



# SHIRE OF DUMBLYUNG



## ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2018





## CONTENTS PAGE

### ***Section 1 – Statutory Reports***

Shire Information

Shire Presidents Report

Chief Executive Officers Report

Manager of Works Report

Statutory Reports

Plan for the Future

### ***Section 2 – Financial Report***

Shire of Dumbleyung Financial Report

Statement by Chief Executive Officer

Statement of Comprehensive Income by Nature or Type

Statement of Comprehensive Income by Program

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Rate Setting Statement

Notes to and Forming Part of the Financial Report

Supplementary Ratio Information

Independent Audit Report

## SHIRE INFORMATION

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### Authority and Legislation

The Dumbleyung Shire Council is a Local Government operating under the provisions of the *Local Government Act 1995* (as amended). The Minister and the Department of Local Government oversee the operation of all Local Government Councils in Western Australia.

### Dumbleyung Shire Location

The town of Dumbleyung is located 267km south east of Perth. The Shire of Dumbleyung covers an area of 2,553 square kilometres and includes two town sites, Dumbleyung and Kukerin.

Shire Office and Chambers	Cnr Harvey & Dawson Streets, Dumbleyung
Postal Address	PO Box 99, Dumbleyung, WA, 6350
Telephone	(08) 9863 4012
Facsimile	(08) 9863 4146
E-mail	<a href="mailto:ceo@dumbleyung.wa.gov.au">ceo@dumbleyung.wa.gov.au</a>
Website	<a href="http://www.dumbleyung.wa.gov.au">www.dumbleyung.wa.gov.au</a>
Office Hours	8.30am to 4.30pm Monday – Friday

### History of the Shire

The Dumbleyung Road Board operated between 1909 –1960.

In 1961, the current Dumbleyung Shire Council came into existence. In 2003, Council had its Ward and Elected Member structure reviewed and altered. The Shire of Dumbleyung now has four Wards (North, South, Dumbleyung and Kukerin) and nine councillors.



The Shire of Dumbleyung's population recorded during the 2016 Census was 671. This represents an increase of 66 (10%) since 2011.

Localities within our Shire are Bullock Hills, Datatine, Dongolocking, Dumbleyung, Merilup, Moulyinning, Nairibin, Nippering, North Kukerin, North Moulyinning, South Kukerin and Tarin Rock.

### Population and Employees

The population of the Shire of Dumbleyung as at the last census was 671, with 450 electors.

There are currently 26 people who work for the Shire; made up of both full-time and part-time employees.



## SHIRE PRESIDENT'S REPORT

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It is with great pleasure that I present the Shire of Dumbleyung's Annual President's Report for 2017/2018.

I would like to thank the councillors and the shire staff for their support and guidance during my first year in the role as shire president. In particular I would like to thank my deputy Julie Ramm for her hard work and commitment and CEO Matt Gilfellow for his help, support and advice.

I would also like to commend all the shire staff, both office and outside crew, for their dedication and professionalism in every task and in the way they deal with the community.

2018 has been another full on year for the shire with many achievements to look back on. The Aged Cared Units at Kukerin were completed, also marking the end of this project for the shire, bringing a huge asset to our shire and providing a great accommodation alternative for elderly people to stay in the district.

Community input was gained for the Strategic Community Plan to take the shire into the future and projects completed included the Dumbleyung playground fence, the Dumbleyung Town Hall toilet upgrade, refurbishing of the Dumbleyung Town Hall green room and fit out of the campers' kitchen at the caravan park.

This year also saw the second round of the Bain Estate distributions and beneficiaries of this included the Kukerin Pistol Club, the Dumbleyung Theatre Club for a town hall speaker system, lights at the Dumbleyung Yacht Club area of the lake, Dumbleyung Bowling Green lights, new football club goal posts and the CRC gained a bouncy castle for community hire.

Council also looked at the guidelines of the way the Bain Estate is distributed and made some minor adjustments.

The WANDRRA road works also continued this year, following the road damage caused during the floods of February 2017.

Again the appearance of our gardens in both towns' main streets continues to draw praise from community members and tourists alike and are a credit to the shire staff that maintain them and community members who offer their assistance.

As a shire, we have much to look forward to as we approach 2019.

**Jacki Ball**  
**Shire President**

## CHIEF EXECUTIVE OFFICER REPORT

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The good work of the shire has continued in 2017/2018. A stable workforce has continued to produce good results for the shire. There is a high level of community satisfaction and despite the ever increasing amount of compliance, we continue to meet the necessary requirements.

The outside crew continue to produce a high standard of works thanks to the direction of the Manager of Works, Mr Calvin Shotter, and the management of the Works Supervisor, Mr John Bairstow. I would like to congratulate all the staff members at the Shire of Dumbleyung for their fantastic efforts in keeping the shire moving forwards. In addition to the road program, staff assisted to complete the Well-Aged Units in Kukerin and Dumbleyung were completed, creating a great service in the shire and create a Water Harvesting System in Dumbleyung.

Thank you to all the Councillors who have done a wonderful job in setting the direction of the shire. Over the year, all of the Integrated Plans were reviewed or finalised and you can tell that Council is committed to improving the services that the shire offers to the community, however doing so with an eye to the future, ensuring that the shire can continue to provide its excellent service into the future.

**Matthew Gilfellow**  
**Chief Executive Officer**

## MANAGER OF WORKS AND SERVICES REPORT



During the 2017/18 financial year, the Shire deferred the changeover of a Grader instead putting the money into reserve and two light vehicles were replaced.

The Shires outside works crew main town project was the cement stabilising of Bennett Street, Dawson Street and Taylor Street in Dumbleyung.

In Kukerin and Dumbleyung, the Well-Aged Units have been completed its real positive for the towns.

Water harvesting grant has been completed allowing us to access the water on the west of town for Stubbs Park.

During the 2017/18 fiscal year the following totals were spent in comparison to 2016/17:

	2017/18	2016/17
Road Construction	\$1,598,117	\$1,879,534
Road Maintenance, including footpaths and town beautification	\$3,846,920 (\$3,166,195 of this being WANDRRA)	\$821,314 (\$380,525 of this being WANDRRA)
Public Open Space Maintenance, including ovals	\$184,891	\$271,673 (includes toilet block under insurance)
Plant Operation Costs	\$363,791	\$416,292
Overheads	\$720,913	\$666,256

The following grant money was received in the 2017/2018 financial year for road construction again in comparison to 2016/2017:

	2017/18	2016/17
Regional Road Group	\$389,086	\$250,673
Direct Road Grants	\$78,025	\$133,018
Roads To Recovery	\$533,730	\$885,000

The Shire's Works Department completed the following projects:

- Constructed and sealed 4km of 129 Gate Road
- Constructed and sealed 2.5km of Adams Road
- Cement stabilised 1km of 129 Gate Road
- Cement stabilised 2km of Kulin-Dumbleyung Road
- Resealed 3km of 129 Gate Road
- Resealed 3km of Tincurrin Road
- Resealed 5km of Fence Road
- Resealed 1.2km of Bartram Road

- Formed and gravelled section of the Bibikin Road
- Formed and gravelled section of the Wishbone Road
- Formed and gravelled the last of the Tarin Rock South Road
- Formed and gravelled section of the Falcondale Road
- Formed and gravelled section of Halden Road
- Formed and gravelled section of the Boundary Road

The Shire's workforce continues its mission to provide safe roads, a safe community and a safe workplace. We will continue with our efforts to ensure that we meet our commitment. I would like to thank the Council and Staff for their continued support.

**Calvin Shotter**  
**Manager of Works and Services**

## STATUTORY REPORTS

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### 1. NATIONAL COMPETITION POLICY (NCP)

#### Annual Reporting Requirements

National Competition Policy (NCP) is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic resources.

Clause 7 of the NCP applies the competition principles to Local Government in each state as well as the Trade Practices Act now being applicable to Local Government.

The impact of Clause 7 on the operations of the Shire of Dumbleyung are minimal and little action has been required to comply with the competitive neutrality requirements. This is because of the limited number and size of Council operated business type enterprises.

As part of the NCP, Councils are required to review their local laws to remove provisions which might impact on competition. In addition this provides the opportunity to review the Shire local laws generally and repeal old local laws which are no longer appropriate or necessary and to promulgate any new local laws which the Shire should have.

Council has completed this process and all previous by-laws of the Shire of Dumbleyung have been repealed and various new local laws have been promulgated.

Necessary policies have been developed and adopted by Council to regulate and control matters where a consistent approach is considered necessary and desirable.

### 2. INFORMATION STATEMENT

The public can attend the office of the Shire of Dumbleyung during office hours and in accordance with section 5.94 of the *Local Government Act 1995* can inspect free of charge certain information in relation to the operation of the Shire which is not otherwise excluded by virtue of section 5.95 of the said Act. Nothing in the Act affects the operation of the *Freedom of Information Act 1995*.

#### Council Documents

Documents available for inspection:

- Council Agendas and Minutes
- Annual Budgets and Budget Reviews
- Policy Manual
- Annual Financial Statements
- Strategic Community Plan
- Corporate Business Plan
- Local Laws
- Delegations Register
- Town Planning Scheme
- Rates Assessment Book
- Electoral Roll
- Strategic Plan



- Customer Service Charter
- Sewerage Asset Management Plan
- Code of Conduct – Members & Staff
- Freedom of Information Statement

In addition to the above documents, Council provides information through the following outlets as a service to the public:

- Community Telephone and Information Directory
- Bushfire Information Booklet
- Councils Website and Tourism Website
- The Lake Express (Council Newsletter)
- Social Media
- Quack Chat Newsletter

### **3. FREEDOM OF INFORMATION**

The Shire of Dumbleyung has a requirement to comply with the Freedom of Information Act.

During the 2017/18 financial year no applications were received for information under the terms of this legislation.

The Shire of Dumbleyung welcomes any enquires for any information held by Council.

If information cannot be accessed by less formal means, a freedom of information request can be made to:

The Freedom of Information Officer

Shire of Dumbleyung  
PO Box 99  
DUMBLEYUNG WA 6350

Council's commitment to open government has meant that this financial year there has been no need for members of the public to formally apply for information under the Freedom of Information Act.

### **4. PLAN FOR THE FUTURE**

#### **Background**

Section 5.56 of the Local Government Act 1995 now provides that a Local Government is to prepare a Plan for the Future for the next two or more financial years.

Section 5.53 of the Act provides that a Council shall include an assessment of the Local Government in relation to each major initiative included in its Annual Report and that particulars of the major initiatives planned for the next financial year be also included.

A full review of the Strategic Community Plan was conducted in 2017/2018 with the review of the Strategic Community Plan adopted by Council at the April 2018 Ordinary Meeting of Council. The modifications made to the Strategic Community Plan were:

- Remove the improvement of waste sites as an objective as this has been completed.
- Change the objective of increasing the Level of Aged Care Services to Maintaining the Level of Aged Care Services following the successful Well Aged Unit Construction Program.
- The creation of New Businesses and Improved Communications was added to the objective of A Strong and Improving Economy.

An entirely new Corporate Business Plan was developed in 2017/2018 with a draft of the Corporate Business Plan being presented to Council at the June Ordinary Meeting of Council. The new plan adopted a 'Multi-Year Budget' style and was combined with the Long Term Financial Plan. This was a move away from the previous 'Wish List' style of Corporate Business Plan.

The Council intends to pursue the following issues:

#### **1. MAINTENANCE OF SHIRE SERVICES**

- Roads
- Sport and Recreation
- Sewerage
- Waste Management
- Community Development
- Parks, Gardens and Townscape

#### **2. A STRONG AND IMPROVING ECONOMY**

- Water Security
- Tourism Development
- Land Assembly: Land, Power, Water, Sewerage
- New Businesses
- Improved Communications

#### **3. MAINTENANCE OF STATE GOVERNMENT AND OTHER EXTERNAL SERVICES**

- Health
- Education
- Emergency Services, Police, Ambulance, Fire and Rescue

#### **4. MAINTAIN LEVEL OF AGED CARE SERVICES AND FACILITIES**

- Aged Friendly Towns
- HACC



## **5. RECORD KEEPING PLAN**

The State Records Act 2000 requires that the Shire of Dumbleyung maintains and disposes of all records in the prescribed manner. A revised Record Keeping Plan submitted to the State Records Commission for approval in 2012. The plan was approved on 31 May 2013. In accordance with State Records Commission Standard 2 – Principle 6 compliance with the Record Keeping Plan the following is reported:

### **Rationale:**

An organisation and its employees must comply with the organisation's Record Keeping Plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

### **Minimum Compliance Requirements:**

The Record Keeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's Record Keeping System is evaluated not less than once every 5 years
2. The organisation conducts a Record Keeping Training Program.
3. The efficiency and effectiveness of the Record Keeping Training Program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's Record Keeping Plan.

The Shire has complied with items 1 to 4.

In addition it is advised Council implemented an electronic record keeping program during the year under review.

## **6. PUBLIC INTEREST DISCLOSURES**

The Public Interest Disclosure Act 2003 facilitates the disclosure of public interest information, and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

Council has complied with all obligations under the Act including:

- a. Appointing the Chief Executive Officer as the PID Officer for the organisation and publishing an internal procedure relating to the Shire's obligations.
- b. Providing protection from detrimental action or the threat of detrimental action for any employee of the Shire who makes an appropriate disclosure of public interest information.

There were no matters raised or reported during the year under review.

## **7. LEGISLATIVE REVIEW**

The Annual Report is to include a statement of which Local Laws that have been reviewed, the conclusions of those reviews, and a forward strategy for all Local Laws still to be reviewed.

Local governments are required to review local laws to ensure they do not restrict competition unless:

- The benefits of the restriction to the community as a whole outweigh the costs; and
- The objectives of the legislation can only be achieved by restricting competition.

Where necessary Clause 7 legislation review principles will be complied with and the Shire of Dumbleyung remains committed to reviewing its existing local laws, as well as proposed local laws.

The Shire of Dumbleyung resolved to undertake a review of the Pest Plants Local Law 2002 and Parking and Parking Facilities Local Law 2002 at the Ordinary Meeting of Council in February 2016 and following the review resolved to repeal the Local Laws and adopt a new Pest Plants Local Law 2016 and Parking and Parking Facilities Local Law 2016 at its Ordinary Meeting of Council on 15 September 2016.

On 13 March 2017 the following Shire of Dumbleyung Local Laws were gazetted:

Pest Plants Local Law 2016

Parking and Parking Facilities Local Law 2016

## **8. DISABILITY ACCESS AND INCLUSION PLAN**

The Western Australia Disability Services Act 1993 (amended 2004) requires all Local Governments to develop and implement a Disability Access and Inclusion Plan (DAIP) to ensure that people with disability have equal access to its facilities and services.

Council adopted the 2014-2019 Disability Access and Inclusion Plan in October 2014 for implementation going forward. Council is required to report on our present activities as they relate to the seven desired DAIP outcomes.

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the Shire of Dumbleyung.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Dumbleyung.
3. People with disability receive information from the Shire of Dumbleyung in a format that will enable them to access the information, as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the Shire of Dumbleyung.



5. People with disability have the same opportunities as other people to make complaints to the Shire of Dumbleyung.
6. People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Dumbleyung.
7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Dumbleyung.

A review was conducted to ascertain the progress on the implementation of the Plan. The DAIP is now a document for ongoing assessment and implementation of the activities that have been listed.

## IMPLEMENTATION PLAN

Strategy	Task	Task Timeline	Responsibility
1.3 Ensure all Shire officers, agents and contractors comply with the requirements of the Disability Services Act and relevant Australian Standards	1.3.1 Rubbish Removal - People with mobility problems unable to bring rubbish bins to kerb side, People with disability to be informed that alternative arrangements for removal of rubbish can be made upon request.	Ongoing	Manager of Works and Services
2.1 Become more adaptable in responding to the barriers experienced by people with disability when accessing events or services offered by the Shire.	2.1.1 Dumbleyung Town Hall – Lack of toilets for people with disability – no unisex toilets available for people with disability Modify/renovate existing toilet facilities to cater for people with disability	2014/2015 included in Budget	Executive Staff/Building Surveyor
2.3 Facilitate the improvement of pedestrian footpaths to meet the requirements of people with disability	2.3.1 Dumbleyung Town Centre - Footpaths in town centre uneven in places. No kerb/ramp access from roadway onto footpaths	Ongoing - Footpath upgrading partially completed	Manager of Works and Services
	2.3.2 Kukerin Town Centre - Footpaths in town centre uneven in places. No kerb/ramp access from roadway onto footpaths	Ongoing - Footpath upgrading partially completed	Manager of Works and Services

<p>3.2 Provide information regarding services facilities and customer feedback in appropriate formats.</p>	<p>3.2.1 Applies to all council functions, facilities and services. Information about all council functions, facilities and services is not written in clear and concise language and not available in formats that are accessible for people with disability.</p> <p>This includes information on:</p> <ul style="list-style-type: none"> <li>- Planning</li> <li>- Community, recreational, cultural activities and facilities.</li> <li>- Rubbish removal</li> <li>- Rates notices, annual reports</li> </ul> <p>Council minutes and electoral material</p>	<p>Ongoing - Council to develop a policy that all information to be made available to the community to be written in clear and concise language.</p> <p>The following formats to be made available on request: Large print, Audio cassette, CD. Council to advise through the local newspaper that information about council services, functions and facilities is available in alternative formats.</p>	<p>Chief Executive Officer</p>
	<p>3.2.2 Processes of Government - Lack of information about processes of government and how residents can access the decision making process</p>	<p>Ongoing - Council will provide information about planning processes, electoral processes, council meetings and complaint procedures in clear</p>	<p>Chief Executive Officer</p>

		and concise language and will make these available in alternative formats upon request eg Large print Audio cassette Computer disc. A copy of "Accessible Information" DVD is available for staff to ensure they are aware of accessibility guidelines.	
4.3 Ensure all Shire officers, agents and contractors comply with the requirements of the Disability Services Act and relevant Australian Standards	4.3.1 All new and contracting staff will be given a copy of the DAIP.	Ongoing	Executive Services
4.4 Ensure disability awareness training is offered to new staff during staff induction	4.4.1 All new staff will be requested to view the "You can make a difference to customer relations for people with disability" available for Local and State Government DVD.	Ongoing	Executive Staff

<p>5.1 Ensure complaint and feedback procedures are accessible to people with a disability</p>	<p>5.1.1 Conduct an audit of feedback procedures to ensure accessibility</p>	<p>June 2014</p>	<p>Community Development Officer</p>
<p>6.1 Ensure that information is available in clear and concise language on how residents can participate in public consultations by a public authority.</p>	<p>6.1.1 Conduct an audit of feedback procedures to ensure accessibility</p>	<p>June 2014</p>	<p>Community Development Officer</p>
<p>6.2 Support people with disability, their families and carers to attend public community consultation processes arranged by the Shire.</p>	<p>6.2.1 Make information readily accessible in alternative formats to people with disability when it comes time to engage them in public consultation.</p>	<p>Ongoing</p>	<p>All Staff</p>
<p>6.3 Increase the involvement of people with disability in the Shire's public consultation</p>	<p>6.3.1 People with disability encouraged to participate in consultation process should it be required with any buildings that procedure requires consultation.</p>	<p>Ongoing</p>	<p>All Staff</p>
<p>7.1 Ensure the Shire's policies, practices and procedures are inclusive.</p>	<p>7.1.1 Conduct a review of all polices, practices and procedures regarding employment to make sure that all are inclusive of people with disability.</p>	<p>June 2015</p>	<p>All Staff</p>



## 9. EMPLOYEES REMUNERATION

Set out below, in bands of \$10,000, is the number of employees of the Shire of Dumbleyung entitled to an annual salary of \$100,000 or more:

<b>Salary Range</b>	<b>2016/17</b>	<b>2017/18</b>
\$100,000 - \$110,000	1	0
\$110,000 - \$120,000	1	2
\$120,000 - \$130,000	0	0
\$130,000 - \$140,000	1	1

## 10. COMPLAINTS OF MINOR BREACHES

In accordance with Sections 5.53(2) and 5.121 of the Local Government Act 1995, the Annual Report is required to disclose the number of complaints of minor breaches received each year.

<b>No. of complaints 2017-18</b>	<b>Outcome</b>	<b>Action taken</b>
Nil	N/A	N/A

**Matthew Gilfellow**  
**CHIEF EXECUTIVE OFFICER**

**SHIRE OF DUMBLEYUNG**  
**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	47

**COMMUNITY VISION**

"A vibrant shire which is sustainable, which has a high local Community of Interest, & which supports the pursuit of quality lifestyles of the people of the area"

Principal place of business:  
32 Harvey Street  
Dumbleyung

WA 6350

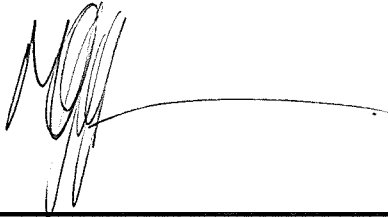
**SHIRE OF DUMBLEYUNG  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Dumbleyung 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 Dumbleyung 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 on the 14th day of December 2018

A handwritten signature in black ink, appearing to read 'MG', followed by a long horizontal line extending to the right.

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Chief Executive Officer  
Matthew Gilfellon

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	24(a)	1,653,166	1,655,165	1,597,750
Operating grants, subsidies and contributions	2	2,100,684	4,413,985	2,547,791
Fees and charges	2	325,078	324,231	306,476
Interest earnings	2(a)	173,656	179,016	194,652
Other revenue	2(a)	204,526	72,937	292,910
		<u>4,457,110</u>	<u>6,645,334</u>	<u>4,939,579</u>
<b>Expenses</b>				
Employee costs		(1,334,942)	(1,541,301)	(1,183,229)
Materials and contracts		(1,125,297)	(4,825,190)	(1,299,434)
Utility charges		(152,862)	(132,617)	(119,884)
Depreciation on non-current assets	9(b)	(1,802,268)	(1,641,552)	(1,763,023)
Interest expenses	2(a)	(22,998)	(15,571)	(15,481)
Insurance expenses		(174,009)	(166,181)	(207,732)
Other expenditure		(120,800)	(11,397)	(43,902)
		<u>(4,733,176)</u>	<u>(8,333,809)</u>	<u>(4,632,685)</u>
		(276,066)	(1,688,475)	306,894
Non-operating grants, subsidies and contributions	2	3,015,144	880,019	2,022,735
Profit on asset disposals	9(a)	0	63,730	1,095
(Loss) on asset disposals	9(a)	(128,545)	(6,182)	(126,408)
<b>Net result</b>		<b>2,610,533</b>	<b>(750,908)</b>	<b>2,204,316</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	56,619,217	0	(2,819,183)
<b>Total other comprehensive income</b>		<b>56,619,217</b>	<b>0</b>	<b>(2,819,183)</b>
<b>Total comprehensive income</b>		<b>59,229,750</b>	<b>(750,908)</b>	<b>(614,867)</b>

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 \$
<b>Revenue</b>				
	2(a)			
Governance		37,281	8,200	164,109
General purpose funding		3,270,614	2,533,219	3,995,642
Law, order, public safety		391,582	375,685	21,284
Health		50	0	0
Education and welfare		53,784	60,840	44,236
Housing		81,614	86,856	60,402
Community amenities		353,152	256,648	290,470
Recreation and culture		30,400	52,950	93,978
Transport		91,203	3,174,331	145,880
Economic services		41,573	36,885	33,434
Other property and services		105,857	59,720	90,144
		<u>4,457,110</u>	<u>6,645,334</u>	<u>4,939,579</u>
<b>Expenses</b>				
	2(a)			
Governance		(432,195)	(482,808)	(280,411)
General purpose funding		(69,680)	(71,809)	(86,777)
Law, order, public safety		(187,425)	(381,756)	(176,503)
Health		(65,851)	(62,396)	(38,989)
Education and welfare		(110,510)	(110,680)	(160,886)
Housing		(139,272)	(136,642)	(136,600)
Community amenities		(854,314)	(835,333)	(744,237)
Recreation and culture		(727,230)	(772,740)	(880,368)
Transport		(1,684,770)	(4,974,785)	(1,813,544)
Economic services		(200,897)	(202,379)	(166,060)
Other property and services		(238,034)	(286,910)	(132,829)
		<u>(4,710,178)</u>	<u>(8,318,238)</u>	<u>(4,617,204)</u>
<b>Finance Costs</b>				
	2(a)			
Education and welfare		(3,759)	(3,372)	(270)
Community amenities		(2,738)	(1,591)	(2,495)
Recreation and culture		(1,064)	(795)	(1,164)
Transport		(6,903)	(2,181)	(182)
Economic services		(8,534)	(7,632)	(11,370)
		<u>(22,998)</u>	<u>(15,571)</u>	<u>(15,481)</u>
		<u>(276,066)</u>	<u>(1,688,475)</u>	<u>306,894</u>
Non-operating grants, subsidies and contributions	2	3,015,144	880,019	2,022,735
Profit on disposal of assets	9(a)	0	63,730	1,095
(Loss) on disposal of assets	9(a)	(128,545)	(6,182)	(126,408)
		<u>2,886,599</u>	<u>937,567</u>	<u>1,897,422</u>
<b>Net result</b>		<b>2,610,533</b>	<b>(750,908)</b>	<b>2,204,316</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	56,619,217	0	(2,819,183)
<b>Total other comprehensive income</b>		<b>56,619,217</b>	<b>0</b>	<b>(2,819,183)</b>
<b>Total comprehensive income</b>		<b>59,229,750</b>	<b>(750,908)</b>	<b>(614,867)</b>

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

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

	NOTE	2018	2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	6,422,486	7,435,269
Trade and other receivables	5	828,098	446,755
Inventories	6	16,627	16,596
<b>TOTAL CURRENT ASSETS</b>		<b>7,267,211</b>	<b>7,898,620</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	29,289	25,884
Property, plant and equipment	7	17,641,469	17,999,966
Infrastructure	8	78,880,575	18,535,093
<b>TOTAL NON-CURRENT ASSETS</b>		<b>96,551,333</b>	<b>36,560,943</b>
<b>TOTAL ASSETS</b>		<b>103,818,544</b>	<b>44,459,563</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	182,986	552,004
Current portion of long term borrowings	12(a)	498,144	43,885
Provisions	13	258,735	232,345
<b>TOTAL CURRENT LIABILITIES</b>		<b>939,865</b>	<b>828,234</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	12(a)	364,920	349,483
Provisions	13	68,349	66,187
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>433,269</b>	<b>415,670</b>
<b>TOTAL LIABILITIES</b>		<b>1,373,134</b>	<b>1,243,904</b>
<b>NET ASSETS</b>		<b>102,445,410</b>	<b>43,215,659</b>
<b>EQUITY</b>			
Retained surplus		25,732,418	23,546,532
Reserves - cash backed	4	6,207,032	5,782,382
Revaluation surplus	10	70,505,960	13,886,745
<b>TOTAL EQUITY</b>		<b>102,445,410</b>	<b>43,215,659</b>

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	RESERVES			TOTAL EQUITY
		RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>		<b>21,341,624</b>	<b>5,782,974</b>	<b>16,705,928</b>	<b>43,830,526</b>
Comprehensive income					
Net result		2,204,316	0	0	2,204,316
Changes on revaluation of assets	10	0	0	(2,819,183)	(2,819,183)
Total comprehensive income		2,204,316	0	(2,819,183)	(614,867)
Transfers from/(to) reserves		592	(592)	0	0
<b>Balance as at 30 June 2017</b>		<b>23,546,532</b>	<b>5,782,382</b>	<b>13,886,745</b>	<b>43,215,659</b>
Comprehensive income					
Net result		2,610,533	0	0	2,610,533
Changes on revaluation of assets	10	0	0	56,619,217	56,619,217
Total comprehensive income		2,610,533	0	56,619,217	59,229,750
Transfers from/(to) reserves		(424,650)	424,650	0	0
<b>Balance as at 30 June 2018</b>		<b>25,732,418</b>	<b>6,207,032</b>	<b>70,505,960</b>	<b>102,445,409</b>

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
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,558,799	1,648,665	1,591,196
Operating grants, subsidies and contributions		1,697,768	4,413,985	2,462,740
Fees and charges		510,260	321,531	306,476
Interest earnings		173,656	179,016	194,652
Goods and services tax		561,392	(500)	280,599
Other revenue		204,526	72,937	292,910
		<u>4,706,401</u>	<u>6,635,634</u>	<u>5,128,573</u>
<b>Payments</b>				
Employee costs		(1,311,103)	(1,556,301)	(1,177,377)
Materials and contracts		(1,490,109)	(5,072,267)	(951,928)
Utility charges		(152,862)	(132,617)	(119,884)
Interest expenses		(22,522)	(16,071)	(12,440)
Insurance expenses		(174,009)	(166,181)	(207,732)
Goods and services tax		(634,039)	500	(339,294)
Other expenditure		(120,800)	(11,397)	(43,902)
		<u>(3,905,444)</u>	<u>(6,954,334)</u>	<u>(2,852,557)</u>
<b>Net cash provided by (used in) operating activities</b>	14	<u>800,957</u>	<u>(318,700)</u>	<u>2,276,016</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(570,565)	(551,556)	(1,701,011)
Payments for construction of infrastructure		(4,835,686)	(1,605,139)	(1,999,135)
Non-operating grants, subsidies and contributions		3,015,144	880,019	2,022,735
Proceeds from sale of fixed assets		107,671	247,163	422,645
<b>Net cash provided by (used in) investment activities</b>		<u>(2,283,436)</u>	<u>(1,029,513)</u>	<u>(1,254,766)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings		(1,090,635)	(43,885)	(20,304)
Proceeds from new long term borrowings		1,560,331	0	195,000
<b>Net cash provided by (used in) financing activities</b>		<u>469,696</u>	<u>(43,885)</u>	<u>174,696</u>
<b>Net increase (decrease) in cash held</b>		<u>(1,012,783)</u>	<u>(1,392,098)</u>	<u>1,195,946</u>
Cash at beginning of year		7,435,269	7,434,727	6,239,323
<b>Cash and cash equivalents at the end of the year</b>	14	<u><u>6,422,486</u></u>	<u><u>6,042,629</u></u>	<u><u>7,435,269</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
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>		1,331,887	1,380,573	356,278
		1,331,887	1,380,573	356,278
<b>Revenue from operating activities (excluding rates)</b>				
Governance		37,281	8,200	164,109
General purpose funding		1,724,339	984,945	2,494,669
Law, order, public safety		391,582	439,415	21,284
Health		50	0	0
Education and welfare		53,784	60,840	44,236
Housing		81,614	86,856	60,402
Community amenities		353,152	256,648	290,470
Recreation and culture		30,400	52,950	93,978
Transport		91,203	3,174,331	146,975
Economic services		41,573	36,885	33,434
Other property and services		105,857	59,720	90,144
		2,910,835	5,160,790	3,439,701
<b>Expenditure from operating activities</b>				
Governance		(432,195)	(482,808)	(298,493)
General purpose funding		(69,680)	(71,809)	(86,777)
Law, order, public safety		(308,128)	(381,756)	(176,503)
Health		(65,851)	(62,396)	(38,989)
Education and welfare		(114,269)	(114,052)	(161,156)
Housing		(139,272)	(136,642)	(136,600)
Community amenities		(857,052)	(836,924)	(764,187)
Recreation and culture		(728,294)	(773,535)	(881,532)
Transport		(1,691,673)	(4,976,966)	(1,887,657)
Economic services		(209,431)	(210,011)	(177,430)
Other property and services		(245,876)	(293,092)	(149,769)
		(4,861,721)	(8,339,991)	(4,759,093)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	9(a)	0	(63,730)	(1,095)
Loss on disposal of assets	9(a)	128,545	6,182	126,408
Loss on revaluation of fixed assets	8(b)	0	0	0
(Reversal) of prior year loss on revaluation of fixed assets		0	0	0
Movement in deferred pensioner rates (non-current)		(3,405)	0	(1,003)
Movement in employee benefit provisions (non-current)		2,162	0	(13,827)
Depreciation and amortisation on assets	9(b)	1,802,268	1,641,552	1,763,023
<b>Amount attributable to operating activities</b>		1,310,571	(214,624)	910,392
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		3,015,144	880,019	2,022,735
Proceeds from disposal of assets	9(a)	107,671	247,163	422,645
Purchase of property, plant and equipment	7(b)	(570,565)	(551,556)	(1,701,011)
Purchase and construction of infrastructure	8(b)	(4,835,686)	(1,605,139)	(1,999,135)
<b>Amount attributable to investing activities</b>		(2,283,436)	(1,029,513)	(1,254,766)
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	12(a)	(1,090,635)	(43,885)	(20,304)
Proceeds from new long term borrowings	12(b)	1,560,331	0	195,000
Transfers to reserves (restricted assets)	4	(612,183)	(569,849)	(236,260)
Transfers from reserves (restricted assets)	4	187,533	309,597	236,852
<b>Amount attributable to financing activities</b>		45,046	(304,137)	175,288
<b>Surplus(deficiency) before general rates</b>		(927,819)	(1,548,274)	(169,086)
<b>Total amount raised from general rates</b>	24	1,546,275	1,548,274	1,500,973
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	25	618,456	0	1,331,887

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

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

## 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 in-consistent 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.

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

**2. REVENUE AND EXPENSES**

<b>(a) Revenue</b>	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Significant revenue</b>		
Financial Assistance Grants (see note (i) below)	817,533	797,930
<b>Other revenue</b>		
Reimbursements and recoveries	85,922	192,663
Other	118,534	100,247
	<u>204,456</u>	<u>292,910</u>
<b>Fees and Charges</b>		
Governance	44	75
General purpose funding	3,900	3,385
Law, order, public safety	3,076	1,577
Health	50	0
Education and welfare	53,657	44,161
Housing	81,276	60,402
Community amenities	90,130	96,175
Recreation and culture	17,877	18,613
Transport	455	232
Economic services	41,573	33,434
Other property and services	33,040	48,422
	<u>325,078</u>	<u>306,476</u>

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

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

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

**(a) Revenue (Continued)**

**Grant Revenue**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	0	4,926
General purpose funding	1,542,783	2,296,251
Law, order, public safety	385,756	17,708
Community amenities	85,345	53,128
Recreation and culture	8,775	42,760
Transport	78,025	133,018
	<u>2,100,684</u>	<u>2,547,791</u>
<b>Non-operating grants, subsidies and contributions</b>		
General purpose funding	6,620	717,360
Community amenities	16,082	42,551
Recreation and culture	0	43,787
Transport	2,992,442	1,135,674
Economic services	0	83,363
	<u>3,015,144</u>	<u>2,022,735</u>
<b>Total grants, subsidies and contributions</b>	<u>5,115,828</u>	<u>4,570,526</u>



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

(a) REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**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 23.

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
<b>Interest earnings</b>			
- Loans receivable - clubs/institutions			
- Reserve funds	146,537	159,016	163,353
- Other funds	16,270	10,000	16,120
Other interest revenue (refer note 24(e))	10,849	10,000	15,179
	173,656	179,016	194,652

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	2018	2017
	\$	\$
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	18,676	25,080
- Financial Management Review	0	8,000
- Other services	2,752	6,500
	21,428	39,580
<b>Interest expenses (finance costs)</b>		
Long term borrowings (refer Note 12(a))	22,998	15,481
	22,998	15,481

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		205,902	1,567,274
Restricted		6,216,584	5,867,995
		<u>6,422,486</u>	<u>7,435,269</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	4	118,181	113,332
Plant reserve	4	387,347	75,437
Dam Cleaning Reserve	4	16,836	6,668
Sewerage Works Reserve	4	269,750	225,628
Staff Housing Reserve	4	60,995	59,488
Tourist Reserve	4	0	11,041
Landcare Development Reserve	4	115,391	79,352
Rural Town Development Reserve	4	0	39,688
Aged Care Facility Reserve	4	55,001	53,643
Municipal Building Reserve	4	55,813	54,435
Gravel Pit Rehab Reserve	4	26,136	25,490
Fence Road Drain Maintenance Reserve	4	0	3,889
Drainage Maintenance Reserve	4	16,408	16,003
Refuse Reserve	4	0	1,246
Asset Plan Reserve	4	0	2,120
Bain Estate Reserve	4	5,029,710	5,014,919
Emergency Response Reserve	4	55,464	0
Unspent grants	23	9,552	85,616
		<u>6,216,584</u>	<u>5,867,995</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.

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

4. RESERVES - CASH BACKED

	2018		2018		2018		2018		2018		2017		2017	
	Actual	Actual	Actual	Transfer	Budget	Budget	Budget	Transfer	Budget	Actual	Actual	Actual	Actual	Actual
	Opening	Transfer	Actual	(from)	Opening	Transfer	Transfer	to	Closing	Opening	Transfer	Transfer	Transfer	Closing
	Balance	to	Balance	\$	Balance	to	(from)	\$	Balance	Balance	to	(from)	Balance	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave reserve	113,332	4,849	118,181		113,332	5,095	0		118,427	110,266	3,066		0	113,332
Plant reserve	75,437	311,910	387,347		75,437	312,075	0		387,512	68,540	6,897		0	75,437
Dam Cleaning Reserve	6,668	10,169	16,837		6,668	10,163	0		16,831	6,370	298		0	6,668
Sewerage Works Reserve	225,628	44,122	269,750		225,628	39,478	0		265,106	189,244	36,384		0	225,628
Staff Housing Reserve	59,488	1,506	60,994		59,488	1,636	0		61,124	57,879	1,609		0	59,488
Tourist Reserve	11,041	280	(11,321)		11,041	304	(11,345)		0	10,574	467		0	11,041
Landcare Development Reserve	79,352	51,909	115,391		79,352	2,182	(15,870)		65,664	64,817	26,147	(11,612)		79,352
Rural Town Development Reserve	39,688	1,005	(40,693)		39,688	1,091	(40,779)		0	38,729	959		0	39,688
Aged Care Facility Reserve	53,643	1,358	55,001		53,643	1,475	0		55,118	52,140	1,503		0	53,643
Municipal Building Reserve	54,435	1,378	55,813		54,435	1,498	0		55,933	39,965	14,470		0	54,435
Gravel Pit Rehab Reserve	25,490	646	26,136		25,490	701	0		26,191	24,801	689		0	25,490
Fence Road Drain Maintenance Reserve	3,889	98	(3,987)		3,889	107	0		3,996	21,630	1,844	(19,585)		3,889
Drainage Maintenance Reserve	16,003	405	16,408		16,003	440	0		16,443	15,570	433		0	16,003
Refuse Reserve	1,246	32	(1,278)		1,246	34	(1,280)		0	1,212	34		0	1,246
Asset Plan Reserve	2,120	54	(2,174)		2,120	58	(2,178)		0	50,710	1,410	(50,000)		2,120
Bain Estate Reserve	5,014,922	126,998	5,029,710		5,014,918	137,910	(238,145)		4,914,683	5,030,527	140,050	(155,655)		5,014,922
Emergency Response Reserve	0	55,464	55,464		0	55,582	0		55,582	0	0		0	0
	5,782,382	612,183	(187,533)		5,782,378	569,849	(309,597)		6,042,630	5,782,974	236,260	(236,852)		5,782,382

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
Leave reserve	not known	- to meet the organisation's liability for employee's accrued leave.
Plant reserve	2018/19	- to be used for the purchase of major plant.
Dam Cleaning Reserve	not known	- to provide funds to clean the Kukerin Dam.
Sewerage Works Reserve	not known	- to be used for maintenance and upgrading of the current sewerage system.
Staff Housing Reserve	not known	- to contribute towards the building of new staff housing.
Tourist Reserve	not known	- to contribute to the provision of tourism.
Landcare Development Reserve	2018/19	- to contribute to landcare development.
Rural Town Development Reserve	not known	- to contribute to the Rural Town Development Program.
Aged Care Facility Reserve	not known	- to be used for the construction of an aged care facility.
Municipal Building Reserve	not known	- for improvements to shire owned buildings.
Gravel Pit Rehab Reserve	not known	- to be used for the rehabilitation of gravel pits.
Fence Road Drain Maintenance Reserve	not known	- to be used for the maintenance of the Fence Road Drain.
Drainage Maintenance Reserve	not known	- to be used for the maintenance of drains within the shire.
Refuse Reserve	not known	- to provide for the increased costs of disposing of refuse via transfer stations.
Asset Plan Reserve	not known	- to contribute to the set up of asset management plan.
Bain Estate Reserve	2018/19	- To hold funds received from the Bain Estate until sufficient arrangements for the distribution of funds To the community are in place or an alternative method of holding the funds is established.
Emergency Response Reserve	not known	- to provide funds for unforeseen circumstances and other urgent expenditure.

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

**5. TRADE AND OTHER RECEIVABLES**

	2018	2017
	\$	\$
<b>Current</b>		
Rates outstanding	89,241	105,170
Sundry debtors	25,167	101,334
GST receivable	178,580	105,933
Provision for doubtful debts	(7,311)	(5,187)
Accrued income	534,731	103,028
Fuel Tax Credit Accrual	7,690	36,477
	<u>828,098</u>	<u>446,755</u>
<b>Non-current</b>		
Rates outstanding - pensioners	29,289	25,884
	<u>29,289</u>	<u>25,884</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	29,289	25,884
---------------------------	--------	--------

**Sundry debtors**

Includes:

Past due and not impaired	17,857	10,133
Impaired	7,311	5,187

**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.

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

**6. INVENTORIES**

	2018	2017
	\$	\$
<b>Current</b>		
Stock on hand	16,627	16,596
	<u>16,627</u>	<u>16,596</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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



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

**7 (a). PROPERTY, PLANT AND EQUIPMENT**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	278,750	278,750
- Independent valuation 2017 - level 3	282,750	282,750
- Additions/(Disposals) after valuation	(5,000)	0
	<u>556,500</u>	<u>561,500</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 2	365,824	365,824
	<u>365,824</u>	<u>365,824</u>
Total land	<u>922,324</u>	<u>927,324</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	3,465,000	3,465,000
- Independent valuation 2017 - level 3	17,000	17,000
- Management valuation 2017 - level 3	35,108	35,108
Less: accumulated depreciation	(27,238)	0
	<u>3,489,870</u>	<u>3,517,108</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	10,819,000	10,819,000
- Additions/(Disposals) after valuation	86,841	0
Less: accumulated depreciation	(266,222)	0
	<u>10,639,619</u>	<u>10,819,000</u>
Total buildings	<u>14,129,489</u>	<u>14,336,108</u>
Total land and buildings	<u>15,051,813</u>	<u>15,263,432</u>
Plant and equipment at:		
- Management valuation 2016 - level 2	1,609,823	1,609,823
- Management valuation 2016 - level 3	710,309	710,309
Additions after valuation - cost	1,017,170	782,051
Less: accumulated depreciation	(747,646)	(365,649)
	<u>2,589,656</u>	<u>2,736,534</u>
<b>Total property, plant and equipment</b>	<u>17,641,469</u>	<u>17,999,966</u>



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

**7. 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 - specialised	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	889,750	356,530	1,246,280	1,382,135	11,708,947	13,091,082	14,337,362	2,923,510	17,260,872	
Additions	1,893	0	1,893	40,582	876,486	917,068	918,961	782,050	1,701,011	
(Disposals)	0	0	0	0	0	0	0	(547,958)	(547,958)	
Revaluation (loss)/ reversals transferred to profit or loss	(330,143)	9,294	(320,849)	(134,794)	570,615	435,821	114,972	(421,068)	(705,429)	
Depreciation (expense)	0	0	0	(28,734)	(255,627)	(284,361)	(284,361)	(421,068)	(705,429)	
Transfers	0	0	0	2,257,919	(2,081,421)	176,498	176,498	0	176,498	
<b>Carrying amount at 30 June 2017</b>	561,500	365,824	927,324	3,517,108	10,819,000	14,336,108	15,263,432	2,736,534	17,999,966	
Additions	0	0	0	0	86,841	86,841	86,841	483,724	570,565	
(Disposals)	(5,000)	0	(5,000)	(27,238)	0	0	(5,000)	(231,215)	(236,215)	
Depreciation (expense)	0	0	0	(27,238)	(266,222)	(293,460)	(293,460)	(399,387)	(692,847)	
<b>Carrying amount at 30 June 2018</b>	556,500	365,824	922,324	3,489,870	10,639,619	14,129,489	15,051,813	2,589,656	17,641,469	

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties.	Independent Valuers	Jun-17	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost.	Independent Valuers	Jun-17	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost.	Management valuation	Jun-17	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties.	Independent Valuers	Jun-17	Price per square metre.
Buildings - non-specialised	3	Improvements to land valued using cost approach using depreciated replacement cost.	Management valuation	Jun-17	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - specialised	2	Market approach using recent observable market data for similar properties.	Independent Valuers	Jun-17	Price per square metre.
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost.	Independent Valuers	Jun-17	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Furniture and equipment</b>					
<b>Plant and equipment</b>					
- Management valuation 2016	2	Market approach using recent observable market data for similar properties.	Management valuation	Jun-16	Price per item.
- Management valuation 2016	3	Cost approach using depreciated replacement cost.	Management valuation	Jun-16	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

**8 (a). INFRASTRUCTURE**

	<u>2018</u>	<u>2017</u>
	\$	\$
Infrastructure - Roads		
- Management valuation 2018 - level 3	72,789,636	0
- Management valuation 2015 - level 3	0	16,391,000
- Additions after cost	0	3,786,240
Less: impairment loss	0	(2,934,154)
Less: accumulated depreciation	0	(1,520,749)
	<u>72,789,636</u>	<u>15,722,337</u>
Infrastructure - Sewerage		
- Management valuation 2018 - level 3	1,393,000	0
- Management valuation 2015 - level 3	0	777,000
Less: accumulated depreciation	0	(50,000)
	<u>1,393,000</u>	<u>727,000</u>
Infrastructure - Parks & Other Improvements		
- Management valuation 2018 - level 3	4,697,939	0
- Management valuation 2015 - level 3	0	2,329,000
- Additions after cost	0	119,600
Less: accumulated depreciation	0	(362,844)
	<u>4,697,939</u>	<u>2,085,756</u>
<b>Total infrastructure</b>	<u>78,880,575</u>	<u>18,535,093</u>

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

**8. 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 - Sewerage	Infrastructure - Parks & Other Improvements	Total Infrastructure
	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	17,627,708	752,000	2,147,999	20,527,707
Additions	1,879,535		119,600	1,999,135
Impairment (losses)/reversals	(2,934,155)			(2,934,155)
Depreciation (expense)	(850,751)	(25,000)	(181,843)	(1,057,594)
<b>Carrying amount at 30 June 2017</b>	15,722,337	727,000	2,085,756	18,535,093
Additions	4,765,103		70,583	4,835,686
Revaluation increments/ (decrements) transferred to revaluation surplus	53,195,156	691,000	2,733,061	56,619,217
Depreciation (expense)	(892,960)	(25,000)	(191,461)	(1,109,421)
<b>Carrying amount at 30 June 2018</b>	72,789,636	1,393,000	4,697,939	78,880,575

**8. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Infrastructure - Roads</b>	3	Cost approach using depreciated replacement cost	Management valuation	Jun-18	Construction costs and current condition (Level 2), and remaining useful life assessments (Level 3) inputs.
<b>Infrastructure - Sewerage</b>	3	Cost approach using depreciated replacement cost	Management valuation	Jun-18	Construction costs and current condition (Level 2), and remaining useful life assessments (Level 3) inputs.
<b>Infrastructure - Parks &amp; Other Improvements</b>	3	Cost approach using depreciated replacement cost	Management valuation	Jun-18	Construction costs and current condition (Level 2), 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 asset classes sewerage, parks and other improvements using level 3 inputs.

During the period the valuation techniques used to determine the fair value of infrastructure - roads using level 3 inputs did change. Construction costs have been calculated using industry standard rates rather than the Shire's current rates which are considerably lower, as it is likely that current efficiencies cannot be maintained into the future and costs will approach the industry standard rates.



## 9. 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 class of 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.

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

9. 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
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
<b>Governance</b>								
CEO Vehicle	40,784	38,398	0	(2,386)	40,000	37,310	0	(2,690)
<b>Law, order, public safety</b>								
Fire Truck	120,703	0	0	(120,703)	123,500	187,230	63,730	0
<b>Transport</b>								
MOWS Vehicle	34,726	32,861	0	(1,865)	26,115	22,623	0	(3,492)
MOWS Vehicle	35,003	32,721	0	(2,282)	0	0	0	0
<b>Other property and services</b>								
Lot 47 Manser Street, Kukerin	5,000	3,691	0	(1,309)	0	0	0	0
	236,216	107,671	0	(128,545)	189,615	247,163	63,730	(6,182)

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	27,238	28,734
Buildings - specialised	266,222	255,627
Plant and equipment	399,387	421,068
Infrastructure - Roads	892,960	850,751
Infrastructure - Sewerage	25,000	25,000
Infrastructure - Parks & Other Improver	191,461	181,843
	1,802,268	1,763,023

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

9. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

**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
Gravel roads formation	not depreciated
pavement	50 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Parks and other improvements	10 to 20 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.





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

**12. INFORMATION ON BORROWINGS**

**(a) Repayments - Borrowings**

Particulars	Principal	New	Principal		Principal		Interest	
	1 July 2017	Loans	Repayments	30 June 2018	Repayments	Budget	Budget	
	\$	\$	Actual	Actual	Actual	Budget	Budget	\$
<b>Education and welfare</b>								
Loan 93 - Aged Care Housing	95,000		3,321	91,679	3,321	91,679	3,759	3,372
<b>Community amenities</b>								
Loan 38 - Sewerage	17,353		6,616	10,737	6,616	10,737	991	1,006
Loan 40 - Sewerage	5,700		1,274	4,426	1,274	4,426	384	399
Loan 78 - Sewerage Extensions	3,841		3,841	0	3,841	0	205	186
Loan 95 - Fence Road Drainage Repairs		80,000	7,567	72,433	0	72,433	1,158	0
<b>Recreation and culture</b>								
Loan 89 - Men's Shed	21,882		4,052	17,830	4,052	17,830	1,064	795
<b>Transport</b>								
Loan 94 - WANDRRA Contribution	100,000		19,100	80,900	19,100	80,900	2,556	2,181
WANDRRA Short Term Liquidity Lending		1,480,331	1,039,184	441,147	0	0	4,347	0
<b>Economic services</b>								
Loan 92 - Old Post Office Building	149,592		5,680	143,912	5,681	143,911	8,534	7,632
	393,368	1,560,331	1,090,635	863,064	43,885	421,916	22,998	15,571

**Borrowings**

	2018	2017
	\$	\$
Current	498,144	43,885
Non-current	364,920	349,483
	<u>863,064</u>	<u>393,368</u>

**12. INFORMATION ON BORROWINGS (Continued)**

**(b) New Borrowings - 2017/18**

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
	Actual	Budget						Actual	Budget	
Loan 95 - Fence Road Drainage Repairs	\$ 80,000	\$ 0	WA Treasury Corporation	Debenture	5 years	\$ 5,511	0.0246%	\$ 80,000	\$ 0	\$ 0
WANDRRA Short Term Liquidity Lending	1,480,331	0	WA Treasury Corporation	Liquidity Lending	periods up to 1 year	unknown	various	1,480,331	0	0
	1,560,331	0				5,511		1,560,331	0	0

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

	2018	2017
Bank overdraft limit	\$ 0	\$ 0
Bank overdraft at balance date	0	0
Credit card limit	13,500	13,500
Credit card balance at balance date	(1,326)	(3,260)
<b>Total amount of credit unused</b>	<b>12,174</b>	<b>10,240</b>

**Loan facilities**

Loan facilities - current	498,144	43,885
Loan facilities - non-current	364,920	349,483
<b>Total facilities in use at balance date</b>	<b>863,064</b>	<b>393,368</b>

**Unused loan facilities at balance date**

	NIL	NIL
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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.

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

### 13. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2017</b>			
Current provisions	134,026	98,319	232,345
Non-current provisions	0	66,187	66,187
	134,026	164,506	298,532
Additional provision	4,250	24,302	28,552
<b>Balance at 30 June 2018</b>	138,276	188,808	327,084
<b>Comprises</b>			
Current	138,276	120,459	258,735
Non-current	0	68,349	68,349
	138,276	188,808	327,084

#### SIGNIFICANT ACCOUNTING POLICIES

##### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

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

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

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

##### Provisions

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

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



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

## 14. 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	6,422,486	6,042,629	7,435,269

### Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	2,610,533	(750,908)	2,204,316
Non-cash flows in Net result:			
Depreciation	1,802,268	1,641,552	1,763,023
(Profit)/loss on sale of asset	128,545	(57,548)	125,313
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(384,748)	(9,700)	(150,300)
(Increase)/decrease in inventories	(31)	(4,500)	(860)
Increase/(decrease) in payables	(369,018)	(246,077)	334,473
Increase/(decrease) in provisions	28,552	(11,500)	22,786
Grants contributions for the development of assets	(3,015,144)	(880,019)	(2,022,735)
Net cash from operating activities	800,957	(318,700)	2,276,016

## 15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	5,995,784	5,904,844
General purpose funding	248,467	256,035
Law, order, public safety	922,525	774,510
Education and welfare	3,469,192	3,369,643
Housing	1,595,750	1,573,253
Community amenities	4,260,447	3,182,250
Recreation and culture	7,387,560	7,565,214
Transport	76,611,482	16,575,125
Economic services	603,949	403,940
Other property and services	2,329,352	2,534,426
Unallocated	394,036	2,320,323
	103,818,544	44,459,563

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

## 16. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities at reporting date.

## 17. CAPITAL AND LEASING COMMITMENTS

	2018	2017
	\$	\$
<b>(a) Capital Expenditure Commitments</b>		
Contracted for:		
- capital expenditure projects	0	80,727
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	80,727

The capital expenditure project outstanding at the end of the 2017 reporting period represents the construction of aged care housing.

## (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but

Payable:		
- not later than one year	6,936	6,936
- later than one year but not later than five years	19,652	26,588
- later than five years	0	0
	26,588	33,524

## SIGNIFICANT ACCOUNTING POLICIES

### Leases

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

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

### Leases (Continued)

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

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

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

## 18. JOINT ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

## 19 Investment in Associates

The Shire does not have any investment in associates.

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

## 20. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting Fees	15,985	20,000	12,900
President's allowance	9,500	9,750	18,000
Deputy President's allowance	1,541	1,813	2,000
Travelling expenses	5,873	10,000	8,392
Telecommunications allowance	5,896	9,000	6,669
	<u>38,795</u>	<u>50,563</u>	<u>47,961</u>

### Key Management Personnel (KMP) Compensation Disclosure

	2018	2017
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	361,242	303,890
Post-employment benefits	33,218	33,868
Other long-term benefits	6,380	7,541
	<u>400,840</u>	<u>345,299</u>

#### 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.

### 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.

	2018	2017
	\$	\$
The following transactions occurred with related parties:		
Sale of goods and services	3,174	6,125
Purchase of goods and services	297,411	145,019

### Amounts payable to related parties:

Trade and other payables	1,609	0
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### 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.

##### iii. Joint venture entities accounted for under the proportionate consolidation method

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in joint venture entities, refer to Note 18.

## 21. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2017/18 financial year.

## 22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any major land transactions during the 2017/18 financial year.



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

**23. CONDITIONS OVER GRANTS/CONTRIBUTIONS**

Grant/Contribution	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
	Balance <sup>(1)</sup> 1/07/16	2016/17	2016/17	Balance <sup>(1)</sup> 30/06/17	2017/18	2017/18	Balance <sup>(1)</sup> 30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>General purpose funding</b>							
Royalties for Regions 2012/13	101,296	0	(101,296)	0	0	0	0
Aged Friendly Communities	30,607		(30,607)	0	0	0	0
<b>Community amenities</b>							
Landcare - SWCC 2014 (Dare)	2,472	0	(1,000)	1,472		(1,472)	0
Landcare - SWCC 2014 (Bairstow)	4,597	0	5,666	10,263		(10,263)	0
Landcare - State NRM 2015 (Cridland Catchment)	11,054	13,128	(12,648)	11,534		(5,732)	5,802
Landcare - State NRM 2015 (Lake Coomelberrup)	13,668	0	(11,594)	2,074		(2,074)	0
Landcare - State NRM 2014	8,100	0	(8,100)	0		0	0
Landcare - SWCC 2015-18	47,838	25,000	(40,238)	32,600		(32,600)	0
Landcare - State NRM 2016 (Taylor)	0	15,000	0	15,000		(11,250)	3,750
Water Grant	59,598	0	(48,088)	11,510	42,654	(54,164)	0
<b>Recreation and culture</b>							
Community Garden Grant	0	9,833	(8,670)	1,163		(1,163)	0
<b>Other property and services</b>							
Community Crime Prevention	683	0	(683)	0	0	0	0
<b>Total</b>	<b>279,913</b>	<b>62,961</b>	<b>(257,258)</b>	<b>85,616</b>	<b>42,654</b>	<b>(118,718)</b>	<b>9,552</b>

Notes:

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

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

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

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

**24. 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 \$
<b>Differential general rate / general rate</b>											
Gross rental valuations											
Residential	0.0992	163	1,184,022	117,509	256		117,765	117,509			117,509
Unimproved valuations											
Rural	0.0102	290	140,560,661	1,431,470	854		1,432,324	1,431,470			1,431,470
Sub-Total		453	141,744,683	1,548,979	1,110	0	1,550,089	1,548,979	0	0	1,548,979
<b>Minimum payment</b>											
Gross rental valuations											
Residential	395	74	85,327	29,230			29,230	29,230			29,230
Unimproved valuations											
Rural	395	21	304,978	8,295			8,295	8,295			8,295
Sub-Total		95	390,305	37,525	0	0	37,525	37,525	0	0	37,525
<b>Discounts/concessions (refer note 24(d))</b>											
Ex-gratia rates		548	142,134,988	1,586,504	1,110	0	1,587,614	1,586,504	0	0	1,586,504
Movement in excess rates							(55,409)				(50,000)
<b>Total amount raised from general rate</b>							11,770				11,770
Specified Area Rate (refer note 24(b))							2,300				0
<b>Totals</b>							<u>1,546,275</u>				<u>1,548,274</u>
							<u>106,891</u>				<u>106,891</u>
							<u>1,653,166</u>				<u>1,655,165</u>

**SIGNIFICANT ACCOUNTING POLICIES**

Rates

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



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

24. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value	Revenue	Interim Rate Revenue	Back Rate Revenue	Total		
							Specified Area Rate Revenue	Budget Rate Revenue	Budget Interim Rate Revenue
Sewerage Rates	GRV	10.4920	\$ 85,408	\$ 85,408	\$ 85,408	\$ 85,408	\$ 85,408	\$ 85,408	\$ 85,408
Pedestals			\$ 21,483	\$ 21,483	\$ 21,483	\$ 21,483	\$ 21,483	\$ 21,483	\$ 21,483
			\$ 106,891	\$ 106,891	\$ 106,891	\$ 106,891	\$ 106,891	\$ 106,891	\$ 106,891

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	Rate Applied to Costs	Rate Set Aside to Reserve	Reserve Applied to Costs	Budget Rate Applied to Costs	Budget Rate Set Aside to Reserve	Budget Reserve Applied to Costs
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Sewerage Rates	Future replacement of the Dumblebyung Sewerage Scheme. Pedestals are charge on non-residential properties based on the number of major	Dumblebyung Townsite	\$ 68,483	\$ 38,408	\$ 0	\$ 85,408	\$ 39,478	\$ 0
Pedestals	No service charges were imposed by the Shire during the 2016/17 financial year.		\$ 68,483	\$ 38,408	\$ 0	\$ 85,408	\$ 39,478	\$ 0

**24. RATING INFORMATION (Continued)**

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

**Rates Discounts**

Rate or Fee Discount Granted	Discount %	Actual \$	Budget \$	Circumstances in which Discount is Granted
General Rates (discount)	5.00%	55,157	50,000	A discount of 5% of the current rates levied (excludes refuse charges, and is offered to ratepayers whose payment of the full amount owing, including arrears and charges, is received on or before the discount due date of 4.30pm on 15 September 2017
Rate Assessment (write-off) Rate or Fee and Charge to which the Waiver or Concession is Granted	0.00%	252	0	
Pool entry	100%			Objects of the Waiver or Concession Swimming pool 100% discount for infants under one year old and for school teachers accompanying students during school events and swimming lessons.

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

**24. RATING INFORMATION (Continued)**

**(e) Interest Charges & Instalments**

Instalment Options	Date Due	Instalment Plan		Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
		Admin Charge \$	Interest Rate %		
<b>Option One</b>					
Single full payment with 5% discount	15/09/2017				
<b>Option Two</b>					11.00%
Single full payment	6/10/2017				
<b>Option Three</b>					
First instalment	6/10/2017	15	5.50%	5.50%	11.00%
Second instalment	6/02/2018	15	5.50%	5.50%	11.00%
<b>Option Four</b>					
First instalment	6/10/2017	15	5.50%	5.50%	11.00%
Second instalment	6/12/2017	15	5.50%	5.50%	11.00%
Third instalment	6/10/2017	15	5.50%	5.50%	11.00%
Fourth instalment	6/04/2018	15	5.50%	5.50%	11.00%
					2018
					Budget
					\$
Interest on unpaid rates				8,500	8,000
Interest on instalment plan				2,349	2,000
Charges on instalment plan				2,580	3,000
				13,429	13,000

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

**25. NET CURRENT ASSETS**

Composition of net current assets for  
the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 17 brought forward</b>	618,456	1,331,887	1,331,887
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	215,454	1,567,272	1,567,272
Restricted	6,207,032	5,867,995	5,867,995
Receivables			
Rates outstanding	89,241	105,170	105,170
Sundry debtors	25,167	101,334	101,334
GST receivable	178,580	105,933	105,933
Provision for doubtful debts	(7,311)	(5,187)	(5,187)
Accrued income	534,731	103,028	103,028
Fuel Tax Credit Accrual	7,690	36,477	36,477
Inventories			
Stock on hand	16,627	16,596	16,596
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(28,772)	106	106
Accrued interest on long term borrowings	(3,517)	(3,041)	(3,041)
Accrued salaries and wages	0	(5,005)	(5,005)
ATO liabilities	(30,944)	(30,652)	(30,652)
Other payables	(119,753)	(513,412)	(513,412)
Current portion of long term borrowings	(498,144)	(43,885)	(43,885)
Provisions			
Provision for annual leave	(138,276)	(134,026)	(134,026)
Provision for long service leave	(120,459)	(98,319)	(98,319)
<b>Unadjusted net current assets</b>	6,327,344	7,070,384	7,070,384
<b>Adjustments</b>			
Less: Reserves - restricted cash	(6,207,032)	(5,782,382)	(5,782,382)
Add: Current portion of long term borrowings	498,144	43,885	43,885
<b>Adjusted net current assets - surplus/(deficit)</b>	618,456	1,331,887	1,331,887

**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.

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

**26. 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
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	6,422,486	7,435,269	6,422,486	7,435,269
Receivables	857,387	472,639	857,387	472,639
	<u>7,279,873</u>	<u>7,907,908</u>	<u>7,279,873</u>	<u>7,907,908</u>
<b>Financial liabilities</b>				
Payables	182,986	552,004	182,986	552,004
Borrowings	863,064	393,368	887,333	416,017
	<u>1,046,050</u>	<u>945,372</u>	<u>1,070,319</u>	<u>968,021</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.



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

**26. 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.

	<u>2018</u>	<u>2017</u>
	\$	\$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	64,225	74,353
- Statement of Comprehensive Income	64,225	74,353

*Notes:*

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



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

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

**(b) Receivables**

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

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

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

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

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

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

	<b>2018</b>	<b>2017</b>
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	88.00%	90.00%
- Overdue	12.00%	10.00%

## 26. FINANCIAL RISK MANAGEMENT (Continued)

### (c) 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 Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2018</b>					
Payables	182,986	0	0	182,986	182,987
Borrowings	516,009	225,420	240,131	981,560	863,064
	698,995	225,420	240,131	1,164,546	1,046,051
<b>2017</b>					
Payables	552,004	0	0	552,004	552,005
Borrowings	59,456	200,956	260,136	520,548	393,368
	611,460	200,956	260,136	1,072,552	945,373

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
	\$	\$	\$	\$	\$	\$	\$	%
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	441,147	10,737	4,426	98,729	72,433	235,592	863,064	3.07%
Weighted average Effective interest rate	2.38%	6.40%	7.40%	2.56%	2.46%	4.54%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	3,841	0	17,354	5,699	121,882	244,592	393,368	3.89%
Weighted average Effective interest rate	6.42%	0.00%	6.40%	7.40%	4.91%	3.08%		

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

**27. 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
	\$	\$	\$	\$
Dumbleyung Pictorial Book	685	900	(810)	775
Low Income Housing	1,400	0	(1,400)	0
Aged Persons Units	3,278	3,052	(5,422)	908
Community Bonds	6,822	0	(5,664)	1,158
Beyond the Fence Book	100	0	0	100
Community Funds - Ski Club	5,050	0	(1,250)	3,800
Shire Staff Bonds	2,922	3,160	(5,782)	300
Building Fund Levy	8,366	771	(9,137)	0
Kukerin Cemetery	320	0	0	320
BCITF	13,075	845	(13,920)	0
Kukerin Centenary	2,541	0	0	2,541
Moulyinning Hall	6,019	5,664		11,683
Nippering Grave Marking	1,212	45	(49)	1,208
Fence Road Catchment Group	3,478	0	0	3,478
Transport Licencing	2,175	257,782	(259,766)	191
Go-Fund-Me Dumbleyung Playground	748	0	(748)	0
Miscellaneous Bonds	0	450	0	450
	<u>58,191</u>			<u>26,912</u>

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

**28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS**

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

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

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

Notes:

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



**28. 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	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul>

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

Notes:

(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



## 29. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

#### i) Impairment of assets

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

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

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

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

### 30. ACTIVITIES/PROGRAMS

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

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	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 of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	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.
<b>HEALTH</b>	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.
<b>EDUCATION AND WELFARE</b>	To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre. Provision and maintenance of elderly residents housing.
<b>HOUSING</b>	To provide and maintain housing for low income earners.	Provision and maintenance of housing for low income earners.
<b>COMMUNITY AMENITIES</b>	To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure and resources which will help the well-being of the community.	Maintenance of public halls, civic centres, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots and traffic control. Cleaning of streets and maintenance of street trees.
<b>ECONOMIC SERVICES</b>	To help promote the shire and its economic well-being.	Tourism and area promotion including the maintenance and operation of caravan parks. Provision of rural services including weed control, vermin control and standpipes. Building control.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control council's overheads operating accounts.	Private works operation, administration costs, public works costs, plant repair and operation costs.



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

31. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	1.28	2.84	1.51
Asset consumption ratio	0.99	0.87	0.96
Asset renewal funding ratio	1.07	*	*
Asset sustainability ratio	2.85	1.34	1.88
Debt service cover ratio	1.28	54.77	12.15
Operating surplus ratio	(0.17)	0.08	(0.46)
Own source revenue coverage ratio	0.49	0.48	0.47

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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

\* The Shire was unable to calculate the Asset Renewal Funding Ratio in the 2015/16 and 2016/17 financial years as the Asset Management Plan was incomplete.

Notes:

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants.

In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	817,533	797,930	0
Amount of Financial Assistance Grant received in prior year relating to current year.	797,930	0	763,037
Amount of reimbursement for flood damage received	2,069,627	0	0
Expenditure on flood damage re-instatement	3,166,985	0	0

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	1.26	1.84	1.51
Debt service cover ratio	1.26	32.48	35.86
Operating surplus ratio	(1.48)	(0.27)	(0.11)
Own source revenue coverage ratio	0.06	*	*

\* Adjusted Own source revenue coverage ratio not calculated in 2016 and 2017.

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

**32. PRIOR PERIOD ERROR**

The Shire owns five bridges which have not been previously recognised as assets. At 30 June 2018, management's independent expert has valued the bridges at \$2,278,939 and the Shire has recognised the assets in the financial report for the current year. The Shire has determined that it is impracticable to restate comparatives due to lack of historical data available. The Shire would not be able to accurately estimate the assumptions required in calculating the fair value of bridges in prior years.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF DUMBLEYUNG

### Report on the Financial Report

#### Opinion

We have audited the financial report of the Shire of Dumbleyung, which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

In our opinion, the financial report of the Shire of Dumbleyung is in accordance with the underlying records of the Shire, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

#### Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Shire in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements 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.

#### Other Information

Management is responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2018 but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of Shire's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If 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. However, future events or conditions may cause the Shire to cease to continue as a going concern.

- 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 Council 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. We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 31 of the financial report, which describes ratio information relating to the financial report. Management's calculation of certain of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on the ratios with these assumptions.

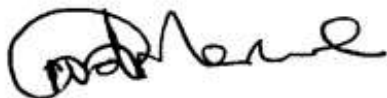
### **Reporting on Other Legal and Regulatory Requirements**

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) Apart from the debt service cover ratio and operating surplus ratio there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE  
Director

Perth  
Date: 14 December 2018