




## **CONFIRMED MINUTES**

### **AUDIT AND RISK COMMITTEE MEETING**

**14 DECEMBER 2020**

I certify that the minutes of the meeting of the Audit and Risk Committee held on Monday, 14 December 2020 were confirmed on Tuesday, 16 February 2021.



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Presiding Person



**CONFIRMED MINUTES  
AUDIT AND RISK COMMITTEE MEETING  
14 DECEMBER 2020**

**ATTENTION/DISCLAIMER**

The purpose of this Committee Meeting is to discuss and make recommendations to Council about items appearing on the agenda and other matters for which the Committee is responsible. The Committee has no power to make any decisions which are binding on the Council or the Shire of Mundaring unless specific delegation of authority has been granted by Council. No person should rely on or act on the basis of any advice or information provided by a Member or Employee, or on the content of any discussion occurring, during the course of the Committee Meeting.

The Shire of Mundaring expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any advice or information provided by a Member or Employee, or the content of any discussion occurring during the course of the Committee Meeting.

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**AUDIT AND RISK COMMITTEE  
COUNCIL CHAMBER, 7000 GREAT EASTERN HIGHWAY, MUNDARING – 4.30PM**

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**1.0 OPENING PROCEDURES**

The Presiding Person declared the meeting open at 4.31pm.

Acknowledgement of Country

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

**1.1 Announcement of Visitors**

Nil

**1.2 Attendance/Apologies**

<b>Members</b>	Cr Darrell Jones (Presiding Person)	South Ward
	Cr John Daw	East Ward
	Mr Craig Wilkinson (Deputy Presiding)	
	Cr Simon Cuthbert	East Ward
	Cr Matthew Corica	West Ward
	Cr James Martin (arrived at 4.35pm)	South Ward
	Mr Tony Wittcomb	
<b>Staff</b>	Jonathan Throssell	Chief Executive Officer
	Garry Bird	Director Corporate Services
	Darryn Hunt	Accountant
	Andrea Douglas	Minute Secretary
<b>Apologies</b>	Danielle Courtin	Governance Co-ordinator
	Stan Kocian	Manager Finance & Governance
<b>Absent</b>	Cr Jason Russell	West Ward
<b>Guests</b>	Nil	
<b>Members of the Public</b>	Nil	
<b>Members of the Press</b>	Nil	

**2.0 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

Nil

### 3.0 DECLARATION OF INTEREST

#### 3.1 Declaration of Financial Interest and Proximity Interests

Elected Members must disclose the nature of their interest in matters to be discussed at the meeting (*Part 5 Division 6 of the Local Government Act 1995*).

Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting (*Sections 5.70 and 5.71 of the Local Government Act 1995*).

Nil

#### 3.2 Declaration of Interest Affecting Impartiality

An Elected Member or an employee who has an interest in a matter to be discussed at the meeting must disclose that interest (*Shire of Mundaring Code of Conduct, Local Government (Admin) Reg. 34C*).

Nil

### 4.0 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

### 5.0 PUBLIC QUESTION TIME

Procedures for asking and responding to questions are determined by the Presiding Person and in accordance with the Shire's Meeting Procedures Local Law 2015. Questions must relate to a function of the Committee.

Nil

### 6.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

<b>COMMITTEE DECISION RECOMMENDATION</b>	<b>ARC1.12.20</b>
Moved by                      Mr Wittcomb                      Seconded by                      Mr Wilkinson	

That the Minutes of the Audit and Risk Committee Meeting held 17 November 2020 be confirmed.

**CARRIED 6/0**

**For:**            Cr Jones, Cr Daw, Mr Wilkinson, Cr Cuthbert, Cr Corica and Mr Wittcomb

**Against:** Nil

### 7.0 PRESENTATIONS

#### 7.1 Deputations

Nil

**7.2 Petitions**

Nil

**7.3 Presentations**

Nil

**4.35pm Cr Martin entered the room.**

## 8.0 REPORTS OF EMPLOYEES

### 8.1 Purchasing Policy AS-04 - Minor Amendments

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<b>File Code</b>	GV.OPP 1
<b>Author</b>	Danielle Courtin, Governance Coordinator
<b>Senior Employee</b>	Garry Bird, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	1. AS-04 Purchasing Policy - Tracked changes <a href="#">↓</a> 2. Procedure Admin-45 - Legal Services <a href="#">↓</a>

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#### SUMMARY

This report requests Council's consideration for two minor amendments to the Purchasing Policy AS-04 to clarify the requirements for Requests for Quotations (RFQs).

#### BACKGROUND

Purchasing Policy AS-04 was last updated in June 2020 following changes to the *Local Government (Functions and General) Regulations 1996* (the Regulations) as a result of the pandemic.

The wording for the requirements when issuing RFQs valued between \$75,001 and \$249,999 has been found to be open for interpretation and the proposed minor amendment now clearly articulates the requirements.

A second minor amendment is proposed for the provision of legal services. Following the release of the Shire of Toodyay inquiry report that highlighted spending on legal services outside of normal procurement practices, it is considered prudent to provide additional clarification in our Policy to guide staff.

#### STATUTORY / LEGAL IMPLICATIONS

Regulation 11A of the *Local Government (Functions and General) Regulations 1996* states that:

##### 11A. Purchasing policies for local governments

- (1) A local government is to prepare or adopt, and is to implement, a purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250 000 or less or worth \$250 000 or less.
- (2) A purchasing policy is to make provision for and in respect of the policy to be followed by the local government for, and in respect of, entering into contracts referred to in subregulation (1).
- (3) A purchasing policy must make provision in respect of—
  - (a) the form of quotations acceptable; and
  - (ba) the minimum number of oral quotations and written quotations that must be obtained; and

(b) the recording and retention of written information, or documents, in respect of—

- (i) all quotations received; and
- (ii) all purchases made.

### **POLICY IMPLICATIONS**

No other policies are affected.

### **FINANCIAL IMPLICATIONS**

The proposed change to the wording of the policy does not have any financial implications.

### **STRATEGIC IMPLICATIONS**

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.8 – Compliance with the Local Government Act 1995 and all relevant legislation and regulations

### **SUSTAINABILITY IMPLICATIONS**

Nil

### **RISK IMPLICATIONS**

**Risk: Financial** - The RFQ requirements in the policy could be misunderstood or misinterpreted by staff preparing RFQs, leading to insufficient submissions being received and the Shire possibly not receiving value for money.

<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Likely	Moderate	High

#### **Action / Strategy**

Clearly articulate the RFQ requirements within the two relevant clauses, so that there can be no misunderstanding or incorrect interpretation of the requirements.

**Risk: Reputational** – Procurement is the area of government that is most often in the news due to fraud and corruption, including conflicts of interest, personal benefits from public office etc. A good purchasing policy should therefore be unequivocally worded, leaving nothing to interpretation.

<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Possible	Major	High

#### **Action / Strategy**

Ensure that any ambiguous clauses in the Policy are corrected as an when the issue is identified.



**Risk: Service levels** – If a large number of submissions are received in response to an RFQ, this will require more staff time to assess and may impact workload and service levels.

Likelihood	Consequence	Rating
Rare	Minor	Low

**Action / Strategy**

On average five submissions are received in response to RFQs, which should be sufficient to “test the market” while not really imposing a substantial extra workload on staff.

**EXTERNAL CONSULTATION**

Nil

**COMMENT**

**RFQ requirements**

By changing the wording in the Policy from ‘seeking minimum three RFQ respondents one being local’ to ‘undertake a formal public, open market RFQ through Tenderlink’ the market is really tested, local suppliers have equal opportunity to submit a quotation and accountability is much improved (**Attachment 1**).

Tenderlink is widely used by local governments, including the Shire, to advertise tenders, quotes, expressions of interest and other purchasing requirements to the market and to manage the procurement process through to contract award stage. Current and potential suppliers of goods and services can register free of charge. Once registered the supplier receives email notification of any new opportunities we publish. The supplier is then able to view associated documentation, participate in Q&A forums and submit electronic bid responses through our secure, e-tender box facility.

Tenderlink is a very effective, low cost solution that provide excellent transparency and probity. It requires no contract or licence fees, just a fee (\$161) as and when a request for tender (RFT) or RFQ is issued. Its cost in the overall procurement process is negligible.

**Legal services**

Currently under the Policy specialist legal services are exempt from purchasing thresholds and quotation requirements.

The draft amendment proposes to exempt legal services (specialist legal services is not sufficiently specific) when obtained from the WALGA Preferred Supplier Panel and in accordance with internal Procedure Admin-45 (**Attachment 2**), which outlines the process to ensure compliance with the Purchasing Policy and provides staff with the necessary guidance.

**VOTING REQUIREMENT**

Simple Majority

<b>COMMITTEE RECOMMENDATION</b>	<b>ARC2.12.20</b>
Moved by Cr Daw	Seconded by Cr Cuthbert

That Council adopts the amended Policy AS-04 as attached (**Attachment 1**).

**CARRIED 7/0**

**For:** Cr Jones, Cr Daw, Mr Wilkinson, Cr Cuthbert, Cr Corica, Cr Martin and Mr Wittcomb

**Against:** Nil

Shire of Mundaring

**POLICY**

**PURCHASING POLICY**

<b>Policy Ref:</b>	<b>AS-04</b>		
<b>Adopted:</b>	C16.04.07	<b>Date:</b>	24 April 2007
<b>Amended:</b>	C5.06.12	<b>Date:</b>	12 June 2012
<b>Reviewed:</b>	C8.06.17	<b>Date:</b>	13 June 2017
	C9.12.19	<b>Date:</b>	10 December 2019
	C5.06.20	<b>Date:</b>	9 June 2020
		<b>Date:</b>	
<b>Procedure Ref:</b>	Admin-29 Admin-30 Admin-31	<b>Delegation Ref:</b>	CE-151
<b>OP Ref.:</b>	OP-58 Corporate Purchasing Card		
<b>Policy Ref:</b>	OR-12 Code of Conduct		
<b>Statute Ref:</b>	<i>Local Government Act 1995</i>		
	<i>Local Government (Functions and General) Regulations 1996</i>		
<b>Local Law Ref:</b>	n/a		

**PURPOSE**

This policy commits Shire of Mundaring to maintaining purchasing practices that:

- Provide the Shire with an effective and consistent way of purchasing goods and services;
- Ensure openness, transparency, fairness and equity throughout the purchasing process;
- Support the Shire's economic development by ensuring goods and services are sourced from local suppliers where possible;
- Achieve a balance between operational efficiency and robust compliance to mitigate fraud and misconduct risks; and
- Ensure compliance with the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996*.

**1. PURCHASING PRINCIPLES**

**1.1 Code of Conduct**

All employees of the Shire are bound by the Shire's Code of Conduct when undertaking purchasing activities and will:

- ensure that any actual or perceived conflicts of interest are identified, disclosed and appropriately managed;
- observe the highest standards of ethics and integrity; and

- act in an honest and professional manner at all times.

## 1.2 Purchasing principles

The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:

- **Accountability** - the responsible employee will be accountable for all purchasing decisions and the efficient, effective and proper expenditure of public monies to achieve the best outcome for the Shire and value for money;
- **Regulatory Compliance** - all purchasing practices will comply with relevant legislation, regulations and the Shire's policies, procedures and Code of Conduct;
- **Open Competition** - purchasing is to be undertaken on a competitive basis to ensure that all potential suppliers are treated impartially, honestly and consistently;
- **Integrity** - any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed;
- **Transparency** - all processes, evaluations and decisions will be transparent, free from bias and fully documented in accordance with applicable policies, audit requirements and relevant legislation;
- **Professionalism** – subject to legislative requirements and only to the extent required, any information provided to the Shire by a supplier will be treated as commercial-in-confidence and will not be released unless authorised by the supplier or relevant legislation;
- **Value for Money** – the responsible employee will ensure procurement decisions achieve the best possible outcome for the amount of money spent; and
- **Support of Local Businesses** – value for money assessment must recognise the role of Council in keeping jobs and profits in the Shire and keeping the local economy prosperous and competitive, thereby providing ongoing benefits to the local community;
- **Sustainability** – energy and water efficiency are key considerations in purchasing decisions, and reusable, recycled content or recyclable products are preferred where available and practical.

## 1.3 Buy Local Policy

Local supplier/contractor: has had a permanent office and permanent staff in the Shire of Mundaring district for a period of six months prior to quotations being sought.

As much as practicable, employees must:

- where appropriate, consider buying practices, procedures and specifications that do not unfairly disadvantage local businesses;
- consider indirect benefits that have flow on benefits for local suppliers (i.e. servicing and support);
- ensure that procurement plans address local business capability and local content;

- explore the capability of local businesses to meet requirements and ensure that Requests for Quotation and Tenders are designed to accommodate the capabilities of local businesses;
- avoid bias in the design and specifications for Requests for Quotation and Tenders – all Requests must be structured to encourage local businesses to bid; and
- provide adequate and consistent information to potential suppliers.

To this extent, a qualitative weighting may be afforded in the evaluation of quotes and tenders to local suppliers/contractors or suppliers/contractors who clearly demonstrate a benefit or contribution to the local economy.

#### **1.4 Value for money**

Value for money is a key policy objective. It ensures that the Shire achieves the best possible outcome at competitive prices. This does not necessarily mean selecting the bid that offers the lowest initial price.

Purchasing decisions will be assessed on a value for money basis, giving full consideration to:

- The advantages of dealing with local businesses;
- Local content;
- The whole-of-life cost of the purchase or contract;
- Compliance with specifications, guidelines and requirements;
- Supplier capability to fulfil the specified requirements – legal, financial, experience etc;
- Net benefits to the Shire including the benefits of maintaining an ongoing, innovative and competitive local business environment;
- Environmental impacts and ethical standards; and
- Opportunities for local employment growth or retention.

#### **1.5 Sustainable procurement**

Sustainable procurement is defined as those practices that bring together the consideration of sustainability outcomes in addition to the commercial value proposition in deciding the most appropriate supply action to select.

Sustainable procurement incorporates the quadruple bottom line objectives into its decision making, in considering the following impacts:

1. The **environmental** impact (positive or negative) of the purchase;
2. The **economic** cost of supply over the life of the purchase;
3. The **social and ethical** implications of the purchase; and
4. The application of **good governance and leadership** over its procurement decision making.

In accordance with its sustainability objectives, the Shire is committed to sustainable procurement and where appropriate shall endeavour to design quotations and tenders to provide an advantage to goods, services and/or processes that minimise negative environmental and social impacts.

## 2. PURCHASING THRESHOLDS

The following table prescribes the purchasing methodology to be selected based on the purchasing value.

Determining the purchasing value is to be based on the following considerations:

- Exclusive of GST;
- The actual or expected value of a contract over the full contract period, including all options to extend. Alternatively the extent to which it could be reasonably expected that the Shire will continue to purchase a particular category of goods, services or works and what total value could be reasonably expected to be purchased. Best practice obtained from the Department of Local Government is that if a purchasing threshold is reached within **three years**, then the purchasing requirement under the relevant higher threshold must apply, including for tenders;
- Must incorporate any variation to the scope of the purchase and be limited to a 10% tolerance of the original purchasing value.

The responsible employee is expected to demonstrate due diligence in seeking quotations and may determine that the process outlined for higher transaction value may be appropriate to a purchase despite it being of a lower value. Commonly a sufficient number of quotes would be sought according to the type and nature of purchase, not purely its value. The value dictates the minimum requirements for the purchase. In addition it is recommended to use professional discretion and occasionally undertake market testing with a greater number or more formal forms of quotation to ensure best value is maintained.

Purchasing value (exclusive of GST)	Method to be used	Authority to accept the quotation or tender and sign off on the purchase
Up to \$3,000	<p>Obtain at least one verbal quotation.</p> <p>Written notes detailing the verbal quotation must be:</p> <ul style="list-style-type: none"> <li>• recorded in the records system; and</li> <li>• attached to the requisition order.</li> </ul> <p>Alternative suppliers are encouraged to be used to ensure best value for money and adequate market share.</p>	<ol style="list-style-type: none"> <li>1. Responsible employee initiates purchase order (PO) through OLR;</li> <li>2. Coordinator or Team Leader confirms policy requirements by approving PO.</li> </ol> <p>If no Coordinator or Team Leader, Manager signs off.</p>
\$3,001 to \$10,000	<p>Obtain at least <b>two written quotations</b> containing price and specification or technical description of proposed purchase.</p> <p>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of this Policy.</p> <p>Records must be kept of:</p> <ul style="list-style-type: none"> <li>• the invitation to quote sent to each supplier;</li> <li>• the evaluation of each quotation;</li> <li>• the decision to accept a quotation and the reason(s) why.</li> </ul> <p>Written quotes must be:</p> <ul style="list-style-type: none"> <li>• Scanned and recorded in the records system;</li> </ul> <p>and</p>	<ol style="list-style-type: none"> <li>1. Responsible employee evaluates quotations and initiates purchase order (PO) through OLR;</li> <li>2. Manager confirms policy requirements by approving PO.</li> </ol>

	<ul style="list-style-type: none"> <li>attached to the requisition order.</li> </ul>	<p>1. Responsible employee evaluates each quotation;</p> <p>2. Manager reviews and signs evaluation report;</p> <p>3. Employee initiates PO through OLR;</p> <p>4. Manager confirms policy requirements by approving PO;</p> <p>5. Manager signs the contract, if applicable.</p>
<p>\$10,001 to \$75,000</p>	<p>Obtain at least three written quotations containing price and specification or technical description of proposed purchase.</p> <p>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of this Policy.</p> <p>Records must be kept of:</p> <ul style="list-style-type: none"> <li>the invitation to quote sent to each supplier;</li> <li>the evaluation of each quotation;</li> <li>the decision to accept a quotation and the reason(s) why.</li> </ul> <p>Written quotes must be:</p> <ul style="list-style-type: none"> <li>Scanned and recorded in the records system; and</li> <li>attached to the requisition order.</li> </ul>	
<p>\$75,001 to \$149,999</p>	<p>Undertake a formal public, open market Request for Quotations (RFQ) through Tenderlink seeking a minimum of three RFQ respondents one being a local supplier where available containing price and specification or technical description of proposed purchase.</p> <p>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract</p>	<p>1. Evaluation panel to consist of minimum two employees;</p> <p>2. Manager reviews evaluation report and recommends it to Director;</p> <p>3. Director approves and signs off;</p> <p>4. Employee initiates PO through OLR;</p> <p>5. Director confirms policy requirements by approving PO;</p>



	<p>(WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of this Policy.</p> <p>Records must be kept of:</p> <ul style="list-style-type: none"> <li>the invitation to quote sent to each supplier;</li> <li>the evaluation of each quotation;</li> <li>the decision to accept a quotation and the reason(s) why.</li> </ul> <p>Written quotes must be:</p> <ul style="list-style-type: none"> <li>Scanned and recorded in the records system; and</li> <li>attached to the requisition order.</li> </ul>	<p>6. Director signs the contract, if applicable.</p>
<p>\$150,000 to \$249,999</p>	<p>Undertake a formal public, open market Request for Quotations (RFQ) through Tenderlink, seeking a minimum of three RFQ respondents one being a local supplier where available containing price and specification or technical description of proposed purchase.</p> <p>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of this Policy.</p> <p>Records must be kept of:</p> <ul style="list-style-type: none"> <li>the invitation to quote sent to each supplier;</li> <li>the evaluation of each quotation;</li> <li>the decision to accept a quotation and the reason(s) why.</li> </ul>	<ol style="list-style-type: none"> <li>Evaluation panel to consist of minimum three employees including one Manager;</li> <li>Director reviews evaluation report and recommends it to CEO;</li> <li>CEO approves and signs off;</li> <li>Employee initiates PO through OLR;</li> <li>CEO confirms policy requirements by approving PO;</li> <li>CEO signs the contract, if applicable.</li> </ol>

<p>\$250,000 and above</p>	<p>Written quotes must be:</p> <ul style="list-style-type: none"> <li>• Scanned and recorded in the records system; and</li> <li>• attached to the requisition order.</li> </ul> <p>Conduct a <b>public Request for Tender (RFT)</b> process <b>through Tenderlink</b> in accordance with the provisions of the <i>Local Government Act 1995</i> (the Act), the <i>Local Government (Functions and General) Regulations 1996</i> (the Regulations) and the Code of Conduct;</p> <p>Refer to the Shire of Mundaring Tender Guidelines for detailed guidelines.</p> <p>State-wide advertising must include the local newspapers;</p> <p>or</p> <p>purchase from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA). See Part 4 of this Policy, there is still a requirement to undertake a formal Request for Quotations (RFQ) seeking a minimum of three RFQ respondents containing price and specification or technical description of proposed purchase.</p>	<p>Delegation CE-151:</p> <ul style="list-style-type: none"> <li>• CEO can accept tender where the consideration under the resulting contract is \$250,000 (excluding GST) or less and the item is identified in the adopted budget</li> <li>• CEO can accept regular supply tenders and tenders for plant and vehicles for items identified in the adopted budget</li> <li>• Director Infrastructure Services (DIS) – as for CEO, but tender must be relevant to DIS area of responsibility.</li> </ul> <p>All other tenders must be accepted by Council, who can authorise the CEO as part of their decision to sign the contract.</p> <p>In line with the above delegation contracts resulting from a tender process and valued at \$250,000 (ex GST) or less over the term of the contract, can be signed off by the CEO.</p>
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### EXEMPTIONS FROM PURCHASING THRESHOLDS AND QUOTATION REQUIREMENTS

Only where the total value of the purchase does not exceed \$250,000 exclusive of GST, the following purchasing decisions are exempt from the purchasing thresholds and quotation requirements of this policy:

1. Purchases:
  - From specialised suppliers, such as state-wide advertising, postal services, memberships and subscriptions, taxis/ride share services, industry based training etc.;
  - For utilities (power, water, gas);
  - For emergency repairs;
  - For proprietary software support (InfoHub, InfoCouncil);
  - From original equipment manufacturers, where warranty provisions may be voided, such as spare parts and service of plant and equipment; and
  - For specialist legal services from firms on the WALGA Preferred Supplier Panel in accordance with internal Procedure Admin-45 which prescribes the arrangements for engaging legal service providers; and
  - For specialist consultancy services or specialised equipment manufacturers, as determined by a Director or the CEO, provided their approval is in writing, prior to the purchase.
2. Purchases made from panels of pre-qualified suppliers (see below).
3. Engagement of specific artists for events, for a value of less than \$5,000. "Artist" includes writer, actor, musician, public performer, painter, sculptor, writer, film maker, welcome to country performer. This purchase has to be approved by a Director.

### 3. TENDERS

For the procurement of goods or services where the value exceeds \$250,000, the shire is required under s. 3.57 of the Act and Regulation 11(1) of the Regulations to publicly invite tenders or purchase from a tender exempt contract.

Please refer to the Shire of Mundaring **Tender Guidelines** for guidance with tender processes.

### 4. PURCHASING FROM WALGA PREFERRED SUPPLIERS OR STATE GOVERNMENT COMMON USE ARRANGEMENT (CUA)

A tender exemption may apply if a purchase is obtained through the WALGA Preferred Supplier Program or the State Government CUA. Both programs can also be accessed for purchases requiring quotations.

The intent of the exemption is not to bypass the purchasing or tender requirements, but to save time, money and effort in advertising purchasing intentions and evaluating quotations when this task has already been completed by WALGA or CUA.

In order to ensure accountability, regulatory compliance, open competition, integrity, transparency and value for money these requirements must be strictly observed for all purchases from WALGA Panels or CUA:

1. All quotations from WALGA preferred suppliers must be obtained through the WALGA e-quotes facility;
2. Contracts resulting from quotations through WALGA preferred suppliers or CUA suppliers are limited to a maximum term of 12 months.
3. All purchasing from WALGA preferred suppliers or CUA is subject to the same thresholds and approval authorities as above. Contracts valued at more than \$325,000 (excluding GST) over three years must be presented for approval to Council.
4. Conflict of interest and confidentiality declarations, as well as evaluation of submissions must be completed and recorded as per the Tender Guidelines.

## **5. PANELS OF PRE-QUALIFIED SUPPLIERS**

### **5.1 Policy Objectives**

In accordance with Regulation 24AC of the Local Government (Functions and General) Regulations 1996, a Panel of Pre-qualified Suppliers ("Panel") may be created where most of the following factors apply:

- a range of similar goods and services are required to be purchased on a continuing and regular basis;
- there are numerous potential suppliers in the local and regional procurement-related market sector(s) that satisfy the test of 'value for money';
- the purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- the Panel will streamline and will improve procurement processes; and
- the Shire has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

The Shire will endeavour to ensure that Panels will not be created unless most of the above factors are firmly and quantifiably established.

### **5.2 Establishing a Panel**

Should it be determined that a Panel is beneficial to be created, it must do so in accordance with Part 4, Division 3 the *Local Government (Functions and General) Regulations 1996*.

- Panels may be established for one supply requirement, or a number of similar supply requirements under defined categories within the Panel.

- Panels may be established for a minimum of two (2) years and for a maximum length of time deemed appropriate by the Shire.
- Evaluation criteria must be determined and communicated in the application process by which applications will be assessed and accepted.
- Where a Panel is to be established, the Shire will endeavour to appoint at least three (3) suppliers to each category, on the basis that best value for money is demonstrated. Where less than three (3) suppliers are appointed to each category within the Panel, the category is not to be established.
- In each invitation to apply to become a pre-qualified supplier (through a procurement process advertised through a statewide notice), the Shire must state the expected number of suppliers it intends to put on the panel.
- Should a Panel member leave the Panel, they may be replaced by the next ranked Panel member determined in the value for money assessment should the supplier agree to do so, with this intention to be disclosed in the detailed information set out under reg. 24AD(5)(d) and (e) when establishing the Panel.

### **5.3 Distributing Work Amongst Panel Members**

To satisfy reg. 24AD(5) of the Regulations, when establishing a Panel of pre-qualified suppliers, the detailed information associated with each invitation to apply to join the Panel must either prescribe whether the Shire intends to:

- i. Obtain quotations from each pre-qualified supplier on the Panel with respect to all purchases, in accordance with Clause 5.3 a); or
- ii. Purchase goods and services exclusively from any pre-qualified supplier appointed to that Panel, and under what circumstances; or
- iii. Develop a ranking system for selection to the Panel, with work awarded in accordance with Clause 5.3 b).

In considering the distribution of work among Panel members, the detailed information must also prescribe whether:

- a) each Panel member will have the opportunity to bid for each item of work under the Panel, with pre-determined evaluation criteria forming part of the invitation to quote to assess the suitability of the supplier for particular items of work. Contracts under the pre-qualified panel will be awarded on the basis of value for money in every instance; or
- b) work will be awarded on a ranked basis, which is to be stipulated in the detailed information set out under Regulation 24AD(5)(f) when establishing the Panel. The Shire is to invite the highest ranked Panel member, who is to give written notice as to whether to accept the offer for the work to be undertaken. Should the offer be declined, an invitation to the next ranked Panel member is to be made and so forth until a Panel member accepts a Contract. Should the list of invited Panel members be exhausted with no Panel member accepting the offer to provide goods/services under the Panel, the Shire may then invite suppliers that are not pre-qualified under the Panel, in accordance with the Purchasing Thresholds stated in Part 2 of this Policy. When a ranking system is established, the Panel must not operate for a period exceeding 12 months.

In every instance, a contract must not be formed with a pre-qualified supplier for an item of work beyond 12 months, which includes options to extend the contract.

#### **5.4 Purchasing from the Panel**

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state whether quotations are either to be invited to every member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise.

Each quotation process, including the invitation to quote, communications with panel members, quotations received, evaluation of quotes and notification of award communications must all be captured on the Shire's electronic records system. A separate file is to be maintained for each quotation process made under each Panel that captures all communications between the Shire and Panel members.

#### **5.5 Recordkeeping**

Records of all communications with Panel members, with respect to the quotation process and all subsequent purchases made through the Panel, must be kept. For the creation of a Panel, this includes:

- The Procurement initiation document such as a procurement business case which justifies the need for a Panel to be created;
- Procurement Planning and approval documentation which describes how the procurement is to be undertaken to create and manage the Panel;
- Request for Applications documentation;
- Copy of public advertisement inviting applications;
- Copies of applications received;
- Evaluation documentation, including clarifications sought;
- Negotiation documents such as negotiation plans and negotiation logs;
- Approval of award documentation;
- All correspondence to applicants notifying of the establishment and composition of the Panel such as award letters;
- Contract Management Plan which describes how the contract will be managed; and
- Copies of framework agreements entered into with pre-qualified suppliers.

The Shire is also to retain itemised records of all requests for quotation, including quotations received from pre-qualified suppliers and contracts awarded to Panel members. A unique reference number shall be applied to all records relating to each quotation process, which is to also be quoted on each purchase order issued under the Contract.

Information with regards to the Panel offerings, including details of suppliers appointed to the Panel, must be kept up to date, consistent and made available for access by all officers and employees of the Shire.

#### 6. AUTHORITY TO EXECUTE CONTRACTS

Execution (or signing) of contracts must be in accordance with approved individual purchasing limits.

	Maximum value of contract over its term (excluding GST)
Managers	Up to \$75,000
Directors	Up to \$150,000
Director Infrastructure Services	Up to \$250,000 in accordance with Delegated Authority
CEO	Up to \$250,000 in accordance with Delegated Authority

#### 7. CORPORATE CREDIT CARDS

The corporate credit card is to be used only for business related expenditure. The card must not be used for personal, non-work related expenditure or to obtain cash advances.

The CEO can authorise the issue of cards to employees as required. The CEO is to establish procedures for the use of cards to ensure adequate control is exercised over their use and that expenditure incurred on cards is included in the monthly schedule of accounts to be reviewed by Council. The CEO will also maintain a register of all credit cards.

All cardholders are designated employees under the *Local Government Act 1995* s. 5.74 and have therefore a statutory obligation to complete Primary and/or Annual Returns.

Shire of Mundaring

**PROCEDURE**

**ENGAGING LEGAL SERVICES**

<b>Procedure Ref:</b>	<b>Admin-45</b>	<b>File Code: GV.OPP 3</b>
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**Originating Service/Officer:** Governance  
**Originating Date:** November 2020  
**Reviewed by:** **Date:**  
**Amended by:** **Date:**  
**Approved by:**  
**Responsible Officer:** Director Corporate Services  
**Policy Reference:** AS-04 Purchasing Policy

**PURPOSE**

To prescribe arrangements that will enable engagement of efficient, high quality and cost effective legal services as and when required.

**Definition**

Legal services includes legal advice and legal representation

Legal advice a professional or formal legal opinion tailored to the circumstances of a matter under consideration by the Shire

Legal representation a legal professional appointed to represent the Shire in court or tribunal proceedings

**Procedure**

This procedure applies to all Shire of Mundaring employees.

1. All requests for legal services must be approved in advance by a Director or the CEO.
2. Legal services will be sourced from the WALGA Preferred Supplier Panel "Legal Services" as updated from time to time, having regard to the specific area of expertise required.
3. All panel members offer and encourage free initial telephone advice.



4. **Ongoing matters:** where legal fees for a specific matter accumulate over a period of months or years, approval in advance for further expenditure will be in accordance with the following purchasing thresholds, taking into account the accumulated amount of spending to date and the approved annual budget for legal services.  
Directors may approve in writing legal services up to an accumulated value of \$20,000; and  
The CEO may approve in writing legal services once the accumulated value exceeds \$20,000.  
Purchase orders must accurately reflect the accumulated value of legal services engaged to date.
5. **New and/or one-off matters:** prior to contacting any legal firm for written advice expected to exceed \$3,000 exclusive of GST, a request for quotation including a detailed brief of the facts of the matter must be emailed to at least two firms on the WALGA panel.  
A template request for quotation is attached to this procedure.  
The legal firm considered as having the best expertise in the particular matter and providing best value for money can then be appointed.  
Approval thresholds for 'ongoing matters' also apply to new and/or one-off matters.
6. **Urgent matters:** only Directors and the CEO can waive the requirement for two quotes for matters that can be justified as urgent. In this case the employee will request the Director's or CEO's written approval to proceed to engage a legal firm with the specific expertise, whether on the WALGA panel or not.  
The CEO may prescribe a maximum amount which is not to be exceeded unless a variation is subsequently approved.
7. A monthly legal fee expenditure report by service area will be provided to the CEO.
8. The CEO has discretion to brief Council on significant legal matters.

#### Records Management

All written legal advice obtained must be filed on the relevant matter file and copied to the LS.ADV file. This will help to develop a knowledge base for future reference.

This procedure was approved by:  
**Jonathan Throssell**  
**CHIEF EXECUTIVE OFFICER**

Date:

## 8.2 Audited Annual Financial Report 2019/20

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<b>File Code</b>	FI.AUD 1920
<b>Author</b>	Stan Kocian, Manager Finance and Governance
<b>Senior Employee</b>	Garry Bird, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	<ol style="list-style-type: none"><li>1. Audited Annual Financial Report for year ended 30 June 2020 <a href="#">↓</a></li><li>2. Annual Financial Report - Variances <a href="#">↓</a></li></ol>

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### SUMMARY

This report presents the audited Annual Financial Report for the year ended 30 June 2020. The Annual Financial Report includes the independent audit report issued by the Office of the Auditor General (OAG).

### BACKGROUND

The audited Annual Financial Report will be included as part of the Shire's Annual Report for 2019/20.

The OAG has completed the audit and an audit exit interview was conducted by the OAG and the OAG's audit contractor (Moore Australia) with the members of the Audit and Risk Committee and relevant Shire employees on Monday 30 November 2020.

The Annual Financial Report for the year ended 30 June 2020 has been prepared in accordance with Australian Accounting Standards and complies with the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

The Audit and Risk Committee (ARC) is to review the audited Annual Financial Report prior to its presentation to Council.

The ARC Terms of Reference provides:

- 12.1 (h) Review the Shire's draft Annual Financial Report. Focussing on:
- Accounting policies and practices
  - Changes to accounting policies and practices
  - The process used in making significant accounting estimates
  - Significant adjustments to the financial report (if any) arising from the audit process
  - Compliance with accounting standards and other reporting requirements
  - Significant variances from prior years.

## STATUTORY / LEGAL IMPLICATIONS

The *Local Government Act 1995* sets out the requirements for the preparation of the annual financial report as follows:

- Section 6.4 (1) and (2) - requires the Shire to prepare an annual financial report for the preceding financial year which is to be presented in the manner and form prescribed.
- Section 6.4(3) - requires the Shire to submit to its auditor the accounts balanced up to the last day of the preceding financial year and the annual financial report by 30 September.
- Section 5.53(2) - requires the Shire to prepare an annual report that includes the financial report for the financial year and the auditor's report for the financial year.

Regulation 10 of the *Local Government (Audit) Regulations 1996* stipulates what is to be included in the auditor's report.

Sections 7.12A 4 (a) (b) and 7.12A 5 stipulate that a local government must:

- Prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters.
- Give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- Within 14 days after a local government gives a report to the Minister publish a copy of the report on the local government's official website.

## POLICY IMPLICATIONS

Nil

## FINANCIAL IMPLICATIONS

Nil

## STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.8 – Compliance with the Local Government Act 1995 and all relevant legislation and regulations

## SUSTAINABILITY IMPLICATIONS

Nil

## RISK IMPLICATIONS

<b>Risk:</b> Financial and reputational. Risk of material misstatement of the Shire's financial position and performance
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Likelihood	Consequence	Rating
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Rare	Major	Low
<b>Action / Strategy</b>		
The audit of the Shire's financial report is undertaken by an external auditor to mitigate the risk of material misstatement of the Shire's financial position and performance.		

## EXTERNAL CONSULTATION

Nil

## COMMENT

The independent audit report issued by OAG is an unqualified report.

The OAG did note the following matter that will be reported in accordance with regulation 10(3) of the *Local Government (Audit) Regulations 1996*:

*There is a significant adverse trend in the financial position of the Shire as the Asset Sustainability Ratio has been below the industry benchmark for the past 3 years.*

The Asset Sustainability Ratio measures the annual capital expenditure on renewing or replacing assets to the annual depreciation of those assets. This ratio indicates whether the Shire is renewing or replacing existing physical assets at the same rate at which they are wearing out.

The Shire's Asset Sustainability Ratio for the past three financial years is as follows:

2020	2019	2018
0.76	0.56	0.62

The industry benchmark is between 0.95 and 1.05. This ratio was highlighted by the OAG last year. During the 2019/20 financial year the estimated useful lives for roads were revised. The review was based on a detailed analysis of historical renewal and intervention data for roads. This resulted in the useful lives for sealed road pavement being increased from 70-110 years to 70-150 years, and the useful lives for sealed road surface being increased from 15-30 years to 15-45 years. The annual depreciation expense for roads reduced from \$4.9 million in 2018/19 to \$3.2 million in 2019/20. This reduction in depreciation expense has resulted in an improved Asset Sustainability Ratio of 0.76 in 2019/20 compared to 0.56 in 2018/19.

The Shire's performance for the other two asset related ratios, the Asset Consumption Ratio and the Asset Renewal Funding Ratio, meets industry benchmark standards.

The Asset Consumption Ratio expresses the total carrying value of depreciable assets as a percentage of the total reported value of depreciable assets before accumulated depreciation. This ratio highlights the aged condition of the Shire's physical asset. The benchmark for this ratio between 0.5 and 0.75

The Shire's Consumption Ratio for the past three financial years is as follows:

2020	2019	2018
0.72	0.73	0.74

This ratio indicates that the Shire has only consumed 28% of the useful life of its total asset base which in turn indicates the Shire's assets are in a good condition.

The Asset Funding Renewal Ratio is a measure of the ability of the Shire to fund its projected asset renewals and replacements in the future, and compares the Shire's required renewal funding requirements (determined by Shire's asset management plans) to the Shire's planned renewal funding (what is forecast in the long term financial plan). The benchmark for this ratio is 0.95 or greater.

The Shire's Asset Renewal Funding Ratio for the past three financial years is as follows:

2020	2019	2018
1.13	1.11	1.14

These results indicate that the Shire's planned asset and renewal funding within the long term financial plan meet the required renewal funding requirements determined by Shire's asset management plans.

In terms of addressing the Shire's recent results for the Asset Sustainability Ratio the Shire's only option is to continue to review the useful lives of all its assets on annual basis. This continuous exercise of review and analysis will ensure that the useful lives of the Shire's assets reflects reality. If the Shire is underestimating the useful lives of its assets this would have the consequence of the Shire overstating its annual depreciation expense. Overstating the annual depreciation expense has an adverse impact on the calculation of the Asset Sustainability Ratio.

If the Shire is estimating the useful lives of its assets accurately the Shire will need to review its long term financial plan and develop a strategy as to how to fund the annual depreciation of its assets through the renewal and replacement of its assets. This being said, the Shire's Asset Consumption Ratio indicates that the Shire has historically funded asset renewal and replacement sufficiently; whilst the Shire's Asset Renewal Funding Ratio indicates that the Shire's planned funding for future asset renewal and replacement is sufficient to meet required levels of funding determined by Shire's asset management plans.

It should be noted that whilst the OAG has identified the Shire's recent performance in the Asset Sustainability Ratio as a significant adverse trend in the financial position of the Shire, the Shire's overall financial performance has improved, or at least been maintained, over the past five financial years. The seven statutory financial ratios (which include the asset ratios) are utilised to calculate the Department of Local Government and Communities' Financial Health Indicator (FHI) score for each local government. The FHI measures financial sustainability and is a score out of 100 based on the seven ratios. The benchmark for financial sustainability is a FHI score of 70 or above.

The Shire's FHI score for the past five financial years is as follows:

2016	2017	2018	2019	2020
75	76	85	84	85

In addressing the specifics of the Terms of Reference of ARC, the following is provided:

#### 1. Accounting policies and practices

Significant accounting policies are set out in the Notes to and forming part of the Annual Financial Report.

## 2. Changes to accounting policies and practices

### Changes to Financial Management Regulations

Effective 6 November 2020, Local Government (Financial Management) Regulation 16 was deleted and Local Government (Financial Management) Regulation 17A was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, Financial Management Regulation 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land (the Mundaring Golf Course) previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	74,575,071	(800,000)	73,775,071
Revaluation surplus	13	245,452,529	(800,000)	244,652,529

Also, following changes to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out

previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

### Depreciation on roads

During the year the estimated useful lives for roads were revised. The review was based on a detailed analysis of historical renewal and intervention data for roads. This resulted in the useful lives for sealed road pavement being increased from 70-110 years to 70-150 years, and the useful lives for sealed road surface being increased from 15-30 years to 15-45 years. The annual depreciation expense for roads reduced from \$4.9 million in 2018/19 to \$3.2 million in 2019/20.

### **3. The process used in making significant 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.

### **4. Significant adjustments to the financial report (if any) arising from the audit process**

There were no significant adjustments to the financial report arising from the audit process.

### **5. Compliance with accounting standards and other reporting requirements**

The accounts have been prepared in compliance with applicable Australian Accounting Standards, the *Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended).

### **6. Significant variances from prior years**

When comparing income and expenditure for the Income Statement it is appropriate to compare actual results to budget. Major variances between 2019/20 Budget and 2019/20 Actual and major variances between 2019/20 Actual and 2018/19 Actual are set out in **Attachment 2**.

## VOTING REQUIREMENT

Simple Majority

<b>COMMITTEE DECISION RECOMMENDATION</b>	<b>ARC3.12.20</b>		
Moved by	Cr Cuthbert	Seconded by	Cr Martin

1. That Audit and Risk Committee accepts the audited Annual Financial Report for the year ended 30 June 2020 and notes the independent Audit Report issued by the Office of the Auditor General **Attachment 1**.
2. That the Audit and Risk Committee notes the significant variances and explanations in **Attachment 2**.

### **CARRIED 7/0**

**For:** Cr Jones, Cr Daw, Mr Wilkinson, Cr Cuthbert, Cr Corica, Cr Martin and Mr Wittcomb

**Against:** Nil



**SHIRE OF MUNDARING  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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**COMMUNITY VISION**

The place for sustainable living

**Principal place of business:**  
7000 Great Eastern Highway, Mundaring WA 6073

**SHIRE OF MUNDARING  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Mundaring for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Mundaring at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 1st day of December 2020



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Chief Executive Officer

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Jonathan Throssell

**SHIRE OF MUNDARING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	27(a)	29,096,034	29,092,301	28,386,167
Operating grants, subsidies and contributions	2(a)	6,214,762	4,436,750	6,332,488
Fees and charges	2(a)	11,793,327	12,071,901	12,792,343
Interest earnings	2(a)	857,739	1,070,620	1,097,000
Other revenue	2(a)	2,187,052	714,575	793,150
		<u>50,148,914</u>	<u>47,386,147</u>	<u>49,401,148</u>
<b>Expenses</b>				
Employee costs		(19,689,749)	(20,073,418)	(19,408,622)
Materials and contracts		(18,004,283)	(19,755,212)	(18,191,442)
Utility charges		(1,383,712)	(1,450,928)	(1,295,574)
Depreciation on non-current assets	11(b)	(7,533,373)	(7,309,307)	(8,950,800)
Interest expenses	2(b)	(480,450)	(470,846)	(577,456)
Insurance expenses		(472,985)	(524,246)	(488,792)
Other expenditure		(791,879)	(748,468)	(760,595)
		<u>(48,356,431)</u>	<u>(50,332,425)</u>	<u>(49,673,281)</u>
		1,792,483	(2,946,278)	(272,133)
Non-operating grants, subsidies and contributions	2(a)	1,912,854	1,874,323	2,024,236
Profit on asset disposals	11(a)	1,200	1,225,000	24,865
(Loss) on asset disposals	11(a)	(113,120)	(129,375)	(442,683)
Fair value adjustments to financial assets at fair value through profit or loss		2,017	0	122,620
Change in Equity - Investment in Associate	24	(1,041,469)	0	962,933
		<u>761,482</u>	<u>2,969,948</u>	<u>2,691,971</u>
<b>Net result for the period</b>		<b>2,553,965</b>	<b>23,670</b>	<b>2,419,838</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	7,901,385	0	701,002
Share of other comprehensive income of associate	13 & 24	125,171	0	0
<b>Total other comprehensive income for the period</b>		<b>8,026,556</b>	<b>0</b>	<b>701,002</b>
<b>Total comprehensive income for the period</b>		<b>10,580,521</b>	<b>23,670</b>	<b>3,120,840</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 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		228,737	191,500	237,596
General purpose funding		32,453,105	31,354,421	32,058,340
Law, order, public safety		884,148	571,400	811,470
Health		66,790	50,700	107,187
Education and welfare		5,609,650	5,722,200	5,857,582
Community amenities		8,752,302	7,358,836	8,155,733
Recreation and culture		1,266,932	1,309,385	1,344,922
Transport		75,309	48,000	58,862
Economic services		270,836	277,780	246,745
Other property and services		541,105	501,925	522,711
		<u>50,148,914</u>	<u>47,386,147</u>	<u>49,401,148</u>
<b>Expenses</b>				
	2(b)			
Governance		(4,655,661)	(5,283,025)	(4,343,973)
General purpose funding		(861,984)	(650,773)	(622,803)
Law, order, public safety		(2,887,927)	(2,455,857)	(2,686,315)
Health		(747,168)	(732,343)	(659,616)
Education and welfare		(6,855,618)	(7,352,394)	(7,093,747)
Community amenities		(8,495,573)	(8,913,618)	(8,695,665)
Recreation and culture		(10,181,607)	(10,508,626)	(10,441,181)
Transport		(10,838,439)	(11,459,306)	(12,298,985)
Economic services		(721,473)	(759,663)	(787,286)
Other property and services		(1,630,531)	(1,745,974)	(1,466,254)
		<u>(47,875,981)</u>	<u>(49,861,579)</u>	<u>(49,095,825)</u>
<b>Finance Costs</b>				
	2(b)			
Governance		(240,205)	(230,601)	(270,695)
Recreation and culture		(240,245)	(240,245)	(306,761)
		<u>(480,450)</u>	<u>(470,846)</u>	<u>(577,456)</u>
		1,792,483	(2,946,278)	(272,133)
Non-operating grants, subsidies and contributions	2(a)	1,912,854	1,874,323	2,024,236
Profit on disposal of assets	11(a)	1,200	1,225,000	24,865
(Loss) on disposal of assets	11(a)	(113,120)	(129,375)	(442,683)
Fair value adjustments to financial assets at fair value through profit or loss		2,017	0	122,620
Change in Equity - Investment in Associate	24	(1,041,469)	0	962,933
		<u>761,482</u>	<u>2,969,948</u>	<u>2,691,971</u>
		<b>2,553,965</b>	<b>23,670</b>	<b>2,419,838</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	7,901,385	0	701,002
Share of other comprehensive income of associate	13 & 24	125,171	0	0
		<u>8,026,556</u>	<u>0</u>	<u>701,002</u>
		<b>10,580,521</b>	<b>23,670</b>	<b>3,120,840</b>

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

## Attachment 1 to Report 8.2

**SHIRE OF MUNDARING**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	2020	2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	9,256,541	8,551,291
Trade and other receivables	6	2,742,273	2,203,916
Other financial assets	5(a)	28,587,867	26,043,921
Inventories	7	92,674	96,367
Other assets	8	18,669	15,037
<b>TOTAL CURRENT ASSETS</b>		<b>40,698,024</b>	<b>36,910,532</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	1,165,797	1,020,261
Other financial assets	5(b)	124,637	122,620
Investment in associate	24	19,404,495	20,854,109
Property, plant and equipment	9	81,174,047	74,575,071
Infrastructure	10	296,591,856	295,687,864
Right of use assets	12(a)	285,695	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>398,746,527</b>	<b>392,259,925</b>
<b>TOTAL ASSETS</b>		<b>439,444,551</b>	<b>429,170,457</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	5,412,594	4,300,200
Contract liabilities	15	164,440	0
Lease liabilities	16(a)	206,263	0
Borrowings	17(a)	666,777	635,200
Employee related provisions	18	3,531,831	3,245,465
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,981,905</b>	<b>8,180,865</b>
<b>NON-CURRENT LIABILITIES</b>			
Contract liabilities	15	440,000	0
Lease liabilities	16(a)	82,752	0
Borrowings	17(a)	9,834,692	10,501,468
Employee related provisions	18	280,206	309,801
Other provisions	19	150,000	0
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,787,650</b>	<b>10,811,269</b>
<b>TOTAL LIABILITIES</b>		<b>20,769,555</b>	<b>18,992,134</b>
<b>NET ASSETS</b>		<b>418,674,996</b>	<b>410,178,323</b>
<b>EQUITY</b>			
Retained surplus		135,761,948	142,699,111
Reserves - cash/financial asset backed	4	25,203,015	22,026,683
Revaluation surplus	13	257,710,033	245,452,529
<b>TOTAL EQUITY</b>		<b>418,674,996</b>	<b>410,178,323</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 30 JUNE 2020**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/FINANCIAL ASSET BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</b>		<b>142,954,754</b>	<b>19,351,202</b>	<b>244,751,527</b>	<b>407,057,483</b>
Comprehensive income					
Net result for the period		2,419,838	0	0	2,419,838
Other comprehensive income	13	0	0	701,002	701,002
Total comprehensive income		2,419,838	0	701,002	3,120,840
Transfers from reserves	4	1,547,136	(1,547,136)	0	0
Transfers to reserves	4	(4,222,617)	4,222,617	0	0
<b>Balance as at 30 June 2019</b>		<b>142,699,111</b>	<b>22,026,683</b>	<b>245,452,529</b>	<b>410,178,323</b>
Change in accounting policies	31(b)	(1,283,848)	0	(800,000)	(2,083,848)
<b>Restated total equity at 1 July 2019</b>		<b>141,415,263</b>	<b>22,026,683</b>	<b>244,652,529</b>	<b>408,094,475</b>
Comprehensive income					
Net result for the period		2,553,965	0	0	2,553,965
Other comprehensive income	13	0	0	8,026,556	8,026,556
Total comprehensive income		2,553,965	0	8,026,556	10,580,521
Correction to share of associate's other comprehensive income*	13	(5,030,948)	0	5,030,948	0
Transfers from reserves	4	1,715,871	(1,715,871)	0	0
Transfers to reserves	4	(4,892,203)	4,892,203	0	0
<b>Balance as at 30 June 2020</b>		<b>135,761,948</b>	<b>25,203,015</b>	<b>257,710,033</b>	<b>418,674,996</b>

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

\* Relates to the Shire's share in the other comprehensive income of the EMRC in previous years being incorrectly recognised as part of the Shire's net result rather than other comprehensive income.

**SHIRE OF MUNDARING  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates	28,669,627	29,092,301	28,149,167
Operating grants, subsidies and contributions	6,589,066	4,436,750	6,253,696
Fees and charges	11,793,327	12,071,901	12,792,343
Interest received	857,739	1,070,620	1,097,000
Goods and services tax received	2,164,740	2,400,000	2,022,795
Other revenue	2,187,052	714,575	793,150
	<u>52,261,551</u>	<u>49,786,147</u>	<u>51,108,151</u>
<b>Payments</b>			
Employee costs	(19,331,281)	(20,073,418)	(19,154,849)
Materials and contracts	(18,334,558)	(19,755,212)	(15,562,039)
Utility charges	(1,383,712)	(1,450,928)	(1,295,574)
Interest expenses	(480,450)	(470,846)	(577,456)
Insurance paid	(472,985)	(524,246)	(488,792)
Goods and services tax paid	(2,134,905)	(2,400,000)	(2,002,242)
Other expenditure	(791,879)	(748,468)	(760,595)
	<u>(42,929,770)</u>	<u>(45,423,118)</u>	<u>(39,841,547)</u>
<b>Net cash provided by (used in) operating activities</b>	20 <u>9,331,781</u>	<u>4,363,029</u>	<u>11,266,604</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	9(a) (2,247,327)	(2,648,558)	(1,880,802)
Payments for construction of infrastructure	10(a) (5,782,254)	(6,489,000)	(6,040,764)
Non-operating grants, subsidies and contributions	2(a) 1,912,854	1,874,323	2,024,236
Payments for financial assets at amortised cost - term deposits	(2,543,946)	0	(4,146,540)
Proceeds from sale of property, plant & equipment	11(a) 420,020	3,032,211	563,125
Proceeds from associate (dividend distribution)	24 533,316	0	0
<b>Net cash provided by (used in) investment activities</b>	<u>(7,707,337)</u>	<u>(4,231,024)</u>	<u>(9,480,745)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	17(b) (635,199)	(635,200)	(605,330)
Payments for principal portion of lease liabilities	16(b) (283,995)	0	0
<b>Net cash provided by (used in) financing activities</b>	<u>(919,194)</u>	<u>(635,200)</u>	<u>(605,330)</u>
<b>Net increase (decrease) in cash held</b>	705,250	(503,195)	1,180,529
Cash at beginning of year	8,551,291	28,766,678	7,370,762
<b>Cash and cash equivalents at the end of the year</b>	20 <u>9,256,541</u>	<u>28,263,483</u>	<u>8,551,291</u>

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

**SHIRE OF MUNDARING  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>			
<b>Net current assets at start of financial year - surplus/(deficit)</b>	28(b) 6,094,336	5,274,142	7,301,336
	6,094,336	5,274,142	7,301,336
<b>Revenue from operating activities (excluding rates)</b>			
Governance	228,737	191,500	237,596
General purpose funding	3,357,071	2,262,120	3,672,173
Law, order, public safety	884,148	571,400	811,470
Health	67,990	50,700	107,187
Education and welfare	5,609,650	5,722,200	5,857,582
Community amenities	8,752,302	7,358,836	8,155,733
Recreation and culture	1,266,932	1,869,385	1,344,922
Transport	75,309	48,000	83,727
Economic services	270,836	942,780	246,745
Other property and services	541,105	501,925	522,711
	21,054,080	19,518,846	21,039,846
<b>Expenditure from operating activities</b>			
Governance	(4,895,866)	(5,513,626)	(4,651,961)
General purpose funding	(861,984)	(650,773)	(622,803)
Law, order, public safety	(2,902,838)	(2,464,182)	(2,699,526)
Health	(747,168)	(738,090)	(660,614)
Education and welfare	(6,866,958)	(7,365,239)	(7,116,495)
Community amenities	(8,532,319)	(8,975,930)	(8,718,542)
Recreation and culture	(10,426,366)	(10,748,871)	(10,763,281)
Transport	(10,884,048)	(11,499,452)	(12,298,985)
Economic services	(721,473)	(759,663)	(789,833)
Other property and services	(1,630,531)	(1,745,974)	(1,793,924)
	(48,469,551)	(50,461,800)	(50,115,964)
<b>Non-cash amounts excluded from operating activities</b>	28(a) 7,870,162	6,213,682	9,341,815
<b>Amount attributable to operating activities</b>	(13,450,973)	(19,455,130)	(12,432,967)
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions	2(a) 1,912,854	1,874,323	2,024,236
Proceeds from disposal of assets	11(a) 420,020	3,032,211	563,125
Purchase of property, plant and equipment	9(a) (2,247,327)	(2,648,558)	(1,880,802)
Purchase and construction of infrastructure	10(a) (5,782,254)	(6,489,000)	(6,040,764)
Proceeds from associate (dividend distribution)	24 533,316	0	0
<b>Amount attributable to investing activities</b>	(5,163,391)	(4,231,024)	(5,334,205)
<b>FINANCING ACTIVITIES</b>			
Repayment of borrowings	17(b) (635,199)	(635,200)	(605,330)
Payments for principal portion of lease liabilities	16(b) (283,995)	0	0
Transfers to reserves (restricted assets)	4 (4,892,203)	(5,644,276)	(4,222,617)
Transfers from reserves (restricted assets)	4 1,715,871	2,336,098	1,547,136
<b>Amount attributable to financing activities</b>	(4,095,526)	(3,943,378)	(3,280,811)
<b>Surplus/(deficit) before imposition of general rates</b>	(22,709,890)	(27,629,532)	(21,047,983)
<b>Total amount raised from general rates</b>	27(a) 29,096,034	29,092,301	28,386,167
<b>Surplus/(deficit) after imposition of general rates</b>	28(b) 6,386,144	1,462,769	7,338,184

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



**SHIRE OF MUNDARING  
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FOR THE YEAR ENDED 30 JUNE 2020**

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**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**1. BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations

**AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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

**NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 *Service Concession Arrangements - Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*

AASB 1059 *Service Concession Arrangements - Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

**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 32 to these financial statements.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES****REVENUE RECOGNITION POLICY**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Fees and charges Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Fees and charges Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Fees and charges Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Other revenue Sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Other revenue Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES****(a) Grant revenue**

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	2,293,321	941,500	2,333,840
Law, order, public safety	647,415	375,000	617,609
Education and welfare	3,138,184	3,024,000	3,197,795
Community amenities	0	3,000	87,075
Recreation and culture	71,683	55,000	35,584
Transport	49,722	32,000	45,356
Other property and services	14,437	6,250	15,229
	6,214,762	4,436,750	6,332,488
<b>Non-operating grants, subsidies and contributions</b>			
Recreation and culture	280,855	855,000	565,161
Transport	1,631,999	1,019,323	1,459,075
	1,912,854	1,874,323	2,024,236
	8,127,616	6,311,073	8,356,724
<b>Total grants, subsidies and contributions</b>			
<b>Fees and charges</b>			
Governance	92,729	35,000	32,247
General purpose funding	169,700	210,500	201,448
Law, order, public safety	217,194	193,500	193,860
Health	66,790	50,700	107,187
Education and welfare	2,449,058	2,676,200	2,639,574
Community amenities	7,262,126	7,355,836	8,066,566
Recreation and culture	1,125,095	1,246,385	1,260,036
Transport	25,588	16,000	15,597
Economic services	270,836	277,780	246,745
Other property and services	114,211	10,000	29,083
	11,793,327	12,071,901	12,792,343

**SIGNIFICANT ACCOUNTING POLICIES****Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services: sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

(a) Revenue (Continued)	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Contracts with customers and transfers for recognisable non-financial assets</b>				
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:				
Non-operating grants, subsidies and contributions		1,912,854	1,874,323	2,024,236
		1,912,854	1,874,323	2,024,236
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of				
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period				
		140,000	0	0
Other revenue from performance obligations satisfied during the year		1,772,854	1,874,323	2,024,236
		1,912,854	1,874,323	2,024,236
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:				
Trade and other receivables from contracts with customers	6	296,883		274,508
Contract liabilities from contracts with customers	15	(64,440)		0
Contract liabilities from transfers for recognisable non financial assets	15	(540,000)		0

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES (Continued)****(a) Revenue (Continued)****Revenue from statutory requirements**

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	29,096,034	29,092,301	28,386,167
Statutory permits and licences	466,287	563,100	506,134
Fines	69,611	63,000	53,731
Public open space contributions	95,829	80,000	22,747
	<u>29,727,761</u>	<u>29,798,401</u>	<u>28,968,779</u>

**Other revenue**

Reimbursements and recoveries	526,031	162,400	146,304
Other	1,661,021	552,175	646,846
	<u>2,187,052</u>	<u>714,575</u>	<u>793,150</u>

**Interest earnings**

Interest on reserve funds	340,967	525,620	457,381
Penalty interest (refer Note 27(c))	199,822	195,000	221,822
Other interest earnings	316,950	350,000	417,797
	<u>857,739</u>	<u>1,070,620</u>	<u>1,097,000</u>

**SIGNIFICANT ACCOUNTING POLICIES****Interest earnings**

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

**Interest earnings (continued)**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

**(b) Expenses****Auditors remuneration**

- Audit of the Annual Financial Report	48,000	45,000	48,000
- Other services	2,600	3,000	2,710
	<u>50,600</u>	<u>48,000</u>	<u>50,710</u>

**Interest expenses (finance costs)**

Borrowings	17(b) 467,466	470,846	577,456
Lease liabilities	16(b) 12,984	0	0
	<u>480,450</u>	<u>470,846</u>	<u>577,456</u>

**SHIRE OF MUNDARING**  
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**3. CASH AND CASH EQUIVALENTS**

NOTE	2020 \$	2019 \$
Cash at bank and on hand	9,256,541	8,551,291
<b>Total cash and cash equivalents</b>	<b>9,256,541</b>	<b>8,551,291</b>
<b>Restrictions</b>		
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:		
- Cash and cash equivalents	2,277,532	2,497,594
- Financial assets at amortised cost	25,203,015	22,026,683
	<b>27,480,547</b>	<b>24,524,277</b>
The restricted assets are a result of the following specific purposes to which the assets may be used:		
Reserves - financial asset backed	4	25,203,015
Bonds and deposits held	14	2,277,532
<b>Total restricted assets</b>	<b>27,480,547</b>	<b>24,524,277</b>

**SIGNIFICANT ACCOUNTING POLICIES****Cash and cash equivalents**

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

**Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.



**SHIRE OF MUNDARING  
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**4. RESERVES - CASH/FINANCIAL ASSET BACKED**

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
(a) Reserves cash backed - Plant Reserve	1,214,606	649,340	(925,215)	1,138,731	751,982	854,256	(1,041,151)	565,087	1,185,811	726,053	(697,258)	1,214,606
(b) Reserves cash backed - Civic Facilities Reserve	8,774,504	1,040,822	(239,025)	9,576,301	8,837,765	1,173,538	(674,101)	9,337,202	7,097,652	1,935,532	(258,680)	8,774,504
(c) Reserves cash backed - Information Technology Reserve	1,944,192	66,060	(30,000)	1,980,252	1,027,668	81,807	(30,000)	1,079,475	982,506	61,686	0	1,044,192
(d) Reserves cash backed - Childrens Services Reserve	2,305,803	407,396	0	2,713,189	1,721,276	53,275	(47,846)	1,726,705	2,154,342	151,461	0	2,305,803
(e) Reserves cash backed - Capital Investment Reserve	3,896,605	0	0	3,896,605	3,896,605	2,725,000	0	6,621,605	3,896,605	0	0	3,896,605
(f) Reserves cash backed - Capital Income Reserve	4,104,921	384,633	(188,000)	4,301,554	4,063,724	518,451	(323,000)	4,259,175	3,763,891	556,030	(235,000)	4,104,921
(g) Reserves cash backed - Gravel Pit Rehabilitation Reserve	59,519	912	0	60,431	24,194	749	0	24,943	58,229	1,290	0	59,519
(h) Reserves cash backed - Long Service Leave Reserve	403,533	214,580	(283,631)	334,482	553,717	227,200	(220,000)	560,917	79,914	657,565	(333,946)	403,533
(i) Reserves cash backed - Unspent Grants Reserves	223,000	464,440	(50,000)	637,440	0	0	0	0	112,252	133,000	(22,252)	223,000
(j) Reserves cash backed - Telecommunications facility Bailup reserve (Reserve 11625)	0	8,830	0	8,830	0	0	0	0	0	0	0	0
(k) Reserves cash backed - Waste management reserve	0	1,455,200	0	1,455,200	0	10,000	0	10,000	0	0	0	0
	<u>22,025,683</u>	<u>4,892,203</u>	<u>(1,715,971)</u>	<u>25,203,015</u>	<u>20,876,931</u>	<u>5,644,276</u>	<u>(2,335,098)</u>	<u>24,185,109</u>	<u>19,351,202</u>	<u>4,222,617</u>	<u>(1,547,136)</u>	<u>22,026,683</u>

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Plant Reserve	Ongoing	To fund the replacement and purchase of works plant and light vehicles.
(b) Reserves cash backed - Civic Facilities Reserve	Ongoing	To fund the construction and/or purchase of public buildings and facilities.
(c) Reserves cash backed - Information Technology Reserve	Ongoing	To fund the upgrade and replacement of the Shire's information technology.
(d) Reserves cash backed - Childrens Services Reserve	Ongoing	To provide funds for the purchase of capital items, preventative maintenance for Children Services's buildings and employee entitlements. Also allows cash surpluses to be quarantined to fund operations for future years.
(e) Reserves cash backed - Capital Investment Reserve	Ongoing	To fund the advancement of the Shire's Property Strategy.
(f) Reserves cash backed - Capital Income Reserve	Ongoing	To fund the development of Shire facilities and infrastructure.
(g) Reserves cash backed - Gravel Pit Rehabilitation Reserve	Ongoing	To fund the production of gravel and the rehabilitation of gravel pits.
(h) Reserves cash backed - Long Service Leave Reserve	Ongoing	To fund the Shire's Long Service Leave Liability.
(i) Reserves cash backed - Unspent Grants Reserves	Ongoing	To quarantine any unspent grant funds at the end of each financial year.
(j) Reserves cash backed - Telecommunications facility Bailup reserve (Reserve 11625)	Ongoing	To maintain the grounds and facilities of the reserve. Where there are surplus reserve funds, to maintain the grounds and facilities of other reserves within the locality.
(k) Reserves cash backed - Waste management reserve	Ongoing	To fund capital costs and any operating deficits associated with the provision of the Shire's waste management services.



**SHIRE OF MUNDARING  
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FOR THE YEAR ENDED 30 JUNE 2020**

**5. OTHER FINANCIAL ASSETS**

	2020	2019
	\$	\$
<b>(a) Current assets</b>		
Financial assets at amortised cost	28,587,867	26,043,921
	<u>28,587,867</u>	<u>26,043,921</u>
<b>Other financial assets at amortised cost</b>		
Term deposits	28,587,867	26,043,921
	<u>28,587,867</u>	<u>26,043,921</u>
<b>(b) Non-current assets</b>		
Financial assets at fair value through profit and loss	124,637	122,620
	<u>124,637</u>	<u>122,620</u>
<b>Financial assets at fair value through profit and loss</b>		
Units in Local Government House Trust	124,637	122,620
	<u>124,637</u>	<u>122,620</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

**Financial assets at fair value through profit and loss**

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 29.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**6. TRADE AND OTHER RECEIVABLES****Current**

Rates receivable
Trade and other receivables
GST receivable
Waste charges
LSL contributions - other local governments

**Non-current**

Pensioner's rates and ESL deferred
LSL contributions - other local governments
POS Payments

	2020	2019
	\$	\$
Rates receivable	1,906,475	1,398,710
Trade and other receivables	296,883	274,508
GST receivable	266,384	296,219
Waste charges	210,605	174,833
LSL contributions - other local governments	61,926	59,646
	<u>2,742,273</u>	<u>2,203,916</u>
Pensioner's rates and ESL deferred	1,106,809	990,982
LSL contributions - other local governments	31,751	2,042
POS Payments	27,237	27,237
	<u>1,165,797</u>	<u>1,020,261</u>

**SIGNIFICANT ACCOUNTING POLICIES****Trade and other receivables**

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

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

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 29.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)****Classification and subsequent measurement**

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

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

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

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**7. INVENTORIES**

**Current**  
Fuel and materials

	2020	2019
	\$	\$
	92,674	96,367
	<u>92,674</u>	<u>96,367</u>

The following movements in inventories occurred during the year:

<b>Carrying amount at beginning of period</b>	96,367	112,090
Inventories expensed during the year	(530,208)	(535,026)
Additions to inventory	526,515	519,303
<b>Carrying amount at end of period</b>	<u>92,674</u>	<u>96,367</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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8. OTHER ASSETS

	2020	2019
	\$	\$
<b>Other assets - current</b>		
Prepayments	18,669	15,037
	<u>18,669</u>	<u>15,037</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**9. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Carrying Amounts**

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

	Land - freehold land	Land - and under the control of Council	Total land	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Works in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	25,954,702	800,000	26,754,702	41,289,820	41,289,820	68,044,522	502,864	6,637,497	42,329	75,227,212
Additions	0	0	0	505,734	505,734	505,734	83,081	1,289,937	2,050	1,880,802
(Disposals)	0	0	0	(9,646)	(9,646)	(9,646)	(344,723)	(626,574)	0	(980,943)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	701,002	0	701,002
Depreciation (expense)	0	0	0	(1,507,104)	(1,507,104)	(1,507,104)	(30,364)	(715,534)	0	(2,253,002)
Transfers	0	0	0	42,329	42,329	42,329	0	0	(42,329)	0
<b>Carrying amount at 30 June 2019</b>	25,954,702	800,000	26,754,702	40,321,133	40,321,133	67,075,835	210,858	7,286,328	2,050	74,575,071
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	25,954,702	800,000	26,754,702	64,881,463	64,881,463	91,636,165	559,413	11,040,680	2,050	103,238,308
Accumulated depreciation at 30 June 2019	0	0	0	(24,560,330)	(24,560,330)	(24,560,330)	(348,555)	(3,754,352)	0	(28,663,237)
<b>Carrying amount at 30 June 2019</b>	25,954,702	800,000	26,754,702	40,321,133	40,321,133	67,075,835	210,858	7,286,328	2,050	74,575,071
Change in accounting policy	0	(800,000)	(800,000)	0	0	(800,000)	0	0	0	(800,000)
<b>Adjusted carrying amount at 30 June 2019</b>	25,954,702	0	25,954,702	40,321,133	40,321,133	66,275,835	210,858	7,286,328	2,050	73,775,071
Additions	0	0	0	256,317	256,317	256,317	94,714	1,407,235	489,081	2,247,327
(Disposals)	0	0	0	0	0	0	(4,514)	(527,426)	0	(531,940)
Revaluation increments / (decrements) transferred to revaluation surplus	(330,002)	0	(330,002)	8,231,387	8,231,387	7,901,385	0	0	0	7,901,385
Depreciation (expense)	0	0	0	(1,517,369)	(1,517,369)	(1,517,369)	(17,668)	(682,759)	0	(2,217,796)
<b>Carrying amount at 30 June 2020</b>	25,624,700	0	25,624,700	47,291,468	47,291,468	72,916,168	283,390	7,483,378	491,111	81,174,047
<b>Comprises:</b>										
Gross carrying amount at 30 June 2020	25,624,700	0	25,624,700	74,112,701	74,112,701	99,737,401	642,458	11,304,505	491,111	112,175,475
Accumulated depreciation at 30 June 2020	0	0	0	(26,821,233)	(26,821,233)	(26,821,233)	(359,068)	(3,821,127)	0	(31,001,428)
<b>Carrying amount at 30 June 2020</b>	25,624,700	0	25,624,700	47,291,468	47,291,468	72,916,168	283,390	7,483,378	491,111	81,174,047

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**9. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) 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 land	Level 2	Market approach using recent observable data for similar properties in the area	Independent Registered Valuers	June 2020	Price per square metre
Land - freehold land	Level 3	Cost approach	Independent Registered Valuers	June 2020	Purchase costs and current condition (Level 2) and remaining useful life assessments (Level 3) inputs
Land - vested in and under the control of Council	Level 3	Cost approach	Independent Registered Valuers	June 2020	Purchase costs and current condition (Level 2) and remaining useful life assessments (Level 3) inputs
Buildings - specialised	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2020	Construction costs and current condition (Level 2) and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>					
<b>Plant and equipment</b>	Level 2	Market approach using recent observable data for similar plant	Independent Registered Valuers	June 2019	Price per item (Level 2)
<b>Plant and equipment</b>	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - parks and ovals	Total Infrastructure
<b>Balance at 1 July 2018</b>	\$ 216,324,274	\$ 12,312,166	\$ 47,545,657	\$ 20,162,801	\$ 296,344,898
Additions	3,316,502	365,241	692,760	1,666,261	6,040,764
Depreciation (expense)	(4,942,433)	(245,906)	(700,438)	(809,021)	(6,697,798)
<b>Carrying amount at 30 June 2019</b>	<b>214,698,343</b>	<b>12,431,501</b>	<b>47,537,979</b>	<b>21,020,041</b>	<b>295,687,864</b>
<b>Comprises:</b>					
Gross carrying amount at 30 June 2019	270,400,621	15,823,108	69,903,702	27,683,796	383,811,227
Accumulated depreciation at 30 June 2019	(55,702,278)	(3,391,607)	(22,365,723)	(6,663,755)	(88,123,363)
<b>Carrying amount at 30 June 2019</b>	<b>214,698,343</b>	<b>12,431,501</b>	<b>47,537,979</b>	<b>21,020,041</b>	<b>295,687,864</b>
Additions	3,635,766	413,927	544,342	1,188,219	5,782,254
Recognition of rehabilitation costs for Mathieson Road Waste Transfer Station as at 30 June 2020	0	0	0	150,000	150,000
Depreciation (expense)	(3,220,207)	(249,558)	(707,365)	(851,132)	(5,028,262)
<b>Carrying amount at 30 June 2020</b>	<b>215,113,902</b>	<b>12,595,870</b>	<b>47,374,956</b>	<b>21,507,128</b>	<b>296,591,856</b>
<b>Comprises:</b>					
Gross carrying amount at 30 June 2020	274,036,387	16,237,035	70,448,045	29,022,015	389,743,482
Accumulated depreciation at 30 June 2020	(58,922,485)	(3,641,165)	(23,073,089)	(7,514,887)	(93,151,626)
<b>Carrying amount at 30 June 2020</b>	<b>215,113,902</b>	<b>12,595,870</b>	<b>47,374,956</b>	<b>21,507,128</b>	<b>296,591,856</b>

Attachment 1 to Report 8.2

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - roads (bridges)	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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



**SHIRE OF MUNDARING  
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FOR THE YEAR ENDED 30 JUNE 2020**

**11. FIXED ASSETS**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

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

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the 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 that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework

**Revaluation**

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

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

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

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

**Land under control prior to 1 July 2019**

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was previously required to include as an asset (by 30 June 2013), vested 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

**Land under roads prior to 1 July 2019**

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire

**Land under roads from 1 July 2019**

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated

**Vested improvements from 1 July 2019**

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost

Refer to Note 12 that details the significant accounting policies applying to leases (including right of use assets)

**SHIRE OF MUNDARING**  
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**11. FIXED ASSETS**

(a) Disposals of Assets

	2020		2020		2020		2020		2020		2019		2019	
	Actual	Actual	Actual	2020	Actual	2020	Budget	Budget	Actual	Actual	Net Book	Actual	Actual	Actual
	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss	Value	Proceeds	Value	Proceeds	Profit	Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings - specialised	0	0	0	0	0	0	0	0	9,646	0	9,646	0	0	(9,646)
Furniture and equipment	4,514	0	0	(4,514)	0	0	0	0	344,723	2,966	344,723	2,966	0	(341,757)
Plant and equipment	527,426	420,020	1,200	(108,606)	436,586	307,211	0	(129,375)	626,574	560,159	626,574	560,159	24,865	(91,280)
	531,940	420,020	1,200	(113,120)	1,936,586	3,032,211	1,225,000	(129,375)	980,943	563,125	980,943	563,125	24,865	(442,683)

The following assets were disposed of during the year.

	2020		2020		2020	
	Actual	Actual	Actual	2020	Actual	Loss
	Value	Proceeds	Profit	Loss	Value	Loss
<b>Plant and Equipment</b>						
Law, order, public safety	48,547	33,636	0	(14,911)		
Health	17,164	18,364	1,200	0		
Education and welfare	38,613	27,273	0	(11,340)		
Community amenities	87,746	51,000	0	(36,746)		
Transport	335,356	289,747	0	(45,609)		
	527,426	420,020	1,200	(108,606)		
<b>Furniture and equipment</b>						
Recreation and culture	4,514	0	0	(4,514)		
	4,514	0	0	(4,514)		
	531,940	420,020	1,200	(113,120)		

**SHIRE OF MUNDARING**  
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**11. FIXED ASSETS****(b) Depreciation**

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings	1,517,369	1,505,685	1,507,104
Furniture and equipment	17,668	26,869	30,364
Plant and equipment	682,759	706,288	715,534
Infrastructure - Roads	3,220,207	3,265,465	4,942,433
Infrastructure - Footpaths	249,558	250,000	245,906
Infrastructure - Drainage	707,365	705,000	700,438
Infrastructure - Parks and ovals	851,132	850,000	809,021
Right of use assets - furniture and equipment	287,315	0	0
	<b>7,533,373</b>	<b>7,309,307</b>	<b>8,950,800</b>

**Revision of useful lives of roads**

During the year the estimated useful lives for roads were revised. The review was based on a detailed analysis of historical renewal and intervention data for roads. This resulted in the useful lives for sealed road pavement being increased from 70-110 years to 70-150 years, and the useful lives for sealed road surface being increased from 15-30 years to 15-45 years.

**SIGNIFICANT ACCOUNTING POLICIES****Depreciation**

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

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

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

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

**Depreciation rates**

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

Asset Class	Useful life
<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
Plant and Equipment	3 to 60 years
<b>Sealed Roads and Streets</b>	
- Formation	not depreciated
- Pavement	70 to 150 years
- Surface	15 to 45 years
- Kerb	60 to 70 years
<b>Unsealed Roads</b>	
- Formation	not depreciated
- Surface	15 years
<b>Drainage</b>	60 to 100 years
<b>Bridges</b>	40 to 100 years
<b>Footpaths</b>	15 to 100 years
<b>Heritage Trails</b>	
- Formation	not depreciated
- Pavement	80 years
- Point Items	15 to 100 years

**Depreciation rates (continued)**

Asset Class	Useful life
Waste Transfer Stations	15 to 100 years
Bus Shelters	20 to 50 years
Parks Hard Assets	5 to 80 years

**Depreciation on revaluation**

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:

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

**Amortisation**

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

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

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

**SHIRE OF MUNDARING**  
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**12. LEASES****(a) Right of Use Assets**

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

	Right of use assets - furniture and equipment \$	Right of use assets Total
<b>Carrying amount at 30 June 2019</b>	0	0
Recognised on initial application of AASB 16	567,397	567,397
<b>Restated total equity at the beginning of the financial year</b>	567,397	567,397
Additions	5,613	5,613
Depreciation (expense)	(287,315)	(287,315)
<b>Carrying amount at 30 June 2020</b>	285,695	285,695
<b>(b) Cash outflow from leases</b>		
Interest expense on lease liabilities	12,984	12,984
Lease principal expense	283,995	283,995
<b>Total cash outflow from leases</b>	296,979	296,979

The Shire has 6 leases relating to furniture and equipment. The lease terms range between 3 and 6 years.

The Shire has not revalued the right of use assets relating to leased furniture and equipment as the difference between the fair value and carrying amount is immaterial.

**SIGNIFICANT ACCOUNTING POLICIES****Leases**

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

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

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

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

**Right-of-use assets - valuation**

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

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

**Right-of-use assets - depreciation**

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

**SHIRE OF MUNDARING  
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**13. REVALUATION SURPLUS**

	2020 Opening Balance	2020 Charge in Accounting Policy	2021 Transfer from Retained Surplus*	2020 Revaluation Increment	2020 Revaluation (Decrement)	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Closing Balance
Revaluation surplus - Plant and equipment	1,627,873		0	0	0	1,627,873	926,871	701,002	0	1,627,873
Revaluation surplus - Land and buildings	41,318,001	(800,000)	0	7,901,365	0	48,419,366	41,318,001	0	0	41,318,001
Revaluation surplus - Infrastructure - roads	153,544,587	0	0	0	0	153,544,587	153,544,587	0	0	153,544,587
Revaluation surplus - Infrastructure - footpaths	6,315,940	0	0	0	0	6,315,940	6,315,940	0	0	6,315,940
Revaluation surplus - Infrastructure - drainage	30,852,091	0	0	0	0	30,852,091	30,852,091	0	0	30,852,091
Revaluation surplus - Infrastructure - parks and ovals	11,794,037	0	5,030,948	0	0	11,794,037	11,794,037	0	0	11,794,037
Revaluation surplus - EMRC Asset Valuations	0	0	5,030,948	125,171	0	5,156,119	0	0	0	5,156,119
	245,452,529	(800,000)	5,030,948	8,026,556	0	257,710,033	244,751,527	701,002	0	245,452,529

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

\* Relates to the Shire's share in the other comprehensive income of the EMRC in previous years being incorrectly recognised as part of the Shire's net result rather than other comprehensive income.

**SHIRE OF MUNDARING**  
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**14. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
 Prepaid rates  
 Accrued salaries and wages  
 Bonds and deposits held  
 Creditor accruals

	2020	2019
	\$	\$
Sundry creditors	1,038,072	1,093,964
Prepaid rates	1,341,033	0
Accrued salaries and wages	359,062	257,365
Bonds and deposits held	2,277,532	2,497,594
Creditor accruals	396,895	451,277
	<b>5,412,594</b>	<b>4,300,200</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

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

**Prepaid rates**

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

**SHIRE OF MUNDARING**  
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**15. CONTRACT LIABILITIES**

	2020	2019
	\$	\$
<b>Current</b>		
Contract liabilities from contracts with customers	64,440	0
Contract liabilities from transfers for recognisable non financial assets	100,000	0
	<u>164,440</u>	<u>0</u>
<b>Non-current</b>		
Contract liabilities from transfers for recognisable non financial assets	440,000	0
	<u>440,000</u>	<u>0</u>
	<u>604,440</u>	<u>0</u>
Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:		
Less than 1 year	164,440	
1 to 2 years	0	
2 to 3 years	440,000	
3 to 4 years	0	
4 to 5 years	0	
> 5 years	0	
	<u>604,440</u>	

**SIGNIFICANT ACCOUNTING POLICIES****Contract Liabilities**

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied



**SHIRE OF MUNDARING  
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16. LEASE LIABILITIES

	2019	2018
(1) Lease Liabilities	255,963	0
Current	255,963	0
Non-current	0	0

(2) Movements in Carrying Amounts

Particulars	Lease Number	Lease Description	Lease Interest Rate	Lease Term	30 JUNE 2020		30 JUNE 2019		30 JUNE 2018		30 JUNE 2017		30 JUNE 2016		30 JUNE 2015		30 JUNE 2014		30 JUNE 2013		
					Actual Lease Principal	Actual Lease Interest	Actual Lease Principal	Actual Lease Interest	Actual Lease Principal	Actual Lease Interest	Actual Lease Principal	Actual Lease Interest	Actual Lease Principal	Actual Lease Interest	Actual Lease Principal	Actual Lease Interest	Actual Lease Principal	Actual Lease Interest	Actual Lease Principal	Actual Lease Interest	Actual Lease Principal
Contribution	1	per financial	3.3%	60 months	258,098	0	187,210	100,369	6,259	0	0	0	0	0	0	0	0	0	0	0	
Data Centres (servers) x 2		(Australia) P/L																			
Security Appliances & Switches	2	HP Financial Services	2.9%	60 months	132,034	0	26,259	93,775	3,301	0	0	0	0	0	0	0	0	0	0	0	
Tevo Ultraportable Desktop System	4	HP Financial Services	3.0%	36 months	14,468	0	14,408	0	244	0	0	0	0	0	0	0	0	0	0	0	
Photocopier / Printers	5	(Australia) P/L Zhejiang Zhejiang Zhejiang	2.0%	60 months	71,467	0	26,032	42,634	1,737	0	0	0	0	0	0	0	0	0	0	0	
Photocopier / Printers	6	(Australia) P/L Suzhou Suzhou	1.9%	24 months	81,188	0	34,341	48,848	1,209	0	0	0	0	0	0	0	0	0	0	0	
Microfilm and software KSP Library (servers) / Electronics Equipment	3	HP Financial Services (Australia) P/L	4.1%	36 months	8	5,613	254	5,369	14	0	0	0	0	0	0	0	0	0	0	0	
					587,397	3,973	283,998	255,015	12,807	0	0	0	0	0	0	0	0	0	0	0	0



**SHIRE OF MUNDARING  
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**17. INFORMATION ON BORROWINGS**

(a) Borrowings	2020		2019		Loan Number	Institution	Interest Rate	30 June 2020		30 June 2019		30 June 2020		30 June 2019		30 June 2020		30 June 2019		
	Actual	Principal	Actual	Principal				Actual	Principal	Budget	Actual	Budget	Actual	Budget	Actual	Principal	Budget	Actual	Principal	Budget
Current	606,777	635,200	635,200	635,200																
Non-current	8,834,652	10,601,468	10,601,468	10,601,468																
	10,901,499	11,136,668	11,136,668	11,136,668																
(b) Repayments - Borrowings																				
Particulars																				
Government																				
Civic Facility Redevelopment																				
Recreation and Culture																				
Community Building Projects																				
	170	WATC*	6.85%	277,229	277,229	3,386,782	3,386,782	0	281,520	296,601	3,115,202	3,115,202	3,658,454	3,658,454	0	262,672	270,665	270,665	3,390,792	3,390,792
	171	WATC*	3.17%	240,245	240,245	7,739,897	7,739,897	0	353,680	340,249	7,355,207	7,355,207	8,082,544	8,082,544	0	342,658	305,791	305,791	7,739,898	7,739,898
				467,400	467,400	11,136,668	11,136,668	0	635,200	470,846	10,500,409	10,500,409	11,741,998	11,741,998	0	605,330	577,456	577,456	11,136,668	11,136,668

\*WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

**SHIRE OF MUNDARING**  
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**17. INFORMATION ON BORROWINGS (Continued)**

	2020	2019
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	56,000	55,300
Credit card balance at balance date	(25,986)	(28,538)
<b>Total amount of credit unused</b>	<b>530,014</b>	<b>526,762</b>
<b>Loan facilities</b>		
Loan facilities - current	666,777	635,200
Loan facilities - non-current	9,834,692	10,501,468
Lease liabilities - current	206,263	0
Lease liabilities - non-current	82,752	0
<b>Total facilities in use at balance date</b>	<b>10,790,484</b>	<b>11,136,668</b>
<b>Unused loan facilities at balance date</b>	<b>0</b>	<b>0</b>

**SIGNIFICANT ACCOUNTING POLICIES****Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 29.

**SHIRE OF MUNDARING**  
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**18. EMPLOYEE RELATED PROVISIONS****(a) Employee Related Provisions**

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2019</b>			
Current provisions	1,545,980	1,699,485	3,245,465
Non-current provisions	0	309,801	309,801
	<u>1,545,980</u>	<u>2,009,286</u>	<u>3,555,266</u>
Additional provision	1,264,998	442,927	1,707,925
Amounts used	(1,164,589)	(286,565)	(1,451,154)
<b>Balance at 30 June 2020</b>	<u>1,646,389</u>	<u>2,165,648</u>	<u>3,812,037</u>
<b>Comprises</b>			
Current	1,646,389	1,885,442	3,531,831
Non-current	0	280,206	280,206
	<u>1,646,389</u>	<u>2,165,648</u>	<u>3,812,037</u>
<b>Amounts are expected to be settled on the following basis:</b>	<b>2020</b>	<b>2019</b>	
	\$	\$	
Less than 12 months after the reporting date	1,541,220	1,571,242	
More than 12 months from reporting date	2,177,140	1,922,336	
Expected reimbursements from other WA local governments	93,677	61,688	
	<u>3,812,037</u>	<u>3,555,266</u>	

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

**SIGNIFICANT ACCOUNTING POLICIES****Employee benefits****Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**Other long-term employee benefits (Continued)**

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

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

**Provisions**

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

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

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**19. OTHER PROVISIONS**

	<b>Provision for Remediation</b>	
	<b>Costs</b>	<b>Total</b>
	\$	\$
<b>Opening balance at 1 July 2019</b>		
Current provisions	0	0
Non-current provisions	0	0
	0	0
Additional provision	150,000	150,000
<b>Balance at 30 June 2020</b>	<b>150,000</b>	<b>150,000</b>
<b>Comprises</b>		
Current	0	0
Non-current	150,000	150,000
	150,000	150,000

**Provision for remediation costs**

Under the licence for the operation of the Mathieson Road Waste Transfer Station, the Shire has a legal obligation to restore the site upon the expiry of the licence.

A provision for remediation is recognised when:

- there is a present obligation as a result of waste activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be reliably measured

The estimated future obligations include the costs of restoring the affected areas.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

The payment of the non-current obligations is expected to be post 27 June 2035 i.e. upon the expiry of the licence

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

**Reconciliation of Cash**

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	9,256,541	28,263,483	8,551,291
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	2,553,965	23,670	2,419,838
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(2,017)	0	(122,620)
Depreciation on non-current assets	7,533,373	7,309,307	8,950,800
(Profit)/loss on sale of asset	111,920	(1,095,625)	417,818
Movement in equity in associates	1,041,469	0	(962,933)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(683,893)	0	(295,239)
(Increase)/decrease in other assets	(3,632)	0	0
(Increase)/decrease in inventories	3,693	0	15,723
Increase/(decrease) in payables	(31,454)	0	2,871,045
Increase/(decrease) in provisions	256,771	0	(3,592)
Increase/(decrease) in contract liabilities	464,440	0	0
Non-operating grants, subsidies and contributions	(1,912,854)	(1,874,323)	(2,024,236)
Net cash from operating activities	9,331,781	4,363,029	11,266,604

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

	<u>2020</u>	<u>2019</u>
	\$	\$
Governance	9,784,215	10,461,844
General purpose funding	40,859,714	37,375,477
Law, order, public safety	4,114,169	3,709,433
Health	586,080	337,944
Education and welfare	2,856,391	1,619,338
Community amenities	21,354,609	22,492,954
Recreation and culture	59,564,298	53,839,413
Transport	278,929,326	278,192,994
Economic services	51,219	55,568
Other property and services	21,344,530	21,085,492
	<u>439,444,551</u>	<u>429,170,457</u>

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**22. LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

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

	2020	2019
	\$	\$
	0	283,995
	0	346,002
	0	629,997

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

**Leases (Continued)**

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

Lease 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**  
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**23. RELATED PARTY TRANSACTIONS****Elected Members Remuneration**

	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting fees	265,019	265,024	255,420
President's allowance	53,759	53,759	50,852
Deputy President's allowance	13,440	13,440	12,713
Travelling expenses	12,242	12,000	12,858
Telecommunications allowance and expenses	42,350	43,000	42,359
Child care expenses	1,088	0	0
	<b>387,898</b>	<b>387,223</b>	<b>374,202</b>

**Key Management Personnel (KMP) Compensation Disclosure**

	<b>2020</b>	<b>2019</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	1,058,310	1,184,687
Post-employment benefits	93,006	95,800
Other long-term benefits	24,448	24,582
	<b>1,175,764</b>	<b>1,305,069</b>

**Short-term employee benefits**

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

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**23. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

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

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

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

The following transactions occurred with related parties:	2020 Actual \$	2019 Actual \$
<b>Associate entity:</b>		
Purchase of goods and services	3,127,528	2,906,685
Distributions received	1,988,516	0

**Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Entities subject to significant influence by the Shire*

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

**SHIRE OF MUNDARING**  
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**24. INVESTMENT IN ASSOCIATES**

The Shire of Mundaring has a share in the net assets of the Eastern Metropolitan Regional Council (EMRC) as a member council. The EMRC provides services in waste management, resource recovery, environmental management and regional development

The accounting share applicable to the Shire of Mundaring as at 30 June 2020 as disclosed in the financial statements of the EMRC is \$19,404,495. This represents the Shire's 10.52% share of the total equity of the EMRC.

	2020	2019
	\$	\$
<b>EMRC Financial Information</b>		
<b>Statement of Comprehensive Income</b>		
Revenue	44,441,898	42,510,894
Expenses	(51,693,459)	(34,265,171)
Net result	(7,251,561)	8,245,723
Other comprehensive income	1,189,840	0
Total comprehensive income	(6,061,721)	8,245,723
<b>Statement of Financial Position</b>		
Current Assets	89,551,063	107,716,368
Non Current Assets	110,359,239	99,466,539
Total assets	199,910,302	207,182,907
Current liabilities	8,026,410	7,175,888
Non Current Liabilities	7,432,011	4,493,417
Total liabilities	15,458,421	11,669,305
Net Assets	184,451,881	195,513,602

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

	2020	2019
	\$	\$
Current Assets	9,420,848	11,489,374
Non Current Assets	11,609,886	10,609,421
Total assets	21,030,734	22,098,795
Current liabilities	844,385	765,404
Non Current Liabilities	781,854	479,282
Total liabilities	1,626,239	1,244,686
Net Assets	19,404,495	20,854,109
Net increase/(decrease) in share of the EMRC's net assets	(1,449,614)	962,933
Share of EMRC'S profit/(loss) from ordinary activities	(1,041,469)	962,933
Share of EMRC'S other comprehensive income	125,171	0
Share of EMRC's total comprehensive income	(916,298)	962,933
Distributions received from EMRC	(533,316)	0
Net increase/(decrease) in share of EMRC's net assets	(1,449,614)	962,933
<b>Carrying amount at 1 July</b>	20,854,109	19,891,176
Share of EMRC's total comprehensive income	(916,298)	962,933
Distributions received from EMRC	(533,316)	0
<b>Carrying amount at 30 June</b>	19,404,495	20,854,109

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**24. INVESTMENT IN ASSOCIATES (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Investment in associates**

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

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investment in associates (Continued)**

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

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**25. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2019/2020 financial year.

**26. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2019/2020 financial year.

SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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27. RATING INFORMATION

(a) Rates

RATE TYPE Differential general rate / general rate	Rate in \$	Number of Properties	2019/20		2019/20		2019/20		2019/20		2019/20		2019/20		2018/19	
			Actual Value	Rateable Value	Actual Rate	Revenue	Actual Interim Rates	Revenue	Budget Interim Rates	Revenue	Budget Back Rates	Revenue	Budget Back Rates	Revenue	Budget Total Revenue	Actual Total Revenue
<b>Gross rental valuations</b>																
GRV - Residential	0.08401	11,308	221,943,114	18,645,443	106,713	0	18,752,156	18,645,441	144,738	0	0	18,790,179	18,269,278	2,018,362		
GRV - Commercial	0.08401	280	24,664,851	2,072,094	3,621	0	2,075,715	2,072,094	0	0	0	2,072,094	2,018,362	1,333,268		
GRV - Light Industrial	0.08401	283	16,269,688	1,366,817	10,843	0	1,377,660	1,366,816	0	0	0	1,366,816	1,366,816	5,400,842		
GRV - Rural Residential	0.08401	3,072	66,012,446	5,545,706	27,290	0	5,572,996	5,545,706	0	0	0	5,545,706	5,400,842			
<b>Unimproved valuations</b>																
UV - Rural	0.00607	243	140,867,000	854,359	0	0	854,359	854,358	0	0	0	854,358	853,529			
<b>Sub-Total</b>		15,186	469,757,099	28,484,419	148,467	0	28,632,986	28,484,415	144,738	0	0	28,629,153	27,865,279			
<b>Minimum payment</b>	\$															
<b>Gross rental valuations</b>																
GRV - Residential	864	453	3,524,208	391,392	0	0	391,392	391,392	0	0	0	391,392	291,827	2,523		
GRV - Commercial	864	3	22,790	2,592	0	0	2,592	2,592	0	0	0	2,592	2,523	841		
GRV - Light Industrial	864	1	8,400	864	0	0	864	864	0	0	0	864	864	63,916		
GRV - Rural Residential	864	74	677,630	63,936	0	0	63,936	63,936	0	0	0	63,936	63,916			
<b>Unimproved valuations</b>																
UV - Mining	1,091	4	50,239	4,364	0	0	4,364	4,364	0	0	0	4,364	4,248			
<b>Sub-Total</b>		585	4,283,267	463,148	0	0	463,148	463,148	0	0	0	463,148	363,355			
<b>Movement in prepaid rates</b>																
<b>Total amount raised from general rate</b>																
<b>Totals</b>		15,721	474,040,366	28,947,567	148,467	0	29,096,034	28,947,563	144,738	0	0	29,092,301	28,218,634	167,533		
							29,096,034					29,092,301	28,386,167			
							29,096,034					29,092,301	28,386,167			

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

**SHIRE OF MUNDARING  
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**27. RATING INFORMATION (Continued)**

**(b) Discounts, Incentives, Concessions, & Write-offs**

**Waivers or Concessions**

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

Type	Discount		2020		2019	
	%	\$	Actual	Budget	Budget	Actual
Rates	0.00%	0	1,290	500	44	
Penalty Interest	0.00%	0.00	342	5,000	2,826	
			1,632	5,500	2,870	
Total discounts/concessions (Note 27(a))			1,632	5,500	2,870	

No discount or concession on rates was available.

SHIRE OF MUNDARING  
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27. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	22/08/2019	0.00	0.00%	11.00%
<b>Option Two</b>				
First instalment	22/08/2019	0.00	0.00%	11.00%
Second instalment	24/10/2019	9.50	0.00%	11.00%
Third instalment	9/01/2020	9.50	0.00%	11.00%
Fourth instalment	12/03/2020	9.50	0.00%	11.00%
		2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
Interest on unpaid rates		199,822	195,000	221,822
Charges on instalment plan		154,003	153,000	151,443
		353,825	348,000	373,265

**SHIRE OF MUNDARING**  
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**28. RATE SETTING STATEMENT INFORMATION**

Note	2019/20	2019/20	2019/20	2018/19		
	(30 June 2020)	Budget (30 June 2020)	(1 July 2019)	(30 June 2019)		
	Carried Forward)	Carried Forward)	Brought Forward)	Carried Forward		
	\$	\$	\$	\$		
<b>(a) Non-cash amounts excluded from operating activities</b>						
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .						
<b>Adjustments to operating activities</b>						
	Less: Profit on asset disposals	11(a)	(1,200)	(1,225,000)	(24,865)	(24,865)
	Movement in pensioner deferred rates (non-current)		(115,827)	0	(64,053)	(64,053)
	Movement in employee benefit provisions (non-current)		(59,304)	0	37,250	37,250
	Grants and contributions received accounted for as non-current contract liabilities		400,000	0	0	0
	Add: Loss on disposal of assets	11(a)	113,120	129,375	442,683	442,683
	Add: Depreciation on non-current assets	11(b)	7,533,373	7,309,307	8,950,800	8,950,800
	<b>Non cash amounts excluded from operating activities</b>		<b>7,870,162</b>	<b>6,213,682</b>	<b>9,341,815</b>	<b>9,341,815</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>						
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.						
<b>Adjustments to net current assets</b>						
	Less: Reserves - cash/financial asset backed	4	(25,203,015)	(24,185,109)	(22,026,683)	(22,026,683)
	Add:					
	- Current portion of borrowings	17(a)	666,777	666,777	635,200	635,200
	- Current portion of lease liabilities	16(a)	206,263	0	0	0
	<b>Total adjustments to net current assets</b>		<b>(24,329,975)</b>	<b>(23,518,332)</b>	<b>(21,391,483)</b>	<b>(21,391,483)</b>
<b>Net current assets used in the Rate Setting Statement</b>						
	Total current assets		40,698,024	30,357,555	36,910,532	36,910,532
	Less: Total current liabilities		(9,981,905)	(5,376,454)	(9,424,713)	(8,180,865)
	Less: Total adjustments to net current assets		(24,329,975)	(23,518,332)	(21,391,483)	(21,391,483)
	<b>Net current assets used in the Rate Setting Statement</b>		<b>6,386,144</b>	<b>1,462,769</b>	<b>6,094,336</b>	<b>7,338,184</b>
<b>(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards</b>						
	<b>Total current assets at 30 June 2019</b>					36,910,532
	- Contract assets	30(a)				0
	<b>Total current assets at 1 July 2019</b>					36,910,532
	<b>Total current liabilities at 30 June 2019</b>					(8,180,865)
	- Contract liabilities from transfers for recognisable non financial assets	30(b)				(100,000)
	- Rates paid in advance	30(b)				(1,143,848)
	<b>Total current liabilities at 1 July 2019</b>					(9,424,713)



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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**29. FINANCIAL RISK MANAGEMENT**

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

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

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

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

**(a) Interest rate risk****Cash and cash equivalents**

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

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

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2020</b>					
Cash and cash equivalents	0.25%	9,256,541	0	9,250,941	5,600
Financial assets at amortised cost - term deposits	1.16%	28,587,867	28,587,867	0	0
<b>2019</b>					
Cash and cash equivalents	1.40%	8,551,291	0	8,545,691	5,600
Financial assets at amortised cost	2.60%	26,043,921	26,043,921	0	0

**Sensitivity**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	378,444	345,952

\* Holding all other variables constant

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).

**SHIRE OF MUNDARING**  
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**29. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk****Trade and Other Receivables**

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for rates receivable. No expected credit loss was forecast on 30 June 2019 or 30 June 2020 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,515,848	102,160	100,422	188,045	1,906,475
Loss allowance	0	0	0	0	0
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,050,715	93,246	89,490	165,259	1,398,710
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for trades receivables as historical data indicates that any expected credit loss would be immaterial.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	383,135	13,237	11,100	100,016	507,488
Loss allowance	0	0	0	0	0
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	433,487	13,089	1,006	1,759	449,341
Loss allowance	0	0	0	0	0

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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

**(c) Liquidity risk**

**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17 (c).

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b>2020</b>					
Payables	5,412,594	0	0	5,412,594	5,412,594
Borrowings	1,103,182	4,412,729	7,961,955	13,477,866	10,501,469
Contract liabilities	184,440	440,000	0	604,440	604,440
Lease liabilities	211,170	84,115	0	295,285	289,015
	<u>6,891,386</u>	<u>4,936,844</u>	<u>7,961,955</u>	<u>19,790,185</u>	<u>16,807,518</u>
<b>2019</b>					
Payables	4,300,200	0	0	4,300,200	4,300,200
Borrowings	1,103,182	4,412,729	9,065,137	14,581,048	11,136,668
	<u>5,403,382</u>	<u>4,412,729</u>	<u>9,065,137</u>	<u>18,881,248</u>	<u>15,436,868</u>

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

**(a) AASB 15: Revenue from Contracts with Customers**

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. No adjustments were made to the amounts recognised in the Statement of Financial Position at the date of initial application (1 July 2019)

**(b) AASB 1058: Income For Not-For-Profit Entities**

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118 Revenue and AASB 1004 Contributions before the change:

Note	AASB 118 and AASB 1004 carrying amount		AASB 1058 carrying amount
	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
<b>Trade and other payables</b>			
Rates paid in advance	14	0	(1,143,848)
<b>Contract liabilities - current</b>			
Contract liabilities from transfers for recognisable non financial assets	15	0	(100,000)
<b>Contract liabilities non-current</b>			
Contract liabilities from transfers for recognisable non financial assets	15	0	(40,000)
Adjustment to retained surplus from adoption of AASB 1058	31(b)		(1,283,848)

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

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

Volunteer services were not recognised as the fair value of the services cannot be reliably estimated.

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$	2020 \$	2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Rates	27(a)	29,096,034	1,341,033	30,437,067
Operating grants, subsidies and contributions	2(a)	6,214,762	64,440	6,279,202
Fees and charges	2(a)	11,793,327	0	11,793,327
Non-operating grants, subsidies and contributions	2(a)	1,912,854	540,000	2,452,854
Net result		2,553,965	1,945,473	4,499,438
<b>Statement of Financial Position</b>				
<b>Trade and other payables</b>	14	5,412,594	(1,341,033)	4,071,561
Contract liabilities	15	604,440	(604,440)	0
Net assets		418,674,996	1,945,473	420,620,469
<b>Statement of Changes in Equity</b>				
Net result		2,553,965	1,945,473	4,499,438
Retained surplus		135,761,948	1,945,473	137,707,421

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

**(c) AASB 16: Leases**

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

On adoption of AASB 16, the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 3.06%.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		629,997
Discount applied using incremental borrowing rate		(62,600)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 3.06%	16(b)	567,397
Lease liability - current		283,742
Lease liability - non-current		283,655
Right-of-use assets recognised at 1 July 2019		567,397

On adoption of AASB 16, the Shire recognised a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments. Property, plant and equipment increased by \$567,397 on 1 July 2019 resulting in no impact on retained surplus.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Asset for which the fair value as at the date of acquisition is under \$5000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

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

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

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**31. CHANGE IN ACCOUNTING POLICIES**

**(a) Change in Accounting Policies due to regulation changes**

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019)

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	74,575,071	(800,000)	73,775,071
Revaluation surplus	13	245,452,529	(800,000)	244,652,529

Also, following changes to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change

**(b) Changes in equity due to the change in accounting policies**

The impact on the Shire's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			142,699,111
Adjustment to retained surplus from adoption of AASB 15	30(a)	0	
Adjustment to retained surplus from adoption of AASB 1058	30(b)	(1,283,848)	(1,283,848)
Retained surplus - 1 July 2019			141,415,263

The impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			245,452,529
Adjustment to revaluation surplus from deletion of FM Reg 16	31(a)	(800,000)	
Adjustment to revaluation surplus from deletion of FM Reg 17	31(a)	0	(800,000)
Revaluation surplus - 1 July 2019			244,652,529

**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**32. TRUST FUNDS**

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

	<u>1 July 2019</u>	<u>Amounts Received</u>	<u>Amounts Paid</u>	<u>30 June 2020</u>
	\$	\$	\$	\$
Public Open Space Contributions	3,357,786	106,397	(95,829)	3,368,354
	<u>3,357,786</u>	<u>106,397</u>	<u>(95,829)</u>	<u>3,368,354</u>



**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**33. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

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

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

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**i) Impairment of assets**

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

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

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

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



**SHIRE OF MUNDARING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**34. ACTIVITIES/PROGRAMS**

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

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

**SHIRE OF MUNDARING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**35. FINANCIAL RATIOS**

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.83	2.35	2.29
Asset consumption ratio	0.72	0.73	0.74
Asset renewal funding ratio	1.13	1.11	1.14
Asset sustainability ratio	0.76	0.56	0.62
Debt service cover ratio	7.59	8.39	7.27
Operating surplus ratio	0.02	0.01	0.02
Own source revenue coverage ratio	0.87	0.85	0.86

The above ratios are calculated as follows:

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

**36. SUBSEQUENT EVENTS**

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

**37. CONTINGENT LIABILITIES**

As at the end of the reporting period the Shire had no contingent liabilities that could result in a future financial obligation.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Mundaring

Report on the Audit of the Financial Report

#### **Opinion**

I have audited the annual financial report of the Shire of Mundaring which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of Matter – Basis of Accounting**

I draw attention to Note 1 to the annual financial report, which describes the basis for accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16, did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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

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

In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

**Auditor's Responsibility for the Audit of the Financial Report**

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

**Report on Other Legal and Regulatory Requirements**

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the past three years. The financial ratios are reported in Note 35 of the financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**Other Matter**

The financial ratios for 2018 in Note 35 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

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

This auditor's report relates to the annual financial report of the Shire of Mundaring for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



ALOHA MORRISSEY  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
7 December 2020

**Shire of Mundaring**  
**Annual Financial Report 2019/20**  
**Variance Report for 2019/20**

Statement of Comprehensive Income	2020 BUDGET	2020 ACTUAL	2019 ACTUAL	Notes	Difference between 2020 Actual and 2020 Budget	Notes	Difference between 2020 Actual and 2019 Actual
	\$	\$	\$		\$		\$
Revenues from Ordinary Activities	47,386,147	50,148,914	49,401,148	1	2,762,767	6	747,766
Expenses from Ordinary Activities	(50,332,425)	(48,356,431)	(49,673,281)	2	1,975,994	7	1,316,850
<b>Sub Total</b>	<b>(2,946,278)</b>	<b>1,792,483</b>	<b>(272,133)</b>		<b>4,738,761</b>		<b>2,064,616</b>
Grants/Contributions for the development of Assets	1,874,323	1,912,854	2,024,236		38,531		(111,382)
Profit (Loss) on Disposal of Assets	1,095,625	(111,920)	(417,818)	3	(1,207,545)	8	305,898
Change in Equity - Joint Venture	-	(1,041,469)	962,933	4	(1,041,469)	9	(2,004,402)
Fair Value adjustments to financial assets at fair value through profit and loss	-	2,017	122,620		2,017		(120,603)
Changes on revaluation of non-current assets	-	7,901,385	701,002	5	7,901,385	10	7,200,383
Share of comprehensive income of associate	-	125,171	-		125,171		125,171
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>23,670</b>	<b>10,580,521</b>	<b>3,420,840</b>		<b>10,425,663</b>		<b>7,455,113</b>

**Shire of Mundaring**  
**Annual Financial Report 2019/20**

**Variance Report for 2019/20**

**Difference between 2020 Actual and 2020 Budget**

Note	Difference Amount	Detail	Variance Amount	Explanation of variances
<b>Revenues from Ordinary Activities</b>				
1	2,762,767	EMRC Funding for FOGO WA Grants Commission - General Purpose Grant	1,455,200	Unbudgeted funds received from EMRC for roll out of FOGO
		WA Grants Commission - Local Roads	812,385	Impact of prepayment of 50% of the Shire's grants allocation for 2020/21 in June 2020.
		WA Grants Commission - Local Roads	539,436	Impact of prepayment of 50% of the Shire's grants allocation for 2020/21 in June 2020.
<b>Expenses from Ordinary Activities</b>				
2	1,975,994	Employee Costs	383,669	Due to unfilled staff vacancies during the financial year. There was also a saving in casual staff salaries during the shutdown of some Shire community/recreational facilities as a result of Covid19.
		Depreciation - Roads	353,727	Annual depreciation for roads in 19/20 was over estimated in the budget.
		Green Waste Recycling	280,392	Savings due to reduced rates under contract. Actual of \$241,768 vs Budget of \$522,160.
		IT Hardware Maintenance	223,862	Due to maintenance being projects delayed until 2020/21. Actual of \$117,618 vs Budget of \$341,500.
		Maintenance and operating costs of Shire Administration Building	181,995	Primarily due to planned maintenance of air-conditioning and planned painting of interior walls being postponed until 2020/21 - impact \$157,640. Electricity costs were also less than what was budget for - impact \$27,620.
		Charges for disposal of waste to Red Hill	151,033	Due to reduction in disposal rates. Actual of \$1,905,050 vs Budget of \$2,056,083.
		Plant operation and maintenance costs	145,791	Savings in plant operation and maintenance costs in 19/20. Actual of \$1,273,060 vs Budget of \$1,418,851.
		Bulk Waste Collection	121,794	Due to reduced volumes and disposal rates. Actual of \$298,949 vs Budget of \$420,743.
3	(1,207,545)	Profit (Loss) on Disposal of Assets	(1,207,545)	Budgeted land sales of Balfour Rd and Scott St did not occur.
4	(1,041,469)	Change in Equity - Joint Venture	(1,041,469)	Non-Cash Item - Decrease in equity of EMRC investment accounted for. Can't reliably budget for this change.
5	7,901,385	Changes on revaluation of non-current assets	7,901,385	Non-Cash item. Increase in fair value of all Land and Buildings due to assessment of fair value as at 30 June 2020. Can't reliably budget for this change.

Difference between 2020 Actual and 2019 Actual			
Note	Difference Amount	Detail	Variance Amount Explanation of variances
Revenues from Ordinary Activities			
6	747,766	EMRC Funding for FOGO	1,455,200 Funds received from EMRC for roll out of FOGO in 19/20.
		Waste Service Charges	(713,480) Reflects the reduction in waste charges to residents in 2019/20.
Expenses from Ordinary Activities			
7	1,316,850	Depreciation - Roads	1,722,226 During the year the estimated useful lives for roads were revised. The review was based on a detailed analysis of historical renewal and intervention data for roads. This resulted in the useful lives for sealed road pavement being increased from 70-110 years to 70-150 years, and the useful lives for sealed road surface being increased from 15-30 years to 15-45 years. The annual depreciation expense for roads reduced from \$4.9 million in 2018/19 to \$3.2 million in 2019/20.
Profit (Loss) on Disposal of Assets			
8	305,898		341,757 A consequence of the write off of all assets purchased for less than \$5000 from the Shire's Balance Sheet in 2018/19.
Change in Equity - Joint Venture			
9	(2,004,402)		Non-Cash item - The difference between the Shire's share of the decrease in the EMRC's equity in 19/20 and the increase in the EMRC's equity in 18/19.
Changes on revaluation of non-current assets			
10	7,200,383	Changes on revaluation of Land and Building	7,200,383 Difference between the increase in fair value of land and building assets in 19/20 and the decrease in fair value of infrastructure in 18/19.

### 8.3 Audit and Risk Committee Action Items - Status Report

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<b>File Code</b>	GV.MTG.6.1
<b>Author</b>	Garry Bird, Director Corporate Services
<b>Senior Employee</b>	Jonathan Throssell, Chief Executive Officer
<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	Nil

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#### SUMMARY

An update on the status of Audit and Risk Committee action items is provided for the consideration of committee members.

#### BACKGROUND

The following matters have previously been considered by the Audit and Risk Committee, with follow up actions required.

<b>MEETING REFERENCE</b>	<b>RESPONSIBLE OFFICER</b>	<b>ACTION</b>	<b>STATUS – 9 December 2020</b>
19.2.2019 Item 8.3 Internal Light Fleet Audit	Director Infrastructure Services and Director Corporate Services	Respond to 7 recommendations provided by KPMG regarding fleet management improvements.	Completed: report with responses to 7 recommendations was included in the August 2020 meeting agenda and noted by the Committee.
3.12.2019 Item 8.3 Auditor General's Report – Fraud Prevention in Local Government	Director Corporate Services	Draft Fraud Prevention Plan to be presented to the August 2020 Audit and Risk Committee meeting.	Completed: Fraud Prevention Plan presented and noted during August 2020 meeting.
26.5.20 Item 8.1 Internal Audit Plan	Director Corporate Services	Review Council Policy OR19 "internal Audit Charter" and present to August 2020 Audit and Risk Committee Meeting	Completed: Internal Audit Charter adopted August 2020.
26.5.20 Item 8.3 Auditor General's Report – Contract Extensions and	Director Corporate Services	Draft Contract Management Policy and Guidelines by 30 June 2021	In progress.



Variations			
26.5.20 Item 8.7 Interim Audit Results for year ended 30 June 2020	Director Corporate Services	Investigate creation of creditors and payroll audit trail reports for Masterfile changes by June 2020	Completed and implemented 30 July 2020. Audit trail reports to be printed and reviewed at the end of each payroll and creditor payment cycle.
18.8.20 Item 8.3 Auditor General's Report – Working with Children Checks	Director Corporate Services	Procedure HR-07 to be updated with list of positions requiring Working with Children card.	Completed.
18.8.20 Item 8.5 New Policy OR-30 "Continuing Professional Development"	Director Corporate Services	Draft Policy "Continuing Professional Development" to be represented to 17 November 2020 meeting including budget and delegation implications.	Policy and budget implications represented to 14 December 2020 meeting.
17.11.20 Item 8.1 Auditor General's Report – Regulation of Consumer Food Safety by Local Government	Director Statutory Services	New food safety procedures to be drafted and assessment form for food businesses to be reviewed.	By 31 March 2021.
17.11.20 Item 8.2 Auditor General's Report – Waste Management Service Delivery	Director Infrastructure Services	Prepare Waste Plan and website update on waste.	By February 2021.
17.11.20 Item 8.3 Audit and Risk Committee Self-Assessment	Director Corporate Services	Committee self-assessment tool sent out to all committee members to be completed and CEO to present report with results to February 2021 meeting.	By February 2021.

### **STATUTORY / LEGAL IMPLICATIONS**

There are statutory or legal implications for some of the action items above. Please refer to the minutes of the meeting at which the matter was considered for further information.

### **POLICY IMPLICATIONS**

There are policy implications for some of the action items above. Please refer to the minutes of the meeting at which the matter was considered for further information.

## FINANCIAL IMPLICATIONS

There are financial implications for some of the action items above. Please refer to the minutes of the meeting at which the matter was considered for further information.

## STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.3 – Risks are well managed

## SUSTAINABILITY IMPLICATIONS

There are sustainability implications for some of the action items above. Please refer to the minutes of the meeting at which the matter was considered for further information.

## RISK IMPLICATIONS

<b>Risk:</b> That action items from the Committee are not completed and expose Council to the risks being addressed by the item.		
<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Possible	Moderate	Moderate
<b>Action / Strategy</b>		
That staff update the Committee regularly on progress towards completing the required actions.		

## EXTERNAL CONSULTATION

Nil

## COMMENT

Refer to above for status update.

## VOTING REQUIREMENT

Simple Majority

<b>COMMITTEE DECISION RECOMMENDATION</b>	<b>ARC4.12.20</b>		
Moved by	Cr Cuthbert	Seconded by	Mr Wilkinson

That the Committee receives the *Audit and Risk Committee Action Items Status Report* as at 9 December 2020 and notes the actions undertaken.

### CARRIED 7/0

**For:** Cr Jones, Cr Daw, Mr Wilkinson, Cr Cuthbert, Cr Corica, Cr Martin and Mr Wittcomb

**Against:** Nil

## 8.4 New Policy OR-30 "Continuing Professional Development"

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<b>File Code</b>	GV.OPP 1
<b>Author</b>	Danielle Courtin, Governance Coordinator
<b>Senior Employee</b>	Garry Bird, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	1. Draft Policy OR-30 "Continuing Professional Development" <a href="#">↓</a>

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### SUMMARY

As part of the review of the *Local Government Act 1995*, a new Division 10 "Training and Development" has been inserted, including a new section 5.128 requiring all local governments to prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members.

The draft policy (**Attachment 1**) was presented to the August 2020 meeting for the Committee's consideration, but was deferred to the 17 November 2020 meeting to "enable the CEO to clarify budget and delegation implications".

It will be recommended that the Committee recommends the draft policy for adoption to Council.

### BACKGROUND

The deferral of this draft Policy was overlooked for the 17 November 2020 meeting of the Committee and is now re-presented to this Special Meeting.

Meanwhile the Compliance Audit Return for the 2020 calendar year has been made available on the Department of Local Government's SmartHub and one of the questions on the return is:

*Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?*

Unless consideration of this Policy is referred to the Special Council Meeting that has been convened for Thursday 17 December 2020, the Shire will be non-compliant for the 2020 year. Alternatively, the Committee might consider recommending the draft policy for adoption by Council at the first opportunity in the new year, i.e. on 27 January 2021, which would mitigate but not remove the compliance breach.

### STATUTORY / LEGAL IMPLICATIONS

*Local Government Act 1995* sections 5.126, 5.127 and 5.128  
*Local Government (Administration) Regulations 1996* r. 35 and 36

### POLICY IMPLICATIONS

Nil

## FINANCIAL IMPLICATIONS

The mandatory Elected Members Training and Conferences budget for 2020/21 is \$36,000. This equates to \$3000 per Elected Member and includes mandatory training as a priority, as well as discretionary training and conferences.

The cost of each of the five modules of *Council Members Essentials* is:

- Online: \$195 per module, ie \$995 for the full course; or
- In person: \$475 per module, noting the 2-day Serving on Council module costs \$900. In total \$2800.
- A combination of in person and online training can be arranged.

## STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.8 – Compliance with the Local Government Act 1995 and all relevant legislation and regulations

## SUSTAINABILITY IMPLICATIONS

Nil

## RISK IMPLICATIONS

<b>Risk: <u>Compliance</u>:</b> Not having a policy would mean that the Shire doesn't comply with legislation.		
Likelihood	Consequence	Rating
Almost Certain	Minor	High
<b>Action / Strategy</b>		
By adopting the policy Council becomes compliant with the legislation and, importantly, Elected Members can obtain the skills and knowledge to undertake their roles.		

## EXTERNAL CONSULTATION

Nil

## COMMENT

The intent of the Act is that the policy will deal with structured training for Elected Members, both mandatory (the *Council Members Essential* course as per reg. 35) and non-mandatory.

**Clarification of budget and delegation implications:**

As outlined above in the Financial Implications the Elected Members Training and Conferences budget for 2020/21 is \$36,000. This equates to \$3000 per Elected Member and includes mandatory training as a priority, as well as discretionary training and conferences.

The average cost of the mandatory training *Council Members Essentials* is \$1897.50 (in person: \$995, online: \$2800).

Only newly elected and re-elected councillors are required to undertake the training after an election. As there are six vacancies for election every two years the cost of mandatory training will be approximately \$11,385 every two years.

In an election year this leaves \$24,615 in the training budget for discretionary training and conferences. In a year without elections, the full budget can be utilised for discretionary training and conferences.

In order to fund the Policy and ensure that Elected Members can access training and professional development opportunities in addition to the mandatory training requirements, a further option could be to increase the budget by \$3,000 for up to six Elected Members every second year in the Long Term Financial Plan, starting July 2021 in advance of the October 2021 election.

It is suggested that the budgetary implications for the mandatory training requirements and the draft Policy can be considered further during the 2021-2022 Corporate Business Planning process.

There are no delegation implications in adopting this new policy, as it is a legislated requirement.

**VOTING REQUIREMENT**

Committee meeting: Simple Majority.

Council meeting: Absolute Majority – *Local Government Act 1995* section 5.128.

<b>COMMITTEE RECOMMENDATION</b>		<b>ARC5.12.20</b>	
Moved by	Mr Wittcomb	Seconded by	Cr Cuthbert

That Council, by absolute majority, adopts Policy OR-30 "Continuing Professional Development" – **Attachment 1**.

**CARRIED 7/0**

**For:** Cr Jones, Cr Daw, Mr Wilkinson, Cr Cuthbert, Cr Corica, Cr Martin and Mr Wittcomb

**Against:** Nil

Shire of Mundaring

# POLICY

## CONTINUING PROFESSIONAL DEVELOPMENT

<b>Policy Ref:</b>	<b>OR-30</b>
<b>Committee Rec:</b>	<b>Date:</b>
<b>Adopted:</b>	<b>Date:</b>
<b>Amended:</b>	<b>Date:</b>
<b>Reviewed:</b>	<b>Date:</b>
<b>Procedure Ref:</b>	<b>Delegation Ref:</b> N/A
<b>Statute Ref:</b>	<i>Local Government Act 1995</i> sections 5.126, 5.127 and 5.128 <i>Local Government (Administration) Regulations 1996</i> r. 35 and 36
<b>Guidance:</b>	DLGSC Circular no. 2019-8 Council Member Training and Candidate Induction

### PURPOSE

To ensure that Elected Members have the skills and knowledge to undertake their complex and significant role as leaders in the community.

### BACKGROUND

The *Local Government Act 1995* (The Act) and *Local Government (Administration) Regulations 1996* require all Elected Members to undertake the compulsory training course *Council Members Essentials* within 12 months of being elected.

The Act requires the Shire to report on its website on the training completed by Elected Members within one month after the end of each financial year.

The Shire is also required to adopt a policy outlining the continuing professional development (CPD) of its Elected Members. This policy must be reviewed after each ordinary election to take into account the needs and skills sets of new councillors.

### SCOPE

This policy applies to Elected Members of Shire of Mundaring.

### POLICY

#### 1. Mandatory Elected Member Training

All Elected Members\* are required to complete the *Council Members Essentials* within 12 months of election to Council.

The training remains valid for five years, so that an Elected Member is only required to undertake the training once during every four year term.

*Council Members Essentials* consists of five modules:

1. Understanding Local Government;
2. Serving on Council;
3. Meeting Procedures;
4. Conflicts of Interest; and
5. Understanding Financial Reports and Budgets.

This training course will be sourced by the Shire at no cost to Elected Members.

Immediately following each election newly Elected Members, be they first-time or returning councillors, will be enrolled in the *Council Members Essentials* course's five modules online or in person, depending on their preference.

Elected Members are required to report their progress towards completion of the modules to the Council Forum meetings in February, May and August.

\* Regulation 36(2) exempts Elected Members whose term commenced before the October 2019 elections from the requirement of compulsory training until the end of their term in October 2021.

## **2. Other Continuing Professional Development**

Once the full *Council Members Essentials* course has been completed, Elected Members are strongly encouraged to take advantage of other CPD opportunities relevant to their roles and in line with the strategic objectives of the Shire, in particular the following courses, delivered by WALGA:

- Effective Community Leadership;
- Dealing with Conflict;
- Integrated Strategic Planning – the Essentials;
- Planning Practices – the Essentials;
- Planning Practices – Advanced;
- CEO Performance Appraisals;
- Integrated Strategic Planning – Policy; and
- Infrastructure Asset Management.

Successful completion of these courses plus *Council Members Essentials* will result in the achievement of the *Diploma of Local Government* (Elected Member) qualification.

Other CPD opportunities that may be considered:

- Emergency Management Fundamentals – WALGA;
- Managing Recovery Activities for Local Government – WALGA;



- Waste 101: Introduction to Waste Management – WALGA.

This list is not exhaustive.

Requests for non-mandatory professional development training may be initiated by the Elected Member and must be forwarded to the CEO, who will arrange enrolment if –

1. The request addresses the Elected Member's professional development needs;
2. The training aligns with the strategic direction of the Shire;
3. The training is delivered by a registered training provider;
4. The training is held within the Perth metropolitan area; and
5. There are sufficient funds in the Elected Members training budget.

Any requests that do not meet the above criteria will be submitted to Council for consideration.

### **3. Reporting**

Annually in July Shire of Mundaring will publish on its website a report listing each Elected Member and the training they have completed in the previous financial year. This will include both the *Council Members Essentials* course and other continuing professional development consistent with this policy.

## **9.0 URGENT BUSINESS (LATE REPORTS)**

Nil

## **10.0 CLOSING PROCEDURES**

### **10.1 Date, Time and Place of the Next Meeting**

The next Audit and Risk Committee meeting will be held on Tuesday, 16 February 2021 in the Council Chamber, 7000 Great Eastern Highway, Mundaring.

### **10.2 Closure of the Meeting**

The Presiding Person declared the meeting closed at 5.10pm.