



Shire of Mundaring
Annual Report 2016/17



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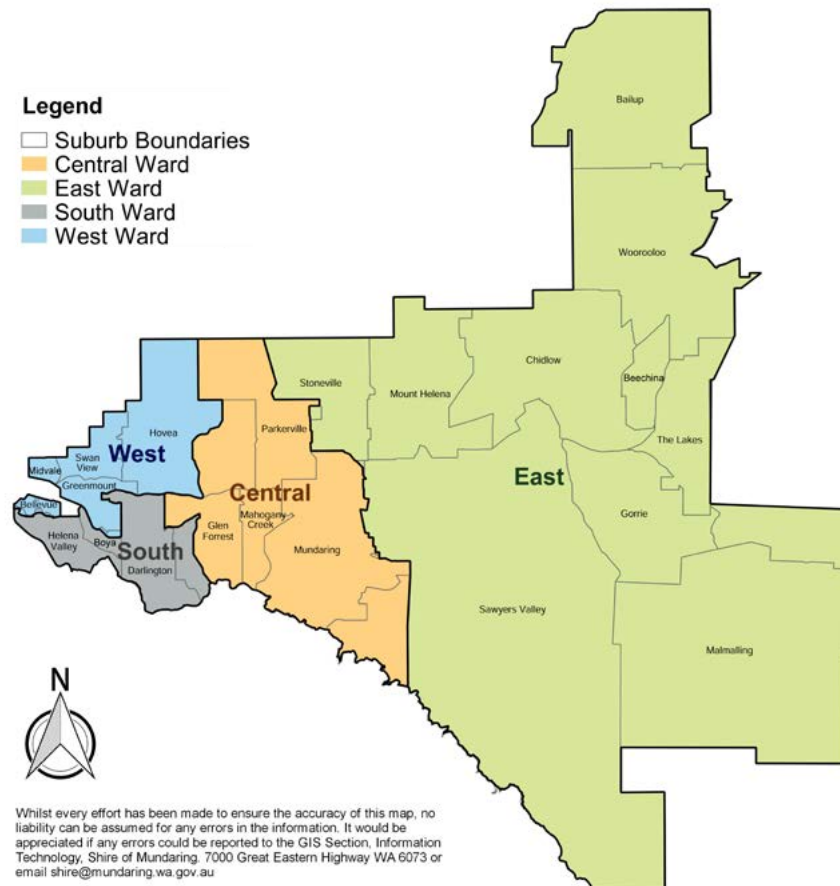
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About the Shire of Mundaring

The Shire of Mundaring is located on the eastern fringe of Perth, approximately 35 kilometres from the Perth CBD.

The Nyungar Aboriginal people were the first to arrive in the area and it is widely believed that they named the area based on its distinct geographical features - Mundaring is an Aboriginal word which means “on a high place” or “the place of the grass tree leaves”.

This picturesque location is predominantly a rural area, with several residential townships. It encompasses a total land area of 644sqkm, of which nearly half is National Park, State Forest or water catchments.





The Shire of Mundaring includes the townships, villages and rural localities of Bailup, Beechina, Bellevue (part), Boya, Chidlow, Darlington, Glen Forrest, Gorrie, Greenmount, Helena Valley, Hovea, Mahogany Creek, Malmalling, Midvale (part), Mount Helena, Mundaring, Parkerville, Sawyers Valley, Stoneville, Swan View (part), The Lakes and Woorooloo.

Popular among tourists, some of the more spectacular features of the Shire include Beelu National Park, Greenmount National Park, John Forrest National Park, Wooroloo Regional Park, Mundaring Weir, Lake C Y O'Connor, Lake Leschenaultia, Chidlow Recreation Reserve, the Railway Reserves Heritage Trail, the Munda Biddi Bike Trail, Perth Hills National Parks Centre, several State Forests and various wineries.

Residents and ratepayers

There are approximately 

39,174 

people living in the Shire of Mundaring with a population density of 0.61 people per hectare, according to Census 2016. The population has increased by around 


4080 
people since the 2006 Census.



Year in Review

The Year in Review is a quick snapshot of key achievements carried out by Shire of Mundaring within the preceding 12 month period.

The highlights reflect significant strategic outcomes which align with key objectives in the Shire's Strategic Community Plan 2016-2026. The theme of the plan is linked to the Shire's Community Vision, 'A Sense of Place, A Sense of Space'.



The Railway Reserves Heritage Trail (pictured) passes through the picturesque hills communities and covers a wide range of terrains. Spanning 41km, the route features scenic views and several points of historical and natural significance.



Governance

Implemented Information Communications Technology (ICT) at the new Boya Community Centre

Completed a major audit and reconfiguration of the Shire's cyber security system and services

Responded to 17 Freedom of Information requests and completed all within the legislative timeframe

Developed a new Risk Management Framework, adopted by Council

Made significant progress towards completion of review and update of all Council policies

Drafted Dogs Local Law



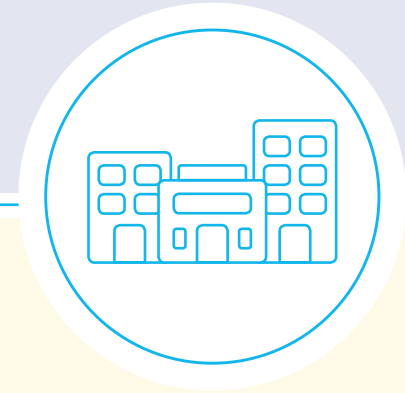
Community

Significant increase in Fire Hazard Inspections
Emergency Management Community
Consultation
Introduction of designated Dog Exercise Areas
New Youth Informing Strategy and Youth
Service Model
Visitors Centre Promotional Strategy
Grants, Funding and Events
Community Development - Support for all
Residents
An Accessible and Inclusive Mundaring



Natural Environment

Gold Status for Water Management
Environmental Education program
Environmental projects
Friends Groups in the Community
Mapping Habitat Trees
Mundaring Environmental Art Project
Assisting Schools with Planting Days
Roadside Conservation Policy



Built Environment

Opening of Boya Community Centre
Construction of Mundaring Arena
Mundaring Town Initiative Masterplan
Foothills Growth Strategy
National Planning Award

From the Shire President



On behalf of the Shire of Mundaring, I am pleased to present the 2016/17 Annual Report.

Council began implementing the new Strategic Community Plan 2016-2026 during the 2016/17 financial year. All decisions made by Council must be grounded in this plan.

The plan was constructed from community input. It reflects the community's vision for the Shire's future which is 'a sense of space, a sense of place.' It specifies long term goals and identifies our priorities.

The plan sets out the values shared by our Shire's residents, businesses and organisations. They value good governance and responsible use of ratepayers' funds. They live in the Shire because they value our easy access to the natural environment. They enjoy the amenities and festivities of our built environment. They value the history and heritage of our area. They want to be part of modern, inclusive neighbourhoods centred around sustainable town sites.

Council revised its financial plans in 2016/17 to align with the state-wide economic downturn. Hard questions were asked about the cost and relevance of all services and facilities. Significant savings were identified. It has been challenging to balance the community's expectations of good amenities with a reduction in rate increases forecasted.

The new Boya Community Centre comprises the re-located Katharine Susannah Prichard Library and a modern community hall. The Centre opened on International Women's Day (8 March) in honour of the library's namesake. It has been extremely popular and I am pleased to report that library membership has soared in the last six months. The hall facilities are in high demand.

Congratulations to the Shire's Planning and Environment teams that won the Planning Institute of Australia's National Award for Planning Excellence in May 2017. The prestigious award recognised the Shire's approach to 'Implementing Bushfire and Biodiversity Controls'. It is a testimony to the Shire's Planning and Environment team's ability to achieve the right balance between bushfire mitigation and biodiversity protection.

In October 2017 local government elections were held and five new Elected Members joined our Council. Former Shire President David Lavell retained his seat on Council but decided not to nominate for Shire President. Former Deputy President Cr Patrick Bertola, Cr Bob Perks, Cr Pauline Clark and Cr Tony Cuccaro were not returned. Cr Patricia Cook elected not to renominate.

My colleague Councillors elected me as Shire President for which I am honoured. On behalf of Council I would like to thank all outgoing Councillors for their contribution to the community. I especially acknowledge the work of Cr Lavell who was Shire President during the period covered by this Annual Report.

I welcome our newly-elected Councillors, Toni Burbidge, Kate Driver, Ian Green, Darrell Jones and Jason Russell. I thank the CEO Jonathan Throssell and his Executive Leadership Team who have led the Shire's employees to deliver continued success in making our Shire a great place to live.

Cr John Daw
Shire President

Your Council

Elected Members

The Mundaring local government area comprises four wards, with three Elected Members representing each ward. Following each local government election, Council elects a Shire President and Deputy Shire President.

While each Elected Member represents a particular ward, ultimately their role is to consider the current and future interests of the entire Shire.



L-R Cr Stephen Fox, Cr Bob Perks, Cr Patricia Cook, Cr Lynn Fisher, Cr Tony Brennan, Cr John Daw, Cr Doug Jeans, Cr Pauline Clark, Cr James Martin, Cr Tony Cuccaro (seated L-R Deputy Shire President Cr Patrick Bertola Former Shire President Cr David Lavell).

Council Information

Council Meetings

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

Council generally holds one Ordinary Council Meeting each month. These meetings are held in an open environment, with the Shire's Meeting Procedures Local Law guiding how the meetings are conducted.

In 2016/17 Council held 12 Ordinary Council Meetings, one Special Meeting of Council and the annual Electors Meeting.

Attendance at meetings by Elected Members was as follows:

Number of Council Meetings attended		
Elected Member	Ordinary (12)	Special (1)
Cr Bertola	11	1
Cr Brennan	11	0
Cr Clark	11	1
Cr Cook	11	1
Cr Cuccaro	10	1
Cr Daw	10	0
Cr Fisher	11	1
Cr Fox	11	1
Cr Jeans	12	1
Cr Lavell	11	1
Cr Martin	12	1
Cr Perks	10	1



Spectacular Lake Leschenaultia achieved a Certificate of Excellence from Trip Advisor this year.

Committees

As well as attending Council meetings, Elected Members take part in external and internal committees. These are additional opportunities for Elected Members to have their say on issues important and relevant to their communities.

Committees with Elected Member representatives include:

Audit and Risk Committee
Australia Day Citizenship Awards Committee
Bush Fire Advisory Committee
CEO Performance Review Committee
Environmental Advisory Committee
Grants Selection Committee
Local Emergency Management Committee
Business Advisory Group

Blackboy Hill Advisory Group
Cultural Advisory Group
Darlington Community Recreation Advisory Group
Inclusion and Disability Access Advisory Group
Mt Helena Recreation and Aquatic Centre Representatives Meeting
Mundaring Recreation Centre Representatives Meeting
Tennis Courts Representatives Meeting
Mundaring Arts Centre Board
Mundaring & Hills Historical Society
Swan View & Districts Agriculture & Arts Society Inc.
Parks of the Darling Range Community Advisory Committee
Eastern Metropolitan Regional Council
North Eastern Subgroup of the Metropolitan Regional Road Group
Perth Airport Municipalities Group
Perth Airport Community Aviation Consultation Group
WALGA East Metropolitan Zone
Metro East Development Assessment Panel

From the Chief Executive



It's been a busy and rewarding year where creating a better community, meeting key infrastructure needs and caring for our environment have been important areas of focus.

The Shire is committed to working with the State and Federal Governments, the private sector and other local governments in the region to achieve great outcomes for our residents (whose numbers are growing at a steady pace). The Shire of Mundaring is now home to close to 40,000 people with many others visiting the area's unique hills and foothills locations.

The Shire manages assets with a value of more than \$436 million. As with many local governments we are therefore tasked with the need to provide new community infrastructure while maintaining existing assets in acceptable condition.

In 2016/17 the challenge of balancing ongoing service delivery and facility maintenance with growing cost pressures was one we faced together with the community. Feedback gathered in consultation with residents and business owners was invaluable in achieving a lower than forecast annual rate increase per household.

In spite of any challenges, a number of important and exciting milestones were achieved in 2016/17 including the official opening of the Boya Community Centre. The new \$7.4 million facility accommodates a modern community hall and Katharine Susannah Prichard Library, formerly located at Greenmount.

The fully-accessible library, which houses height adjustable work stations and seating to cater for people with a disability, has seen membership soar. The centre has become a 'meeting hub' for people to study, read, do their homework and of course, borrow books and other resources.

Another significant achievement in 2016/17 was the commencement of work at the Mundaring Arena site. The Shire's involvement of a local biologist during the clearing phase and inclusion of local school children in wildlife conservation efforts throughout the project ensured we met our environmental responsibilities.

Once complete at the end of 2017, the \$10.1 million state-of-the-art arena will provide a number of indoor courts where a range of sports can be played year-round. We look forward to delivering this vital community project which can be enjoyed for generations to come.

Like the arena, a vast number of the Shire's facilities, residences and businesses are situated in a bush environment. We are therefore required to maintain and develop ongoing bushfire ready strategies to keep our community safe.

This year we rolled-out an extensive education campaign to encourage families to develop a Bush Fire Survival Plan. Then, through the Shire's online Facebook event, 'Test Your Bushfire Survival Plan', households got an opportunity to test their survival plans against hypothetical bush fire scenarios. The initiative saw the Shire nominated a finalist in the 2017 State Emergency Management Services Resilience Awards.

I would like to thank all Shire staff and the many volunteers and Friends Groups who contribute to our activities, events and services, for their continued commitment to building a better Mundaring.

I look forward to working together with the community, Elected Members and employees to continue delivering positive outcomes in 2017/18.

Jonathan Throssell
Chief Executive Officer

Our Organisation

Roles and Responsibilities

Shire of Mundaring is responsible for providing strategic leadership and sustainable future planning, while also delivering a range of infrastructure and services to our growing community.

Local Governments in WA operate under the *Local Government Act 1995* which directs the way the Shire and Council function and guides the services the Shire provides to our residents and ratepayers.

The Shire and Council's responsibilities include:

- exercising community leadership
- providing appropriate services and facilities for the community
- properly managing and conserving the local environment
- managing and conserving with our communities
- keeping the local community informed about its activities
- ensuring that provided services are managed efficiently and effectively
- having regard for the long term effects of its decisions, and
- being a responsible employer.

More than 100 other pieces of legislation also influence and affect the work of the Shire including the *Building Act 2011*, *Waste Avoidance and Resource Recovery Act 2007*, *Health Act 1911*, *Bush Fires Act 1954*, *Dog Act 1976*, *Emergency Management Act 2005*, *Occupational Safety and Health Act 1984* and many other Acts and subsidiary legislation, such local laws and Regulations made under various Acts.

Code of Conduct

The Shire's Code of Conduct outlines the principles, values and behaviours that the community is entitled to expect of all Elected Members, committee members and employees. Also, the Local Government (Rules of Conduct) Regulations 2007 provide the disciplinary framework to deal with individual misconduct by elected members.

Executive Leadership Team

The Shire's four Directors and Chief Executive Officer (pictured right) form the Executive Leadership Team. There are several facets to their roles but primarily they are responsible for effectively leading and managing the following directorates:

- Strategic and Community Services
- Infrastructure Services
- Statutory Services
- Corporate Services

The Directors provide strategic and operational advice to the CEO, Council and other Shire employees. The team is an integral part of budgeting, forward planning, governance and determining organisational risk.



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

Employee Profile

Shire of Mundaring employed the equivalent of 210.18 full-time employees in 2016/17. This figure incorporates 37.2 full-time equivalents who deliver services to the community, which are funded through grants and service fees. Our workforce also comprises temporary and casual workers. Many employees are also residents, reflecting the value of the organisation as a local employer.

Employee Turnover

Comparative employee turnover has remained consistently low for the last few years as demonstrated below:

- 2016/17 – 12.45%
- 2015/16 – 9.54%,
- 2014/15 – 10.57%
- 2013/14 – 9.62%

The higher turnover in the past 12 months is reflective of an ageing workforce. We anticipate this will continue over the next few years.

Salaries

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

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

Salary Range	No. of employees
\$100,000 - 109,999	1
\$110,000 - 119,999	1
\$120,000 - 129,999	5
\$130,000 - 139,999	5
\$140,000 - 149,999	1
\$160,000 - 169,999	1
\$170,000 - 179,999	1
\$180,000 - 189,000	2
\$250,000 - 259,999	1

Our People

There is a diverse range of professions and skillsets among Shire employees including engineers, planners, labourers, mechanics, child care and youth workers, IT experts, librarians and Learn to Swim instructors. All are equally committed to providing ongoing quality customer service to residents and ratepayers.



Governance

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

Accountability and Governance

Achievement of best practice in corporate governance is a major responsibility of Council. It entails the consideration and approval of Shire policies, strategic direction and resource allocation, as well as monitoring Shire performance, progress towards targets and use of resources. The Shire has pursued an agenda of increasing its own transparency and accountability to its ratepayers.

Internal Audit

The Shire's Internal Audit program forms part of our overall Risk Management Program, which determines the most significant risks yet to be addressed. The program provides advice on the best way to manage these risks. In 2016/17, Shire procurement policies and procedures have been updated following an audit of the organisation's internal procurement.

Review of Council Policies

A review and update of existing Council policies was progressed in 2016/17. The review will confirm relevance and alignment between policies and will also help identify any areas which need to be addressed.

Freedom of Information

The Shire has a Freedom of Information Statement prepared in accordance with the *Freedom of Information Act 1992*. A total of 17 Freedom of Information requests were received in this reporting period and were completed within the legislative timeframe.

Information Management

Information Management Services provides record keeping services as per the *State Records Act 2000*. The Shire deals with a large amount of highly sensitive, confidential and commercial information. Therefore a key area of focus is the responsible management and disclosure of information. The majority of information retained by the Shire is stored in an electronic format.

Information Communication and Technology (ICT)

The ICT department has continued to provide a high standard of service through the management of the Shire's systems and services. Significant projects completed during 2016/17 include the implementation of ICT systems at the new Boya Community Centre; the installation of Wi-Fi at the Shire's Youth Centre, Hub of the Hills, Shire Operations and both libraries; as well as completion a major audit and reconfiguration of cyber security structures and services.

Risk Management

In 2016/17, Council approved the Shire's updated Risk Management Framework. The framework was developed in accordance with the Australian Standard AS/NZS ISO 3100:2009. It is intended to integrate risk management into the Shire's workplace culture. A risk dashboard is continually updated and incorporates risks associated with all Shire business.

Occupational Health and Safety

By continuing to provide a safe and healthy workplace, the Shire has met its moral and legal responsibilities under the *Occupational Health and Safety Act 1984*. A review of the operational practices is currently underway.



Community

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

Emergency Management

Fire Hazard Inspection Officers

There was a significant increase in the number of property inspections carried out in 2016/17. The Shire's Fire Hazard Inspection Officers have been able to provide helpful advice to residents about how to best protect their property in the event of a bushfire, in particular regarding the requirement to comply with the firebreak/fuel load notice.



Shire of Mundaring's Fire Hazard Inspection and Fire Protection Officers have responded to an increasing number of requests from the community in 2016/17 to provide advice on how to best protect their property in the peak bushfire season.

Fire Protection Officers

Numerous planned burns were successfully completed in 2016/17 by the Shire's Fire Protection Officers with the assistance of local volunteer bushfire brigades. Due to unexpected continuous rain in early 2017, the Hazard Reduction Burning schedule was delayed. It meant officers were only able to complete weed removal and install fire breaks on Shire reserves.

Bushfire Area Access Strategy

Shire of Mundaring's Bushfire Area Access Strategy, adopted by Council in September 2016, provides a framework to address unsatisfactory access arrangements. Work has already been carried out at various locations in the Shire to improve emergency vehicle access, should it be required.

Community Safety (Rangers)

The Community Safety team has seen effective engagement and education about pet-related matters during 2016/17. There has been significant work and consultation carried out to help identify suitable Dog Exercise Areas in the Shire and also where dogs are prohibited.



Bush Fire Event - State Finalist in Prestigious Awards

The Shire's Test Your Bush Fire Survival Plan (TYBFSP) was crowned a finalist in the 2016 State Emergency Management's WA Resilience Australia Awards.

The innovative event, run through the Shire's Facebook page, encourages people to write and then test a survival plan. Participants are given mock scenarios every five minutes over a 30-minute period so they can review their plans and determine if they would work in a real emergency situation.

Now in its third year, the TYBFSP event has been the perfect forum to connect with the Shire's social media-savvy community to ensure they are 'Bushfire Ready'. It has been met with overwhelmingly positive feedback.

Community Development – Services for all Residents

Children's Services Celebrates 30th Anniversary

The launch of Midvale Hub's new website and promotional material was an ideal forum to celebrate 30 years of delivering services to families in the Shire of Mundaring.

The Hub's new Parenting Service commenced in April 2017, thanks to funding from the Department for Communities, in recognition of the ongoing support offered to local parents. The service has a dynamic team of parenting educators who offer numerous programs and services to the community.

During an accreditation process in 2016/17, three Children's Services programs in the Shire achieved a rating of exceeding the National Quality Standard in delivering high quality care for children and their families.



Former Minister Paul Miles visited the Midvale Hub's Swan Children and Family Centre to congratulate the Shire on its track record of supporting families and children for over 30 years. Photo: Courtesy of Community Newspaper Group.

Youth

The Youth Informing Strategy 2017-2022 was approved by Council in 2017. It was developed following extensive community consultation as well as a review of the previous strategy. In addition, a new youth service model has been developed to provide a change in direction for the delivery of youth services in the Shire. The new model will ensure an ongoing focus on contemporary issues, opportunities and challenges faced by young people living in our community.



The Youth Informing Strategy 2017-2022 was approved by Shire of Mundaring Council in 2016/17.



Former Shire President David Lavell (middle) with Nick Elton and Peregrin Wildoak at a Gadgets and Gizmos workshop.

Seniors

The Shire held a number of events for seniors in the community. They include a Seniors Recreation Day, Memory Café, a Gadgets and Gizmo workshop as well as regular functions such as the Seniors Christmas celebration, morning teas and book cafés.

‘Gadget and Gizmos’ workshops have been popular among our seniors. Memory Café has also been well received. It provides a safe forum for people living with memory loss (and their carers), to come together and share their experiences with new friends.

Visitor Services

Several locations within the Shire, such as Lake Leschenaultia and Mundaring Weir, are considered among WA's top tourist destinations. Their popularity prompted staff at the Visitor Centre to develop a Facebook Strategy to help promote the attractions to a broader audience.



The new **Visitor Centre Facebook** page has boosted engagement by more than **50%**.

There has been a significant increase in **positive engagement** on the page.



Visitor Centre produced re-useable '**Mundaring Heart of the Hills**' coffee cups to support the community's commitment to waste reduction.



Many of Mundaring's spectacular locations were captured on film by a local production company. The project, co-ordinated by the Visitor Centre, produced a variety of drone, street view photography and video footage. The imagery will showcase tourist attractions and as well as some hidden treasures. Pictured: Mundaring Weir.

Mobile Vendors Policy

A policy to allow mobile food vendors to operate on Shire land was implemented in April 2017. This initiative has been extremely successful, particularly at Sculpture Park in Mundaring, as access to the vendors has helped create a stronger community vibe at local parks and reserves.

Volunteer and Community Grants

Grants awarded in 2016/17

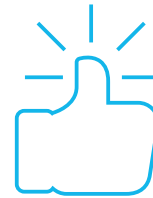


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volunteer-based groups received funding to help with community events.

36

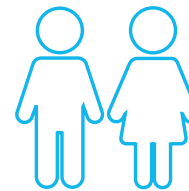
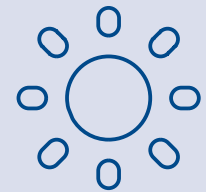
local groups received funding to help with training and equipment.



6

groups received Volunteer Recognition Event grants.

The 2016/17 Annual Milestone Grant was awarded to Swan View Primary School to go towards their 75th anniversary celebration.



40

Youth Grants were awarded to assist with travel costs associated with attending rural, interstate and international competitions.



Young Tae Kwon Do champion, Shante Regnault, is one of 40 local residents to receive a Youth Grant over the last 12 months.

Events


Cinema Under Starlight

The Shire hosted four free movie nights during January and February 2017. The annual series is known as Cinema Under Starlight. It has proven to be extremely popular in the local community, particularly among families.




Trek the Trail

Held over several weekends in Spring 2016, Trek the Trail offered cycling, running and walking.

 **75** cyclists rode 20km from Darlington to Mundaring.

85 runners ran from Mundaring to Mahogany Creek.



 **550** walkers trekked from John Forrest National Park to Swan View Platform.

Activities held during the Trek the Trail series created a fantastic sense of community thanks to the involvement of groups including the Mundaring Arts Centre and Mundaring Hills Historical Society.

Citizenship Ceremonies

In 2016/17, a remarkable 78 people from 23 different countries became Australian Citizens at ceremonies hosted by Shire of Mundaring.



Natural Environment

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

Gold Status for Water Management

Shire of Mundaring received a Gold Waterwise status in recognition of being among WA's top water saving councils. It achieved Gold status following the implementation of an updated and innovative Water Efficiency Action Plan.

Water reduction strategies implemented by the Shire include the use of native plants and sub-surface reticulation, which both reduce maintenance and water usage.

The Gold status was achieved through the Waterwise program which supports councils in their efforts to improve water efficiency.



Former Shire President David Lavell, Co-ordinator Environment & Sustainability Briony Moran & Director Statutory Services, Mark Luzi from Shire of Mundaring.

Environment and Schools

Local school children are regularly involved in the Shire's environmental projects especially where there is a significant educational component.

Mundaring Christian College teamed up with Mundaring Men's Shed to design, construct and install nesting boxes for native species at the Mundaring Arena site. The nesting box project was incorporated in the school curriculum.



Mundaring Christian College Principal Rod McNeill and students presenting nesting boxes to Shire of Mundaring former Deputy President Cr Patrick Bertola, which have since been placed at the new Mundaring Arena site.

Erosion Control Project

Northam Senior High School students assisted the Shire with the Erosion Control Project in Glen Forrest. Students' involvement will contribute to their completion of Certificate II in Conservation Land Management and Horticulture.



Northam SHS students carry out erosion control works in collaboration with Shire of Mundaring.

Environmental Projects and the Community

Tree Canopy and Understorey Program (TCUP)

Known locally as TCUP, this annual program is extremely popular throughout the Shire. In 2016/17, residents and local Friends Groups shared in 52,000 seedlings.

Throughout the year, Friends Group volunteers and the Shire's Landcare Team planted over 8000 native seedlings in various locations across the Shire.



Local residents participating in the Shire's popular TCUP initiative, pictured with former Shire President David Lavell.

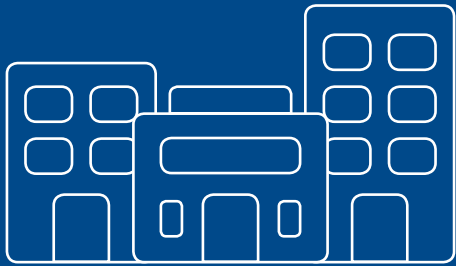
Roadside Conservation

The aesthetic and biodiversity values of native vegetation on verges was recognised through the adoption of a Roadside Conservation Strategy in August 2016. This was followed by the development of a Roadside Conservation Policy.

Friends Groups

Our residents are passionate about their local environment and are happy to roll their sleeves up and assist in various projects. Listed below are just some of the works completed in 2016/17:

- Friends Groups carried out revegetation works on the Railway Reserves Heritage Trail.
- Local school students replanted 430 native seedlings at Sculpture Park after eastern states species were removed from the area.
- Glen Forrest Primary School students helped the Shire rehabilitate natural areas near the school.
- The Shire and Mundaring Arts Centre delivered Environmental Art Awards to local primary schools.
- Friends of Boya Trail held an open day in May 2017 and unveiled a new sign about native grasses.



Built Environment

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



Boya Community Centre

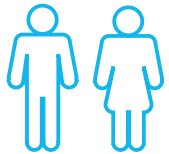
The official opening of the Boya Community Centre took place in March 2017. The state-of-the-art facility comprises the Katharine Susannah Prichard Library (formerly based in Greenmount) as well as several contemporary meeting and function spaces which are available to the public.

The library is the most prominent and popular feature of the Boya Community Centre. Embraced by the community since opening, the library has generated a record number of new memberships. Various events are regularly held at the library including author talks, presentations and children's activities.

Shire of Mundaring Libraries

The Katharine Susannah Prichard Library has fully-accessible features: height-adjustable work stations & computers, accessible self-service loan kiosks & seating for people with disabilities.

In 2016/17 there were:



121,436 visitors

2953

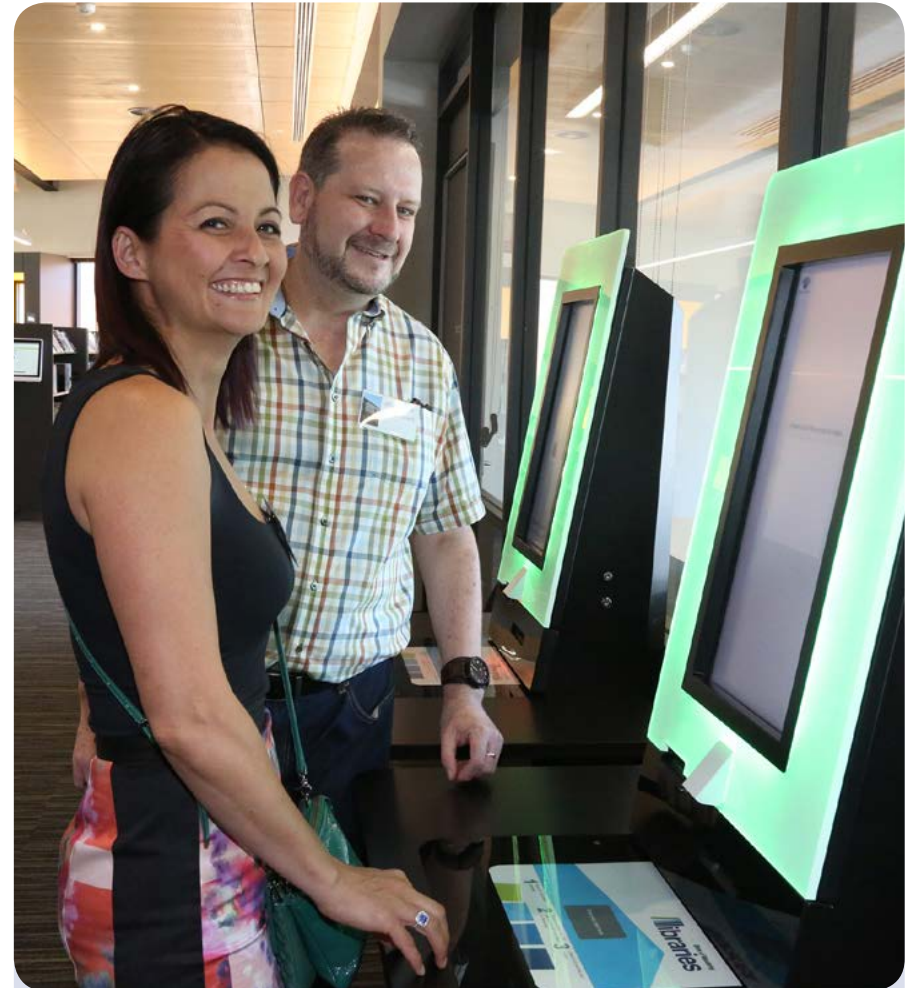
new members



279,648 items loaned

21

author talks attracting more than 800 people



Customers using the new electronic borrowing system at the new library at Boya.



Mundaring Arena

With the design phase of the Mundaring Arena project complete, construction commenced in late 2016. Shire employees worked closely with the local basketball, netball and indoor hockey associations along with the architects, consultants and the construction company Pindan to ensure the design was great value for money and fit for purpose. The community is looking forward to the official opening of the Arena, scheduled for early 2018.

The \$10.1million Arena has been ahead of schedule for most of 2016/17. The state-of-the-art facility will mean players from the

local community and further afield will be able to play their sport throughout the year, irrespective of weather conditions.

Mundaring Community Bank Branch Bendigo Bank has pledged \$100,000 towards the project, with local basketball, hockey and netball clubs pledging between \$10,000 and \$30,000 each. The State Government is providing \$3 million in funding, with the Shire funding the remainder.

Shire of Mundaring looks forward to delivering this vital community project which can be enjoyed for generations to come.

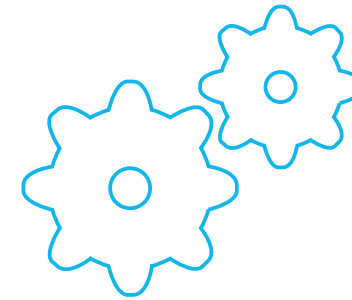
Image: Artist's impression of Mundaring Arena. Construction is almost complete with an anticipated opening in early 2018.

Mundaring Masterplan

The Mundaring Town Initiative Masterplan, adopted by Shire of Mundaring Council in early 2017, will create an even more vibrant and diverse Mundaring. It will essentially provide a long-term blueprint for the town. The preparation of a detailed Activity Centre Plan will provide the statutory controls to ensure any private investment aligns with the community's vision.

Foothills Growth Strategy

As the name suggests, the Foothills Growth Strategy provides a framework to manage a growing population in Helena Valley and Bellevue. Adopted by Council in mid-2017, the strategy addresses matters such as ensuring there will be a wide range of housing densities available to accommodate future growth. The Foothills Growth Strategy will also link development to the protection and enhancement of environmental features.



Major projects completed in 2016/17

Boya Oval upgrade

Lilydale Road safety upgrade

Swan View Station carpark and Morrison Road crossing

Gooray Street upgrade

Flood light at Glen Forrest Oval

Addition of change rooms at Harry Riseborough Oval

**Construction of Chidlow War memorial
(in conjunction with Chidlow Progress Association)**

National, State and Local Recognition for Innovative Planning

Shire of Mundaring received three prestigious awards in 2016/17 for its proactive approach towards mitigating bushfire risks while preserving and protecting the high biodiversity values practiced by the organisation.

The planning and environment team developed the award-winning suite of implementation tools and services which encourage applicants to consider both bushfire and environmental factors early in the design and development process. It has achieved a simplified method for landowners as well as a streamlined approvals system, leading to better environmental and land management outcomes.

An Accessible and Inclusive Mundaring

Disability Access and Inclusion Plan

Shire of Mundaring is committed to providing facilities and services which are accessible to all community members.

The Disability Access and Inclusion Plan 2017–2021 identifies a number of strategies which work towards a common goal to create a community where people with a disability, their families, friends and carers, feel welcomed, valued and included. The Shire is proud of the many outcomes achieved under the previous 2012-2015 plan.

Accessible Aquatic Centre

Bilgoman Aquatic Centre in Darlington offers accessible entry to the pool with a custom-made ramp for people in a wheelchair.



Nigel Barley at Bilgoman Aquatic Centre.

International Day of People with a Disability

This annual event is celebrated by the Shire with the purchase of an item that will help create a more inclusive community. In 2016/17, the Shire commissioned an audit of several key pages of its website, including the Fire and Emergency page, to make its features more accessible to people with disabilities.

Inclusion and disAbility Access Advisory Group

The Shire continues to facilitate an Inclusion and disAbility Access Advisory Group. The meetings provide an opportunity for those living, or supporting someone, with a disability to raise access and inclusion issues. Results from the meetings include a priority list for access upgrades to Shire buildings.

Accessible parks and playgrounds

Shire of Mundaring offers a range of accessible parks and playgrounds including the recently constructed Sculpture Park in Mundaring.



Sculpture Park in Mundaring offers fully-accessible playground equipment.

Performance Indicators and Measures

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

Shire of Mundaring Strategic Priorities:

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

Local Government level of Control/ Influence

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

The coding is reflected in the diagram right:

Four Year Priorities from CBP

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

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

Strategic Theme 1: Governance

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

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2015/16	2016/17
H	O	Residents satisfied with the elected members' leadership % of respondents satisfied with the Shire's elected member's leadership within the community	45*	October 2017
M	O	# of Ordinary and Special Council Meetings attended by elected members	172	140
M	O	% Respondents satisfaction with how the Shire engage the community about local issues	56*	October 2017
H	P4	% of respondents who agree that the Shire has developed and communicated a clear vision for the area.	22*	October 2017

Strategic Theme 2: Community

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

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2015/16	2016/17
H	SP2	% of respondents satisfied with the performance of the SOM with respect to Playgrounds and Parks	77*	October 2017
H	SP2	Sport and recreation facilities	81*	October 2017
H	SP2	Bilgoman Aquatic Centre and Mount Helena Aquatic Centre	92*	October 2017
H	SP2	Library services	85*	October 2017
M	SP2	Community buildings, halls & toilets	65*	October 2017
M	SP4	Bushfire preparedness % of assessments leading to issuing of bushfire compliance notices	12.84	15.25
H	SP4	# of Bushfire preparedness inspections undertaken.	266	505

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2015/16	2016/17
H	O	# of years lapsed since the Heritage register was updated.	100%	Review 2020
H	O	\$ investment in public art	10,000	10,000
H	P2	% Building Minor Capital Projects Completed	75	57
H	O	% Community Satisfaction in the efficiency and effectiveness of the Shire's Customer Service	71*	October 2017
H	P2	Lake Leschenaultia Caretaker Accommodation		Council to determine
H	P2	Construct Boya Oval Facilities		Completed
H	P2	Glen Forest Oval - Replace Toilet Block		Commence 2017/18
H	P2	Sawyers Valley Oval - Replace Toilet Block		Commence 2017/18

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2015/16	2016/17
H	P3	% Community Satisfaction with waste transfer stations services	79*	October 2017
H	P3	% Community Satisfaction with Verge-side bulk rubbish collection	78*	October 2017
M	SP3	% of respondents satisfied with services and facilities for; Children under 12 years old	60*	October 2017
M	SP3	Youth aged 12-25 years	40*	October 2017
M	SP3	Facilities, services and care available for seniors	66*	October 2017
M	SP3	Access to services and facilities for people with disability	59*	October 2017

Strategic Theme 3: Natural Environment:

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

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2015/16	2016/17
M	SP1	# of trees/seedlings planted in natural areas / greenways by Shire and Friends Groups	8,734	2369
L	P3	# hours spent on-ground by Friends Groups	3,166	2154
H *	P3	# of hours Landcare Team assistance to Friends Group	3,648	456
M	P3	% Friends Groups satisfaction with Shire assistance	100	91
L	P3	# of new Friends Groups	4	2
H	P3	# of seedlings provided to public through Tree Canopy and Understorey Program	52,000	53,100

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2015/16	2016/17
M	P3	# of applications for the Tree Canopy and Understorey Program	1,160	985
M	SP1 & 4	Bush fire protection and weed control - # of prescribed burns conducted	110	65
H	P2	% parks, reserves and public open spaces capital projects completed	86	89
H	SP1	# of hours to mow verges	8,052	7334
M	SP1	Residents satisfaction with services and facilities: % of respondents satisfied with mowing of : verges, reserves and public open spaces	63*	October 2017

Strategic Theme 4: Built Environment:

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

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2015/16	2016/17
H	P4	Bushfire Area Access Strategy	70%	100%
H	P4	Foothills Growth Strategy	47.5%	100%
H	P4	Review Local Commercial Strategy		Commence
H	P4	Light Industrial Investigation		Commence 2018/19
H	P4	Limited Rural Strategy for Bailup & Wooroloo		Commence 2020/21
H	P4	Mundaring Town Centre Masterplan	19%	100%
H	P4	Watercourse Hierarchy Strategy		Commence 2019/21
H	P2	% Roads, Bridges and Bus Shelter Capital Projects Completed	69	86

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2015/16	2016/17
M	P2	% of Roads in "Satisfactory" Condition	Road Condition Surveys carried out every five years	Next Survey due in 2017/18 financial year
H	P2	% Footpaths / Cycleways Capital Projects Completed	78	87
M	P2	% of Footpaths / Cycleways in "Satisfactory" Condition	Incomplete – subject to condition survey being completed and available funding.	Next Survey due in 2017/18 financial year
H	P2	# Drainage Capital Projects Completed	60	75

High Medium Low- Control	Strategic Priorities	Indicators and Measures	2015/16	2016/17
M	P2	# of Properties Complaining of Flooding	45	7
H	P2	# of Catchments Analysed for Drainage Capacity Per Annum	0	Next Catchment Analysis due in 2018/19

Financial Report

For the year ended 30th June 2017

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Shire of Mundaring | Financial Report For the year ended 30th June 2017

GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 27th day of October 2017



Jonathan Throssell
Chief Executive Officer

Shire of Mundaring

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	note	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	22	26,431,929	26,259,031	25,335,202
Operating grants, subsidies and contributions	29	6,755,608	4,622,520	4,595,110
Fees and charges	28	11,759,094	11,970,019	11,686,873
Interest earnings	2(a)	1,041,275	1,148,750	974,924
Other revenue	2(a)	1,529,113	2,627,538	1,501,166
		47,517,019	46,627,858	44,093,275
Expenses				
Employee costs		(18,809,705)	(19,133,690)	(18,768,947)
Materials and contracts		(18,004,252)	(19,500,713)	(17,394,027)
Utility charges		(1,201,047)	(1,310,656)	(1,219,073)
Depreciation on non-current assets	2(a)	(8,802,879)	(7,462,491)	(8,901,536)
Interest expenses	2(a)	(640,049)	(617,808)	(367,504)
Insurance expenses		(806,252)	(855,467)	(826,230)
Other expenditure		(1,046,345)	(1,839,378)	(919,202)
Total Expenses		(49,310,529)	(50,720,203)	(48,396,519)
		(1,793,510)	(4,092,345)	(4,303,244)
Non-operating grants, subsidies and contributions	29	4,315,630	4,920,919	4,562,376
Profit on asset disposals	20	36,528	0	1,431,204
(Loss) on asset disposals	20	(96,694)	(114,255)	(133,749)
Change in Equity - Joint Venture	16	892,286	0	1,603,101
(Loss) on revaluation of furniture and equipment	6(b)	0	0	(16,089)
Net result		3,354,240	714,319	3,143,599
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(6,583,059)	0	(595,550)
Total other comprehensive income		(6,583,059)	0	(595,550)
Total comprehensive income		(3,228,819)	714,319	2,548,049

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

Shire of Mundaring

STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	note	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		322,486	91,500	172,002
General purpose funding		31,258,266	30,172,183	27,607,044
Law, order, public safety		704,844	477,200	763,421
Health		98,890	55,700	84,150
Education and welfare		4,935,430	4,541,318	5,521,660
Community amenities		7,782,380	7,744,284	7,714,047
Recreation and culture		1,217,166	1,169,180	1,186,676
Transport		292,745	203,000	270,739
Economic services		286,105	298,625	261,576
Other property and services		618,707	1,874,868	511,960
		47,517,019	46,627,858	44,093,275
Expenses	2(a)			
Governance		(4,734,531)	(5,623,869)	(4,639,326)
General purpose funding		(860,429)	(655,034)	(642,813)
Law, order, public safety		(2,451,342)	(2,394,299)	(2,685,288)
Health		(651,408)	(785,579)	(687,079)
Education and welfare		(7,124,910)	(7,226,524)	(7,455,127)
Community amenities		(8,745,029)	(9,489,766)	(8,663,147)
Recreation and culture		(10,599,591)	(10,562,548)	(10,494,856)
Transport		(10,975,714)	(9,493,175)	(10,547,028)
Economic services		(754,826)	(796,591)	(756,775)
Other property and services		(1,772,700)	(3,075,010)	(1,457,576)
		(48,670,480)	(50,102,395)	(48,029,015)
Finance costs	2(a)			
Governance		(307,623)	(283,445)	(324,616)
Recreation and culture		(332,426)	(334,363)	(42,888)
		(640,049)	(617,808)	(367,504)
		(1,793,510)	(4,092,345)	(4,303,244)

Shire of Mundaring

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017 (CONTINUED)**

	note	2017 \$	2017 Budget \$	2016 \$
Non-operating grants, subsidies and contributions	29	4,315,630	4,920,919	4,562,376
Profit on disposal of assets	20	36,528	0	1,431,204
(Loss) on disposal of assets	20	(96,694)	(114,255)	(133,749)
Change in Equity - Joint Venture	16	892,286	0	1,603,101
(Loss) on revaluation of furniture and equipment	6(b)	0	0	(16,089)
Net result		3,354,240	714,319	3,143,599
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	(6,583,059)	0	(595,550)
Total other comprehensive income		(6,583,059)	0	(595,550)
Total comprehensive income		(3,228,819)	714,319	2,548,049

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

Shire of Mundaring

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH JUNE 2017

	note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	32,218,731	36,431,621
Trade and other receivables	4	1,947,352	1,900,544
Inventories	5	92,741	103,837
TOTAL CURRENT ASSETS		34,258,824	38,436,002
NON-CURRENT ASSETS			
Other receivables	4	934,213	885,222
Property, plant and equipment	6	71,264,715	72,229,783
Infrastructure	7	364,989,205	364,698,043
Interest in Joint Venture	16	18,974,932	18,082,646
TOTAL NON-CURRENT ASSETS		456,163,065	455,895,694
TOTAL ASSETS		490,421,889	494,331,696
CURRENT LIABILITIES			
Trade and other payables	8	2,383,374	2,540,354
Current portion of long term borrowings	9	577,065	550,311
Provisions	10	3,278,582	3,193,548
TOTAL CURRENT LIABILITIES		6,239,021	6,284,213
NON-CURRENT LIABILITIES			
Long term borrowings	9	11,741,998	12,319,063
Provisions	10	212,710	271,441
TOTAL NON-CURRENT LIABILITIES		11,954,708	12,590,504
TOTAL LIABILITIES		18,193,729	18,874,717
NET ASSETS		472,228,160	475,456,979
EQUITY			
Retained surplus		137,540,104	128,504,202
Reserves - cash backed	11	20,876,104	26,557,766
Revaluation surplus	12	313,811,952	320,395,011
TOTAL EQUITY		472,228,160	475,456,979

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

Shire of Mundaring

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017

	note	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		139,461,200	12,457,169	320,990,561	472,908,930
Comprehensive income					
Net result		3,143,599	0	0	3,143,599
Changes on revaluation of assets	12	0	0	(595,550)	(595,550)
Total comprehensive income		3,143,599	0	(595,550)	2,548,049
Transfers from/(to) reserves	11	(14,100,597)	14,100,597	0	0
Balance as at 30 June 2016		128,504,202	26,557,766	320,395,011	475,456,979
Comprehensive income					
Net result		3,354,240	0	0	3,354,240
Changes on revaluation of assets	12	0	0	(6,583,059)	(6,583,059)
Total comprehensive income		3,354,240	0	(6,583,059)	(3,228,819)
Transfers from/(to) reserves	11	5,681,662	(5,681,662)	0	0
Balance as at 30 June 2017		137,540,104	20,876,104	313,811,952	472,228,160

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

Shire of Mundaring

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	note	2017 Actual (\$'000)	2017 Budget (\$'000)	2016 Actual (\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Revenue				
Receipts				
Rates		26,073,579	26,259,031	25,179,522
Operating grants, subsidies and contributions		6,755,608	4,622,520	4,595,110
Fees and charges		12,005,325	11,970,019	12,204,672
Interest earnings		1,041,275	1,148,750	974,924
Goods and services tax		2,985,370	1,700,000	1,313,092
Other revenue		1,541,387	2,627,538	1,529,729
		50,402,544	48,327,858	45,797,049
Payments				
Employee costs		(18,783,402)	(19,133,690)	(18,535,750)
Materials and contracts		(18,150,136)	(19,500,713)	(16,134,301)
Utility charges		(1,201,047)	(1,310,656)	(1,219,073)
Interest expenses		(640,049)	(617,808)	(367,504)
Insurance expenses		(806,252)	(855,467)	(826,230)
Goods and services tax		(2,981,324)	(1,700,000)	(1,405,032)
Other expenditure		(1,046,345)	(1,839,378)	(919,202)
		(43,608,555)	(44,957,712)	(39,407,092)
Net cash provided by (used in) operating activities	13(b)	6,793,989	3,370,146	6,389,957
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(9,799,469)	(16,753,361)	(4,623,627)
Payments for construction of infrastructure		(5,571,968)	(6,427,670)	(6,782,827)
Non-operating grants, subsidies and contributions		4,315,630	4,920,919	4,562,376
Proceeds from sale of fixed assets		599,239	517,846	6,799,237
Net cash provided by (used in) investment activities		(10,456,568)	(17,742,266)	(44,841)

Shire of Mundaring

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017 (CONTINUED)

	note	2017 (\$'000)	2017 Budget (\$'000)	2016 (\$'000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(550,311)	(527,018)	(277,207)
Proceeds from new debentures		0	0	8,800,000
Net cash provided by (used in) financing activities		(550,311)	(527,018)	8,522,793
Net increase (decrease) in cash held		(4,212,890)	(14,899,138)	14,867,909
Cash at beginning of year		36,431,621	32,636,868	21,563,712
Cash and cash equivalents at the end of the year	13(a)	32,218,731	17,737,730	36,431,621

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

Shire of Mundaring

RATE SETTING STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017

	note	2017 Actual (\$'000)	2017 Budget (\$'000)	2016 Actual (\$'000)
Net current assets at start of financial year - surplus/(deficit)		6,144,334	3,298,762	7,225,367
		6,144,334	3,298,762	7,225,367
Revenue from operating activities (excluding rates)				
Governance		359,014	91,500	172,002
General purpose funding		4,826,337	3,913,152	2,271,842
Law, order, public safety		704,844	477,200	763,421
Health		98,890	55,700	84,150
Education and welfare		4,935,430	4,541,318	5,521,660
Community amenities		7,782,380	7,744,284	7,714,047
Recreation and culture		1,217,166	1,169,180	1,186,676
Transport		292,745	203,000	270,739
Economic services		286,105	298,625	261,576
Other property and services		618,707	1,874,868	1,943,164
		21,121,618	20,368,827	20,189,277
Expenditure from operating activities				
Governance		(5,138,848)	(5,623,869)	(4,963,942)
General purpose funding		(860,429)	(938,479)	(642,813)
Law, order, public safety		(2,451,342)	(2,394,299)	(2,685,288)
Health		(651,408)	(785,579)	(687,079)
Education and welfare		(7,124,910)	(7,226,524)	(7,455,127)
Community amenities		(8,745,029)	(9,489,766)	(8,663,147)
Recreation and culture		(10,932,017)	(10,896,911)	(10,537,744)
Transport		(10,975,714)	(9,607,430)	(10,680,777)
Economic services		(754,826)	(796,591)	(756,775)
Other property and services		(1,772,700)	(3,075,010)	(1,457,576)
		(49,407,223)	(50,834,458)	(48,530,268)
Operating activities excluded from budget				
(Profit) on disposal of assets	20	(36,528)	0	(1,431,204)
Loss on disposal of assets	20	96,694	114,255	133,749
Movement in deferred pensioner rates (non-current)		(72,343)	0	(68,094)
Movement in employee benefit provisions (non-current)		(35,379)	0	11,414
Depreciation and amortisation on assets	2(a)	8,802,879	7,462,491	8,901,536
Amount attributable to operating activities		(13,385,948)	(19,590,123)	(13,568,223)

Shire of Mundaring

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2017 (CONTINUED)

	note	2017 (\$'000)	2017 Budget (\$'000)	2016 (\$'000)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		4,315,630	4,920,919	4,562,376
Proceeds from disposal of assets	20	599,239	517,846	6,799,237
Purchase of property, plant and equipment	6(b)	(9,799,469)	(16,753,361)	(4,623,627)
Purchase and construction of infrastructure	7(b)	(5,571,968)	(6,427,670)	(6,782,827)
Amount attributable to investing activities		(10,456,568)	(17,742,266)	(44,841)
FINANCING ACTIVITIES				
Repayment of debentures	21(a)	(550,311)	(527,018)	(277,207)
Proceeds from new debentures	21(a)	0	0	8,800,000
Transfers to reserves (restricted assets)	11	(2,383,560)	(2,218,000)	(25,073,040)
Transfers from reserves (restricted assets)	11	8,065,222	15,258,082	10,972,443
Amount attributable to financing activities		5,131,351	12,513,064	(5,577,804)
Surplus(deficiency) before general rates		(18,711,165)	(24,819,325)	(19,190,868)
Total amount raised from general rates	22	26,431,929	26,259,031	25,335,202
Net current assets at June 30 c/fwd - surplus/(deficit)	23	7,720,764	1,439,706	6,144,334

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

a. Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

c. Trade and Other Receivables

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

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

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

d. Inventories

General

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

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

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Finance costs and holding charges incurred after development is completed are expensed.

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

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Fixed Assets (continued)

Land under roads

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

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

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

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

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

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Fixed Assets (continued)

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

Buildings	
- Structure	30 to 75 years
- Fit out	18 to 45 years
- Mechanical	18 to 45 years
- Roof Cladding	24 to 60 years
Furniture and Equipment	3 to 12 years
Plant and Equipment	3 to 20 years
Sealed Roads and Streets	
- Formation	not depreciated
- Pavement	70 to 110 years
- Surface	15 to 30 years
- Kerb	70 years
Unsealed Roads	
- Formation	not depreciated
- Surface	15 years
Drainage	75 years
Culverts	70 years
Bridges	35 to 100 years
Footpaths	15 to 80 years
Heritage Trails	75 years
Waste Transfer Stations	15 to 100 years
Bus Shelters	50 years
Parks Hard Assets	10 to 75 years

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

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

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Fair Value of Assets and Liabilities (Continued)

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

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

g. Financial Instruments

Initial recognition and measurement

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

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(v) Financial liabilities

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

Impairment

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

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

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults. For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

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

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Impairment of Assets

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

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

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

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

i. Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

j. Employee Benefits

Short-term employee benefits

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

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Employee Benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

k. Borrowing Costs

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

l. Provisions

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

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

m. Leases

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss. The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired. Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

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

o. Interests in Joint Arrangements

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

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

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

p. Rates, Grants, Donations and Other Contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

q. Superannuation

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Current and Non-Current Classification

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

s. Rounding Off Figures

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

t. Comparative Figures

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

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

u. Budget Comparative Figures

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****v. New Accounting Standards and Interpretations for Application in Future Periods**

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
i. AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
ii. AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
3. AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v. New Accounting Standards and Interpretations for Application in Future Periods (continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
iv. AASB 1058 Income of Not- for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

w. Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

i. AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	<p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
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Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES

	2017 \$	2016 \$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
Current Auditors		
- Audit of the Annual Financial Report	23,107	12,000
- Other services	1,300	0
	24,407	12,000
Previous Auditors		
- Audit of the Annual Financial Report	0	10,640
- Other services	0	1,500
	0	12,140
Depreciation		
Buildings - specialised	2,731,773	2,754,744
Furniture and equipment	72,732	163,701
Plant and equipment	717,568	851,362
Infrastructure - Roads	3,810,638	3,735,707
Infrastructure - Footpaths	330,076	322,283
Infrastructure - Drainage	482,759	476,692
Infrastructure - Parks and ovals	657,333	597,047
	8,802,879	8,901,536
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	640,049	367,504
	640,049	367,504
(ii) Crediting as revenue:		
Other revenue		
Reimbursements and recoveries	562,951	0
Other	966,162	1,501,166
	1,529,113	1,501,166

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (continued)

	2017 Actual \$	2016 Budget \$	2016 Actual \$
Interest earnings			
- Reserve funds	606,271	650,000	412,667
- Municipal funds	257,570	343,750	399,118
Other interest revenue (refer note 27)	177,434	155,000	163,139
	1,041,275	1,148,750	974,924

b. Statement of Objective

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

COMMUNITY VISION

"a sense of space, a sense of place"

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer community.

Activities:

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (continued)

b. Statement of Objective (continued)

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

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

EDUCATION AND WELFARE

Objective:

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

Activities:

Maintenance of child minding centres and playgroup centres.

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

COMMUNITY AMENITIES

Objective:

To provide essential services required by the community.

Activities:

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

RECREATION AND CULTURE

Objective:

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

Activities:

Maintenance of public halls, civic centres, aquatic centres, lake, recreation centres and various sporting facilities.

Provision and maintenance of parks, gardens and playgrounds. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, pathways, depots, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the Shire and its economic wellbeing.

Activities:

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

Shire of Mundaring

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES (continued)

b. Statement of Objective (continued)

OTHER PROPERTY AND SERVICES

Objective:

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

Activities:

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

c. Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
Education and welfare							
Grant - Swan View Youth Centre	49,375	0	(49,375)	0	0	0	0
Community amenities							
Grant - Environmental	14,217	0	(14,217)	0	0	0	0
Recreation and culture							
Grant - Kidsport Funding Contribution - Communication Plan Sculpture Park	23,289	43,340	(53,363)	13,266	36,000	(49,266)	0
Grant - Elsie Austin Oval Social Rooms	80,535	0	(2,044)	78,491	0	(78,491)	0
Grant - Mundaring Arena	183,279	112,500	(295,779)	0	0	0	0
Grant - Mundaring Arts Centre Solar Panels	406,175	1,000,000	(317,419)	1,088,756	900,000	(1,988,756)	0
Grant - Roads to Recovery	0	0	0	0	7,966	0	7,966
Transport							
Grant - Black Spot Funding Roland Road	98,578	1,374,148	(1,472,726)	0	0	0	0
Grant - Black Spot Funding Thomas Road	0	337,952	(318,509)	19,443	0	(19,443)	0
Grant - Black Spot Funding Lilydale Road	0	247,600	(241,238)	6,362	18,454	(24,816)	0
Grant - Special Bridge Grant	0	65,636	0	65,636	0	(65,636)	0
Grant - Roads to Recovery	0	0	0	0	60,000	0	60,000
	0	0	0	0	1,110,808	(828,916)	281,892
	855,448	3,181,176	(2,764,670)	1,271,954	2,133,228	(3,055,324)	349,858

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (continued)

c. Conditions Over Grants/Contributions (continued)

Notes:

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

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

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2017 \$	2016 \$
Unrestricted		11,342,627	9,873,855
Restricted		20,876,104	26,557,766
		32,218,731	36,431,621
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant Reserve	11	682,282	831,353
Civic Facilities Reserve	11	9,233,832	13,706,248
Information Technology Reserve	11	918,106	871,196
Children Services Reserve	11	2,483,263	2,998,563
Capital Investment Reserve	11	3,896,605	3,896,605
Capital Income Reserve	11	3,191,627	2,611,068
Gravel Pit Rehabilitation Reserve	11	56,813	69,077
Long Service Leave Reserve	11	63,718	301,702
Unspent Grants Reserve	2 (c) & 11	349,858	1,271,954
		20,876,104	26,557,766

Shire of Mundaring

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

4. TRADE AND OTHER RECEIVABLES

	2017 \$	2016 \$
Current		
Rates outstanding	1,166,493	880,486
Sundry debtors	267,463	556,398
GST receivable	325,976	330,022
Waste charges	138,392	95,688
LSL contributions - other local governments	49,028	37,950
	1,947,352	1,900,544
Non-current		
Rates outstanding - pensioners	906,976	834,633
Debtors - POS Payments	27,237	27,237
LSL contributions - other local governments	0	23,352
	934,213	885,222
Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:		
Rates outstanding	1,166,493	880,486
Includes:		
Past due and not impaired	1,166,493	880,486
Impaired	0	0
Sundry debtors	267,463	556,398
Includes:		
Past due and not impaired	267,463	556,398
Impaired	0	0

5. INVENTORIES

Current		
Fuels and Materials	92,741	103,837
	92,741	103,837

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. (a) PROPERTY, PLANT AND EQUIPMENT

	2017 \$	2016 \$
Land - freehold at:		
- Independent valuation 2014 - level 2	0	26,719,602
- Independent valuation 2017 - level 2	17,648,701	0
- Independent valuation 2017 - level 3	8,306,001	0
- Additions after valuation - cost	0	24,361
	25,954,702	26,743,963
Land - vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	0	800,000
- Independent valuation 2017 - level 3	800,000	0
	800,000	800,000
	26,754,702	27,543,963
Buildings - specialised at:		
- Independent valuation 2014 - level 3	0	35,643,000
- Independent valuation 2017 - level 3	54,428,500	0
- Additions after valuation - cost	0	4,101,819
Less: accumulated depreciation	(21,815,733)	(5,415,815)
	32,612,767	34,329,004
Total land and buildings	59,367,469	61,872,967
Works in progress	4,557,029	3,151,290
Furniture and equipment at:		
- Management valuation 2016 - level 2	346,434	346,434
- Management valuation 2016 - level 3	751,473	757,335
- Additions after valuation - cost	22,367	0
Less: accumulated depreciation	(605,485)	(533,425)
	514,789	570,344

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. (a) PROPERTY, PLANT AND EQUIPMENT (continued)

	2017 \$	2016 \$
Plant and equipment at:		
- Independent valuation 2016 - level 2	5,663,001	6,924,500
- Independent valuation 2016 - level 3	3,115,000	3,115,000
- Management valuation 2016 - level 3	308,154	308,154
- Additions after valuation - cost	1,562,029	0
Less: accumulated depreciation	(3,822,756)	(3,712,472)
	6,825,428	6,635,182
	71,264,715	72,229,783

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	26,743,963	0	0	(789,261)	0	0	0	0	25,954,702
Land - vested in and under the control of Council	800,000	0	0	0	0	0	0	0	800,000
Total land	27,543,963	0	0	(789,261)	0	0	0	0	26,754,702
Buildings - specialised	34,329,004	4,087,418	0	(5,793,798)	0	0	(2,731,773)	2,721,916	32,612,767
Total buildings	34,329,004	4,087,418	0	(5,793,798)	0	0	(2,731,773)	2,721,916	32,612,767
Total land and buildings	61,872,967	4,087,418	0	(6,583,059)	0	0	(2,731,773)	2,721,916	59,367,469
Works in Progress	3,151,290	4,127,655	0	0	0	0	0	(2,721,916)	4,557,029
Furniture and equipment	570,344	22,367	(5,190)	0	0	0	(72,732)	0	514,789
Plant and equipment	6,635,182	1,562,029	(654,215)	0	0	0	(717,568)	0	6,825,428
Total property, plant and equipment	72,229,783	9,799,469	(659,405)	(6,583,059)	0	0	(3,522,073)	0	71,264,715

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Basis of valuation	Inputs used
Land - freehold at:					
Land - freehold land	Level 2	Market approach using recent observable data for similar properties in the area	Independent Registered Valuers	June 2017	Price per square metre
Land - freehold land	Level 3	Cost approach	Independent Registered Valuers	June 2017	Price per square metre
Land - vested in and under the control of Council (Golf course)	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Construction costs and current condition (Level 2) and remaining useful life assessments (Level 3) inputs
Buildings - specialised	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Construction costs and current condition (Level 2) and remaining useful life assessments (Level 3) inputs
Furniture and equipment	Level 2	Market approach using recent observable data for similar items	Management Valuation	June 2016	Price per item (Level 2)
Furniture and equipment	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment	Level 2	Market approach using recent observable data for similar plant	Independent Registered Valuers	June 2016	Price per item (Level 2)
Plant and equipment	Level 3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. (a) INFRASTRUCTURE

	2017 \$	2016 \$
Infrastructure - Roads		
- Independent valuation 2015 - level 3	294,773,844	294,773,844
- Management valuation 2015 - level 3	948,000	948,000
- Additions after valuation - cost	10,142,922	7,023,599
Less: accumulated depreciation	(20,701,938)	(16,891,300)
	285,162,828	285,854,143
Infrastructure - Footpaths		
- Independent valuation 2015 - level 3	13,915,481	13,915,481
- Additions after valuation - cost	1,411,274	779,422
Less: accumulated depreciation	(1,313,055)	(982,979)
	14,013,700	13,711,924
Infrastructure - Drainage		
- Management valuation 2015 - level 3	63,178,222	63,178,222
- Additions after valuation - cost	1,817,121	991,157
Less: accumulated depreciation	(22,456,080)	(21,973,321)
	42,539,263	42,196,058
Infrastructure - Parks and ovals		
- Independent valuation 2015 - level 3	11,367,684	11,367,684
- Management valuation 2015 - level 3	12,512,794	12,512,794
- Additions after valuation - cost	3,435,162	2,338,554
Less: accumulated depreciation	(4,042,226)	(3,384,894)
	23,273,414	22,834,138
Works in progress	0	101,780
	364,989,205	364,698,043

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A(2) which requires infrastructure to be shown at fair value.

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Infrastructure - Roads	285,854,143	3,119,323	0	0	0	0	(3,810,638)	0	285,162,828
Infrastructure - Footpaths	13,711,924	631,852	0	0	0	0	(330,076)	0	14,013,700
Infrastructure - Drainage	42,196,058	825,964	0	0	0	0	(482,759)	0	42,539,263
Infrastructure - Parks and ovals	22,834,138	994,829	0	0	0	0	(657,333)	101,780	23,273,414
Works in Progress	101,780	0	0	0	0	0	0	(101,780)	0
Total infrastructure	364,698,043	5,571,968	0	0	0	0	(5,280,806)	0	364,989,205

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Basis of valuation	Inputs used
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers and Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks and ovals	Level 3	Cost approach using depreciated replacement cost	Independent Registered Valuers and Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. TRADE AND OTHER PAYABLES

	2017 \$	2016 \$
Current		
Sundry creditors	1,147,171	1,181,610
Creditor accruals	1,236,203	1,358,744
	2,383,374	2,540,354

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	577,065	550,311
	577,065	550,311
Non-current		
Secured by floating charge		
Debentures	11,741,998	12,319,063
	11,741,998	12,319,063

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016			
Current provisions	1,441,512	1,752,036	3,193,548
Non-current provisions	0	271,441	271,441
	1,441,512	2,023,477	3,464,989
Additional provision	1,193,101	323,522	1,516,623
Amounts used	(1,071,482)	(418,838)	(1,490,320)
Balance at 30 June 2017	1,563,131	1,928,161	3,491,292
Comprises			
Current	1,563,131	1,715,451	3,278,582
Non-current	0	212,710	212,710
	1,563,131	1,928,161	3,491,292

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

11. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Plant Reserve	831,353	814,629	(963,700)	682,282	701,196	809,849	(971,515)	539,530	316,102	762,137	(246,886)	831,353
Civic Facilities Reserve	13,706,248	329,706	(4,802,122)	9,233,832	14,625,568	351,436	(12,057,270)	2,919,734	1,938,928	15,478,867	(3,711,547)	13,706,248
Information Technology Reserve	871,196	62,432	(15,522)	918,106	870,463	60,917	(210,000)	721,380	812,501	58,695	0	871,196
Children Services Reserve	2,998,563	67,869	(583,169)	2,483,263	2,979,380	71,591	(733,200)	2,317,771	2,200,153	811,886	(13,476)	2,998,563
Capital Investment Reserve	3,896,605	0	0	3,896,605	5,024,016	120,722	0	5,144,738	3,920,966	6,547,399	(6,571,760)	3,896,605
Capital Income Reserve	2,611,068	580,559	0	3,191,627	2,378,404	543,150	(654,130)	2,267,424	2,107,416	592,738	(89,086)	2,611,068
Gravel Pit Rehabilitation Reserve	69,077	1,614	(13,878)	56,813	93,905	91,256	(150,000)	35,161	110,339	2,184	(43,446)	69,077
Long Service Leave Reserve	301,702	176,893	(414,877)	63,718	377,823	169,079	(75,792)	471,110	195,316	402,628	(296,242)	301,702
Unspent Grants Reserve	1,271,954	349,858	(1,271,954)	349,858	406,175	0	(406,175)	0	855,448	416,506	0	1,271,954
	26,557,766	2,383,560	(8,065,222)	20,876,104	27,456,930	2,218,000	(15,258,082)	14,416,848	12,457,169	25,073,040	(10,972,443)	26,557,766

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

11. RESERVES - CASH BACKED (continued)

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Plant Reserve	Ongoing	- to fund the replacement of works plant and light vehicles.
Civic Facilities Reserve	Ongoing	- to fund the construction and/or purchase of public buildings and facilities.
Information Technology Reserve	Ongoing	- to fund the upgrade and replacement of the Shire's information technology.
Children Services Reserve	Ongoing	- to provide funds for the purchase of capital equipment, preventative maintenance for Children's Services buildings and employee entitlements. Also allows cash surpluses to be carried forward to fund operating expenses for future years.
Capital Investment Reserve	Ongoing	- to fund the advancement of the Shire's property strategy.
Capital Income Reserve	Ongoing	- to fund the development of Shire facilities and infrastructure.
Gravel Pit Rehabilitation Reserve	Ongoing	- to fund the production of gravel and the rehabilitation of gravel pits.
Long Service Leave Reserve	Ongoing	- to fund the Shire's long service leave liability.
Unspent Grants Reserve	2017/18	- to quarantine any unspent grant funds received during the financial year.

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

12. REVALUATION SURPLUS

	2017 Opening Balance \$	2017 Revaluation Increment \$	2017 Revaluation (Decrement) \$	2017 Total Movement on Revaluation \$	2017 Closing Balance \$	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation (Decrement) \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$
Revaluation surplus - Land and buildings	47,901,060	0	(6,583,059)	(6,583,059)	41,318,001	47,901,060	0	0	0	47,901,060
Revaluation surplus - Furniture and equipment	0	0	0	0	0	57,775	0	(57,775)	(57,775)	0
Revaluation surplus - Plant and equipment	926,871	0	0	0	926,871	1,464,646	0	(537,775)	(537,775)	926,871
Revaluation surplus - Roads	221,527,299	0	0	0	221,527,299	221,527,299	0	0	0	221,527,299
Revaluation surplus - Footpaths	8,286,627	0	0	0	8,286,627	8,286,627	0	0	0	8,286,627
Revaluation surplus - Drainage	26,107,191	0	0	0	26,107,191	26,107,191	0	0	0	26,107,191
Revaluation surplus - Reserves	15,645,963	0	0	0	15,645,963	15,645,963	0	0	0	15,645,963
	320,395,011	0	(6,583,059)	(6,583,059)	313,811,952	320,990,561	0	(595,550)	(595,550)	320,395,011

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017 \$	2016 Budget \$	2016 \$
Cash and cash equivalents	32,218,731	17,737,730	36,431,621
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	3,354,240	714,319	3,143,599
Non-cash flows in Net result:			
Depreciation	8,802,879	7,462,491	8,901,536
(Profit)/Loss on sale of asset	60,166	114,255	(1,297,455)
Fair value adjustments to fixed assets at fair value through profit or loss	0	0	16,089
Change in Equity - Joint Venture	(892,286)	0	(1,603,101)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(95,799)	0	298,742
(Increase)/Decrease in inventories	11,096	0	5,199
Increase/(Decrease) in payables	(156,980)	0	1,254,527
Increase/(Decrease) in provisions	26,303	0	233,197
Grants contributions for the development of assets	(4,315,630)	(4,920,919)	(4,562,376)
Net cash from operating activities	6,793,989	3,370,146	6,389,957

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

13. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

	2017 \$	2016 \$
(c) Reconciliation of Net Cash Provided By Operating Activities to Net Result		
Credit Standby Arrangements		
Bank overdraft limit	500,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	86,500	300,000
Credit card balance at balance date	(63,210)	(62,327)
Total amount of credit unused	523,290	1,237,673
Loan facilities		
Loan facilities - current	577,065	550,311
Loan facilities - non-current	11,741,998	12,319,063
Total facilities in use at balance date	12,319,063	12,869,374
Unused loan facilities at balance date	NIL	NIL

14. CONTINGENT LIABILITIES

The Shire has no contingent liabilities as at 30 June 2017.

15. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	4,036,901	3,757,430
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Payable:

- not later than one year	4,036,901	3,757,430
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The capital expenditure project outstanding at the end of the current reporting period represents the construction of Mundaring Arena (the prior year commitment was for the construction of the Boya Community Hub facility).

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

16. JOINT VENTURE ARRANGEMENTS

The Shire is a member of the Eastern Metropolitan Council (EMRC). The Shire's interest in the joint venture as calculated by the EMRC is 10.84%.

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

	2017 \$	2016 \$
Current Assets	10,254,273	10,003,654
Non-Current Assets	10,115,462	9,700,120
Total Assets	20,369,735	19,703,774
Current Liabilities	573,002	802,510
Non-Current Liabilities	821,801	818,618
Total Liabilities	1,394,803	1,621,128
Net Assets	18,974,932	18,082,646
Net Movement	892,286	1,603,101

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	11,429,366	12,108,811
General purpose funding	34,292,199	38,146,740
Law, order, public safety	3,572,987	3,776,171
Health	380,778	403,542
Education and welfare	1,755,895	1,679,084
Community amenities	20,576,999	19,721,328
Recreation and culture	51,927,473	51,225,020
Transport	345,164,031	344,832,537
Economic services	53,361	38,475
Other property and services	21,268,800	22,399,988
	490,421,889	494,331,696

Shire of Mundaring

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

18. FINANCIAL RATIOS

	2017	2016	2015
Current ratio	2.17	1.99	2.71
Asset sustainability ratio	1.02	0.94	0.79
Debt service cover ratio	7.13	12.18	14.37
Operating surplus ratio	(0.02)	(0.04)	0.00
Own source revenue coverage ratio	0.81	0.84	0.80

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**18. FINANCIAL RATIOS (continued)****Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 58 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$1,241,594.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,455,586.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	1.97	1.99	2.37
Debt service cover ratio	6.08	14.43	11.53
Operating surplus ratio	(0.06)	0.00	(0.04)

19. TRUST FUNDS

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

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Deposits, Bonds & Retentions	835,717	257,865	(275,590)	817,992
POS & Road Construction	4,436,799	287,425	(213,211)	4,511,013
Scheme 7 Costs	40,523	1,077	0	41,600
BCITF Levy	0	141,395	(141,395)	0
Building Services Levy	0	163,163	(163,163)	0
	5,313,039			5,370,605

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Law, order, public safety	21,000	24,385	3,385	0	0	0	0	0
Health	19,995	15,273	0	(4,722)	0	0	0	0
Education and welfare	20,000	12,727	0	(7,273)	0	0	0	0
Community amenities	81,269	64,337	0	(16,932)	0	0	0	0
Transport	227,923	261,066	33,143	0	632,101	517,846	0	(114,255)
Economic services	15,000	7,128	0	(7,872)	0	0	0	0
Other property and services	269,028	213,414	0	(55,614)	0	0	0	0
Furniture and Equipment								
Recreation and culture	5,190	909	0	(4,281)	0	0	0	0
	659,405	599,239	36,528	(96,694)	632,101	517,846	0	(114,255)

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Loan 170 - Civic Facility Redevelopment	4,133,215	0	228,676	228,676	3,904,539	3,904,539	307,623	283,445
Recreation and culture								
Loan 171 - Community Building Projects	8,736,159	0	321,635	298,342	8,414,524	8,437,817	332,426	334,363
	12,869,374	0	550,311	527,018	12,319,063	12,342,356	640,049	617,808

All loan repayments were financed by general purpose revenue.

Shire of Mundaring

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

21. INFORMATION ON BORROWINGS (continued)

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

	1 July 2016 \$	1 July 2016 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2017 \$
Particulars					
Loan 171 - Community Building Facilities	May 2016	5,413,069	0	(4,507,993)	905,076
		5,413,069	0	(4,507,993)	905,076

The unspent loan funds were held in the Civic Facilities Reserve as at 30 June 2017. These funds are anticipated to be spent during 2017/18.

(d) Overdraft

The Shire of Mundaring has an overdraft facility of \$500,000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2016 and 30 June 2017 was Nil.

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

22. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General rate											
Gross rental value valuations											
GRV - Residential	0.077868	10,978	215,732,828	16,798,684	173,567	0	16,972,251	16,798,684	132,000	0	16,930,684
GRV - Commercial	0.077868	269	22,541,015	1,755,224	105,603	0	1,860,827	1,755,224	0	0	1,755,224
GRV - Light Industrial	0.077868	283	18,085,709	1,408,298	6,490	0	1,414,788	1,408,298	0	0	1,408,298
GRV - Rural Residential	0.077868	3,020	63,087,498	4,912,497	51,906	0	4,964,403	4,912,497	0	0	4,912,497
Unimproved value valuations											
UV - Rural	0.004841	238	158,485,000	767,226	(64,677)	0	702,549	767,226	0	0	767,226
Sub-Total		14,788	477,932,050	25,641,929	272,889	0	25,914,818	25,641,929	132,000	0	25,773,929

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. RATING INFORMATION - 2016/17 FINANCIAL YEAR (continued)

RATE TYPE	Minimum \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Minimum payment											
Gross rental value valuations											
GRV - Residential	790	524	3,946,541	413,960	0	0	413,960	413,960	0	0	413,960
GRV - Commercial	790	6	51,936	4,740	0	0	4,740	4,740	0	0	4,740
GRV - Light Industrial	790	1	9,328	790	0	0	790	790	0	0	790
GRV - Rural Residential	790	78	704,150	61,620	0	0	61,620	61,620	0	0	61,620
Unimproved value valuations											
UV - Rural	998	4	52,379	3,992	0	0	3,992	3,992	0	0	3,992
Sub-Total		613	4,764,334	485,102	0	0	485,102	485,102	0	0	485,102
		15,401	482,696,384	26,127,031	272,889	0	26,399,920	26,127,031	132,000	0	26,259,031

Movement in Rates Received in Advance

32,009

0

Total amount raised from general rate

26,431,929

26,259,031

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. NET CURRENT ASSETS

Composition of net current assets

	2017 (30 June 2017 Carried Forward) \$	2017 Brought Forward) \$	2016 Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	7,720,764	6,144,334	6,144,334
CURRENT ASSETS			
Cash and cash equivalents	11,342,627	9,873,855	9,873,855
Unrestricted	20,876,104	26,557,766	26,557,766
Restricted			
Receivables	1,166,493	880,486	880,486
Rates outstanding	267,463	556,398	556,398
Sundry debtors	325,976	330,022	330,022
GST receivable	138,392	95,688	95,688
Waste charges	49,028	37,950	37,950
LSL contributions - other local governments			
Inventories	92,741	103,837	103,837
Fuels and Materials	26,303	0	233,197
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,147,171)	(1,181,610)	(1,181,610)
Creditor accruals	(1,236,203)	(1,358,744)	(1,358,744)
Current portion of long term borrowings			
Secured by floating charge	(577,065)	(550,311)	(550,311)
Provisions			
Provision for annual leave	(1,563,131)	(1,441,512)	(1,441,512)
Provision for long service leave	(1,715,451)	(1,752,036)	(1,752,036)
Unadjusted net current assets	28,019,803	32,151,789	32,151,789

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. NET CURRENT ASSETS (continued)

	2017 (30 June 2017 Carried Forward) \$	2017 Brought Forward) \$	2016 Carried Forward) \$
Adjustments			
Less: Reserves - restricted cash	(20,876,104)	(26,557,766)	(26,557,766)
Add: Secured by floating charge	577,065	550,311	550,311
Adjusted net current assets - surplus/(deficit)	7,720,764	6,144,334	6,144,334

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Shire during the year ended 2017.

25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2016/17 FINANCIAL YEAR

	Type	Total Cost/ Value \$	Budget Cost/ Value \$
Rates	Write-Off	1,505	1,500
Legal Fees	Write-Off	2	50
		1,507	1,550

No discount on rates is available.

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

Shire of Mundaring

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Unpaid Rates Interest Rate %
Instalment Options			
Option One			
Single full payment	12 September 16	0.00	11.00%
Option Two			
First Instalment	12 September 16	0.00	11.00%
Second Instalment	14 November 16	9.00	11.00%
Third Instalment	16 January 17	9.00	11.00%
Fourth Instalment	20 March 17	9.00	11.00%
		Actual Revenue \$	Budgeted Revenue \$
Interest on unpaid rates		177,434	155,000
Charges on instalment plan		144,912	135,000
		322,346	290,000

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

28. FEES & CHARGES

	2017 \$	2016 \$
Governance	57	341
General purpose funding	144,912	132,817
Law, order, public safety	264,965	208,295
Health	98,890	83,900
Education and welfare	2,341,258	2,527,079
Community amenities	7,771,326	7,676,904
Recreation and culture	813,718	778,113
Transport	30,698	10,055
Economic services	286,105	261,576
Other property and services	7,165	7,793
	11,759,094	11,686,873

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

29. GRANT REVENUE

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

By Nature or Type:		
Operating grants, subsidies and contributions		
General purpose funding	3,557,110	1,087,675
Law, order, public safety	439,425	491,021
Education and welfare	2,531,422	2,899,495
Community amenities	2,500	0
Recreation and culture	104,768	85,132
Transport	92,121	31,787
Other property and services	28,262	0
	6,755,608	4,595,110

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

29. GRANT REVENUE (continued)

	2017 \$	2016 \$
Non-operating grants, subsidies and contributions		
Law, order, public safety	26,447	80,240
Recreation and culture	2,239,966	1,778,185
Transport	2,049,217	2,703,951
	4,315,630	4,562,376
	11,071,238	9,157,486

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date	210	208
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31. ELECTED MEMBERS REMUNERATION

	2017 \$	2017 Budget \$	2016 \$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	255,420	255,420	252,707
President's allowance	50,852	50,852	49,831
Deputy President's allowance	12,713	12,713	12,458
Travelling expenses	8,451	11,500	9,931
Telecommunications allowance and expenses	42,595	43,500	42,716
	370,031	373,985	367,643

Shire of Mundaring

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

32. RELATED PARTY TRANSACTIONS

	2017 \$
<u>Key Management Personnel (KMP) Compensation Disclosure</u>	
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	1,078,718
Post-employment benefits	92,358
Other long-term benefits	24,073
	1,195,149

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Joint venture entities accounted for under the equity method

The Shire has a 10.84% interest in the EMRC. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 16.

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

32. RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties

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

The following transactions occurred with related parties:

	2017 \$
Associated companies/individuals:	
Purchase of goods and services	409

Other Disclosures

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

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

Joint venture entities:	
Purchase of goods and services	3,099,145

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT

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

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017 \$	2016 \$	2017 \$	2016 \$
Financial assets				
Cash and cash equivalents	32,218,731	36,431,621	32,218,731	36,431,621
Receivables	2,881,565	2,785,766	2,881,565	2,785,766
Other Assets (Share of EMRC)	18,974,932	18,082,646	18,974,932	18,082,646
	54,075,228	57,300,033	54,075,228	57,300,033
Financial liabilities				
Payables				
Borrowings	2,383,374	2,540,354	2,383,374	2,540,354
	12,319,063	12,869,374	12,900,873	14,058,376
	14,702,437	15,409,728	15,284,247	16,598,730

Fair value is determined as follows:

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	2017 \$	2016 \$
Impact of a 1% (1) movement in interest rates on cash		
- Equity	322,187	364,316
- Statement of Comprehensive Income	322,187	364,316

Notes:

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

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Receivables

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

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

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

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	2017	2016
Percentage of rates and annual charges		
- Current	89%	91%
- Overdue	11%	9%
Percentage of other receivables		
- Current	94%	97%
- Overdue	6%	3%

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**35. FINANCIAL RISK MANAGEMENT (continued)****(c) Payables****Borrowings**

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

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

	2 Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017</u>					
Payables	2,383,374	0	0	2,383,374	2,383,374
Borrowings	1,103,182	4,392,206	11,271,501	16,766,889	12,319,063
	3,486,556	4,392,206	11,271,501	19,150,263	14,702,437
<u>2016</u>					
Payables	2,540,354	0	0	2,540,354	2,540,354
Borrowings	1,103,182	4,392,206	12,374,864	17,870,252	12,869,374
	3,643,536	4,392,206	12,374,864	20,410,606	15,409,728

Shire of Mundaring

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**35. FINANCIAL RISK MANAGEMENT (continued)****(c) Payables****Borrowings (continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year ended</u>								
<u>30 June 2017</u>								
Borrowings								
Fixed rate								
Debentures	577,065	605,330	635,200	666,777	700,169	9,134,522	12,319,063	4.61%
Weighted average Effective interest rate	5.07%	5.12%	5.01%	4.97%	4.91%	4.17%		
<u>Year ended</u>								
<u>30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	550,311	577,065	605,330	635,200	666,777	9,834,691	12,869,374	4.67%
Weighted average Effective interest rate	5.09%	5.07%	5.12%	5.01%	4.97%	4.29%		

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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF MUNDARING

Opinion on the Audit of the Financial Report

We have audited the accompanying financial report of the Shire of Mundaring (the Shire), which comprises the statement of financial position as at 30 June 2017, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Mundaring is in accordance with *the Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

Basis for Opinion

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

Report on Other Legal and Regulatory Requirements

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 57 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF MUNDARING (CONTINUED)**

Responsibilities of Management and Council for the Financial Report

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

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Date: 27 October 2017
Perth, WA

Shire of Mundaring

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2017	2016	2015
Asset consumption ratio	0.85	0.89	0.90
Asset renewal funding ratio	0.99	0.98	0.94

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$



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