

Shire of Dowerin

2017-2018 Annual Report





Table of Contents

Message from the Shire President.....4

Message from the CEO5

Your Council6

Integrated Strategic Planning8

Community.....11

Economic.....13

Our Environment15

Leadership.....17

Statutory Requirements.....18

 Disability Access & Inclusion Plan19

 Record Keeping Statement19

 Official Conduct – Complaints Register.....20

 Freedom of Information Statement.....20

 Employees Remuneration.....20

Message from the Shire President

The Shire of Dowerin has, over the 2017/2018 financial year, had a number of staff changes. Steve Geerdink resigned in December and Andrea Selvey resigned in April to take a position as the CEO of Cocos Keeling Islands. Steve worked his way up the ranks at Dowerin to become Works Manager and our community must thank Steve for his dedication and long service to the Shire. We wish Steve and partner Tammy all the very best for the future. Andrea came to the Shire at a difficult time and worked tirelessly to get our financial systems and governance under control. We thank Andrea and congratulate her in her new position at Cocos. The Shire of Dowerin have been fortunate to have had the services of both Andrea and Steve.



The Shire now welcomes Glen Brigg as the new Works Manager. Glen brings significant expertise to the Shire having extensive experience as a Works Manager. With Glen, Council has new programs of plant replacement and repairs and construction of the Shire's main asset, it's roads.

Rebecca McCall arrived as our CEO during the week of the Field Days. Rebecca comes to Dowerin from Merredin where she was the Deputy CEO. As President I welcome both Rebecca and Glen and their partners to Dowerin and am confident we can have a long and productive relationship together.

Council elections were held in October 2017 and it is my great pleasure to welcome Bev Ward, Julie Chatfield and Len Holberton to Council. Bev, Julie and Len have already done training as Councillors and bring new ideas and diversity to our Council.

The 2017/2018 has been a year of transition for the Dowerin Shire and unfortunately, some of our planned works has been delayed. With planned upgrades to our plant and equipment for the coming year Shire will have a renewed focus on roads. In the past I believe we have not maintained our roads as a long-term asset but, with adequate funding, can improve on this. Rates may have to increase in the future, but with good financial control, should be manageable.

In conclusion, I thank all the Shire staff both in the office and the works crew outside. Our staff are very much part of our community and our best asset in our Shire. This marks a milestone as the end of my first year as Shire President and I thank my Councillors for their dedication, in particular my Deputy, Adam Metcalf for his support.

Darrel Hudson
SHIRE PRESIDENT

Message from the CEO

It is with great pleasure that I present my first annual report as the Chief Executive Officer with the Shire of Dowerin for the 2017/18 financial year.

The last few years has seen a focus on matters of governance, compliance and transparency for the Shire of Dowerin. Appended to this report is a copy of the Audited Financial Report for the 2017/18 year that provides a detailed understanding of Council's financial performance, inclusive of the Independent Auditor's Report to the Electors.



In considering the Auditor's assessment of the Council's financial position, whilst improvement in performance has been achieved for the 2017/18 year, it is recognised that that further measures are required to be implemented, monitored and reviewed.

The major statutory review of the Shire's Integrated Planning and Reporting (IPR) framework commenced in 2017. Council engaged a consultant to assist with the development and review of the plan, including conducting an extensive community engagement program which sought to obtain the community's aspirations, visions and objectives for the future as well as obtaining feedback in relation to the Shire's services and facilities. Council adopted the Community Strategic Plan in March 2018.

Due to staffing departures, the major review process was not finalised. There will be focus on reviewing the remaining IPR Suite or Plans in the 2018/19 financial year.

Other initiatives during the year included:

- Completion of the Dowerin Short Stay Accommodation, Stage One.
- Completion of the new Fire Brigade Shed.

As with other years, the Shire has contributed to regional initiatives throughout the year with the focus mainly centred on:

- A proposed secondary freight network for the broader Wheatbelt, coordinated through the Wheatbelt Regional Road Group North and South.
- Aged care initiative involving collaboration with the Shires of Goomalling and Victoria Plains to collectively construct 6 Independent Living Units, subject to funding.

Council has continued its strong support for Shire Staff to achieve positive outcomes for the community. I would like to extend my personal thanks to our Elected Members for dedicating their time to the Dowerin community.

I would like to acknowledge several departures and arrivals of staff within the organisation and take this opportunity to wish departing staff all the very best for the future, welcome new staff and thank all staff for their dedication and loyalty to the Shire and the community.

Rebecca McCall
CHIEF EXECUTIVE OFFICER



Your Council

About Dowerin

Green in winter, golden in summer Dowerin is a small Wheatbelt community boasting a vast array of high quality community services and facilities for a town of its size. The annual GWN Machinery Field Days has cemented Dowerin on the map, attracting over 20,000 people annually to the town to enjoy the 2-day event in August. It is remarkable that this small community proudly hosts one of the largest Machinery Field Days the Southern Hemisphere.

Dowerin caters for the needs of varying demographics with a variety of activities, facilities and services designed to meet the needs of seniors including Home & Community Care (HACC), and a small range of Independent Living Units. For families and children, Dowerin is home to Lil'Tigers Early Learning Centre which has proven to be a vital service to families and local businesses, Dowerin Playgroup, safe playgrounds and the provision of a highly successful District High School. These combine to ensure that Dowerin is a family friendly place to reside.

The district of Dowerin comprises of the town of Dowerin and a number of smaller localities covering a combined area of some 1,867sq km. The district consists of mainly of agricultural land used primarily for the purposes of grain growing and sheep production for meat and wool. Other predominant industries in the region include cattle, engineering, agricultural machinery & goods supply, heavy transport, CBH, retail, accounting and farm advisory services.

Your Councillors

In October 2017 the Shire of Dowerin held its first election with no wards. The following Councillors were elected to represent the Community:

- Darrel Hudson (2021) – President
- Beverley Ward (2021)
- Lindsay Hagboom (2021)
- Len Holberton (2021)
- Julie Chatfield (2019)

Our Councillors are the voice of the Dowerin community. Councillors listen to the issues and ideas of individual residents and community groups and make strategic and policy decisions within the legislative framework in which they operate. The Shire President leads Council meetings and represents Council on formal occasions.

ATTENDANCES AT											
ORDINARY MEETINGS OF COUNCIL 2017-18											
COUNCILLOR	JUL	AUG	SEP	OCT	NOV	DEC	FEB	MAR	APR	MAY	JUN
DE Metcalf	✓	✓	✓								
WE Coote	✓	○	○								
TA Jones	✓	✓	✓								
DP Hudson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
AJ Metcalf	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RI Trepp	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
BN Walsh	✓	✓	✓	✓	✓	○	✓	✓	✓	✓	✓
LG Hagboom	✓	✓	✓	✓	○	✓	✓	✓	○	✓	○
JC Chatfield				✓	✓	✓	✓	✓	✓	✓	✓
BA Ward				✓	✓	✓	○	✓	✓	✓	✓
LH Holberton				✓	✓	✓	✓	✓	✓	✓	✓

LEGEND

○ Non-attendance

✓ Attendance

□ Outside Election Term

Integrated Strategic Planning

Following extensive community consultation throughout 2017, Council adopted the 2018-2028 Dowerin Strategic Community Plan at its meeting on 28 March 2018, which came into effect 1 July 2018.

The 10-year Strategic Community Plan identified that community infrastructure such as roads and community facilities were in urgent need of repair and renewal and would require investment over the next 10 years. Therefore, much of the plan is focussed on the Shire's infrastructure.



CAPITAL PROJECTS

With no Assets and Works Manager until February 2018, capital project planning was kept to a minimum in 2017–2018.

ROAD CONSTRUCTION

Council completed a capital roadworks program during the year with a value of \$221,672.00, this was less than expected after been notified in August 2017 that direct grant funding would be cut by 42%.

Works included:

Roads to Recovery

- Reconstruction cement stabilize Stewart Street, SLK 0.94 to 1.44
- Reconstruction asphalt Dowerin Kalannie Road SLK 7.95 to 8.15
- Gravel sheeting Cemetery Road SLK 5.29 to 8.29

Regional Road Group

- Reconstruction and widening Dowerin - Meckering Road 0.00 - 1.87 and 11.32 -13.72

WANDRRA

- Major flooding occurred throughout the Shire in January 2017 with considerable damage done to road infrastructure. Shire plant and equipment along with labour was used to carry out the reinstatement of roads under the direction of consulting engineers, GHD.

TOWNSCAPE PLAN

The Works Depot continued to implement Council's Townscape Plan, including:

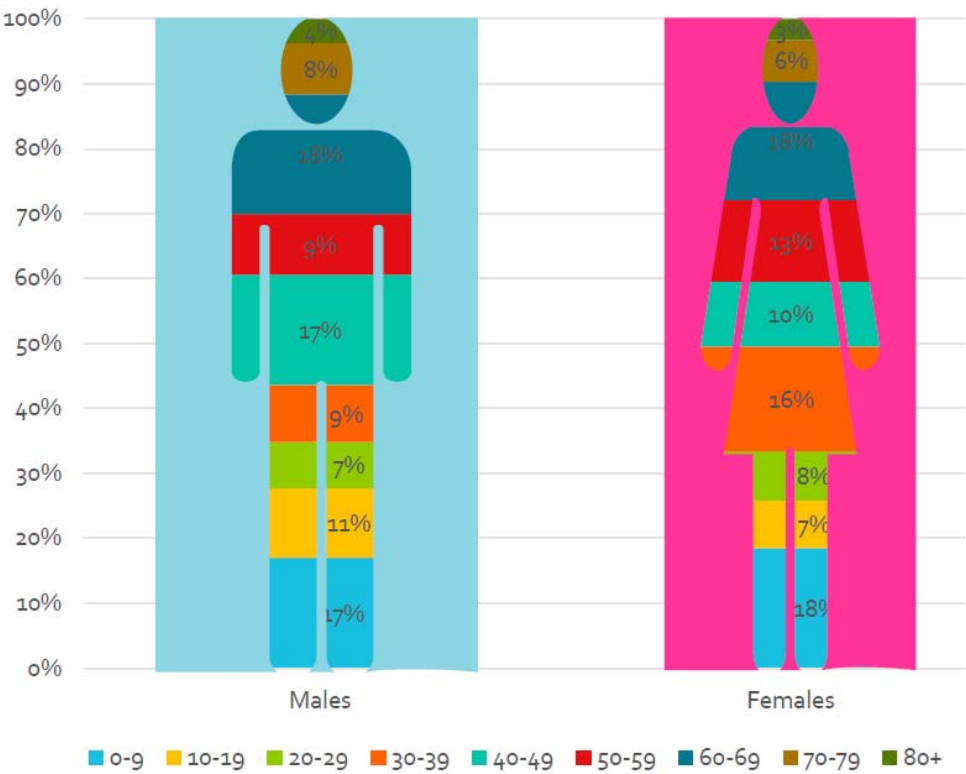
- Final landscaping and ground works of the Dowerin Short Stay Accommodation Precinct, and its acquittal.
- Construction started of the new Dowerin Volunteer Fire Brigade.

PLANT PURCHASES

- Hyundai Tuscon for HAAC

DEMOGRAPHICS

A significant proportion of the population of Dowerin is aged 0-9 years (18%), much higher than the Western Australian average of 13%. On the opposite end of the spectrum, Dowerin also has a significant portion of people aged 60 to 69 at 19%, compared to Western Australia at 10%. Young people are underrepresented in Dowerin with just 49 people aged 15-19 (25 persons) and 20-24 (24 persons).





Community

Support & encourage community groups to continue their valuable contribution to the community (Strategy 1.2.4)

The Shire of Dowerin has assisted the Dowerin Youth Inc in establishing a Youth Space using the Exhibition Hall. The space has provided a dedicated and supervised space for the youth of town for activities, homework, games, music and a general safe area. A memorandum of understanding will be established in the 2018-2019 financial year to determine the future usage of the hall with Dowerin Youth Inc.

Home and Community Care (Strategy 1.3.2)

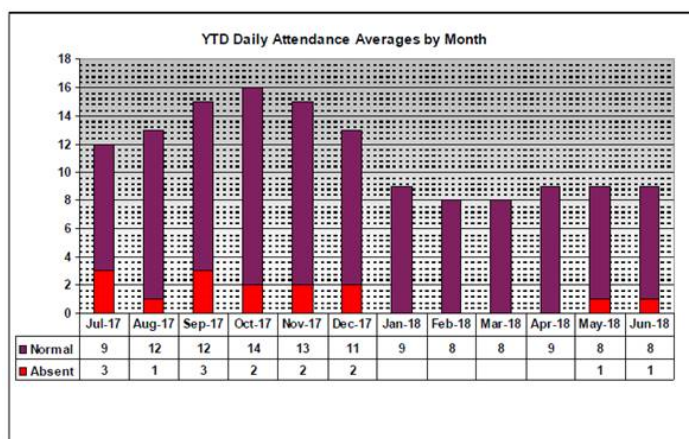
Our Home and Community Care (HACC) service provides an invaluable service that assists people to stay in their own homes. Throughout the course of the year, the dedicated HACC staff, supported by volunteers, provided transport assistance locally and to the metro area. The services which can be provided, if assessed as required, include personal care, domestic assistance, garden home maintenance, medication support & administration, social support (individual and group) and meal preparation for approximately 30 clients and carers. Active seniors enjoy the Gentle Gym sessions offered on Mondays and Thursdays and the annual Seniors Games held in Northam. Congratulations to our two teams who brought the trophy's back.

Youth Leadership Event (Strategy 1.4.1)

The Shire of Dowerin was proud to support the Dowerin District High School in delivering another successful Student Leadership Day held on 22 March 2018. 150 students from 18 Wheatbelt schools attended the event. Excellent feedback was received from all schools who attended including reflections such as “I enjoyed the workshop with Ashley learning how to become a good leader and overcoming fears of becoming a leader”. The 2018 theme ‘Giving Back’ focussed on the various ways and opportunities of giving back to your local community, mental health and living life through adversity. The event hosted Guest speakers including Rhys Williams (Mayor of Mandurah), Ashlee Harrison (2016 Young Western Australian of the Year) Cory Payne (Car crash survivor), Peter Wood (long serving St John volunteer), Carla Proud (St John volunteer and community volunteer).

Continue to support the Dowerin Community Child Care (Strategy 1.6.4)

Lil’ Tigers Early Learning Centre continues to thrive on Cottrell Street in Dowerin with a slight increase in numbers utilising the service 2017/18. The Shire of Dowerin recognises the valuable contribution that Dowerin Community Childcare Committee and Lil’ Tigers makes to the community. Under an MoU approved by Council in 2016, Shire officers take an active role in delivering the Human Resource expertise to the committee and Lil’ Tigers relieving some burden on the existing and future voluntary committee in the operation of Lil’ Tigers ELC. This has proven to be a positive thing with more volunteers happy to join the Committee. The Shire, along with Dowerin Events Management and the fundraising efforts of Dowerin Community Childcare, funded the development of an updated Business Plan for the facility, ensuring a strategic direction and planning for the service well into the future. The Shire also supports Lil’ Tigers by way of rent-free fully maintained premises and by meeting utilities costs. Into the future we will see the completion of an outdoor undercover area funded by volunteers hours at field days, that will be hugely utilised by the Staff and Children during wet weather and warmer days.





Economic

Ensure there is adequate land available for commercial and industrial purposes aligned to economic need & growth (Strategy 2.2.1)

At the Ordinary Meeting of Council 12 June 2018 Council resolved, pursuant to Section 75 of the *Planning and Development Act 2005*, to amend the Local Planning Scheme by rezoning portion of Lot 28 (59) Goldfields Road, Dowerin from “Parks and Recreation” to “Mixed Use” zone. The objectives are to provide for the development of a range of residential, office, commercial and other compatible uses that enhance the local amenity to a high standard and provide for the safe and efficient movement of pedestrians and vehicles. The Local Planning Scheme No. 2 – Scheme Amendment No. 2 has been lodged with the Western Australian Planning Commission for final decision in early 2019.

Continue to work with key stakeholders to provide quality events (Strategy 2.3.3)

A workshop with event organisers in Dowerin resulted in a collaborative and cooperative approach to delivering events in 2018. The Dowerin CRC, Dowerin Community Club, Dowerin Events Management and Windmill Events joined the Shire in putting together a calendar called DOWERIN – AN EVENT “FULL” COMMUNITY.

Implement Short Term Accommodation Project (Strategy 2.3.5)

The Project became a reality when Dowerin Short Stay Accommodation opened its doors to bookings in late August 2017. Since this time, we have been able to provide 818 bed nights, increasing the number of overnight visitors to the area which has also increased visitor spend in our local shops and services, boosting the local economy.

Continue Developing the Wheatbelt Heritage Rail Project (Strategy 2.3.6)

The Shire of Dowerin received funding during the 2017/2018 financial year to pursue the development of the Wheatbelt Heritage Rail Discovery Centre. This project was funded as part of the Federal Government’s Stronger Regions Fund and aimed at making use of the assets acquired to provide a heritage rail experience, albeit a more museum-based experience than a passenger railway. The first open day, traditional trades day, was held on Saturday, 19 May 2018. Over 130 people were recorded through the door. A high volume of local families were present which was pleasing as well as those travelling from Perth and neighbouring communities. The traditional trades exhibits were interactive and provided people (especially children) with a hands on, memorable experience.

Our Environment

***Continue to support drumMUSTER Program conducted by the local APEX group
(Strategy 3.1.4)***

The drumMUSTER program continues to be a great asset to Farmers with empty Ag Chem containers. Apex Club of Dowerin-Goomalling continue to meet Farmers to receive the empty containers.

Every month an SMS is sent out to remind everyone that collections will be happening the following week. In 2017/18, the months that the service was utilised were October, March and April. A total of 1464 plastic containers smaller than 25L were collected.

All costs associated with the collection, which also includes the removal of the drums, is covered by drumMUSTER Australia.



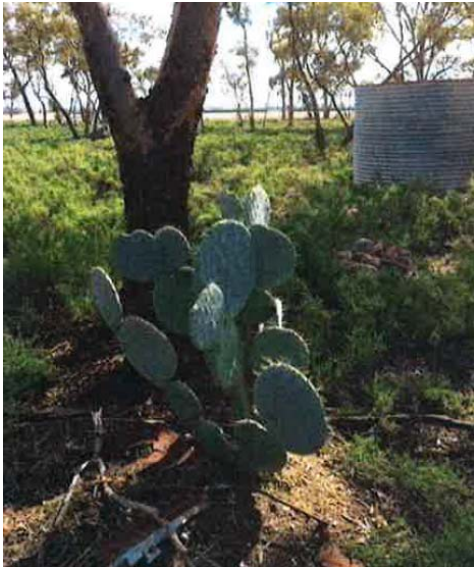
Cactus Control Project (Strategy 3.3.2)

The Shire of Dowerin, in partnership with DAFWA, ran this project from February 2017 until 30 June 2018. The project received a grant of \$20,000.00 with an in-kind contribution of \$9,528.00 from the Shire for staff management and travel/vehicle costs.

The key learnings from the project were:

- A variety of methods for control will be needed due to the large variation in sites. There are broad acre infestations through bushland right down to individual plants in backyards, with householders not wanting chemical control.
- The need to establish a new pit in town to manage the large infestation.
- More chemical is required, given the large amount of Opuntia.
- Many households believe their cactus is not harmful.

These were the key findings, however as the program is now complete, the Shire is hopeful landowners will continue to control cactus by working with the Department of Agriculture directly.





Leadership

Strengthen the Role of Staff and Councillors by Providing Regular Training Opportunities (Strategy 4.1.3)

The Shire of Dowerin encourages staff to access and engage in continuing, needs-based training and skills development opportunities in order to enhance their effectiveness in their chosen field within the organisation.

During the 2017/18 financial year, the Shire established a corporate training calendar for Councillors to ensure they continue to develop their skills in their role as Councillor. While Councillors in Dowerin are from a range of diverse backgrounds and bring different and valuable skills to the role, it is recognised that they require an extensive knowledge of the system of local government, how a council works or the full range of their roles and responsibilities. Councillors attended training in the following areas:

- Long Term Financial Planning
- Local Government Act & Regulations
- Understanding Financial Reports & Budgets
- Asset Management
- Information Management

Provide Opportunities for the Community to have Input in Council's Decision Making (Strategy 4.1.5)

Council hosted the Annual Electors Meeting for 2016/17 on 12 December 2017. 11 local residents attended and were presented with financial statements for the 2016/2017 financial year, auditor reports as well as the President and CEO's report. Council continues to encourage community participation in Public Question Time held at the commencement of each monthly Council meeting.

Statutory Requirements

It is a requirement that the Shire of Dowerin include information regarding the following documents in its Annual Report. For further details regarding any of the documents detailed throughout this report please contact Shire Administration Staff.

**DISABILITY ACCESS & INCLUSION
PLAN**

RECORD KEEPING STATEMENT

**OFFICIAL CONDUCT –
COMPLAINTS REGISTER**

**FREEDOM OF INFORMATION
STATEMENT**

EMPLOYEES REMUNERATION

Disability Access & Inclusion Plan

The Shire of Dowerin's Disability Access and Inclusion Plan (DAIP) 2018-2023 was formally endorsed by Council on 24 July 2018. Consultation was undertaken with internal and external stakeholders. The DAIP is a key strategic document, outlining the Shire's approach to working towards a more accessible and inclusive community.

The Shire is required by legislation to:

- Maintain a Disability Access and Inclusion Plan (DAIP)
- Address seven specific outcome areas within the plan
- Report to the Disability Services Commission annually on progress against actions within the plan.

Whilst it is a statutory requirement for the Shire to maintain and implement a DAIP, direct community benefits also result from the Shire's commitment to access and inclusion.

Record Keeping Statement

The Shire of Dowerin is committed to the reliable and systematic management of government records, in accordance with legislative requirements and best practice standards.

Recordkeeping Plan

The Shire completed a Recordkeeping Plan (RKP2008069) Review Report on 27 March 2014, which was presented to the State Records Commission on 1 August 2014. The State Records Commission approved the continuation of the Plan in line with the report.

The Shire will provide evidence of the Shire's progress towards better practice recordkeeping with a commitment to submit an amended plan by 23 March 2019.

Information Management Systems

The Shire continues to review its business processes and the various systems used to capture business intelligence across the organisation. The Shire implemented Sharepoint Online, along with other Microsoft Office 365 applications to improve business efficiencies.

Training and Awareness

Recordkeeping inductions are held for all new employees on commencement. This includes their responsibilities and desktop training using Sharepoint. Regular information sessions focusing on how to use Sharepoint to manage the Shire's information have been held across the organisation.

This report has been published in accordance with the requirements of the *State Records Act 2000*.

Official Conduct – Complaints Register

Section 5.121 of the *Local Government Act 1995* requires a local government to maintain a register of complaints that result in an action under Section 5.110(6)(b) or (c).

Council member complaints can be made in relation to breach of a local law relating to the conduct of meetings, improper disclosure of information, securing personal advantage or disadvantaging others, misuse of resources, involvement in administration, relations with employees, non-disclosure of interest adverse to impartiality and the acceptance of gifts.

The Shire did not receive any complaints during the 2017-2018 financial year.

Freedom of Information Statement

The *Freedom of Information Act 1992* gives the public a right to apply for access to documents held by the Shire of Dowerin. The Shire aims to make information available whenever possible, outside the freedom of information process.

The Shire received no valid freedom of information applications in 2017/2018.

The Shire of Dowerin's information statement is available at www.dowerin.wa.gov.au

Employees Remuneration

In accordance with section 19(b) of the Local Government (Administration) Regulations 1996, the number of Shire employees entitled to an annual salary of \$100,000 or more are:

Salary range	Number of employees
\$100 000 to \$109 999	1
\$110 000 to \$119 999	0
\$120 000 to \$129 999	0
\$130 000 to \$139 999	0
\$140 000 to \$149 999	0
\$150 000 to \$159 999	1
\$160 000 to \$169 999	1
\$170 000 to \$179 999	0
\$180 000 plus	0

SHIRE OF DOWERIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	56

COMMUNITY VISION

Dowerin will be a thriving and growing rural community which offers lifestyle choice for all generations, is progressive in environmental management and is a preferred location for business development.

Principal place of business:
13 Cottrell Street
DOWERIN WA 6461

**SHIRE OF DOWERIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Dowerin for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Dowerin at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the

13th day of December 2018



Rebecca McCall
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	22(a)	1,250,387	1,247,570	1,211,846
Operating grants, subsidies and contributions	2(a)	1,989,394	1,326,409	2,574,347
Fees and charges	2(a)	400,588	422,200	312,332
Sewerage charges	22(d)	155,716	137,807	132,831
Interest earnings	2(a)	82,686	57,740	49,876
Other revenue	2(a)	186,949	28,866	418,305
		<u>4,065,720</u>	<u>3,220,592</u>	<u>4,699,537</u>
Expenses				
Employee costs		(1,677,591)	(1,553,120)	(1,421,079)
Materials and contracts		(1,242,215)	(843,690)	(823,767)
Utility charges		(183,335)	(177,710)	(156,757)
Depreciation on non-current assets	10(b)	(1,240,453)	(1,138,280)	(1,104,583)
Interest expenses	2(b)	(39,026)	(39,455)	(40,952)
Insurance expenses		(141,841)	(162,650)	(148,421)
Other expenditure		(98,939)	(94,340)	(78,376)
		<u>(4,623,400)</u>	<u>(4,009,245)</u>	<u>(3,773,935)</u>
		(557,680)	(788,653)	925,602
Non-operating grants, subsidies and contributions	2(a)	1,727,460	1,839,985	1,308,272
Profit on asset disposals	10(a)	3,643	40,800	-
(Loss) on asset disposals	10(a)	(1,169,606)	(7,200)	-
(Loss) on revaluation of Infrastructure		-	-	(7,238)
Net result		3,817	1,084,932	2,226,636
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	2,823,251	-	91,768
Total other comprehensive income		2,823,251	-	91,768
Total comprehensive income		2,827,068	1,084,932	2,318,404

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

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue	2(a)			
Governance		18,956	4,730	221,601
General purpose funding		2,739,187	2,034,417	3,345,290
Law, order, public safety		17,059	25,310	19,857
Health		288,408	267,152	324,840
Education and welfare		117,934	132,510	98,595
Housing		150,603	142,590	178,331
Community amenities		259,768	235,837	251,188
Recreation and culture		44,851	81,840	82,441
Transport		303,037	147,630	144,277
Economic services		116,163	137,866	14,932
Other property and services		9,754	10,710	18,185
		<u>4,065,720</u>	<u>3,220,592</u>	<u>4,699,537</u>
Expenses	2(a)			
Governance		(511,340)	(479,770)	(537,993)
General purpose funding		(155,647)	(142,710)	(148,114)
Law, order, public safety		(60,870)	(68,680)	(60,379)
Health		(335,893)	(312,810)	(301,697)
Education and welfare		(153,660)	(166,000)	(125,238)
Housing		(242,678)	(196,250)	(186,437)
Community amenities		(283,476)	(295,770)	(264,811)
Recreation and culture		(804,648)	(748,960)	(732,106)
Transport		(1,584,586)	(1,226,750)	(1,142,356)
Economic services		(378,489)	(329,140)	(217,922)
Other property and services		(73,087)	(2,950)	(15,930)
		<u>(4,584,374)</u>	<u>(3,969,790)</u>	<u>(3,732,983)</u>
Finance Costs	2(b)			
Recreation and culture		(13,597)	(13,687)	(17,404)
Economic services		(25,429)	(25,768)	(23,548)
		<u>(39,026)</u>	<u>(39,455)</u>	<u>(40,952)</u>
		<u>(557,680)</u>	<u>(788,653)</u>	<u>925,602</u>
Non-operating grants, subsidies and contributions	2(a)	1,727,460	1,839,985	1,308,272
Profit on disposal of assets	10(a)	3,643	40,800	-
(Loss) on disposal of assets	10(a)	(1,169,606)	(7,200)	-
(Loss) on revaluation of Infrastructure		-	-	(7,238)
		<u>561,497</u>	<u>1,873,585</u>	<u>1,301,034</u>
Net result		<u>3,817</u>	<u>1,084,932</u>	<u>2,226,636</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	2,823,251	-	91,768
Total other comprehensive income		<u>2,823,251</u>	<u>-</u>	<u>91,768</u>
Total comprehensive income		<u>2,827,068</u>	<u>1,084,932</u>	<u>2,318,404</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	3,934,695	3,427,050
Trade and other receivables	6	242,257	556,042
Inventories	7	16,603	6,636
TOTAL CURRENT ASSETS		4,193,555	3,989,728
NON-CURRENT ASSETS			
Investments	4	46,400	46,428
Other receivables	6	43,912	65,553
Property, plant and equipment	8	19,617,493	17,387,795
Infrastructure	9	25,530,075	25,543,945
TOTAL NON-CURRENT ASSETS		45,237,880	43,043,721
TOTAL ASSETS		49,431,435	47,033,449
CURRENT LIABILITIES			
Trade and other payables	12	385,212	707,324
Current portion of long term borrowings	13(a)	121,879	117,509
Provisions	14	151,636	185,112
TOTAL CURRENT LIABILITIES		658,727	1,009,945
NON-CURRENT LIABILITIES			
Long term borrowings	13(a)	943,090	1,064,968
Provisions	14	69,565	25,551
TOTAL NON-CURRENT LIABILITIES		1,012,655	1,090,519
TOTAL LIABILITIES		1,671,382	2,100,464
NET ASSETS		47,760,053	44,932,985
EQUITY			
Retained surplus		31,074,662	31,440,812
Reserves - cash backed	5	2,157,363	1,787,396
Revaluation surplus	11	14,528,028	11,704,777
TOTAL EQUITY		47,760,053	44,932,985

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	RETAINED SURPLUS	RESERVES CASH/INVESTMENT BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		29,148,659	1,852,913	11,613,009	42,614,581
Comprehensive income					
Net result		2,226,636	-	-	2,226,636
Changes on revaluation of assets	11	-	-	91,768	91,768
Total comprehensive income		2,226,636	-	91,768	2,318,404
Transfers from/(to) reserves		65,517	(65,517)	-	-
Balance as at 30 June 2017		31,440,812	1,787,396	11,704,777	44,932,985
Comprehensive income					
Net result		3,817	-	-	3,817
Changes on revaluation of assets	11	-	-	2,823,251	2,823,251
Total comprehensive income		3,817	-	2,823,251	2,827,068
Transfers from/(to) reserves		(369,967)	369,967	-	-
Balance as at 30 June 2018		31,074,662	2,157,363	14,528,028	47,760,053

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,239,554	1,247,570	1,188,828
Operating grants, subsidies and contributions		1,989,394	1,388,406	2,307,003
Fees and charges		645,231	420,203	312,332
Service charges		155,716	137,807	132,831
Interest earnings		82,685	57,740	49,876
Goods and services tax		373,527	200,000	278,163
Other revenue		186,977	51,268	418,303
		<u>4,673,084</u>	<u>3,502,994</u>	<u>4,687,336</u>
Payments				
Employee costs		(1,668,567)	(1,553,120)	(1,391,682)
Materials and contracts		(1,572,351)	(1,037,393)	(426,693)
Utility charges		(183,335)	(171,872)	(156,757)
Interest expenses		(39,455)	(39,455)	(35,359)
Insurance expenses		(141,841)	(162,155)	(148,421)
Goods and services tax		(295,665)	(200,000)	(353,945)
Other expenditure		(98,938)	(94,340)	(78,374)
		<u>(4,000,152)</u>	<u>(3,258,335)</u>	<u>(2,591,231)</u>
Net cash provided by (used in) operating activities	15	<u>672,932</u>	<u>244,659</u>	<u>2,096,105</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(b)	(1,161,269)	(1,738,737)	(1,765,751)
Payments for construction of infrastructure	9(b)	(656,451)	(1,484,927)	(941,458)
Non-operating grants, subsidies and contributions	2(a)	1,727,460	1,839,985	1,308,272
Proceeds from sale of fixed assets	10(a)	18,727	155,500	-
Net cash provided by (used in) investment activities		<u>(71,533)</u>	<u>(1,228,179)</u>	<u>(1,398,937)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings	13(a)	(117,508)	(117,510)	(99,263)
Proceeds from self supporting loans	13(a)	23,754	23,722	22,817
Proceeds from new long term borrowings		-	-	785,250
Net cash provided by (used in) financing activities		<u>(93,754)</u>	<u>(93,788)</u>	<u>708,804</u>
Net increase (decrease) in cash held		507,645	(1,077,308)	1,405,972
Cash at beginning of year		3,427,050	3,381,474	2,021,078
Cash and cash equivalents at the end of the year	15	<u><u>3,934,695</u></u>	<u><u>2,304,166</u></u>	<u><u>3,427,050</u></u>

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

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		1,339,633	1,134,516	(16,508)
		1,339,633	1,134,516	(16,508)
Revenue from operating activities (excluding rates)				
Governance		18,956	7,530	221,601
General purpose funding		1,513,871	807,647	2,153,602
Law, order, public safety		17,059	25,310	19,857
Health		290,317	267,152	324,840
Education and welfare		117,934	132,510	98,595
Housing		150,603	142,590	178,331
Community amenities		259,768	235,837	251,188
Recreation and culture		44,851	81,840	82,441
Transport		304,771	185,630	144,277
Economic services		116,163	137,866	14,932
Other property and services		9,754	10,710	18,185
		2,844,047	2,034,622	3,507,849
Expenditure from operating activities				
Governance		(511,340)	(479,870)	(537,993)
General purpose funding		(155,647)	(142,710)	(155,352)
Law, order, public safety		(60,870)	(68,680)	(60,379)
Health		(335,893)	(319,910)	(301,697)
Education and welfare		(153,660)	(166,000)	(125,238)
Housing		(242,678)	(196,250)	(186,437)
Community amenities		(283,476)	(295,770)	(264,811)
Recreation and culture		(818,245)	(762,647)	(749,510)
Transport		(1,585,541)	(1,226,750)	(1,142,356)
Economic services		(1,572,569)	(354,908)	(241,470)
Other property and services		(73,087)	(2,950)	(15,930)
		(5,793,006)	(4,016,445)	(3,781,173)
Operating activities excluded				
(Profit) on disposal of assets	10(a)	(3,643)	(40,800)	-
Loss on disposal of assets	10(a)	1,169,606	7,200	-
Movement in Local Govt House Equity		28	-	7,238
Movement in Employee Leave Reserve		724	-	(48,287)
Movement in deferred pensioner rates (non-current)		(2,893)	-	(8,989)
Movement in employee benefit provisions (non-current)		44,014	-	7,848
Depreciation and amortisation on assets	10(b)	1,240,453	1,138,280	1,104,583
Amount attributable to operating activities		838,963	257,373	772,561
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,727,460	1,839,985	1,308,272
Proceeds from disposal of assets	10(a)	18,727	155,500	-
Purchase of property, plant and equipment	8(b)	(1,161,269)	(1,738,737)	(1,765,751)
Purchase and construction of infrastructure	9(b)	(656,451)	(1,484,927)	(941,458)
Amount attributable to investing activities		(71,533)	(1,228,179)	(1,398,937)
FINANCING ACTIVITIES				
Repayment of long term borrowings	13(a)	(117,508)	(117,510)	(99,263)
Proceeds from new long term borrowings	13(b)	-	-	785,250
Proceeds from self supporting loans	13(a)	23,754	23,756	22,817
Transfers to reserves (restricted assets)	5	(412,438)	(352,053)	(480,584)
Transfers from reserves (restricted assets)	5	42,471	195,844	546,101
Amount attributable to financing activities		(463,721)	(249,963)	774,321
Surplus(deficiency) before general rates		303,710	(1,220,769)	147,945
Total amount raised from general rates	22	1,225,316	1,226,770	1,191,688
Net current assets at June 30 c/fwd. - surplus/(deficit)	23	1,529,026	6,001	1,339,633

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

1. BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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.

2. REVENUE AND EXPENSES

(a) Revenue

Other revenue

Reimbursements and recoveries
Other

	2018 Actual	2017 Actual
	\$	\$
Reimbursements and recoveries	169,841	418,305
Other	17,108	-
	<u>186,949</u>	<u>418,305</u>

Fees and Charges

Governance
General purpose funding
Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

Governance	-	28
General purpose funding	2,464	3,024
Law, order, public safety	5,244	3,169
Health	10,744	15,548
Education and welfare	1,440	1,620
Housing	150,415	150,853
Community amenities	102,764	96,668
Recreation and culture	30,820	31,037
Transport	415	360
Economic services	93,869	5,295
Other property and services	2,413	4,730
	<u>400,588</u>	<u>312,332</u>

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	1,399,479	2,076,522
Law, order, public safety	11,815	12,688
Health	277,596	309,071
Community amenities	-	20,000
Recreation and culture	-	33,000
Transport	284,435	123,066
Economic services	16,069	-
	1,989,394	2,574,347
Non-operating grants, subsidies and contributions		
Law, order, public safety	265,333	-
Recreation and culture	10,727	-
Transport	851,400	706,454
Economic services	600,000	601,818
	1,727,460	1,308,272
Total grants, subsidies and contributions	3,716,854	3,882,619

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)
a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 21. 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.

Interest earnings

- Loans receivable - clubs/institutions
- Reserve funds
- Other funds
Other interest revenue (refer note 22(f))

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
	1,478	-	-
	24,540	39,380	25,215
	43,584	7,140	11,419
	13,084	11,220	13,242
	82,686	57,740	49,876

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

2018	2017
\$	\$
19,913	26,944
19,913	26,944

Interest expenses (finance costs)

Long term borrowings (refer Note 13(a))

39,026	40,952
39,026	40,952

Significant expense by Nature and Type and Program

- (Loss) on asset disposals - Infrastructure relating to the historical railway written off during the year ended 30 June 2018

1,168,651	-
1,168,651	-

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2018 \$	2017 \$
Unrestricted		1,186,006	1,381,407
Restricted		2,748,689	2,045,643
		<u>3,934,695</u>	<u>3,427,050</u>

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

Reserves Sewerage	5	1,161,589	1,043,357
Reserves Plant Replacement	5	369,807	142,872
Reserves Long Service Leave	5	54,217	53,493
Reserves Land and Building	5	148,579	146,594
Reserves Swimming Pool	5	32,895	32,456
Reserves Recreation	5	185,023	180,866
Reserves CHP Units	5	46,847	46,221
Reserves Economic	5	54,183	12,021
Reserves Bowling Green	5	72,293	61,461
Reserves Tennis Court	5	31,930	25,584
Reserves Bus	5	-	40,787
Reserves All Hours Gym	5	-	1,684
Unspent grants	21	311,326	258,247
Unspent loans	13(c)	280,000	-
		<u>2,748,689</u>	<u>2,045,643</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

4. INVESTMENTS

Equity in Local Government House

At the beginning of the year
Revaluation to income statement
to fair value
At the end of the year

2018	2017
\$	\$
46,400	46,428
46,428	53,666
(28)	(7,238)
46,400	46,428

SIGNIFICANT ACCOUNTING POLICIES

Classification and subsequent measurement

(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) 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.

(iii) Available-for-sale financial assets

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

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

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).

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.

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment (Continued)

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.

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

- the amount in which the financial asset or financial liability is measured at initial recognition;
- less principal repayments and any reduction for impairment; and
- 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.

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.

5. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 00-Jan-00	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves Sewerage	1,043,357	118,232	-	1,161,589	1,043,357	94,429	-	1,137,786	951,502	91,855	-	1,043,357
Reserves Plant Replacement	142,872	226,935	-	369,807	142,872	143,210	(120,000)	166,082	92,264	191,608	(141,000)	142,872
Reserves Long Service Leave	53,493	724	-	54,217	53,493	1,202	-	54,695	101,780	51,097	(99,384)	53,493
Reserves Land and Building	146,594	1,985	-	148,579	146,594	45,293	-	191,887	20,494	126,100	-	146,594
Reserves Swimming Pool	32,456	439	-	32,895	32,456	-	(32,456)	-	32,000	456	-	32,456
Reserves Recreation	180,866	4,157	-	185,023	180,866	5,736	-	186,602	178,345	2,521	-	180,866
Reserves CHP Units	46,221	626	-	46,847	46,221	1,039	-	47,260	45,649	572	-	46,221
Reserves Economic	12,021	42,162	-	54,183	12,021	42,271	-	54,292	315,534	2,204	(305,717)	12,021
Reserves Bowling Green	61,461	10,832	-	72,293	61,461	11,381	-	72,842	50,681	10,780	-	61,461
Reserves Tennis Court	25,584	6,346	-	31,930	25,584	6,575	-	32,159	19,282	6,302	-	25,584
Reserves Bus	40,787	-	(40,787)	-	40,787	917	(41,704)	-	40,250	537	-	40,787
Reserves All Hours Gym	1,684	-	(1,684)	-	1,684	-	(1,684)	-	5,132	(3,448)	-	1,684
	1,787,396	412,438	(42,471)	2,157,363	1,787,396	352,053	(195,844)	1,943,605	1,852,913	480,584	(546,101)	1,787,396

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Reserves Sewerage	Ongoing	To be used to preserve sewerage assets
Reserves Plant Replacement	Ongoing	To be used to fund the purchase of future plant acquisitions and major repairs
Reserves Long Service Leave	Ongoing	To be used to fund long service leave requirements
Reserves Land and Building	Ongoing	For future purchase and renewal of council land & building assets.
Reserves Swimming Pool	Ongoing	To be used for the maintenance and ore renewal of the swimming pool.
Reserves Recreation	Ongoing	To be used for the proposed construction of a multi purpose sports centre.
Reserves CHP Units	Ongoing	To be used for contribution to joint venture aged unit projects and singles accommodation.
Reserves Economic	Ongoing	To provide for future funding for development opportunities in the community
Reserves Bowling Green	Ongoing	To be used for the replacement of the bowling greens.
Reserves Tennis Court	Ongoing	To be used for the replacement of the tennis courts.
Reserves Bus	Ongoing	Funds transferred to the Plant Replacement Reserve
Reserves All Hours Gym	Ongoing	Funds transferred to the Recreation Reserve

6. TRADE AND OTHER RECEIVABLES

Current

	2018 \$	2017 \$
Rates outstanding	58,684	50,660
Sundry debtors	66,384	356,178
GST receivable	8,860	86,723
Loans receivable - clubs/institutions	24,535	23,756
Sewerage Rates Outstanding	24,793	15,823
Rubbish Rates Outstanding	11,986	10,075
Emergency Services Levy	9,841	6,989
Payments in Advance	37,174	5,838
	<u>242,257</u>	<u>556,042</u>

Non-current

Rates outstanding - pensioners	31,161	28,268
Loans receivable - clubs/institutions	12,751	37,285
	<u>43,912</u>	<u>65,553</u>

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding

Includes:

Past due and not impaired	58,684	50,660
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Sundry debtors

Includes:

Current	60,536	102,455
Past due and not impaired	5,848	253,723

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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.

Classification and subsequent measurement

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.

7. INVENTORIES

Current

Stock on Hand

	2018	2017
	\$	\$
	16,603	6,636
	16,603	6,636

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

8 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018 \$	2017 \$
Land - freehold land at:		
- Independent valuation 2015 - level 2	-	963,000
- Independent valuation 2018 - level 2	1,145,000	
- Independent valuation 2018 - level 3	150,000	-
	<u>1,295,000</u>	<u>963,000</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2018 - level 3	300,000	-
	<u>300,000</u>	<u>-</u>
Total land	<u>1,595,000</u>	<u>963,000</u>
Buildings - non-specialised at:		
- Independent valuation 2015 - level 2	-	13,569,540
Additions after Valuation - cost	-	2,131,347
- Independent valuation 2018 - level 2	2,102,506	-
- Independent valuation 2018 - level 3	14,626,511	-
Works in Progress	15,670	-
Less: accumulated depreciation	(7,918)	(612,829)
	<u>16,736,769</u>	<u>15,088,058</u>
Total buildings	<u>16,736,769</u>	<u>15,088,058</u>
Total land and buildings	<u>18,331,769</u>	<u>16,051,058</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	116,719	116,719
Additions after Valuation - cost	31,400	-
Less: accumulated depreciation	(21,615)	(7,461)
	<u>126,504</u>	<u>109,258</u>
Plant and equipment at:		
- Management valuation 2016 - level 3	1,421,409	1,421,409
Additions after Valuation - cost	67,859	-
- Disposals after Valuation	(29,091)	-
Less: accumulated depreciation	(319,064)	(213,523)
	<u>1,141,113</u>	<u>1,207,886</u>
Tools & Equipment at:		
- Management valuation 2016 - level 3	36,841	36,841
Less: accumulated depreciation	(18,734)	(17,248)
	<u>18,107</u>	<u>19,593</u>
Total property, plant and equipment	<u>19,617,493</u>	<u>17,387,795</u>

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

8. 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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Tools & Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	963,000	-	963,000	13,641,450	13,641,450	14,604,450	116,719	1,421,409	36,841	16,179,419
Additions	-	-	-	1,765,751	1,765,751	1,765,751	-	-	-	1,765,751
(Disposals)	-	-	0	-	-	0	-	-	-	0
Depreciation (expense)	-	-	-	(319,143)	(319,143)	(319,143)	(7,461)	(213,523)	(17,248)	(557,375)
Transfers	-	-	-	-	0	0	-	-	-	0
Carrying amount at 30 June 2017	963,000	-	963,000	15,088,058	15,088,058	16,051,058	109,258	1,207,886	19,593	17,387,795
Additions	11,049	-	11,049	1,035,291	1,035,291	1,046,340	31,400	67,859	-	1,145,599
(Disposals)	-	-	-	(1,168,651)	(1,168,651)	(1,168,651)	-	(16,039)	-	(1,184,690)
Revaluation increments/ (decrements) transferred to Revaluation surplus	320,951	300,000	620,951	2,202,300	2,202,300	2,823,251	-	-	-	2,823,251
Works in Progress	-	-	-	15,670	15,670	15,670	-	-	-	15,670
Depreciation (expense)	-	-	-	(435,899)	(435,899)	(435,899)	(14,154)	(118,594)	(1,486)	(570,133)
Carrying amount at 30 June 2018	1,295,000	300,000	1,595,000	16,736,769	16,736,769	18,331,769	126,504	1,141,113	18,107	19,617,493

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings				
Land - freehold land	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Valuation	Price per hectare/market borrowing rate
	3	Market approach using recent observable market data for similar properties with adjustments to reflect the existing use or zoning of the land	Independent Valuation	Price per hectare/market borrowing rate
Land - vested in and under the control of Council	3	Market approach using recent observable market data for similar items (Net revaluation method)	2018	Improvements to buildings using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-specialised	2	Improvements to land valued using cost approach using depreciated replacement cost (Gross Valuation Method)	2018	Improvements to land using construction costs and current condition, residual values and remaining useful life assessments inputs.
	3	Market approach using recent observable market data for similar items (Net revaluation method)	2018	Improvements to buildings using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Furniture and equipment	3	Cost approach using depreciated replacement cost (Net revaluation method)	2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment	3	Cost approach using depreciated replacement cost (Net revaluation method)	2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Tools & Equipment	3	Cost approach using depreciated replacement cost (Net revaluation method)	2016	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.

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

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

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

9 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2017 - level 3	20,692,217	20,692,217
Additions after Valuation - cost	651,175	-
Less: accumulated depreciation	(426,860)	-
	<u>20,916,532</u>	<u>20,692,217</u>
 Footpaths		
- Management valuation 2017 - level 3	524,099	524,099
Less: accumulated depreciation	(20,964)	-
	<u>503,135</u>	<u>524,099</u>
 Parks & Ovals		
- Management valuation 2017 - level 3	1,351,642	1,351,642
Less: accumulated depreciation	(78,395)	-
	<u>1,273,247</u>	<u>1,351,642</u>
 Drainage		
- Management valuation 2017 - level 3	1,105,786	1,105,786
Less: accumulated depreciation	(22,116)	-
	<u>1,083,670</u>	<u>1,105,786</u>
 Sewerage		
- Management valuation 2017 - level 3	1,113,375	1,113,375
Less: accumulated depreciation	(55,669)	-
	<u>1,057,706</u>	<u>1,113,375</u>
 Infrastructure - Other		
- Management valuation 2017 - level 3	756,826	756,826
Additions after Valuation - cost	5,275	-
Less: accumulated depreciation	(66,316)	-
	<u>695,785</u>	<u>756,826</u>
 Total infrastructure	<u><u>25,530,075</u></u>	<u><u>25,543,945</u></u>

9. 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.

	Infrastructure - Roads	Infrastructure - Footpaths	Parks & Ovals	Drainage	Sewerage	Infrastructure - Signs	Infrastructure - Other	Street Lighting	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	22,768,070	347,637	1,389,298	42,524	272,576	26,327	177,246	34,249	25,057,926
Additions	936,271	-	-	-	-	-	5,187	-	941,458
Revaluation increments/ (decrements) transferred to revaluation surplus	(2,601,146)	187,598	33,549	1,078,803	853,801	-	539,162	-	91,767
Depreciation (expense)	(410,978)	(11,136)	(71,205)	(15,541)	(13,002)	(15,601)	(3,608)	(6,136)	(547,208)
Transfers	-	-	-	-	-	(10,726)	38,839	(28,113)	-
Carrying amount at 30 June 2017	20,692,217	524,099	1,351,642	1,105,786	1,113,375	-	756,826	-	25,543,944
Additions	651,175	-	-	-	-	-	5,275	-	656,451
Depreciation (expense)	(426,860)	(20,964)	(78,395)	(22,116)	(55,669)	-	(66,316)	-	(670,320)
Carrying amount at 30 June 2018	20,916,532	503,135	1,273,247	1,083,670	1,057,706	-	695,785	-	25,530,075

9. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Parks & Ovals	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Drainage	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Sewerage	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Other	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Valuation	2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.

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

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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

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

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

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

Land under roads

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

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

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

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

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

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

10. FIXED ASSETS (Continued)

(a) Disposals of Assets

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								
Governance								
Ford Falcon D0	5,539	7,273	1,734	-	5,200	8,000	2,800	-
Ford Territory D002	5,500	4,545	-	(955)	5,600	5,500	-	(100)
Health								
HACC Vehicle	5,000	6,909	1,909	-	9,100	2,000	-	(7,100)
Transport								
Grader CAT 12M	-	-	-	-	102,000	140,000	38,000	-
Buildings								
Economic services								
Minnivale Rail Precinct	1,168,651	-	-	(1,168,651)	-	-	-	-
	1,184,690	18,727	3,643	(1,169,606)	121,900	155,500	40,800	(7,200)

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	435,899	319,143
Furniture and equipment	14,154	7,461
Plant and equipment	118,594	213,523
Tools & Equipment	1,486	17,248
Infrastructure - Roads	426,860	410,978
Footpaths	20,964	11,136
Parks & Ovals	78,395	71,205
Drainage	22,116	15,541
Sewerage	55,669	13,002
Infrastructure signs	-	15,601
Infrastructure - Other	66,316	3,608
Street Lighting	-	6,136
	1,240,453	1,104,583

10. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

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.

Depreciation rates

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	Not Depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years

Depreciation (Continued)

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

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

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

Depreciation rates (Continued)

Gravel roads	
formation	Not Depreciated
pavement	50 years
gravel sheet	12 years
Formed roads (unsealed)	
formation	Not Depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	20 years
Other Infrastructure	10 to 50 years
Parks and Ovals	17 to 67 years

11. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	550,817	620,951	620,951	1,171,768	550,817	-	-	-	550,817
Revaluation surplus - Buildings - non-specialised	6,859,074	2,202,300	2,202,300	9,061,374	6,859,074	-	-	-	6,859,074
Revaluation surplus - Plant and equipment	76,610	-	-	76,610	76,610	-	-	-	76,610
Revaluation surplus -Tools & Equipment	16,271	-	-	16,271	16,271	-	-	-	16,271
Revaluation surplus - Infrastructure - Roads	1,394,292	-	-	1,394,293	3,995,438	-	(2,601,146)	(2,601,146)	1,394,292
Revaluation surplus - Footpaths	302,397	-	-	302,397	114,799	187,598	-	187,598	302,397
Revaluation surplus - Parks & Ovals	33,549	-	-	33,549	-	33,549	-	33,549	33,549
Revaluation surplus - Drainage	1,078,803	-	-	1,078,803	-	1,078,803	-	1,078,803	1,078,803
Revaluation surplus - Sewerage	853,801	-	-	853,801	-	853,801	-	853,801	853,801
Revaluation surplus - Infrastructure - Other	539,162	-	-	539,162	-	539,162	-	539,162	539,162
	11,704,777	2,823,251	2,823,251	14,528,028	11,613,009	2,692,914	(2,601,146)	91,768	11,704,777

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.'

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued interest on long term borrowings
Accrued salaries and wages
Payroll Creditors
Excess Rates
Other Payables
Dept Transport

2018	2017
\$	\$
62,086	347,143
6,493	6,922
4,629	6,143
38,518	60,409
79,254	45,252
192,890	227,826
1,342	13,629
385,212	707,324

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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

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

13. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	\$	\$	Actual	Budget	Actual	Budget	Actual	Budget
Recreation and culture								
Loan 97 - Community Club	350,628	-	64,565	64,565	286,063	286,063	13,597	13,687
Economic services								
Loan 99 - Accommodation	770,993	-	29,189	29,189	741,804	741,804	23,746	23,982
	1,121,621	-	93,754	93,754	1,027,867	1,027,867	37,343	37,669
Self Supporting Loans	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	\$	\$	Actual	Budget	Actual	Budget	Actual	Budget
Economic services								
Loan 98 - Dowerin Events	60,856	-	23,754	23,756	37,102	37,100	1,684	1,786
	60,856	-	23,754	23,756	37,102	37,100	1,684	1,786
	1,182,477	-	117,508	117,510	1,064,969	1,064,967	39,026	39,455

Self supporting loans are financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

Borrowings

	2018	2017
	\$	\$
Current	121,879	117,509
Non-current	943,090	1,064,968
	1,064,969	1,182,477

13. INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2017/18

There were no new borrowings during the year

(c) Unspent Borrowings

There were unspent borrowings of \$280,000 at the end of the reporting period.

These funds relate to the proposed building of a new government (GROH) house. These funds are anticipated to be spent in 2018/2019.

(d) Undrawn Borrowing Facilities Credit Standby Arrangements

Bank overdraft limit
Bank overdraft at balance date
Credit card limit
Credit card balance at balance date
Total amount of credit unused

2018	2017
\$	\$
60,000	60,000
-	-
6,000	9,000
(336)	(704)
65,664	68,296

Loan facilities

Loan facilities - current
Loan facilities - non-current
Total facilities in use at balance date

121,879	117,509
943,090	1,064,968
1,064,969	1,182,477

Unused loan facilities at balance date

280,000	-
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SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Overdraft

Council's overdraft facility of \$60,000 is in place to assist with cash flows at the commencement of financial year when income streams may be minimal.

14. PROVISIONS

Opening balance at 1 July 2017

Current provisions

Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2018

Comprises

Current

Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
	94,653	90,459	185,112
	-	25,551	25,551
	94,653	116,010	210,663
	37,527	20,875	58,402
	(28,914)	(18,950)	(47,864)
	103,266	117,935	221,201
	103,266	48,370	151,636
	-	69,565	69,565
	103,266	117,935	221,201

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate

Other long-term employee benefits (Continued)

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.

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.

15. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	3,934,695	2,304,166	3,427,050

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	3,817	1,084,932	2,226,636
Non-cash flows in Net result:			
Depreciation	1,240,453	1,138,280	1,104,583
(Profit)/loss on sale of asset	1,165,963	(33,600)	-
Movement in Local Govt. House Equity	28	-	7,238
Changes in assets and liabilities:			
(Increase)/decrease in receivables	311,671	187,735	(366,144)
(Increase)/decrease in inventories	(9,967)	-	(1,132)
Increase/(decrease) in payables	(322,111)	(292,703)	409,942
Increase/(decrease) in provisions	10,538	-	23,254
Grants contributions for the development of assets	(1,727,460)	(1,839,985)	(1,308,272)
Net cash from operating activities	672,932	244,659	2,096,105

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

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	91,053	84,810
General purpose funding	1,472,175	1,381,407
Law, order, public safety	486,160	225,758
Health	37,912	69,457
Education and welfare	580,238	601,900
Housing	4,559,475	4,527,243
Community amenities	2,604,357	2,719,362
Recreation and culture	11,513,263	9,170,968
Transport	23,282,934	22,360,942
Economic services	2,230,149	3,007,350
Other property and services	1,726,659	2,507,727
Unallocated	847,060	376,525
	49,431,435	47,033,449

17. CONTINGENT LIABILITIES

There Shire is not aware of any reportable contingent liabilities as at the reporting date.

18. CAPITAL COMMITMENTS

The Shire has entered into a capital contract with Modular WA for \$265,196 inc GST dated 25 June 2018. The contract is for the building of a residential house with the intention to lease to the Department of Communities. The building is anticipated to be completed during the 2018/2019 financial year - Note 13(c) corresponds - Unused loan facility of \$280,000

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2018 Actual	2018 Budget	2017 0.94
	\$	\$	\$
Meeting Fees	24,905	23,000	21,145
Mayor/President's allowance	1,560	3,120	3,000
Deputy Mayor/President's allowance	390	780	750
Telecommunications allowance	-	2,000	540
	26,855	28,900	25,435

Key Management Personnel (KMP) Compensation Disclosure

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

	2018	2017
	\$	\$
Short-term employee benefits	366,111	263,147
Post-employment benefits	34,635	24,337
Other long-term benefits	11,675	1,635
Termination benefits	47,962	-
	460,384	289,119

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 above.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Purchase of goods and services	152,781	-

19. RELATED PARTY TRANSACTIONS (continued)

Related Parties

The Shire's main related parties are as follows:

i. *Key management personnel*

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

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

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

20. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2017-2018 financial year.

21. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	0.94 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Governance							
Museum	-	-	-	-	10,727	(10,727)	-
Law, order, public safety							
DFES Grant -Fesa Bush Fire Shed	-	-	-	-	265,333	(265,333)	-
Education and welfare							
WDC - Age Friendly Communities	3,637	-	(3,637)	-	-	-	-
Department of Health (HACC)	-	309,071	(250,824)	58,247	277,596	(299,617)	36,226
Recreation and culture							
Dept. Sport & Recreation - Swimming Pool	-	32,000	(32,000)	-	-	-	-
Transport							
Roads to Recovery	45,810	518,820	(564,630)	-	505,798	(230,698)	275,100
Wandrra Road / Flood Mitigation	-	-	-	-	212,223	(212,223)	-
Regional Road Group	-	187,634	(187,634)	-	345,602	(345,602)	-
Economic services							
R4R - Heritage Rail	193,851	-	(193,851)	-	-	-	-
Short Term Accommodation	-	200,000	-	200,000	600,000	(800,000)	-
Total	243,298	1,247,525	(1,232,576)	258,247	2,217,279	(2,164,199)	311,326

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.

22. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
GRV - Residential	0.0923	134	1,333,264	123,060	(907)	-	122,153	123,060	-	-	123,060
GRV - Commercial / Industrial	0.0923	15	256,474	23,673	-	-	23,673	23,673	-	-	23,673
GRV - Town Rural	0.0923	11	133,530	12,325	(547)	-	11,778	12,325	-	-	12,325
Unimproved valuations											
UV - Rural Farmland	0.0079	226	120,307,500	951,632	-	-	951,632	951,632	-	-	951,632
Sub-Total		386	122,030,768	1,110,690	(1,454)	-	1,109,236	1,110,690	-	-	1,110,690
Minimum payment											
Gross rental valuations											
GRV - Residential	706	48	260,468	33,888	-	-	33,888	33,888	-	-	33,888
GRV - Commercial / Industrial	706	18	66,871	12,708	-	-	12,708	12,708	-	-	12,708
GRV - Town Rural	706	16	41,551	11,296	-	-	11,296	11,296	-	-	11,296
GRV - Other Towns	206	19	7,659	3,914	-	-	3,914	3,914	-	-	3,914
Unimproved valuations											
UV - Rural Farmland	706	69	3,535,300	48,714	-	-	48,714	48,714	-	-	48,714
UV - Commercial / Industrial	706	4	400	2,824	-	-	2,824	2,824	-	-	2,824
UV - Town Rural	706	3	63,000	2,118	-	-	2,118	2,118	-	-	2,118
UV - Mining Tenement	206	3	5,867	618	-	-	618	618	-	-	618
Sub-Total		180	3,981,116	116,080	-	-	116,080	116,080	-	-	116,080
Total amount raised from general rate		566	126,011,884	1,226,770	(1,454)	-	1,225,316	1,226,770	-	-	1,226,770
Ex-gratia rates							1,225,316				1,226,770
Totals							25,071				20,800
							1,250,387				1,247,570

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

22. RATING INFORMATION (Continued)

(b) Specified Area Rate

The Shire did not levy a specified area rate during the current reporting period.

(c) Service Charges

The Shire did not impose any service charges during the current reporting period.

(d) Sewerage charges

Service Charges	Amount of Charge	Revenue Raised	Budget Revenue	Charges Applied to Costs	Charges Set Aside to Reserve	Reserve Applied to Costs	Budget Charges Applied to Costs	Budget Charges Set Aside to Reserve	Budget Reserve Applied to Costs
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewerage Rates	\$ 7.0781	145,471	127,469	108,726	46,990	-	127,469	94,429	-
Sewerage Fixtures	\$ 237 / \$ 108	10,245	10,338	-	-	-	10,338	-	-
		155,716	137,807	108,726	46,990	-	137,807	94,429	-

Nature of the Service Charge	Objects of the Charge	Reasons for the Charge	Area/Properties Charge Imposed
Sewerage Rates	To reimburse the running costs of the sewerage scheme	Health and sanitation service for council for the benefit of rate payers	Properties with access to the Sewerage scheme
Sewerage Fixtures	Installation and maintenance costs	Health and sanitation service for council for the benefit of rate payers	Properties with access to the Sewerage scheme

22. RATING INFORMATION (Continued)

(e) Discounts, Incentives, Concessions, & Write-offs

No discounts are offered for early payment

(f) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	29-Sep-17	-	0	11.00
Option Two				
First instalment	29-Sep-17	4.00	5.50	11.00
Second instalment	30-Mar-18	4.00	5.50	11.00
Option Three				
First instalment	29-Sep-17	4.00	5.50	11.00
Second instalment	29-Nov-17	4.00	5.50	11.00
Third instalment	29-Jan-18	4.00	5.50	11.00
Fourth instalment	30-Mar-18	4.00	5.50	11.00

	2018	2018 Budget
	\$	\$
Interest on unpaid rates	13,084	11,220
Charges on instalment plan	964	920
	14,048	12,140

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

23. NET CURRENT ASSETS

Composition of net current assets

	2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	1,529,026	1,339,633	1,339,633
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,186,006	1,381,407	1,381,407
Restricted	2,748,689	2,045,643	2,045,643
Receivables			
Rates outstanding	58,684	50,660	50,660
Sundry debtors	66,384	356,178	356,178
GST receivable	8,860	86,723	86,723
Loans receivable - clubs/institutions	24,535	23,756	23,756
Sewerage Rates Outstanding	24,793	15,823	15,823
Rubbish Rates Outstanding	11,986	10,075	10,075
Emergency Services Levy	9,841	6,989	6,989
Payments in Advance	37,174	5,838	5,838
Inventories			
Stock on Hand	16,603	6,636	6,636
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(62,086)	(347,143)	(347,143)
Accrued interest on long term borrowings	(6,493)	(6,922)	(6,922)
Accrued salaries and wages	(4,629)	(6,143)	(6,143)
Payroll Creditors	(38,518)	(60,409)	(60,409)
Excess Rates	(79,254)	(45,252)	(45,252)
Other Payables	(192,890)	(227,826)	(227,826)
Dept Transport	(1,342)	(13,629)	(13,629)
Current portion of long term borrowings	(121,879)	(117,509)	(117,509)
Provisions			
Provision for annual leave	(103,266)	(94,653)	(94,653)
Provision for long service leave	(48,370)	(90,459)	(90,459)
Unadjusted net current assets	3,534,828	2,979,783	2,979,783
Adjustments			
Less: Reserves - restricted cash	(2,157,363)	(1,787,396)	(1,787,396)
Less: Loans receivable - clubs/institutions	(24,535)	(23,756)	(23,756)
Less: Liabilities supported by a Reserve	54,217	53,493	53,493
Add: Current portion of long term borrowings	121,879	117,509	117,509
Adjusted net current assets - surplus/(deficit)	1,529,026	1,339,633	1,339,633

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

24. 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	3,934,695	3,427,050	3,934,695	3,427,050
Receivables	286,169	621,595	286,169	621,595
	<u>4,220,864</u>	<u>4,095,073</u>	<u>4,220,864</u>	<u>4,048,645</u>
Financial liabilities				
Payables	385,212	707,324	385,212	707,324
Borrowings	1,064,969	1,182,477	1,131,561	1,294,115
	<u>1,450,181</u>	<u>1,889,801</u>	<u>1,516,773</u>	<u>2,001,439</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

24. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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 is 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.

	2018	2017
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	39,347	34,271
- Statement of Comprehensive Income	39,347	34,271

Notes:

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

24. 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:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables*		
- Current	91.19%	60.00%
- Overdue	8.81%	40.00%

* The amount of receivables excludes the gst recoverable for the ATO (statutory receivable)

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Ageing Analysis of Receivables

	Carrying Amount	Not past due and not impaired	Up to 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years	Impaired Receivables
2018								
Receivables*	240,023	37,174	73,137	268	5,609	123,835	-	-
Loan receivable	37,286	37,286	-	-	-	-	-	-
	277,309	74,460	73,137	268	5,609	123,835	-	-
2017								
Receivables*	473,831	473,831	365,500	3,505	-	104,826	-	-
Loan receivable	61,041	61,041	-	-	-	-	-	-
	534,872	534,872	365,500	3,505	-	104,826	-	-

* The amount of receivables excludes the gst recoverable for the ATO (statutory receivable)

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

24. FINANCIAL RISK MANAGEMENT (Continued)

(d) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<u>2018</u>	\$	\$	\$	\$	\$
Payables*	385,212	-	-	385,212	385,212
Borrowings	156,965	460,210	717,801	1,334,976	1,064,969
	542,177	460,210	717,801	1,720,188	1,450,181
<u>2017</u>					
Payables*	707,324	-	-	707,324	707,324
Borrowings	156,964	564,006	770,987	1,491,957	1,182,477
	864,288	564,006	770,987	2,199,281	1,889,801

*The amount of payables excludes the GST payable to the ATO (statutory payable)

24. FINANCIAL RISK MANAGEMENT (Continued)

(d) Payables and 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:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	-	37,100	-	286,063	-	741,805	1,064,968	3.40%
Weighted average Effective interest rate	0.00%	3.25%	0.00%	4.09%	0.00%	3.14%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	-	-	-	-	350,628	770,993	1,121,621	3.44%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	4.67%	3.06%		

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

25. 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 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Housing Rental Bonds	3,506	-	(200)	3,306
Key Deposits	610	-	-	610
Tidy Towns Prize	2,818	-	-	2,818
Hacc Vehicle	493	-	-	493
Hacc Fundraising	2,509	1	-	2,510
Nomination Deposits	320	480	(480)	320
Yellow Ribbon	247	-	-	247
Centenary Park	1,792	-	-	1,792
Interest on Trust Funds	12	-	-	12
	12,307	481	(680)	12,108

26. 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	<p>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.</p> <p>The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>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 into the 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 when AASB 16 is adopted.</p> <p>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.</p>

Notes:

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

26. 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. <p>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.</p>

Notes:

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

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 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
(ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017

27. SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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.

c) Rounding off figures

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

d) Comparative figures

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial 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.

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

Valuation techniques that reflect the current replacement cost of 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.

i) Impairment of assets

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

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

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

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

28. ACTIVITIES/PROGRAMS

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

0.94

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available to the Council for the provision of governance to the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.
HOUSING	To provide housing to staff.	Staff housing, provision of general rental accomodation when buildings not required by staff.
COMMUNITY AMENITIES	To provide services required by the community.	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	To establish and effectively manage infrastructure and resources which help the social well being of the community.	Maintenance of public halls, civic centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycleways and parking facilities.
ECONOMIC SERVICES	To help promote the Shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building control.
OTHER PROPERTY AND SERVICES	To monitor and control Council's overhead operating accounts.	Private works operation, plant repair and operation costs, housing and engineering operation costs.

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

29. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	2.39	2.03	0.29
Asset consumption ratio	0.55	0.98	0.94
Asset renewal funding ratio	0.94	0.84	n/a
Asset sustainability ratio	0.57	0.96	1.49
Debt service cover ratio	(2.84)	14.72	3.68
Operating surplus ratio	(0.84)	0.43	(0.38)
Own source revenue coverage ratio	0.36	0.56	0.52

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

INDEPENDENT AUDITOR'S REPORT**To the Shire of Dowerin****Report on the Audit of the Financial Report*****Opinion***

We have audited the annual financial report of Shire of Dowerin which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In our opinion the annual financial report of Shire of Dowerin:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of Shire of Dowerin for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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 Shire of Dowerin in accordance with the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report. 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.

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of our audit 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 the financial report.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In our opinion, there are no significant adverse trends in the financial position of the Shire of Dowerin.
- (ii) There were no instances of non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law identified during the course of our audit.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.

- (v) In our opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of Shire of Dowerin for the year ended 30 June 2018 included on the Shire of Dowerin's website. The Shire of Dowerin's management is responsible for the integrity of the Shire of Dowerin website. This audit does not provide assurance on the integrity of the Shire of Dowerin's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

AMD Chartered Accountants



MARIA CAVALLO
Director

28-30 Wellington Street, Bunbury, Western Australia Dated this 13th day of December 2018