>509,023</u>                          | <u>2,036,092</u>                                  | <u>4,581,209</u>                        | <u>7,126,324</u>                                   | <u>4,545,661</u>                  |
|                    | <u><u>3,844,880</u></u>                 | <u><u>2,036,092</u></u>                           | <u><u>4,581,209</u></u>                 | <u><u>10,462,181</u></u>                           | <u><u>7,881,518</u></u>           |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**34. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**  
**Borrowings (continued)**

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

|   | <u>&lt;1 year</u> | <u>&gt;1&lt;2 years</u> | <u>&gt;2&lt;3 years</u> | <u>&gt;3&lt;4 years</u> | <u>&gt;4&lt;5 years</u> | <u>&gt;5 years</u> | <u>Total</u> | <b>Weighted<br/>Average<br/>Effective<br/>Interest Rate</b> |
|---|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------|--------------|---|
|   | \$                | \$                      | \$                      | \$                      | \$                      | \$                 | \$           | %   |
| <b><u>Year ended 30 June 2015</u></b>       |                   |                         |                         |                         |                         |                    |              |   |
| <b>Borrowings</b>                           |                   |                         |                         |                         |                         |                    |              |   |
| <b>Fixed rate</b>                           |                   |                         |                         |                         |                         |                    |              |   |
| Debentures                                  | 213,366           | 228,676                 | 245,085                 | 262,672                 | 281,520                 | 3,115,262          | 4,346,581    | 6.95%   |
| Weighted average<br>Effective interest rate | 6.95%             | 6.95%                   | 6.95%                   | 6.95%                   | 6.95%                   | 6.95%              |              |   |
| <b><u>Year ended 30 June 2014</u></b>       |                   |                         |                         |                         |                         |                    |              |   |
| <b>Borrowings</b>                           |                   |                         |                         |                         |                         |                    |              |   |
| <b>Fixed rate</b>                           |                   |                         |                         |                         |                         |                    |              |   |
| Debentures                                  | 199,080           | 213,366                 | 228,676                 | 245,085                 | 262,672                 | 3,396,782          | 4,545,661    | 6.95%   |
| Weighted average<br>Effective interest rate | 6.95%             | 6.95%                   | 6.95%                   | 6.95%                   | 6.95%                   | 6.95%              |              |   |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2015**

**35. FIXED ASSETS FAIR VALUE MEASUREMENT**

The Shire of Mundaring measure the following assets on a recurring basis:

- Land and Buildings;
- Furniture and equipment;
- Plant and equipment; and
- Roads
- Footpaths
- Drainage
- Parks Hard Assets

The Shire of Mundaring does not measure any other assets and liabilities on a non-recurring basis.

The following tables provide the fair values of the Shire's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

**Recurring Fair Value Measurements**

Non-Financial Assets

**30 June 2015**

|   | <b>Note</b> | <b>Level 1<br/>\$</b> | <b>Level 2<br/>\$</b> | <b>Level 3<br/>\$</b> | <b>Total<br/>\$</b> |
|---|-------------|-----------------------|-----------------------|-----------------------|---------------------|
| Land  | 6           | 0                     | 31,719,602            | 800,000               | 32,519,602          |
| Buildings   | 6           | 0                     | 0                     | 36,129,039            | 36,129,039          |
| Furniture and Equipment   | 6           | 0                     | 0                     | 798,965               | 798,965             |
| Plant and Equipment   | 6           | 0                     | 7,925,583             | 0                     | 7,925,583           |
| Roads   | 7           | 0                     | 0                     | 285,943,378           | 285,943,378         |
| Footpaths   | 7           | 0                     | 0                     | 13,528,140            | 13,528,140          |
| Drainage  | 7           | 0                     | 0                     | 42,193,043            | 42,193,043          |
| Parks Hard Assets   | 7           | 0                     | 0                     | 21,382,384            | 21,382,384          |
| Total non- financial assets<br>recognised at fair value on<br>a recurring basis |             | 0                     | 39,645,185            | 400,774,949           | 440,420,134         |

There were no assets valued where it was assumed that the highest and best value use was other than their current use.

Non-Financial Assets

**30 June 2014**

|   | <b>Note</b> | <b>Level 1<br/>\$</b> | <b>Level 2<br/>\$</b> | <b>Level 3<br/>\$</b> | <b>Total<br/>\$</b> |
|---|-------------|-----------------------|-----------------------|-----------------------|---------------------|
| Land  | 6           | 0                     | 31,719,602            | 800,000               | 32,519,602          |
| Buildings   | 6           | 0                     | 0                     | 36,986,675            | 36,986,675          |
| Furniture and Equipment   | 6           | 0                     | 0                     | 903,376               | 903,376             |
| Plant and Equipment   | 6           | 0                     | 7,432,359             | 0                     | 7,432,359           |
| Roads   | 7           | 0                     | 0                     | 123,570,765           | 123,570,765         |
| Total non- financial assets<br>recognised at fair value on<br>a recurring basis |             | 0                     | 39,151,961            | 162,260,816           | 201,412,777         |

The Shire's footpaths, drainage and parks hard assets were valued on the cost basis for the year ended 30 June 2014 and revalued at 30 June 2015.

The policy of the Shire of Mundaring is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers between Levels 1 and 2 for recurring fair value measurements during the year. There were also no transfers in and out of Level 3 measurements.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**35. FIXED ASSETS FAIR VALUE MEASUREMENT (Continued)**

The fair value of financial and non financial assets that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an asset are observable, the asset is included in level 2. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3. This is the case for Council specialised building assets, which are of a specialist nature and where there is no active market for the assets.

The following table summarises the valuation inputs and techniques used to determine the fair value for each asset class.

| <b>Asset Class</b>  | <b>Fair Value Hierarchy</b> | <b>Valuation Technique</b>  | <b>Basis of Valuation</b>                               | <b>Date of Last Valuation</b> | <b>Inputs Used</b>  |
|---|-----------------------------|---|---|-------------------------------|---|
| <b>Land and Buildings</b>                                     |                             |   |   |                               |   |
| Freehold Land   | Level 2                     | Market approach using recent observable data for similar properties in the area | Independent Registered Valuers                          | June 2014                     | Price per square metre  |
| Land vested in and under the control of Council (Golf Course) | Level 3                     | Improvements to land using the cost approach using depreciated replacement cost | Independent Registered Valuers                          | June 2014                     | Ground rent included with the cost of developing the golf course and applied the Depreciated Replacement Cost over the estimated economic working life, assuming the lease will be renewed, utilising the straight line depreciation method |
| Specialised Buildings   | Level 3                     | Improvements to land using the cost approach using depreciated replacement cost | Independent Registered Valuers                          | June 2014                     | Improvements to land using constructions costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs  |
| <b>Furniture and Equipment</b>                                | Level 3                     | Cost approach using depreciated replacement cost                                | Management Valuation                                    | June 2013                     | Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs  |
| <b>Plant and Equipment</b>                                    | Level 2                     | Market approach using recent observable data for similar plant                  | Management Valuation                                    | June 2013                     | Price per item  |
| <b>Roads</b>  | Level 3                     | Cost approach using depreciated replacement cost                                | Independent Registered Valuers                          | June 2015                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs  |
| <b>Footpaths</b>  | Level 3                     | Cost approach using depreciated replacement cost                                | Independent Registered Valuers                          | June 2015                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs  |
| <b>Drainage</b>   | Level 3                     | Cost approach using depreciated replacement cost                                | Management Valuation                                    | June 2015                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs  |
| <b>Parks Hard Assets</b>                                      | Level 3                     | Cost approach using depreciated replacement cost                                | Independent Registered Valuers and Management Valuation | June 2015                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs  |

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**35. FIXED ASSETS FAIR VALUE MEASUREMENT (Continued)**

**Valuation techniques and inputs used in the fair value measurement**

**Land**

Level 2 valuation inputs are used to value land held in freehold title as well as land used for special purposes that are restricted in use under current zoning rules (i.e. Commercial, Industrial or Residential). Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

The Golf Course has been valued on the basis that the Shire of Mundaring developed the course and, whilst a lease is in place for a nominal amount per year, the Present Value of a typical ground lease was applied over the period of the lease. The ground rent has been included with the cost approach of developing the golf course (including fairways, sand greens, bunkers, tee boxes etc.) and applied the Depreciated Replacement Cost (DRC) approach, based on the original or effective age of the asset, depreciated over the Estimated Economic Working Life (EEWL), assuming the lease will be renewed, utilising the straight line depreciation method.

**Buildings**

The Shire's buildings assets are considered to be of a specialised nature (non-market type properties which are not readily traded in the market place) were valued by professionally qualified registered valuers using the cost approach. This approach is commonly referred to as the depreciated replacement cost (DRC). The "DRC" approach considers the cost (sourced from cost guides such as Rawlinsons, Cordell, professional quantity surveyors and recent construction costs for similar projects throughout Western Australia) to reproduce or replace similar assets with an asset in new condition, including allowance for installation, less an amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence. This approach is an accepted method in arriving at a market value.

**Plant and Equipment**

Plant and equipment were revalued in 2013 a part of the mandatory requirements embodied in Local Government (Financial Management) regulations 17A. Whilst the additions since 1 July 2013 have been brought in the books at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that the recorded written down values approximate fair values.

Thus, the value of class of assets in the Shire's books is considered to be in accordance with Local Government Financial Management Regulation 17A (2) which requires these assets to be shown at fair value.

Plant and Equipment will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1 (f). Most plant and equipment assets are generally valued using the market and cost approach using comparable sales and relevant industry market price reference guides, and have been classified as being valued at Level 2 of the fair value hierarchy. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition.

**Furniture and Equipment**

Furniture and equipment were revalued in 2013 a part of the mandatory requirements embodied in Local Government (Financial Management) regulations 17A. Whilst the additions since 1 July 2013 have been brought in the books at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered that the recorded written down values approximate fair values.

Thus, the value of class of assets in the Shire's books is considered to be in accordance with Local Government Financial Management Regulation 17A (2) which requires these assets to be shown at fair value.

Furniture and Equipment will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1 (f).

The income approach is not appropriate given the Shire does not generate cash flows from the use of these assets. The market value approach that would be best achieved through a qualified valuer is an expensive exercise for an asset class that lacks materiality. Given there is not an active or liquid market for much of the Shire's Furniture and Equipment it is questionable if the market approach is deemed to be fair value of furniture and Equipment.

**Infrastructure - Roads & Footpaths**

All road and footpath network infrastructure assets were valued using level 3 valuation inputs using the cost approach.

The approach estimated the replacement cost for each asset by componentising assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

During the year there were a number of new projects completed where the actual cost was recorded and the impact of depreciation at year end was negligible. While these could be classified as valued at level 2, given the low proportion of the total portfolio that these represented and the likelihood that in future valuations they would most likely be valued at level 3, we have adopted a policy that all road network infrastructure assets are deemed to be valued at level 3.



**SHIRE OF MUNDARING**  
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**35. FIXED ASSETS FAIR VALUE MEASUREMENT (Continued)**

**Valuation techniques and inputs used in the fair value measurement (Continued)**

**Infrastructure - Drainage**

All Drainage network infrastructure assets were valued using level 3 valuation inputs using the cost approach.

The approach estimated the replacement cost for each asset by componentising assets into significant parts with different useful lives and taking into account a range of factors. These include the average cost of construction and consumption score for each component.

As these are supported by observable market evidence they have been classified as Level 2 inputs. The unobservable inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition and its relationship to the assessed level of remaining service potential of the depreciable amount) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

**Infrastructure - Parks Hard Assets**

The Parks Hard Asset Class is wholly comprised of specialised assets. These specialised assets were valued using the cost approach using professionally qualified Registered Valuers and the expertise of Shire Staff. The approach estimated the replacement cost for each asset by componentising assets into significant parts with different useful lives and taking into account a range of factors. These include the average cost of construction and consumption score for each component.

As these are supported by observable market evidence they have been classified as Level 2 inputs. The unobservable inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition and its relationship to the assessed level of remaining service potential of the depreciable amount) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

**Fair Value Sensitivity to Unobservable Inputs**

The following table summarises the quantitative information about the key significant unobservable inputs (level 3 fair value hierarchy), the ranges of those inputs and the relationships of unobservable inputs to the fair value measurements.

| Description and fair value as at 30-Jun-15               | Valuation Techniques                         | Unobservable Inputs   | Range of Inputs (probability - weighted average) | Relationship of unobservable inputs to fair value                   |
|--|--|---|--|---|
| Land vested and under the control of Council (\$800,000) | Income and Cost approach                     | Ground rent   | +/-10%   | A change of 10% would result in an increase/decrease of \$80,000    |
| Buildings (\$36,129,039)                                 | Cost approach (depreciated replacement cost) | Relationship between asset consumption rating scale and the level of consumed service potential | +/-10%   | A change of 10% would result in an increase/decrease of \$3,612,903 |
| Furniture and Equipment (\$798,965)                      | Cost approach (depreciated replacement cost) | Relationship between asset consumption rating scale and the level of consumed service potential | +/-10%   | A change of 10% would result in an increase/decrease of \$79,896    |
| Roads (\$285,943,378)                                    | Cost approach (depreciated replacement cost) | Relationship between asset consumption rating scale and the level of consumed service potential | +/-4%  | A change of 4% would result in an increase/decrease of \$11,437,735 |
| Footpaths (\$13,528,140)                                 | Cost approach (depreciated replacement cost) | Relationship between asset consumption rating scale and the level of consumed service potential | +/-4%  | A change of 4% would result in an increase/decrease of \$541,125    |
| Drainage (\$42,193,043)                                  | Cost approach (depreciated replacement cost) | Relationship between asset consumption rating scale and the level of consumed service potential | +/-4%  | A change of 4% would result in an increase/decrease of \$1,687,721  |
| Parks Hard Assets (\$21,382,384)                         | Cost approach (depreciated replacement cost) | Relationship between asset consumption rating scale and the level of consumed service potential | +/-2.5%  | A change of 2.5% would result in an increase/decrease of \$534,560  |

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2015**

**35. FIXED ASSETS FAIR VALUE MEASUREMENT (Continued)**

**Valuation processes**

The Shire engages external, independent and qualified valuers to determine the fair value of the Shire's land, buildings, roads, footpaths and a portion of parks hard assets. Management determine the fair value of the Shire's plant and equipment, furniture and equipment, drainage and a portion of parks hard assets. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period and discussed between the Manager Finance and Governance and the valuation team. As part of this process the team presents a report that explains the reasons for the fair value movements.

As at 30 June 2015 a comprehensive revaluation had been undertaken for all classes of assets subject to revaluation by independent qualified valuers and Shire management.

The main level 3 inputs used are derived and evaluated as follows -

1. Asset Condition - The nature of road network infrastructure is that there is a very large number of assets which comprise the network and as a result it is not physically possible to inspect every asset for the purposes of completing a valuation. As a consequence reliance is placed on the accuracy of the data held in the asset management system and its associated internal controls. This includes regular planned inspections and updates to the system following maintenance activities and renewal treatments.

To provide assurance over the accuracy of this information and taking into account the cost-benefit of undertaking physical inspections the valuation relies upon a sampling approach (approximately 10% of each asset type) where the data held in the system is verified by a physical inspection. While the sampling approach, combined with internal controls associated with the asset management system, provides a high level of comfort over the condition data held in the asset management system it does not provide a guarantee that all the data is correct and the condition is valid as at the date of the valuation.

2. Relationship between asset consumption rating scale and the level of consumed service potential - Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account accumulated depreciation. In order to achieve this the valuer determines an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgement and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption and future economic benefit.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of the Shire's own asset management and finance staff. The results of the valuation were further evaluated by confirmation against the Shire's own understanding of the assets and the level of remaining service potential.

## INDEPENDENT AUDITOR'S REPORT TO: RATEPAYERS OF SHIRE OF MUNDARING

### Report on the Financial Report

We have audited the financial report of the Shire of Mundaring, which comprises the Statement of Financial Position as at 30 June 2015 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows and Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

### *Management's Responsibility for the Financial Report*

Management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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

### *Independence*

In conducting our audit, we followed applicable independence requirements of Australian professional accounting bodies.



## INDEPENDENT AUDITOR'S REPORT (Cont'd)

### **Auditor's Opinion**

In our opinion, the financial report of the Shire of Mundaring:

- (a) gives a true and fair view of the financial position of the Shire of Mundaring as at 30 June 2015 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.


### **Report on Other Legal and Regulatory Requirements**


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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Shire.
- (b) There are no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at Note 18 of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
  - (i) reasonably calculated; and
  - (ii) based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.

### **Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the financial report of the Shire of Mundaring for the year ended 30 June 2015 included on the Shire of Mundaring's website. Management is responsible for the integrity of the Shire of Mundaring's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the 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 financial report to confirm the information contained in this website version of the financial report.

  
\_\_\_\_\_  
**MACRI PARTNERS**  
**CERTIFIED PRACTISING ACCOUNTANTS**  
**SUITE 2, 137 BURSWOOD ROAD**  
**BURSWOOD WA 6100**

  
\_\_\_\_\_  
**A MACRI**  
**PARTNER**

**PERTH**  
**DATED THIS 12<sup>TH</sup> DAY OF NOVEMBER 2015.**



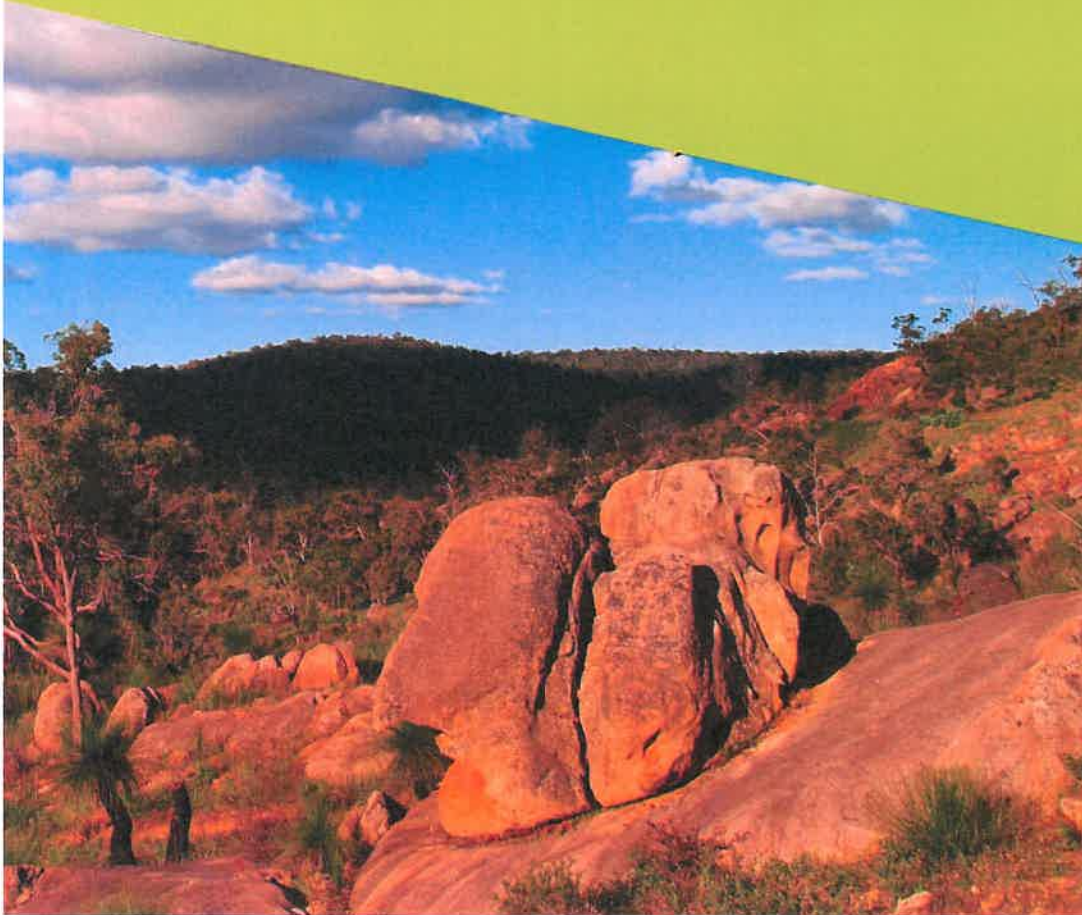
***ATTACHMENT 3***

***REPORT 3.0***

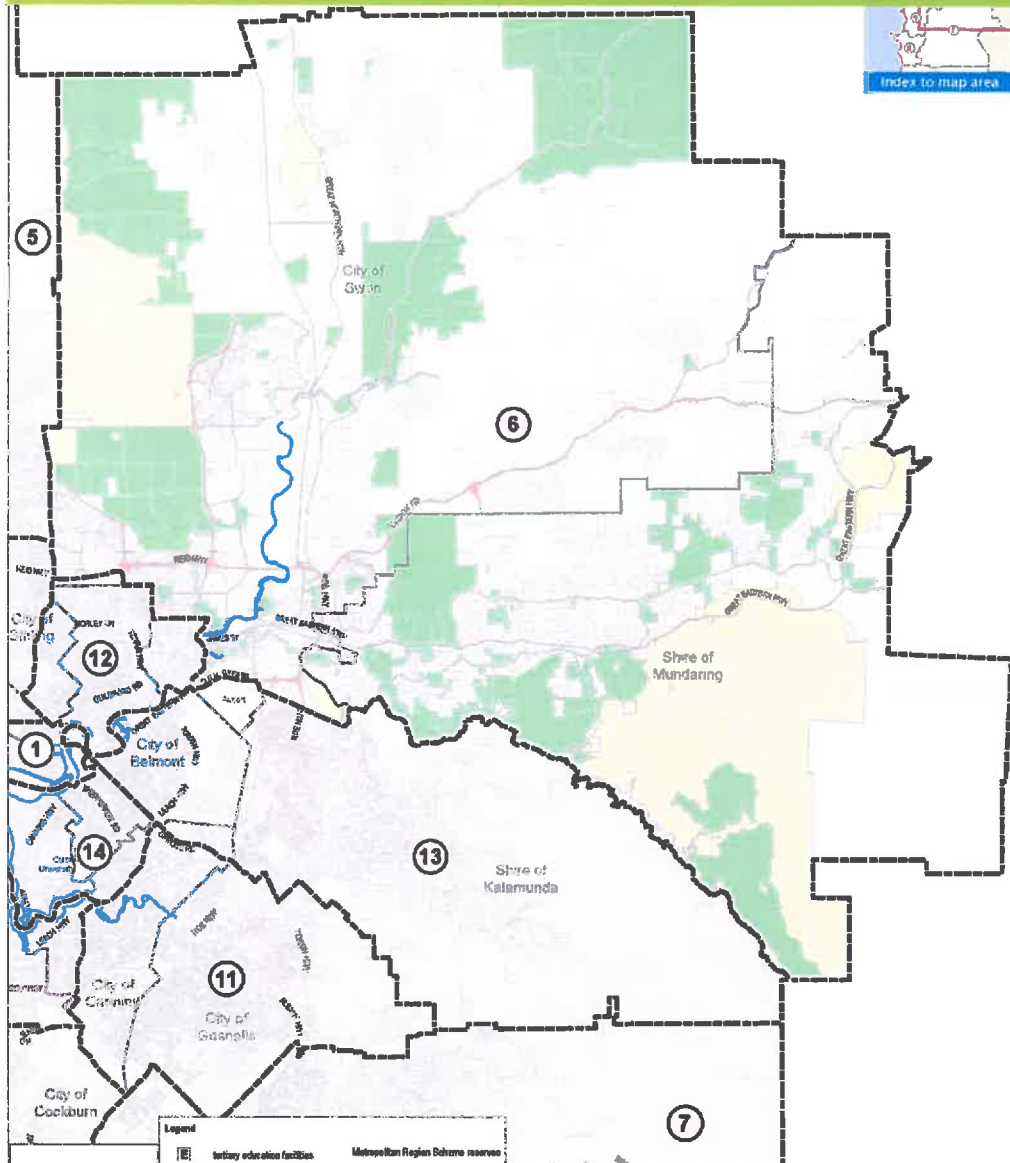
***7 PAGES***

# Annual Electors' Meeting

10 December 2015



# Reform



- Process drawn to a close
- Significant change in direction



# Valued Natural Environment



- New tools to assist residents
- Fire recovery continues



# Balanced Development

- Four major projects
- Significant road safety upgrades



# Thriving Community



- ANZAC Day centenary
- Community Art project



# Respected Civic Leadership



- Council elections
- Application upgrades

# Access and Inclusion

- Celebration of Ability Award
- New accessible playground equipment



**ATTACHMENT 2**

**REPORT 3.1**

**79 PAGES**





# *Annual Report 2015/16*

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*This document is available in  
alternative formats on request.*





# *From the Shire President*



Over the past year Council led the Shire out of the shadow of local government reform and embarked on an exciting program to deliver new community facilities, some of which have been years in the planning.

Boya Community Centre commenced construction in 2016 and will deliver a superb, modern new library and community hall space to cater for the population of our growing western suburbs.

Planning for the construction of Mundaring Recreation Centre was well advanced during the year, with construction to start in late 2016. This Centre will provide modern indoor facilities for our active sports clubs as well as creating opportunities for new sports clubs to form.

Other major achievements include the completion of the Elsie Austin Oval Pavilion in Mount Helena, the playground component of the upgraded Mundaring Community Sculpture Park, and an upgrade of Morgan John Morgan Park in Glen Forrest.

We are extremely proud to deliver great facilities to our community, not only for residents to enjoy, but also to share with visitors from the wider Perth area.

During 2015 and 2016 the Shire's Strategic Community Plan was completely revised, with significant community involvement. Emerging from the community conversations is a new vision for the Shire of Mundaring - 'a sense of space, a sense of place'. The Plan reflects the community's priorities: good governance, community spirit and disaster preparedness, and both the natural and built environment.

In October 2015 local government elections were held which saw the election of four new councillors. Former Shire President Helen Dullard retired after serving 15 years on Council and Alan Pilgrim retired after a total of 11 years on Council; Darrell Jones and Leona Gu were not returned. My fellow councillors elected me as Shire President, a role I am humbled and privileged to undertake.

On behalf of Council I thank all outgoing councillors for their contributions to our community and I welcome those new councillors elected to the Council.

In closing, I wish to acknowledge Chief Executive Officer, Jonathan Throssell, his Executive Leadership Team and all Shire employees for their ongoing commitment to making our community a wonderful place to live.

***Cr David Lavell***  
***Shire President***





# Our Shire

*Covering a total land area of 644sqkm, the Shire of Mundaring is comprised of a mixture of residential and rural areas.*

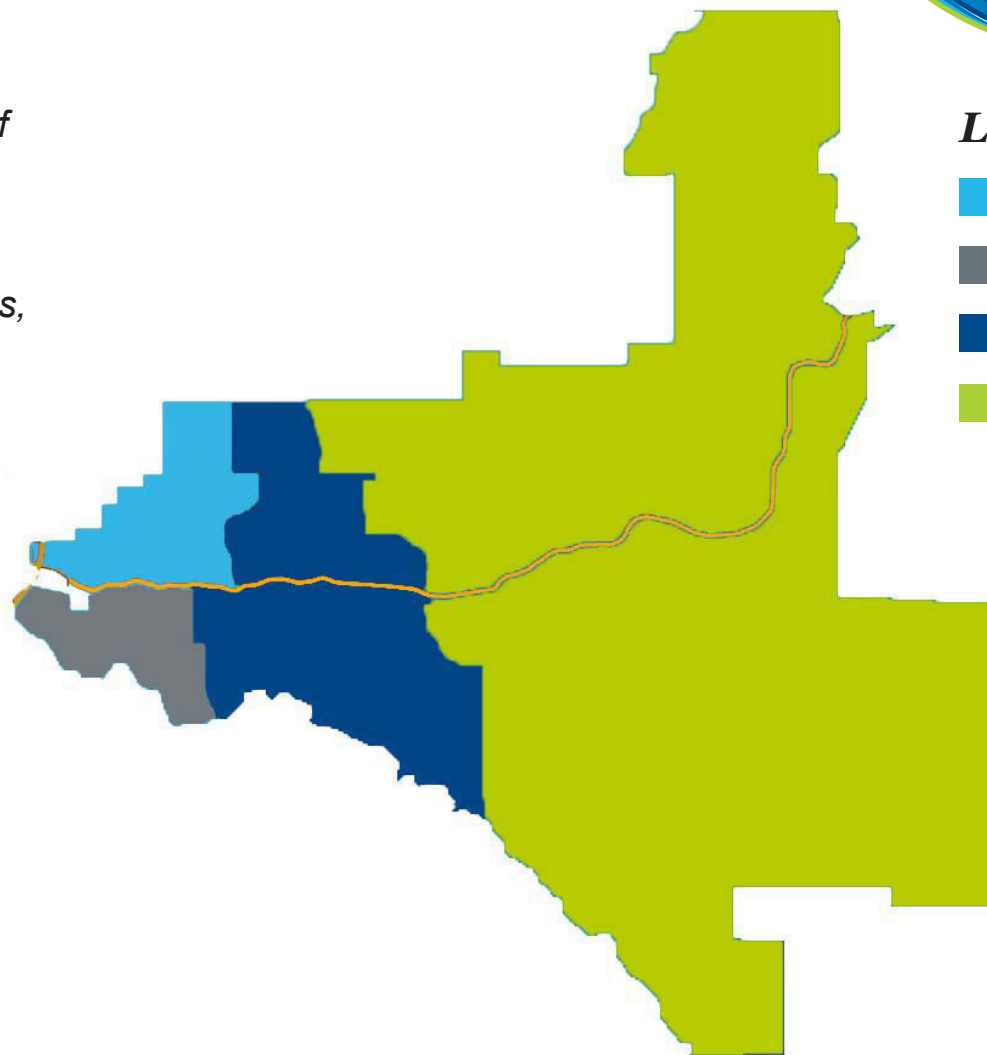
*Nearly half of the shire is made up of national parks, state forest or water catchments, making the area attractive to both residents and visitors.*

## Annual Events

- Trek the Trail
- Cinema Under Starlight
- Australia Day Citizenship Ceremony
- Darlington Arts Festival
- Swan View Show
- Summer Concerts at Mundaring Weir Hotel
- Mundaring Sunday Markets

## Local Attractions

- John Forrest National Park
- Mundaring Weir
- Lake Leschenaultia
- Mundaring Community Sculpture Park
- Railway Reserves Heritage Trail
- Bibbulmun Track
- Munda Bididi Trail
- KEP Track



## Legend

- West Ward
- South Ward
- Central Ward
- East Ward



# Elected Members



## West Ward



Tony Brennan



Tony Cuccaro



Pauline Clark

## South Ward



David Lavell  
(President)



James Martin



Trish Cook

## Central Ward



Doug Jeans



Lynn Fisher



Bob Perks

## East Ward



Patrick Bertola  
(Dep Pres)



John Daw



Stephen Fox

## Number of Council Meetings attended

| Elected Member | Ordinary (12) | Special (2) | Electors (3) |
|----------------|---------------|-------------|--------------|
| Cr Lavell      | 10            | 3           | 1            |
| Cr Bertola     | 12            | 3           | 1            |
| Cr Clark       | 10            | 3           | 1            |
| Cr Cook        | 10            | 3           | 1            |
| Cr Cuccaro     | 9             | 2           | 1            |
| Cr Daw         | 11            | 2           | 1            |
| Cr Fox         | 12            | 3           | 1            |
| Cr Perks       | 11            | 3           | 1            |
| Cr Brennan*    | 7             | 3           | 1            |
| Cr Martin*     | 8             | 2           | 1            |
| Cr Fisher*     | 8             | 3           | 1            |
| Cr Jeans*      | 8             | 3           | 0            |
| Cr Dullard**   | 4             | 0           | 0            |
| Cr Gu**        | 4             | 0           | 0            |
| Cr Pilgrim**   | 4             | 0           | 0            |
| Cr Jones**     | 4             | 0           | 0            |

\* Councillor elected 17 October 2015

\*\* Councillor retired 17 October 2015

# *From the Chief Executive Officer*



Following years of uncertainty resulting from the abandoned local government reform program it was with a renewed sense of purpose and energy that the Shire embarked upon its largest capital works program in a generation during 2015/16.

At the same time as delivering this large program of works and while continuing to deliver existing levels of service delivery, the Shire had to deal with ever increasing pressure to reduce rates and ease costs for ratepayers. This has been an extremely challenging task, yet one embraced by Council and staff.

During 2015/16 a significant amount of work was undertaken over many months to review the Long Term Financial Plan and to develop the draft Corporate Business Plan to ensure it was aligned with the recently adopted Strategic Community Plan - Mundaring 2026. This review identified a large reduction in forecast expenditure, partially through reductions in service levels, which in turn allowed for a significant reduction in forecast rate increases over the life of the Long Term Financial Plan.

The Corporate Business Plan is a rigorously costed and prioritised plan detailing what will be delivered over the next four year period. The adopted plan places the Shire on a path to strengthened financial sustainability over the longer term, which will enable the Shire to continue delivering services and infrastructure to meet the needs of its community into the future.

The Shire is financially sustainable. This financial year the Shire achieved a Financial Health Indicator (FHI) score of 75, which is above the benchmark of 70 set by the Department of Local Government and Communities. The FHI is calculated using the seven financial and asset management ratios required under the *Local Government (Financial Management) Regulations 1996*.

The Shire continues to demonstrate a strong commitment to community safety through the provision of high quality emergency, fire and ranger services. It continues to support a diverse range of community programs and services which reflect the needs of our residents; volunteers, young people, older people, families and people with a disability. It continues to support community groups of all sizes through such things as access to the community grants program.

In closing I am proud to acknowledge all Shire staff, who share my commitment to making our community an even better place to live. The Shire enjoys one of the highest rates of staff retention in local government, reflecting its commitment to a workplace which possesses a strong organisational culture centred on integrity, respect and teamwork, and a desire to continually improve so excellent customer service can be provided.

***Jonathan Throssell***  
***Chief Executive Officer***





# Executive Leadership Team



*Executive Leadership Team: (L-R) Director Strategic and Community Services Megan Griffiths, Director Infrastructure Services Shane Purdy, Chief Executive Officer Jonathan Throssell, Director Corporate Services Paul O'Connor and Director Statutory Services Mark Luzi.*

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 Shire performance, progress towards targets and use of resources.

## Employee profile

Shire of Mundaring had 207.99 approved full time equivalents. This figure includes 36.1 full time equivalents delivering community services that are funded through grants and service fees.

Comparative employee turnover has remained consistently low for the last few years. Turnover for 2015/16 was 9.54%, 10.57% for 2014/15 and 9.62% for 2013/14.

## Employee Remuneration

There were 17 employees entitled to an annual cash salary of \$100,000 or more in the following categories:

|                     |   |                     |   |
|---------------------|---|---------------------|---|
| \$100,000 - 109,999 | 0 | \$140,000 - 149,999 | 1 |
| \$110,000 - 119,999 | 2 | \$160,000 - 169,999 | 1 |
| \$120,000 - 129,999 | 6 | \$170,000 - 179,999 | 3 |
| \$130,000 - 139,999 | 3 | \$250,000 - 259,999 | 1 |

## Freedom of Information

The Shire has a Freedom of Information statement prepared in accordance with the *Freedom of Information Act 1992*. The statement, available on the Shire's website, outlines the Shire's functions, the kind of documents held and how the documents can be accessed. A total of 22 Freedom of Information requests were received in this reporting period.

## ***Information Management***

Good record keeping practices underpin good corporate governance. Information Management Services provides record keeping services to meet the requirements of the *State Records Act 2000*.

## ***Risk Management***

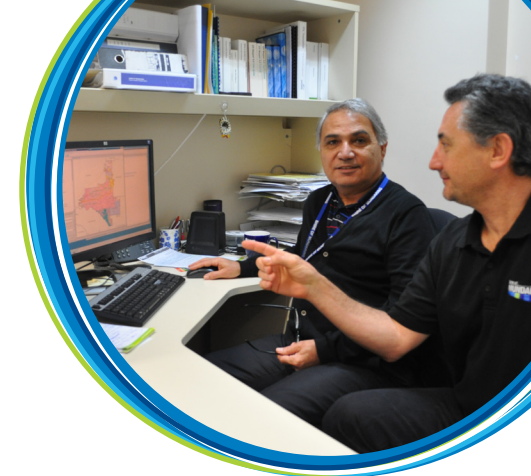
The Shire and Council continue to be committed to enterprise wide risk management. All significant risks are identified, managed and mitigated in accordance with the Shire's Risk Management Framework which conforms with the Australian Standard AS/NZS ISO 3100:2009.

## ***Internal audit***

Deloitte undertook an internal procurement audit to assess whether Shire purchases of goods and services are conducted in accordance with relevant legislation, Shire policies and procedures, and sound purchasing principles and practices. The findings of the Deloitte report together with agreed management actions, were presented to the Audit and Risk Committee.

## ***Information Communication and Technology***

Information Technology Services continues to provide a high standard of service through the management of the Shire's Information Communication and Technology (ICT) systems and services supporting business needs and operational delivery and is responsible for developing the Shire's ICT architecture, located at production and disaster recovery sites.



## ***Achievements 2015/16***

- A Ward and Representation Review was opened for public comment.
- A Governance Framework was developed.
- The introduction of a new tender procurement guidelines occurred.

## ***Plans for 2016/17***

- The Shire will undertake a full review of its risk management framework, policy and risk registers.
- A review of the ICT Plan will be completed.
- ICT will be implemented at the new Boya Community Centre.
- Fire management plan will be integrated with GIS.

# Valued Natural Environment



The Shire has adopted an updated Water Efficiency Action Plan and has been re-endorsed by Water Corporation as a Waterwise Council.

A Roadside Conservation Strategy was completed in conjunction with the Environmental Advisory Committee.

The Fauna Habitat Activity Trail was delivered to local schools as part of the Green Spot Program designed to raise awareness of native animals on local roads.

A Green Army team worked in conjunction with the Shires of Mundaring and Kalamunda to undertake weed control and revegetation in reserves.

Monitoring of nesting boxes installed after the 2014 Parkerville, Mt Helena and Stoneville fires revealed two breeding pairs of Carnaby's Cockatoos which are a nationally listed endangered species.

There are 89 Friends Groups in the shire who volunteer to manage weeds and reserves. Friends Groups were successful in obtaining grant funding of \$23,173 to improve reserves and further contributed approximately \$95,000 of in-kind support.

Through the Tree Canopy and Understorey Program, residents and local Friends Groups shared in 52,000 seedlings.

Throughout the year, Friends Group volunteers planted over 8730 seedlings in various locations within the shire.

Rehabilitation to over two hectares of land at Beechina Gravel Pit was recently completed.

The Shire, together with Mundaring Arts Centre, delivered Environmental Art Awards for local primary schools, with the winning entries turned into banners for the Mundaring town centre.

## *Plans for 2016/17*

A partnership between the Shire, Jane Brook Catchment Group and the Department of Parks and Wildlife secured a \$189,500 Resilient Landscapes Grant. The project will be delivered over three years and involves weed control for over 1500 hectares of land along the Railway Reserves Heritage Trail.

The Glen Forrest Primary School woodland restoration project obtained a \$20,000 State Natural Resource Management grant. The Shire and Glen Forrest Primary School are working together to rehabilitate natural areas near the school.

The Shire will continue to provide Environmental Asset Inspections for residents and bushfire consultants to assist with identifying significant environmental features and plan new development to protect Local Natural Areas.

# Balanced Development



After several years of lobbying, Shire of Mundaring was successful in attracting \$24million in State and Federal funds for safety upgrade works on Great Eastern Highway between Mundaring and Greenmount.

The project will commence in September 2016 and includes intersection improvements, widened and sealed road shoulders, new bus bays and a new shared path between Mann Street and Kintore Road, Mundaring.

Detailed plans were commenced on the Mundaring Recreation Centre. This facility will provide four indoor courts and cater for a number of sports.

Mundaring Community Sculpture Park construction works were completed and includes accessible play equipment, new

paths and picnic facilities.

Enhancement of Morgan John Morgan Reserve in Glen Forrest was completed.

Construction of a social room at Elsie Austin Oval in Mount Helena was completed.

Swan View Station Heritage Trail Reserve surroundings were upgraded, with a trail crossing constructed on Morrison Road.

Footpaths were built on Salisbury Road, Glyden Way, Glendlea Drive, Greystone Terrace, Thomas Road and Willcox Street.

Road upgrades were completed on Railway Terrace, Thomas Road, Clayton Road, Roland Road, Nichol Street and Craig Street.

## *Plans for 2016/17*

Mundaring Indoor Recreation Centre construction to be undertaken.

Safety upgrade works on Great Eastern Highway between Mundaring and Greenmount will commence in September 2016.

Sealing of Bambrook Road, which is currently a gravel road, will commence.

Road construction works are scheduled for Bailup Road, Pine Terrace and Lilydale Road.



# Thriving Community

## Children's Services

Midvale Hub (consisting of three major sites: Midvale, Middle Swan Primary School and Clayton View Primary School) continue to operate. Outdoor environments at the Midvale Early Childhood and Parenting Centre have been upgraded with sensory nature play gardens. Ongoing funding was secured for the Midvale Hub to continue to offer high quality early education programs, parent support, adult education and child and maternal health services. The Indigenous Outreach program has been highly successful in engaging local Aboriginal families with the aim of reducing barriers to success. This service is grant and user funded.

## Youth

Parent and Adolescent Counselling Service (PACS), continues to operate from the Swan View Youth Centre. This free service, which is grant funded, aims to support young people aged 12-18 years and their families who are experiencing conflict in their lives at home, at school or with the law. Over the last 12 months PACS has supported more than 200 people, assisting them to improve interpersonal and conflict resolution skills.

## Libraries

Shire of Mundaring Libraries saw 111,361 visitors, 1421 new members, and 287,782 items loaned in 2016. The libraries provided a variety of activities including hosting author talks, baby rhyme time and school holiday workshops. Beyond the libraries, staff attended local events, held pop-up libraries, introduced a free library at the Swan View Youth Centre and hosted library sessions at Wooroloo Hall.

## Visitor Services

Mundaring Visitor Centre handled more than 13,000 enquiries and experienced a 10 percent increase in Lake Leschenaultia enquiries. The Visitor Centre oversaw distribution of the Shire's Welcome Pack for new residents which included a review of format and content resulting in a more professional looking publication. The 2016 visitor information map was produced. The Shire has arranged to collaborate closely with Mundaring Chamber of Commerce on initiatives that help unite the local business community.

## Facilities

The new Elsie Austin Oval Pavilion in Mt Helena has been completed. A new rubber based sports floor has been installed in the main sports hall at Brown Park Community Centre which replaces the old timber parquet floor. The old commercial kitchen at Brown Park Community Centre has been refurbished to house the Swan View Toy Library. Bird netting has been installed at the Mt Helena Aquatic Centre to discourage water birds, reducing the amount of resources required to maintain the pool and surrounds.

## Trails

The trail design for a link between the Railway Reserves Heritage Trail in Mundaring and the Railway Reserve Trail in Kalamunda has been completed. Once developed this link will be part of a trail network between Mundaring and Kalamunda, with completion expected to attract hundreds of riders to the Shire.





## Grants

Ten volunteer-based groups received funding to facilitate a range of community events while 37 groups were supported to provide training, purchase equipment and undertake minor upgrades. The annual Milestone Event Grant was awarded to a group celebrating a significant milestone and Volunteer Recognition Event grants were awarded to seven groups to recognise the contribution of their volunteers. There were 32 Youth Sponsorship recipients, nine attending international and 23 attending interstate events/competitions.

## Events

Trek the Trail 2015 was held on Sunday 20 September and was enjoyed by over 2000 plus participants walking, running and cycling from Chidlow to Lake Leschenaultia.

Shire of Mundaring held four Citizenship Ceremonies, during which 127 citizens from 31 different countries celebrated becoming an Australian Citizen.

ANZAC services were held across the Shire in Greenmount, Mundaring and Chidlow, and attracted approximately 3000 people.

Thank a Volunteer Day 2015 was celebrated on Sunday 20 November and was attended by 100 people celebrating their volunteering efforts in our community.

Cinema Under Starlight held four events in January and February 2016 with over 1800 enjoying movies under the stars.

## Seniors

Events held for Seniors included the Seniors Recreation Day at Camp Leschenaultia and an informative presentation at Lake Leschenaultia. Intergenerational events included the Seniors Christmas Lunch, and the the Active Ageing Network Book Cafes.



|                                     |                 |         |
|-------------------------------------|-----------------|---------|
| Halls and pavilions attendances     |                 | 205,998 |
| Halls and pavillions bookings       |                 | 12,732  |
| Hard court and oval attendances     | <i>Summer</i>   | 66,520  |
|                                     | <i>Winter</i>   | 41,998  |
| Bilgoman Aquatic Centre attendance  |                 | 87,759  |
| Mt Helena Aquatic Centre attendance |                 | 14,162  |
| Lake Leschenaultia campsites        | <i>Bookings</i> | 1475    |
|                                     | <i>Campers</i>  | 11,077  |

## Plans for 2016/17

A new Master Plan will be developed to provide inspiration and direction for the proposed future of Lake Leschenaultia. The plan will include opportunities for new campgrounds, new foreshore, functions area, new grounds, play areas and gardens.

Construction works are proceeding for the Boya Community Centre at Boya Oval and Mundaring Recreation Centre for a replacement library and indoor courts respectively.

# *Respected Civic Leadership*



## **Occupational Health and Safety**

The Shire continued its commitment to fulfilling its moral and legal responsibilities under the *Occupational Health and Safety Act 1984*, to provide a safe and healthy work environment for employees, contractors and visitors.

## **Governance**

Council endorsed a Governance Framework that examines the principles and practices of good governance and clearly defines the respective roles, responsibilities and relationships of Council, the Chief Executive Officer and employees in setting the direction of the Shire.

The layout of the Shire Council Chambers was redesigned to make the space more inclusive and accessible. The new format now provides improved access to the public, with Elected Members and employees able to see all speakers.

During the year, governance support was provided to Audit and Risk Committee in the areas of risk management, internal controls, legislative compliance and audit planning and reporting.



## *Plans for 2016/17*

Preparations will begin for the Council Elections in October 2017, with six Elected Members to be voted in by the public. The Shire President will be elected by Councillors.

# Access and Inclusion



## **Inclusion and disAbility Access Advisory Committee**

The Shire has an established Inclusion and disAbility Access Advisory Group which meets quarterly and provides an opportunity for those living with, or supporting someone with a disability to raise access and inclusion issues. Results from these meetings includes a priority list for access upgrades to buildings and outdoor spaces within the shire.

## **Mundaring Community Sculpture Park**

Through consultation with the community, Shire of Mundaring has created a best practice outdoor space and playground. Recent upgrades provide an accessible play area and outdoor space. Equipment includes an inclusive carousel, soft fall covering, boardwalk and tunnel.

## **Morgan John Morgan Reserve**

To celebrate International Day of People with a Disability, the Shire purchased musical pipes that offer inclusion to children with sight impairment. The musical pipes have now been installed along with an inclusive noughts and crosses activity and footpaths that connect to the play areas.



## ***Plans for 2016/17***

Plans for a new service station at The Lakes will now include a Changing Place (adult change facility) offering those with disability improved access.

An upgrade to Darlington Hall is scheduled to commence, making the facility fully accessible.

# Appendix - 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                                      | Valued Natural Environment   |
| SP2                                      | Community and Sporting Facilities, Playgrounds, Halls and Buildings for Community Groups                             |
| SP3                                      | Improved Community Outcomes in the areas of Public Transport, Services for Seniors, Youth and People with Disability |
| SP4                                      | Bushfire Prevention and Emergency Management   |

| Four Year Priorities from CBP |  |
|-------------------------------|--|
| P2                            | Capital  |
| P3                            | Services (Landcare/Friends, Mowing Parks, Reserves, Verges, Bushfire Mitigation, Drainage and Remodelling) |
| P4                            | Planning and Strategy (from strategy table Page 14)  |
| 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 right:

|        |   |
|--------|---|
| High   | Areas that are in Direct Control of Local Government  |
| Medium | Areas that Local Government does not Control but can Influence  |
| Low    | Areas that Local Government neither Controls nor is likely to Influence, but are of concern to the Community and Impact on Community Well Being |



## Strategic Theme 1: Valued Natural Environment:

- To preserve and enhance the natural environment
- To encourage and support environmental volunteering
- Sustainable Living

| Control level | Strategic Priorities | Indicators and Measures  | 2014/15 | 2015/16 |
|---------------|----------------------|--|---------|---------|
| M             | SP1                  | # of trees/seedlings planted in natural areas / greenways by Shire and Friends Groups  | 10,220  | 8,734   |
| L             | P3                   | # hours spent on-ground by Friends Groups  | 3,911   | 3,166   |
| H             | P3                   | # of hours of Landcare Officer assistance to Friends Group   | 4,114   | 3,648   |
| M             | P3                   | % Friends Groups satisfaction with Shire assistance  | 92.5    | 100     |
| L             | P3                   | # of new Friends Groups  | 3       | 4       |
| H             | P3                   | # of seedlings provided to public through Tree Canopy and Understorey Program  | 52,000  | 52,000  |
| M             | P3                   | # of applications for the Tree Canopy and Understorey Program  | 1,400   | 1,160   |
| M             | SP1 & 4              | Bush fire protection and weed control - # of prescribed burns conducted  | 62      | 110     |
| H             | P2                   | % parks, reserves and public open spaces capital projects completed  | 75      | 86      |
| H             | P2                   | Develop Mundaring Community Sculpture Park   | 10%     | 100%    |
| H             | SP1                  | # of hours to mow verges   | 6,893   | 8,465   |
| M             | SP1                  | Residents satisfaction with services and facilities: % of respondents satisfied with mowing of : verges, reserves and public open spaces | 63*     | 63**    |

2 year Community Perception Survey \* = 2013 \*\* = 2015

## Strategic Theme 2: Balanced Development:

- Balanced development – don't lose our special character
- Village lifestyle with a strong town centre
- Easy to get around – within and to/from Shire

| High<br>Medium<br>Low-<br>Control | Strategic<br>Priorities | Indicators and Measures                                     | 2014/15             | 2015/16             |
|-----------------------------------|-------------------------|---|---------------------|---------------------|
| H                                 | P4                      | Access strategy for Bushfire prone areas                    | 5%                  | 70%                 |
| H                                 | P4                      | Helena Valley urban expansion strategy                      | 25%                 | 47.5%               |
| H                                 | P4                      | Review Local Commercial Strategy                            | Commence 2016/17    |                     |
| H                                 | P4                      | Light Industrial Investigation                              | Commence<br>2018/19 | Commence<br>2017/18 |
| H                                 | P4                      | Limited Rural Strategy for Bailup and Wooroloo prepared     | Commence 2018/19    |                     |
| H                                 | P4                      | Mundaring Town Centre Precinct Plan                         | 5%                  | 19%                 |
| H                                 | P4                      | Darlington Precinct Plan                                    | 2018/19             | Commence<br>2019/20 |
| H                                 | P4                      | Watercourse Hierarchy Strategy                              | 2016/17             | Commence<br>2019/20 |
| H                                 | P1                      | Develop a Playground Strategy                               | 80%                 | 100%                |
| H                                 | P2                      | % Roads, Bridges and Bus Shelter Capital Projects Completed | 89                  | 69                  |

| High<br>Medium<br>Low-<br>Control | Strategic<br>Priorities | Indicators and Measures                                  | 2014/15   | 2015/16   |
|-----------------------------------|-------------------------|--|---|---|
| M                                 | P2                      | % of Roads in "Satisfactory" Condition                   | 66.2% sealed road network in satisfactory condition and 0.8% sealed road network in very poor condition | N/A Road Condition Surveys carried out every five years                         |
|                                   | P2                      | Investigate Trail Link Morrison Road                     | Funding allocated. Design completed   | Completed   |
| H                                 | P2                      | % Footpaths / Cycleways Capital Projects Completed       | 97  | 78  |
| M                                 | P2                      | % of Footpaths / Cycleways in "Satisfactory" Condition   | Incomplete – subject to condition survey being completed and available funding.                         | Incomplete – subject to condition survey being completed and available funding. |
| H                                 | P2                      | # Drainage Capital Projects Completed                    | 86  | 60  |
| M                                 | P2                      | # of Properties Complaining of Flooding                  | 0   | 45  |
| H                                 | P2                      | # of Catchments Analysed for Drainage Capacity Per Annum | 1   | 0   |

### Strategic Theme 3: Thriving Community

- Strong sense of community – engaged, connected, inclusive, learning
- For young and old – meets the needs across the generations
- Appropriate local services and facilities
- Great outdoor places – to be, and play
- Healthy and active
- Celebrate our unique features
- Known for our arts, culture and heritage

| High<br>Medium<br>Low-<br>Control | Strategic<br>Priorities | Indicators and Measures  | 2014/15 | 2015/16 |
|-----------------------------------|-------------------------|--|---------|---------|
| H                                 | SP2                     | % of respondents satisfied with the performance of the SOM with respect to Playgrounds and Parks | 74*     | 77**    |
| H                                 | SP2                     | Sport and recreation facilities  | 73*     | 81**    |
| H                                 | SP2                     | Bilgoman Aquatic Centre and Mount Helena Aquatic Centre  | 90*     | 92**    |
| H                                 | SP2                     | Library services   | 86*     | 85**    |
| M                                 | SP2                     | Community buildings, halls & toilets   | 67*     | 65**    |
| M                                 | SP4                     | Bushfire preparedness<br>% of assessments leading to issuing of bushfire compliance notices      | 15.49*  | 12.84** |
| H                                 | SP4                     | # of Bushfire preparedness inspections undertaken.   | 297*    | 266**   |
| H                                 | O                       | # of years lapsed since the Heritage register was updated.                                       | 35%     | 100%    |
| H                                 | O                       | \$ investment in public art  | 10,000  | 10,000  |
| H                                 | P2                      | % Building Minor Capital Projects Completed  | 60      | 75      |

2 year Community Perception Survey \* = 2013 \*\* = 2015



| High<br>Medium<br>Low-<br>Control | Strategic<br>Priorities | Indicators and Measures  | 2014/15          | 2015/16              |
|-----------------------------------|-------------------------|--|------------------|----------------------|
| H                                 | O                       | % Community Satisfaction in the efficiency and effectiveness of the Shire's Customer Service | 72*              | 71**                 |
| H                                 | P2                      | % Building Minor Capital Projects Completed  | 60               | 75                   |
| H                                 | P2                      | Lake Leschenaultia Caretaker Accommodation   |                  | Council to determine |
| H                                 | P2                      | Construct Boya Oval Facilities   | 7                | 47.88                |
| H                                 | P2                      | Glen Forest Oval - Replace Toilet Block  | Commence 2017/18 |                      |
| H                                 | P2                      | Sawyers Valley Oval - Replace Toilet Block   | Commence 2017/18 |                      |
| H                                 | P3                      | % Community Satisfaction with waste transfer stations services                               | 78*              | 79**                 |
| H                                 | P3                      | % Community Satisfaction with Verge-side bulk rubbish collection                             | 61*              | 78**                 |
| M                                 | SP3                     | % of respondents satisfied with services and facilities for;<br>Children under 12 years old  | 53*              | 60**                 |
| M                                 | SP3                     | Youth aged 12-25 years   | 45*              | 40**                 |
| M                                 | SP3                     | Facilities, services and care available for seniors  | 75*              | 66**                 |
| M                                 | SP3                     | Access to services and facilities for people with disability                                 | 58*              | 59**                 |

2 year Community Perception Survey \* = 2013 \*\* = 2015

## Strategic Theme 4: Respected Civic Leadership

- Strong civic leadership and trusted governance

| High<br>Medium<br>Low-<br>Control | Strategic<br>Priorities | Indicators and Measures   | 2014/15 | 2015/16          |
|-----------------------------------|-------------------------|---|---------|------------------|
| H                                 | O                       | Residents satisfied with the elected members' leadership<br>% of respondents satisfied with the Shire's elected member's leadership within the community                          | 45*     | 45**             |
| M                                 | O                       | # of Ordinary and Special Council Meetings attended by elected members  | 263     | 172 <sup>^</sup> |
| H                                 | SP3                     | Advocacy on key issues of community interest<br># of planned activities completed   | 6       | 9                |
| M                                 | O                       | % Respondents satisfaction with how the Shire engage the community about local issues   | 56*     | 56**             |
| M                                 | SP3                     | # of Issues Effectively Advocated on  | 2       | 4                |
| H                                 | P4                      | Community members engaged in planning, implementation and or monitoring:<br>% of respondents who agree that the Shire has developed and communicated a clear vision for the area. | 29*     | 22**             |

2 year Community Perception Survey \* = 2013 \*\* = 2015

<sup>^</sup>As of April 2015 the number of ordinary Council meetings was reduced from two meetings a month to one meeting a month.

**SHIRE OF MUNDARING**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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**SHIRE OF MUNDARING  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 19th day of October 2016



---

Jonathan Throssell  
Chief Executive Officer

**SHIRE OF MUNDARING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

|   | NOTE | 2016<br>\$              | 2016<br>Budget<br>\$    | 2015<br>\$                |
|---|------|-------------------------|-------------------------|---------------------------|
| <b>Revenue</b>  |      |                         |                         |                           |
| Rates   | 23   | 25,335,202              | 25,009,786              | 23,755,786                |
| Operating grants, subsidies and contributions                             | 30   | 4,595,110               | 5,630,261               | 7,986,159                 |
| Fees and charges  | 29   | 11,686,873              | 11,332,521              | 10,908,892                |
| Interest earnings   | 2(a) | 974,924                 | 980,000                 | 890,264                   |
| Other revenue   |      | 1,501,166               | 3,290,687               | 3,012,129                 |
|   |      | <u>44,093,275</u>       | <u>46,243,255</u>       | <u>46,553,230</u>         |
| <b>Expenses</b>   |      |                         |                         |                           |
| Employee costs  |      | (18,768,947)            | (18,603,742)            | (17,642,450)              |
| Materials and contracts   |      | (17,394,027)            | (18,196,176)            | (18,026,256)              |
| Utility charges   |      | (1,219,073)             | (1,384,400)             | (1,045,887)               |
| Depreciation on non-current assets  | 2(a) | (8,901,536)             | (8,230,604)             | (7,075,476)               |
| Interest expenses   | 2(a) | (367,504)               | (580,395)               | (312,759)                 |
| Insurance expenses  |      | (826,230)               | (890,488)               | (890,568)                 |
| Other expenditure   |      | (919,202)               | (2,681,830)             | (572,177)                 |
|   |      | <u>(48,396,519)</u>     | <u>(50,567,635)</u>     | <u>(45,565,573)</u>       |
|   |      | (4,303,244)             | (4,324,380)             | 987,657                   |
| Non-operating grants, subsidies and contributions                         | 30   | 4,562,376               | 5,387,174               | 3,407,740                 |
| Profit on asset disposals   | 21   | 1,431,204               | 1,330,000               | 0                         |
| (Loss) on asset disposals   | 21   | (133,749)               | (63,636)                | (97,279)                  |
| Change in Equity - Joint Venture  | 17   | 1,603,101               | 0                       | 1,340,977                 |
| (Loss) on revaluation of furniture and equipment                          | 6(b) | (16,089)                | 0                       | 0                         |
| (Loss) on revaluation of Infrastructure - gardens                         | 7(b) | 0                       | 0                       | (2,264,507)               |
| <b>Net result</b>   |      | <b><u>3,143,599</u></b> | <b><u>2,329,158</u></b> | <b><u>3,374,588</u></b>   |
| <b>Other comprehensive income</b>   |      |                         |                         |                           |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |      |                         |                         |                           |
| Changes on revaluation of non-current assets                              | 13   | (595,550)               | 0                       | 208,411,635               |
| <b>Total other comprehensive income</b>                                   |      | <b><u>(595,550)</u></b> | <b><u>0</u></b>         | <b><u>208,411,635</u></b> |
| <b>Total comprehensive income</b>   |      | <b><u>2,548,049</u></b> | <b><u>2,329,158</u></b> | <b><u>211,786,223</u></b> |

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

**SHIRE OF MUNDARING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

|   | NOTE | 2016<br>\$                     | 2016<br>Budget<br>\$           | 2015<br>\$                       |
|---|------|--------------------------------|--------------------------------|----------------------------------|
| <b>Revenue</b>  | 2(a) |                                |                                |                                  |
| Governance  |      | 172,002                        | 91,700                         | 145,484                          |
| General purpose funding   |      | 27,607,044                     | 28,997,477                     | 29,187,405                       |
| Law, order, public safety   |      | 763,421                        | 455,200                        | 930,862                          |
| Health  |      | 84,150                         | 55,700                         | 100,918                          |
| Education and welfare   |      | 5,521,660                      | 4,964,318                      | 5,375,622                        |
| Community amenities   |      | 7,714,047                      | 7,626,183                      | 7,252,262                        |
| Recreation and culture  |      | 1,186,676                      | 1,130,210                      | 1,281,772                        |
| Transport   |      | 270,739                        | 198,000                        | 173,268                          |
| Economic services   |      | 261,576                        | 243,500                        | 316,172                          |
| Other property and services   |      | 511,960                        | 2,480,967                      | 1,789,465                        |
|   |      | <u>44,093,275</u>              | <u>46,243,255</u>              | <u>46,553,230</u>                |
| <b>Expenses</b>   | 2(a) |                                |                                |                                  |
| Governance  |      | (4,639,326)                    | (5,186,168)                    | (4,403,412)                      |
| General purpose funding   |      | (642,813)                      | (609,075)                      | (669,022)                        |
| Law, order, public safety   |      | (2,685,288)                    | (2,288,974)                    | (2,659,846)                      |
| Health  |      | (687,079)                      | (816,121)                      | (684,683)                        |
| Education and welfare   |      | (7,455,127)                    | (7,301,420)                    | (6,659,065)                      |
| Community amenities   |      | (8,663,147)                    | (9,295,788)                    | (8,158,999)                      |
| Recreation and culture  |      | (10,494,856)                   | (10,332,069)                   | (9,823,430)                      |
| Transport   |      | (10,547,028)                   | (10,120,141)                   | (8,743,645)                      |
| Economic services   |      | (756,775)                      | (785,364)                      | (737,417)                        |
| Other property and services   |      | (1,457,576)                    | (3,252,120)                    | (2,713,295)                      |
|   |      | <u>(48,029,015)</u>            | <u>(49,987,240)</u>            | <u>(45,252,814)</u>              |
| <b>Finance costs</b>  | 2(a) |                                |                                |                                  |
| Governance  |      | (324,616)                      | (580,395)                      | (312,759)                        |
| Recreation and culture  |      | (42,888)                       | 0                              | 0                                |
|   |      | <u>(367,504)</u>               | <u>(580,395)</u>               | <u>(312,759)</u>                 |
|   |      | (4,303,244)                    | (4,324,380)                    | 987,657                          |
| Non-operating grants, subsidies and contributions                         | 30   | 4,562,376                      | 5,387,174                      | 3,407,740                        |
| Profit on disposal of assets  | 21   | 1,431,204                      | 1,330,000                      | 0                                |
| (Loss) on disposal of assets  | 21   | (133,749)                      | (63,636)                       | (97,279)                         |
| Change in Equity - Joint Venture  | 17   | 1,603,101                      | 0                              | 1,340,977                        |
| (Loss) on revaluation of furniture and equipment                          | 6(b) | (16,089)                       | 0                              | 0                                |
| (Loss) on revaluation of Infrastructure - gardens                         | 7(b) | 0                              | 0                              | (2,264,507)                      |
| <b>Net result</b>   |      | <u><b>3,143,599</b></u>        | <u><b>2,329,158</b></u>        | <u><b>3,374,588</b></u>          |
| <b>Other comprehensive income</b>   |      |                                |                                |                                  |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |      |                                |                                |                                  |
| Changes on revaluation of non-current assets                              | 13   | (595,550)                      | 0                              | 208,411,635                      |
| <b>Total other comprehensive income</b>                                   |      | <u><b>(595,550)</b></u>        | <u><b>0</b></u>                | <u><b>208,411,635</b></u>        |
| <b>Total comprehensive income</b>   |      | <u><u><b>2,548,049</b></u></u> | <u><u><b>2,329,158</b></u></u> | <u><u><b>211,786,223</b></u></u> |

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

**SHIRE OF MUNDARING**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2016**

|   | NOTE | 2016<br>\$         | 2015<br>\$         |
|---|------|--------------------|--------------------|
| <b>CURRENT ASSETS</b>                   |      |                    |                    |
| Cash and cash equivalents               | 3    | 36,431,621         | 21,563,712         |
| Trade and other receivables             | 4    | 1,900,544          | 2,278,492          |
| Inventories                             | 5    | 103,837            | 225,231            |
| <b>TOTAL CURRENT ASSETS</b>             |      | <u>38,436,002</u>  | <u>24,067,435</u>  |
| <b>NON-CURRENT ASSETS</b>               |      |                    |                    |
| Other receivables                       | 4    | 885,222            | 806,016            |
| Property, plant and equipment           | 6    | 72,229,783         | 77,373,189         |
| Infrastructure                          | 7    | 364,698,043        | 363,046,945        |
| Interest in Joint Venture               | 17   | 18,082,646         | 16,479,545         |
| <b>TOTAL NON-CURRENT ASSETS</b>         |      | <u>455,895,694</u> | <u>457,705,695</u> |
| <b>TOTAL ASSETS</b>                     |      | <u>494,331,696</u> | <u>481,773,130</u> |
| <b>CURRENT LIABILITIES</b>              |      |                    |                    |
| Trade and other payables                | 8    | 2,540,354          | 1,285,827          |
| Current portion of long term borrowings | 9    | 550,311            | 213,366            |
| Provisions                              | 10   | 3,193,548          | 2,982,877          |
| <b>TOTAL CURRENT LIABILITIES</b>        |      | <u>6,284,213</u>   | <u>4,482,070</u>   |
| <b>NON-CURRENT LIABILITIES</b>          |      |                    |                    |
| Long term borrowings                    | 9    | 12,319,063         | 4,133,215          |
| Provisions                              | 10   | 271,441            | 248,915            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>    |      | <u>12,590,504</u>  | <u>4,382,130</u>   |
| <b>TOTAL LIABILITIES</b>                |      | <u>18,874,717</u>  | <u>8,864,200</u>   |
| <b>NET ASSETS</b>                       |      | <u>475,456,979</u> | <u>472,908,930</u> |
| <b>EQUITY</b>                           |      |                    |                    |
| Retained surplus                        |      | 128,504,202        | 139,461,200        |
| Reserves - cash backed                  | 12   | 26,557,766         | 12,457,169         |
| Revaluation surplus                     | 13   | 320,395,011        | 320,990,561        |
| <b>TOTAL EQUITY</b>                     |      | <u>475,456,979</u> | <u>472,908,930</u> |

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

**SHIRE OF MUNDARING  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2016**

|                                   | NOTE | RETAINED<br>SURPLUS<br>\$ | RESERVES<br>CASH<br>BACKED<br>\$ | REVALUATION<br>SURPLUS<br>\$ | TOTAL<br>EQUITY<br>\$ |
|-----------------------------------|------|---------------------------|----------------------------------|------------------------------|-----------------------|
| <b>Balance as at 1 July 2014</b>  |      | <b>137,822,786</b>        | <b>10,720,995</b>                | <b>112,578,926</b>           | <b>261,122,707</b>    |
| Comprehensive income              |      |                           |                                  |                              |                       |
| Net result                        |      | 3,374,588                 | 0                                | 0                            | 3,374,588             |
| Changes on revaluation of assets  | 13   | 0                         | 0                                | 208,411,635                  | 208,411,635           |
| Total comprehensive income        |      | 3,374,588                 | 0                                | 208,411,635                  | 211,786,223           |
| Transfers from/(to) reserves      |      | (1,736,174)               | 1,736,174                        | 0                            | 0                     |
| <b>Balance as at 30 June 2015</b> |      | <b>139,461,200</b>        | <b>12,457,169</b>                | <b>320,990,561</b>           | <b>472,908,930</b>    |
| Comprehensive income              |      |                           |                                  |                              |                       |
| Net result                        |      | 3,143,599                 | 0                                | 0                            | 3,143,599             |
| Changes on revaluation of assets  | 13   | 0                         | 0                                | (595,550)                    | (595,550)             |
| Total comprehensive income        |      | 3,143,599                 | 0                                | (595,550)                    | 2,548,049             |
| Transfers from/(to) reserves      |      | (14,100,597)              | 14,100,597                       | 0                            | 0                     |
| <b>Balance as at 30 June 2016</b> |      | <b>128,504,202</b>        | <b>26,557,766</b>                | <b>320,395,011</b>           | <b>475,456,979</b>    |

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



**SHIRE OF MUNDARING  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2016**

|   | NOTE  | 2016<br>Actual<br>\$     | 2016<br>Budget<br>\$     | 2015<br>Actual<br>\$     |
|---|-------|--------------------------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |       |                          |                          |                          |
| <b>Receipts</b>   |       |                          |                          |                          |
| Rates   |       | 25,179,522               | 25,009,786               | 23,556,751               |
| Operating grants, subsidies and contributions               |       | 4,595,110                | 5,630,261                | 7,986,159                |
| Fees and charges  |       | 12,204,672               | 11,332,521               | 12,419,424               |
| Interest earnings   |       | 974,924                  | 980,000                  | 890,264                  |
| Goods and services tax                                      |       | 1,313,092                | 1,700,000                | 2,052,581                |
| Other revenue   |       | <u>1,529,729</u>         | <u>3,290,687</u>         | <u>3,012,129</u>         |
|   |       | 45,797,049               | 47,943,255               | 49,917,308               |
| <b>Payments</b>   |       |                          |                          |                          |
| Employee costs  |       | (18,535,750)             | (18,603,742)             | (17,366,496)             |
| Materials and contracts                                     |       | (16,134,301)             | (18,196,176)             | (20,086,676)             |
| Utility charges   |       | (1,219,073)              | (1,384,400)              | (1,045,887)              |
| Interest expenses   |       | (367,504)                | (580,395)                | (312,759)                |
| Insurance expenses  |       | (826,230)                | (890,488)                | (890,568)                |
| Goods and services tax                                      |       | (1,405,032)              | (1,700,000)              | (1,954,067)              |
| Other expenditure   |       | <u>(919,202)</u>         | <u>(2,681,830)</u>       | <u>(572,177)</u>         |
|   |       | (39,407,092)             | (44,037,031)             | (42,228,630)             |
| <b>Net cash provided by (used in) operating activities</b>  | 14(b) | <u>6,389,957</u>         | <u>3,906,224</u>         | <u>7,688,678</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |       |                          |                          |                          |
| Payments for purchase of property, plant & equipment        |       | (4,623,627)              | (9,726,397)              | (3,639,114)              |
| Payments for construction of infrastructure                 |       | (6,782,827)              | (7,611,854)              | (4,451,685)              |
| Non-operating grants, subsidies and contributions           |       | 4,562,376                | 5,387,174                | 3,407,740                |
| Proceeds from sale of fixed assets                          |       | 6,799,237                | 7,827,509                | 424,721                  |
| <b>Net cash provided by (used in) investment activities</b> |       | <u>(44,841)</u>          | <u>(4,123,568)</u>       | <u>(4,258,338)</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |       |                          |                          |                          |
| Repayment of debentures                                     |       | (277,207)                | (341,075)                | (199,080)                |
| Proceeds from new debentures                                |       | 8,800,000                | 9,600,000                | 0                        |
| <b>Net cash provided by (used in) financing activities</b>  |       | <u>8,522,793</u>         | <u>9,258,925</u>         | <u>(199,080)</u>         |
| <b>Net increase (decrease) in cash held</b>                 |       | 14,867,909               | 9,041,581                | 3,231,260                |
| Cash at beginning of year                                   |       | 21,563,712               | 17,926,611               | 18,332,452               |
| <b>Cash and cash equivalents at the end of the year</b>     | 14(a) | <u><u>36,431,621</u></u> | <u><u>26,968,192</u></u> | <u><u>21,563,712</u></u> |

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

**SHIRE OF MUNDARING  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2016**

| NOTE   | 2016<br>Actual<br>\$          | 2016<br>Budget<br>\$          | 2015<br>Actual<br>\$          |
|--|-------------------------------|-------------------------------|-------------------------------|
| <b>Net current assets at start of financial year - surplus/(deficit)</b> | <u>7,225,367</u><br>7,225,367 | <u>5,041,094</u><br>5,041,094 | <u>5,479,160</u><br>5,479,160 |
| <b>Revenue from operating activities (excluding rates)</b>               |                               |                               |                               |
| Governance   | 172,002                       | 91,700                        | 145,484                       |
| General purpose funding  | 2,271,842                     | 3,987,691                     | 5,431,619                     |
| Law, order, public safety  | 763,421                       | 455,200                       | 930,862                       |
| Health   | 84,150                        | 55,700                        | 100,918                       |
| Education and welfare  | 5,521,660                     | 4,964,318                     | 5,375,622                     |
| Community amenities  | 7,714,047                     | 7,626,183                     | 7,252,262                     |
| Recreation and culture   | 1,186,676                     | 1,130,210                     | 1,281,772                     |
| Transport  | 270,739                       | 134,364                       | 173,268                       |
| Economic services  | 261,576                       | 243,500                       | 316,172                       |
| Other property and services  | 1,943,164                     | 3,810,967                     | 1,789,465                     |
|  | <u>20,189,277</u>             | <u>22,499,833</u>             | <u>22,797,444</u>             |
| <b>Expenditure from operating activities</b>                             |                               |                               |                               |
| Governance   | (4,963,942)                   | (5,766,563)                   | (4,813,450)                   |
| General purpose funding  | (642,813)                     | (609,075)                     | (669,022)                     |
| Law, order, public safety  | (2,685,288)                   | (2,288,974)                   | (2,659,846)                   |
| Health   | (687,079)                     | (816,121)                     | (684,683)                     |
| Education and welfare  | (7,455,127)                   | (7,301,420)                   | (6,659,065)                   |
| Community amenities  | (8,663,147)                   | (9,295,788)                   | (8,158,999)                   |
| Recreation and culture   | (10,537,744)                  | (10,332,069)                  | (9,823,430)                   |
| Transport  | (10,680,777)                  | (10,120,141)                  | (8,743,645)                   |
| Economic services  | (756,775)                     | (785,364)                     | (737,417)                     |
| Other property and services  | (1,457,576)                   | (3,252,120)                   | (2,713,295)                   |
|  | <u>(48,530,268)</u>           | <u>(50,567,635)</u>           | <u>(45,662,852)</u>           |
| <b>Operating activities excluded from budget</b>                         |                               |                               |                               |
| (Profit on disposal of assets) 21  | (1,431,204)                   | (1,330,000)                   | 0                             |
| Loss on disposal of assets 21  | 133,749                       | 63,636                        | 97,279                        |
| Movement in deferred pensioner rates (non-current)                       | (68,094)                      | 0                             | (59,500)                      |
| Movement in employee benefit provisions (non-current)                    | 11,414                        | 0                             | (63,834)                      |
| Depreciation and amortisation on assets 2(a)                             | 8,901,536                     | 8,230,604                     | 7,075,476                     |
| <b>Amount attributable to operating activities</b>                       | <u>(13,568,223)</u>           | <u>(16,062,468)</u>           | <u>(10,336,827)</u>           |
| <b>INVESTING ACTIVITIES</b>  |                               |                               |                               |
| Non-operating grants, subsidies and contributions                        | 4,562,376                     | 5,387,174                     | 3,407,740                     |
| Proceeds from disposal of assets 21                                      | 6,799,237                     | 7,827,509                     | 424,721                       |
| Purchase of property, plant and equipment 6(b)                           | (4,623,627)                   | (9,726,397)                   | (3,639,114)                   |
| Purchase and construction of infrastructure 7(b)                         | (6,782,827)                   | (7,611,854)                   | (4,451,685)                   |
| <b>Amount attributable to investing activities</b>                       | <u>(44,841)</u>               | <u>(4,123,568)</u>            | <u>(4,258,338)</u>            |
| <b>FINANCING ACTIVITIES</b>  |                               |                               |                               |
| Repayment of debentures 22(a)  | (277,207)                     | (341,075)                     | (199,080)                     |
| Proceeds from new debentures 22(a)                                       | 8,800,000                     | 9,600,000                     | 0                             |
| Transfers to reserves (restricted assets) 12                             | (25,073,040)                  | (26,211,000)                  | (4,461,361)                   |
| Transfers from reserves (restricted assets) 12                           | 10,972,443                    | 13,902,166                    | 2,725,187                     |
| <b>Amount attributable to financing activities</b>                       | <u>(5,577,804)</u>            | <u>(3,049,909)</u>            | <u>(1,935,254)</u>            |
| <b>Surplus(deficiency) before general rates</b>                          | <u>(19,190,868)</u>           | <u>(23,235,945)</u>           | <u>(16,530,419)</u>           |
| <b>Total amount raised from general rates</b> 23                         | <u>25,335,202</u>             | <u>25,009,786</u>             | <u>23,755,786</u>             |
| <b>Net current assets at June 30 c/fwd - surplus/(deficit)</b> 24        | <u><b>6,144,334</b></u>       | <u><b>1,773,841</b></u>       | <u><b>7,225,367</b></u>       |

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) 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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and 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 20 to these financial statements.

**(b) 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.

**(c) 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 that are readily convertible to known amounts of cash 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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) 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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**(e) Inventories**

***General***

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

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

***Land held for sale***

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

**(f) Fixed Assets**

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

***Mandatory requirement to revalue non-current assets***

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a), 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.

***Initial recognition and measurement between mandatory revaluation dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Depreciation***

The depreciable amount of all fixed assets including buildings but excluding freehold 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.

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

|                                 |                 |
|---------------------------------|-----------------|
| <b>Buildings</b>                |                 |
| - Structure                     | 25 to 50 years  |
| - Fit out                       | 10 years        |
| - Mechanical                    | 5 to 15 years   |
| - Roof Cladding                 | 30 to 50 years  |
| <b>Furniture and Equipment</b>  | 3 to 12 years   |
| <b>Plant and Equipment</b>      | 3 to 20 years   |
| <b>Sealed Roads and Streets</b> |                 |
| - Formation                     | not depreciated |
| - Pavement                      | 70 to 110 years |
| - Surface                       | 15 to 30 years  |
| - Kerb                          | 70 years        |
| <b>Unsealed Roads</b>           |                 |
| - Formation                     | not depreciated |
| - Surface                       | 15 years        |
| <b>Drainage</b>                 | 75 years        |
| <b>Culverts</b>                 | 70 years        |
| <b>Bridges</b>                  | 35 to 100 years |
| <b>Footpaths</b>                | 15 to 80 years  |
| <b>Heritage Trails</b>          | 75 years        |
| <b>Waste Transfer Stations</b>  | 15 to 100 years |
| <b>Bus Shelters</b>             | 50 years        |
| <b>Parks Hard Assets</b>        | 10 to 75 years  |

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.

***Capitalisation threshold***

**Infrastructure Assets - Roads**

Expenses totalling less than \$5,000 on any one item in any year need not be capitalised.

**All other assets**

Expenses totalling less than \$3,000 on any one item in any year need not be capitalised.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities**

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

***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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities (Continued)**

**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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(h) Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

***Classification and subsequent measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into 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.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

*(v) Financial liabilities*

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

**(i) Impairment of Assets**

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

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(j) 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 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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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 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.

**(l) 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.

**(m) 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.

**(n) 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 amounts equal to 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.

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 in the periods in which they are incurred.

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) 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.

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.

**(p) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

**(q) Rates, Grants, Donations and Other Contributions**

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

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

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 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 2(c). 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.

**(r) 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.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**(t) Rounding Off Figures**

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

**(u) 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 statement, 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.

**(v) 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.

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods**

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.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

| Title  | Issued / Compiled | Applicable <sup>(1)</sup> | Impact   |
|--|-------------------|---------------------------|--|
| (i) AASB 9 Financial Instruments<br>(incorporating AASB 2014-7 and<br>AASB 2014-8) | December 2014     | 1 January 2018            | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.   |
| (ii) AASB 15 Revenue from Contracts with<br>Customers                              | December 2014     | 1 January 2017            | This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.<br><br>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.  |
| (iii) AASB 16 Leases   | February 2016     | 1 January 2019            | Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.<br><br>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant. |

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

| Title  | Issued / Compiled | Applicable <sup>(1)</sup> | Impact   |
|--|-------------------|---------------------------|--|
| (iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations<br><br>[AASB 1 & AASB 11]      | August 2014       | 1 January 2016            | This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.<br><br>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements. |
| (v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation<br><br>[AASB 116 & 138] | August 2014       | 1 January 2016            | This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.<br><br>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.   |
| (vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15  | December 2014     | 1 January 2017            | Consequential changes to various Standards arising from the issuance of AASB 15.<br><br>It will require changes to reflect the impact of AASB 15.  |

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

| Title  | Issued / Compiled | Applicable <sup>(1)</sup> | Impact   |
|--|-------------------|---------------------------|--|
| (vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101<br><br>[AASB 7, 101, 134 & 1049]                             | January 2015      | 1 January 2016            | <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p> |
| (viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities<br><br>[AASB 10, 124 & 1049] | March 2015        | 1 July 2016               | <p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>   |

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.



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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(x) Adoption of New and Revised 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.

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

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

| <b>2. REVENUE AND EXPENSES</b>                 | <b>2016</b>      | <b>2015</b>      |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| <b>(a) Net Result</b>                          |                  |                  |
| The Net result includes:                       |                  |                  |
| (i) Charging as an expense:                    |                  |                  |
| <b>Significant expense</b>                     |                  |                  |
| Bushfire expenses - WANDRRA                    | <u>0</u>         | <u>282,797</u>   |
| <b>Auditors remuneration</b>                   |                  |                  |
| <b>Current Auditors</b>                        |                  |                  |
| - Audit of the Annual Financial Report         | 12,000           | 0                |
| - Financial Management Review                  | 0                | 0                |
| - Other services                               | 0                | 0                |
|  | <u>12,000</u>    | <u>0</u>         |
| <b>Previous Auditors</b>                       |                  |                  |
| - Audit of the Annual Financial Report         | 10,640           | 19,800           |
| - Financial Management Review                  | 0                | 18,000           |
| - Other services                               | 1,500            | 2,110            |
|  | <u>12,140</u>    | <u>39,910</u>    |
| <b>Depreciation</b>                            |                  |                  |
| Buildings - specialised                        | 2,754,744        | 2,663,390        |
| Furniture and equipment                        | 163,701          | 163,619          |
| Plant and equipment                            | 851,362          | 758,928          |
| Infrastructure - roads                         | 3,735,707        | 2,392,286        |
| Infrastructure - footpaths                     | 322,283          | 168,058          |
| Infrastructure - drainage                      | 476,692          | 583,534          |
| Infrastructure - parks and ovals               | 597,047          | 345,661          |
|  | <u>8,901,536</u> | <u>7,075,476</u> |
| <b>Interest expenses (finance costs)</b>       |                  |                  |
| Debentures (refer Note 22 (a))                 | 367,504          | 312,759          |
|  | <u>367,504</u>   | <u>312,759</u>   |
| (ii) Crediting as revenue:                     |                  |                  |
| <b>Significant revenue</b>                     |                  |                  |
| Bushfire Reimbursements - WANDRRA              | 0                | 282,797          |
| Non cash - change in equity joint venture EMRC | 1,603,101        | 1,340,977        |
|  | <u>1,603,101</u> | <u>1,623,774</u> |

|  | <b>2016</b>    | <b>2016</b>    | <b>2015</b>    |
|--|----------------|----------------|----------------|
|  | <b>Actual</b>  | <b>Budget</b>  | <b>Actual</b>  |
|  | <b>\$</b>      | <b>\$</b>      | <b>\$</b>      |
| <b>Interest earnings</b>               |                |                |                |
| - Reserve funds                        | 412,667        | 450,000        | 366,597        |
| - Municipal funds                      | 399,118        | 375,000        | 379,037        |
| Other interest revenue (refer note 28) | 163,139        | 155,000        | 144,630        |
|  | <u>974,924</u> | <u>980,000</u> | <u>890,264</u> |

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

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

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

**COMMUNITY VISION**

"a sense of space, a sense of place"

The Shire operations as disclosed in this budget encompass the following service orientated activities/programs:

**GOVERNANCE**

**Objective:**

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

**Activities:**

Includes the activities of members of council and the administrative support available to the Council and the Shire for the provision of governance of the district.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer community.

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Prevention of human illnesses, including inspection of premises/food control.

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

Maintenance of child minding centres and playgroup centres.

Provision of services and programs for the youth and seniors of the Shire.

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

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide essential services required by the community.

**Activities:**

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

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**

**Objective:**

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

**Activities:**

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**

**Objective:**

To help promote the Shire and its economic wellbeing.

**Activities:**

Tourism and area promotion. Provision of standpipes. Approval of building construction and implementation of building controls.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control the Shire's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs and engineering operation costs.

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

**2. REVENUE AND EXPENSES (Continued)**

| (c) Conditions Over Grants/Contributions         |                        | Opening                           | Received         | Expended           | Closing                            | Received         | Expended           | Closing             |
|--|------------------------|-----------------------------------|------------------|--------------------|------------------------------------|------------------|--------------------|---------------------|
| Grant/Contribution                               | Function/<br>Activity  | Balance <sup>(1)</sup><br>1/07/14 | 2014/15          | 2014/15            | Balance <sup>(1)</sup><br>30/06/15 | 2015/16          | 2015/16            | Balance<br>30/06/16 |
|  |                        | \$                                | \$               | \$                 | \$                                 | \$               | \$                 | \$                  |
| Grant - Kidsport funding                         | Recreation and culture | 19,400                            | 53,340           | (49,451)           | <b>23,289</b>                      | 43,340           | (53,363)           | <b>13,266</b>       |
| Grant - Elsie Austin Oval Social Rooms           | Recreation and culture | 150,000                           | 37,500           | (4,221)            | <b>183,279</b>                     | 112,500          | (295,779)          | <b>0</b>            |
| Grant - Friends Groups                           | Community amenities    | 21,832                            | 5,909            | (27,741)           | <b>0</b>                           | 0                | 0                  | <b>0</b>            |
| Grant - MRRG Guidelines                          | Transport              | 5,446                             | 0                | (5,446)            | <b>0</b>                           | 0                | 0                  | <b>0</b>            |
| Contribution - Communication Plan Sculpture Park | Recreation and culture | 80,656                            | 0                | (121)              | <b>80,535</b>                      | 0                | (2,044)            | <b>78,491</b>       |
| Grant - Local Government Reform                  | Governance             | 98,433                            | 0                | (98,433)           | <b>0</b>                           | 0                | 0                  | <b>0</b>            |
| Grant - New Child Care Centres                   | Education and welfare  | 310,092                           | 0                | (310,092)          | <b>0</b>                           | 0                | 0                  | <b>0</b>            |
| Grant - Environmental                            | Community amenities    | 0                                 | 41,700           | (27,483)           | <b>14,217</b>                      | 0                | (14,217)           | <b>0</b>            |
| Grant - Roads to Recovery                        | Transport              | 0                                 | 480,858          | (382,280)          | <b>98,578</b>                      | 1,374,148        | (1,472,726)        | <b>0</b>            |
| Grant - Swan View Youth Centre                   | Education and welfare  | 0                                 | 58,470           | (9,095)            | <b>49,375</b>                      | 0                | (49,375)           | <b>0</b>            |
| Grant - Mundaring Recreation Centre              | Recreation and culture | 0                                 | 500,000          | (93,825)           | <b>406,175</b>                     | 1,000,000        | (317,419)          | <b>1,088,756</b>    |
| Grant - Black Spot Funding Roland Road           | Transport              | 0                                 | 0                | 0                  | <b>0</b>                           | 337,952          | (318,509)          | <b>19,443</b>       |
| Grant - Black Spot Funding Thomas Road           | Transport              | 0                                 | 0                | 0                  | <b>0</b>                           | 247,600          | (241,238)          | <b>6,362</b>        |
| Grant - Black Spot Funding Lilydale Road         | Transport              | 0                                 | 0                | 0                  | <b>0</b>                           | 65,636           | 0                  | <b>65,636</b>       |
| <b>Total</b>                                     |                        | <b>685,859</b>                    | <b>1,177,777</b> | <b>(1,008,188)</b> | <b>855,448</b>                     | <b>3,181,176</b> | <b>(2,764,670)</b> | <b>1,271,954</b>    |

**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.

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

|   | Note    | 2016<br>\$        | 2015<br>\$        |
|---|---------|-------------------|-------------------|
| <b>3. CASH AND CASH EQUIVALENTS</b>   |         |                   |                   |
| Unrestricted  |         | 9,873,855         | 9,106,543         |
| Restricted  |         | <u>26,557,766</u> | <u>12,457,169</u> |
|   |         | <u>36,431,621</u> | <u>21,563,712</u> |
| The following restrictions have been imposed by regulations or other externally imposed requirements: |         |                   |                   |
| Plant reserve   | 12      | 831,353           | 316,102           |
| Civic facilities reserve  | 12      | 13,706,248        | 1,938,928         |
| Information technology reserve  | 12      | 871,196           | 812,501           |
| Children services reserve   | 12      | 2,998,563         | 2,200,153         |
| Capital investment reserve  | 12      | 3,896,605         | 3,920,966         |
| Capital income reserve  | 12      | 2,611,068         | 2,107,416         |
| Gravel pit rehabilitation reserve   | 12      | 69,077            | 110,339           |
| Long service leave reserve  | 12      | 301,702           | 195,316           |
| Unspent grants  | 2(c) 12 | <u>1,271,954</u>  | <u>855,448</u>    |
|   |         | <u>26,557,766</u> | <u>12,457,169</u> |
|   |         | <b>2016</b>       | <b>2015</b>       |
|   |         | <b>\$</b>         | <b>\$</b>         |
| <b>4. TRADE AND OTHER RECEIVABLES</b>   |         |                   |                   |
| <b>Current</b>  |         |                   |                   |
| Rates outstanding   |         | 880,486           | 792,900           |
| Sundry debtors  |         | 556,398           | 1,089,004         |
| GST receivable  |         | 330,022           | 238,082           |
| Sanitation debtors  |         | 95,688            | 80,881            |
| LSL contributions - other local governments   |         | <u>37,950</u>     | <u>77,625</u>     |
|   |         | <u>1,900,544</u>  | <u>2,278,492</u>  |
| <b>Non-current</b>  |         |                   |                   |
| Rates outstanding - pensioners  |         | 834,633           | 766,539           |
| Debtors - POS Payments  |         | 27,237            | 27,237            |
| LSL Contributions   |         | <u>23,352</u>     | <u>12,240</u>     |
|   |         | <u>885,222</u>    | <u>806,016</u>    |
| <b>5. INVENTORIES</b>   |         |                   |                   |
| <b>Current</b>  |         |                   |                   |
| Fuel and materials  |         | 103,837           | 109,036           |
| Land held for resale - cost   |         |                   |                   |
| Cost of acquisition   |         | <u>0</u>          | <u>116,195</u>    |
|   |         | <u>103,837</u>    | <u>225,231</u>    |

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

|   | <b>2016</b>        | <b>2015</b>        |
|---|--------------------|--------------------|
|   | <b>\$</b>          | <b>\$</b>          |
| <b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>                         |                    |                    |
| Land and buildings  |                    |                    |
| Land - freehold at:   |                    |                    |
| - Independent valuation 2014 - level 2                              | 26,719,602         | 31,719,602         |
| - Additions after valuation - cost                                  | <u>24,361</u>      | <u>0</u>           |
|   | 26,743,963         | 31,719,602         |
| <br>  |                    |                    |
| Land - vested in and under the control of Council (Golf course) at: |                    |                    |
| - Independent valuation 2014- level 3                               | <u>800,000</u>     | <u>800,000</u>     |
|   | 800,000            | 800,000            |
|   | <u>27,543,963</u>  | <u>32,519,602</u>  |
| <br>  |                    |                    |
| Buildings - specialised at:   |                    |                    |
| - Independent valuation 2014 - level 3                              | 35,643,000         | 35,643,000         |
| - Additions after valuation - cost                                  | 4,101,819          | 2,854,771          |
| Less: accumulated depreciation                                      | <u>(5,415,815)</u> | <u>(2,663,390)</u> |
|   | 34,329,004         | 35,834,381         |
| <br>  |                    |                    |
| Total land and buildings  | <u>61,872,967</u>  | <u>68,353,983</u>  |
| <br>  |                    |                    |
| Works in progress   | 3,151,290          | 294,658            |
| <br>  |                    |                    |
| Furniture and equipment at:   |                    |                    |
| - Management valuation 2013 - level 3                               | 0                  | 1,792,898          |
| - Management valuation 2016 - level 2                               | 346,434            |                    |
| - Management valuation 2016 - level 3                               | 757,335            | 0                  |
| - Additions after valuation - cost                                  | 0                  | 59,628             |
| Less accumulated depreciation                                       | <u>(533,425)</u>   | <u>(1,053,561)</u> |
|   | 570,344            | 798,965            |
| <br>  |                    |                    |
| Plant and equipment at:   |                    |                    |
| - Management valuation 2013 - level 2                               | 0                  | 8,008,991          |
| - Independent valuation 2016 - level 2                              | 6,924,500          | 0                  |
| - Independent valuation 2016 - level 3                              | 3,115,000          |                    |
| - Management valuation 2016 - level 3                               | 308,154            | 0                  |
| - Additions after valuation - cost                                  | 0                  | 1,773,732          |
| Less accumulated depreciation                                       | <u>(3,712,472)</u> | <u>(1,857,140)</u> |
|   | 6,635,182          | 7,925,583          |
|   | <u>72,229,783</u>  | <u>77,373,189</u>  |

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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.

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

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) 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.

|  | Balance<br>at the<br>Beginning<br>of the Year<br>\$ | Additions<br>\$  | (Disposals)<br>\$  | Revaluation<br>Increments/<br>(Decrements)<br>Transferred<br>to<br>Revaluation<br>\$ | Revaluation<br>(Losses)/<br>Reversals<br>Through<br>to<br>Profit or Loss<br>\$ | Impairment<br>(Losses)/<br>Reversals<br>\$ | Depreciation<br>(Expense)<br>\$ | Carrying<br>Amount<br>at the<br>End of Year<br>\$ |
|--|---|------------------|--------------------|--|--|--|---------------------------------|---|
| Land - freehold  | 31,719,602  | 24,361           | (5,000,000)        | 0  | 0  | 0  | 0                               | 26,743,963  |
| Land - vested in and under the control<br>of Council (Golf course) | 800,000   | 0                | 0                  | 0  | 0  | 0  | 0                               | 800,000   |
| <b>Total land</b>  | <b>32,519,602</b>                                   | <b>24,361</b>    | <b>(5,000,000)</b> | <b>0</b>   | <b>0</b>   | <b>0</b>                                   | <b>0</b>                        | <b>27,543,963</b>                                 |
| Buildings - specialised  | 35,834,381  | 1,277,048        | (27,681)           | 0  | 0  | 0  | (2,754,744)                     | 34,329,004  |
| <b>Total buildings</b>   | <b>35,834,381</b>                                   | <b>1,277,048</b> | <b>(27,681)</b>    | <b>0</b>   | <b>0</b>   | <b>0</b>                                   | <b>(2,754,744)</b>              | <b>34,329,004</b>                                 |
| <b>Total land and buildings</b>                                    | <b>68,353,983</b>                                   | <b>1,301,409</b> | <b>(5,027,681)</b> | <b>0</b>   | <b>0</b>   | <b>0</b>                                   | <b>(2,754,744)</b>              | <b>61,872,967</b>                                 |
| Works in progress  | 294,658   | 2,856,632        | 0                  | 0  | 0  | 0  | 0                               | 3,151,290   |
| Furniture and equipment  | 798,965   | 8,944            | 0                  | (57,775)   | (16,089)   | 0  | (163,701)                       | 570,344   |
| Plant and equipment  | 7,925,583   | 456,642          | (357,906)          | (537,775)  | 0  | 0  | (851,362)                       | 6,635,182   |
| <b>Total property, plant and equipment</b>                         | <b>77,373,189</b>                                   | <b>4,623,627</b> | <b>(5,385,587)</b> | <b>(595,550)</b>   | <b>(16,089)</b>  | <b>0</b>                                   | <b>(3,769,807)</b>              | <b>72,229,783</b>                                 |



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**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

| <b>Asset Class</b>  | <b>Fair Value Hierarchy</b> | <b>Valuation Technique</b>  | <b>Basis of valuation</b>      | <b>Date of last Valuation</b> | <b>Inputs used</b>   |
|---|-----------------------------|---|--------------------------------|-------------------------------|--|
| <b>Land and buildings</b>                                       |                             |   |                                |                               |  |
| Land - freehold   | Level 2                     | Market approach using recent observable data for similar properties in the area     | Independent Registered Valuers | June 2014                     | Price per square metre   |
| Land - vested in and under the control of Council (Golf course) | Level 3                     | Improvements to the land using the cost approach using depreciated replacement cost | Independent Registered Valuers | June 2014                     | Ground rent included with the cost of developing the golf course and applied the Depreciated Replacement Cost over the estimated economic working life, assuming the lease will be renewed, utilising the straight line depreciation method. |
| Buildings - specialised   | Level 3                     | Improvements to the land using the cost approach using depreciated replacement cost | Independent Registered Valuers | June 2014                     | Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs  |
| <b>Furniture and equipment</b>                                  | Level 2                     | Market approach using recent observable data for similar items                      | Management Valuation           | June 2016                     | Price per item (Level 2)   |
| <b>Furniture and equipment</b>                                  | Level 3                     | Cost approach using depreciated replacement cost                                    | Management Valuation           | June 2016                     | Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs   |
| <b>Plant and equipment</b>                                      | Level 2                     | Market approach using recent observable data for similar plant                      | Independent Registered Valuers | June 2016                     | Price per item (Level 2)   |
| <b>Plant and equipment</b>                                      | Level 3                     | Cost approach using depreciated replacement cost                                    | Management Valuation           | June 2016                     | 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.

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|  | <b>2016</b>         | <b>2015</b>         |
|--|---------------------|---------------------|
|  | <b>\$</b>           | <b>\$</b>           |
| <b>7 (a). INFRASTRUCTURE</b>           |                     |                     |
| Infrastructure - roads                 |                     |                     |
| - Independent valuation 2015 - level 3 | 294,773,844         | 294,773,844         |
| - Management valuation 2015 - level 3  | 948,000             | 948,000             |
| - Additions after valuation - cost     | 7,023,599           | 3,377,127           |
| Less accumulated depreciation          | <u>(16,891,300)</u> | <u>(13,155,593)</u> |
|  | 285,854,143         | 285,943,378         |
| <br>                                   |                     |                     |
| Infrastructure - footpaths             |                     |                     |
| - Independent valuation 2015 - level 3 | 13,915,481          | 13,915,481          |
| - Additions after valuation - cost     | 779,422             | 273,355             |
| Less accumulated depreciation          | <u>(982,979)</u>    | <u>(660,696)</u>    |
|  | 13,711,924          | 13,528,140          |
| <br>                                   |                     |                     |
| Infrastructure - drainage              |                     |                     |
| - Management valuation 2015 - level 3  | 63,178,222          | 63,178,222          |
| - Additions after valuation - cost     | 991,157             | 511,450             |
| Less accumulated depreciation          | <u>(21,973,321)</u> | <u>(21,496,629)</u> |
|  | 42,196,058          | 42,193,043          |
| <br>                                   |                     |                     |
| Infrastructure - parks and ovals       |                     |                     |
| - Independent valuation 2015 - level 3 | 11,265,904          | 11,367,684          |
| - Management valuation 2015 - level 3  | 12,512,794          | 12,512,794          |
| - Additions after valuation - cost     | 2,338,554           | 289,753             |
| Less accumulated depreciation          | <u>(3,384,894)</u>  | <u>(2,787,847)</u>  |
|  | 22,834,138          | 21,382,384          |
| <br>                                   |                     |                     |
| Works in progress                      | 101,780             | 0                   |
|  | <u>364,698,043</u>  | <u>363,046,945</u>  |

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

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**7. INFRASTRUCTURE (Continued)**

**(b) 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.

|                                  | Balance<br>as at the<br>Beginning<br>of the Year | Additions               | (Disposals)     | Revaluation<br>Increments/<br>(Decrements)<br>Transferred<br>to<br>Revaluation | Revaluation<br>(Loss)/<br>Reversal<br>Transferred<br>to<br>Profit or Loss | Impairment<br>(Losses)/<br>Reversals | Depreciation<br>(Expense) | Carrying<br>Amount<br>at the End<br>of the Year |
|----------------------------------|--|-------------------------|-----------------|--|---|--------------------------------------|---------------------------|---|
|                                  | \$   | \$                      | \$              | \$   | \$  | \$                                   | \$                        | \$  |
| Infrastructure - roads           | 285,943,378                                      | 3,646,472               | 0               | 0  | 0   | 0                                    | (3,735,707)               | 285,854,143                                     |
| Infrastructure - footpaths       | 13,528,140                                       | 506,067                 | 0               | 0  | 0   | 0                                    | (322,283)                 | 13,711,924                                      |
| Infrastructure - drainage        | 42,193,043                                       | 479,707                 | 0               | 0  | 0   | 0                                    | (476,692)                 | 42,196,058                                      |
| Infrastructure - parks and ovals | 21,382,384                                       | 2,048,801               | 0               | 0  | 0   | 0                                    | (597,047)                 | 22,834,138                                      |
| Works in progress                | 0  | 101,780                 | 0               | 0  | 0   | 0                                    | 0                         | 101,780   |
| <b>Total infrastructure</b>      | <b><u>363,046,945</u></b>                        | <b><u>6,782,827</u></b> | <b><u>0</u></b> | <b><u>0</u></b>  | <b><u>0</u></b>   | <b><u>0</u></b>                      | <b><u>(5,131,729)</u></b> | <b><u>364,698,043</u></b>                       |

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**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

| <b>Asset Class</b>                      | <b>Fair Value Hierarchy</b> | <b>Valuation Technique</b>                       | <b>Basis of valuation</b>                               | <b>Date of last Valuation</b> | <b>Inputs used</b>   |
|---|-----------------------------|--|---|-------------------------------|--|
| <b>Infrastructure - roads</b>           | Level 3                     | Cost approach using depreciated replacement cost | Independent Registered Valuers and Management valuation | June 2015                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure - footpaths</b>       | Level 3                     | Cost approach using depreciated replacement cost | Independent Registered Valuers                          | June 2015                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure - drainage</b>        | Level 3                     | Cost approach using depreciated replacement cost | Management valuation                                    | June 2015                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure - parks and ovals</b> | Level 3                     | Cost approach using depreciated replacement cost | Independent Registered Valuers and Management valuation | June 2015                     | 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.

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|                                    | <b>2016</b>             | <b>2015</b>             |
|------------------------------------|-------------------------|-------------------------|
|                                    | <b>\$</b>               | <b>\$</b>               |
| <b>8. TRADE AND OTHER PAYABLES</b> |                         |                         |
| <b>Current</b>                     |                         |                         |
| Sundry creditors                   | 1,181,610               | 941,524                 |
| Creditor accruals                  | <u>1,358,744</u>        | <u>344,303</u>          |
|                                    | <u><u>2,540,354</u></u> | <u><u>1,285,827</u></u> |

**9. LONG-TERM BORROWINGS**

|                            |                          |                         |
|----------------------------|--------------------------|-------------------------|
| <b>Current</b>             |                          |                         |
| Secured by floating charge |                          |                         |
| Debentures                 | <u>550,311</u>           | <u>213,366</u>          |
|                            | <u><u>550,311</u></u>    | <u><u>213,366</u></u>   |
| <b>Non-current</b>         |                          |                         |
| Secured by floating charge |                          |                         |
| Debentures                 | <u>12,319,063</u>        | <u>4,133,215</u>        |
|                            | <u><u>12,319,063</u></u> | <u><u>4,133,215</u></u> |

Additional detail on borrowings is provided in Note 22.

**10. PROVISIONS**

|                                       | <b>Provision for<br/>Annual<br/>Leave<br/>\$</b> | <b>Provision for<br/>Long Service<br/>Leave<br/>\$</b> | <b>Total<br/>\$</b>     |
|---------------------------------------|--|--|-------------------------|
| <b>Opening balance at 1 July 2015</b> |  |  |                         |
| Current provisions                    | 1,352,993  | 1,629,884  | 2,982,877               |
| Non-current provisions                | <u>0</u>   | <u>248,915</u>   | <u>248,915</u>          |
|                                       | 1,352,993  | 1,878,799  | 3,231,792               |
| Additional provision                  | 1,142,893  | 440,920  | 1,583,813               |
| Amounts used                          | <u>(1,054,374)</u>                               | <u>(296,242)</u>                                       | <u>(1,350,616)</u>      |
| <b>Balance at 30 June 2016</b>        | <u><u>1,441,512</u></u>                          | <u><u>2,023,477</u></u>                                | <u><u>3,464,989</u></u> |
| <b>Comprises</b>                      |  |  |                         |
| Current                               | 1,441,512  | 1,752,036  | 3,193,548               |
| Non-current                           | <u>0</u>   | <u>271,441</u>   | <u>271,441</u>          |
|                                       | <u><u>1,441,512</u></u>                          | <u><u>2,023,477</u></u>                                | <u><u>3,464,989</u></u> |

**SHIRE OF MUNDARING**  
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**12. RESERVES - CASH BACKED**

|                                   | Actual<br>2016<br>Opening<br>Balance<br>\$ | Actual<br>2016<br>Transfer to<br>\$ | Actual<br>2016<br>Transfer<br>(from)<br>\$ | Actual<br>2016<br>Closing<br>Balance<br>\$ | Budget<br>2016<br>Opening<br>Balance<br>\$ | Budget<br>2016<br>Transfer to<br>\$ | Budget<br>2016<br>Transfer<br>(from)<br>\$ | Budget<br>2016<br>Closing<br>Balance<br>\$ | Actual<br>2015<br>Opening<br>Balance<br>\$ | Actual<br>2015<br>Transfer to<br>\$ | Actual<br>2015<br>Transfer<br>(from)<br>\$ | Actual<br>2015<br>Closing<br>Balance<br>\$ |
|-----------------------------------|--|-------------------------------------|--|--|--|-------------------------------------|--|--|--|-------------------------------------|--|--|
| Plant reserve                     | 316,102                                    | 762,137                             | (246,886)                                  | 831,353                                    | 324,905                                    | 770,191                             | (379,088)                                  | 716,008                                    | 559,891                                    | 218,780                             | (462,569)                                  | 316,102                                    |
| Civic facilities reserve          | 1,938,928                                  | 15,478,867                          | (3,711,547)                                | 13,706,248                                 | 1,075,187                                  | 16,596,963                          | (6,098,755)                                | 11,573,395                                 | 1,698,326                                  | 2,053,865                           | (1,813,263)                                | 1,938,928                                  |
| Information technology reserve    | 812,501                                    | 58,695                              | 0  | 871,196                                    | 807,707                                    | 75,279                              | (8,300)                                    | 874,686                                    | 707,899                                    | 104,602                             | 0  | 812,501                                    |
| Children services reserve         | 2,200,153                                  | 811,886                             | (13,476)                                   | 2,998,563                                  | 2,016,277                                  | 88,067                              | (38,000)                                   | 2,066,344                                  | 1,786,292                                  | 413,861                             | 0  | 2,200,153                                  |
| Capital investment reserve        | 3,920,966                                  | 6,547,399                           | (6,571,760)                                | 3,896,605                                  | 3,720,682                                  | 7,692,512                           | (6,530,000)                                | 4,883,194                                  | 3,920,966                                  | 0                                   | 0  | 3,920,966                                  |
| Capital income reserve            | 2,107,416                                  | 592,738                             | (89,086)                                   | 2,611,068                                  | 2,075,094                                  | 526,637                             | (156,255)                                  | 2,445,476                                  | 1,724,238                                  | 605,536                             | (222,358)                                  | 2,107,416                                  |
| Gravel pit rehabilitation reserve | 110,339                                    | 2,184                               | (43,446)                                   | 69,077                                     | 102,179                                    | 93,463                              | (150,000)                                  | 45,642                                     | 164,574                                    | 5,496                               | (59,731)                                   | 110,339                                    |
| Long service leave reserve        | 195,316                                    | 402,628                             | (296,242)                                  | 301,702                                    | 180,587                                    | 367,888                             | (91,768)                                   | 456,707                                    | 158,809                                    | 203,773                             | (167,266)                                  | 195,316                                    |
| Unspent grants reserve            | 855,448                                    | 416,506                             | 0  | 1,271,954                                  | 450,000                                    | 0                                   | (450,000)                                  | 0  | 0  | 855,448                             | 0  | 855,448                                    |
|                                   | <u>12,457,169</u>                          | <u>25,073,040</u>                   | <u>(10,972,443)</u>                        | <u>26,557,766</u>                          | <u>10,752,618</u>                          | <u>26,211,000</u>                   | <u>(13,902,166)</u>                        | <u>23,061,452</u>                          | <u>10,720,995</u>                          | <u>4,461,361</u>                    | <u>(2,725,187)</u>                         | <u>12,457,169</u>                          |

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 Reseve                    | Anticipated date of use | Purpose of the reserve  |
|-----------------------------------|-------------------------|---|
| Plant reserve                     | Ongoing                 | - to fund the replacement of works plant and light vehicles.  |
| Civic facilities reserve          | Ongoing                 | - to fund the construction and/or purchase of public buildings and facilities.  |
| Information technology reserve    | Ongoing                 | - to fund the upgrade and replacement of the Shire's information technology.  |
| Children 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. |
| Capital investment reserve        | Ongoing                 | - to fund the advancement of the Shire's property strategy.   |
| Capital income reserve            | Ongoing                 | - to fund the development of Shire facilities and infrastructure.   |
| Gravel pit rehabilitation reserve | Ongoing                 | - to fund the production of gravel and the rehabilitation of gravel pits.   |
| Long service leave reserve        | Ongoing                 | - to fund the Shire's long service leave liability.   |
| Unspent grants reserve            | 2016/17                 | - to quarantine any unspent grant funds received during the financial year.   |

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**13. REVALUATION SURPLUS**

|                                  | <b>2016</b>        | <b>2016</b>        | <b>2016</b>        | <b>2016</b>        | <b>2016</b>        | <b>2015</b>        | <b>2015</b>        | <b>2015</b>        | <b>2015</b>        | <b>2015</b>        |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                  | <b>Opening</b>     | <b>Revaluation</b> | <b>Revaluation</b> | <b>Total</b>       | <b>Closing</b>     | <b>Opening</b>     | <b>Revaluation</b> | <b>Revaluation</b> | <b>Total</b>       | <b>Closing</b>     |
|                                  | <b>Balance</b>     | <b>Increment</b>   | <b>Decrement</b>   | <b>Movement on</b> | <b>Balance</b>     | <b>Balance</b>     | <b>Increment</b>   | <b>Decrement</b>   | <b>Revaluation</b> | <b>Balance</b>     |
|                                  | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          |
| Land and buildings               | 47,901,060         | 0                  | 0                  | 0                  | 47,901,060         | 47,901,060         | 0                  | 0                  | 0                  | 47,901,060         |
| Furniture and equipment          | 57,775             | 0                  | (57,775)           | (57,775)           | 0                  | 57,775             | 0                  | 0                  | 0                  | 57,775             |
| Plant and equipment              | 1,464,646          | 0                  | (537,775)          | (537,775)          | 926,871            | 1,464,646          | 0                  | 0                  | 0                  | 1,464,646          |
| Infrastructure - gardens         | 0                  | 0                  | 0                  | 0                  | 0                  | 251,621            | 0                  | (251,621)          | (251,621)          | 0                  |
| Infrastructure - roads           | 221,527,299        | 0                  | 0                  | 0                  | 221,527,299        | 60,139,527         | 161,387,772        | 0                  | 161,387,772        | 221,527,299        |
| Infrastructure - footpaths       | 8,286,627          | 0                  | 0                  | 0                  | 8,286,627          | 372,448            | 7,914,179          | 0                  | 7,914,179          | 8,286,627          |
| Infrastructure - drainage        | 26,107,191         | 0                  | 0                  | 0                  | 26,107,191         | 343,500            | 25,763,691         | 0                  | 25,763,691         | 26,107,191         |
| Infrastructure - parks and ovals | 15,645,963         | 0                  | 0                  | 0                  | 15,645,963         | 2,048,349          | 13,597,614         | 0                  | 13,597,614         | 15,645,963         |
|                                  | <b>320,990,561</b> | <b>0</b>           | <b>(595,550)</b>   | <b>(595,550)</b>   | <b>320,395,011</b> | <b>112,578,926</b> | <b>208,663,256</b> | <b>(251,621)</b>   | <b>208,411,635</b> | <b>320,990,561</b> |

Movements on revaluation of fixed assets 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.

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**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

|  | <b>2016</b>        | <b>2016</b>        | <b>2015</b>        |
|--|--------------------|--------------------|--------------------|
|  | <b>\$</b>          | <b>Budget</b>      | <b>\$</b>          |
|  |                    | <b>\$</b>          |                    |
| Cash and cash equivalents  | <u>36,431,621</u>  | <u>26,968,192</u>  | <u>21,563,712</u>  |
| <b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b> |                    |                    |                    |
| Net result   | 3,143,599          | 2,329,158          | 3,374,588          |
| Non-cash flows in Net result:  |                    |                    |                    |
| Depreciation   | 8,901,536          | 8,230,604          | 7,075,476          |
| (Profit)/Loss on sale of asset   | (1,297,455)        | (1,266,364)        | 97,279             |
| Fair value adjustments to fixed assets<br>at fair value through profit or loss       | 16,089             | 0                  | 2,264,507          |
| Change in Equity - Joint Venture   | (1,603,101)        | 0                  | (1,340,977)        |
| Changes in assets and liabilities:   |                    |                    |                    |
| (Increase)/Decrease in receivables   | 298,742            | 0                  | 1,410,011          |
| (Increase)/Decrease in inventories   | 5,199              | 0                  | (10,390)           |
| Increase/(Decrease) in payables  | 1,254,527          | 0                  | (2,050,030)        |
| Increase/(Decrease) in provisions  | 233,197            | 0                  | 275,954            |
| Grants contributions for<br>the development of assets                                | <u>(4,562,376)</u> | <u>(5,387,174)</u> | <u>(3,407,740)</u> |
| Net cash from operating activities   | <u>6,389,957</u>   | <u>3,906,224</u>   | <u>7,688,678</u>   |
|  | <b>2016</b>        |                    | <b>2015</b>        |
|  | <b>\$</b>          |                    | <b>\$</b>          |
| <b>(c) Undrawn Borrowing Facilities</b>  |                    |                    |                    |
| <b>Credit Standby Arrangements</b>   |                    |                    |                    |
| Bank overdraft limit   | 1,000,000          |                    | 1,000,000          |
| Bank overdraft at balance date   | 0                  |                    | 0                  |
| Credit card limit  | 300,000            |                    | 300,000            |
| Credit card balance at balance date  | <u>(62,327)</u>    |                    | <u>(97,268)</u>    |
| <b>Total amount of credit unused</b>   | <u>1,237,673</u>   |                    | <u>1,202,732</u>   |
| <b>Loan facilities</b>   |                    |                    |                    |
| Loan facilities - current  | 550,311            |                    | 213,366            |
| Loan facilities - non-current  | <u>12,319,063</u>  |                    | <u>4,133,215</u>   |
| <b>Total facilities in use at balance date</b>                                       | <u>12,869,374</u>  |                    | <u>4,346,581</u>   |
| <b>Unused loan facilities at balance date</b>  | <u>NIL</u>         |                    | <u>NIL</u>         |



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

**15. CONTINGENT LIABILITIES**

The Shire has no contingent liabilities as at 30 June 2016.

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

The Shire did not have any future operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

|                                | <b>2016</b> | <b>2015</b> |
|--------------------------------|-------------|-------------|
|                                | <b>\$</b>   | <b>\$</b>   |
| Contracted for:                |             |             |
| - capital expenditure projects | 3,757,430   | 0           |
| Payable:                       |             |             |
| - not later than one year      | 3,757,430   | 0           |

The capital expenditure project outstanding at the end of the reporting period represents the construction of the new Boya Community Hub facility.

**SHIRE OF MUNDARING**  
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**17. JOINT VENTURE ARRANGEMENTS**

The Shire is a member of the Eastern Metropolitan Regional Council (EMRC). The Shire's interest in the joint venture as calculated by the EMRC is 11.05%

The Shire's interest in the assets and liabilities of the EMRC is as follows:

|                         | <b>2016</b>       | <b>2015</b>       |
|-------------------------|-------------------|-------------------|
|                         | <b>\$</b>         | <b>\$</b>         |
| Current Assets          | 10,003,654        | 8,765,846         |
| Non-Current Assets      | 9,700,120         | 9,099,072         |
| Total Assets            | <u>19,703,774</u> | <u>17,864,918</u> |
| Current Liabilities     | 802,510           | 597,920           |
| Non-Current Liabilities | 818,618           | 787,453           |
| Total Liabilities       | <u>1,621,128</u>  | <u>1,385,373</u>  |
| Net Assets              | <u>18,082,646</u> | <u>16,479,545</u> |
| Net Movement            | <u>1,603,101</u>  | <u>1,340,977</u>  |

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

|                             | <b>2016</b>        | <b>2015</b>        |
|-----------------------------|--------------------|--------------------|
|                             | <b>\$</b>          | <b>\$</b>          |
| Governance                  | 12,108,811         | 11,647,571         |
| General purpose funding     | 38,146,740         | 24,347,574         |
| Law, order, public safety   | 3,776,171          | 4,130,472          |
| Health                      | 403,542            | 458,707            |
| Education and welfare       | 1,679,084          | 1,910,551          |
| Community amenities         | 19,721,328         | 18,261,962         |
| Recreation and culture      | 51,225,020         | 47,296,874         |
| Transport                   | 344,832,537        | 345,855,168        |
| Economic services           | 38,475             | 42,027             |
| Other property and services | 22,399,988         | 27,507,119         |
| Unallocated                 | 0                  | 315,105            |
|                             | <u>494,331,696</u> | <u>481,773,130</u> |

**SHIRE OF MUNDARING**  
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|                                   | 2016   | 2015  | 2014  |
|-----------------------------------|--------|-------|-------|
| <b>19. FINANCIAL RATIOS</b>       |        |       |       |
| Current ratio                     | 1.99   | 2.71  | 1.81  |
| Asset sustainability ratio        | 0.94   | 0.79  | 0.69  |
| Debt service cover ratio          | 12.18  | 14.37 | 16.06 |
| Operating surplus ratio           | (0.04) | 0.00  | 0.01  |
| Own source revenue coverage ratio | 0.84   | 0.80  | 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 sustainability ratio        | $\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$  |
| 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 | $\frac{\text{own source operating revenue}}{\text{operating expenses}}$  |

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information in Note 36 of this document.

Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,455,586.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

|                          | 2016  | 2015   |
|--------------------------|-------|--------|
| Debt service cover ratio | 14.43 | 11.53  |
| Operating surplus ratio  | 0.00  | (0.04) |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**20. TRUST FUNDS**

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

|                              | 1 July<br>2015<br>\$ | Amounts<br>Received<br>\$ | Amounts<br>Paid<br>(\$) | 30 June<br>2016<br>\$ |
|------------------------------|----------------------|---------------------------|-------------------------|-----------------------|
| Deposits, Bonds & Retentions | 1,403,210            | 619,821                   | (1,187,314)             | 835,717               |
| POS & Road Construction      | 4,004,879            | 542,337                   | (110,417)               | 4,436,799             |
| Scheme 7 Costs               | 39,635               | 888                       | 0                       | 40,523                |
| BCITF Levy                   | 0                    | 171,723                   | (171,723)               | 0                     |
| Building Services Levy       | 0                    | 179,936                   | (179,936)               | 0                     |
|                              | <u>5,447,724</u>     |                           |                         | <u>5,313,039</u>      |

**21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

|                            | Actual<br>Net Book<br>Value<br>\$ | Actual<br>Sale<br>Proceeds<br>\$ | Actual<br>Profit<br>\$ | Actual<br>Loss<br>\$ | Budget<br>Net Book<br>Value<br>\$ | Budget<br>Sale<br>Proceeds<br>\$ | Budget<br>Profit<br>\$ | Budget<br>Loss<br>\$ |
|----------------------------|-----------------------------------|----------------------------------|------------------------|----------------------|-----------------------------------|----------------------------------|------------------------|----------------------|
| <b>Plant and Equipment</b> | 357,906                           | 251,838                          | 0                      | (106,068)            | 361,145                           | 297,509                          | 0                      | (63,636)             |
| <b>Land</b>                | 5,116,195                         | 6,547,399                        | 1,431,204              | 0                    | 6,200,000                         | 7,530,000                        | 1,330,000              | 0                    |
| <b>Buildings</b>           | 27,681                            | 0                                | 0                      | (27,681)             | 0                                 | 0                                | 0                      | 0                    |
|                            | <u>5,501,782</u>                  | <u>6,799,237</u>                 | <u>1,431,204</u>       | <u>(133,749)</u>     | <u>6,561,145</u>                  | <u>7,827,509</u>                 | <u>1,330,000</u>       | <u>(63,636)</u>      |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**INFORMATION ON BORROWINGS**

Repayments - Debentures

| <b>Particulars</b>                           | <b>Principal</b> | <b>New</b>       | <b>Principal</b> |                   | <b>Principal</b>  |                     | <b>Interest</b>   |                   |
|--|------------------|------------------|------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
|  | <b>1 July</b>    |                  | <b>Loans</b>     | <b>Repayments</b> | <b>Repayments</b> | <b>30 June 2016</b> | <b>Repayments</b> | <b>Repayments</b> |
|  | <b>2015</b>      |                  | <b>Actual</b>    | <b>Budget</b>     | <b>Actual</b>     | <b>Budget</b>       | <b>Actual</b>     | <b>Budget</b>     |
|  | <b>\$</b>        | <b>\$</b>        | <b>\$</b>        | <b>\$</b>         | <b>\$</b>         | <b>\$</b>           | <b>\$</b>         | <b>\$</b>         |
| <b>Governance</b>                            |                  |                  |                  |                   |                   |                     |                   |                   |
| Loan 170 - Civic Facilities<br>Redevelopment | 4,346,581        | 0                | 213,366          | 213,366           | 4,133,215         | 4,133,215           | 324,616           | 298,755           |
| <b>Recreation and culture</b>                |                  |                  |                  |                   |                   |                     |                   |                   |
| Loan 171 - Community Building<br>Facilities  | 0                | 8,800,000        | 63,841           | 127,709           | 8,736,159         | 9,472,291           | 42,888            | 281,640           |
|  | <u>4,346,581</u> | <u>8,800,000</u> | <u>277,207</u>   | <u>341,075</u>    | <u>12,869,374</u> | <u>13,605,506</u>   | <u>367,504</u>    | <u>580,395</u>    |

All loan repayments were financed by general purpose revenue.

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

**INFORMATION ON BORROWINGS (Continued)**

New Debentures - 2015/16

| Particulars/Purpose                      | Amount Borrowed  |                  | Institution      | Loan Type | Term (Years) | Total Interest & Interest |       | Amount Used      |                  | Balance Unspent  |
|--|------------------|------------------|------------------|-----------|--------------|---------------------------|-------|------------------|------------------|------------------|
|  | Actual           | Budget           |                  |           |              | Charges                   | Rate  | Actual           | Budget           |                  |
|  | \$               | \$               |                  |           |              | \$                        | %     | \$               | \$               | \$               |
| Loan 171 - Community Building Facilities | 8,800,000        | 9,600,000        | WA Treasury Corp | Debenture | 20           | 3,854,094                 | 3.17% | 3,386,931        | 9,600,000        | 5,413,069        |
|  | <u>8,800,000</u> | <u>9,600,000</u> |                  |           |              | <u>3,854,094</u>          |       | <u>3,386,931</u> | <u>9,600,000</u> | <u>5,413,069</u> |

Unspent Debentures

| Particulars                              | Date Borrowed | Balance 1 July 15 | Borrowed         | Expended           | Balance 30 June 16 |
|--|---------------|-------------------|------------------|--------------------|--------------------|
|  |               |                   | During Year      | During Year        |                    |
|  |               | \$                | \$               | \$                 | \$                 |
| Loan 171 - Community Building Facilities | May 2016      | 0                 | 8,800,000        | (3,386,931)        | 5,413,069          |
|  |               | <u>0</u>          | <u>8,800,000</u> | <u>(3,386,931)</u> | <u>5,413,069</u>   |

The unspent loan funds were held in the Civic Facilities Reserve as at 30 June 2016. These funds are anticipated to be spent during 2016/17.

Overdraft

The Shire of Mundaring has an overdraft facility of \$1,000,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was Nil.

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

**23. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

| RATE TYPE                                       | Rate in<br>\$  | Number<br>of<br>Properties | Rateable<br>Value<br>\$ | Rate<br>Revenue<br>\$ | Interim<br>Rates<br>\$ | Back<br>Rates<br>\$ | Total<br>Revenue<br>\$ | Budget<br>Rate<br>Revenue<br>\$ | Budget<br>Interim<br>Rate<br>\$ | Budget<br>Back<br>Rate<br>\$ | Budget<br>Total<br>Revenue<br>\$ |
|---|----------------|----------------------------|-------------------------|-----------------------|------------------------|---------------------|------------------------|---------------------------------|---------------------------------|------------------------------|----------------------------------|
| <b>Differential general rate / general rate</b> |                |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| <b>Gross rental value valuations</b>            |                |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| GRV - Residential                               | 0.0756         | 10,816                     | 211,226,646             | 15,968,734            | 219,145                | 0                   | 16,187,879             | 15,939,426                      | 123,800                         | 0                            | 16,063,226                       |
| GRV - Commercial                                | 0.0756         | 262                        | 22,104,296              | 1,671,085             | 14,056                 | 0                   | 1,685,141              | 1,668,332                       | 0                               | 0                            | 1,668,332                        |
| GRV - Light Industrial                          | 0.0756         | 283                        | 17,997,027              | 1,360,575             | 4,430                  | 0                   | 1,365,005              | 1,358,431                       | 0                               | 0                            | 1,358,431                        |
| GRV - Rural Residential                         | 0.0756         | 2,992                      | 62,282,053              | 4,708,523             | 38,501                 | 0                   | 4,747,024              | 4,700,952                       | 0                               | 0                            | 4,700,952                        |
| <b>Unimproved value valuations</b>              |                |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| UV - Rural                                      | 0.0047         | 235                        | 156,245,000             | 734,352               | 2,668                  | 0                   | 737,020                | 732,965                         | 0                               | 0                            | 732,965                          |
| <b>Sub-Total</b>                                |                | 14,588                     | 469,855,022             | 24,443,269            | 278,800                | 0                   | 24,722,069             | 24,400,106                      | 123,800                         | 0                            | 24,523,906                       |
| <b>Minimum payment</b>                          | <b>Minimum</b> |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| <b>Gross rental value valuations</b>            |                |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| GRV - Residential                               | 760            | 535                        | 4,199,118               | 406,600               | 0                      | 0                   | 406,600                | 414,200                         | 0                               | 0                            | 414,200                          |
| GRV - Commercial                                | 760            | 6                          | 51,936                  | 4,560                 | 0                      | 0                   | 4,560                  | 4,560                           | 0                               | 0                            | 4,560                            |
| GRV - Light Industrial                          | 760            | 1                          | 9,328                   | 760                   | 0                      | 0                   | 760                    | 760                             | 0                               | 0                            | 760                              |
| GRV - Rural Residential                         | 760            | 81                         | 733,624                 | 61,560                | 0                      | 0                   | 61,560                 | 61,560                          | 0                               | 0                            | 61,560                           |
| <b>Unimproved value valuations</b>              |                |                            |                         |                       |                        |                     |                        |                                 |                                 |                              |                                  |
| UV - Mining Lease                               | 960            | 5                          | 64,213                  | 4,800                 | (388)                  | 0                   | 4,412                  | 4,800                           | 0                               | 0                            | 4,800                            |
| <b>Sub-Total</b>                                |                | 628                        | 5,058,219               | 478,280               | (388)                  | 0                   | 477,892                | 485,880                         | 0                               | 0                            | 485,880                          |
|   |                | <b>15,216</b>              | <b>474,913,241</b>      | <b>24,921,549</b>     | <b>278,412</b>         | <b>0</b>            | <b>25,199,961</b>      | <b>24,885,986</b>               | <b>123,800</b>                  | <b>0</b>                     | <b>25,009,786</b>                |
| Movement in Rates Received in Advance           |                |                            |                         |                       |                        |                     | 135,241                |                                 |                                 |                              | 0                                |
| <b>Total amount raised from general rate</b>    |                |                            |                         |                       |                        |                     | <b>25,335,202</b>      |                                 |                                 |                              | <b>25,009,786</b>                |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**24. NET CURRENT ASSETS**

Composition of net current assets

|  | 2016<br>(30 June 2016<br>Carried<br>Forward)<br>\$ | 2016<br>(1 July 2015<br>Brought<br>Forward)<br>\$ | 2015<br>(30 June 2015<br>Carried<br>Forward)<br>\$ |
|--|--|---|--|
| <b>Surplus/(Deficit) 1 July 15 brought forward</b>     | <u>6,144,334</u>                                   | <u>7,225,367</u>                                  | <u>7,225,367</u>                                   |
| <b>CURRENT ASSETS</b>                                  |  |   |  |
| Cash and cash equivalents                              |  |   |  |
| Unrestricted   | 9,873,855  | 9,106,543   | 9,106,543  |
| Restricted   | 26,557,766   | 12,457,169  | 12,457,169   |
| Receivables  |  |   |  |
| Rates outstanding                                      | 880,486  | 792,900   | 792,900  |
| Sundry debtors   | 556,398  | 1,089,004   | 1,089,004  |
| GST receivable   | 330,022  | 238,082   | 238,082  |
| Sanitation debtors                                     | 95,688   | 80,881  | 80,881   |
| LSL contributions - other local governments            | 37,950   | 77,625  | 77,625   |
| Inventories  |  |   |  |
| Fuel and materials                                     | 103,837  | 109,036   | 109,036  |
| Land held for resale - cost                            |  |   |  |
| Cost of acquisition                                    | 0  | 116,195   | 116,195  |
| <b>LESS: CURRENT LIABILITIES</b>                       |  |   |  |
| Trade and other payables                               |  |   |  |
| Sundry creditors                                       | (1,181,610)  | (941,524)   | (941,524)  |
| Creditor accruals                                      | (1,358,744)  | (344,303)   | (344,303)  |
| Current portion of long term borrowings                |  |   |  |
| Secured by floating charge                             | (550,311)  | (213,366)   | (213,366)  |
| Provisions   |  |   |  |
| Provision for annual leave                             | (1,441,512)  | (1,352,993)                                       | (1,352,993)  |
| Provision for long service leave                       | (1,752,036)  | (1,629,884)                                       | (1,629,884)  |
| <b>Unadjusted net current assets</b>                   | <b>32,151,789</b>                                  | <b>19,585,365</b>                                 | <b>19,585,365</b>                                  |
| <b>Adjustments</b>                                     |  |   |  |
| Less: Reserves - restricted cash                       | (26,557,766)                                       | (12,457,169)                                      | (12,457,169)                                       |
| Less: Land held for resale - cost                      |  |   |  |
| Cost of acquisition                                    | 0  | (116,195)   | (116,195)  |
| Add: Current portion of long term borrowings           |  |   |  |
| Secured by floating charge                             | 550,311  | 213,366   | 213,366  |
| <b>Adjusted net current assets - surplus/(deficit)</b> | <b><u>6,144,334</u></b>                            | <b><u>7,225,367</u></b>                           | <b><u>7,225,367</u></b>                            |

**Difference**

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.



**SHIRE OF MUNDARING  
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**25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

The Shire did not impose any specified area rates.

**26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire did not impose any service charges.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2015/16 FINANCIAL YEAR**

|            | Type      | Total<br>Cost/<br>Value<br>\$ | Budget<br>Cost/<br>Value<br>\$ |
|------------|-----------|-------------------------------|--------------------------------|
| Rates      | Write-Off | 2,047                         | 1,500                          |
| Legal Fees | Write-Off | 467                           | 50                             |
|            |           | 2,514                         | 1,550                          |

No discount on rates is available.

The cost to the Shire for the early payment of rates incentive was \$4,300 being \$2,500 towards the first prize, \$1,500 towards the second prize and \$300 for pool entry.

**SHIRE OF MUNDARING**  
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**28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

|                            | <b>Date<br/>Due</b> | <b>Instalment<br/>Plan<br/>Admin Charge<br/>\$</b> | <b>Unpaid Rates<br/>Interest<br/>Rate<br/>%</b> |
|----------------------------|---------------------|--|---|
| <b>Instalment Options</b>  |                     |  |   |
| First Instalment           | 17-Aug-15           | 0  | 11.00%  |
| Second Instalment          | 19-Oct-15           | 8.50   | 11.00%  |
| Third Instalment           | 21-Dec-15           | 8.50   | 11.00%  |
| Fourth Instalment          | 22-Feb-16           | 8.50   | 11.00%  |
|                            |                     |  |   |
|                            |                     | <b>Revenue<br/>\$</b>                              | <b>Budgeted<br/>Revenue<br/>\$</b>              |
| Interest on unpaid rates   |                     | 163,139  | 155,000   |
| Charges on instalment plan |                     | 132,817  | 127,500   |
|                            |                     | <u>295,956</u>                                     | <u>282,500</u>                                  |

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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| <b>29. FEES &amp; CHARGES</b> | <b>2016</b>       | <b>2015</b>       |
|-------------------------------|-------------------|-------------------|
|                               | <b>\$</b>         | <b>\$</b>         |
| Governance                    | 341               | 0                 |
| General purpose funding       | 132,817           | 125,942           |
| Law, order, public safety     | 208,295           | 269,305           |
| Health                        | 83,900            | 100,918           |
| Education and welfare         | 2,527,079         | 2,033,682         |
| Community amenities           | 7,676,904         | 7,191,806         |
| Recreation and culture        | 778,113           | 834,349           |
| Transport                     | 10,055            | 10,809            |
| Economic services             | 261,576           | 316,172           |
| Other property and services   | 7,793             | 25,909            |
|                               | <u>11,686,873</u> | <u>10,908,892</u> |

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**30. GRANT REVENUE**

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

| <b>By Nature or Type:</b>                                | <b>2016</b>      | <b>2015</b>       |
|--|------------------|-------------------|
|  | <b>\$</b>        | <b>\$</b>         |
| <b>Operating grants, subsidies and contributions</b>     |                  |                   |
| Governance   | 0                | 530               |
| General purpose funding                                  | 1,087,675        | 4,299,600         |
| Law, order, public safety                                | 491,021          | 369,710           |
| Education and welfare                                    | 2,899,495        | 3,127,220         |
| Recreation and culture                                   | 85,132           | 121,066           |
| Transport  | 31,787           | 53,952            |
| Other property and services                              | 0                | 14,081            |
|  | <u>4,595,110</u> | <u>7,986,159</u>  |
| <b>Non-operating grants, subsidies and contributions</b> |                  |                   |
| Law, order, public safety                                | 80,240           | 812,107           |
| Education and welfare                                    | 0                | 58,470            |
| Recreation and culture                                   | 1,778,185        | 869,339           |
| Transport  | 2,703,951        | 1,667,824         |
|  | <u>4,562,376</u> | <u>3,407,740</u>  |
|  | <u>9,157,486</u> | <u>11,393,899</u> |

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

|            |            |
|------------|------------|
| <u>208</u> | <u>202</u> |
|------------|------------|

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

| <b>32. ELECTED MEMBERS REMUNERATION</b>  | <b>2016</b>    | <b>2016</b>    | <b>2015</b>    |
|--|----------------|----------------|----------------|
|  | <b>\$</b>      | <b>Budget</b>  | <b>\$</b>      |
|  |                | <b>\$</b>      |                |
| The following fees, expenses and allowances were paid to council members and/or the president. |                |                |                |
| Meeting Fees   | 252,707        | 260,321        | 247,475        |
| President's allowance  | 49,831         | 50,604         | 22,492         |
| Deputy President's allowance   | 12,458         | 12,651         | 11,626         |
| Travelling expenses  | 9,931          | 10,000         | 7,801          |
| Telecommunications allowance and expenses  | 42,716         | 43,500         | 44,361         |
|  | <u>367,643</u> | <u>377,076</u> | <u>333,755</u> |

**33. MAJOR LAND TRANSACTIONS**

(a) Details

A major land transaction was completed and finalised when the Shire sold Lots 50/51 Morrison and Farrall Roads Midvale during 2015/16.

| (b) Current year transactions | <b>2016</b> | <b>2016</b>   | <b>2015</b> |
|-------------------------------|-------------|---------------|-------------|
|                               | <b>\$</b>   | <b>Budget</b> | <b>\$</b>   |
|                               |             | <b>\$</b>     |             |
| <b>Operating income</b>       |             |               |             |
| - Profit on sale              | 1,431,204   | 1,330,000     | 0           |
| <b>Capital income</b>         |             |               |             |
| - Sale proceeds               | 6,547,399   | 6,530,000     | 0           |

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

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

**35. FINANCIAL RISK MANAGEMENT**

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

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 Shire held the following financial instruments at balance date:*

|                              | <b>Carrying Value</b>    |                          | <b>Fair Value</b>        |                          |
|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                              | <b>2016</b>              | <b>2015</b>              | <b>2016</b>              | <b>2015</b>              |
|                              | <b>\$</b>                | <b>\$</b>                | <b>\$</b>                | <b>\$</b>                |
| <b>Financial assets</b>      |                          |                          |                          |                          |
| Cash and cash equivalents    | 36,431,621               | 21,563,712               | 36,431,621               | 21,563,712               |
| Receivables                  | 2,785,766                | 3,084,508                | 2,785,766                | 3,084,508                |
| Other Assets (Share of EMRC) | <u>18,082,646</u>        | <u>16,479,545</u>        | <u>18,082,646</u>        | <u>16,479,545</u>        |
|                              | <u><u>57,300,033</u></u> | <u><u>41,127,765</u></u> | <u><u>57,300,033</u></u> | <u><u>41,127,765</u></u> |
| <b>Financial liabilities</b> |                          |                          |                          |                          |
| Payables                     | 2,540,354                | 1,285,827                | 2,540,354                | 1,285,827                |
| Borrowings                   | <u>12,869,374</u>        | <u>4,346,581</u>         | <u>14,058,376</u>        | <u>2,638,232</u>         |
|                              | <u><u>15,409,728</u></u> | <u><u>5,632,408</u></u>  | <u><u>16,598,730</u></u> | <u><u>3,924,059</u></u>  |

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

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

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

|  | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| Impact of a 1% <sup>(1)</sup> movement in interest rates on cash |             |             |
| - Equity   | 364,316     | 215,637     |
| - Statement of Comprehensive Income                              | 364,316     | 215,637     |

*Notes:*

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

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

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

The Shire's major receivables comprise rates and annual charges and user charges and fees. 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 makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

|  | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|
| Percentage of rates and annual charges |             |             |
| - Current                              | 91%         | 97%         |
| - Overdue                              | 9%          | 3%          |
| Percentage of other receivables        |             |             |
| - Current                              | 97%         | 92%         |
| - Overdue                              | 3%          | 8%          |

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

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables  
 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.

The contractual undiscounted cash flows of the Shire’s Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

|                    | <b>Due<br/>within<br/>1 year<br/>\$</b> | <b>Due<br/>between<br/>1 &amp; 5 years<br/>\$</b> | <b>Due<br/>after<br/>5 years<br/>\$</b> | <b>Total<br/>contractual<br/>cash flows<br/>\$</b> | <b>Carrying<br/>values<br/>\$</b> |
|--------------------|---|---|---|--|-----------------------------------|
| <b><u>2016</u></b> |   |   |   |  |                                   |
| Payables           | 2,540,354                               | 0   | 0                                       | 2,540,354  | 2,540,354                         |
| Borrowings         | <u>1,103,182</u>                        | <u>4,392,206</u>                                  | <u>12,374,684</u>                       | <u>17,870,072</u>                                  | <u>12,869,374</u>                 |
|                    | <u>3,643,536</u>                        | <u>4,392,206</u>                                  | <u>12,374,684</u>                       | <u>20,410,426</u>                                  | <u>15,409,728</u>                 |
| <b><u>2015</u></b> |   |   |   |  |                                   |
| Payables           | 1,285,827                               | 0   | 0                                       | 1,285,827  | 1,285,827                         |
| Borrowings         | <u>509,258</u>                          | <u>2,037,032</u>                                  | <u>4,074,064</u>                        | <u>6,620,354</u>                                   | <u>4,346,581</u>                  |
|                    | <u>1,795,085</u>                        | <u>2,037,032</u>                                  | <u>4,074,064</u>                        | <u>7,906,181</u>                                   | <u>5,632,408</u>                  |



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

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

**Borrowings (continued)**

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

|   | <u>&lt;1 year</u> | <u>&gt;1&lt;2 years</u> | <u>&gt;2&lt;3 years</u> | <u>&gt;3&lt;4 years</u> | <u>&gt;4&lt;5 years</u> | <u>&gt;5 years</u> | <u>Total</u> | <b>Weighted<br/>Average<br/>Effective<br/>Interest Rate</b> |
|---|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------|--------------|---|
|   | \$                | \$                      | \$                      | \$                      | \$                      | \$                 | \$           | %   |
| <b><u>Year ended 30 June 2016</u></b>       |                   |                         |                         |                         |                         |                    |              |   |
| <b>Borrowings</b>                           |                   |                         |                         |                         |                         |                    |              |   |
| <b>Fixed rate</b>                           |                   |                         |                         |                         |                         |                    |              |   |
| Debentures                                  | 550,311           | 577,065                 | 605,330                 | 635,200                 | 666,777                 | 9,834,691          | 12,869,374   | 4.67%   |
| Weighted average<br>Effective interest rate | 5.09%             | 5.07%                   | 5.12%                   | 5.01%                   | 4.97%                   | 4.29%              |              |   |
| <b><u>Year ended 30 June 2015</u></b>       |                   |                         |                         |                         |                         |                    |              |   |
| <b>Borrowings</b>                           |                   |                         |                         |                         |                         |                    |              |   |
| <b>Fixed rate</b>                           |                   |                         |                         |                         |                         |                    |              |   |
| Debentures                                  | 213,366           | 228,676                 | 245,085                 | 262,672                 | 281,520                 | 3,115,262          | 4,346,581    | 6.95%   |
| Weighted average<br>Effective interest rate | 6.95%             | 6.95%                   | 6.95%                   | 6.95%                   | 6.95%                   | 6.95%              |              |   |

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## **INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF MUNDARING**

### **REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Shire of Mundaring, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

#### **Management's Responsibility for the Financial Report**

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995* (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation and fair presentation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

#### **Opinion**

In our opinion, the financial report of the Shire of Mundaring is in accordance with the *Local Government Act 1995* (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF MUNDARING (CONTINUED)**

**Report On Other Legal and Regulatory Requirements**

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the *Local Government Act 1995* (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 58 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



DAVID TOMASI  
PARTNER

DATE: 19 October 2016  
PERTH, WA

**SHIRE OF MUNDARING  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**36. RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

|                             | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|-----------------------------|-------------|-------------|-------------|
| Asset consumption ratio     | 0.89        | 0.90        | 0.93        |
| Asset renewal funding ratio | 0.98        | 0.94        | 0.95        |

The above ratios are calculated as follows:

|                             |   |
|-----------------------------|---|
| Asset consumption ratio     | $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$          |
| Asset renewal funding ratio | $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |



**Attachment 2**

**Report 3.1**

**110 Pages**

**Please Note:**

**This Annual Report is in “DRAFT” and will be considered by Council at the Ordinary Council Meeting on Tuesday 12 December 2017**



**Shire of Mundaring**  
Annual Report 2016/17



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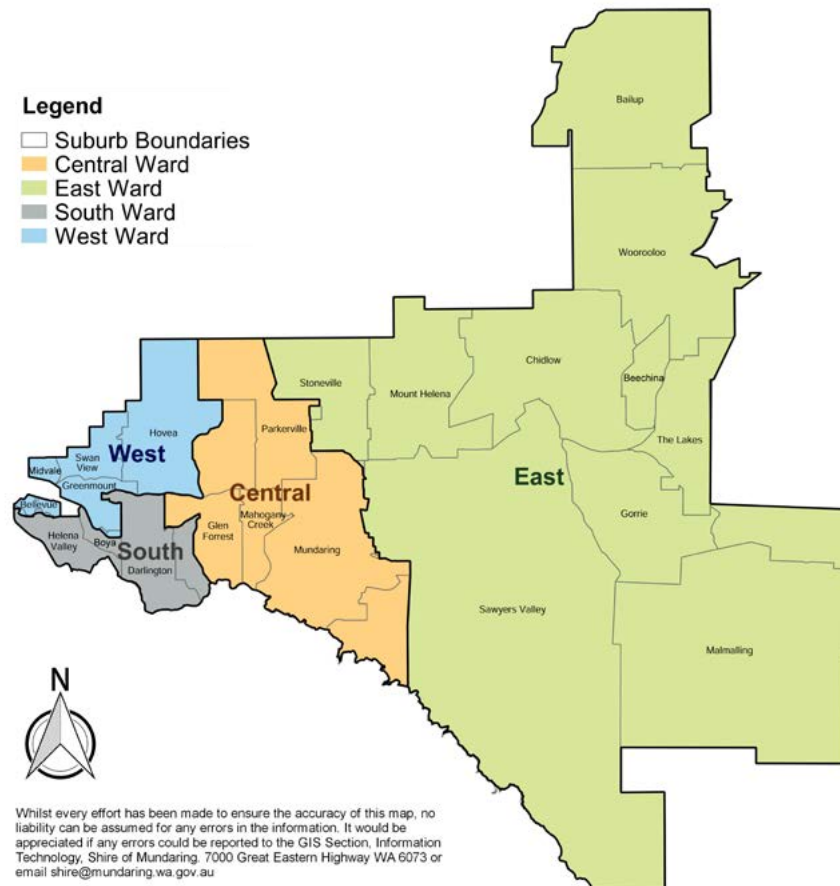


# About the Shire of Mundaring

The Shire of Mundaring is located on the eastern fringe of Perth, approximately 35 kilometres from the Perth CBD.

The Nyungar Aboriginal people were the first to arrive in the area and it is widely believed that they named the area based on its distinct geographical features - Mundaring is an Aboriginal word which means “on a high place” or “the place of the grass tree leaves”.

This picturesque location is predominantly a rural area, with several residential townships. It encompasses a total land area of 644sqkm, of which nearly half is National Park, State Forest or water catchments.




*The Shire of Mundaring includes the townships, villages and rural localities of 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 Woorooloo.*

Popular among tourists, some of the more spectacular features of the Shire include Beelu National Park, Greenmount National Park, John Forrest National Park, Wooroloo Regional Park, Mundaring Weir, Lake C Y O'Connor, Lake Leschenaultia, Chidlow Recreation Reserve, the Railway Reserves Heritage Trail, the Munda Biddi Bike Trail, Perth Hills National Parks Centre, several State Forests and various wineries.

## Residents and ratepayers

There are approximately 

**39,174** 

people living in the Shire of Mundaring with a population density of 0.61 people per hectare, according to Census 2016. The population has increased by around 

**4080**   
people since the 2006 Census.



# Year in Review

The Year in Review is a quick snapshot of key achievements carried out by Shire of Mundaring within the preceding 12 month period.

The highlights reflect significant strategic outcomes which align with key objectives in the Shire's Strategic Community Plan 2016-2026. The theme of the plan is linked to the Shire's Community Vision, 'A Sense of Place, A Sense of Space'.



*The Railway Reserves Heritage Trail (pictured) passes through the picturesque hills communities and covers a wide range of terrains. Spanning 41km, the route features scenic views and several points of historical and natural significance.*



## Governance

**Implemented Information Communications Technology (ICT) at the new Boya Community Centre**

**Completed a major audit and reconfiguration of the Shire's cyber security system and services**

**Responded to 17 Freedom of Information requests and completed all within the legislative timeframe**

**Developed a new Risk Management Framework, adopted by Council**

**Made significant progress towards completion of review and update of all Council policies**

**Drafted Dog Local Law**



## Community

Significant increase in Fire Hazard Inspections

Emergency Management Community Consultation

Introduction of Designated Dog Exercise Areas

New Youth Informing Strategy and Youth Service Model

Visitors Centre Promotional Strategy

Grants, Funding and Events

Community Development - Support for all Residents

An Accessible and Inclusive Mundaring



## Natural Environment

Gold Status for Water Management

Environmental Education program

Environmental projects

Friends Groups in the Community

Mapping Habitat Trees

Mundaring Environmental Art Project

Assisting Schools with Planting Days

Roadside Conservation Policy



## Built Environment

Opening of Boya Community Centre

Construction of Mundaring Arena

Mundaring Town Initiative Masterplan

Foothills Growth Strategy

National Planning Award

# From the Shire President



On behalf of the Shire of Mundaring, I am pleased to present the 2016/17 Annual Report.

Council began implementing the new Strategic Community Plan 2016-2026 during the 2016/17 financial year. All decisions made by Council must be grounded in this plan.

The plan was constructed from community input. It reflects the community's vision for the Shire's future which is 'a sense of space, a sense of place.' It specifies long term goals and identifies our priorities.

The plan sets out the values shared by our Shire's residents, businesses and organisations. They value good governance and responsible use of ratepayers' funds. They live in the Shire because they value our easy access to the natural environment. They enjoy the amenities and festivities of our built environment. They value the history and heritage of our area. They want to be part of modern, inclusive neighbourhoods centred around sustainable town sites.

Council revised its financial plans in 2016/17 to align with the state-wide economic downturn. Hard questions were asked about the cost and relevance of all services and facilities. Significant savings were identified. It has been challenging to balance the community's expectations of good amenities with a reduction in rate increases forecasted.

The new Boya Community Centre comprises the re-located Katharine Susannah Prichard Library and a modern community hall. The Centre opened on International Women's Day (8 March) in honour of the library's namesake. It has been extremely popular and I am pleased to report that library membership has soared in the last six months. The hall facilities are in high demand.

Congratulations to the Shire's Planning and Environment teams that won the Planning Institute of Australia's National Award for Planning Excellence in May 2017. The prestigious award recognised the Shire's approach to 'Implementing Bushfire and Biodiversity Controls'. It is a testament to the Shire's Planning and Environment team's ability to achieve the right balance between bushfire mitigation and biodiversity protection.

In October 2017 local government elections were held and five new Elected Members joined our Council. Former Shire President David Lavell retained his seat on Council but decided not to nominate for Shire President. Former Deputy President Patrick Bertola, Cr Bob Perks, Cr Pauline Clark and Cr Tony Cuccaro were not returned. Cr Patricia Cook elected not to renominate.

My colleague Councillors elected me as Shire President for which I am honoured. On behalf of Council I would like to thank all outgoing Councillors for their contribution to the community. I especially acknowledge the work of Cr Lavell who was Shire President during the period covered by this Annual Report.

I welcome our newly-elected Councillors, Toni Burbidge, Kate Driver, Ian Green, Darrell Jones and Jason Russell. I thank the CEO Chief Executive Jonathan Throssell and his Executive Leadership Team who have led the Shire's employees to deliver continued success in making our Shire a great place to live.

**Cr John Daw**  
Shire President



# Your Council

## Elected Members

The Mundaring local government area 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, ultimately their role is to consider the current and future interests of the entire Shire.



*L-R Cr Stephen Fox, Cr Bob Perks, Cr Patricia Cook, Cr Lynn Fisher, Cr Tony Brennan, Cr John Daw, Cr Doug Jeans, Cr Pauline Clark, Cr James Martin, Cr Tony Cuccaro (seated L-R former Deputy Shire President Patrick Bertola and Former Shire President David Lavell).*

# Council Information

## Council Meetings

The Shire 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 2016/17 Council held 12 Ordinary Council Meetings, one Special Meeting of Council and the annual Electors Meeting.

Attendance at meetings by Elected Members was as follows:

| Number of Council Meetings attended |               |             |
|-------------------------------------|---------------|-------------|
| Elected Member                      | Ordinary (12) | Special (1) |
| Cr Bertola                          | 11            | 1           |
| Cr Brennan                          | 11            | 0           |
| Cr Clark                            | 11            | 1           |
| Cr Cook                             | 11            | 1           |
| Cr Cuccaro                          | 10            | 1           |
| Cr Daw                              | 10            | 0           |
| Cr Fisher                           | 11            | 1           |
| Cr Fox                              | 11            | 1           |
| Cr Jeans                            | 12            | 1           |
| Cr Lavell                           | 11            | 1           |
| Cr Martin                           | 12            | 1           |
| Cr Perks                            | 10            | 1           |





*Spectacular Lake Leschenaultia achieved a Certificate of Excellence from Trip Advisor this year.*

## Committees

As well as attending Council meetings, Elected Members take part in external and internal committees. These are additional opportunities for Elected Members to have their say on issues important and relevant to their communities.

### **Committees with Elected Member representatives include:**

Audit and Risk Committee  
Australia Day Citizenship Awards Committee  
Bush Fire Advisory Committee  
CEO Performance Review Committee  
Environmental Advisory Committee  
Grants Selection Committee  
Local Emergency Management Committee  
Business Advisory Group

Blackboy Hill Advisory Group  
Cultural Advisory Group  
Darlington Community Recreation Advisory Group  
Inclusion and Disability Access Advisory Group  
Mt Helena Recreation and Aquatic Centre Representatives Meeting  
Mundaring Recreation Centre Representatives Meeting  
Tennis Courts Representatives Meeting  
Mundaring Arts Centre Board  
Mundaring & Hills Historical Society  
Swan View & Districts Agriculture & Arts Society Inc.  
Parks of the Darling Range Community Advisory Committee  
Eastern Metropolitan Regional Council  
North Eastern Subgroup of the Metropolitan Regional Road Group  
Perth Airport Municipalities Group  
Perth Airport Community Aviation Consultation Group  
WALGA East Metropolitan Zone  
Metro East Development Assessment Panel

# From the Chief Executive



It's been a busy and rewarding year where creating a better community, meeting key infrastructure needs and caring for our environment have been important areas of focus.

The Shire is committed to working with the State and Federal Governments, the private sector and other local governments in the region to achieve great outcomes for our residents (whose numbers are growing at a steady pace). The Shire of Mundaring is now home to close to 40,000 people with many others visiting the area's unique hills and foothills locations.

The Shire manages assets with a value of more than \$436 million. As with many local governments we are therefore tasked with the need to provide new community infrastructure while maintaining existing assets in acceptable condition.

In 2016/17 the challenge of balancing ongoing service delivery and facility maintenance with growing cost pressures was one we faced together with the community. Feedback gathered in consultation with residents and business owners was invaluable in achieving a lower than forecast annual rate increase per household.

In spite of any challenges, a number of important and exciting milestones were achieved in 2016/17 including the official opening of the Boya Community Centre. The new \$7.4 million facility accommodates a modern community hall and Katharine Susannah Prichard Library, formerly located at Greenmount.

The fully-accessible library, which houses height adjustable work stations and seating to cater for people with a disability, has seen membership soar. The centre has become a 'meeting hub' for people to study, read, do their homework and of course, borrow books and other resources.

Another significant achievement in 2016/17 was the commencement of work at the Mundaring Arena site. The Shire's involvement of a local biologist during the clearing phase and inclusion of local school children in wildlife conservation efforts throughout the project ensured we met our environmental responsibilities.

Once complete at the end of 2017, the \$10.1 million state-of-the-art arena will provide a number of indoor courts where a range of sports can be played year-round. We look forward to delivering this vital community project which can be enjoyed for generations to come.

Like the arena, a vast number of the Shire's facilities, residences and businesses are situated in a bush environment. We are therefore required to maintain and develop ongoing bushfire ready strategies to keep our community safe.

This year we rolled-out an extensive education campaign to encourage families to develop a Bush Fire Survival Plan. Then, through the Shire's online Facebook event, 'Test Your Bushfire Survival Plan', households got an opportunity to test their survival plans against hypothetical bush fire scenarios. The initiative saw the Shire crowned a finalist in the 2017 State Emergency Management Services Resilience Awards.

I would like to thank all Shire staff and the many volunteers and Friends Groups who contribute to our activities, events and services, for their continued commitment to building a better Mundaring.

I look forward to working together with the community, Elected Members and employees to continue delivering positive outcomes in 2017/18.

**Jonathan Throssell**  
Chief Executive Officer

# Our Organisation

## Roles and Responsibilities

Shire of Mundaring is responsible for providing strategic leadership and sustainable future planning, while also delivering a range of infrastructure and services to our growing community.

Local Governments in WA operate under the *Local Government Act 1995* which directs the way the Shire and Council function and guides the services the Shire provides to our residents and ratepayers.

### The Shire and Council's responsibilities include:

- exercising community leadership
- providing appropriate services and facilities for the community
- properly managing and conserving the local environment
- managing and conserving with our communities
- keeping the local community informed about its activities
- ensuring that provided services are managed efficiently and effectively
- having regard for the long term effects of its decisions, and
- being a responsible employer.

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*, *Health Act 1911*, *Bush Fires Act 1954*, *Dog Act 1976*, *Emergency Management Act 2005*, *Occupational Safety and Health Act 1984* and many other Acts and subsidiary legislation, such as Regulations made under various Acts and Local Laws.

## Code of Conduct

The Shire's Code of Conduct outlines the principles, values and behaviours that the community is entitled to expect of all Elected Members, committee members and employees. Also, the Local Government (Rules of Conduct) Regulations 2007 provide the disciplinary framework to deal with individual misconduct by elected members.



## Executive Leadership Team

The Shire's four Directors and Chief Executive Officer (pictured right) form the Executive Leadership Team. There are several facets to their roles but primarily they are responsible for effectively leading and managing the following directorates:

- Strategic and Community Services
- Infrastructure Services
- Statutory Services
- Corporate Services

The 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.



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

### Employee Profile

Shire of Mundaring employed the equivalent of 210.18 full-time employees in 2016/17. This figure incorporates 37.2 full-time equivalents who deliver services to the community, which are funded through grants and service fees. Our workforce also comprises temporary and casual workers. Many employees are also residents, reflecting the value of the organisation as a local employer.

### Employee Turnover

Comparative employee turnover has remained consistently low for the last few years as demonstrated below:

- 2016/17 – 12.45%
- 2015/16 – 9.54%,
- 2014/15 – 10.57%
- 2013/14 – 9.62%

The higher turnover in the past 12 months is reflective of an ageing workforce. We anticipate this will continue over the next few years.

### Salaries

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

Eighteen Shire of Mundaring employees were entitled to an annual cash salary of \$100,000 or more in the following categories:

| Salary Range        | No. of employees |
|---------------------|------------------|
| \$100,000 - 109,999 | 1                |
| \$110,000 - 119,999 | 1                |
| \$120,000 - 129,999 | 5                |
| \$130,000 - 139,999 | 5                |
| \$140,000 - 149,999 | 1                |
| \$160,000 - 169,999 | 1                |
| \$170,000 - 179,999 | 1                |
| \$180,000 - 189,000 | 2                |
| \$250,000 - 259,999 | 1                |

### Our People

There is a diverse range of professions and skillsets among Shire employees including engineers, planners, labourers, mechanics, child care and youth workers, IT experts, librarians and Learn to Swim instructors. All are equally committed to providing ongoing quality customer service to residents and ratepayers.



# Governance

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

## **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 Shire performance, progress towards targets and use of resources. The Shire has pursued an agenda of increasing its own transparency and accountability to its ratepayers.

## **Internal Audit**

The Shire's Internal Audit program forms part of our overall Risk Management Program, which determines the most significant risks yet to be addressed. The program provides advice on the best way to manage these risks. In 2016/17, Shire procurement policies and procedures have been updated following an audit of the organisation's internal procurement.

## **Review of Council Policies**

A review and update of existing Council policies were progressed in 2016/17. The review will confirm relevance and alignment between policies and will also help identify any areas which need to be addressed.

### **Freedom of Information**

The Shire has a Freedom of Information Statement prepared in accordance with the *Freedom of Information Act 1992*. A total of 17 Freedom of Information requests were received in this reporting period and were completed within the legislative timeframe.

### **Information Management**

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

### **Information Communication and Technology (ICT)**

The ICT department has continued to provide a high standard of service through the management of the Shire's systems and services. Significant projects completed during 2016/17 include the implementation of ICT systems at the new Boya Community Centre; the installation of Wi-Fi at the Shire's Youth Centre, Hub of the Hills, Shire Operations and both libraries; as well as completion a major audit and reconfiguration of cyber security structures and services.

### **Risk Management**

In 2016/17, Council approved the Shire's updated Risk Management Framework. The framework was developed in accordance with the Australian Standard AS/NZS ISO 3100:2009. It is intended to integrate risk management into the Shire's workplace culture. A risk register and dashboard are currently in progress. Once complete, it will incorporate risks associated with all Shire business.

### **Occupational Health and Safety**

By continuing to provide a safe and healthy workplace, the Shire has met its moral and legal responsibilities under the *Occupational Health and Safety Act 1984*. A review of the operational practices is currently underway.





# Community

- A community that is prepared for bushfire and other natural disasters
- 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 and flourishing local business

## Emergency Management

### Fire Hazard Inspection Officers

There was a significant increase in the number of property inspections carried out in 2016/17. The Shire's Fire Hazard Inspection Officers have been able to provide helpful advice to residents about how to best protect their property in the event of a bushfire, in particular regarding the requirement to comply with the firebreak/fuel load notice.



*Shire of Mundaring's Fire Hazard Inspection and Fire Protection Officers have responded to an increasing number of requests from the community in 2016/17 to provide advice on how to best protect their property in the peak bushfire season.*

### Fire Protection Officers

Numerous planned burns were successfully completed in 2016/17 by the Shire's Fire Protection Officers with the assistance of local volunteer bushfire brigades. Due to unexpected continuous rain in early 2017, the Hazard Reduction Burning schedule was delayed. It meant officers were only able to complete weed removal and install fire breaks on Shire reserves.

### Bushfire Area Access Strategy

Shire of Mundaring's Bushfire Area Access Strategy, adopted by Council in September 2016, provides a framework to address unsatisfactory access arrangements. Work has already been carried out at various locations in the Shire to improve emergency vehicle access, should it be required.

### Community Safety (Rangers)

The Community Safety team has seen effective engagement and education about pet-related matters during 2016/17. There has been significant work and consultation carried out to help identify suitable Dog Exercise Areas in the Shire and also where dogs are prohibited.



### Bush Fire Event - State Finalist in Prestigious Awards

The Shire's Test Your Bush Fire Survival Plan (TYBFSP) was crowned a finalist in the 2016 State Emergency Management's WA Resilience Australia Awards.

The innovative event, run through the Shire's Facebook page, encourages people to write and then test a survival plan. Participants are given mock scenarios every five minutes over a 30-minute period so they can review their plans and determine if they would work in a real emergency situation.

Now in its third year, the TYBFSP event has been the perfect forum to connect with the Shire's social media-savvy community to ensure they are 'Bushfire Ready'. It has been met with overwhelmingly positive feedback.

## Community Development – Services for all Residents

### Children's Services Celebrates 30th Anniversary

The launch of Midvale Hub's new website and promotional material was an ideal forum to celebrate 30 years of delivering services to families in the Shire of Mundaring.

The Hub's new Parenting Service commenced in April 2017, thanks to funding from the Department for Communities, in recognition of the ongoing support offered to local parents. The service has a dynamic team of parenting educators who offer numerous programs and services to the community.

During an accreditation process in 2016/17, three Children's Services programs in the Shire achieved a rating of exceeding the National Quality Standard in delivering high quality care for children and their families.



*Former Minister Paul Miles visited the Midvale Hub's Swan Children and Family Centre to congratulate the Shire on its track record of supporting families and children for over 30 years. Photo: Courtesy of Community Newspaper Group.*



## Youth

The Youth Informing Strategy 2017-2022 was approved by Council in 2017. It was developed following extensive community consultation as well as a review of the previous strategy. In addition, a new youth service model has been developed to provide a change in direction for the delivery of youth services in the Shire. The new model will ensure an ongoing focus on contemporary issues, opportunities and challenges faced by young people living in our community.



*The Youth Informing Strategy 2017-2022 was approved by Shire of Mundaring Council in 2016/17.*



*Former Shire President David Lavell (middle) with Nick Elton and Peregrin Wildoak at a Gadgets and Gizmos workshop.*

## Seniors

The Shire held a number of events for seniors in the community. They include a Seniors Recreation Day, Memory Café, a Gadgets and Gizmo workshop as well as regular functions such as the Seniors Christmas celebration, morning teas and book cafés.

'Gadget and Gizmos' workshops have been popular among our seniors. Memory Café has also been well received. It provides a safe forum for people living with memory loss (and their carers), to come together and share their experiences with new friends.

## Visitor Services

Several locations within the Shire, such as Lake Leschenaultia and Mundaring Weir, are considered among WA's top tourist destinations. Their popularity prompted staff at the Visitor Centre to develop a Facebook Strategy to help promote the attractions to a broader audience.



The new **Visitor Centre Facebook** page has boosted engagement by more than **50%**.

There has been a significant increase in **positive engagement** on the page.



Visitor Centre produced re-useable '**Mundaring Heart of the Hills**' coffee cups to support the community's commitment to waste reduction.



*Many of Mundaring's spectacular locations were captured on film by a local production company. The project, co-ordinated by the Visitor Centre, produced a variety of drone, street view photography and video footage. The imagery will showcase tourist attractions and as well as some hidden treasures. Pictured: Mundaring Weir.*

### Mobile Vendors Policy

A policy to allow mobile food vendors to operate on Shire land was implemented in April 2017. This initiative has been extremely successful, particularly at Sculpture Park in Mundaring, as access to the vendors has helped create a stronger community vibe at local parks and reserves.

### Volunteer and Community Grants

#### Grants awarded in 2016/17

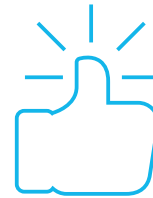


10

volunteer-based groups received funding to help with community events.

36

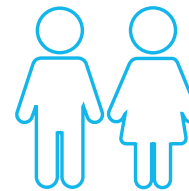
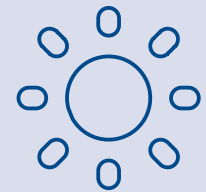
local groups received funding to help with training and equipment.



6

groups received Volunteer Recognition Event grants.

The 2016/17 Annual Milestone Grant was awarded to Swan View Primary School to go towards their 75th anniversary celebration.



40

Youth Grants were awarded to assist with travel costs associated with attending rural, interstate and international competitions.



*Young Tae Kwon Do champion, Shante Regnault, is one of 40 local residents to receive a Youth Grant over the last 12 months.*



## Events

### Cinema Under Starlight

The Shire hosted four free movie nights during January and February 2017. The annual series is known as Cinema Under Starlight. It has proven to be extremely popular in the local community, particularly among families.



### Trek the Trail

Held over several weekends in Spring 2016, Trek the Trail offered cycling, running and walking.



75

cyclists rode 20km from Darlington to Mundaring.

85

runners ran from Mundaring to Mahogany Creek.



550

walkers trekked from John Forrest National Park to Swan View Platform.

Activities held during the Trek the Trail series created a fantastic sense of community thanks to the involvement of groups including the Mundaring Arts Centre and Mundaring Hills Historical Society.

### Citizenship Ceremonies

In 2016/17, a remarkable 78 people from 23 different countries became Australian Citizens at ceremonies hosted by Shire of Mundaring.



# Natural Environment

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

## Gold Status for Water Management

Shire of Mundaring received a Gold Waterwise status in recognition of being among WA's top water saving councils. It achieved Gold status following the implementation of an updated and innovative Water Efficiency Action Plan.

Water reduction strategies implemented by the Shire include the use of native plants and sub-surface reticulation, which both reduce maintenance and water usage.

The Gold status was achieved through the Waterwise program which supports councils in their efforts to improve water efficiency.



*Former Shire President David Lavell, Co-ordinator Environment & Sustainability Briony Moran & Director Statutory Services, Mark Luzi from Shire of Mundaring.*



### Environment and Schools

Local school children are regularly involved in the Shire's environmental projects especially where there is a significant educational component.

Mundaring Christian College teamed up with Mundaring Men's Shed to design, construct and install nesting boxes for native species at the Mundaring Arena site. The nesting box project was incorporated in the school curriculum.



*Mundaring Christian College Principal Rod McNeill and students presenting nesting boxes to Shire of Mundaring former Deputy President Cr Patrick Bertola, which have since been placed at the new Mundaring Arena site.*

### Erosion Control Project

Northam Senior High School students assisted the Shire with the Erosion Control Project in Glen Forrest. Students' involvement will contribute to their completion of Certificate II in Conservation Land Management and Horticulture.



*Northam SHS students carry out erosion control works in collaboration with Shire of Mundaring.*

## Environmental Projects and the Community

### Tree Canopy and Understorey Program (TCUP)

Known locally as TCUP, this annual program is extremely popular throughout the Shire. In 2016/17, residents and local Friends Groups shared in 52,000 seedlings.

Throughout the year, Friends Group volunteers and the Shire's Landcare Team planted over 8000 native seedlings in various locations across the Shire.



*Local residents participating in the Shire's popular TCUP initiative, pictured with former Shire President David Lavell.*

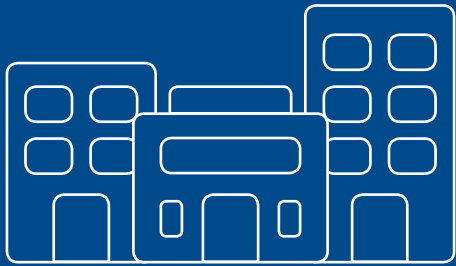
### Roadside Conservation

The aesthetic and biodiversity values of native vegetation on verges was recognised through the adoption of a Roadside Conservation Strategy in August 2016. This was followed by the development of a Roadside Conservation Policy.

### Friends Groups

Our residents are passionate about their local environment and are happy to roll their sleeves up and assist in various projects. Listed below are just some of the works completed in 2016/17:

- Friends Groups carried out revegetation works on the Railway Reserves Heritage Trail.
- Local school students replanted 430 native seedlings at Sculpture Park after eastern states species were removed from the area.
- Glen Forrest Primary School students helped the Shire rehabilitate natural areas near the school.
- The Shire and Mundaring Arts Centre delivered Environmental Art Awards to local primary schools.
- Friends of Boya Trail held an open day in May 2017 and unveiled a new sign about native grasses.



# 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



## **Boya Community Centre**

The official opening of the Boya Community Centre took place in March 2017. The state-of-the-art facility comprises the Katharine Susannah Prichard Library (formerly based in Greenmount) as well as several contemporary meeting and function spaces which are available to the public.

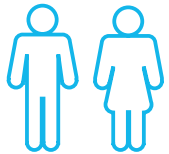
The library is the most prominent and popular feature of the Boya Community Centre. Embraced by the community since opening, the library has generated a record number of new memberships. Various events are regularly held at the library including author talks, presentations and children's activities.



### Shire of Mundaring Libraries

The Katharine Susannah Prichard Library has fully-accessible features: height-adjustable work stations & computers, accessible self-service loan kiosks & seating for people with disabilities.

In 2016/17 there were:



**121,436** visitors

**2953**

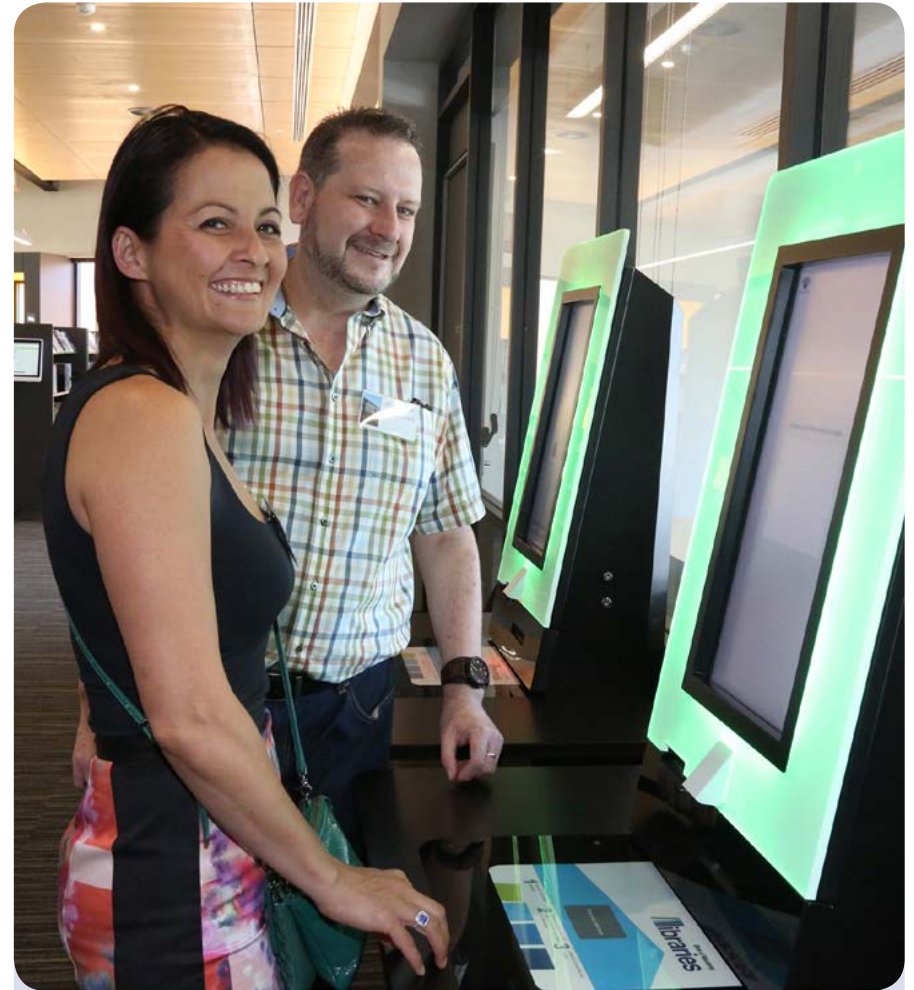
new members



**279,648** items loaned

**21**

author talks attracting more than 800 people



*Customers using the new electronic borrowing system at the new library at Boya.*



### **Mundaring Arena**

With the design phase of the Mundaring Arena project complete, construction commenced in late 2016. Shire employees worked closely with the local basketball, netball and indoor hockey associations along with the architects, consultants and the construction company Pindan to ensure the design was great value for money and fit for purpose. The community is looking forward to the official opening of the Arena, scheduled for early 2018.

The \$10.1million Arena has been ahead of schedule for most of 2016/17. The state-of-the-art facility will mean players from the

local community and further afield will be able to play their sport throughout the year, irrespective of weather conditions.

Mundaring Community Bank Branch Bendigo Bank has pledged \$100,000 towards the project, with local basketball, hockey and netball clubs pledging between \$10,000 and \$30,000 each. The State Government is providing \$3 million in funding, with the Shire funding the remainder.

Shire of Mundaring looks forward to delivering this vital community project which can be enjoyed for generations to come.

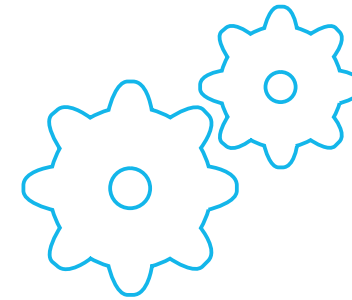
*Image: Artist's impression of Mundaring Arena. Construction is almost complete with an anticipated opening in early 2018.*

### **Mundaring Masterplan**

The Mundaring Town Initiative Masterplan, adopted by Shire of Mundaring Council in early 2017, will create an even more vibrant and diverse Mundaring. It will essentially provide a long-term blueprint for the town. The preparation of a detailed Activity Centre Plan will provide the statutory controls to ensure any private investment aligns with the community's vision.

### **Foothills Growth Strategy**

As the name suggests, the Foothills Growth Strategy provides a framework to manage a growing population in Helena Valley and Bellevue. Adopted by Council in mid-2017, the strategy addresses matters such as ensuring there will be a wide range of housing densities available to accommodate future growth. The Foothills Growth Strategy will also link development to the protection and enhancement of environmental features.



### **Major projects completed in 2016/17**

**Boya Oval upgrade**

**Lilydale Road safety upgrade**

**Swan View Station carpark and Morrison Road crossing**

**Gooray Street upgrade**

**Flood light at Glen Forrest Oval**

**Addition of change rooms at Harry Riseborough Oval**

**Construction of Chidlow War memorial  
(in conjunction with Chidlow Progress Association)**



## National, State and Local Recognition for Innovative Planning

Shire of Mundaring received three prestigious awards in 2016/17 for its proactive approach towards mitigating bushfire risks while preserving and protecting the high biodiversity values practiced by the organisation.

The planning and environment team developed the award-winning suite of implementation tools and services which encourage applicants to consider both bushfire and environmental factors early in the design and development process. It has achieved a simplified method for landowners as well as a streamlined approvals system, leading to better environmental and land management outcomes.

## An Accessible and Inclusive Mundaring

### Disability Access and Inclusion Plan

Shire of Mundaring is committed to providing facilities and services which are accessible to all community members.

The Disability Access and Inclusion Plan 2017–2021 identifies a number of strategies which work towards a common goal to create a community where people with a disability, their families, friends and carers, feel welcomed, valued and included. The Shire is proud of the many outcomes achieved under the previous 2012-2015 plan.

## Accessible Aquatic Centre

Bilgoman Aquatic Centre in Darlington offers accessible entry to the pool with a custom-made ramp for people in a wheelchair.



*Nigel Barley at Bilgoman Aquatic Centre.*

### **International Day of People with a Disability**

This annual event is celebrated by the Shire with the purchase of an item that will help create a more inclusive community. In 2016/17, the Shire commissioned an audit of several key pages of its website, including the Fire and Emergency page, to make its features more accessible to people with disabilities.

### **Inclusion and disAbility Access Advisory Group**

The Shire continues to facilitate an Inclusion and disAbility Access Advisory Group. The meetings provide an opportunity for those living, or supporting someone, with a disability to raise access and inclusion issues. Results from the meetings include a priority list for access upgrades to Shire buildings.

### **Accessible parks and playgrounds**

Shire of Mundaring offers a range of accessible parks and playgrounds including the recently constructed Sculpture Park in Mundaring.



*Sculpture Park in Mundaring offers fully-accessible playground equipment.*



# 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

## 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 right:

## Four Year Priorities from CBP

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

|               |   |
|---------------|---|
| <b>High</b>   | Areas that are in Direct Control of Local Government  |
| <b>Medium</b> | Areas that Local Government does not Control but can Influence  |
| <b>Low</b>    | Areas that Local Government neither Controls nor is likely to Influence, but are of concern to the Community and Impact on Community Well Being |

### Strategic Theme 1: Governance

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

| High<br>Medium<br>Low- Control | Strategic<br>Priorities | Indicators and<br>Measures   | 2015/16 | 2016/17      |
|--------------------------------|-------------------------|--|---------|--------------|
| H                              | O                       | Residents satisfied with the elected members' leadership<br>% of respondents satisfied with the Shire's elected member's leadership within the community | 45*     | October 2017 |
| M                              | O                       | # of Ordinary and Special Council Meetings attended by elected members   | 172     | 140          |
| M                              | O                       | % Respondents satisfaction with how the Shire engage the community about local issues  | 56*     | October 2017 |
| H                              | P4                      | % of respondents who agree that the Shire has developed and communicated a clear vision for the area.  | 22*     | October 2017 |

## Strategic Theme 2: Community

- A community that is prepared for bush fire and other natural disasters
- 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<br>Medium<br>Low- Control | Strategic<br>Priorities | Indicators and<br>Measures   | 2015/16 | 2016/17      |
|--------------------------------|-------------------------|--|---------|--------------|
| H                              | SP2                     | % of respondents satisfied with the performance of the SOM with respect to Playgrounds and Parks | 77*     | October 2017 |
| H                              | SP2                     | Sport and recreation facilities  | 81*     | October 2017 |
| H                              | SP2                     | Bilgoman Aquatic Centre and Mount Helena Aquatic Centre  | 92*     | October 2017 |
| H                              | SP2                     | Library services   | 85*     | October 2017 |
| M                              | SP2                     | Community buildings, halls & toilets   | 65*     | October 2017 |
| M                              | SP4                     | Bushfire preparedness % of assessments leading to issuing of bushfire compliance notices         | 12.84   | 15.25        |
| H                              | SP4                     | # of Bushfire preparedness inspections undertaken.   | 266     | 505          |

| High<br>Medium<br>Low- Control | Strategic<br>Priorities | Indicators and<br>Measures   | 2015/16 | 2016/17              |
|--------------------------------|-------------------------|--|---------|----------------------|
| H                              | O                       | # of years lapsed since the Heritage register was updated.                                   | 100%    | Review 2020          |
| H                              | O                       | \$ investment in public art  | 10,000  | 10,000               |
| H                              | P2                      | % Building Minor Capital Projects Completed  | 75      | 57                   |
| H                              | O                       | % Community Satisfaction in the efficiency and effectiveness of the Shire's Customer Service | 71*     | October 2017         |
| H                              | P2                      | Lake Leschenaultia Caretaker Accommodation   |         | Council to determine |
| H                              | P2                      | Construct Boya Oval Facilities   |         | Completed            |
| H                              | P2                      | Glen Forest Oval - Replace Toilet Block  |         | Commence 2017/18     |
| H                              | P2                      | Sawyers Valley Oval - Replace Toilet Block   |         | Commence 2017/18     |

| High<br>Medium<br>Low- Control | Strategic<br>Priorities | Indicators and<br>Measures   | 2015/16 | 2016/17      |
|--------------------------------|-------------------------|--|---------|--------------|
| H                              | P3                      | % Community Satisfaction with waste transfer stations services                           | 79*     | October 2017 |
| H                              | P3                      | % Community Satisfaction with Verge-side bulk rubbish collection                         | 78*     | October 2017 |
| M                              | SP3                     | % of respondents satisfied with services and facilities for; Children under 12 years old | 60*     | October 2017 |
| M                              | SP3                     | Youth aged 12-25 years   | 40*     | October 2017 |
| M                              | SP3                     | Facilities, services and care available for seniors                                      | 66*     | October 2017 |
| M                              | SP3                     | Access to services and facilities for people with disability                             | 59*     | October 2017 |

### 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<br>Medium<br>Low- Control | Strategic<br>Priorities | Indicators and<br>Measures  | 2015/16 | 2016/17 |
|--------------------------------|-------------------------|---|---------|---------|
| M                              | SP1                     | # of trees/seedlings planted in natural areas / greenways by Shire and Friends Groups | 8,734   | 2369    |
| L                              | P3                      | # hours spent on-ground by Friends Groups   | 3,166   | 2154    |
| H                              | P3                      | # of hours Landcare Team assistance to Friends Group                                  | 3,648   | 456     |
| M                              | P3                      | % Friends Groups satisfaction with Shire assistance                                   | 100     | 91      |
| L                              | P3                      | # of new Friends Groups   | 4       | 2       |
| H                              | P3                      | # of seedlings provided to public through Tree Canopy and Understorey Program         | 52,000  | 53,100  |

| High<br>Medium<br>Low- Control | Strategic<br>Priorities | Indicators and<br>Measures   | 2015/16 | 2016/17      |
|--------------------------------|-------------------------|--|---------|--------------|
| M                              | P3                      | # of applications for the Tree Canopy and Understorey Program  | 1,160   | 985          |
| M                              | SP1 & 4                 | Bush fire protection and weed control - # of prescribed burns conducted  | 110     | 65           |
| H                              | P2                      | % parks, reserves and public open spaces capital projects completed  | 86      | 89           |
| H                              | SP1                     | # of hours to mow verges   | 8,052   | 7334         |
| M                              | SP1                     | Residents satisfaction with services and facilities: % of respondents satisfied with mowing of : verges, reserves and public open spaces | 63*     | October 2017 |

### 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<br>Medium<br>Low- Control | Strategic<br>Priorities | Indicators and<br>Measures                                  | 2015/16 | 2016/17          |
|--------------------------------|-------------------------|---|---------|------------------|
| H                              | P4                      | Bushfire Area Access Strategy                               | 70%     | 100%             |
| H                              | P4                      | Foothills Growth Strategy                                   | 47.5%   | 100%             |
| H                              | P4                      | Review Local Commercial Strategy                            |         | Commence         |
| H                              | P4                      | Light Industrial Investigation                              |         | Commence 2018/19 |
| H                              | P4                      | Limited Rural Strategy for Bailup & Wooroloo                |         | Commence 2020/21 |
| H                              | P4                      | Mundaring Town Centre Masterplan                            | 19%     | 100%             |
| H                              | P4                      | Watercourse Hierarchy Strategy                              |         | Commence 2019/21 |
| H                              | P2                      | % Roads, Bridges and Bus Shelter Capital Projects Completed | 69      | 86               |

| High<br>Medium<br>Low- Control | Strategic<br>Priorities | Indicators and<br>Measures                             | 2015/16   | 2016/17                                   |
|--------------------------------|-------------------------|--|---|---|
| M                              | P2                      | % of Roads in "Satisfactory" Condition                 | Road Condition Surveys carried out every five years                             | Next Survey due in 2017/18 financial year |
| H                              | P2                      | % Footpaths / Cycleways Capital Projects Completed     | 78  | 87  |
| 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                  | 60  | 75  |

| High<br>Medium<br>Low- Control | Strategic<br>Priorities | Indicators and<br>Measures                               | 2015/16 | 2016/17                                |
|--------------------------------|-------------------------|--|---------|--|
| M                              | P2                      | # of Properties Complaining of Flooding                  | 45      | 7                                      |
| H                              | P2                      | # of Catchments Analysed for Drainage Capacity Per Annum | 0       | Next Catchment Analysis due in 2018/19 |



# Financial Report

For the year ended 30th June 2017

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## Shire of Mundaring | Financial Report For the year ended 30th June 2017

**GOVERNMENT ACT 1995**

**LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

### **STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 27th day of October 2017



**Jonathan Throssell**  
Chief Executive Officer

## Shire of Mundaring

STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2017

|   | note | 2017<br>\$          | 2017 Budget<br>\$   | 2016<br>\$          |
|---|------|---------------------|---------------------|---------------------|
| <b>Revenue</b>  |      |                     |                     |                     |
| Rates   | 22   | 26,431,929          | 26,259,031          | 25,335,202          |
| Operating grants, subsidies and contributions                             | 29   | 6,755,608           | 4,622,520           | 4,595,110           |
| Fees and charges  | 28   | 11,759,094          | 11,970,019          | 11,686,873          |
| Interest earnings   | 2(a) | 1,041,275           | 1,148,750           | 974,924             |
| Other revenue   | 2(a) | 1,529,113           | 2,627,538           | 1,501,166           |
|   |      | <b>47,517,019</b>   | <b>46,627,858</b>   | <b>44,093,275</b>   |
| <b>Expenses</b>   |      |                     |                     |                     |
| Employee costs  |      | (18,809,705)        | (19,133,690)        | (18,768,947)        |
| Materials and contracts   |      | (18,004,252)        | (19,500,713)        | (17,394,027)        |
| Utility charges   |      | (1,201,047)         | (1,310,656)         | (1,219,073)         |
| Depreciation on non-current assets  | 2(a) | (8,802,879)         | (7,462,491)         | (8,901,536)         |
| Interest expenses   | 2(a) | (640,049)           | (617,808)           | (367,504)           |
| Insurance expenses  |      | (806,252)           | (855,467)           | (826,230)           |
| Other expenditure   |      | (1,046,345)         | (1,839,378)         | (919,202)           |
| <b>Total Expenses</b>   |      | <b>(49,310,529)</b> | <b>(50,720,203)</b> | <b>(48,396,519)</b> |
|   |      | <b>(1,793,510)</b>  | <b>(4,092,345)</b>  | <b>(4,303,244)</b>  |
| Non-operating grants, subsidies and contributions                         | 29   | 4,315,630           | 4,920,919           | 4,562,376           |
| Profit on asset disposals   | 20   | 36,528              | 0                   | 1,431,204           |
| (Loss) on asset disposals   | 20   | (96,694)            | (114,255)           | (133,749)           |
| Change in Equity - Joint Venture  | 16   | 892,286             | 0                   | 1,603,101           |
| (Loss) on revaluation of furniture and equipment                          | 6(b) | 0                   | 0                   | (16,089)            |
| <b>Net result</b>   |      | <b>3,354,240</b>    | <b>714,319</b>      | <b>3,143,599</b>    |
| <b>Other comprehensive income</b>   |      |                     |                     |                     |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |      |                     |                     |                     |
| Changes on revaluation of non-current assets                              | 12   | (6,583,059)         | 0                   | (595,550)           |
| <b>Total other comprehensive income</b>                                   |      | <b>(6,583,059)</b>  | <b>0</b>            | <b>(595,550)</b>    |
| <b>Total comprehensive income</b>   |      | <b>(3,228,819)</b>  | <b>714,319</b>      | <b>2,548,049</b>    |

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

Shire of Mundaring

STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2017

|                             | note | 2017<br>\$          | 2017 Budget<br>\$   | 2016<br>\$          |
|-----------------------------|------|---------------------|---------------------|---------------------|
| <b>Revenue</b>              | 2(a) |                     |                     |                     |
| Governance                  |      | 322,486             | 91,500              | 172,002             |
| General purpose funding     |      | 31,258,266          | 30,172,183          | 27,607,044          |
| Law, order, public safety   |      | 704,844             | 477,200             | 763,421             |
| Health                      |      | 98,890              | 55,700              | 84,150              |
| Education and welfare       |      | 4,935,430           | 4,541,318           | 5,521,660           |
| Community amenities         |      | 7,782,380           | 7,744,284           | 7,714,047           |
| Recreation and culture      |      | 1,217,166           | 1,169,180           | 1,186,676           |
| Transport                   |      | 292,745             | 203,000             | 270,739             |
| Economic services           |      | 286,105             | 298,625             | 261,576             |
| Other property and services |      | 618,707             | 1,874,868           | 511,960             |
|                             |      | <b>47,517,019</b>   | <b>46,627,858</b>   | <b>44,093,275</b>   |
| <b>Expenses</b>             | 2(a) |                     |                     |                     |
| Governance                  |      | (4,734,531)         | (5,623,869)         | (4,639,326)         |
| General purpose funding     |      | (860,429)           | (655,034)           | (642,813)           |
| Law, order, public safety   |      | (2,451,342)         | (2,394,299)         | (2,685,288)         |
| Health                      |      | (651,408)           | (785,579)           | (687,079)           |
| Education and welfare       |      | (7,124,910)         | (7,226,524)         | (7,455,127)         |
| Community amenities         |      | (8,745,029)         | (9,489,766)         | (8,663,147)         |
| Recreation and culture      |      | (10,599,591)        | (10,562,548)        | (10,494,856)        |
| Transport                   |      | (10,975,714)        | (9,493,175)         | (10,547,028)        |
| Economic services           |      | (754,826)           | (796,591)           | (756,775)           |
| Other property and services |      | (1,772,700)         | (3,075,010)         | (1,457,576)         |
|                             |      | <b>(48,670,480)</b> | <b>(50,102,395)</b> | <b>(48,029,015)</b> |
| <b>Finance costs</b>        | 2(a) |                     |                     |                     |
| Governance                  |      | (307,623)           | (283,445)           | (324,616)           |
| Recreation and culture      |      | (332,426)           | (334,363)           | (42,888)            |
|                             |      | (640,049)           | (617,808)           | (367,504)           |
|                             |      | <b>(1,793,510)</b>  | <b>(4,092,345)</b>  | <b>(4,303,244)</b>  |

Shire of Mundaring

STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2017 (CONTINUED)

|   | note | 2017<br>\$         | 2017 Budget<br>\$ | 2016<br>\$       |
|---|------|--------------------|-------------------|------------------|
| Non-operating grants, subsidies and contributions                         | 29   | 4,315,630          | 4,920,919         | 4,562,376        |
| Profit on disposal of assets  | 20   | 36,528             | 0                 | 1,431,204        |
| (Loss) on disposal of assets  | 20   | (96,694)           | (114,255)         | (133,749)        |
| Change in Equity - Joint Venture  | 16   | 892,286            | 0                 | 1,603,101        |
| (Loss) on revaluation of furniture and equipment                          | 6(b) | 0                  | 0                 | (16,089)         |
| <b>Net result</b>   |      | <b>3,354,240</b>   | <b>714,319</b>    | <b>3,143,599</b> |
| <b>Other comprehensive income</b>   |      |                    |                   |                  |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |      |                    |                   |                  |
| Changes on revaluation of non-current assets                              | 12   | (6,583,059)        | 0                 | (595,550)        |
| <b>Total other comprehensive income</b>                                   |      | <b>(6,583,059)</b> | <b>0</b>          | <b>(595,550)</b> |
| <b>Total comprehensive income</b>   |      | <b>(3,228,819)</b> | <b>714,319</b>    | <b>2,548,049</b> |

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

## Shire of Mundaring

STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30TH JUNE 2017

|   | note | 2017<br>\$         | 2016<br>\$         |
|---|------|--------------------|--------------------|
| <b>CURRENT ASSETS</b>                   |      |                    |                    |
| Cash and cash equivalents               | 3    | 32,218,731         | 36,431,621         |
| Trade and other receivables             | 4    | 1,947,352          | 1,900,544          |
| Inventories                             | 5    | 92,741             | 103,837            |
| <b>TOTAL CURRENT ASSETS</b>             |      | <b>34,258,824</b>  | <b>38,436,002</b>  |
| <b>NON-CURRENT ASSETS</b>               |      |                    |                    |
| Other receivables                       | 4    | 934,213            | 885,222            |
| Property, plant and equipment           | 6    | 71,264,715         | 72,229,783         |
| Infrastructure                          | 7    | 364,989,205        | 364,698,043        |
| Interest in Joint Venture               | 16   | 18,974,932         | 18,082,646         |
| <b>TOTAL NON-CURRENT ASSETS</b>         |      | <b>456,163,065</b> | <b>455,895,694</b> |
| <b>TOTAL ASSETS</b>                     |      | <b>490,421,889</b> | <b>494,331,696</b> |
| <b>CURRENT LIABILITIES</b>              |      |                    |                    |
| Trade and other payables                | 8    | 2,383,374          | 2,540,354          |
| Current portion of long term borrowings | 9    | 577,065            | 550,311            |
| Provisions                              | 10   | 3,278,582          | 3,193,548          |
| <b>TOTAL CURRENT LIABILITIES</b>        |      | <b>6,239,021</b>   | <b>6,284,213</b>   |
| <b>NON-CURRENT LIABILITIES</b>          |      |                    |                    |
| Long term borrowings                    | 9    | 11,741,998         | 12,319,063         |
| Provisions                              | 10   | 212,710            | 271,441            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>    |      | <b>11,954,708</b>  | <b>12,590,504</b>  |
| <b>TOTAL LIABILITIES</b>                |      | <b>18,193,729</b>  | <b>18,874,717</b>  |
| <b>NET ASSETS</b>                       |      | <b>472,228,160</b> | <b>475,456,979</b> |
| <b>EQUITY</b>                           |      |                    |                    |
| Retained surplus                        |      | 137,540,104        | 128,504,202        |
| Reserves - cash backed                  | 11   | 20,876,104         | 26,557,766         |
| Revaluation surplus                     | 12   | 313,811,952        | 320,395,011        |
| <b>TOTAL EQUITY</b>                     |      | <b>472,228,160</b> | <b>475,456,979</b> |

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

Shire of Mundaring

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2017

|                                   | note | RETAINED<br>SURPLUS<br>\$ | RESERVES<br>CASH BACKED<br>\$ | REVALUATION<br>SURPLUS<br>\$ | TOTAL EQUITY<br>\$ |
|-----------------------------------|------|---------------------------|-------------------------------|------------------------------|--------------------|
| <b>Balance as at 1 July 2015</b>  |      | <b>139,461,200</b>        | <b>12,457,169</b>             | <b>320,990,561</b>           | <b>472,908,930</b> |
| Comprehensive income              |      |                           |                               |                              |                    |
| Net result                        |      | 3,143,599                 | 0                             | 0                            | 3,143,599          |
| Changes on revaluation of assets  | 12   | 0                         | 0                             | (595,550)                    | (595,550)          |
| Total comprehensive income        |      | 3,143,599                 | 0                             | (595,550)                    | 2,548,049          |
| Transfers from/(to) reserves      | 11   | (14,100,597)              | 14,100,597                    | 0                            | 0                  |
| <b>Balance as at 30 June 2016</b> |      | <b>128,504,202</b>        | <b>26,557,766</b>             | <b>320,395,011</b>           | <b>475,456,979</b> |
| Comprehensive income              |      |                           |                               |                              |                    |
| Net result                        |      | 3,354,240                 | 0                             | 0                            | 3,354,240          |
| Changes on revaluation of assets  | 12   | 0                         | 0                             | (6,583,059)                  | (6,583,059)        |
| Total comprehensive income        |      | 3,354,240                 | 0                             | (6,583,059)                  | (3,228,819)        |
| Transfers from/(to) reserves      | 11   | 5,681,662                 | (5,681,662)                   | 0                            | 0                  |
| <b>Balance as at 30 June 2017</b> |      | <b>137,540,104</b>        | <b>20,876,104</b>             | <b>313,811,952</b>           | <b>472,228,160</b> |

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

## Shire of Mundaring

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2017

|   | note  | 2017 Actual<br>(\$'000) | 2017 Budget<br>(\$'000) | 2016 Actual<br>(\$'000) |
|---|-------|-------------------------|-------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |       |                         |                         |                         |
| <b>Revenue</b>  |       |                         |                         |                         |
| Receipts  |       |                         |                         |                         |
| Rates   |       | 26,073,579              | 26,259,031              | 25,179,522              |
| Operating grants, subsidies and contributions               |       | 6,755,608               | 4,622,520               | 4,595,110               |
| Fees and charges  |       | 12,005,325              | 11,970,019              | 12,204,672              |
| Interest earnings   |       | 1,041,275               | 1,148,750               | 974,924                 |
| Goods and services tax                                      |       | 2,985,370               | 1,700,000               | 1,313,092               |
| Other revenue   |       | 1,541,387               | 2,627,538               | 1,529,729               |
|   |       | 50,402,544              | 48,327,858              | 45,797,049              |
| <b>Payments</b>   |       |                         |                         |                         |
| Employee costs  |       | (18,783,402)            | (19,133,690)            | (18,535,750)            |
| Materials and contracts                                     |       | (18,150,136)            | (19,500,713)            | (16,134,301)            |
| Utility charges   |       | (1,201,047)             | (1,310,656)             | (1,219,073)             |
| Interest expenses   |       | (640,049)               | (617,808)               | (367,504)               |
| Insurance expenses  |       | (806,252)               | (855,467)               | (826,230)               |
| Goods and services tax                                      |       | (2,981,324)             | (1,700,000)             | (1,405,032)             |
| Other expenditure   |       | (1,046,345)             | (1,839,378)             | (919,202)               |
|   |       | (43,608,555)            | (44,957,712)            | (39,407,092)            |
| <b>Net cash provided by (used in) operating activities</b>  | 13(b) | <b>6,793,989</b>        | <b>3,370,146</b>        | <b>6,389,957</b>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |       |                         |                         |                         |
| Payments for purchase of property, plant & equipment        |       | (9,799,469)             | (16,753,361)            | (4,623,627)             |
| Payments for construction of infrastructure                 |       | (5,571,968)             | (6,427,670)             | (6,782,827)             |
| Non-operating grants, subsidies and contributions           |       | 4,315,630               | 4,920,919               | 4,562,376               |
| Proceeds from sale of fixed assets                          |       | 599,239                 | 517,846                 | 6,799,237               |
| <b>Net cash provided by (used in) investment activities</b> |       | <b>(10,456,568)</b>     | <b>(17,742,266)</b>     | <b>(44,841)</b>         |



Shire of Mundaring

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2017 (CONTINUED)

|  | note  | 2017<br>(\$'000)   | 2017 Budget<br>(\$'000) | 2016<br>(\$'000)  |
|--|-------|--------------------|-------------------------|-------------------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |       |                    |                         |                   |
| Repayment of debentures                                    |       | (550,311)          | (527,018)               | (277,207)         |
| Proceeds from new debentures                               |       | 0                  | 0                       | 8,800,000         |
| <b>Net cash provided by (used in) financing activities</b> |       | <b>(550,311)</b>   | <b>(527,018)</b>        | <b>8,522,793</b>  |
| <b>Net increase (decrease) in cash held</b>                |       | <b>(4,212,890)</b> | <b>(14,899,138)</b>     | <b>14,867,909</b> |
| Cash at beginning of year                                  |       | 36,431,621         | 32,636,868              | 21,563,712        |
| <b>Cash and cash equivalents at the end of the year</b>    | 13(a) | <b>32,218,731</b>  | <b>17,737,730</b>       | <b>36,431,621</b> |

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

## Shire of Mundaring

 RATE SETTING STATEMENT  
 FOR THE YEAR ENDED 30TH JUNE 2017

|  | note | 2017 Actual<br>(\$'000) | 2017 Budget<br>(\$'000) | 2016 Actual<br>(\$'000) |
|--|------|-------------------------|-------------------------|-------------------------|
| <b>Net current assets at start of financial year - surplus/(deficit)</b> |      | 6,144,334               | 3,298,762               | 7,225,367               |
|  |      | 6,144,334               | 3,298,762               | 7,225,367               |
| <b>Revenue from operating activities (excluding rates)</b>               |      |                         |                         |                         |
| Governance   |      | 359,014                 | 91,500                  | 172,002                 |
| General purpose funding  |      | 4,826,337               | 3,913,152               | 2,271,842               |
| Law, order, public safety  |      | 704,844                 | 477,200                 | 763,421                 |
| Health   |      | 98,890                  | 55,700                  | 84,150                  |
| Education and welfare  |      | 4,935,430               | 4,541,318               | 5,521,660               |
| Community amenities  |      | 7,782,380               | 7,744,284               | 7,714,047               |
| Recreation and culture   |      | 1,217,166               | 1,169,180               | 1,186,676               |
| Transport  |      | 292,745                 | 203,000                 | 270,739                 |
| Economic services  |      | 286,105                 | 298,625                 | 261,576                 |
| Other property and services  |      | 618,707                 | 1,874,868               | 1,943,164               |
|  |      | 21,121,618              | 20,368,827              | 20,189,277              |
| <b>Expenditure from operating activities</b>                             |      |                         |                         |                         |
| Governance   |      | (5,138,848)             | (5,623,869)             | (4,963,942)             |
| General purpose funding  |      | (860,429)               | (938,479)               | (642,813)               |
| Law, order, public safety  |      | (2,451,342)             | (2,394,299)             | (2,685,288)             |
| Health   |      | (651,408)               | (785,579)               | (687,079)               |
| Education and welfare  |      | (7,124,910)             | (7,226,524)             | (7,455,127)             |
| Community amenities  |      | (8,745,029)             | (9,489,766)             | (8,663,147)             |
| Recreation and culture   |      | (10,932,017)            | (10,896,911)            | (10,537,744)            |
| Transport  |      | (10,975,714)            | (9,607,430)             | (10,680,777)            |
| Economic services  |      | (754,826)               | (796,591)               | (756,775)               |
| Other property and services  |      | (1,772,700)             | (3,075,010)             | (1,457,576)             |
|  |      | (49,407,223)            | (50,834,458)            | (48,530,268)            |
| <b>Operating activities excluded from budget</b>                         |      |                         |                         |                         |
| (Profit) on disposal of assets   | 20   | (36,528)                | 0                       | (1,431,204)             |
| Loss on disposal of assets   | 20   | 96,694                  | 114,255                 | 133,749                 |
| Movement in deferred pensioner rates (non-current)                       |      | (72,343)                | 0                       | (68,094)                |
| Movement in employee benefit provisions (non-current)                    |      | (35,379)                | 0                       | 11,414                  |
| Depreciation and amortisation on assets                                  | 2(a) | 8,802,879               | 7,462,491               | 8,901,536               |
| <b>Amount attributable to operating activities</b>                       |      | <b>(13,385,948)</b>     | <b>(19,590,123)</b>     | <b>(13,568,223)</b>     |

## Shire of Mundaring

## RATE SETTING STATEMENT

## FOR THE YEAR ENDED 30TH JUNE 2017 (CONTINUED)

|  | note  | 2017<br>(\$'000)    | 2017 Budget<br>(\$'000) | 2016<br>(\$'000)    |
|--|-------|---------------------|-------------------------|---------------------|
| <b>INVESTING ACTIVITIES</b>                                    |       |                     |                         |                     |
| Non-operating grants, subsidies and contributions              |       | 4,315,630           | 4,920,919               | 4,562,376           |
| Proceeds from disposal of assets                               | 20    | 599,239             | 517,846                 | 6,799,237           |
| Purchase of property, plant and equipment                      | 6(b)  | (9,799,469)         | (16,753,361)            | (4,623,627)         |
| Purchase and construction of infrastructure                    | 7(b)  | (5,571,968)         | (6,427,670)             | (6,782,827)         |
| <b>Amount attributable to investing activities</b>             |       | <b>(10,456,568)</b> | <b>(17,742,266)</b>     | <b>(44,841)</b>     |
| <b>FINANCING ACTIVITIES</b>                                    |       |                     |                         |                     |
| Repayment of debentures  | 21(a) | (550,311)           | (527,018)               | (277,207)           |
| Proceeds from new debentures                                   | 21(a) | 0                   | 0                       | 8,800,000           |
| Transfers to reserves (restricted assets)                      | 11    | (2,383,560)         | (2,218,000)             | (25,073,040)        |
| Transfers from reserves (restricted assets)                    | 11    | 8,065,222           | 15,258,082              | 10,972,443          |
| <b>Amount attributable to financing activities</b>             |       | <b>5,131,351</b>    | <b>12,513,064</b>       | <b>(5,577,804)</b>  |
| <b>Surplus(deficiency) before general rates</b>                |       | <b>(18,711,165)</b> | <b>(24,819,325)</b>     | <b>(19,190,868)</b> |
| <b>Total amount raised from general rates</b>                  | 22    | <b>26,431,929</b>   | <b>26,259,031</b>       | <b>25,335,202</b>   |
| <b>Net current assets at June 30 c/fwd - surplus/(deficit)</b> | 23    | <b>7,720,764</b>    | <b>1,439,706</b>        | <b>6,144,334</b>    |

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

## Shire of Mundaring

# NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and 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 19 to these financial statements.

#### 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.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### b. 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 that are readily convertible to known amounts of cash 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.

##### c. 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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

##### d. Inventories

###### *General*

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

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

###### *Land held for sale*

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

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

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

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

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### e. Fixed Assets

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

##### ***Mandatory requirement to revalue non-current assets***

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations 1996* were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

##### ***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.

##### ***Initial recognition and measurement between mandatory revaluation dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

##### ***Revaluation***

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### e. Fixed Assets (continued)

###### *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.

###### *Depreciation*

The depreciable amount of all fixed assets including buildings but excluding freehold 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.

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### e. Fixed Assets (continued)

Major depreciation periods used for each class of depreciable asset are:

|                                 |                 |
|---------------------------------|-----------------|
| <b>Buildings</b>                |                 |
| - Structure                     | 30 to 75 years  |
| - Fit out                       | 18 to 45 years  |
| - Mechanical                    | 18 to 45 years  |
| - Roof Cladding                 | 24 to 60 years  |
| <b>Furniture and Equipment</b>  | 3 to 12 years   |
| <b>Plant and Equipment</b>      | 3 to 20 years   |
| <b>Sealed Roads and Streets</b> |                 |
| - Formation                     | not depreciated |
| - Pavement                      | 70 to 110 years |
| - Surface                       | 15 to 30 years  |
| - Kerb                          | 70 years        |
| <b>Unsealed Roads</b>           |                 |
| - Formation                     | not depreciated |
| - Surface                       | 15 years        |
| <b>Drainage</b>                 | 75 years        |
| <b>Culverts</b>                 | 70 years        |
| <b>Bridges</b>                  | 35 to 100 years |
| <b>Footpaths</b>                | 15 to 80 years  |
| <b>Heritage Trails</b>          | 75 years        |
| <b>Waste Transfer Stations</b>  | 15 to 100 years |
| <b>Bus Shelters</b>             | 50 years        |
| <b>Parks Hard Assets</b>        | 10 to 75 years  |

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.



## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### f. Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

##### *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.

## Shire of Mundaring

# NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### f. Fair Value of Assets and Liabilities (Continued)

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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

### g. Financial Instruments

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

## Shire of Mundaring

# NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### g. Financial Instruments (Continued)

#### *Classification and subsequent measurement*

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

#### *(i) Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

#### *(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

#### *(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

#### *(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into 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.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### g. Financial Instruments (Continued)

###### **Classification and subsequent measurement (continued)**

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

###### *(v) Financial liabilities*

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

###### **Impairment**

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults. For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

###### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### h. Impairment of Assets

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

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

##### i. 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 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.

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

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### j. Employee Benefits (continued)

###### Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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 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.

##### k. 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.

##### l. 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.

##### m. 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 amounts equal to 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.

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 in the periods in which they are incurred.

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

## Shire of Mundaring

# NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### n. 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. 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.

### o. Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

### p. Rates, Grants, Donations and Other Contributions

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

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

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 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 2(c). 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.

### q. 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.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**r. Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**s. Rounding Off Figures**

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

**t. 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 statement, 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.

**u. 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.



## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****v. New Accounting Standards and Interpretations for Application in Future Periods**

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.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

| Title   | Issued / Compiled | Applicable <sup>(1)</sup> | Impact   |
|---|-------------------|---------------------------|--|
| i. AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8) | December 2014     | 1 January 2018            | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.   |
| ii. AASB 15 Revenue from Contracts with Customers                           | December 2014     | 1 January 2019            | This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.<br><br>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.  |
| 3. AASB 16 Leases   | February 2016     | 1 January 2019            | Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.<br><br>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant. |

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### v. New Accounting Standards and Interpretations for Application in Future Periods (continued)

| Title   | Issued / Compiled | Applicable <sup>(1)</sup> | Impact  |
|---|-------------------|---------------------------|---|
| iv. AASB 1058<br>Income of Not-<br>for-Profit Entities<br>(incorporating AASB<br>2016-7 and AASB<br>2016-8) | December 2016     | 1 January 2019            | <p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> |

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

##### w. Adoption of New and Revised 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 associate with the amendment of existing standards, the only new standard with material application is as follows:

|   |   |
|---|---|
| i. AASB 2015-6<br>Amendments<br>to Australian<br>Accounting<br>Standards -<br>Extending Related<br>Party Disclosures to<br>Not-for-Profit Public<br>Sector Entities<br>[AASB 10, 124 &<br>1049] | <p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p> |
|---|---|

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

## 2. REVENUE AND EXPENSES

|  | 2017<br>\$       | 2016<br>\$       |
|--|------------------|------------------|
| <b>(a) Net Result</b>                    |                  |                  |
| The Net result includes:                 |                  |                  |
| (i) Charging as an expense:              |                  |                  |
| <b>Auditors remuneration</b>             |                  |                  |
| <b>Current Auditors</b>                  |                  |                  |
| - Audit of the Annual Financial Report   | 23,107           | 12,000           |
| - Other services                         | 1,300            | 0                |
|  | <b>24,407</b>    | <b>12,000</b>    |
| <b>Previous Auditors</b>                 |                  |                  |
| - Audit of the Annual Financial Report   | 0                | 10,640           |
| - Other services                         | 0                | 1,500            |
|  | <b>0</b>         | <b>12,140</b>    |
| <b>Depreciation</b>                      |                  |                  |
| Buildings - specialised                  | 2,731,773        | 2,754,744        |
| Furniture and equipment                  | 72,732           | 163,701          |
| Plant and equipment                      | 717,568          | 851,362          |
| Infrastructure - Roads                   | 3,810,638        | 3,735,707        |
| Infrastructure - Footpaths               | 330,076          | 322,283          |
| Infrastructure - Drainage                | 482,759          | 476,692          |
| Infrastructure - Parks and ovals         | 657,333          | 597,047          |
|  | <b>8,802,879</b> | <b>8,901,536</b> |
| <b>Interest expenses (finance costs)</b> |                  |                  |
| Debentures (refer Note 21 (a))           | 640,049          | 367,504          |
|  | <b>640,049</b>   | <b>367,504</b>   |
| (ii) Crediting as revenue:               |                  |                  |
| <b>Other revenue</b>                     |                  |                  |
| Reimbursements and recoveries            | 562,951          | 0                |
| Other                                    | 966,162          | 1,501,166        |
|  | <b>1,529,113</b> | <b>1,501,166</b> |

**Shire of Mundaring**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUE AND EXPENSES (continued)**

|  | 2017 Actual<br>\$ | 2016 Budget<br>\$ | 2016 Actual<br>\$ |
|--|-------------------|-------------------|-------------------|
| <b>Interest earnings</b>               |                   |                   |                   |
| - Reserve funds                        | 606,271           | 650,000           | 412,667           |
| - Municipal funds                      | 257,570           | 343,750           | 399,118           |
| Other interest revenue (refer note 27) | 177,434           | 155,000           | 163,139           |
|  | <b>1,041,275</b>  | <b>1,148,750</b>  | <b>974,924</b>    |

**b. Statement of Objective**

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

**COMMUNITY VISION**

“a sense of space, a sense of place”

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer community.

**Activities:**

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

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

## 2. REVENUE AND EXPENSES (continued)

### b. Statement of Objective (continued)

#### HEALTH

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Prevention of human illnesses, including inspection of premises/food control.

#### EDUCATION AND WELFARE

**Objective:**

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

**Activities:**

Maintenance of child minding centres and playgroup centres.

Provision of services and programs for the youth and seniors of the Shire.

#### COMMUNITY AMENITIES

**Objective:**

To provide essential services required by the community.

**Activities:**

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

#### RECREATION AND CULTURE

**Objective:**

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

**Activities:**

Maintenance of public halls, civic centres, aquatic centres, lake, recreation centres and various sporting facilities.

Provision and maintenance of parks, gardens and playgrounds. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

#### TRANSPORT

**Objective:**

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

**Activities:**

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

**Objective:**

To help promote the Shire and its economic wellbeing.

**Activities:**

Tourism and area promotion. Provision of standpipes. Approval of building construction and implementation of building controls.

**Shire of Mundaring**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**2. REVENUE AND EXPENSES (continued)**

**b. Statement of Objective (continued)**

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control the Shire's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs and engineering operation costs.

**c. Conditions Over Grants/Contributions**

| <b>Grant/Contribution</b>   | <b>Opening<br/>Balance <sup>(1)</sup><br/>1/07/15<br/>\$</b> | <b>Received <sup>(2)</sup><br/>2015/16<br/>\$</b> | <b>Expended <sup>(3)</sup><br/>2015/16<br/>\$</b> | <b>Closing<br/>Balance <sup>(1)</sup><br/>30/06/16<br/>\$</b> | <b>Received <sup>(2)</sup><br/>2016/17<br/>\$</b> | <b>Expended <sup>(3)</sup><br/>2016/17<br/>\$</b> | <b>Closing<br/>Balance<br/>30/06/17<br/>\$</b> |
|---|--|---|---|---|---|---|--|
| <b>Education and welfare</b>  |  |   |   |   |   |   |  |
| Grant - Swan View Youth Centre  | 49,375   | 0   | (49,375)  | 0   | 0   | 0   | 0  |
| <b>Community amenities</b>  |  |   |   |   |   |   |  |
| Grant - Environmental   | 14,217   | 0   | (14,217)  | 0   | 0   | 0   | 0  |
| <b>Recreation and culture</b>   |  |   |   |   |   |   |  |
| Grant - Kidsport Funding Contribution - Communication Plan Sculpture Park | 23,289   | 43,340  | (53,363)  | 13,266  | 36,000  | (49,266)  | 0  |
| Grant - Elsie Austin Oval Social Rooms                                    | 80,535   | 0   | (2,044)   | 78,491  | 0   | (78,491)  | 0  |
| Grant - Mundaring Arena   | 183,279  | 112,500   | (295,779)   | 0   | 0   | 0   | 0  |
| Grant - Mundaring Arts Centre Solar Panels                                | 406,175  | 1,000,000   | (317,419)   | 1,088,756   | 900,000   | (1,988,756)                                       | 0  |
| 0   | 0  | 0   | 0   | 0   | 7,966   | 0   | 7,966  |
| <b>Transport</b>  |  |   |   |   |   |   |  |
| Grant - Roads to Recovery   | 98,578   | 1,374,148   | (1,472,726)                                       | 0   | 0   | 0   | 0  |
| Grant - Black Spot Funding Roland Road                                    | 0  | 337,952   | (318,509)   | 19,443  | 0   | (19,443)  | 0  |
| Grant - Black Spot Funding Thomas Road                                    | 0  | 247,600   | (241,238)   | 6,362   | 18,454  | (24,816)  | 0  |
| Grant - Black Spot Funding Lilydale Road                                  | 0  | 65,636  | 0   | 65,636  | 0   | (65,636)  | 0  |
| Grant - Special Bridge Grant  | 0  | 0   | 0   | 0   | 60,000  | 0   | 60,000   |
| Grant - Roads to Recovery   | 0  | 0   | 0   | 0   | 1,110,808   | (828,916)   | 281,892  |
|   | <b>855,448</b>   | <b>3,181,176</b>                                  | <b>(2,764,670)</b>                                | <b>1,271,954</b>  | <b>2,133,228</b>                                  | <b>(3,055,324)</b>                                | <b>349,858</b>                                 |

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 2. REVENUE AND EXPENSES (continued)

##### c. Conditions Over Grants/Contributions (continued)

**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.

#### 3. CASH AND CASH EQUIVALENTS

|   | NOTE       | 2017<br>\$ | 2016<br>\$ |
|---|------------|------------|------------|
| Unrestricted  |            | 11,342,627 | 9,873,855  |
| Restricted  |            | 20,876,104 | 26,557,766 |
|   |            | 32,218,731 | 36,431,621 |
| The following restrictions have been imposed by regulations or other externally imposed requirements: |            |            |            |
| Plant Reserve   | 11         | 682,282    | 831,353    |
| Civic Facilities Reserve  | 11         | 9,233,832  | 13,706,248 |
| Information Technology Reserve  | 11         | 918,106    | 871,196    |
| Children Services Reserve   | 11         | 2,483,263  | 2,998,563  |
| Capital Investment Reserve  | 11         | 3,896,605  | 3,896,605  |
| Capital Income Reserve  | 11         | 3,191,627  | 2,611,068  |
| Gravel Pit Rehabilitation Reserve   | 11         | 56,813     | 69,077     |
| Long Service Leave Reserve  | 11         | 63,718     | 301,702    |
| Unspent Grants Reserve  | 2 (c) & 11 | 349,858    | 1,271,954  |
|   |            | 20,876,104 | 26,557,766 |

**Shire of Mundaring**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**4. TRADE AND OTHER RECEIVABLES**

|  | 2017<br>\$ | 2016<br>\$ |
|--|------------|------------|
| <b>Current</b>   |            |            |
| Rates outstanding  | 1,166,493  | 880,486    |
| Sundry debtors   | 267,463    | 556,398    |
| GST receivable   | 325,976    | 330,022    |
| Waste charges  | 138,392    | 95,688     |
| LSL contributions - other local governments  | 49,028     | 37,950     |
|  | 1,947,352  | 1,900,544  |
| <b>Non-current</b>   |            |            |
| Rates outstanding - pensioners   | 906,976    | 834,633    |
| Debtors - POS Payments   | 27,237     | 27,237     |
| LSL contributions - other local governments  | 0          | 23,352     |
|  | 934,213    | 885,222    |
| Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows: |            |            |
| <b>Rates outstanding</b>   | 1,166,493  | 880,486    |
| Includes:  |            |            |
| Past due and not impaired  | 1,166,493  | 880,486    |
| Impaired   | 0          | 0          |
| <b>Sundry debtors</b>  | 267,463    | 556,398    |
| Includes:  |            |            |
| Past due and not impaired  | 267,463    | 556,398    |
| Impaired   | 0          | 0          |

**5. INVENTORIES**

|                     |        |         |
|---------------------|--------|---------|
| <b>Current</b>      |        |         |
| Fuels and Materials | 92,741 | 103,837 |
|                     | 92,741 | 103,837 |



**Shire of Mundaring**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**6. (a) PROPERTY, PLANT AND EQUIPMENT**

|   | 2017<br>\$   | 2016<br>\$  |
|---|--------------|-------------|
| Land - freehold at:                                   |              |             |
| - Independent valuation 2014 - level 2                | 0            | 26,719,602  |
| - Independent valuation 2017 - level 2                | 17,648,701   | 0           |
| - Independent valuation 2017 - level 3                | 8,306,001    | 0           |
| - Additions after valuation - cost                    | 0            | 24,361      |
|   | 25,954,702   | 26,743,963  |
| Land - vested in and under the control of Council at: |              |             |
| - Independent valuation 2014 - level 3                | 0            | 800,000     |
| - Independent valuation 2017 - level 3                | 800,000      | 0           |
|   | 800,000      | 800,000     |
|   | 26,754,702   | 27,543,963  |
| Buildings - specialised at:                           |              |             |
| - Independent valuation 2014 - level 3                | 0            | 35,643,000  |
| - Independent valuation 2017 - level 3                | 54,428,500   | 0           |
| - Additions after valuation - cost                    | 0            | 4,101,819   |
| Less: accumulated depreciation                        | (21,815,733) | (5,415,815) |
|   | 32,612,767   | 34,329,004  |
| Total land and buildings                              | 59,367,469   | 61,872,967  |
| Works in progress                                     | 4,557,029    | 3,151,290   |
| Furniture and equipment at:                           |              |             |
| - Management valuation 2016 - level 2                 | 346,434      | 346,434     |
| - Management valuation 2016 - level 3                 | 751,473      | 757,335     |
| - Additions after valuation - cost                    | 22,367       | 0           |
| Less: accumulated depreciation                        | (605,485)    | (533,425)   |
|   | 514,789      | 570,344     |

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

## 6. (a) PROPERTY, PLANT AND EQUIPMENT (continued)

|  | 2017<br>\$  | 2016<br>\$  |
|--|-------------|-------------|
| Plant and equipment at:                |             |             |
| - Independent valuation 2016 - level 2 | 5,663,001   | 6,924,500   |
| - Independent valuation 2016 - level 3 | 3,115,000   | 3,115,000   |
| - Management valuation 2016 - level 3  | 308,154     | 308,154     |
| - Additions after valuation - cost     | 1,562,029   | 0           |
| Less: accumulated depreciation         | (3,822,756) | (3,712,472) |
|  | 6,825,428   | 6,635,182   |
|  | 71,264,715  | 72,229,783  |

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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.

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

## 6. PROPERTY, PLANT AND EQUIPMENT (continued)

## (b) 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.

|  | Balance<br>at the<br>Beginning<br>of the Year<br>\$ | Additions<br>\$  | (Disposals)<br>\$ | Revaluation<br>Increments/<br>(Decrements)<br>Transferred<br>to Revaluation<br>\$ | Revaluation<br>(Losses)/<br>Reversals<br>Through<br>to Profit or<br>Loss<br>\$ | Impairment<br>(Losses)/<br>Reversals<br>\$ | Depreciation<br>(Expense)<br>\$ | Transfers<br>\$  | Carrying<br>Amount<br>at the End of<br>Year<br>\$ |
|--|---|------------------|-------------------|---|--|--|---------------------------------|------------------|---|
| Land - freehold<br>land                                    | 26,743,963  | 0                | 0                 | (789,261)   | 0  | 0  | 0                               | 0                | 25,954,702  |
| Land - vested<br>in and under<br>the control of<br>Council | 800,000   | 0                | 0                 | 0   | 0  | 0  | 0                               | 0                | 800,000   |
| <b>Total land</b>  | <b>27,543,963</b>                                   | <b>0</b>         | <b>0</b>          | <b>(789,261)</b>  | <b>0</b>   | <b>0</b>                                   | <b>0</b>                        | <b>0</b>         | <b>26,754,702</b>                                 |
| Buildings -<br>specialised                                 | 34,329,004  | 4,087,418        | 0                 | (5,793,798)   | 0  | 0  | (2,731,773)                     | 2,721,916        | 32,612,767  |
| <b>Total buildings</b>                                     | <b>34,329,004</b>                                   | <b>4,087,418</b> | <b>0</b>          | <b>(5,793,798)</b>  | <b>0</b>   | <b>0</b>                                   | <b>(2,731,773)</b>              | <b>2,721,916</b> | <b>32,612,767</b>                                 |
| <b>Total land and<br/>buildings</b>                        | <b>61,872,967</b>                                   | <b>4,087,418</b> | <b>0</b>          | <b>(6,583,059)</b>  | <b>0</b>   | <b>0</b>                                   | <b>(2,731,773)</b>              | <b>2,721,916</b> | <b>59,367,469</b>                                 |
| Works in<br>Progress                                       | 3,151,290   | 4,127,655        | 0                 | 0   | 0  | 0  | 0                               | (2,721,916)      | 4,557,029   |
| Furniture and<br>equipment                                 | 570,344   | 22,367           | (5,190)           | 0   | 0  | 0  | (72,732)                        | 0                | 514,789   |
| Plant and<br>equipment                                     | 6,635,182   | 1,562,029        | (654,215)         | 0   | 0  | 0  | (717,568)                       | 0                | 6,825,428   |
| <b>Total property,<br/>plant and<br/>equipment</b>         | <b>72,229,783</b>                                   | <b>9,799,469</b> | <b>(659,405)</b>  | <b>(6,583,059)</b>  | <b>0</b>   | <b>0</b>                                   | <b>(3,522,073)</b>              | <b>0</b>         | <b>71,264,715</b>                                 |

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

## 6. PROPERTY, PLANT AND EQUIPMENT (continued)

## (c) Fair Value Measurements

| Asset Class   | Fair Value Hierarchy | Valuation Technique   | Basis of valuation             | Basis of valuation | Inputs used  |
|---|----------------------|---|--------------------------------|--------------------|--|
| <b>Land - freehold at:</b>                                      |                      |   |                                |                    |  |
| Land - freehold land  | Level 2              | Market approach using recent observable data for similar properties in the area | Independent Registered Valuers | June 2017          | Price per square metre   |
| Land - freehold land  | Level 3              | Cost approach   | Independent Registered Valuers | June 2017          | Price per square metre   |
| Land - vested in and under the control of Council (Golf course) | Level 3              | Cost approach using depreciated replacement cost                                | Independent Registered Valuers | June 2017          | Construction 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 | June 2017          | Construction costs and current condition (Level 2) and remaining useful life assessments (Level 3) inputs              |
| <b>Furniture and equipment</b>                                  | Level 2              | Market approach using recent observable data for similar items                  | Management Valuation           | June 2016          | Price per item (Level 2)   |
| <b>Furniture and equipment</b>                                  | Level 3              | Cost approach using depreciated replacement cost                                | Management Valuation           | June 2016          | Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Plant and equipment</b>                                      | Level 2              | Market approach using recent observable data for similar plant                  | Independent Registered Valuers | June 2016          | Price per item (Level 2)   |
| <b>Plant and equipment</b>                                      | Level 3              | Cost approach using depreciated replacement cost                                | Management Valuation           | June 2016          | 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.

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

## 7. (a) INFRASTRUCTURE

|  | 2017<br>\$   | 2016<br>\$   |
|--|--------------|--------------|
| Infrastructure - Roads                 |              |              |
| - Independent valuation 2015 - level 3 | 294,773,844  | 294,773,844  |
| - Management valuation 2015 - level 3  | 948,000      | 948,000      |
| - Additions after valuation - cost     | 10,142,922   | 7,023,599    |
| Less: accumulated depreciation         | (20,701,938) | (16,891,300) |
|  | 285,162,828  | 285,854,143  |
| Infrastructure - Footpaths             |              |              |
| - Independent valuation 2015 - level 3 | 13,915,481   | 13,915,481   |
| - Additions after valuation - cost     | 1,411,274    | 779,422      |
| Less: accumulated depreciation         | (1,313,055)  | (982,979)    |
|  | 14,013,700   | 13,711,924   |
| Infrastructure - Drainage              |              |              |
| - Management valuation 2015 - level 3  | 63,178,222   | 63,178,222   |
| - Additions after valuation - cost     | 1,817,121    | 991,157      |
| Less: accumulated depreciation         | (22,456,080) | (21,973,321) |
|  | 42,539,263   | 42,196,058   |
| Infrastructure - Parks and ovals       |              |              |
| - Independent valuation 2015 - level 3 | 11,367,684   | 11,367,684   |
| - Management valuation 2015 - level 3  | 12,512,794   | 12,512,794   |
| - Additions after valuation - cost     | 3,435,162    | 2,338,554    |
| Less: accumulated depreciation         | (4,042,226)  | (3,384,894)  |
|  | 23,273,414   | 22,834,138   |
| Works in progress                      | 0            | 101,780      |
|  | 364,989,205  | 364,698,043  |

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

## 7. INFRASTRUCTURE (Continued)

## (b) 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.

|  | Balance<br>at the<br>Beginning<br>of the Year<br>\$ | Additions<br>\$  | (Disposals)<br>\$ | Revaluation<br>Increments/<br>(Decrements)<br>Transferred<br>to Revaluation<br>\$ | Revaluation<br>(Losses)/<br>Reversals<br>Through<br>to Profit or<br>Loss<br>\$ | Impairment<br>(Losses)/<br>Reversals<br>\$ | Depreciation<br>(Expense)<br>\$ | Transfers<br>\$ | Carrying<br>Amount<br>at the End of<br>Year<br>\$ |
|--|---|------------------|-------------------|---|--|--|---------------------------------|-----------------|---|
| Infrastructure -<br>Roads              | 285,854,143   | 3,119,323        | 0                 | 0   | 0  | 0  | (3,810,638)                     | 0               | 285,162,828                                       |
| Infrastructure -<br>Footpaths          | 13,711,924  | 631,852          | 0                 | 0   | 0  | 0  | (330,076)                       | 0               | 14,013,700  |
| Infrastructure -<br>Drainage           | 42,196,058  | 825,964          | 0                 | 0   | 0  | 0  | (482,759)                       | 0               | 42,539,263  |
| Infrastructure<br>- Parks and<br>ovals | 22,834,138  | 994,829          | 0                 | 0   | 0  | 0  | (657,333)                       | 101,780         | 23,273,414  |
| Works in<br>Progress                   | 101,780   | 0                | 0                 | 0   | 0  | 0  | 0                               | (101,780)       | 0   |
| <b>Total<br/>infrastructure</b>        | <b>364,698,043</b>                                  | <b>5,571,968</b> | <b>0</b>          | <b>0</b>  | <b>0</b>   | <b>0</b>                                   | <b>(5,280,806)</b>              | <b>0</b>        | <b>364,989,205</b>                                |

**Shire of Mundaring**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

| Asset Class                      | Fair Value Hierarchy | Valuation Technique                              | Basis of valuation                                      | Basis of valuation | Inputs used  |
|----------------------------------|----------------------|--|---|--------------------|--|
| Infrastructure - Roads           | Level 3              | Cost approach using depreciated replacement cost | Independent Registered Valuers and Management valuation | June 2015          | 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 | Independent Registered Valuers                          | June 2015          | 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 | Management valuation                                    | June 2015          | 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 and Management valuation | June 2015          | 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.

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**8. TRADE AND OTHER PAYABLES**

|                   | 2017<br>\$ | 2016<br>\$ |
|-------------------|------------|------------|
| <b>Current</b>    |            |            |
| Sundry creditors  | 1,147,171  | 1,181,610  |
| Creditor accruals | 1,236,203  | 1,358,744  |
|                   | 2,383,374  | 2,540,354  |

**9. LONG-TERM BORROWINGS**

|                            |            |            |
|----------------------------|------------|------------|
| <b>Current</b>             |            |            |
| Secured by floating charge |            |            |
| Debentures                 | 577,065    | 550,311    |
|                            | 577,065    | 550,311    |
| <b>Non-current</b>         |            |            |
| Secured by floating charge |            |            |
| Debentures                 | 11,741,998 | 12,319,063 |
|                            | 11,741,998 | 12,319,063 |

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

|                                       | Provision for Annual Leave<br>\$ | Provision for Long Service Leave<br>\$ | Total<br>\$      |
|---------------------------------------|----------------------------------|--|------------------|
| <b>Opening balance at 1 July 2016</b> |                                  |  |                  |
| Current provisions                    | 1,441,512                        | 1,752,036                              | 3,193,548        |
| Non-current provisions                | 0                                | 271,441                                | 271,441          |
|                                       | 1,441,512                        | 2,023,477                              | 3,464,989        |
| Additional provision                  | 1,193,101                        | 323,522                                | 1,516,623        |
| Amounts used                          | (1,071,482)                      | (418,838)                              | (1,490,320)      |
| <b>Balance at 30 June 2017</b>        | <b>1,563,131</b>                 | <b>1,928,161</b>                       | <b>3,491,292</b> |
| <b>Comprises</b>                      |                                  |  |                  |
| Current                               | 1,563,131                        | 1,715,451                              | 3,278,582        |
| Non-current                           | 0                                | 212,710                                | 212,710          |
|                                       | 1,563,131                        | 1,928,161                              | 3,491,292        |



## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 11. RESERVES - CASH BACKED

|                                   | Actual<br>2017<br>Opening<br>Balance<br>\$ | Actual<br>2017<br>Transfer to<br>\$ | Actual<br>2017<br>Transfer<br>(from)<br>\$ | Actual<br>2017<br>Closing<br>Balance<br>\$ | Budget<br>2017<br>Opening<br>Balance<br>\$ | Budget<br>2017<br>Transfer to<br>\$ | Budget<br>2017<br>Transfer<br>(from)<br>\$ | Budget<br>2017<br>Closing<br>Balance<br>\$ | Actual<br>2016<br>Opening<br>Balance<br>\$ | Actual<br>2016<br>Transfer to<br>\$ | Actual<br>2016<br>Transfer<br>(from)<br>\$ | Actual<br>2016<br>Closing<br>Balance<br>\$ |
|-----------------------------------|--|-------------------------------------|--|--|--|-------------------------------------|--|--|--|-------------------------------------|--|--|
| Plant Reserve                     | 831,353                                    | 814,629                             | (963,700)                                  | 682,282                                    | 701,196                                    | 809,849                             | (971,515)                                  | 539,530                                    | 316,102                                    | 762,137                             | (246,886)                                  | 831,353                                    |
| Civic Facilities Reserve          | 13,706,248                                 | 329,706                             | (4,802,122)                                | 9,233,832                                  | 14,625,568                                 | 351,436                             | (12,057,270)                               | 2,919,734                                  | 1,938,928                                  | 15,478,867                          | (3,711,547)                                | 13,706,248                                 |
| Information Technology Reserve    | 871,196                                    | 62,432                              | (15,522)                                   | 918,106                                    | 870,463                                    | 60,917                              | (210,000)                                  | 721,380                                    | 812,501                                    | 58,695                              | 0  | 871,196                                    |
| Children Services Reserve         | 2,998,563                                  | 67,869                              | (583,169)                                  | 2,483,263                                  | 2,979,380                                  | 71,591                              | (733,200)                                  | 2,317,771                                  | 2,200,153                                  | 811,886                             | (13,476)                                   | 2,998,563                                  |
| Capital Investment Reserve        | 3,896,605                                  | 0                                   | 0  | 3,896,605                                  | 5,024,016                                  | 120,722                             | 0  | 5,144,738                                  | 3,920,966                                  | 6,547,399                           | (6,571,760)                                | 3,896,605                                  |
| Capital Income Reserve            | 2,611,068                                  | 580,559                             | 0  | 3,191,627                                  | 2,378,404                                  | 543,150                             | (654,130)                                  | 2,267,424                                  | 2,107,416                                  | 592,738                             | (89,086)                                   | 2,611,068                                  |
| Gravel Pit Rehabilitation Reserve | 69,077                                     | 1,614                               | (13,878)                                   | 56,813                                     | 93,905                                     | 91,256                              | (150,000)                                  | 35,161                                     | 110,339                                    | 2,184                               | (43,446)                                   | 69,077                                     |
| Long Service Leave Reserve        | 301,702                                    | 176,893                             | (414,877)                                  | 63,718                                     | 377,823                                    | 169,079                             | (75,792)                                   | 471,110                                    | 195,316                                    | 402,628                             | (296,242)                                  | 301,702                                    |
| Unspent Grants Reserve            | 1,271,954                                  | 349,858                             | (1,271,954)                                | 349,858                                    | 406,175                                    | 0                                   | (406,175)                                  | 0  | 855,448                                    | 416,506                             | 0  | 1,271,954                                  |
|                                   | 26,557,766                                 | 2,383,560                           | (8,065,222)                                | 20,876,104                                 | 27,456,930                                 | 2,218,000                           | (15,258,082)                               | 14,416,848                                 | 12,457,169                                 | 25,073,040                          | (10,972,443)                               | 26,557,766                                 |

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.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 11. RESERVES - CASH BACKED (continued)

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  |
|-----------------------------------|-------------------------|---|
| Plant Reserve                     | Ongoing                 | - to fund the replacement of works plant and light vehicles.  |
| Civic Facilities Reserve          | Ongoing                 | - to fund the construction and/or purchase of public buildings and facilities.  |
| Information Technology Reserve    | Ongoing                 | - to fund the upgrade and replacement of the Shire's information technology.  |
| Children 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. |
| Capital Investment Reserve        | Ongoing                 | - to fund the advancement of the Shire's property strategy.   |
| Capital Income Reserve            | Ongoing                 | - to fund the development of Shire facilities and infrastructure.   |
| Gravel Pit Rehabilitation Reserve | Ongoing                 | - to fund the production of gravel and the rehabilitation of gravel pits.   |
| Long Service Leave Reserve        | Ongoing                 | - to fund the Shire's long service leave liability.   |
| Unspent Grants Reserve            | 2017/18                 | - to quarantine any unspent grant funds received during the financial year.   |

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 12. REVALUATION SURPLUS

|   | 2017<br>Opening<br>Balance<br>\$ | 2017<br>Revaluation<br>Increment<br>\$ | 2017<br>Revaluation<br>(Decrement)<br>\$ | 2017<br>Total<br>Movement on<br>Revaluation<br>\$ | 2017<br>Closing<br>Balance<br>\$ | 2016<br>Opening<br>Balance<br>\$ | 2016<br>Revaluation<br>Increment<br>\$ | 2016<br>Revaluation<br>(Decrement)<br>\$ | 2016<br>Total<br>Movement on<br>Revaluation<br>\$ | 2016<br>Closing<br>Balance<br>\$ |
|---|----------------------------------|--|--|---|----------------------------------|----------------------------------|--|--|---|----------------------------------|
| Revaluation surplus - Land and buildings      | 47,901,060                       | 0                                      | (6,583,059)                              | (6,583,059)                                       | 41,318,001                       | 47,901,060                       | 0                                      | 0  | 0   | 47,901,060                       |
| Revaluation surplus - Furniture and equipment | 0                                | 0                                      | 0  | 0   | 0                                | 57,775                           | 0                                      | (57,775)                                 | (57,775)  | 0                                |
| Revaluation surplus - Plant and equipment     | 926,871                          | 0                                      | 0  | 0   | 926,871                          | 1,464,646                        | 0                                      | (537,775)                                | (537,775)   | 926,871                          |
| Revaluation surplus - Roads                   | 221,527,299                      | 0                                      | 0  | 0   | 221,527,299                      | 221,527,299                      | 0                                      | 0  | 0   | 221,527,299                      |
| Revaluation surplus - Footpaths               | 8,286,627                        | 0                                      | 0  | 0   | 8,286,627                        | 8,286,627                        | 0                                      | 0  | 0   | 8,286,627                        |
| Revaluation surplus - Drainage                | 26,107,191                       | 0                                      | 0  | 0   | 26,107,191                       | 26,107,191                       | 0                                      | 0  | 0   | 26,107,191                       |
| Revaluation surplus - Reserves                | 15,645,963                       | 0                                      | 0  | 0   | 15,645,963                       | 15,645,963                       | 0                                      | 0  | 0   | 15,645,963                       |
|   | 320,395,011                      | 0                                      | (6,583,059)                              | (6,583,059)                                       | 313,811,952                      | 320,990,561                      | 0                                      | (595,550)                                | (595,550)   | 320,395,011                      |

Movements on revaluation of fixed assets 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.

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

## 13. NOTES TO THE STATEMENT OF CASH FLOWS

**(a) Reconciliation of Cash**

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

|  | 2017<br>\$  | 2016 Budget<br>\$ | 2016<br>\$  |
|--|-------------|-------------------|-------------|
| Cash and cash equivalents  | 32,218,731  | 17,737,730        | 36,431,621  |
| <b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b> |             |                   |             |
| Net result   | 3,354,240   | 714,319           | 3,143,599   |
| Non-cash flows in Net result:  |             |                   |             |
| Depreciation   | 8,802,879   | 7,462,491         | 8,901,536   |
| (Profit)/Loss on sale of asset   | 60,166      | 114,255           | (1,297,455) |
| Fair value adjustments to fixed assets at fair value through profit or loss          | 0           | 0                 | 16,089      |
| Change in Equity - Joint Venture   | (892,286)   | 0                 | (1,603,101) |
| Changes in assets and liabilities:   |             |                   |             |
| (Increase)/Decrease in receivables   | (95,799)    | 0                 | 298,742     |
| (Increase)/Decrease in inventories   | 11,096      | 0                 | 5,199       |
| Increase/(Decrease) in payables  | (156,980)   | 0                 | 1,254,527   |
| Increase/(Decrease) in provisions  | 26,303      | 0                 | 233,197     |
| Grants contributions for the development of assets                                   | (4,315,630) | (4,920,919)       | (4,562,376) |
| Net cash from operating activities   | 6,793,989   | 3,370,146         | 6,389,957   |

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

## 13. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

|  | 2017<br>\$        | 2016<br>\$        |
|--|-------------------|-------------------|
| <b>(c) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b> |                   |                   |
| <b>Credit Standby Arrangements</b>   |                   |                   |
| Bank overdraft limit   | 500,000           | 1,000,000         |
| Bank overdraft at balance date   | 0                 | 0                 |
| Credit card limit  | 86,500            | 300,000           |
| Credit card balance at balance date  | (63,210)          | (62,327)          |
| <b>Total amount of credit unused</b>   | <b>523,290</b>    | <b>1,237,673</b>  |
| <b>Loan facilities</b>   |                   |                   |
| Loan facilities - current  | 577,065           | 550,311           |
| Loan facilities - non-current  | 11,741,998        | 12,319,063        |
| <b>Total facilities in use at balance date</b>                                       | <b>12,319,063</b> | <b>12,869,374</b> |
| <b>Unused loan facilities at balance date</b>  | <b>NIL</b>        | <b>NIL</b>        |

## 14. CONTINGENT LIABILITIES

The Shire has no contingent liabilities as at 30 June 2017.

## 15. CAPITAL AND LEASING COMMITMENTS

**(a) Operating Lease Commitments**

The Shire did not have any future operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

Contracted for:

|                                |           |           |
|--------------------------------|-----------|-----------|
| - capital expenditure projects | 4,036,901 | 3,757,430 |
|--------------------------------|-----------|-----------|

Payable:

|                           |           |           |
|---------------------------|-----------|-----------|
| - not later than one year | 4,036,901 | 3,757,430 |
|---------------------------|-----------|-----------|

The capital expenditure project outstanding at the end of the current reporting period represents the construction of Mundaring Arena (the prior year commitment was for the construction of the Boya Community Hub facility).

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**16. JOINT VENTURE ARRANGEMENTS**

The Shire is a member of the Eastern Metropolitan Council (EMRC). The Shire's interest in the joint venture as calculated by the EMRC is 10.84%.

The Shire's interest in the assets and liabilities of the EMRC is as follows:

|                          | 2017<br>\$        | 2016<br>\$        |
|--------------------------|-------------------|-------------------|
| Current Assets           | 10,254,273        | 10,003,654        |
| Non-Current Assets       | 10,115,462        | 9,700,120         |
| <b>Total Assets</b>      | <b>20,369,735</b> | <b>19,703,774</b> |
| Current Liabilities      | 573,002           | 802,510           |
| Non-Current Liabilities  | 821,801           | 818,618           |
| <b>Total Liabilities</b> | <b>1,394,803</b>  | <b>1,621,128</b>  |
| <b>Net Assets</b>        | <b>18,974,932</b> | <b>18,082,646</b> |
| <b>Net Movement</b>      | <b>892,286</b>    | <b>1,603,101</b>  |

**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

|                             |                    |                    |
|-----------------------------|--------------------|--------------------|
| Governance                  | 11,429,366         | 12,108,811         |
| General purpose funding     | 34,292,199         | 38,146,740         |
| Law, order, public safety   | 3,572,987          | 3,776,171          |
| Health                      | 380,778            | 403,542            |
| Education and welfare       | 1,755,895          | 1,679,084          |
| Community amenities         | 20,576,999         | 19,721,328         |
| Recreation and culture      | 51,927,473         | 51,225,020         |
| Transport                   | 345,164,031        | 344,832,537        |
| Economic services           | 53,361             | 38,475             |
| Other property and services | 21,268,800         | 22,399,988         |
|                             | <b>490,421,889</b> | <b>494,331,696</b> |

**Shire of Mundaring**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**18. FINANCIAL RATIOS**

|                                   | 2017   | 2016   | 2015  |
|-----------------------------------|--------|--------|-------|
| Current ratio                     | 2.17   | 1.99   | 2.71  |
| Asset sustainability ratio        | 1.02   | 0.94   | 0.79  |
| Debt service cover ratio          | 7.13   | 12.18  | 14.37 |
| Operating surplus ratio           | (0.02) | (0.04) | 0.00  |
| Own source revenue coverage ratio | 0.81   | 0.84   | 0.80  |

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 sustainability ratio        | $\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$  |
| 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 | $\frac{\text{own source operating revenue}}{\text{operating expenses}}$  |

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**18. FINANCIAL RATIOS (continued)****Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 58 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$1,241,594.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,455,586.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

|                          | 2017    | 2016  | 2015   |
|--------------------------|---------|-------|--------|
| Current ratio            | 1.97    | 1.99  | 2.37   |
| Debt service cover ratio | 6.08    | 14.43 | 11.53  |
| Operating surplus ratio  | (0.06 ) | 0.00  | (0.04) |

**19. TRUST FUNDS**

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

|                              | 1 July 2016<br>\$ | Amounts<br>Received<br>\$ | Amounts Paid<br>(\$) | 30 June 2017<br>\$ |
|------------------------------|-------------------|---------------------------|----------------------|--------------------|
| Deposits, Bonds & Retentions | 835,717           | 257,865                   | (275,590)            | 817,992            |
| POS & Road Construction      | 4,436,799         | 287,425                   | (213,211)            | 4,511,013          |
| Scheme 7 Costs               | 40,523            | 1,077                     | 0                    | 41,600             |
| BCITF Levy                   | 0                 | 141,395                   | (141,395)            | 0                  |
| Building Services Levy       | 0                 | 163,163                   | (163,163)            | 0                  |
|                              | 5,313,039         |                           |                      | 5,370,605          |



## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

## 20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

|                                | Actual<br>Net Book<br>Value<br>\$ | Actual<br>Sale<br>Proceeds<br>\$ | Actual<br>Profit<br>\$ | Actual<br>Loss<br>\$ | Budget<br>Net Book<br>Value<br>\$ | Budget<br>Sale<br>Proceeds<br>\$ | Budget<br>Profit<br>\$ | Budget<br>Loss<br>\$ |
|--------------------------------|-----------------------------------|----------------------------------|------------------------|----------------------|-----------------------------------|----------------------------------|------------------------|----------------------|
| <b>Plant and Equipment</b>     |                                   |                                  |                        |                      |                                   |                                  |                        |                      |
| Law, order, public safety      | 21,000                            | 24,385                           | 3,385                  | 0                    | 0                                 | 0                                | 0                      | 0                    |
| Health                         | 19,995                            | 15,273                           | 0                      | (4,722)              | 0                                 | 0                                | 0                      | 0                    |
| Education and welfare          | 20,000                            | 12,727                           | 0                      | (7,273)              | 0                                 | 0                                | 0                      | 0                    |
| Community amenities            | 81,269                            | 64,337                           | 0                      | (16,932)             | 0                                 | 0                                | 0                      | 0                    |
| Transport                      | 227,923                           | 261,066                          | 33,143                 | 0                    | 632,101                           | 517,846                          | 0                      | (114,255)            |
| Economic services              | 15,000                            | 7,128                            | 0                      | (7,872)              | 0                                 | 0                                | 0                      | 0                    |
| Other property and services    | 269,028                           | 213,414                          | 0                      | (55,614)             | 0                                 | 0                                | 0                      | 0                    |
| <b>Furniture and Equipment</b> |                                   |                                  |                        |                      |                                   |                                  |                        |                      |
| Recreation and culture         | 5,190                             | 909                              | 0                      | (4,281)              | 0                                 | 0                                | 0                      | 0                    |
|                                | 659,405                           | 599,239                          | 36,528                 | (96,694)             | 632,101                           | 517,846                          | 0                      | (114,255)            |

## 21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

| Particulars                                | Principal<br>1 July 2016<br>\$ | New<br>Loans<br>\$ | Principal Repayments |              | Principal 30 June 2017 |              | Interest Repayments |              |
|--|--------------------------------|--------------------|----------------------|--------------|------------------------|--------------|---------------------|--------------|
|  |                                |                    | Actual<br>\$         | Budget<br>\$ | Actual<br>\$           | Budget<br>\$ | Actual<br>\$        | Budget<br>\$ |
| <b>Governance</b>                          |                                |                    |                      |              |                        |              |                     |              |
| Loan 170 - Civic Facility<br>Redevelopment | 4,133,215                      | 0                  | 228,676              | 228,676      | 3,904,539              | 3,904,539    | 307,623             | 283,445      |
| <b>Recreation and culture</b>              |                                |                    |                      |              |                        |              |                     |              |
| Loan 171 - Community<br>Building Projects  | 8,736,159                      | 0                  | 321,635              | 298,342      | 8,414,524              | 8,437,817    | 332,426             | 334,363      |
|  | 12,869,374                     | 0                  | 550,311              | 527,018      | 12,319,063             | 12,342,356   | 640,049             | 617,808      |

All loan repayments were financed by general purpose revenue.

**Shire of Mundaring**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**21. INFORMATION ON BORROWINGS (continued)**

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

|  | 1 July 2016<br>\$ | 1 July 2016<br>\$ | Amounts<br>Received<br>\$ | Amounts Paid<br>(\$) | 30 June 2017<br>\$ |
|--|-------------------|-------------------|---------------------------|----------------------|--------------------|
| <b>Particulars</b>                       |                   |                   |                           |                      |                    |
| Loan 171 - Community Building Facilities | May 2016          | 5,413,069         | 0                         | (4,507,993)          | 905,076            |
|  |                   | 5,413,069         | 0                         | (4,507,993)          | 905,076            |

The unspent loan funds were held in the Civic Facilities Reserve as at 30 June 2017. These funds are anticipated to be spent during 2017/18.

(d) Overdraft

The Shire of Mundaring has an overdraft facility of \$500,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2016 and 30 June 2017 was Nil.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 22. RATING INFORMATION - 2016/17 FINANCIAL YEAR

| RATE TYPE                            | Rate in<br>\$ | Number<br>of Properties | Rateable<br>Value<br>\$ | Rate<br>Revenue<br>\$ | Interim Rates<br>\$ | Back Rates<br>\$ | Total Revenue<br>\$ | Budget Rate<br>Revenue<br>\$ | Budget<br>Interim Rate<br>\$ | Budget Back<br>Rate<br>\$ | Budget Total<br>Revenue<br>\$ |
|--------------------------------------|---------------|-------------------------|-------------------------|-----------------------|---------------------|------------------|---------------------|------------------------------|------------------------------|---------------------------|-------------------------------|
| <b>General rate</b>                  |               |                         |                         |                       |                     |                  |                     |                              |                              |                           |                               |
| <b>Gross rental value valuations</b> |               |                         |                         |                       |                     |                  |                     |                              |                              |                           |                               |
| GRV - Residential                    | 0.077868      | 10,978                  | 215,732,828             | 16,798,684            | 173,567             | 0                | 16,972,251          | 16,798,684                   | 132,000                      | 0                         | 16,930,684                    |
| GRV - Commercial                     | 0.077868      | 269                     | 22,541,015              | 1,755,224             | 105,603             | 0                | 1,860,827           | 1,755,224                    | 0                            | 0                         | 1,755,224                     |
| GRV - Light Industrial               | 0.077868      | 283                     | 18,085,709              | 1,408,298             | 6,490               | 0                | 1,414,788           | 1,408,298                    | 0                            | 0                         | 1,408,298                     |
| GRV - Rural Residential              | 0.077868      | 3,020                   | 63,087,498              | 4,912,497             | 51,906              | 0                | 4,964,403           | 4,912,497                    | 0                            | 0                         | 4,912,497                     |
| <b>Unimproved value valuations</b>   |               |                         |                         |                       |                     |                  |                     |                              |                              |                           |                               |
| UV - Rural                           | 0.004841      | 238                     | 158,485,000             | 767,226               | (64,677)            | 0                | 702,549             | 767,226                      | 0                            | 0                         | 767,226                       |
| <b>Sub-Total</b>                     |               | <b>14,788</b>           | <b>477,932,050</b>      | <b>25,641,929</b>     | <b>272,889</b>      | <b>0</b>         | <b>25,914,818</b>   | <b>25,641,929</b>            | <b>132,000</b>               | <b>0</b>                  | <b>25,773,929</b>             |

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

22. RATING INFORMATION - 2016/17 FINANCIAL YEAR (continued)

| RATE TYPE                            | Minimum<br>\$ | Number<br>of Properties | Rateable<br>Value<br>\$ | Rate<br>Revenue<br>\$ | Interim Rates<br>\$ | Back Rates<br>\$ | Total Revenue<br>\$ | Budget Rate<br>Revenue<br>\$ | Budget<br>Interim Rate<br>\$ | Budget Back<br>Rate<br>\$ | Budget Total<br>Revenue<br>\$ |
|--------------------------------------|---------------|-------------------------|-------------------------|-----------------------|---------------------|------------------|---------------------|------------------------------|------------------------------|---------------------------|-------------------------------|
| <b>Minimum payment</b>               |               |                         |                         |                       |                     |                  |                     |                              |                              |                           |                               |
| <b>Gross rental value valuations</b> |               |                         |                         |                       |                     |                  |                     |                              |                              |                           |                               |
| GRV - Residential                    | 790           | 524                     | 3,946,541               | 413,960               | 0                   | 0                | 413,960             | 413,960                      | 0                            | 0                         | 413,960                       |
| GRV - Commercial                     | 790           | 6                       | 51,936                  | 4,740                 | 0                   | 0                | 4,740               | 4,740                        | 0                            | 0                         | 4,740                         |
| GRV - Light Industrial               | 790           | 1                       | 9,328                   | 790                   | 0                   | 0                | 790                 | 790                          | 0                            | 0                         | 790                           |
| GRV - Rural Residential              | 790           | 78                      | 704,150                 | 61,620                | 0                   | 0                | 61,620              | 61,620                       | 0                            | 0                         | 61,620                        |
| <b>Unimproved value valuations</b>   |               |                         |                         |                       |                     |                  |                     |                              |                              |                           |                               |
| UV - Rural                           | 998           | 4                       | 52,379                  | 3,992                 | 0                   | 0                | 3,992               | 3,992                        | 0                            | 0                         | 3,992                         |
| <b>Sub-Total</b>                     |               | <b>613</b>              | <b>4,764,334</b>        | <b>485,102</b>        | <b>0</b>            | <b>0</b>         | <b>485,102</b>      | <b>485,102</b>               | <b>0</b>                     | <b>0</b>                  | <b>485,102</b>                |
|                                      |               | <b>15,401</b>           | <b>482,696,384</b>      | <b>26,127,031</b>     | <b>272,889</b>      | <b>0</b>         | <b>26,399,920</b>   | <b>26,127,031</b>            | <b>132,000</b>               | <b>0</b>                  | <b>26,259,031</b>             |

Movement in Rates Received in Advance

32,009

0

**Total amount raised from general rate**

**26,431,929**

**26,259,031**

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**23. NET CURRENT ASSETS**

Composition of net current assets

|  | 2017<br>(30 June 2017<br>Carried<br>Forward)<br>\$ | 2017<br>Brought<br>Forward)<br>\$ | 2016<br>Carried<br>Forward)<br>\$ |
|--|--|-----------------------------------|-----------------------------------|
| <b>Surplus/(Deficit) 1 July 16 brought forward</b> | <b>7,720,764</b>                                   | <b>6,144,334</b>                  | <b>6,144,334</b>                  |
| <b>CURRENT ASSETS</b>                              |  |                                   |                                   |
| Cash and cash equivalents                          | 11,342,627   | 9,873,855                         | 9,873,855                         |
| Unrestricted                                       | 20,876,104   | 26,557,766                        | 26,557,766                        |
| Restricted   |  |                                   |                                   |
| Receivables  | 1,166,493  | 880,486                           | 880,486                           |
| Rates outstanding                                  | 267,463  | 556,398                           | 556,398                           |
| Sundry debtors                                     | 325,976  | 330,022                           | 330,022                           |
| GST receivable                                     | 138,392  | 95,688                            | 95,688                            |
| Waste charges                                      | 49,028   | 37,950                            | 37,950                            |
| LSL contributions - other local governments        |  |                                   |                                   |
| Inventories  | 92,741   | 103,837                           | 103,837                           |
| Fuels and Materials                                | 26,303   | 0                                 | 233,197                           |
| <b>LESS: CURRENT LIABILITIES</b>                   |  |                                   |                                   |
| Trade and other payables                           |  |                                   |                                   |
| Sundry creditors                                   | (1,147,171)  | (1,181,610)                       | (1,181,610)                       |
| Creditor accruals                                  | (1,236,203)  | (1,358,744)                       | (1,358,744)                       |
| Current portion of long term borrowings            |  |                                   |                                   |
| Secured by floating charge                         | (577,065)  | (550,311)                         | (550,311)                         |
| Provisions   |  |                                   |                                   |
| Provision for annual leave                         | (1,563,131)  | (1,441,512)                       | (1,441,512)                       |
| Provision for long service leave                   | (1,715,451)  | (1,752,036)                       | (1,752,036)                       |
| <b>Unadjusted net current assets</b>               | <b>28,019,803</b>                                  | <b>32,151,789</b>                 | <b>32,151,789</b>                 |

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017

**23. NET CURRENT ASSETS (continued)**

|  | 2017<br>(30 June 2017<br>Carried<br>Forward)<br>\$ | 2017<br>Brought<br>Forward)<br>\$ | 2016<br>Carried<br>Forward)<br>\$ |
|--|--|-----------------------------------|-----------------------------------|
| <b>Adjustments</b>                                     |  |                                   |                                   |
| Less: Reserves - restricted cash                       | (20,876,104)                                       | (26,557,766)                      | (26,557,766)                      |
| Add: Secured by floating charge                        | 577,065  | 550,311                           | 550,311                           |
| <b>Adjusted net current assets - surplus/(deficit)</b> | <b>7,720,764</b>                                   | <b>6,144,334</b>                  | <b>6,144,334</b>                  |

**Difference**

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

No specified area rates were imposed by the Shire during the year ended 2017.

**25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

No service charges were imposed by the Shire during the year ended 2017.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2016/17 FINANCIAL YEAR**

|            | Type      | Total Cost/<br>Value<br>\$ | Budget Cost/<br>Value<br>\$ |
|------------|-----------|----------------------------|-----------------------------|
| Rates      | Write-Off | 1,505                      | 1,500                       |
| Legal Fees | Write-Off | 2                          | 50                          |
|            |           | 1,507                      | 1,550                       |

No discount on rates is available.

The cost to the Shire for the early payment of rates incentive was \$4,300 being \$2,500 towards the first prize, \$1,500 towards the second prize and \$300 for pool entry.

**Shire of Mundaring**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR**

|                            | Date Due        | Instalment<br>Plan Admin<br>Charge<br>\$ | Unpaid Rates<br>Interest Rate<br>% |
|----------------------------|-----------------|--|------------------------------------|
| <b>Instalment Options</b>  |                 |  |                                    |
| <b>Option One</b>          |                 |  |                                    |
| Single full payment        | 12 September 16 | 0.00                                     | 11.00%                             |
| <b>Option Two</b>          |                 |  |                                    |
| First Instalment           | 12 September 16 | 0.00                                     | 11.00%                             |
| Second Instalment          | 14 November 16  | 9.00                                     | 11.00%                             |
| Third Instalment           | 16 January 17   | 9.00                                     | 11.00%                             |
| Fourth Instalment          | 20 March 17     | 9.00                                     | 11.00%                             |
|                            |                 | <b>Actual<br/>Revenue<br/>\$</b>         | <b>Budgeted<br/>Revenue<br/>\$</b> |
| Interest on unpaid rates   |                 | 177,434                                  | 155,000                            |
| Charges on instalment plan |                 | 144,912                                  | 135,000                            |
|                            |                 | 322,346                                  | 290,000                            |

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**28. FEES & CHARGES**

|                             | 2017<br>\$ | 2016<br>\$ |
|-----------------------------|------------|------------|
| Governance                  | 57         | 341        |
| General purpose funding     | 144,912    | 132,817    |
| Law, order, public safety   | 264,965    | 208,295    |
| Health                      | 98,890     | 83,900     |
| Education and welfare       | 2,341,258  | 2,527,079  |
| Community amenities         | 7,771,326  | 7,676,904  |
| Recreation and culture      | 813,718    | 778,113    |
| Transport                   | 30,698     | 10,055     |
| Economic services           | 286,105    | 261,576    |
| Other property and services | 7,165      | 7,793      |
|                             | 11,759,094 | 11,686,873 |

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**29. GRANT REVENUE**

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

| <b>By Nature or Type:</b>                            |           |           |
|--|-----------|-----------|
| <b>Operating grants, subsidies and contributions</b> |           |           |
| General purpose funding                              | 3,557,110 | 1,087,675 |
| Law, order, public safety                            | 439,425   | 491,021   |
| Education and welfare                                | 2,531,422 | 2,899,495 |
| Community amenities                                  | 2,500     | 0         |
| Recreation and culture                               | 104,768   | 85,132    |
| Transport  | 92,121    | 31,787    |
| Other property and services                          | 28,262    | 0         |
|  | 6,755,608 | 4,595,110 |



**Shire of Mundaring**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**29. GRANT REVENUE (continued)**

|  | 2017<br>\$ | 2016<br>\$ |
|--|------------|------------|
| <b>Non-operating grants, subsidies and contributions</b> |            |            |
| Law, order, public safety                                | 26,447     | 80,240     |
| Recreation and culture                                   | 2,239,966  | 1,778,185  |
| Transport  | 2,049,217  | 2,703,951  |
|  | 4,315,630  | 4,562,376  |
|  | 11,071,238 | 9,157,486  |

**30. EMPLOYEE NUMBERS**

|  |     |     |
|--|-----|-----|
| The number of full-time equivalent employees at balance date | 210 | 208 |
|--|-----|-----|

**31. ELECTED MEMBERS REMUNERATION**

|  | 2017<br>\$ | 2017<br>Budget<br>\$ | 2016<br>\$ |
|--|------------|----------------------|------------|
| The following fees, expenses and allowances were paid to council members and/or the president. |            |                      |            |
| Meeting Fees   | 255,420    | 255,420              | 252,707    |
| President's allowance  | 50,852     | 50,852               | 49,831     |
| Deputy President's allowance   | 12,713     | 12,713               | 12,458     |
| Travelling expenses  | 8,451      | 11,500               | 9,931      |
| Telecommunications allowance and expenses  | 42,595     | 43,500               | 42,716     |
|  | 370,031    | 373,985              | 367,643    |

**Shire of Mundaring**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**32. RELATED PARTY TRANSACTIONS**

|  | 2017<br>\$ |
|--|------------|
| <b><u>Key Management Personnel (KMP) Compensation Disclosure</u></b>               |            |
| The total of remuneration paid to KMP of the Shire during the year are as follows: |            |
| Short-term employee benefits   | 1,078,718  |
| Post-employment benefits   | 92,358     |
| Other long-term benefits   | 24,073     |
|  | 1,195,149  |

**Short-term employee benefits**

These amounts include all salary, paid leave, 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 at Note 31.

**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.

**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. Joint venture entities accounted for under the equity method*

The Shire has a 10.84% interest in the EMRC. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 16.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 32. RELATED PARTY TRANSACTIONS (continued)

##### Transactions with related parties

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

The following transactions occurred with related parties:

|  | 2017<br>\$ |
|--|------------|
| <b>Associated companies/individuals:</b> |            |
| Purchase of goods and services           | 409        |

##### Other Disclosures

Key management personnel, 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.

|                                |           |
|--------------------------------|-----------|
| <b>Joint venture entities:</b> |           |
| Purchase of goods and services | 3,099,145 |

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

#### 33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

#### 34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 35. FINANCIAL RISK MANAGEMENT

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

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 Shire held the following financial instruments at balance date:*

|                              | Carrying Value |            | Fair Value |            |
|------------------------------|----------------|------------|------------|------------|
|                              | 2017<br>\$     | 2016<br>\$ | 2017<br>\$ | 2016<br>\$ |
| <b>Financial assets</b>      |                |            |            |            |
| Cash and cash equivalents    | 32,218,731     | 36,431,621 | 32,218,731 | 36,431,621 |
| Receivables                  | 2,881,565      | 2,785,766  | 2,881,565  | 2,785,766  |
| Other Assets (Share of EMRC) | 18,974,932     | 18,082,646 | 18,974,932 | 18,082,646 |
|                              | 54,075,228     | 57,300,033 | 54,075,228 | 57,300,033 |
| <b>Financial liabilities</b> |                |            |            |            |
| <b>Payables</b>              |                |            |            |            |
| Borrowings                   | 2,383,374      | 2,540,354  | 2,383,374  | 2,540,354  |
|                              | 12,319,063     | 12,869,374 | 12,900,873 | 14,058,376 |
|                              | 14,702,437     | 15,409,728 | 15,284,247 | 16,598,730 |

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 35. FINANCIAL RISK MANAGEMENT (continued)

##### (a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

|   | 2017<br>\$ | 2016<br>\$ |
|---|------------|------------|
| Impact of a 1% (1) movement in interest rates on cash |            |            |
| - Equity  | 322,187    | 364,316    |
| - Statement of Comprehensive Income                   | 322,187    | 364,316    |

##### Notes:

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### 35. FINANCIAL RISK MANAGEMENT (continued)

##### (b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. 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 makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

|  | 2017 | 2016 |
|--|------|------|
| Percentage of rates and annual charges |      |      |
| - Current                              | 89%  | 91%  |
| - Overdue                              | 11%  | 9%   |
| Percentage of other receivables        |      |      |
| - Current                              | 94%  | 97%  |
| - Overdue                              | 6%   | 3%   |

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**35. FINANCIAL RISK MANAGEMENT (continued)****(c) Payables****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.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

|                    | 2 Due within<br>1 year<br>\$ | Due between<br>1 & 5 years<br>\$ | Due after<br>5 years<br>\$ | Total contractual<br>cash flows<br>\$ | Carrying<br>values<br>\$ |
|--------------------|------------------------------|----------------------------------|----------------------------|---------------------------------------|--------------------------|
| <b><u>2017</u></b> |                              |                                  |                            |                                       |                          |
| Payables           | 2,383,374                    | 0                                | 0                          | 2,383,374                             | 2,383,374                |
| Borrowings         | 1,103,182                    | 4,392,206                        | 11,271,501                 | 16,766,889                            | 12,319,063               |
|                    | 3,486,556                    | 4,392,206                        | 11,271,501                 | 19,150,263                            | 14,702,437               |
| <b><u>2016</u></b> |                              |                                  |                            |                                       |                          |
| Payables           | 2,540,354                    | 0                                | 0                          | 2,540,354                             | 2,540,354                |
| Borrowings         | 1,103,182                    | 4,392,206                        | 12,374,864                 | 17,870,252                            | 12,869,374               |
|                    | 3,643,536                    | 4,392,206                        | 12,374,864                 | 20,410,606                            | 15,409,728               |

## Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**35. FINANCIAL RISK MANAGEMENT (continued)****(c) Payables****Borrowings (continued)**

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

|  | <1 year<br>\$ | >1<2 years<br>\$ | >2<3 years<br>\$ | >3<4 years<br>\$ | >4<5 years<br>\$ | >5 years<br>\$ | Total<br>\$ | Weighted<br>Average<br>Effective<br>Interest Rate<br>% |
|--|---------------|------------------|------------------|------------------|------------------|----------------|-------------|--|
| <b><u>Year ended</u></b>                       |               |                  |                  |                  |                  |                |             |  |
| <b><u>30 June 2017</u></b>                     |               |                  |                  |                  |                  |                |             |  |
| <b>Borrowings</b>                              |               |                  |                  |                  |                  |                |             |  |
| <b>Fixed rate</b>                              |               |                  |                  |                  |                  |                |             |  |
| Debentures                                     | 577,065       | 605,330          | 635,200          | 666,777          | 700,169          | 9,134,522      | 12,319,063  | 4.61%  |
| Weighted average<br>Effective interest<br>rate | 5.07%         | 5.12%            | 5.01%            | 4.97%            | 4.91%            | 4.17%          |             |  |
| <b><u>Year ended</u></b>                       |               |                  |                  |                  |                  |                |             |  |
| <b><u>30 June 2016</u></b>                     |               |                  |                  |                  |                  |                |             |  |
| <b>Borrowings</b>                              |               |                  |                  |                  |                  |                |             |  |
| <b>Fixed rate</b>                              |               |                  |                  |                  |                  |                |             |  |
| Debentures                                     | 550,311       | 577,065          | 605,330          | 635,200          | 666,777          | 9,834,691      | 12,869,374  | 4.67%  |
| Weighted average<br>Effective interest<br>rate | 5.09%         | 5.07%            | 5.12%            | 5.01%            | 4.97%            | 4.29%          |             |  |



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## INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF MUNDARING

### *Opinion on the Audit of the Financial Report*

We have audited the accompanying financial report of the Shire of Mundaring (the Shire), which comprises the statement of financial position as at 30 June 2017, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Mundaring is in accordance with *the Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

### *Basis for Opinion*

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

### *Report on Other Legal and Regulatory Requirements*

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 57 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
  - i) reasonably calculated; and
  - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF MUNDARING (CONTINUED)**

*Responsibilities of Management and Council for the Financial Report*

Management is responsible for the preparation of this financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended) and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management 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.

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

*Auditor's Responsibilities for the Audit of the Financial Report*

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our auditor's report.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



GREG GODWIN  
PARTNER

Date: 27 October 2017  
Perth, WA

## Shire of Mundaring

### NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

#### RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

|                             | 2017 | 2016 | 2015 |
|-----------------------------|------|------|------|
| Asset consumption ratio     | 0.85 | 0.89 | 0.90 |
| Asset renewal funding ratio | 0.99 | 0.98 | 0.94 |

The above ratios are calculated as follows:

|                             |   |
|-----------------------------|---|
| Asset consumption ratio     | $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$          |
| Asset renewal funding ratio | $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |



**Shire of Mundaring**

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