

# Shire of Trayning

## Annual Report

### 2017-2018



Adopted 20<sup>th</sup> March 2019 Resolution: 03-2019.13

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## General Information



### Administration Office

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WA 6488

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PO Box 95 Trayning, WA Trayning

**E-mail:** [admin@trayning.wa.gov.au](mailto:admin@trayning.wa.gov.au) **Office hours:**  
**Website:** [www.trayning.wa.gov.au](http://www.trayning.wa.gov.au) Mon to Fri 8.30 am - 4.30 pm

### Other

**Towns:** Trayning, Kununoppin, Yelbeni

**Area:** 1,632 sq kms

**Distance from Perth:** 235 km

**Population:** 350

**Number of Electors:** 341

**Number of Dwellings:** 255

**Total Rates Levied:** \$ 933,534

**Total Revenue:** \$3,749,756

**Number of Employees:** 18 (16 FTE)

### SIGNIFICANT LOCAL EVENTS

New Years Eve Community Party, Australia Day Community BBQ at the Trayning Aquatic Centre, Tractor Mudbog and Burnout Competition.

### TOURIST ATTRACTIONS

Billyacatting Hill Conservation Park with fauna, reptiles, wildflowers, rare flora and bird watching, Gnamma Holes, Yarragin Rock (twin monoliths), Yelbeni Museum, Trayning Tree Library Walk Trail, Historic Wells and a part of the Wheatbelt Way and Pioneer Pathways Route.

### ACCOMMODATION

Trayning Hotel/Motel, Trayning Caravan Park, Kununoppin Lodging House, Rosevale Homestead Farm Stay/Bed & Breakfast.

### SPORTING & RECREATION FACILITIES

Ninghan Fitness Centre - Community Gym, Aquatic Centre, 4 Grass Tennis Courts, Bowls, Yelbeni Golf Course and Clubhouse with 18 holes (in recession), Swimming Club, BMX Tracks in Trayning & Kununoppin, Skate Boarding Park, Community/School Oval and excellent BBQ/Playground areas.



## Shire President's Report

Councillor Melanie Brown



It is with great pleasure that I present my first President's Report for the financial year ended 30<sup>th</sup> June 2018. Council have had an extremely busy year and have been faced with some difficult decisions. As a group we should be proud of the achievements made. As we move forward into a new financial year with a strong sense of unity within Council and amongst Staff and the community, I feel confident that the next twelve months will see the Shire begin to achieve the goals that will be outlined in our new Strategic Plan.

My sincere thanks to Deputy President, Cr Geoff Waters, for his ongoing support and assistance to myself. Cr Waters has helped me immensely in my role and his knowledge and guidance is very much appreciated.

### COUNCILLORS

I would like to thank all of our Councillors for their contribution during this time. Councillors cannot be affective in their role of advocating for community & residents without the support of their families. My sincere thanks go to the partners and families of our outgoing and present Councillors. Our families offer support to us all in our roles and it is very much appreciated.

2017 saw Council elections being held in October. Councillors Lamond and Woodfield retired in October. I would like to congratulate and acknowledge Cr Lamond for his outstanding contribution to Council over 33 years, 17 of those years as Shire President. His expertise and knowledge of Local Government have been an asset to all whom have had the pleasure to work with him.

The elections saw an excellent field of candidates nominate for the three vacant positions. It is always encouraging to see community members wanting to be a part of Local Government. Cr Marlon Hudson, Cr Michelle McHugh and Cr Dale Vernon were elected for a term of four years. I would like to take this opportunity to acknowledge outgoing President Cr Tarr for her contribution over four years as President. I would also like to thank Councillors Knott & Woodfield for their sense of community, time and commitment to Council over many years.

During the course of the year Cr Vernon tendered his resignation due to other commitments. I would like to thank him for his contribution and his advocacy on behalf of the community. This vacancy saw the need to hold an extra ordinary election and we welcomed Cr Jim Wilkins to the role late in 2018.

Councillors are offered training sessions throughout the course of the year to educate and up skill in all areas associated with Local Government. It was pleasing to see majority of Councillors attend a Governance Course held at the Don Mason Centre in February, facilitated by Mr Tony Brown from WALGA.



## Shire President's Report

Councillor Melanie Brown



I attended a two-day course on Emergency Management Procedures that was very informative and attracted guest speakers from all over the world. A group of councillors and our CEO attended the WALGA Local Government Convention which provides the opportunity to network with others in the industry and attend informative sessions in relation to all aspects of Local Government.

Councillors have attended monthly Council meetings as well as external meetings and local committee meetings including but not limited to:

- ◆ North Eastern Wheatbelt Regional Organisation of Councils (NEWROC)
- ◆ NEW Travel
- ◆ NEW Health
- ◆ Regional Road Group
- ◆ WALGA Great Eastern Country Zone
- ◆ Central Eastern Aged Care Alliance (CEACA)
- ◆ Local Emergency Management Committee (LEMC)
- ◆ Kununoppin Medical Practice
- ◆ Local Health Advisory Group (LHAG)
- ◆ KTY Development Group
- ◆ Kununoppin Sports & Progress

### STAFF

Mr Graham Merrick continued in his role as CEO for the financial period 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018.

Following the resignation of Deputy CEO, Mr Cameron Watson, to take up a position at Southern Cross, it was decided the Shire's needs would be better met with a Manager of Assets and Economic Development. Mr Don Shaw was appointed to this position during August 2017. During his time Mr Shaw completed a detailed Plant Condition report for Council, giving guidance on how to move forward with developing a plant replacement plan for the future. Council would like to thank Mr Shaw for his work with the Shire over a period of six months. The future of this position is currently being assessed.

We welcomed Mrs Jacqui Cook to the team as Senior Finance Officer in December 2017 after Kylie Caley departed for another position. Mrs Cook has worked closely with outside consultants and attended a number of courses to give her the skills to manage the Shire's finances in an efficient and effective manner.

Executive Officer, Ms Belinda Taylor, continued to lead the office staff in an effective, conscientious and efficient manner whilst also assisting the CEO in the daily functions of the Shire. Ms Taylor's knowledge of the community, the Shire and Local Government is an asset to all staff and Councillors.



## Shire President's Report

Councillor Melanie Brown



Ms Taylor is to be commended on her ability keep Council up to date and informed in a timely manner and to circumnavigate all areas in the Shire workplace whilst always maintaining her professionalism.

Mr Rob Tanner has once again guided the outside staff in an exemplary manner. Mr Tanner and his staff have completed a large roads program across the Shire during this financial year. The grading, re-graveling and re-sealing works have been of an exceptionally high standard and Council thanks all involved for their ongoing commitment and standard of work. The gardens and general appearance of all three towns continues to be pleasing. Thank you to those staff members who have moved on from the outside crew to new prospects and welcome to those who joined us throughout the year.

Mr Shaun Malone once again had a very successful season at the Aquatic Centre. Shaun's enthusiasm for the management of the pool and its surrounds is evident to all. He is to be applauded for his hard work and involvement with the community to actively promote the Aquatic Centre.

### EMERGENCY MANAGEMENT & VOLUNTEERS

Community members continue to volunteer across many levels. We have a dedicated group who volunteer with the St John Ambulance and the Local Volunteer Emergency Group.

We had a severe storm go through the Shire during the Easter period of 2018. The speed and efficiency displayed by the local members of the Volunteer Emergency Group under difficult conditions to help residents was fantastic. The outside work's group also worked tirelessly to assist during the storm and to facilitate the clean up afterward. Our volunteer firefighters also attended numerous fires throughout the year. I would like to express my personal thanks and Councils for the very important and often dangerous work that they do.

I would also like to acknowledge those who perhaps don't 'officially' belong to a volunteer group per say, but quietly volunteer their time and expertise at our local hospital, schools and amongst the community in general. Being an active community member and assisting when the need arises is indeed a true act of volunteerism. We are extremely lucky to be a part of a community where these values still exist.

### COUNCIL ACTIVITIES & PROJECTS

A standout of 2017/2018 was the Council's resolution to award Mr Trevor Lamond as an Honorary Freeman of the Shire of Trayning. Mr Lamond has been the longest serving President of the Shire and was a very worthy recipient of Honorary Freeman.



## Shire President's Report

Councillor Melanie Brown



With the assistance of Ms Belinda Taylor an evening dinner function was organised for August 2018 to celebrate and acknowledge this achievement with family, friends, Shire employees past and present and Councillors past and present.

A community BBQ was organised by Councillors and Mr Shaun Malone (Aquatic Centre Manager) to celebrate Australia Day. The local park/playground was chosen for the event with a "North vs South" cricket matched played on the tennis courts. The event was well attended and many dressed in their best Australia Day fashions to celebrate.

I represented Council along with fellow Councillors at the Community Anzac Day service held in Kununoppin and attended the 50<sup>th</sup> Anniversary of the Uniting Church within the KTY District. Both occasions reminded us of the work done in the past to make this great community what it is today and indeed that we still represent those values upheld by our forebearers.

February saw the official opening of the upgrade to the Kununoppin Hospital. It is heartening to see that Governments are prepared to put money into our hospitals out in the Wheatbelt as they are often the mainstay of small communities such as ours. We must as a Council continue to advocate for these very important medical facilities and services.

Dr Walker has continued to grow the Kununoppin Medical Practice and it seems to go from strength to strength. We are extremely lucky to have Dr Walker and his team leading the practice and we look forward to a continued successful working relationship with Dr Walker facilitated through the Kununoppin Medical Practice Committee.

In April the communications project undertaken by the NEWROC group, with Federal Government grant funding and contributions from all NEWROC Shires, was officially opened in Nungarin. The Hon Melissa Price MP and the Chair of NEWROC, Cr Quentin Davies, were able to 'switch' the system on. The Crisp wireless project offers super-fast internet speeds across the NEWROC region and its outlying areas.

Council looked at the responses to the Community Survey and decided to hold a number of workshops to begin work on the Strategic Plan for the next ten-year period. Developing and reviewing on a regular basis Councils Strategic Plan and all other plans related to the running of the Shire is part of Local Government Compliance. Due to changes in Senior and Management positions within the organisation the Strategic Plan is currently still in a draft stage. Council is working hard in conjunction with an outside consultant to have this document ready for community feedback within the next financial year.



## Shire President's Report

**Councillor Melanie Brown**

The CEACA project continues to gain momentum with the first units being completed in mid-2019 in the Kellerberrin and Merredin Shires. The units at Kununoppin are due to commence construction in the financial year 2018/2019.

In conjunction with DFES we were lucky enough to secure funding to build a new four bay shed to house the fire trucks and utility vehicle along with a dedicated meeting/training room.

Once planning approvals and site approvals have been sought and given the project looks set to commence in the 2018/2019 financial year.

The Hon Melissa Price MP personally rang to congratulate the Shire on the successful funding application to upgrade the kiosk and ablution block at the Aquatic Centre. The funding will provide assistance with a much-needed upgrade to the existing facility. The old building is earmarked to be demolished at the end of March 2019. It is hope that the construction of the new facility will be finished and ready for the season opening in November 2019. The community along with members of Council & Council staff will have an opportunity to be been involved with the design of the new building.

I would like to once again acknowledge the tremendous effort and work put in by our Councillors and the staff at the Shire. Your efforts are very much appreciated as is your ongoing support.

In closing I would like to thank our residents, ratepayers and wider community for their contribution to our unique Shire of KTY. I would encourage each and everyone of you to be actively engaged and to work together to harness all opportunities that are presented to us. I look forward to the next twelve months of working and consulting with the community to achieve the goals of the Shire and this delightful community.

Cr Melanie Brown

**SHIRE PRESIDENT**





# Acting Chief Executive Officer's Report

Mr Paul Sheedy



Mr Graham Merrick was Chief Executive Officer during the period of this report, 1 July 2017 to 30 June 2018, Mr Paul Sheedy commenced in the Acting CEO role on 20 August 2018 following periods by other Acting CEOs.

This is a report by the Chief Executive Officer, in accordance with section 5.53 of the Local Government Act 1995, which states that the annual report is to include a report by the CEO and other prescribed information, such as the local government financials and the auditors' report.

## FINANCIAL INFORMATION

The following charts provide information in relation to the Shire of Trayning revenue and expenditure for the reporting period by Nature and Type, and Program and Capital Expenditure.

### NATURE AND TYPE



Compared to the 2016-17 financial year Operating revenue overall decreased by \$1,032,413 or 38.18%, mainly due to a \$ 994,281 reduction in Operating grants, subsidies and contributions. Rate revenue increased by \$149,190 or 15%, whilst Fees and charges increased by \$11,886 or 4.58%, Interest earnings increased by \$11,163 or 35.70 % and Other revenue decreased by \$199,208 or 53.97%.

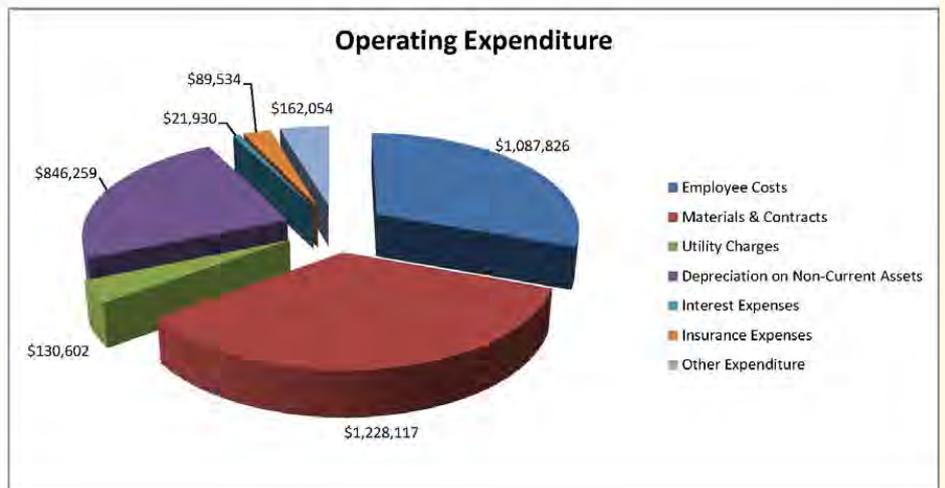


# Acting Chief Executive Officer's Report

Mr Paul Sheedy

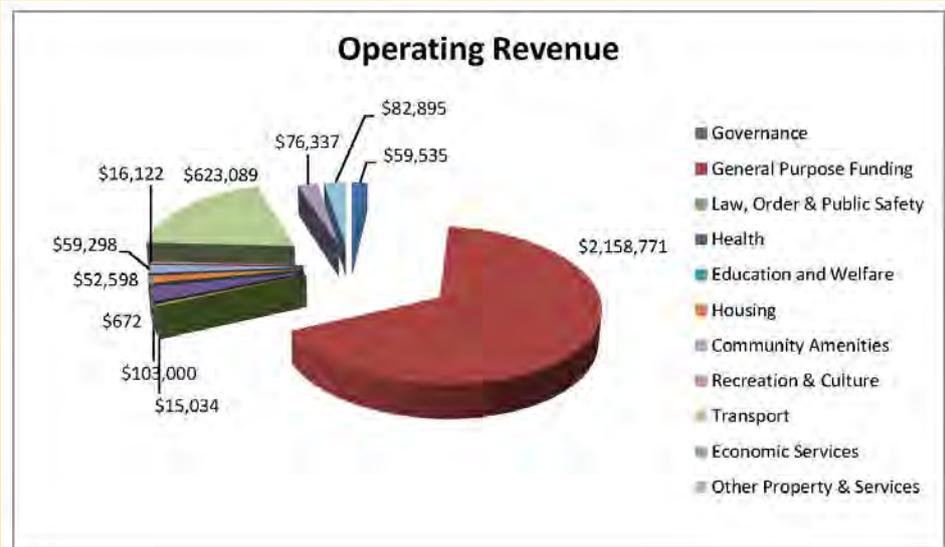


## NATURE AND TYPE



Operating Expenditure decreased overall by \$244,987 or 6.35 % with the main contributors to the reduction being, Material and contracts \$280,328 or 18.58%, Depreciation on non-current assets \$141,728 or % and Interest expenses \$3,092 or 14.35%. Operating expenditure increased in Employee costs \$135,254 or 14.20%, Utility charges \$9,278 or 7.65% and Other expenditure \$38,959 or 31.65%

## BY PROGRAM



The 2017-18 financial year saw reductions in Operating revenue in the program areas of, General purpose funding, \$445,621 or 17.11%, Health, \$77,287 or 42.87%, Recreation and culture, \$179,002 or 86.32%, Transport, \$176,628 or 22.09% and Economic services, \$238,153 or 75.73%. Increases in Operating revenue was in the program areas of Law, order and public safety, \$8,659 or 135.83%, Housing, \$14,251 or 37.16% and Community Amenities, \$6,514 or 12.34%.

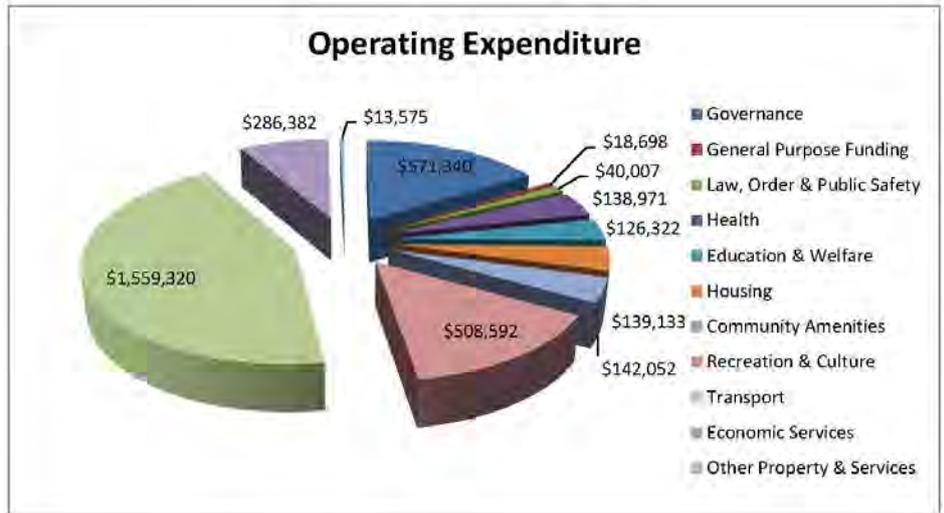


# Acting Chief Executive Officer's Report

Mr Paul Sheedy

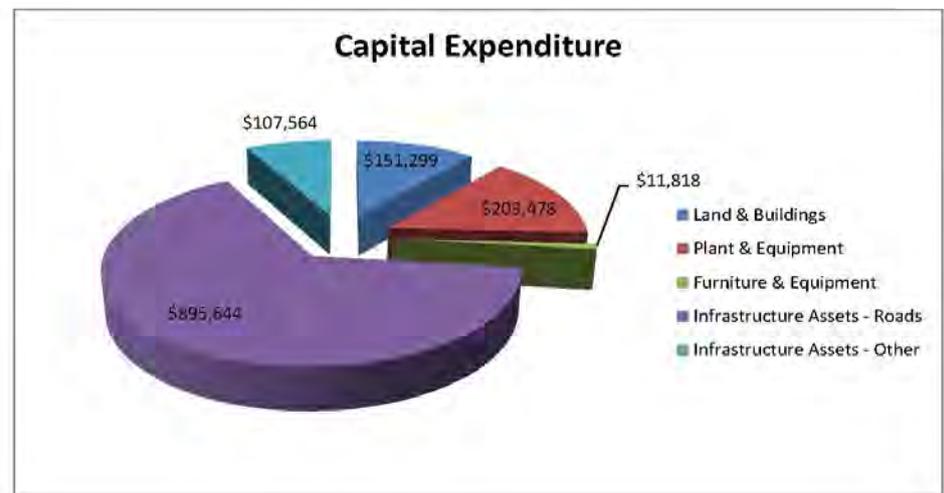


## BY PROGRAM



Operating expenditure increases in the programs areas were, Governance, \$257,946 or 82.31%, Education and welfare, \$50,246 or 66.05%, Transport, \$436,500 or 38.88 % and Other property and services, \$8,014 or 144.11%. Reduction in operating expenses was in the program areas of, General purpose funding, \$66,435 or 78.04%, Law, order and public safety, \$39,067 or 49.41%, Health, \$30,551 or 18.02%, Housing, \$65,374 or 31.97% Community amenities, \$30,619 or 17.73% Recreation and culture, \$206,877 or 28.91% and Economic services, \$552,586 or 65.86%.

## CAPITAL EXPENDITURE

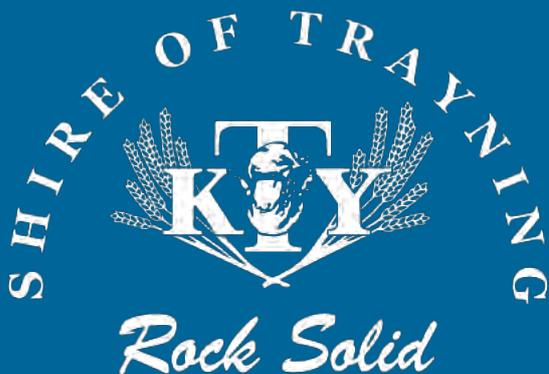


At the 30 June 2018 Council achieved a surplus of \$815,863 compared to the budget prediction of a \$3,547 deficit (as shown in Rate Setting Statement) which was predominately due to the early payment of the Financial Assistance Grants prior just prior to 30 June 2018. This will result in the 2018/19 grant amount be reduced accordingly. The cash and cash equivalents for 30 June 2018 reported a reduction when compared to the adopted budget prediction (as shown in Statement of Cash Flow).



## Acting Chief Executive Officer's Report

Mr Paul Sheedy



### **STAFF HOUSING**

The ongoing renovation of the staff housing continued during the financial year with significant renovation works being undertaken to 139A Felgate Parade following the vacation by a staff member.

### **STORM DAMAGE**

The storms in March 2018 saw substantial damage to Shire roads (Couper and Kununoppin- Mukinbudin Roads) at an estimated cost of approximately \$250,000. However as it was declared a 'natural disaster' by the state/federal government Council will be able to claim a portion of the costs under the WANDRA funding program.

The storms also inflicted damage to Shire infrastructure and buildings with the majority of these costs being recoverable under Council's insurance policy.

### **STAFF MOVEMENTS**

During the 2017/18 financial year the Shire saw the departure of the Deputy CEO, Cameron Watson, Manager Assets and Economic Development, Don Shaw (replaced Deputy CEO) and Senior Finance Officer, Kylie Caley. Council chose not to replace the positions of Deputy CEO or Manager Assets and Economic Development during the 2018/19 financial year.

Ms Jacqui Cook, Senior Finance Officer was welcomed to the Shire during the financial year to replace the departing Ms Caley.

### **INTERGRATED STRATEGIC PLANNING**

The Auditors Management Report again highlighted the fact that the Shire's strategic documents, Strategic Community Plan and Corporate Business Plan have not been reviewed for some period and non-compliant with the Local Government Act 1995. The Long Term Financial Management Plan is in a similar position. Council resolved to engage a consultant in 2018/19 to assist with the review and update of these plans.

### **AUDITORS REPORT**

The Auditors Report and Management Report identified a number of areas where the Shire should be looking to improve its financial management and process and action has been taken to address all of these issues.

Continued...



## Acting Chief Executive Officer's Report

Mr Paul Sheedy



### **REGISTER OF MINOR COMPLAINTS**

Section 5.121 of the Local Government Act 1995 (Register of certain complaints of minor breaches) requires the complaints officer for a local government to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c) of the Act (Conduct of Certain Officials).

The complaints officer did not receive any minor breach complaints, pursuant to s5.121 of the Local Government Act 1995, during 2017-18 financial year

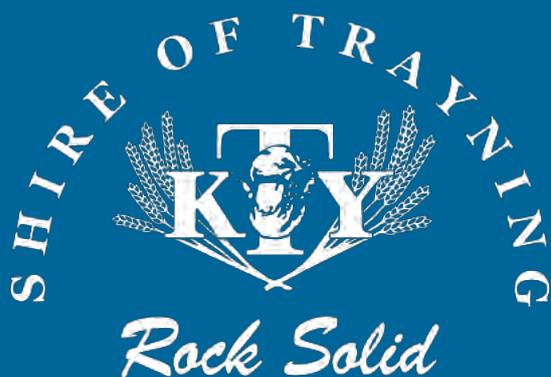
Paul Sheedy

**ACTING CHIEF EXECUTIVE OFFICER**



## Works Supervisor's Report

Mr Robert Tanner



The Works Projects that have been completed for the Financial Year 2017-2018 are as follows:

- ◆ **Kununoppin - Mukinbudin Road (RRG015)** – Widening shoulders, profiled and 2 coat sealed. 3.2 km section.
- ◆ **Lockyer Road (RTR030)** – Reformation and gravel re-sheet a section of the road. 1.4km
- ◆ **Trayning North Road (RTR031)** - Reformation and gravel re-sheet section of road. 2.6km
- ◆ **Kununoppin-Mukinbudin Road (RTR032)** – Widening shoulders, profiled and 2 coat sealed. 1.2 km section
- ◆ **Coronation Street** Kerbing and backfill (RCC042) – Remove old kerbing and replace to line up with existing kerbing.400 metres.
- ◆ **Couper Road Flood Damage (RCW001)** – Reformation and Gravel Resheet section of the road due to Flood damage. 3.5km.
- ◆ **Kellerberrin-Yelbeni Road Flood Damage to Culverts (RCW002)** – Remove existing culverts and re-construct with new concrete floodway to new design.
- ◆ **Hughes Street** new concrete footpath (FCC005) – Construct new 2m footpath. 250 metres.
- ◆ **Merredin Road.** new concrete footpath (FCC006) – Construct new 2m footpath in front of Depot for school access. 60 metres.
- ◆ **Airstrip** line marking (AMC01) – Re-Paint white lines on airstrip.
- ◆ **Cemetery Upgrade - Kununoppin (CEM001)** – Upgrade the entrance to the Cemetery, kerbing and backfill.
- ◆ **Sewage Waste Pond (BC64)** – Construct new waste pond North of the Kununoppin Tip.
- ◆ **Lot 144, 23 Adam Street House (BC59)** – Renovations.
- ◆ **Lot 11 Wilson Street House (BC63)** – Construct new shed.
- ◆ **Refuse Sites** – Push up Tips as required.
- ◆ **Town Streets** – Street sweeping of Trayning and Kununoppin town sites completed by the Shire of Kellerberrin's road sweeper truck.
- ◆ **Winter Maintenance Grading** – Shire Grader.
- ◆ **Trayning Swimming Pool** – New shade sails installed.
- ◆ **Road Verge Slashing, Mulching and Weed Spraying** – various roads. Kununoppin Airstrip – Weed spraying and general maintenance.
- ◆ **Trayning Caravan Park** – Re-sheeted Caravan Park areas and mulched applied.
- ◆ **Tree Planting** – New trees/Shrubs at the Kununoppin Tip and Fuel Station.
- ◆ **Gravel Pushing** – Contractor used to push our gravel.
- ◆ **Depot** – Nil.
- ◆ **Trayning Town** – Ongoing routine maintenance.

Continued...



## Works Supervisor's Report

Mr Robert Tanner



- ◆ **Kununoppin Town** – Ongoing routine maint.
- ◆ **Yelbeni Town** – Ongoing routine maint.
- ◆ **Reserves and Parks** – Ongoing routine maint. Emptied toilet as needed. Cleared paths and parking areas on all reserves and parks.
- ◆ **Works Request** – Ongoing.

Plant and equipment that was:

### **PURCHASED**

- ◆ Hilux Ute for Supervisor
- ◆ Plant Trailer
- ◆ Side Tipper
- ◆ Various hand tools
- ◆ John Deere Mower
- ◆ 2 x Prado's.

### **REPAIRED**

- ◆ **Komatsu Grader** GD555-5 – Mirror and lights replaced. Air conditioner re-gassed.
- ◆ **Volvo Loader** – Cutting edges replaced
- ◆ **Daf Truck** – Electrical problems. Repaired.
- ◆ **Daf Truck** – Tyres, general tidy up.

### **SERVICES**

All services on vehicles and machinery are up to date.

### **STAFF**

- ◆ **Grader Operator** - current status – 1 x Full Time Employee
- ◆ **Daf Side Tipping Truck Operator** – current status –1 x full time employee.
- ◆ **Parks and Gardens** – current status – 2 x Full time employees.
- ◆ **Plant Operators** – current status – 3 x full time employees.
- ◆ **Maintenance Person** – current status – 1 x full time employee.

Mr Rob Tanner

**WORKS SUPERVISOR**



# Principal Environmental Health Officer's Report

Mr Peter Toboss



## Overview of NEWHealth

The Shire of Trayning participates in NEWHealth, a group share scheme for the provision of environmental health services to the North East Wheatbelt. The Scheme involves six Shires being Wyalkatchem, Koorda, Trayning, Mukinbudin, Mount Marshall and Nungarin. Each shire contributes to the employment of a Principal Environmental Health Officer (PEHO) to manage the environmental health issues for them. The Scheme is currently administered by the Shire of Mt Marshall.

## Staffing

The PEHO position is shared by 5 shires for 1 day each per week and Nungarin has one day per month. So the Shire of Trayning share is something less than 0.2 of a full time position.

## Project Works

The following works and project were undertaken during the 2017/28 financial year.

## Health Services:

### 1. Food Safety

It is a requirement of the Food Act that the shire have and maintain a Register of all the Food Premises in their area. On taking up the role the PEHO updated this register. When a food business wants to operate in the shire they must complete a Food Premise Notification form which leads to their Registration. The PEHO carries out routine inspections of the registered premises and provides a signed report for each inspection to the operator.

Under the Food Act the shire must report on their activities each year. This report was completed and sent to the Health Department annually.

There were 5 food businesses registered and operating in the shire during the 2017/18 financial year. There have been 8 inspections conducted over that period. Reports were issued for any issues requiring attention. No Improvement Orders or Prohibition Orders have been issued.

Food recalls are co-ordinated through the Shire of Trayning of which 34 were received for the 2017 – 2018 period and delivered out to respective food business where necessary.

The PEHO has also worked to develop a constructive relationship with the food business operators so that any problems can be discussed and addressed with a minimum of conflict.



## Principal Environmental Health Officer's Report

Mr Peter Toboss



### 2. Public Building and Events

Under the Health (Public Buildings) Regulations 1992 the shire must create and maintain a Register of all the Public Buildings in their area. On taking up the role the PEHO updated this register. The PEHO carries out routine inspections of the Public Buildings and reports to the owner of the building on their condition.

These regulations mostly relate to fire safety and other important aspects of public buildings such as the maximum numbers of people allowed, numbers of toilets and fire exits.

Each Public Building is required to have a Public Building Certificate which indicates the maximum numbers of people permitted in the building. The PEHO has been updating and issuing these for each building.

Currently there are 14 public buildings on the register and most have been inspected and reported upon in the last year.

The Public Building Regs., also apply to outdoor events such as the Mud Bog. This is to ensure that there are safe food outlets, adequate toilets, adequate waste disposal, safe rides and general public safety issues are addressed.

### 3. Disability Access and Inclusion Plan

The PEHO has undertaken a role in dealing with issues relating to this plan. The Disability Services Act requires that shire have such a plan and report on its progress each year. Such a report and an updated version of the Shire of Trayning Plan was submitted to the Disability Services Commission (DSC) prior to its due date of 30 June 2018. The plan is currently being reviewed and updated to for next five years.

### 4. Trayning Aquatic Centre

The Health (Aquatic Facilities) Regulations requires that all public pools such as the Trayning pool are sampled and tested each month before and during the summer season. The Shire pool has been sampled throughout the swimming seasons. There were no failed samples in the past year indicating that the pool water quality was well managed and safe.

### 5. Private Swimming Pool Inspection

The PEHO also has a role in the inspection of private pools to ensure they comply with the Building Code and relevant Australian Standards. This mostly relates to their safety and in particular their fencing. These inspections are required to be carried out every four years. The Shire were no registered private swimming pools in the Shire in 2017/18 financial year.



# Principal Environmental Health Officer's Report

Mr Peter Toboss



## 6. Effluent Disposal Systems

Under the Health Act and the Health (Treatment of Sewage and Disposal of effluent and Liquid Waste) Regulations 1974, the PEHO has a role in advising what systems people require and approving the systems prior to installation.

The PEHO approved one system to one property during the 2017/18 period.

## 7. Recycling & Waste

The PEHO attended the 2017 Waste & Recycling conference as a representative of NEWROC Shires. The PEHO has a role in Shire waste management.

### Building Services

The number of building licences issued for the **2017-2018** year was 4. The PEHO in consultation with the contract building surveyor completed and submitted monthly reports on:

- Building Services Levy (BSL) and;  
Building Construction Industry Training Fund (BCITF).

The new *Building Act 2011* has added considerably to the permit requirements and the Building Surveyor encourages and welcomes people intending to build to come into the Shire office in order to find out what is now required. The PEHO has worked well to put everything on the right track and to expedite the building certification and permit process.

### Planning Services

The Principal Environmental Health Officer worked with the Shires CEO and other Planning consultant in relation to the Shire Local Planning Scheme and other planning services during the 2017/18 financial year.

Peter Toboss

**PRINCIPAL ENVIRONMENTAL HEALTH OFFICER**



## Your Council

The Shire of Trayning is represented by seven Councillors made up of President, Deputy President and 5 Councillors. The elected representatives work together to provide good governance by making decisions on all aspects through effective strategic planning.

The current members of Council consist of:

Shire President		Deputy President	
Melanie Brown	Commenced - 2015 Term Expiry - 2019	Geoff Waters	Commenced - 1996 Term Expiry - 2019
Freda Tarr	Commenced - 2011 Term Expiry - 2019	Michelle McHugh	Commenced - 2017 Term Expiry - 2021
Marlon Hudson	Commenced - 2017 Term Expiry - 2021	Greg Yates	Commenced - 2015 Term Expiry - 2019

## Councillors and Meetings

**Cr Melanie Brown**

**Cr Geoff Waters**

**Cr Freda Tarr**

**Cr Michelle McHugh**

**Cr Greg Yates**

**Cr Marlon Hudson**

Council meetings are held on the third Wednesday of each month except in January. Meetings start at the advertised times, and have a 15 minute period at the commencement for public question time. An agenda is prepared for each meeting, which is finalised by the Wednesday afternoon of the week prior to the meeting.

Council has two standing Committees, the Audit Committee as required by the Local Government Act, and the Local Emergency Management Committee as required by the Emergency Management Act. Other Committees for specific purposes may be created. There are also a number of other organisations on which your Council is represented, these include: Bush Fires Advisory Committee, Great Eastern Zone of WALGA, NEW Travel, Pioneer Pathways, Local Health Advisory Group, Regional Road Group, Local Emergency Management as well as others.

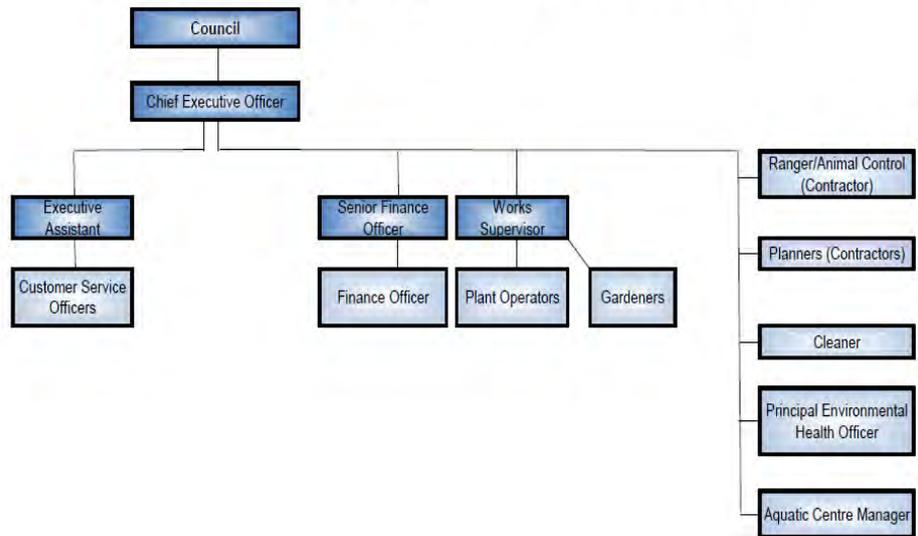
Council is also a member of the North Eastern Wheatbelt Regional Organisation of Councils, (NEWROC) which includes the Shires of Koorda, Nungarin, Mt Marshall, Mukinbudin and Wyalkatchem. The group works together to achieve greater resource sharing abilities.

The Local Government Act 1995 provides for Councillors to be paid a meeting fee for their attendance at Council and Committee meetings. This may be paid for individual attendances or alternatively, Councils may elect to pay an annual fee for attendance at these meetings.





## Shire of Trayning Organisation Structure 2018



## Council Staff

As at 30 June 2018

### Administration Staff

Chief Executive Officer	Graham Merrick
Environmental Health Officer	Peter Toboss
Executive Assistant	Belinda Taylor
Senior Finance Officer	Jacqueline Cook
Customer Service Officers	Abbie Herrick Jennifer DeWaal
Aquatic Centre Manager	Shaun Malone
Cleaner	Kerry Pitts

### Works Staff

Works Supervisor	Robert Tanner
Works Crew	Peter Salo Jade Griffiths David Dhu Taran Palmer Anthony Bell Alfonso Ricetti Marc Pitts Gavin Cook





### **LAW, ORDER & PUBLIC SAFETY**

The Shire of Trayning is covered by a local DFES Unit which consists of three fire trucks, one fast attack fire utility and emergency and road rescue vehicles. Council has minimal expenses in this area, however Council still considers this area as a high priority by providing staff and equipment, as required.

The Shire of Trayning receives Police coverage and support from the Bencubbin Police Station. The Bencubbin and surrounding police carry out regular patrols of the area to assist in keeping crime to a minimum.

The Shire carries out the requirements of the Dog Act through the Central Wheatbelt Ranger Service and internal staff. The Ranger carries out weekly patrols of the Shire. Council has its own dog pound which is situated in the Shire depot.

### **HEALTH & BUILDING**

Council administers the requirements of the Health Act and Building Code in the Shire and is a member of the North Eastern Wheatbelt Health Scheme, which employs Peter Toboss as its Principal Environmental Health Officer. He ensures that the required standards are being met by shop owners and builders, and provides general advice to residents on health and building matters.

Council supports the Kununoppin and Districts Health Service when required and in conjunction with the Shires of Mt Marshall, Mukinbudin and Nungarin has constructed a house to assist in attracting a doctor, and a vehicle is also provided for the Doctor.

### **EDUCATION & WELFARE**

Council owns and maintains the Playgroup building situated at Twine Street, Trayning and provides it free of charge for use by the KTY Playgroup and Seniors Group. Council supports the Wheatbelt Agcare and Counselling Service situated in Nungarin. Council also works closely with and provides support to the Trayning Primary School.

Council maintains and provides, free of charge, the Kununoppin Community Centre & Trayning Playgroup and Kununoppin Hall for the use of seniors and a second hand shop respectively.

### **HOUSING**

Council provide six-aged person's units and two young person's units in Trayning. Council also provide five -Aged Units in Kununoppin. Council also provides housing for various staff employed by the Shire.

## **How your Council Works**

**Law, Order & Public Safety**

**Health & Building**

**Education & Welfare**

**Housing**





## **COMMUNITY AMENITIES**

There are refuse sites based in Kununoppin and Yelbeni for the disposal of various types of waste. General household refuse collection is carried out by Avon Waste each Monday, with recycling collected fortnightly on a Tuesday. Council also provides recycling bins at each post office for farmers to utilise.

Council administers and maintains the cemeteries at Kununoppin, Trayning and Yelbeni including 2 niche walls.

Council provides public toilets throughout the Shire for the use of tourists and general public.

## **RECREATION & CULTURE**

Council is responsible for the maintenance of the town halls in Kununoppin & Trayning and also relies on a community committee to assist with the Kununoppin hall. The Shire also maintains a community centre in Kununoppin and Trayning.

The Trayning Aquatic Centre continues to be a focal point for the community during summer and with the shade sails at the southern and northern ends of the aquatic centre it provides a sun smart environment. The aquatic centre is well managed by the Pool Manager, Shaun Malone. It is also important as a facility where our children are educated in water safety via VACSWIM, school and local swimming club.

General parks and gardens are maintained by Council's town gardeners who ensure these areas are maintained to the highest of standards.

The BBQ Playground area is enhanced with a modern fitness centre/ gym and ablutions with enclosed verandah. Council also provides a stainless steel BBQ in the park area for members of the community and tourists to utilise.

The Shire provides a fully stocked public library including public access for the community to an internet service.

# How your Council Works

Community Amenities  
Recreation & Culture  
Transport





## **TRANSPORT**

Council provides a full range of licensing facilities for vehicles and motor drivers licenses. Council also has the facilities for the compulsory photographic Drivers and Firearms licence cards.

Council handles new Motor Driver Licensing applications, Computerised Theory Tests and Hazard Perception Tests.

Roads are the Shire's major commitment and consume the largest part of the annual budget. As well as ongoing maintenance, the Shire has carried out network improvements and major preservation projects during the year.

The Kununoppin airstrip is also a facility maintained by Council for the Kununoppin and Districts Hospital and the Royal Flying Doctor Service.

## **ECONOMIC SERVICES**

The Ninghan News is fully funded and compiled on a fortnightly basis by the Shire administration staff and is distributed in each town and via mail to subscribers. No publications are produced during January.

Council compiles and produces a local telephone and business directory for the Shire of Trayning which can be purchased through the Shire Office.

Council maintains its support for tourism and area promotion in the Shire and region with its involvement in NEWTravel, Pioneer's Pathway, the Wheatbelt Way and through the maintenance of the Tourist Information Bay and Local Tourism Brochure.

The Billyacatting Hill Nature Reserve and Gnamma Holes in conjunction with beautiful wildflowers & orchards are just a few of the unique tourism assets within the community and attract tourists from everywhere.

## **PRIVATE WORKS**

Private works for residents is a service provided by the Council, and also extended to private organisations and Government Departments. Fees and charges are reviewed annually during the budget process, these are available by contacting the Shire Office staff.

## **FINANCE AND BORROWING**

Council currently has a number of loans for various purposes including the construction of Detailed information on income and expenditure, refer to the following Financial Report.

# How your Council Works

**Economic Services**

**Private Works**

**Finance & Borrowing**





## Plan for the Future Overview



### AN OVERVIEW OF THE PLAN FOR THE FUTURE OF THE DISTRICT

#### a) **General Purpose Income**

This area is a major determinant in the planning of the activities of the Shire with Rates and Operating Grants and Subsidies continuing to provide operating costs for the provision of services to the community

#### b) **Administration and Governance**

Council and Staff continue to work together towards the common goal. It is encouraging to report on the innovative and positive attitude Council present in providing facilities and determining future developments in our Shire, which ultimately leads to a benefit for all.

#### c) **Community Amenities**

The object of this facility is to provide an efficient and effective service to the community in the areas of Refuse Management and management of the Town Planning functions.

#### d) **Recreation and Culture**

The object of this activity is to maintain and enhance lifestyle opportunities for the community and to this end the Shire continues to support sporting and recreational groups with funding and assistance in obtaining grant funds through the Department of Sport and Recreation. Council's current focus in this area is the upgrade of the Trayning Community Recreation Centre.

#### e) **Transport**

The transport activity covers the construction and maintenance of the road network together with footpath and street lighting facilities. The Shire apply significant resources to this area and make substantial budget provision to provide and maintain this activity.

#### f) **Economic Services**

The purpose of this activity is to facilitate business opportunities, natural resource management tourism and potential for economic development. The Shire continues to support local and regional groups.

Continued...



## Plan for the Future Overview



### AN OVERVIEW OF THE PLAN FOR THE FUTURE OF THE DISTRICT

#### g) Land and Buildings

This is a major area of the Shire assets with an obligation to ensure that a reasonable and commercial return is achieved and appropriate management of assets is applied.

#### h) Plant, Equipment and Machinery

This area remains an important part of Council direction. Plant budgeted is purchased within set parameters.

#### i) Infrastructure Assets

This extensive area includes roads, footpaths, drainage, parks, gardens, ovals, kerbing, lighting and street trees.

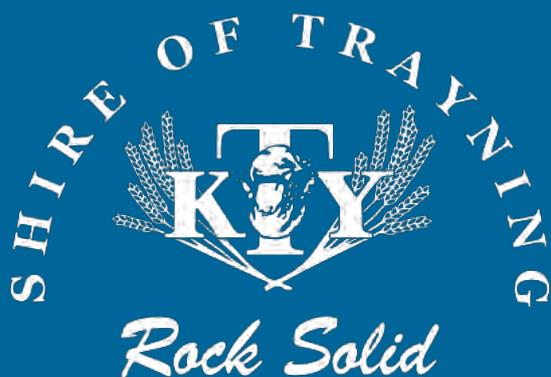
#### Major Initiatives Proposed or to Continue During 2018/2019

- Fencing of the Yelbeni & Kununoppin Tip Sites
- Renovations to Staff Housing
- Kununoppin Independent Living Units
- KTY Aquatic Centre Building Redevelopment
- Construction of DFES 4 Bay Appliance Facility
- Kununoppin Playground Shade Sails



**Have your say on  
Access and inclusion**

## **Disability Services Plan**



Amendment to the Disability Services Act in 1999 require all Public Authorities to include in their Annual Report, a statement on that organisation's efforts to implement their adopted Disability Access and Inclusion Plan.

The Shire of Trayning is committed to ensuring that the community is an accessible community for people with disabilities, their families and carers. As well as to consulting with people with disabilities, their families and carers and where required, disability organisations to ensure that barriers to access are addressed properly.

The outcome statements against which assessments are made are as follows:

**OUTCOME 1** - People with disabilities have the same opportunities as other people to access the services of, and any events organised, by the Shire of Trayning.

**OUTCOME 2** - People with disabilities have the same opportunities as other people to access the buildings and other facilities of the Shire of Trayning.

**OUTCOME 3** - People with disabilities receive information from the Shire of Trayning in a format that will enable them to access the information as readily as other people are able to access it.

**OUTCOME 4** - People with disabilities receive the same level and quality of service from the employees of the Shire of Trayning as other people receive.

**OUTCOME 5** - People with disabilities have the same opportunities as other people to make complaints to the Shire of Trayning.

**OUTCOME 6** - People with disabilities have the same opportunities as other people to participate in any public consultation by the Shire of Trayning.

**OUTCOME 7** - People with disabilities have the same opportunities as other people to obtain and maintain employment with a public authority.

### **GENERAL COMMENTS**

In 2012 Council carried out community consultation on disability services via a public survey and through one on one consultation with the elderly residing in the Shire. Should anyone have a comment or suggestion regarding accessibility issues please contact the Shire office and discuss the matters you have to talk about.

Council continues to work to ensure that all of our new facilities are designed to meet the needs of the elderly and disabled.

Copies of the Disability Access and Inclusion Plan 2012-2017 are available upon request from the Shire Administration Office.



# Record Keeping Plan



The Shire of Trayning remains committed to meeting the requirements of the State Records Act 2000.

Records are a core information resource and sound record keeping practices are acknowledged to contribute to overall effectiveness and efficiency of the organisation.

The Shire of Trayning's Record Keeping Plan was reviewed and approved by the State Records Commission and adopted at the April 2008 Meeting.

The Record Keeping Plan was reviewed in April 2013.

## **RETENTION AND DISPOSAL SCHEDULE**

The Shire of Trayning utilises the general disposal authority of Local Government records as produced by the State Records Office for retention and disposal of records.

## **DISPOSAL PROGRAM IMPLEMENTED**

The Shire of Trayning has implemented the General Disposal Authority for Local Government Records and conducts regular disposal of records and archiving on an annual basis.

## **AUTHORISATION FOR DISPOSAL OF RECORDS**

Before any records are destroyed or transferred to the SRO they are reviewed by the Chief Executive Officer for the Shire of Trayning and authorised for destruction or transfer.

## **PERFORMANCE INDICATORS IN PLACE**

The following performance indicator/control mechanisms has been developed to measure the efficiency and effectiveness of the Shire of Trayning's recordkeeping systems:

1. Perpetual diary system to check accuracy by random check of stored records
2. The annual destruction of records confirms whether or not the records are in the location the register records that they should be.

Continued...



## Record Keeping Plan

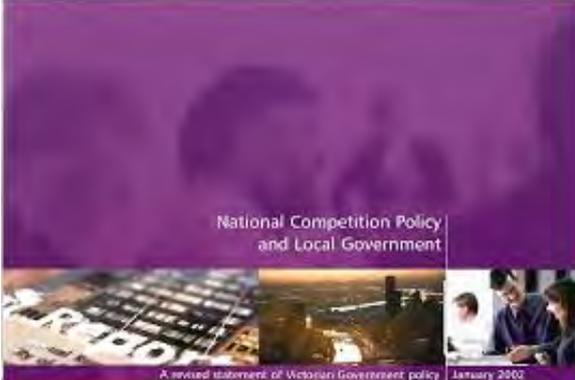


### STAFF TRAINING, INFORMATION SESSIONS

The Shire of Trayning has implemented the following activities to ensure that all staff are aware of their record keeping responsibilities and compliance with the Record Keeping Plan:

- Presentations on various aspects of the Shire of Trayning's record keeping program are delivered as required
- In-house training sessions are conducted for the organisation's staff as required
- From time to time an external consultant is brought in to run a training session for staff. Staff are also encouraged to attend training courses outside the organisation whenever practicable.
- Staff information sessions are conducted as required.

# National Competition Policy



National Competition Policy  
and Local Government

A revised statement of Victorian Government policy January 2002

## **COMPETITION REFORM**

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. There are a number of specific requirements placed on Local Government in the areas of competitive neutrality, legislation review and structural reform. Each Local Government is required to report its progress in achieving NCP reforms in its annual report.

## **COMPETITIVE NEUTRALITY**

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership.

Competitive neutrality should apply to all business activities, which generate a user-pays income of over \$200,000 unless it can be shown it is not in the public interest.

As the Shire of Trayning does not have any 'Significant Business Activities' with an annual user-pays income exceeding \$200,000 p.a. this negates further action or reporting obligation.

## **LEGISLATION REVIEW**

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome.

Local Laws are also required to be reviewed every eight years under the Local Government Act 1995. As the Local Laws were made in 2001, this review is now due. A consultant has been engaged to carry out the review.

## **STRUCTURAL REFORM**

Before Local Governments privatise a monopoly business activity or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review undertaken.

Where applicable, all Local Governments in Australia must report their adherence to structural reform principles. At present, this requirement has a very limited impact on Local Government in Western Australia, and most will not need to provide this information.





Freedom of  
Information  
Act 2000

## Freedom Of Information



### THE FOLLOWING COUNCIL DOCUMENTS AVAILABLE FOR INSPECTION

Various documents are available for inspection by members of the public.

- Council Agendas & Minutes
- Annual Budgets
- Annual Report and Financial Statements
- Plan for the Future of the District-Five Year
- Five Year Financial Plan
- Council Policy Manual and Delegations Register
- Council & Staff Code of Conduct
- Rate Assessment Book
- Electoral Roll
- Local Laws
- Municipal Heritage Inventory

Council also delivers information to the public via the following:

- Annual Ratepayer Information Pamphlets sent with Rate Notices
- Council Notes in the Ninghan News
- Production of the Local Telephone Directory
- Dog & Bushfire Fire Control Pamphlets are also posted annually
- Local Tourism & Information Brochure

### FREEDOM OF INFORMATION REQUESTS

During the year under review there was one formal request made by a member of the public under the Freedom of Information Act.

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

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

The Freedom of Information Officer

Shire of Trayning

PO Box 95

TRAYNING WA 6488

## Other Statutory Requirements

### PUBLIC INTEREST DISCLOSURE

The Public Interest Disclosure Act was established by the Commissioner of Sector Standards under Section 20 of the Public Interest Disclosure Act 2003.

One of the principles of the new legislation is not just to provide protection to those who make disclosures (and those who are the subject of disclosures) but also encourages a system of transparency and accountability in the way government or government officials act and utilise public monies.

Matters that fall into the category of public interest include the following:

- Improper Conduct (irregular or unauthorised use of public resources);
- An offence under State Law including corruption (substantial unauthorised or irregular use of, or substantial mismanagement of, public resources);
- Administration matters generally (conduct involving a substantial risk of injury to public health, prejudice to public safety or harm to the environment).

Matters relating to the Shire of Trayning should be referred to the Shire of Trayning's Public Interest Disclosure Officer. Disclosures to the Public Disclosure Officer can be made not just about officers of a local authority but also its elected officials.

The Disclosure Act is to ensure that the disclosure is confidential and that the person making a disclosure is provided adequate protection from reprisals, civil and criminal liability, dismissal or breach of confidentiality.

The Shire of Trayning had no Public Interest Disclosures during the reporting period.



Continued...



## Other Statutory Requirements



### INFORMATION ON EMPLOYEE PAYMENTS

For the purpose of Regulation 19B of the Local Government (Administration) Regulations 1996 employee remuneration is required to be contained in Council's Annual Report.

Shown below in bands is the number of employees:

Entitled to an annual salary of 100,000 to 109,999 = 1

Entitled to an annual salary of 110,000 to 119,999 = 0

Entitled to an annual salary of 120,000 to 129,999 = 0

Entitled to an annual salary of 130,000 to 139,999 = 1

Po Box 95

TRAYNING WA 6488

Phone: (08) 96831001

[www.trayning.wa.gov.au](http://www.trayning.wa.gov.au)



## Section 2

## Financial

Po Box 95

TRAYNING WA 6488

Phone: (08) 96831001

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

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**COMMUNITY VISION**

To be an active, safe and vibrant community that works together with honesty and is respectful of the values of all.

Principal place of business:  
Railway Street  
Trayning WA 6488

**SHIRE OF TRAYNING  
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 Trayning 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 Trayning 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 7<sup>TH</sup> day of February 2019



Acting Chief Executive Officer

Paul Sheedy

Name of Acting Chief Executive Officer

**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		59,535	29,040	66,403
General purpose funding		2,158,771	2,207,337	2,604,392
Law, order, public safety		15,034	5,950	6,375
Health		103,000	87,000	180,287
Education and welfare		672	7,250	8,666
Housing		52,598	53,027	38,347
Community amenities		59,298	57,888	52,784
Recreation and culture		16,122	45,662	117,837
Transport		623,089	553,985	799,717
Economic services		76,337	100,424	314,490
Other property and services		82,895	49,497	90,466
		<u>3,247,351</u>	<u>3,197,060</u>	<u>4,279,764</u>
<b>Expenses</b>				
	2(a)			
Governance		(571,340)	(512,193)	(313,394)
General purpose funding		(18,698)	(23,220)	(85,133)
Law, order, public safety		(40,007)	(42,781)	(79,074)
Health		(138,971)	(141,739)	(169,522)
Education and welfare		(126,322)	(135,673)	(76,076)
Housing		(139,133)	(174,554)	(204,507)
Community amenities		(142,052)	(151,627)	(172,671)
Recreation and culture		(508,592)	(649,052)	(715,469)
Transport		(1,559,320)	(1,420,586)	(1,122,820)
Economic services		(286,382)	(372,919)	(838,968)
Other property and services		(13,575)	28,748	(5,561)
		<u>(3,544,392)</u>	<u>(3,595,596)</u>	<u>(3,783,195)</u>
<b>Finance Costs</b>				
	2(a)			
Governance		(1,820)	(1,997)	(3,800)
Recreation and culture		(13,658)	(12,426)	(12,915)
Transport		(352)	(494)	(2,162)
Economic services		(6,100)	(5,729)	(6,145)
		<u>(21,930)</u>	<u>(20,646)</u>	<u>(25,022)</u>
		<u>(318,971)</u>	<u>(419,182)</u>	<u>471,547</u>
Non-operating grants, subsidies and contributions	2	912,936	852,891	898,277
Profit on disposal of assets	9(a)	0	10,517	0
(Loss) on disposal of assets	9(a)	(4,064)	0	0
		<u>589,901</u>	<u>444,226</u>	<u>1,369,824</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	(16,439,125)	0	(2,134,711)
		<u>(15,849,224)</u>	<u>444,226</u>	<u>(764,887)</u>

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

**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	19(a)	1,144,145	1,143,038	994,955
Operating grants, subsidies and contributions	2(a)	1,610,166	1,790,122	2,604,447
Fees and charges	2(a)	271,220	196,382	259,334
Interest earnings	2(a)	42,429	26,218	31,266
Other revenue	2(a)	179,391	41,300	389,762
		<u>3,247,351</u>	<u>3,197,060</u>	<u>4,279,764</u>
<b>Expenses</b>				
Employee costs		(1,087,826)	(1,097,223)	(952,572)
Materials and contracts		(1,228,117)	(1,103,435)	(1,508,445)
Utility charges		(130,602)	(108,386)	(121,324)
Depreciation on non-current assets	9(b)	(846,259)	(1,026,630)	(987,987)
Interest expenses	2(b)	(21,930)	(21,296)	(25,022)
Insurance expenses		(89,534)	(89,850)	(89,772)
Other expenditure		(162,054)	(169,422)	(123,095)
		<u>(3,566,322)</u>	<u>(3,616,242)</u>	<u>(3,808,217)</u>
		(318,971)	(419,182)	471,547
Non-operating grants, subsidies and contributions	2(a)	912,936	852,891	898,277
Profit on asset disposals	9(a)	0	10,517	0
(Loss) on asset disposals	9(a)	(4,064)	0	0
<b>Net result</b>		<b>589,901</b>	<b>444,226</b>	<b>1,369,824</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	(16,439,125)	0	(2,134,711)
<b>Total comprehensive income</b>		<b>(15,849,224)</b>	<b>444,226</b>	<b>(764,887)</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	1,602,838	1,472,565
Trade and other receivables	5	160,408	139,841
Inventories	6	18,832	24,819
<b>TOTAL CURRENT ASSETS</b>		<b>1,782,078</b>	<b>1,637,225</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	67,757	75,958
Property, plant and equipment	7	10,740,078	10,672,074
Infrastructure	8	46,074,593	62,133,012
<b>TOTAL NON-CURRENT ASSETS</b>		<b>56,882,428</b>	<b>72,881,044</b>
<b>TOTAL ASSETS</b>		<b>58,664,506</b>	<b>74,518,269</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	169,264	147,212
Current portion of long term borrowings	12(a)	54,160	83,032
Provisions	13	163,018	100,162
<b>TOTAL CURRENT LIABILITIES</b>		<b>386,442</b>	<b>330,406</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	12(a)	493,710	547,870
Provisions	13	13,937	20,352
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>507,647</b>	<b>568,222</b>
<b>TOTAL LIABILITIES</b>		<b>894,089</b>	<b>898,628</b>
<b>NET ASSETS</b>		<b>57,770,417</b>	<b>73,619,641</b>
<b>EQUITY</b>			
Retained surplus		22,493,836	21,357,758
Reserves - cash backed	4	652,120	1,198,297
Revaluation surplus	10	34,624,461	51,063,586
<b>TOTAL EQUITY</b>		<b>57,770,417</b>	<b>73,619,641</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>20,093,484</b>	<b>1,092,747</b>	<b>53,198,297</b>	<b>74,384,528</b>
Comprehensive income				
Net result	1,369,824	0	0	1,369,824
Changes on revaluation of assets	10	0	(2,134,711)	(2,134,711)
Total comprehensive income	1,369,824	0	(2,134,711)	(764,887)
Transfers from/(to) reserves	(105,550)	105,550	0	0
<b>Balance as at 30 June 2017</b>	<b>21,357,758</b>	<b>1,198,297</b>	<b>51,063,586</b>	<b>73,619,641</b>
Comprehensive income				
Net result	589,901	0	0	589,901
Changes on revaluation of assets	10	0	(16,439,125)	(16,439,125)
Total comprehensive income	589,901	0	(16,439,125)	(15,849,224)
Transfers from/(to) reserves	546,177	(546,177)	0	0
<b>Balance as at 30 June 2018</b>	<b>22,493,836</b>	<b>652,120</b>	<b>34,624,461</b>	<b>57,770,417</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		1,144,330	1,180,038	999,063
Operating grants, subsidies and contributions		1,544,637	1,829,116	2,648,839
Fees and charges		271,220	197,382	259,334
Interest earnings		42,429	26,218	31,266
Goods and services tax		109,443	24,000	342,484
Other revenue		179,391	41,800	389,762
		<u>3,291,450</u>	<u>3,298,554</u>	<u>4,670,748</u>
<b>Payments</b>				
Employee costs		(1,300,368)	(1,084,223)	(1,026,829)
Materials and contracts		(932,379)	(1,070,636)	(1,527,476)
Utility charges		(130,602)	(110,386)	(121,324)
Interest expenses		(20,646)	(21,296)	(25,799)
Insurance expenses		(89,534)	(90,850)	(89,772)
Goods and services tax		(60,625)	(4,000)	(341,878)
Other expenditure		(162,054)	(170,422)	(123,095)
		<u>(2,696,208)</u>	<u>(2,551,813)</u>	<u>(3,256,173)</u>
<b>Net cash provided by (used in) operating activities</b>	14	<u>595,242</u>	<u>746,741</u>	<u>1,414,575</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(366,595)	(281,335)	(1,064,403)
Payments for construction of infrastructure		(979,711)	(1,154,291)	(1,189,653)
Non-operating grants, subsidies and contributions		912,936	852,891	898,277
Proceeds from sale of fixed assets		47,273	63,033	0
<b>Net cash provided by (used in) investment activities</b>		<u>(386,097)</u>	<u>(519,702)</u>	<u>(1,355,779)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings		(83,032)	(83,033)	(96,013)
Proceeds from self supporting loans		4,160	0	4,010
<b>Net cash provided by (used in) financing activities</b>		<u>(78,872)</u>	<u>(83,033)</u>	<u>(92,003)</u>
<b>Net increase (decrease) in cash held</b>		130,273	144,006	(33,207)
Cash at beginning of year		1,472,565	1,916,274	1,505,772
<b>Cash and cash equivalents at the end of the year</b>	3	<u><u>1,602,838</u></u>	<u><u>2,060,280</u></u>	<u><u>1,472,565</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>		215,903	24,763	311,179
		215,903	24,763	311,179
<b>Revenue from operating activities (excluding rates)</b>				
Governance		59,535	29,040	66,403
General purpose funding		1,026,854	1,064,299	1,618,797
Law, order, public safety		15,034	5,950	6,375
Health		103,000	89,517	180,287
Education and welfare		672	7,250	8,666
Housing		52,598	53,027	38,347
Community amenities		59,298	57,888	52,784
Recreation and culture		16,122	45,662	117,837
Transport		623,089	561,985	799,717
Economic services		76,337	100,424	314,490
Other property and services		82,895	49,497	90,466
		2,115,434	2,064,539	3,294,169
<b>Expenditure from operating activities</b>				
Governance		(573,160)	(514,190)	(316,632)
General purpose funding		(18,698)	(23,220)	(85,133)
Law, order, public safety		(40,007)	(42,781)	(79,074)
Health		(143,035)	(141,739)	(169,522)
Education and welfare		(126,322)	(135,673)	(76,076)
Housing		(139,133)	(174,554)	(204,507)
Community amenities		(142,052)	(151,627)	(172,671)
Recreation and culture		(522,250)	(661,478)	(728,384)
Transport		(1,559,672)	(1,421,080)	(1,124,982)
Economic services		(292,482)	(378,648)	(845,113)
Other property and services		(13,575)	28,748	(6,123)
		(3,570,386)	(3,586,243)	(3,808,217)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	9(a)	0	(10,517)	0
Loss on disposal of assets	9(a)	4,064	0	0
Movement in deferred pensioner rates (non-current)		3,886	0	(3,520)
Movement in employee benefit provisions (non-current)		(12,422)	0	2,042
Depreciation and amortisation on assets	9(b)	846,259	1,026,630	987,987
<b>Amount attributable to operating activities</b>		(397,262)	(480,828)	783,640
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		912,936	852,891	898,277
Proceeds from disposal of assets	9(a)	47,273	63,033	0
Purchase of property, plant and equipment	7(b)	(366,595)	(281,335)	(1,064,403)
Purchase and construction of infrastructure	8(b)	(979,711)	(1,154,291)	(1,189,653)
<b>Amount attributable to investing activities</b>		(386,097)	(519,702)	(1,355,779)
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	12(a)	(83,032)	(83,033)	(96,013)
Proceeds from self supporting loans	12(a)	4,160	0	4,010
Transfers to reserves (restricted assets)	4	(600,845)	(453,191)	(840,550)
Transfers from reserves (restricted assets)	4	1,147,022	(402,396)	735,000
<b>Amount attributable to financing activities</b>		467,305	(133,828)	(197,553)
<b>Surplus(deficiency) before general rates</b>		(316,054)	(1,134,358)	(769,692)
<b>Total amount raised from general rates</b>	19	1,131,917	1,130,810	985,595
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	20	<b>815,863</b>	<b>(3,547)</b>	<b>215,903</b>

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.

The Local Government ( Financial Management) Regulations 1995 take precedence over Australian Accounting Standards. Regulation 18 prohibits a local government from recognising as assets crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, Unless it is a golf course, show ground, race course or any other sporting or recreational facility of state or regional significance. Consequently, some assets, including land under roads acquired on or after the 1st July 2008 have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 22 to these financial statements.

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 Actual</b>	<b>2017 Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Other revenue</b>		
Reimbursements and recoveries	0	254,010
Other	179,391	135,752
	<u>179,391</u>	<u>389,762</u>
<b>Fees and Charges</b>		
Governance	27,965	25,782
General purpose funding	1,665	1,440
Law, order, public safety	1,723	1,731
Health	35,125	29,770
Housing	52,458	38,092
Community amenities	59,298	48,978
Recreation and culture	14,901	17,744
Economic services	16,782	27,892
Other property and services	61,303	67,905
	<u>271,220</u>	<u>259,334</u>

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

## 2. REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

#### Grant Revenue

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

	2018	2017
	\$	\$
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	972,550	1,578,732
Law, order, public safety	0	4,000
Recreation and culture	0	5,000
Transport	613,476	787,188
Economic services	24,140	229,527
	<u>1,610,166</u>	<u>2,604,447</u>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	181,818	0
Education and welfare	0	1,730
Recreation and culture	0	34,800
Transport	731,118	861,747
	<u>912,936</u>	<u>898,277</u>
<b>Total grants, subsidies and contributions</b>	<u>2,523,102</u>	<u>3,502,724</u>

#### 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 18. 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.

#### Interest earnings

- Loans receivable - clubs/institutions  
- Reserve funds  
- Other funds  
Other interest revenue (refer note 19(c))

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
- Loans receivable - clubs/institutions	1,221	0	1,357
- Reserve funds	14,710	15,027	10,308
- Other funds	10,482	3,491	2,826
Other interest revenue (refer note 19(c))	16,016	7,700	16,775
	<u>42,429</u>	<u>26,218</u>	<u>31,266</u>

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

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

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report
- Other Services

2018	2017
\$	\$
49,805	25,002
30,151	2,780
79,956	27,782

**Interest expenses (finance costs)**

- Long term borrowings (refer Note 12(a))
- Other interest expenses

17,477	24,460
4,453	562
21,930	25,022

**Rental charges**

- Operating leases

2,133	21,085
2,133	21,085

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		767,926	130,009
Restricted		834,912	1,342,556
		1,602,838	1,472,565
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	4	22,502	28,905
Plant reserve	4	430,321	284,988
Building reserve	4	90,763	8,914
Facilities reserve	4	7,507	7,350
Medical reserve	4	55,268	54,145
Rubbish tip reserve	4	29,104	4,118
Swimming pool reserve	4	9,129	8,759
Unspent grants & loans reserve	4	0	783,394
Community recreation centre reserve	4	0	17,724
Performance & retention reserve	4	7,526	0
Unspent Grants	18	182,792	144,259
		834,912	1,342,556

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and 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 Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual 2018	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	
Leave reserve	28,905	69,303	(75,706)	22,502	68,905	752	0	69,657	28,509	396	0	28,905		
Plant reserve	284,988	316,203	(170,870)	430,321	375,000	129,750	(275,396)	229,354	355,061	4,327	(75,000)	284,988		
Building reserve	8,914	81,849	0	90,763	8,913	117,792	0	126,705	8,792	122	0	8,914		
Facilities reserve	7,350	157	0	7,507	7,350	191	0	7,541	7,249	101	0	7,350		
Medical reserve	54,145	1,123	0	55,268	54,145	1,408	0	55,553	53,404	741	0	54,145		
Rubbish tip reserve	4,118	24,986	0	29,104	4,118	107	0	4,225	28,719	399	(25,000)	4,118		
Swimming pool reserve	8,759	13,166	(12,796)	9,129	21,759	23,566	0	45,325	8,639	120	0	8,759		
Unspent grants & loans reserve	783,394	86,442	(869,836)	0	870,208	0	(127,000)	743,208	350,000	783,394	(350,000)	783,394		
Community recreation centre reserve	17,724	90	(17,814)	0	17,723	461	0	18,184	252,374	50,350	(285,000)	17,724		
Staff Housing Reserve	0	7,526	0	7,526	0	112,840	0	112,840	0	0	0	0		
Economic Development reserve	0	0	0	0	0	15,000	0	15,000	0	0	0	0		
Sewerage Reserve	0	0	0	0	0	51,324	0	51,324	0	0	0	0		
	1,198,297	600,845	(1,147,022)	652,120	1,428,121	453,191	(402,396)	1,478,917	1,092,747	840,550	(735,000)	1,198,297		

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	Ongoing	To be used to fund annual and long service leave requirements
Plant reserve	Ongoing	To be used for the purchase of major plant
Building reserve	Ongoing	To be used for the construction of housing and other facilities
Facilities reserve	Ongoing	To be used to provide new facilities to the shire
Medical reserve	Ongoing	To be used to maintain the services of a doctor and other medical services
Rubbish tip reserve	Ongoing	To be used to upgrade and expand rubbish tips within the shire
Swimming pool reserve	Ongoing	To be used to upgrade the swimming pool and aquatic centre facilities
Unspent grants & loans reserve	Ongoing	To be used to set aside grant and loan funds received and committed to be spent on specific projects or in future reporting periods
Community recreation centre reserve	June 2018	To be used for the construction of a Community Recreation Centre
Staff Housing Reserve	Ongoing	To be used to fund retention strategies for staff

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	119,314	115,613
Sundry debtors	35,194	36,921
GST receivable	8,680	57,498
Loans receivable - clubs/institutions	4,315	4,160
Accrued income/payments in advance	58,965	7,370
Provision for doubtful debts	(66,060)	(81,721)
	<u>160,408</u>	<u>139,841</u>
<b>Non-current</b>		
Rates outstanding - pensioners	40,989	44,875
Loans receivable - clubs/institutions	26,768	31,083
	<u>67,757</u>	<u>75,958</u>

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

**Rates outstanding**

Includes:

Past due and not impaired	115,112	95,520
Impaired	45,191	64,968

The table illustrates the rates outstanding aging analysis (including non current pensioners)

Up to one year	48,804	2,095
One to three years	50,827	82,480
Three or more years	60,672	75,913
	<u>160,303</u>	<u>160,488</u>

**Sundry debtors**

Includes:

Past due and not impaired	14,325	20,168
Impaired	20,869	16,753

The table illustrates the sundry debtors aging analysis

Up to one moth	13,432	17,710
One to three months	1,204	1,658
Three or more months	20,558	17,553
	<u>35,194</u>	<u>36,921</u>

## 5. TRADE AND OTHER RECEIVABLES (Continued)

### 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.

## 6. INVENTORIES

### Current

Fuel and materials

	2018	2017
	\$	\$
	18,832	24,819
	18,832	24,819

### 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	218,000	218,000
- Independent valuation 2017 - level3	18,000	18,000
Total land	<u>236,000</u>	<u>236,000</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	1,068,798	969,000
Buildings - non-specialised - Less: accumulated depreciation	<u>(28,571)</u>	<u>0</u>
	1,040,227	969,000
Buildings - specialised at:		
- Independent valuation 2017 - level 3	8,648,202	8,623,112
Buildings - specialised - Less: accumulated depreciation	<u>(102,113)</u>	<u>0</u>
	8,546,089	8,623,112
Total buildings	<u>9,586,316</u>	<u>9,592,112</u>
Total land and buildings	<u>9,822,316</u>	<u>9,828,112</u>
Furniture and equipment at:		
- Management valuation 2016 - level 2	82,374	12,704
- Management valuation 2016 - level 3	0	57,852
Furniture and equipment - Less: accumulated depreciation	<u>(13,732)</u>	<u>(6,777)</u>
	68,642	63,779
Plant and equipment at:		
- Management valuation 2016 - level 2	1,003,611	854,429
Plant and equipment - Less: accumulated depreciation	<u>(154,491)</u>	<u>(74,246)</u>
	849,120	780,183
<b>Total property, plant and equipment</b>	<u>10,740,078</u>	<u>10,672,074</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	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	260,000	260,000	1,915,950	8,191,679	10,107,629	10,367,629	58,617	615,909	11,042,155
Additions	0	0	45,642	768,302	813,944	813,944	11,939	238,520	1,064,403
Revaluation increments/ (decrements) transferred to revaluation surplus	(24,000)	(24,000)	(937,327)	(149,193)	(1,086,520)	(1,110,520)	0	0	(1,110,520)
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	0	0	0	0	0	0
Depreciation (expense)	0	0	(55,265)	(187,676)	(242,941)	(242,941)	(6,777)	(74,246)	(323,964)
<b>Carrying amount at 30 June 2017</b>	236,000	236,000	969,000	8,623,112	9,592,112	9,828,112	63,779	780,183	10,672,074
Additions	0	0	99,798	51,501	151,299	151,299	11,818	203,478	366,595
Disposals	0	0	0	0	0	0	0	(51,337)	(51,337)
Depreciation (expense)	0	0	(28,571)	(102,113)	(130,684)	(130,684)	(6,955)	(83,204)	(220,843)
Transfers	0	0	0	(26,411)	(26,411)	(26,411)	0	0	(26,411)
<b>Carrying amount at 30 June 2018</b>	236,000	236,000	1,040,227	8,546,089	9,586,316	9,822,316	68,642	849,120	10,740,078

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

**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 registered valuers	June 2017	Price per hectare
Land - freehold land	3	Improvements to land value using cost approach using replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition, residual values and remaining useful life assessments inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metre
Buildings - specialised	3	Improvements to land value using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to buildings using construction costs and current condition, residual values and remaining useful life assessments inputs
<b>Furniture and equipment</b>	2	Market approach using recent observable market data for similar items	Management valuation	June 2016	Price per item
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition, residual values and remaining useful life assessments inputs
<b>Plant and equipment</b>	2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2016	Price per item

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

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management Valuation 2015 - level 3	0	71,194,015
- Management valuation 2018 - level 3	63,780,754	0
- Additions after valuation - cost	0	2,185,120
Infrastructure - Roads - Less: accumulated depreciation	(20,389,533)	(13,982,333)
	<u>43,391,221</u>	<u>59,396,802</u>
Infrastructure - Footpaths		
- Management Valuation 2015 - level 3	0	1,071,597
- Management valuation 2018 - level 3	1,031,104	0
Infrastructure - Footpaths - Less: accumulated depreciation	(584,559)	(748,789)
	<u>446,545</u>	<u>322,808</u>
Infrastructure - Airstrip		
- Management Valuation 2015 - level 3	0	891,072
- Management valuation 2018 - level 3	658,049	0
Infrastructure - Airstrip - Less: accumulated depreciation	(46,278)	(88,907)
	<u>611,771</u>	<u>802,165</u>
Infrastructure - Water supply		
- Management Valuation 2015 - level 3	0	657,000
- Management valuation 2018 - level 3	697,214	0
Infrastructure - Water - Less: accumulated depreciation	(490,544)	(454,507)
	<u>206,670</u>	<u>202,493</u>
Infrastructure - Other		
- Management valuation 2017 - level 3	1,456,452	1,408,744
Infrastructure - Other - Less: accumulated depreciation	(38,066)	0
	<u>1,418,386</u>	<u>1,408,744</u>
<b>Total infrastructure</b>	<u>46,074,593</u>	<u>62,133,012</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 Footpaths	Infrastructure - Airstrip	Infrastructure Water supply	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	58,852,330	337,060	812,145	215,746	2,414,292	62,631,573
Additions	1,082,089	0	0	0	107,564	1,189,653
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	0	(1,024,191)	(1,024,191)
Depreciation (expense)	(537,617)	(14,252)	(9,980)	(13,253)	(88,921)	(664,023)
<b>Carrying amount at 30 June 2017</b>	59,396,802	322,808	802,165	202,493	1,408,744	62,133,012
Additions	895,644	55,548	8,979	0	19,540	979,711
Revaluation increments/ (decrements) transferred to revaluation surplus	(16,349,603)	82,441	(189,393)	17,430	0	(16,439,125)
Depreciation (expense)	(551,622)	(14,252)	(9,980)	(13,253)	(36,309)	(625,416)
Transfers	0	0	0	0	26,411	26,411
<b>Carrying amount at 30 June 2018</b>	43,391,221	446,545	611,771	206,670	1,418,386	46,074,593

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

**8. INFRASTRUCTURE (Continued)**

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Airstrip	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Water supply	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

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

**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.

**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.

## 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>Health</b>								
Doctor's Car 2017 Toyota Prado GXL	51,337	47,273	0	(4,064)	52,517	55,034	2,517	0
<b>Transport</b>								
Old tipper bowl	0	0	0	0	0	8,000	8,000	0
	51,337	47,273	0	(4,064)	52,517	63,034	10,517	0

### (b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	28,571	55,265
Buildings - specialised	102,113	187,676
Furniture and equipment	6,955	6,777
Plant and equipment	83,204	74,246
Infrastructure - Roads	551,622	537,617
Infrastructure - Footpaths	14,252	14,252
Infrastructure - Airstrip	9,980	9,980
Infrastructure - Water supply	13,253	13,253
Infrastructure - Other	36,309	88,921
	846,259	987,987

## 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:

- a) 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
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

##### Depreciation rates

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

Buildings	40 years
Furniture and equipment	10 years
Plant and equipment	10 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	10 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	10 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	10 years
Water supply piping & drainage systems	40 years
Airstrip	
formation	not depreciated
seal	
- bituminous seals	10 years
Gravel sheet	10 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

**11. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
Accrued interest on long term borrowings  
Accrued salaries and wages  
ATO liabilities  
Accrued expenses

	2018	2017
	\$	\$
	29,730	111,683
	4,453	3,169
	9,638	8,129
	46,500	24,231
	78,943	0
	169,264	147,212

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

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

**Trade and other payables (Continued)**

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



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

12. INFORMATION ON BORROWINGS (Continued)

(b) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	200,000	200,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	7,000
Credit card balance at balance date	(971)	(3,273)
<b>Total amount of credit unused</b>	<b>219,029</b>	<b>203,727</b>

Loan facilities

Loan facilities - current	54,160	83,032
Loan facilities - non-current	493,710	547,870

**Total facilities in use at balance date**

**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.

### 13. PROVISIONS

#### Opening balance at 1 July 2017

Current provisions  
Non-current provisions

Additional provision  
Amounts used

#### Balance at 30 June 2018

#### Comprises

Current  
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	63,680	36,482	100,162
Non-current provisions	0	20,352	20,352
	63,680	56,834	120,514
Additional provision	113,284	5,937	119,221
Amounts used	(60,987)	(1,793)	(62,780)
Balance at 30 June 2018	115,977	60,978	176,955
Comprises			
Current	115,977	47,041	163,018
Non-current	0	13,937	13,937
	115,977	60,978	176,955

### 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
	\$	\$	\$
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	589,901	444,226	1,369,824
Non-cash flows in Net result:			
Depreciation	846,259	1,026,630	987,987
(Profit)/loss on sale of asset	4,064	(10,517)	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(16,526)	102,994	49,106
(Increase)/decrease in inventories	5,987	6,000	(733)
Increase/(decrease) in payables	22,052	7,699	(47,426)
Increase/(decrease) in provisions	56,441	22,600	(45,906)
Grants contributions for the development of assets	(912,936)	(852,891)	(898,277)
Net cash from operating activities	595,242	746,741	1,414,575

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

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Governance	1,376,670	2,271,713
General purpose funding	0	160,488
Law, order, public safety	98,726	95,702
Health	54,360	107,261
Education and welfare	1,091,202	1,085,257
Housing	1,745,670	1,591,822
Community amenities	217,133	172,813
Recreation and culture	5,815,145	5,787,515
Transport	45,118,391	62,124,222
Economic services	413,623	461,240
Other property and services	654,141	592,543
Unallocated	2,079,445	67,693
	<u>58,664,506</u>	<u>74,518,269</u>

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

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Capital Expenditure Commitments**

There were no capital expenditure commitments at 30 June 2018

**(b) Operating Lease Commitments**

Non-cancelable operating leases contracted for but not capitalised in the accounts

Payable:

- not later than one year
  - later than one year but not later than five years
- leasing of photocopier

	2018	2017
	\$	\$
	2,133	3,960
	8,175	0
	10,308	3,960

**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.

## 17. 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	28,760	34,480	29,085
President's allowance	12,350	12,350	12,350
Deputy President's allowance	3,088	3,088	3,088
Travelling expenses	6,004	4,500	4,620
IT allowance	7,678	0	4,253
Telecommunications allowance	21,038	10,850	17,128
	<u>78,918</u>	<u>65,268</u>	<u>70,524</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	370,259	244,098
Post-employment benefits	46,097	33,468
Other long-term benefits	<u>2,979</u>	<u>11,153</u>
	<u>419,335</u>	<u>288,719</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 (KMP)	0	6,809
Purchase of goods and services (KMP)	108,622	56,010

### Amounts outstanding from related parties:

#### Amounts payable to related parties:

Trade and other payables (KMP)	0	1,077
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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.

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

18. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup>		Received <sup>(2)</sup>		Expended <sup>(3)</sup>		Closing Balance <sup>(1)</sup>		Expended <sup>(3)</sup>		Closing Balance	
	1/07/16	2016/17	2016/17	2016/17	2016/17	2016/17	30/06/17	30/06/17	2017/18	2017/18	2017/18	30/06/18
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>												
DFES grant for fire sheds	0	0	0	0	0	0	0	0	181,818	0	0	181,818
<b>Transport</b>												
Dept of Infrastructure & Reg. Development	37,120	593,514	(543,134)	87,500	423,118	(510,618)	0	0	0	0	0	0
<b>Economic services</b>												
NEWROC - Biofund	238,142	212,902	(409,910)	41,134	0	(41,134)	0	0	0	0	0	0
NRM - Biodiversity Grant	3,884	0	(3,884)	0	0	0	0	0	0	0	0	0
NRM Grant	0	15,625	0	15,625	18,640	(33,291)	974	0	0	0	0	974
<b>Total</b>	<b>279,146</b>	<b>822,041</b>	<b>(956,928)</b>	<b>144,259</b>	<b>623,576</b>	<b>(585,043)</b>	<b>182,792</b>	<b>182,792</b>	<b>182,792</b>	<b>(585,043)</b>	<b>(585,043)</b>	<b>182,792</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.

## 19. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Total Revenue \$
<i>Differential general rate / general rate</i>								
<b>Gross rental valuations</b>								
Kununoppin Trayning	0.2186	105	579,488	126,652	0	126,652	126,652	126,652
Yelbeni	0.2186	3	11,660	2,548	0	2,548	2,548	2,548
Commercial	0.2186	12	84,010	18,361	0	18,361	18,361	18,361
<b>Unimproved valuations</b>								
Rural	0.0209	210	48,738,000	1,016,236	283	1,017,343	1,016,236	1,016,236
<b>Sub-Total</b>		330	49,413,158	1,163,797	283	1,164,904	1,163,797	1,163,797
<b>Minimum payment</b>								
<b>Minimum \$</b>								
<b>Gross rental valuations</b>								
Kununoppin Trayning	310	31	13,411	9,610	0	9,610	9,610	9,610
Yelbeni	310	6	925	1,860	0	1,860	1,860	1,860
Commercial	310	2	455	620	0	620	620	620
<b>Unimproved valuations</b>								
Rural	340	6	54,700	2,040	0	2,040	2,040	2,040
<b>Sub-Total</b>		45	69,491	14,130	0	14,130	14,130	14,130
		375	49,482,649	1,177,927	283	1,179,034	1,177,927	1,177,927
Discounts/concessions (refer note 19(b))						(47,117)		(47,117)
<b>Total amount raised from general rate</b>						1,131,917		1,130,810
Ex-gratia rates						12,228		12,228
<b>Totals</b>						1,144,145		1,143,038

### 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

19. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee	Discount	Actual	Budget	Circumstances in which Discount is Granted
Discount Granted	%	\$	\$	
Discount	5.00%	46,293	47,117	Rates to be paid in full by the due date, including arrears.

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan		Unpaid Rates	
		Admin Charge	Interest Rate	Interest Rate	
		\$	%	%	%
<b>Option One</b>					
Single full payment	21/08/2017	0	0.00%		11.00%
<b>Option Three</b>					
First instalment	21/08/2017	0	0.00%		11.00%
Second instalment	23/10/2017	15	5.50%		11.00%
Third instalment	21/12/2017	15	5.50%		11.00%
Fourth instalment	21/02/2018	15	5.50%		11.00%
			<b>2018</b>	<b>2018</b>	<b>Budget</b>
			\$	\$	\$
Interest on unpaid rates			14,359		6,500
Interest on instalment plan			1,657		1,200
Charges on instalment plan			1,665		1,200
			17,681		8,900

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

**20. NET CURRENT ASSETS**

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

	<b>2018</b> <b>(30 June 2018</b> <b>Carried</b> <b>Forward)</b>	<b>2018</b> <b>(1 July 2017</b> <b>Brought</b> <b>Forward)</b>	<b>2017</b> <b>(30 June 2017</b> <b>Carried</b> <b>Forward)</b>
	\$	\$	\$
<b>Surplus 1 July brought forward</b>	815,863	215,903	215,903
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	767,926	130,009	130,009
Restricted	834,912	1,342,556	1,342,556
Receivables			
Rates outstanding	119,314	115,613	115,613
Sundry debtors	35,194	36,921	36,921
GST receivable	8,680	57,498	57,498
Loans receivable - clubs/institutions	4,315	4,160	4,160
Provision for doubtful debts	(66,060)	(81,721)	(81,721)
Accrued income/payments in advance	58,965	7,370	7,370
Inventories			
Fuel and materials	18,832	24,819	24,819
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(29,730)	(111,683)	(111,683)
Accrued interest on long term borrowings	(4,453)	(3,169)	(3,169)
Accrued salaries and wages	(9,638)	(8,129)	(8,129)
ATO liabilities	(46,500)	(24,231)	(24,231)
Accrued expenses	(78,943)	0	0
Current portion of long term borrowings	(54,160)	(83,032)	(83,032)
Provisions			
Provision for annual leave	(115,977)	(63,680)	(63,680)
Provision for long service leave	(47,041)	(36,482)	(36,482)
<b>Unadjusted net current assets</b>	<b>1,395,636</b>	<b>1,306,819</b>	<b>1,306,819</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(652,120)	(1,198,297)	(1,198,297)
Less: Loans receivable - clubs/institutions	(4,315)	(4,160)	(4,160)
Add: Current portion of long term borrowings	54,160	83,032	83,032
Add: Component of leave liability not expected to be paid within 12 months	22,502	28,509	28,509
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>815,863</b>	<b>215,903</b>	<b>215,903</b>

**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

## 21. 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	1,602,838	1,472,565	1,602,838	1,472,565
Receivables	228,165	215,799	228,165	215,799
	<u>1,831,003</u>	<u>1,688,364</u>	<u>1,831,003</u>	<u>1,688,364</u>
<b>Financial liabilities</b>				
Payables	169,264	147,212	169,264	147,212
Borrowings	547,870	630,902	573,581	639,639
	<u>717,134</u>	<u>778,114</u>	<u>742,845</u>	<u>786,851</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

**21. 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.

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.

Impact of a 1% <sup>(1)</sup> movement in interest rates on cash	\$	\$
- Equity	16,028	14,723
- Statement of Comprehensive Income	16,028	14,723

*Notes:*

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

## 21. 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	59.53%	82.02%
- Overdue	40.47%	17.98%

## 21. 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	169,264	0	0	169,264	169,264
Borrowings	71,667	227,949	384,695	684,311	547,870
	240,931	227,949	384,695	853,575	717,134
<b>2017</b>					
Payables	147,212	0	0	147,212	147,212
Borrowings	103,679	242,104	416,638	762,421	630,902
	250,891	242,104	416,638	909,633	778,114

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	14,209	0	0	0	0	533,661	547,870	3.29%
Weighted average Effective interest rate	5.75%	0.00%	0.00%	0.00%	0.00%	3.23%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	17,079	41,446	0	0	0	572,377	630,902	3.46%
Weighted average Effective interest rate	5.78%	5.75%	0.00%	0.00%	0.00%	3.23%		

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

**22. 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
	\$	\$	\$	\$
Ningham Fitness Centre	228	124	0	352
Toy Library	771	0	0	771
Red FM Radio/Gym	317	0	0	317
Kununoppin Fire Brigade	500	0	0	500
Shire Housing Bonds	6,088	2,470	(1,669)	6,889
Trayning Golf Club Funds	5,903	0	0	5,903
Hall and Equipment Hire Bonds	300		(300)	0
Unidentified Deposits	3,018	269	(269)	3,018
South Nighan Catchment Group Funds	2,416	0	0	2,416
Repertory Funds	1,707	0	0	1,707
Aqua Bubble Donations	971	0	0	971
Ningham Farm Focus Group	250	0	0	250
Playgroup Funds	1,226	0	0	1,226
Councillors Nominations	0	400	(400)	0
Waste Dump Kununoppin Key Bonds	0	200	0	200
	<u>23,695</u>			<u>24,520</u>

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

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.

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

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

**Notes:**

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

**Adoption of New and Revised Accounting Standards**

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

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

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

## 24. 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.

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

**25. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME</b>	<b>OBJECTIVE &amp; ACTIVITIES</b>
<b>GOVERNANCE</b>	Administration and operation of facilities and services to members of Council. Other costs relate to tasks of assisting members and ratepayers on matters which do not concern specific Council services.
<b>GENERAL PURPOSE FUNDING</b>	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	Supervision of various local laws, fire prevention, emergency services and animals.
<b>HEALTH</b>	Food quality control, pest control, immunisation services and community health service inspection.
<b>EDUCATION AND WELFARE</b>	Operation of Home and Community Care services, assistance to playgroups and other voluntary services.
<b>HOUSING</b>	Maintenance of staff and rental housing.
<b>COMMUNITY AMENITIES</b>	Refuse collection services, operation of refuse sites, maintenance of cemeteries, septic tank inspection and pump out services, storm water drainage maintenance and regional development.
<b>RECREATION AND CULTURE</b>	Maintenance of halls, community centres, aquatic centre, recreation facilities and reserves, operation of library, TV retransmission and preparation of Shire history.
<b>TRANSPORT</b>	Construction and maintenance of streets and roads, cleaning and lighting of streets, depot maintenance, airstrip maintenance and vehicle licensing services.
<b>ECONOMIC SERVICES</b>	Regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and economic services.
<b>OTHER PROPERTY AND SERVICES</b>	Private works operations, plant repairs and operation costs.

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

26. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	2.60	0.98	0.85
Asset consumption ratio	0.72	0.62	0.64
Asset renewal funding ratio	0.79	0.98	0.95
Asset sustainability ratio	1.13	1.44	1.12
Debt service cover ratio	5.42	12.27	(0.54)
Operating surplus ratio	(0.22)	0.31	(0.67)
Own source revenue coverage ratio	0.41	0.40	0.40

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

**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.

	2018	2017	2016
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	802,205	748,207	0
Amount of Financial Assistance Grant received in prior year relating to current year.	748,207	0	748,031

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	0.40	0.98	0.85
Debt service cover ratio	4.89	5.80	5.32
Operating surplus ratio	(0.26)	(0.20)	(0.17)

# MOORE STEPHENS

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7 February 2019

Mr Paul Sheedy  
A/Chief Executive Officer  
Shire of Trayning  
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Dear Paul

**AUDIT OF SHIRE OF TRAYNING  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

We advise that we have completed the audit of your Shire for the year ended 30 June 2018 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the Shire President as is required by the Act. We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely



Greg Godwin  
Partner  
Moore Stephens

Encl.

## INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF TRAYNING

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

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#### Opinion

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

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

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

#### Basis for Opinion

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

#### Emphasis of Matter – Basis of Preparation

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF THE SHIRE OF TRAYNING (CONTINUED)**

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF THE SHIRE OF TRAYNING (CONTINUED)**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- a) The following material matters indicate non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of our audit.
- i) Accounting journal entries were posted without being reviewed by a person independent of the preparer. Accounting journals can represent significant adjustments to previously approved transactions and should therefore be appropriately reviewed and approved.
  - ii) A copy of the annual budget for the year ended 30 June 2018 was not submitted to the Department of Local Government, Sport and Cultural Industries within 30 days of adoption as required by *Local Government (Financial Management) Regulation 33*.
- b) All required information and explanations were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In my opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

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

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

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



GREG GODWIN  
PARTNER

Date: 7 February 2019  
Perth, WA

7 February 2019

## MOORE STEPHENS

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Shire President  
Shire of Trayning  
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Dear Cr Brown,

### MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2018

We advise that we have completed our audit procedures for the year ended 30 June 2018.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

We noted the following matters we wish to draw to your attention:

### COMMENT ON RATIOS

#### Current Ratios

The Current Ratio is a measure of short term (unrestricted) liquidity. That is, the ability of the Shire to meet its liabilities (obligations) as and when they fall due.

The ratio has deteriorated from 0.98 in 2017 to 0.40 in the current year after adjusting for the early receipt of Financial Assistance Grants.

The ratio is below the target level and has been trending downwards over the last five years.

Notwithstanding this, interpretation of this ratio should be considered in the context of the Shire having a current portion of long-term borrowings of \$54,160 and a current portion of Annual leave and Long service leave provision of \$163,018 as at 30 June 2018.

These effectively inflate the level of current liabilities by \$217,178 when in fact they are not necessarily due at the point of calculation.

If the above factors are considered, the adjusted ratio would improve to 0.99 which is at target level, and, as the unadjusted current ratio is positive, this ratio is not considered to indicate a significant adverse trend in the financial position of the Shire.

#### Operating Surplus Ratio

The Operating Surplus Ratio represents the percentage by which the operating surplus (or deficit) differs from the Shire's own source revenue which includes rates and operating grants.

The adjusted ratio has deteriorated from negative 0.20 in 2017 to negative 0.26 in the current year and has been trending downwards over the last 5 years.

A reason for the deterioration in this ratio is the significant decrease in revenue, specifically Operating Grants and Other Revenue. There has also been an increase in expenditure for employee costs during the year.

Both Council and management will need to consider ways to improve the operating position, either via increasing revenue or by decreasing expenditure (or a combination of both). This will be dependent upon Council and

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**Operating Surplus Ratio (continued)**

management’s understanding of the Shire’s circumstances and the interaction between the operating surplus, the other ratios and operations in general.

Notwithstanding this, given the relative strength of the other ratios and the fact the Net Result after taking into account non-operating grants is positive, the ratio is not considered to indicate a significant adverse trend in the financial position of the Shire.

**OTHER MATTERS**

Whilst not significant, the following matters were also noted during our Audit:

- **Integrated Planning Framework**

The Shire’s Strategic Community Plan and Corporate Business Plan were not reviewed within the timeframe prescribed in *Local Government (Administration) Regulation 19C and 19DA* respectively.

We note a workshop with a consultant and Council is planned for the February 2019 Council meeting to discuss the draft plans.

- **Missing Employee Records**

During our review of employee files, we noted two instances where the pay rate information of employees was missing.

To help ensure all personnel files contain a complete record of all agreements with employees, letters reflecting pay rates should be filed in each employee’s personnel file.

- **Monthly Reconciliations**

Our review of the month end reconciliations revealed:

- i. Borrowing reconciliations are not prepared; and
- ii. There was no evidence of the fixed asset reconciliation and manual rolling rates reconciliation being reviewed by a senior staff member independent of preparation.

To help ensure the completeness and accuracy of sub ledgers, the general ledger should be reconciled to the respective sub ledgers on a regular basis. These reconciliations should be signed and dated by the preparer thereof and should be independently reviewed.

We noted no other matters we wish to bring to your attention.

**UNCORRECTED MISSTATEMENT**

We advise there were no uncorrected misstatements noted during the course of the audit.

We take this opportunity to thank the Shire for their assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully,

  
Greg Godwin  
Partner  
Moore Stephens

Encl.

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