

Shire of Koorda

2017/2018 Annual Report



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Notice of Meeting

SHIRE OF KOORDA NOTICE OF GENERAL MEETING OF ELECTORS

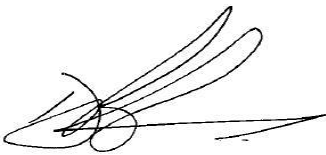
Notice is hereby given that the General Meeting of Electors of the Shire of Koorda will be held on Monday 12th November 2018 at 7.00pm in the Koorda Shire Council Chambers, Allenby Street, Koorda.

The purpose of the meeting and order of business is;

1. Presentation of the Annual Report for the 2017/2018 Financial Year.
2. General Business (i) As the Meeting decides

Each elector is entitled to one vote but does not have to vote.

Copies of the 2017/2018 Annual Report are available from the Shire Office during Office hours – 9.00am to 4.30pm



David Burton
CHIEF EXECUTIVE OFFICER

Agenda

**SHIRE OF KOORDA
ANNUAL GENERAL ELECTORS MEETING
MONDAY 12TH NOVEMBER 2018
COMMENCING AT TIME 7.00PM
KOORDA SHIRE COUNCIL CHAMBERS
CRN ALLENBY AND HAIG STREETS**

AGENDA

Declaration of Opening

Apologies

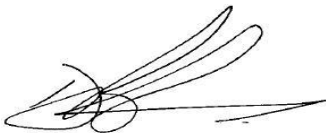
1. Business

Shire of Koorda Annual Report 2017/2018 received, and any discussions
Presidents Report
Chief Executive Officers Report
Financial Report (Statements)
Auditors Report
Other Information

2. General Business

(i) As the Meeting decides

Closure



David Burton
CHIEF EXECUTIVE OFFICER

Information

Local Information

The Koorda Shire Council consists of seven elected members, who represent the interests of the electors and make policy decisions. Staff provide the resources to carry out the work that is required to implement the decisions and directions of Council and they ensure statutory compliance of Acts and Regulations is administered and adhered to. The Shire no longer has wards. Normally, each Councillor is elected for a term of four years, with vacancies occurring every second year.

Council Meetings

Ordinary Council Meetings are normally held on the third Wednesday in each month, by Policy resolution, Council does not normally hold a meeting in January.

Public Question Time

Public question time is allocated for 15 minutes from the commencement time of each Council meeting.

Elections

2017 Council Elections were held on Saturday 21st October. Eight nominations were received to fill the three vacancies on Council. The results were as follows;

- CLARKE, Anthony Dean: 56 votes
- STORER, Ricky: 94 votes
- STRATFORD, Jannah Marie: 85 votes
- GREEN, Garrick: 43 votes
- BROOKS, Graham: 42 votes
- STORER, Robert David George: 97 votes
- COOKE, Matthew: 83 votes
- BOYD, Shane E: 41 votes

The elected nominees;

- 97 votes: RDG (George) Storer
- 94 votes: R (Ricky) Storer
- 85 votes: JM (Jannah) Stratford

Council Elections are now to be held every second year on the third Saturday in October. The next elections are scheduled for October 2019.

Number of Electors	300
Rates Levied	\$1,025,406
Council Employees	18 full time equivalent employees

Tourist Attractions

Koorda Drive In, Koorda Museum, Motor Museum & Military Collection, Wheatbelt Cottage Industries, Koorda Art Gallery, Corn Dolly Displays, Koorda Agricultural Show, Picnic Sites, Heritage Trail and Sheep Dips.

Local Industries

Wheat, Lupins, Canola, Barley, Oats, Triticale, Wool and Meat production.

COUNCIL MEETING DATES

TIME	DATE	
4.30pm	17 October	2018
6.00pm	21 November	2018
6.00pm	19 December	2018
4.30pm	20 February	2019
4.30pm	20 March	2019
4.30pm	17 April	2019
4.30pm	15 May	2019
4.30pm	19 June	2019
4.30pm	17 July	2019
4.30pm	21 August	2019
4.30pm	18 September	2019
4.30pm	16 October	2019
6.00pm	20 November	2019
6.00pm	18 December	2019

President's Report

For the Year Ending 30 June 2018

I am pleased to present my President's Report for the year ended 30 June 2018.

In my opinion this has been a very progressive year for the Shire of Koorda. As President for the past 7 years, I am proud to highlight the many areas that have been identified as priorities for our community that have been addressed.

LOCAL GOVERNMENT ELECTIONS

2017 Council Elections were held on Saturday 21st October. Many thanks to the outgoing Councillors; Shane Boyd, who served for 14 years, and Tony Clarke, who served for 6 years. Congratulations and welcome to George Storer, returning after a break from Council, and Jannah Stratford.

Elections also saw a change in Deputy President. Thank you to Gary Greaves who filled the role for 4 years and welcome to Pam McWha who was elected as Deputy President in October 2017.

The next elections are scheduled for October 2019.

LOCAL GOVERNMENT REFORM

Local Government reform remains on the agenda and encourages Local Governments to aim to improve their efficiencies. Through NEWROC, the Council continues to work collaboratively with our neighbouring Shires to resource share where ever possible and build a regional approach to issues that impact our district.

Reforms to the *Local Government Act 1995* and the start of the Act Review will improve Local Government operations.

LAW, ORDER AND PUBLIC SAFETY

Local Emergency Management Risk Assessments are being formulated and documented by local governments; this will be completed prior to June 30, 2019. As some of our members have left the district we will be recruiting for new volunteers to ensure the service is adequately manned.

HEALTH AND WELFARE SERVICES

The provision of health services continues to be a high priority for Council. Dr Emmanuel Awogun has continued practicing at the Wyalkatchem and Koorda Surgeries and has proved to be popular with the residents. We have been working closely with Wyalkatchem in formulating an Aged Care Plan, which will assist the elderly to remain in their own communities for longer. We have also been in regular communication with the HACC coordinator to ensure that the residents receive improved assistance.

Koorda is a member of the Central Eastern Aged Care Alliance, which is a group of 11 Shires with the aim of providing independent living accommodation to allow local residents to remain in their own community longer. In July 2016 CEACA were successful in their grant application through the State Government's Royalties for Regions program which secured \$19 million worth of funding for the building of 75 fully serviced and universally designed houses dedicated to the ageing population across 11 Local Governments in the Central and Eastern Wheatbelt. The site works commenced in July 2018 and the building of the units should be completed within the 2018/2019 financial year. Koorda has been allocated 5 aged units/houses which will be located in the north side of town in Greenham Street.

FEDERAL ASSISTANCE GRANTS

The Federal government has reinstated the indexing on the Federal Assistant Grant Scheme (FAGs), which will assist in the financial management of the shire. FAG's received in 2017/2018 were \$1,803,519 with a prepayment of \$962,993 being allocated to 2018/2019. Total revenue for 2017/2018 was \$4,589,813 and the FAG's contributes to nearly 39% of the total.

DIGITAL TELEVISION RETRANSMISSION

The digital retransmission equipment is now functioning adequately. The ABC and SBS decoders were upgraded in 2017 to ensure the equipment was up to date and compatible. Council will look into purchasing a remote control unit so technicians can do off site maintenance in an aim to resolve issues in a more timely and cost effective manner. This service has also been appreciated by travellers using our facilities.

FINANCES

Council finalised the year with a \$6,849,684 credit balance as at 30 June 2018. Council's current policy is to endeavour to fund capital asset expenditure from Municipal and Reserve Funds rather than the use of borrowings, and continue their policy of transferring funds to various reserves.

RECREATION

As a part of our forward planning, Council is currently reviewing the sporting facilities in the town. To ensure we can cater for all sporting and community groups into the future, a study will be undertaken to assess any additions and improvements that may be required.

Unfortunately Council was unsuccessful with both their applications to the Federal Building Better Regions Fund. As these applications were to fund the entire complex upgrade, Council have resolved to only continue with the demolition of the old visitors change rooms to upgrade them with two new change rooms for the home teams and a gymnasium. Council was successful in getting CSRFF approval for the Change rooms and Gymnasium and are progressing with this project.

TRANSPORT

CBH bin to bin transfers may continue to cause damage to our roads (in particular Koorda-Mollerin Road). We will continue our seal widening on our priority roads and also the resealing of others, determined by finance and traffic numbers. Clearing and widening of our unsealed roads will continue as a part of our long term forward plan. Changes to clearing of Vegetation Legislation affecting this type of work will impact on Council. Staff have completed a large portion of the annual maintenance grading.

The program to reseal the town streets, construct kerbing and concrete footpaths is continuing, so too is the replacement of old dull street lights with brighter lights in strategic positions for greater safety for our residents.

The Roads to Recovery Program is Federal Government funding allocated to local governments to assist with all aspects of road works. It has provided much needed funding for Council to endeavour to maintain the roads at a level that ensures both safety and adequate road conditions are maintained, and as resources will allow.

Work has continued on the Wheatbelt Secondary Freight Route. The working group have had several meetings with Main Roads WA, State and Federal politicians in an attempt to attract around \$130 million to reconstruct in excess of 1,000kms of identified roads that will be designated as heavy vehicle routes. The Shire of Koorda are very supportive of this project and have been prepared to allocate \$6,000 to go towards completing all pre-construction work.

Council has continued their forward planned policy of replacing/purchasing plant and equipment items to ensure the flexibility needed to enable Council's workforce to carry out the expanded program, and to ensure reasonable asset management.

Welcome to Charli West who has taken on the role of Executive Assistant as Kristyn Harrap commenced maternity leave to welcome her second baby.

I would like to thank and congratulate my Deputy and fellow Councillors for their support and input that has enabled Council to deliver services and meet the requirements of our community.

We continue to review our forward plans, which are in reality part of our strategic objectives and take a pro-active part in the Local Government Act Review.

I urge all community members to provide feedback to Council to assist us in our decision making process and encourage you to contact Councillors or the Shire Office with any concerns or issues that you consider needs addressing. Your contributions ensure that we are working together to achieve the desired outcomes that benefit the community as a whole.

Also my gratitude and praise for each and every staff member for their contributions to the year's outcomes in a professional and competent manner.

Cr Ricky Storer

PRESIDENT

Chief Executive Officer Report

For the Year Ending 30 June 2018

The primary role of the Chief Executive Officer is to implement Council Policy with the aid of other staff. This means acting as the overall manager of Council's day-to-day operations. The Chief Executive Officer also has a number of specific statutory obligations.

The functions of the Chief Executive Officer are specified in the Act:

- Advise Council on the functions of the local government under the Act and other laws;
- Ensure advice and information is available to enable the Council to make informed decisions;
- Cause Council decisions to be implemented;
- Manage the day to day operations of the local government;
- Liaise with the Mayor or President on the local government's affairs and the performance of its functions;
- Speak on behalf of the local government if the Mayor or President agrees;
- Responsible for employment, management, supervision, direction and dismissal of other employees (subject to the provisions relating to senior employees);
- Ensure records and documents are properly kept; and
- Perform other functions of the Act and other laws.

❖ ADMINISTRATION

Team Effort/Staff Support

Council's continuing support of staff is appreciated as it is a public indication that elected members and staff are co-operating to achieve team outcomes that enhance and benefit the Shire and residents.

Councillor Training

As part of the Local Government Act Review, findings were announced in relation to Councillor training. In summary it was found that universal training of candidates and council members, including ongoing professional development was favoured. The findings recommended a two hour candidate induction on what to expect as a council member and the rules for campaigning and that Council member training features five foundation competencies to be completed within 12 months of being elected, with these being available online.

Administration Functions

Council continues to endeavour to adapt its operational planning. With further administrative burdens, financial constraints (including cost shifting), the need to accept structural reform and sustainability are placed upon our community and community resources, Council need to be adaptive as it is our overall function as the local service provider.

The necessity for Council to be more accountable requires ongoing monitoring and review of Council functions to ensure work practices and cost efficiencies are in place.

Forward Planning

Short and medium term planning includes;

- Annual Budget
- Strategic Community Plan
- Corporate Business Plan
- Long Term Financial Plan
- Workforce Plan
- Asset Management Plan
- Five year housing and building upgrading program (incorporated in the Strategic Plans)
- Ten year plant replacement plan (incorporated in the Strategic Plans)
- Five year major road construction, clearing & widening plan (incorporated in the Strategic Plans)
- Five year bushfire equipment plan (incorporated in the Strategic Plans)
- Five - Ten year Strategic Plans that forms the basis of forward planning objectives (currently under review).

Communication

Council continues to promote its activities and decisions to the community and utilises the Narkal Notes, Website, Facebook & Twitter on a regular basis, and it is intended that this practice will continue.

Continued community feedback on communications is always welcomed to ensure that messages are being received.

Model Code of Conduct

Council again reviewed its model Code of Conduct during the year, to ensure compliance with changed legislative requirements. The Code of Conduct broadly covers the following eight principles:

- Act with reasonable care and diligence; and
- Act with honesty and integrity; and
- Act lawfully; and
- Avoid damage to the reputation of the local government; and
- Be open and accountable to the public; and
- Base decisions on relevant and factually correct information; and
- Treat others with respect and fairness; and
- Not be impaired by mind affecting substances.

There are now provisions for breaches of the 'Code' to be legally addressed and penalties applied.

Northam Eastern Wheatbelt Regional Organisations of Councils (NEWROC)

Council continues to support the concept of resource sharing and co-operation with member Councils as this is acknowledged as one area that may allow cost efficiencies to be achieved, as well as regional co-operation to achieve common objectives, and sustainability is a real requirement to allow retention of our local identity. The future of this grouping of Councils is an unknown due to the likely structural reform facing local government.

NEWROC was successful in being granted \$700,000 from the Federal Government's Building Better Regions fund which saw up to 13 telecommunication towers being installed across the NEWROC shires. The main data centre located in Merredin, with eleven repeater towers placed across the NEWROC region, commenced operations at start of July 2018. The towers will provide a fixed wireless internet service to the residents of NEWROC with a larger data capacity than the current satellite service.

❖ FINANCE

Council's Annual Financial Statements for the year ended 30 June 2018, were audited in August 2018, with the final reports going to Council in October 2018. Copies of these are available at the Council Office, during office hours. A copy of the Operating Statement, Statements of Financial Position and Statements of Change in Equity are included in this report.

Due to the format in which the statements must be presented, a general knowledge of accounting principles is advantageous to gain an understanding of the reports. It should be noted they are income and expenditure based, i.e. closing 'net credit' balance, is not a cash amount.

Asset Management is becoming a more crucial issue as there is the very real need to maintain assets as well as the need to either improve or replace aging assets. As grant funding is becoming more difficult to receive, this asset maintenance is becoming more of an issue. When considering major expenditure, there is a need to take into account not only the initial capital outlay but the whole of life cost. Usually the initial capital cost is the lowest number. This consideration can make projects difficult to justify.

To assist in these objectives Council endeavours to set aside funds in specific reserve accounts for future asset requirements. We have strived over previous years to achieve a level of Reserve Funds that will enable us to maintain our infrastructure to a satisfactory level, or replace or refurbish with some assistance. However, our Reserve Funds will need to be maintained and even raised further in the future. All tiers of Government now recognise the need for sustainability which includes management of all assets, throughout all levels of government.

Council cannot realistically on an annual financial basis, set aside sufficient funds required to maintain all their assets as their own funding base is too low. The only real funding alternative available is an increased rate burden, by way of sufficient annual increments, to assist in meeting the shortfall. This, and careful consideration of the long term financial planning of the Shire can enable us to maintain infrastructure to an acceptable level.

The Long Term Financial Plan for the Shire maintains an annual increase of 5% for land rates to ensure sufficient funds for the operations of the Shire and maintenance of facilities. The increase is designed so that a large unknown increase can be avoided which reduces the impact on the ratepayer. Council has reduced from the 5% based on agricultural impacts.

Reserve Funds

Reserves as shown, are cash backed, and restricted to their designated purpose and not intended for general use. Council's current practice is to endeavour to set aside funds each year into reserve accounts, with the objective of reducing or eliminating the requirement to raise loans. These Reserves are further commented on in the Annual Financial Statements.

Loans

No loans were raised during the year under review.

❖ LAW ORDER & PUBLIC SAFETY

Local Emergency Services

The few volunteers who man and operate these essential services are the unsung heroes who receive little or no recognition. Whilst, it goes without saying that they don't look for recognition, it doesn't hurt for them to be publicly acknowledged, particularly as numbers diminish annually.

Council and community appreciation is once again expressed for a job extremely well done, by the dedicated few.

The local SES has been disbanded and the vehicle and equipment removed by FESA.

❖ **HEALTH SERVICES**

Council continues to maintain a reserve account to assist with either the current Doctor or possible future recruitment and retention of a Medical Practitioner; this will be ongoing. We continue to assist with the retention of the current doctor, in conjunction with the Shire of Wyalkatchem.

Community Health

To ensure the provision of some associated health services to the Koorda community as Council needs to ensure all user needs can be reasonably met.

❖ **WELFARE & EDUCATION**

Wheatbelt Ag Care

Council continues to support the objectives, as it is considered this service is vital to community members.

Central Eastern Ages Care Alliance (CEACA)

The Shire is gifting the land for the housing units to be built through this project; Koorda has been allocated ten units over the next five years. Initial funding for this project was received during the 2015/2016 financial year and tenders have been called for the construction of the units allocated for other surrounding Shires. Site works will be commencing in July 2018 and Koorda has been guaranteed five units/houses in the first round of development. The units are set to be completed during the 2018/2019 financial year.

❖ **HOUSING**

Council is the largest landlord in town and provides housing for staff, aged, professional officers and general public if available. This takes up a large amount of staff resources in managing, cleaning and maintaining these buildings to the best possible condition.

❖ **COMMUNITY AMENITIES**

Koorda Cemetery

Thanks from the Council and the community are extended to the team of volunteers who assist in its maintenance and upgrading ensuring the cemetery has a serene atmosphere. A toilet has been constructed for use by the community.

Refuse Tip Site

The Koorda Refuse Disposal has signage erected to encourage the correct disposal of various waste types. If these areas are not correctly utilised; the only real alternative available to Council is the provision of a 'manned' tip, which would generally inconvenience the community, and this is a very real probability. The provision of trenches for putrescibles and general waste have been planned in an endeavour to extend the life of the site until the new site is prepared.

During 2017/2018 Council begun the process of establishing a new site (at the former golf course) which was approved during the year. The fencing has been completed and the new cells are being prepared. Council are currently looking at options for the maintenance of the new refuse site to ensure that it remains tidy and the refuse is disposed of correctly.

❖ RECREATION & CULTURE

Swimming Pool

Solar panels for the Pool facility have been ordered and are being installed in October/November 2018.

In order to reduce the running costs while still providing a high quality facility, the Shire is maintaining its water wise policy with the pool

Recreation Facilities

As part of the long term strategies of the Shire, it was recognised that the Recreation facilities were in need of upgrading to service the community into the future.

Several local meetings were organised and public information sought for the design of the upgrade to the facility. This was then pieced together and drafted into a possible solution.

Grant funding was sought through the Building Better Regions Funding program to assist with the upgrade as this gave the best source of assistance granting \$3 for every \$1 of the Shire's. We were unsuccessful in this funding, but did receive CSRFF funding for the gymnasium and change-rooms.

Drive In

The Drive In kiosk was upgraded and given a 1950's diner theme. A special thanks to all the volunteers who assisted in this project.

A sound upgrade, electrical upgrade and a refurbishment to the existing toilets was completed. In 2018/2019 there are plans to install a disabled toilet for ease of access to all. As the old drive in speakers were vandalised in June 2016, staff explored options to reconnect the old speakers, however with damage to the speaker wires and underground wires, staff anticipated this could cause more sound issues. Council processed an insurance claim for the speakers and they are currently being manufactured over in America to replicate the old style speakers. This is part of a long term strategy to upgrade the Drive-In at minimal.

❖ TRANSPORT

Road Works

The Shire's outside work force undertook another major road works program. This involved priority road bitumen reconstruction/ sealing, upgrading of rural roads, general preservation/ construction work as well as continuing bitumen resealing, ongoing maintenance and clearing and widening program on rural unsealed roads.

Seasonal conditions were not generally conducive to good road maintenance practices and a dryer than normal winter delayed the program as maintenance grading requires moisture in the roads. The summer rains impact on the need for grading of unsealed roads throughout the year.

The Shire's major expenditure item continues to be road works. Generally whilst federal road grant funding has been increased, the state road funding decreased by \$60,000. There are still concerns over insufficient funds being allocated to road upgrading, preservation and particularly maintenance to ensure adequate asset management practices are in place; however this issue is Australia wide.

Council has limited 'own resources' to make up the shortfall but must maintain their obligation to match specific funding criteria imposed at State and Federal level.

Increasing demands are being made by the use of larger road freight units, and farming machinery on the Shire road network. This only highlights the lack of adequate funding, and the need to improve overall management practices.

The Shire of Koorda is also working with other Wheatbelt Shires to create a Regional Strategic Freight Route network in conjunction with Main Roads WA to deliver a network for the future.

Road Works

Construction (Widen Seal, Widen Shoulders & Reseal & Re-Align)	\$1,549,336
Preservation (Gravel Sheet & Clear/Widen)	\$332,055
Road Maintenance & Storm Damage (Maintenance Work)	\$175,475
Town Streets (Reseal, Footpaths, Kerbing, Streetlights & Trees)	\$40,151

Total	\$2,097,017
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Council has in place forward planning, prioritising road needs, particularly with regard to routes utilised by larger road freight transport units. This is reviewed at least annually and on an ongoing needs basis.

It should be noted that the strategy of Cooperative Bulk Handling Limited to move to strategic receival points will obviously have an impact on local roads and this may become apparent in future harvest periods. Koorda is a primary site, and if the Burakin-Wialki and Koorda-Mukinbudin railway lines are closed the use of heavy freight units will impact on roads not constructed for that type of freight vehicle or tonnages. A road identified for upgrade is the Koorda-Mollerin route as grain freight traffic on this route has substantially increased.

There is a need for liaison between farm operators and the Shire administration with regards to use of many Council's roads as they are not of a standard that Council can approve for Permit Vehicle use, on an ongoing basis to allow farm produce and supplies to be transported. The fact that producers purchase/contract large freight units/equipment does not mean Council has to/or should allow their use on roads and in fact may not be allowed to approve such use

Plant Replacement

The major expenditure item being the Vibrating Steel Roller.

Staff Appointments & Resignations

Appointed: Lynne Hendry, Kristyn Harrap, Brigitte Bornholm, Ben McMiles, Charli West & Rachel Morison.

Resigned: Lynne Hendry, David Wansbrough, Brigitte Bornholm & Ben McMiles.

❖ ECONOMIC SERVICES

ATM Machine

In August 2017 Council bought and installed their own ATM at the rear of the Community Resource Centre Building on the corner of Railway & Birdwood streets. The ATM has proved to be a necessity ensuring cash is readily available to residents and those passing through the area. In the ATM's first year of business \$417,000 was withdrawn over 2,372 transactions. The ATM has been well utilised with large events such as the Koorda Show.

Natural Resource Management

The Shire of Koorda was involved with the Shires of Trayning and Nungarin to fund an NRM Officer, however the scheme was discontinued during 2017/2018. Council have still allocated funds to this area and are in contact with contractor NRM Officers if needed.

Rural Towns Salinity Management Project

Council had previously recognised salinity/land degradation problems within the shire and has continued addressing the issues raised in the strategy report.

Caravan Park

General maintenance is ongoing, with use, a balance against expenditure is required. This facility is being used more with the attraction of The Wheatbelt Way.

NEWTRAVEL

Council continued to support the NEWTravel organisations' endeavours to promote this sub region and continued to encourage 'off the main route' tourism and increasing tourism with Wheatbelt Way including a smart phone app.

Industrial Units

Council is proceeding towards getting the area of land on Sayer Street for industrial units to encourage new business or business expansion in Koorda, however it will be funded through Landcorp which is a State Government initiative. Funding may take a while as State Government is in a period of budget repair.

❖ FUTURE

Whilst Council continues to be proactive and adopt a forward planning mentality to provide facilities for the future, the current government's 'push' to restructure local government has possible unknown outcomes and impacts.

Council and staff are working with neighbouring shires where possible to produce savings and economies of scale with works and services.

❖ SUMMARY

The increase demand of statutory compliance, local government reform, as well as the core function of meeting community needs, continues to put pressure on the Shire's resources, both human & financial.

Staff particularly have responded well to unforeseen pressure caused by changes in staff, the importance to meet deadlines and additional work load due to the need to consider options for local government reform in conjunction with Council, adjoining Councils and NEWROC.

My thanks to the Shire President (who has attended many unforeseen meetings), Deputy President, Councillors and staff for their co-operation, assistance and efforts during the year, that again enabled planned objectives to be reasonably achieved and it is pleasing to note that Council and staff continue their efforts as a team and compliment each other to allow desired outcomes to be successfully achieved, in the community's interests.

Council continues to achieve most of their forward planning objectives, and meet community service obligations.

David Burton
Chief Executive Officer

Overview of the Planned Activities for the Future Proposed to commence or continue next Financial Year 2018 - 2019

OVERVIEW OF THE PLAN FOR THE FUTURE ACTIVITIES PROPOSED TO COMMENCE OR CONTINUE NEXT FINANCIAL YEAR

(Section 5.53)(2)(e) of the Local Government Act

GENERAL PURPOSE FUNDING	<p>Council increased rate revenue in 2017/2018 year by approximately 4.0% above the level raised in the previous year. Rates represented approximately 22.3% of cash received.</p> <p>Whilst grant revenue from the Federal Government continues to be uncertain in the longer term due to the review taking place, an increase in both general purpose and road funding untied grants was again received.</p>
ADMINISTRATION & GOVERNANCE	<p>There is a good working relationship between Council and the staff, even though work loads are increasing all the time, the existing structure was maintained; however, it will be necessary to continue to review this structure in 2018/2019 due to increased demand on Councillors, and staff time, as well as resources, and financial implications.</p>
NEWROC	<p>Of which Council is a member, will continue as a voluntary body to the 30 June 2019. Investigation is currently underway with the view to NEWROC becoming an incorporated body.</p> <p>The 2018/2019 financial year should see the completion of the initial install of the NEWROC telecommunications. Future plans of the expansion of this project will be considered so it covers the entire NEWROC area.</p>
HEALTH	<p>The community/allied health building has proved to be an asset to the Koorda Community.</p> <p>Dr Emmanuel Awagon is currently the GP for the Koorda, and Wyalkatchem community. The Shires of Koorda and Wyalkatchem currently subsidise the practise.</p>
HOUSING	<p>Council will continue their adopted ongoing general ten year forward projection of anticipated upgrading/maintenance work, this is reviewed annually.</p> <p>Koorda is a member of the Central Eastern Aged Care Alliance Inc which comprises of 11 Shires in the region. Funding was received by CEACA for the construction of 75 units in the 11 Shires, of which 5 will be built in Greenham Street Koorda, on land purchased by Council for this purpose.</p> <p>Ground works for the site will be completed in July 2018. The onsite buildings should be completed before the end of 2018/2019 financial year.</p>

COMMUNITY AMENITIES	<p>The Shire continues to manage the land-fill disposal site at Koorda as well as the Koorda town sewerage scheme.</p> <p>With regards to the Koorda refuse site, rehabilitation will be ongoing during 2018/2019 and better site management practices will be implemented to avoid environmental issues, and extend the life of the facility.</p> <p>Approval for the development of a new refuse site on the area that was previously the Koorda Golf Course (Cadoux – Koorda Road) was received in 2017. Staff are preparing the area for the opening of the site for public use and work should be completed by the end of 2018.</p>
RECREATION & CULTURE	<p>Council will continue the commitment of supporting the community in achieving and maintaining a good standard of leisure facilities, to assist in the local lifestyle to ensure the provision of recreation and cultural activities within the Shire.</p> <p>Council were unfortunately unsuccessful with another round of the Building Better Regions funding which would have seen the entire Recreation Facility Upgraded, however, a grant from Department of Sport and Recreation was successful which will contribute towards the building of the new change rooms and gymnasium. These new buildings will be located where the “Visitor Change rooms” currently stand. Staff are currently going through the tender process for the procurement of a builder for the new facilities.</p>
<i>Swimming Pool</i>	Improvements are continually being made and planned to enhance the facility.
<i>Volunteer Park/Skate Park</i>	Continue to enhance the area.
<i>Recreation Centre</i>	Funding opportunities are currently being sought for upgrading the aging recreation facility (previous funding applications have been unsuccessful).
TRANSPORT	<p>Total ‘Roads to Recovery’ grant funding was \$584,000 in 2017/2018.</p> <p>Council has developed programs to complement their proactive forward planned activities with regard to construction, preservation and maintenance of the road network within the Shire, over a rolling ten year programme.</p> <p>Whilst past priority was given to widening existing bitumen sealed roads, and clearing and widening of unsealed rural roads, as prioritised; the necessity to reseal existing bitumen roads will assume greater future priority, within Council’s available financial resources. With regard to this requirement; there will be a need to balance human, contractual and other resources, against service needs. A total of \$1.984 million was expended on construction, preservation and maintenance in 2017/2018 and expenditure of \$1.634 million is scheduled for 2018/2019.</p>
<i>Plant, Equipment and Machinery</i>	Council has a comprehensive, ten year forward projected, ‘plant replacement program’ which is reviewed and updated at

	<p>least annually. This is to ensure plant is replaced at the optimum time and Council will continue to replace major items of plant as planned, unless circumstances warrant review. There are no major items scheduled for purchase in 2018/2019. In 2019/2020 a Grader is up for change over.</p> <p>The Shire fleet key plant items continue to be replaced as assets age, to minimise associated costs of maintenance and repairs. To ensure the added flexibility necessary to complete expanded works programs, Council adopted a policy of purchasing additional second hand items of equipment. This activity has continued and is effectively managed through Works Committee who monitor and recommend items to be replaced, these would generally be replaced by second hand items. Surplus items will be disposed of.</p> <p>Again, some plant items were purchased as forecast; others deferred, and unplanned purchases made, where considered expedient.</p>
ECONOMIC SERVICES	<p>Natural Resource management is still a concern for the region to ensure the ongoing viability of the agricultural industry.</p> <p>Opportunities for supporting industries to the town are always being sought to encourage provision of services.</p>
<i>Caravan Park</i>	<p>Council are looking to create and plant grassed areas for a more formal tent site.</p> <p>Staff receive a lot of positive comments about our Caravan Park Facilities, however we will be looking at it further to ensure the amenities do not become too run down.</p>
<i>Industrial Units</i>	<p>Undertake business and feasibility study to construct business units in Koorda. Landcorp are currently preparing a subdivision of land for industrial use. Funding may take a while as State Government is in a period of budget repair.</p>
<i>DrumMuster</i>	<p>Council continues its participation in the DrumMuster program and offers the service for used chemicals drums to be delivered to our storage facility to be collected by DrumMuster for the recycling of these used containers.</p>
OTHER PROPERTY & SERVICES	<p>Ongoing service provision as community directs.</p>

Prescribed Payments to Employees

For the Year Ending 30 June 2018

Prescribed Payments were made during 2017/2018.

One employee, the Chief Executive Officer received a salary of more than \$100,000.

Disability Access & Inclusion Plan

For the Year Ending 30 June 2018

Council's future disability service plan was implemented to improve access to buildings and services by those members of our community suffering disabilities of varying natures and degree.

One of the main objectives of the plan is to ensure that in the future all new constructions will have disability access incorporated into the design.

Council will continue to utilise the plan to improve disabled access to existing buildings, public areas, car parks etc and fully support the ongoing training of staff to ensure awareness of the needs for the disabled.

Council continues to monitor their current plan and are considering any additional requirements seen as desirable by Council or the community and ensured it met the key changes between Disability Service Plans and the now legislated, disability access and inclusion plans (DAIP's) has been prepared and adopted by Council.

Council has continued a program of upgrading access to sealed footpaths and some local amenities to ensure that community members utilising "wheel chairs or gophers" are not disadvantaged.

Other facilities not accessible by the disabled have been considered in developing the new plan.

Register of Complaints

For the Year Ending 30 June 2018

No complaints were received under Section 5.121 of the Local Government Act 1995 (as amended) for the 2017/2018 financial year.

Sewerage Report Scheme

For the Year Ending 30 June 2018

In accordance with the operating license issued to the Shire of Koorda by the Office of Water Regulation, this Local Government has prepared a report on the operation of the sewerage scheme.

The scheme operated for the period 01/07/2017 to 30/06/2018 with an operating expenditure of \$93,606 and revenue of \$112,815 with the costs being ongoing operational maintenance, and asset management plan.

Council will continue to budget for ongoing operating maintenance, annual sewer cleaning, with the balance of income received being set aside in a Reserve Fund for future requirements.

For the 12 month period to the 30 June 2018 four (4) defect reports were received.

Councillors and Delegates

For the Year Ending 30 June 2018

3.2 Role of the Councillor

Councillors are elected members of a Local Government working for the community

The role of a Councillor is specified in the Act as -

- *To represent the interests of electors, ratepayers and residents of the district;*
- *To provide leadership and guidance to the community;*
- *To facilitate communication between the community and the Council; and vice versa*
- *To participate in the decision-making processes at Council and Committee meetings; and*
- *To perform functions given to a Councillor by the Act or other laws.*

Role of the Council

Is the decision maker responsible for:

- *Governs the Local Government's affairs of the local government;*
- *Is responsible for the performance of the Local Government's Functions;*
- *Oversee the allocation of the Local Government's Finances and Resources;*
- *Determine the Local Government's policies.*

Councillor FJ (Ricky) Storer

Email: storerf@koorda.wa.gov.au

Mob 0429 844 088

PO Box 161, KOORDA 6475

President 2011 - Current

Councillor 2005

Retirement 2021

Chair: Management Review Committee, Audit Committee & LEMC

Delegate: NEWROC, Regional Road Sub Group, GECZ WALGA, CEACA & Bush Fire Advisory

Deputy: Works Committee & NEWHealth

Councillor PL (Pam) McWha

Email: mcwhap@koorda.wa.gov.au

Mob: 0427 007 194

PO Box 225, KOORDA 6475

Deputy President 2017- Current

Councillor 2011

Retirement 2019

Delegate: Building/Recreation/Town Planning Committee, Management Review Committee, Audit Committee & GECZ WALGA

PORTFOLIO:-

Community Amenities, Environment, Recreation, Culture and Youth

Councillor BG (Buster) Cooper

Email: cooperb@koorda.wa.gov.au

Phone: 0428 937 207

PO Box 171, KOORDA 6475

Councillor 2015

Retirement 2019

Delegate: Works Committee & Management Review Committee

Deputy: NEWHealth & Audit Committee

PORTFOLIO:-

Law, Order, Health & Building

Councillor LC (Lea) Smith

Email: smithl@koorda.wa.gov.au

Phone: 0448 112 349

PO Box 196, KOORDA 6475

Councillor 2015

Retirement 2019

Delegate: Building/Recreation/Town Planning Committee

Deputy: Audit Committee

PORTFOLIO:-

Education, Welfare and Property

<p><u>Councillor JM (Jannah) Stratford</u> Email: stratfordj@koorda.wa.gov.au Phone: 0428 036 889 PO Box 2, KOORDA 6475</p> <p>Councillor 2017 Retirement 2021</p> <p><u>Delegate:</u> Building/Recreation/Town Planning Committee, Audit Committee & NEWHealth</p> <p>PORTFOLIO:- Governance, Administration & Finance</p>	<p><u>Councillor GW (Gary) Greaves</u> Email: greavesg@koorda.wa.gov.au Phone: 0428 843 015 PO Box 74, KOORDA 6475</p> <p>Councillor 2011 Retirement 2019</p> <p><u>Delegate:</u> Works Committee <u>Deputy:</u> Regional Road Sub Group & Rural Water Council</p> <p>PORTFOLIO:- Transport & Communication</p>
<p><u>Councillor RDG (George) Storer</u> Email: storerg@koorda.wa.gov.au Mob 0429 080 258 PO Box 40, KOORDA 6475</p> <p>Councillor 2017 Retirement 2021</p> <p><u>Delegate:</u> Works Committee & Bush Fire Board Regional <u>Deputy:</u> Building/Recreation/Town Planning Committee, NEWROC & LEMC</p> <p>PORTFOLIO:- Economic, Other Property & Services and Reserves</p>	

National Competition Policy

Competition Reform	<p>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.</p> <p>Each local government is required to report its progression achieving NCP reforms in its annual report.</p>
Competitive Neutrality	<p>The objective of competitive neutrality is that government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Measures should be introduced to effectively neutralise any net competitive advantage flowing from government ownership.</p> <p>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.</p> <p>A public benefit test is used to determine if competitive neutrality is in the public interest.</p> <p>This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.</p> <p>Annual reports must show that a public benefit test has been conducted for all significant business activities. They should also provide information on how a decision was reached to implement or not implement competitive neutrality in each case.</p> <p>If competitive neutrality has been found to be in the public interest, the Annual Report must show the schedule for implementing it over the coming year.</p> <p>As the Shire of Koorda does not have any “Significant Business Activities” with an annual user pays income exceeding \$200,000 PA, this negates further action or reporting obligation.</p>

Legislation Review	<p>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.</p> <p>There are specific reporting requirements which must be included in the Annual Report, including;</p> <p>A statement of which local laws have been reviewed, the conclusions of those reviews, and an implementation schedule for any resultant recommendations. Council has reviewed the following Local Laws;</p> <p>Local Government Property Local Law, Local Government Property Amendment Local Law, Dogs Local Law, Dogs Amendment Local Law, Cemeteries Local Law, and Cemeteries Amendment Local Law</p> <p>From the review, amendments were required for; Local Government Property Local Law and Standing Orders Local Law</p> <p>Local Law amendments should be finalised by 30 June 2019.</p> <p>Reviewing the Operating procedures and Local Laws for the Shire of Koorda confirms legislative requirements are being complied with, as required.</p>
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Structural Reform

The State Government has taken structural reform off the agenda for the immediate future, however it is an issue that local governments need to be mindful of, and as such Shire of Koorda takes a pro active approach finding ways to improve efficiency while maintaining the current level of service to the community.

The Shire of Koorda has resolved to continue working in a collaborative relationship with the Shires of the North Eastern Wheatbelt Organisation of Councils. It is believed that there will be benefits for these local governments by way of resource sharing.

Record Keeping Plan

For the Year Ending 30 June 2018

Compliance with the State Records Act

The State Records Commission: Standard 2

Created under the State Records Act 2000, required a Government Organisation to include comment on the following;

<i>Whether the efficiency and effectiveness of your record keeping systems has been evaluated or alternatively when such evaluation is proposed?</i>	<p>An evaluation of our Record Keeping Plan (RKP) was undertaken. The review assessed that our current policies and procedures are in accordance with industry standards and best practice.</p> <p>The current Record Keeping Plan does require minor amendments to be completed but as Council is considering a Records Management System, it may require updating if this is implemented.</p>
<i>The nature and extent of record keeping training program conducted.</i>	Appropriate training courses designed to equip users with the knowledge and skills necessary to complete their duties confidently are available to staff.
<i>Whether the efficiency and effectiveness of the record keeping training program has been reviewed or alternatively, how this is planned to be done?</i>	The Council will continue future reviews of our record keeping plan and training programs and make the appropriate recommendations; as or when necessary.
<i>Assurance that the organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.</i>	The Shire has an induction package for new employees. The presentation and booklet covers records management responsibilities, guidelines, statutory compliance and other related matters.

Information

Address:

The Administration Building, Chambers and Library are located on the corner of Allenby and Haig Streets, Koorda

Postal Address:

The Chief Executive Officer
Shire of Koorda
PO Box 20,
KOORDA WA 6475

Office Hours:

9.00am - 4.30pm

Telephone Number:

(08) 9684 1219

Facsimile Number:

(08) 9684 1379

Townships and Localities in Shire:

Koorda, Kulja, Dukin, Mollerin & Badgerin

Area:

2,662 km²

Distance from Perth:

238kms

Number of Rateable Assessments:

427

Number of Dwellings:

307

Population:

431

Electricity supply - Western Power:

Grid system

Sewerage System

Shire owned and maintained

Water Supply

WA Water Authority

E-mail Address:

David Burton - ceo@koorda.wa.gov.au
Lana Foote - dceo@koorda.wa.gov.au
Tracey McMiles - admin1@koorda.wa.gov.au
Charli West - admin2@koorda.wa.gov.au
Debbie West - admin3@koorda.wa.gov.au
Darren West - works@koorda.wa.gov.au
Generic - shire@koorda.wa.gov.au

Website:

www.koorda.wa.gov.au

Revenue:

\$4,589,813

Social Media

Facebook - "Shire of Koorda"
Twitter - "Shire of Koorda"

Length of Roads:

Sealed - 245kms
Unsealed - 840kms

Schools:

Primary, Pre Primary and Play Group.
Bus to Wyalkatchem High School daily

Sporting Facilities:

Football, Cricket, Tennis, Basketball, Hockey, Pistol Shooting, Swimming, Darts, Golf, Bowls, Netball

Rubbish and Recycling Removal:

All rubbish removal occurs on Monday commencing at 10.30am. All bins must be out early for collection by 10.30am. Recycling is every second Tuesday morning of the month.

Fire Breaks

All owners and/or occupiers of land are required to carry out fire prevention work in accordance with this notice on land owned or occupied by you each year on or before the 31st day of October or within fourteen days of the date of you becoming the owner or occupier should this be after the 31st day of October. **Fire breaks shall be reasonably maintained until the 15th day of March the following year.**

Information

Machinery in Use:

2 x Isuzu Prime Movers, 1 x UD Prime Mover, 1 x Volvo Grade, 1 x Cat Grader, 1 x Toyota Coaster Bus, 1 x McDonald Steel SP Roller, 2 x Volvo Loaders, 3 x Tri-axle Side Tipper Trailers, 1 x 3T Tip Truck, 1 x Ford Tandem Tip Truck, 1 x Dynapac SPMTR, 2 x Case Tractors, 1 x Water tank, 1 x Cat Bulldozer, 1 x Cherry Picker, 1 x Street Sweeper, 1 x Ford Ranger 4x2 Crew Cab Utility, 2 x Ford Rangers 4x4, 1 x Isuzu D-Max Single Cab Ute, 2 x Holden Trailblazer Wagons, 1 x Ford Ranger Single Cab Ute, 2 x Toyota Hilux Tip Utes, 3 x Toro Ride on Mowers and other various minor items and equipment.

Dog Registrations:

Due on the 1st November, each year.
Unsterilised Dog or Bitch 1 year, three years and lifetime - Sterilised Dog or Bitch 1 year, three years and lifetime. All dogs being registered for the first time must be micro-chipped prior to registration.

Dogs used for tendering stock 1/4 of ordinary fee and pensioners 1/2 of ordinary fee.

Dog owners have an obligation to keep their dogs under control at all times. Dogs wandering at large present a nuisance and a danger to the public.

The Shire contracts ranger services to WA Contract Ranger Services, who carry out dog patrols and respond to complaints.

Dog Impoundments:

The Dog Act provides heavy penalties for owners whose dogs are impounded.

Cat Registrations:

During the year under review the Cat Act 2011 which requires identification, registration and sterilisation of domestic cats. As from the 1st November 2013 all cats that reach the age of 6 months to be microchipped, sterilised and registered with the relevant Local Government.

Local Emergency Management Committee

Local Police and the Shire, together with the community manage the training and operation of the Koorda Local Emergency Management Plan.

Tourist Information:

A well stocked information stand is located in the Shire Office and the Community Resource Centre, local information brochures and maps are also available.

Transport:

Licensing staff are able to assist with all driver and vehicle queries and are able to assist with transfers as well as change of name and address.

Health & Building Information:

Council participates in a group health scheme and the Principal Environmental Health Officer/Building Surveyor can be contacted at the Shire Office for any matters concerning health and building.

Medical Practitioner

The doctor is based in Wyalkatchem and appointments can be made at the Wyalkatchem Medical Centre to see the doctor on Wednesdays at the Koorda Health Centre.

Library:

Council has a fully stocked library open from 9.00am to 4.30pm Monday to Friday. New library exchanges are received every month.

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

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COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the community and enable them to enjoy a pleasant and healthy way of life.

Principal place of business:
Corner Allenby and Haig Streets, Koorda

**SHIRE OF KOORDA
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 Koorda 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 Koorda 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.

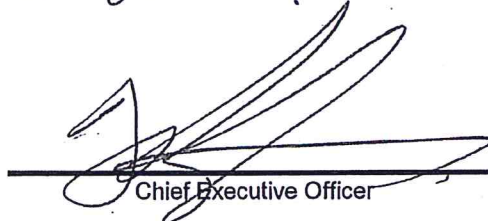
Signed on the

15th

day of

October

2018



Chief Executive Officer

David Burton

Name of Chief Executive Officer



BUTLER SETTINERI (AUDIT) PTY LTD

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	19(a)	1,025,406	1,033,729	987,670
Operating grants, subsidies and contributions	2	1,942,899	1,190,470	3,026,772
Fees and charges	2	474,529	438,975	591,844
Service charges	19(b)	3,205	3,025	3,159
Interest earnings	2(a)	149,537	167,650	142,564
Other revenue	2(a)	49,038	15,130	17,529
		<u>3,644,614</u>	<u>2,848,979</u>	<u>4,769,538</u>
Expenses				
Employee costs		(1,346,200)	(1,955,723)	(1,669,395)
Materials and contracts		(607,211)	(358,185)	(370,208)
Utility charges		(54,182)	(37,640)	(29,646)
Depreciation on non-current assets	9(b)	(2,278,710)	(2,195,921)	(2,196,265)
Insurance expenses		(92,725)	(192,125)	(96,966)
Other expenditure		(85,953)	(132,170)	(78,363)
		<u>(4,464,981)</u>	<u>(4,871,764)</u>	<u>(4,440,843)</u>
		<u>(820,367)</u>	<u>(2,022,785)</u>	<u>328,695</u>
Non-operating grants, subsidies and contributions	2	941,872	2,746,000	1,032,991
Profit on asset disposals	9(a)	3,327	10,000	8,029
(Loss) on asset disposals	9(a)	(15,746)	(91,161)	(102,022)
Net result		<u>109,086</u>	<u>642,054</u>	<u>1,267,693</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	(17,623,146)	0	429,204
Total other comprehensive income		<u>(17,623,146)</u>	<u>0</u>	<u>429,204</u>
Total comprehensive income		<u>(17,514,060)</u>	<u>642,054</u>	<u>1,696,897</u>

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



BUTLER SETTINERI (AUDIT) PTY LTD

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Governance		51	1,950	0
General purpose funding		2,978,462	2,123,674	3,882,530
Law, order, public safety		26,489	25,435	24,548
Health		7,046	7,540	132,303
Housing		191,993	182,825	199,547
Community amenities		184,449	173,095	185,754
Recreation and culture		39,452	57,680	59,070
Transport		83,888	146,000	142,534
Economic services		61,148	92,385	78,959
Other property and services		71,636	38,395	64,293
		<u>3,644,614</u>	<u>2,848,979</u>	<u>4,769,538</u>
Expenses				
Governance		(310,893)	(407,990)	(349,585)
General purpose funding		(105,222)	(120,650)	(109,785)
Law, order, public safety		(68,736)	(115,921)	(85,545)
Health		(143,586)	(180,334)	(249,931)
Education and welfare		(36,386)	(43,312)	(158,975)
Housing		(251,342)	(320,000)	(282,634)
Community amenities		(248,010)	(304,629)	(271,559)
Recreation and culture		(969,167)	(1,068,496)	(987,126)
Transport		(2,088,080)	(1,950,566)	(1,689,870)
Economic services		(239,392)	(367,007)	(299,437)
Other property and services		(4,167)	7,141	43,604
		<u>(4,464,981)</u>	<u>(4,871,764)</u>	<u>(4,440,843)</u>
		<u>(820,367)</u>	<u>(2,022,785)</u>	<u>328,695</u>
Non-operating grants, subsidies and contributions	2	941,872	2,746,000	1,032,991
Profit on disposal of assets	9(a)	3,327	10,000	8,029
(Loss) on disposal of assets	9(a)	(15,746)	(91,161)	(102,022)
		<u>929,453</u>	<u>2,664,839</u>	<u>938,998</u>
Net result		<u>109,086</u>	<u>642,054</u>	<u>1,267,693</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	(17,623,146)	0	429,204
Total other comprehensive income		<u>(17,623,146)</u>	<u>0</u>	<u>429,204</u>
Total comprehensive income		<u>(17,514,060)</u>	<u>642,054</u>	<u>1,696,897</u>

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



BUTLER SETTINERI (AUDIT) PTY LTD

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

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	6,849,684	6,357,516
Trade and other receivables	5	134,758	245,042
Inventories	6	23,421	7,420
TOTAL CURRENT ASSETS		7,007,863	6,609,978
NON-CURRENT ASSETS			
Other receivables	5	26,071	12,685
Property, plant and equipment	7	12,701,145	13,365,379
Infrastructure	8	73,357,966	90,538,868
TOTAL NON-CURRENT ASSETS		86,085,182	103,916,932
TOTAL ASSETS		93,093,045	110,526,910
CURRENT LIABILITIES			
Trade and other payables	11	201,256	189,722
Provisions	13	213,977	189,495
TOTAL CURRENT LIABILITIES		415,233	379,217
NON-CURRENT LIABILITIES			
Provisions	13	69,005	24,826
TOTAL NON-CURRENT LIABILITIES		69,005	24,826
TOTAL LIABILITIES		484,238	404,043
NET ASSETS		92,608,807	110,122,867
EQUITY			
Retained surplus		49,372,720	50,021,621
Reserves - cash backed	4	5,582,936	4,824,949
Revaluation surplus	10	37,653,151	55,276,297
TOTAL EQUITY		92,608,807	110,122,867

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



BUTLER SETTINERI (AUDIT) PTY LTD

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

		RETAINED	RESERVES CASH	REVALUATION	TOTAL
	NOTE	SURPLUS	BACKED	SURPLUS	EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		48,494,167	5,084,710	54,847,093	108,425,970
Comprehensive income					
Net result		1,267,693	0	0	1,267,693
Changes on revaluation of assets	10	0	0	429,204	429,204
Total comprehensive income		1,267,693	0	429,204	1,696,897
Transfers from/(to) reserves		259,761	(259,761)	0	0
Balance as at 30 June 2017		50,021,621	4,824,949	55,276,297	110,122,867
Comprehensive income					
Net result		109,086	0	0	109,086
Changes on revaluation of assets	10	0	0	(17,623,146)	(17,623,146)
Total comprehensive income		109,086	0	(17,623,146)	(17,514,060)
Transfers from/(to) reserves		(757,987)	757,987	0	0
Balance as at 30 June 2018		49,372,720	5,582,936	37,653,151	92,608,807

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

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

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,026,070	1,066,451	946,527
Operating grants, subsidies and contributions		2,005,099	1,318,123	3,143,203
Fees and charges		478,811	438,975	591,844
Service charges		3,205	3,025	3,159
Interest earnings		149,537	167,650	142,564
Goods and services tax		227,862	45,108	210,628
Other revenue		49,038	21,630	17,529
		3,939,622	3,060,962	5,055,454
Payments				
Employee costs		(1,255,879)	(2,006,496)	(1,748,001)
Materials and contracts		(605,958)	(400,543)	(423,941)
Utility charges		(54,182)	(37,640)	(29,646)
Interest expenses		(27,380)	0	0
Insurance expenses		(92,725)	(192,125)	(96,966)
Goods and services tax		(198,110)	(40,054)	(265,851)
Other expenditure		(85,953)	(132,170)	(78,363)
		(2,320,187)	(2,809,028)	(2,642,768)
Net cash provided by / (used in) operating activities	14	1,619,435	251,934	2,412,686
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(488,705)	(3,747,500)	(959,721)
Payments for construction of infrastructure		(1,738,651)	(1,670,000)	(1,750,946)
Non-operating grants, subsidies and contributions		941,872	2,746,000	1,032,991
Proceeds from sale of fixed assets		158,217	199,000	372,079
Net cash provided by / (used in) investment activities		(1,127,267)	(2,472,500)	(1,305,597)
Net increase / (decrease) in cash held		492,168	(2,220,566)	1,107,089
Cash at beginning of year		6,357,516	5,850,643	5,250,427
Cash and cash equivalents at the end of the year		6,849,684	3,630,077	6,357,516

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

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

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		1,595,307	1,084,670	175,838
		1,595,307	1,084,670	175,838
Revenue from operating activities (excluding rates)				
Governance		51	1,950	0
General purpose funding		1,957,654	1,096,445	2,899,458
Law, order, public safety		26,489	25,435	24,548
Health		7,046	7,540	132,303
Housing		191,993	182,825	199,547
Community amenities		184,449	173,095	185,754
Recreation and culture		39,452	57,680	59,070
Transport		83,888	156,000	149,496
Economic services		61,148	92,385	78,959
Other property and services		74,963	38,395	65,360
		2,627,133	1,831,750	3,794,495
Expenditure from operating activities				
Governance		(310,893)	(407,990)	(349,585)
General purpose funding		(105,222)	(120,650)	(109,785)
Law, order, public safety		(68,736)	(115,921)	(85,545)
Health		(143,586)	(216,434)	(253,351)
Education and welfare		(36,386)	(43,312)	(158,975)
Housing		(251,342)	(320,000)	(282,634)
Community amenities		(248,010)	(304,629)	(304,793)
Recreation and culture		(969,167)	(1,068,496)	(987,126)
Transport		(2,102,298)	(1,989,893)	(1,750,060)
Economic services		(239,392)	(367,007)	(299,437)
Other property and services		(5,695)	(8,593)	38,426
		(4,480,727)	(4,962,925)	(4,542,865)
Operating activities excluded				
(Profit) on disposal of assets	9(a)	(3,327)	(10,000)	(8,029)
Loss on disposal of assets	9(a)	15,746	91,161	102,022
Movement in deferred pensioner rates (non-current)		(3,386)	0	(2,203)
Increase in self supporting loan receivable (non-current)		(10,000)	0	0
Movement in employee benefit provisions		68,661	0	(57,452)
Depreciation and amortisation on assets	9(b)	2,278,710	2,195,921	2,196,265
Amount attributable to operating activities		2,088,117	230,577	1,658,071
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		941,872	2,746,000	1,032,991
Proceeds from disposal of assets	9(a)	158,217	199,000	372,079
Purchase of property, plant and equipment	7(b)	(488,705)	(3,747,500)	(959,721)
Purchase and construction of infrastructure	8(b)	(1,738,651)	(1,670,000)	(1,750,946)
Amount attributable to investing activities		(1,127,267)	(2,472,500)	(1,305,597)
FINANCING ACTIVITIES				
Transfers to reserves (restricted assets)	4	(802,987)	(608,556)	(256,239)
Transfers from reserves (restricted assets)	4	45,000	1,823,250	516,000
Amount attributable to financing activities		(757,987)	1,214,694	259,761
Surplus / (deficiency) before general rates		202,863	(1,027,229)	612,235
Total amount raised from general rates	19	1,020,808	1,027,229	983,072
Net current assets at June 30 c/fwd - surplus/(deficit)	20	1,223,671	0	1,595,307

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

1. BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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

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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY
Land under roads

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

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

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue

Significant revenue

WA Local Government Grants Commission made an early payment of the subsequent years Financial Assistance grant allocation in June 2017 and 2018. In accordance with the Australian Accounting Standards this amount was recognised in operating grants, subsidies and contributions in the year it was received.

Other revenue

Reimbursements and recoveries

Other

Fees and Charges

General purpose funding

Law, order, public safety

Health

Housing

Community amenities

Recreation and culture

Economic services

Other property and services

	2018 Actual	2017 Actual
	\$	\$
	962,993	956,264
	28,989	15,549
	20,049	1,980
	49,038	17,529
	0	529
	11,444	6,354
	7,046	132,303
	191,857	198,933
	184,449	185,754
	16,248	18,860
	58,194	41,892
	5,291	7,219
	474,529	591,844

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
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	1,803,519	2,751,766
Law, order, public safety	15,045	18,194
Recreation and culture	0	32,000
Transport	83,888	142,534
Economic services	0	37,067
Other property and services	40,447	45,211
	1,942,899	3,026,772
Non-operating grants, subsidies and contributions		
Recreation and culture	0	32,934
Transport	941,872	1,000,057
	941,872	1,032,991
Total grants, subsidies and contributions	2,884,771	4,059,763

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.

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	121,747	114,660	122,553
- Other funds	19,639	46,305	12,062
Other interest revenue (refer note 19(d))	8,151	6,685	7,949
	149,537	167,650	142,564

(b) Expenses

	2018	2017
	\$	\$
Auditors remuneration		
Remuneration paid or payable in respect of the audit for the current financial year is as follows:		
- Audit of the Annual Financial Report	19,500	5,695
	19,500	5,695
Rental charges		
- Operating leases	3,726	3,152
	3,726	3,152

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

	NOTE	2018	2017
		\$	\$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,263,286	1,524,255
Restricted		5,586,398	4,833,261
		6,849,684	6,357,516
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	4	190,964	186,306
Road Reserve	4	445,348	288,121
Plant Reserve	4	687,003	475,091
Council Building Reserve	4	1,141,652	1,065,212
TV Reserve	4	30,372	29,629
Recreation Reserve	4	1,502,118	1,270,279
Medical Practitioners Reserve	4	283,976	277,032
IT & Administration Reserve	4	173,326	120,310
Sewerage Reserve	4	798,973	747,916
Community Housing reserve	4	40,111	83,026
JVC Units Reserve	4	43,549	42,489
Community Bus Reserve	4	59,759	58,298
NRM Reserve	4	20,992	20,479
Waste Management Reserve	4	146,431	142,850
JV Johnson Reserve	4	18,362	17,911
Unspent grants	18	3,462	8,312
		5,586,398	4,833,261

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	186,306	4,658	0	190,964	165,368	5,000	0	170,368	212,116	44,190	(70,000)	186,306
Road Reserve	288,121	157,227	0	445,348	296,439	250,000	(152,000)	394,439	370,611	17,510	(100,000)	288,121
Plant Reserve	475,091	211,912	0	687,003	478,378	0	(135,000)	343,378	608,970	18,121	(152,000)	475,091
Council Building Reserve	1,065,212	76,440	0	1,141,652	1,059,205	28,000	(372,000)	715,205	1,038,436	26,776	0	1,065,212
TV Reserve	29,629	743	0	30,372	29,462	5,000	(4,000)	30,462	28,884	745	0	29,629
Recreation Reserve	1,270,279	231,839	0	1,502,118	1,263,115	231,943	(1,128,000)	367,058	1,238,348	31,931	0	1,270,279
Medical Practitioners Reserve	277,032	6,944	0	283,976	275,469	5,000	(6,250)	274,219	270,068	6,964	0	277,032
IT & Administration Reserve	120,310	53,016	0	173,326	119,633	4,106	0	123,739	117,287	3,023	0	120,310
Sewerage Reserve	747,916	51,057	0	798,973	793,416	45,000	0	838,416	777,859	70,057	(100,000)	747,916
Community Housing reserve	83,026	2,085	(45,000)	40,111	88,425	2,000	(6,000)	84,425	86,691	8,135	(11,800)	83,026
JVC Units Reserve	42,489	1,060	0	43,549	33,499	6,000	(3,500)	35,999	32,842	18,447	(8,800)	42,489
Community Bus Reserve	58,298	1,461	0	59,759	57,969	3,507	0	61,476	121,819	1,479	(65,000)	58,298
NRM Reserve	20,479	513	0	20,992	20,363	1,000	0	21,363	19,964	515	0	20,479
Waste Management Reserve	142,850	3,581	0	146,431	142,044	10,000	(10,000)	142,044	139,260	3,590	0	142,850
JV Johnson Reserve	17,911	451	0	18,362	21,986	12,000	(6,500)	27,486	21,555	4,756	(8,400)	17,911
	4,824,949	802,987	(45,000)	5,582,936	4,844,771	608,556	(1,823,250)	3,630,077	5,084,710	256,239	(516,000)	4,824,949

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	Perpetual	To be used to fund annual, long serve, accrued holiday and sick leave requirements.
Road Reserve	Perpetual	To be used to assist future road works difficult to fund on an annual basis including acts of nature.
Plant Reserve	Perpetual	To be used to ensure purchases are basically funded from funds set aside and the use of those funds determined by a ten year Forward Plan, which is reviewed annually. The intent is that at least the annual plant depreciation component is set aside.
Council Building Reserve	Perpetual	To be used to fund the major asset category the Shire owns, and allow some management of the various building requirements.
TV Reserve	Perpetual	To be used to fund future upgrading or extension of receiver/transmission facility.
Recreation Reserve	Perpetual	To be used to fund future upgrading, renovations and general requirements.
Medical Practitioners Reserve	Perpetual	To be used to fund future costs of attracting and retaining a qualified medical practitioner within the District/Region.
IT & Administration Reserve	Perpetual	To be used to fund future technology that will require future updating.
Sewerage Reserve	Perpetual	To be used to fund upgrading and replacement of the town sewerage treatment plant.
Community Housing reserve	Perpetual	To be used to fund future maintenance and construction.
JVC Units Reserve	Perpetual	To be restricted (not Council controlled) funds that must be used for future maintenance, upgrading or replacement of JV Units or returned to the Department of Housing and Works.
Community Bus Reserve	Perpetual	To be used to fund the change over of costs of the community bus.
NRM Reserve	Perpetual	To be used to fund the future retention of the NRM officer.
Waste Management Reserve	Perpetual	To be used to fund future refuse development.
JV Johnson Reserve	Perpetual	This reserve is created by the reserve of income over expenditure on this project - for future maintenance and development needs.

5. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding
Sundry debtors
GST receivable
Vehicle rego fees refundable
Fuel tax credits
Loans receivable - current
Less: allowance for doubtful debts

2018	2017
\$	\$
91,579	95,629
18,026	69,508
25,471	55,223
0	14,282
0	10,400
5,000	0
(5,318)	0
134,758	245,042
16,071	12,685
10,000	0
26,071	12,685

Non-current

Rates outstanding - pensioners
Loans receivable - clubs/institutions

5. TRADE AND OTHER RECEIVABLES (continued)

Rates outstanding

Includes:

Not past due and not impaired

Past due and not impaired

- 1 to 5 years

- more than 5 years

Sundry debtors outstanding

Includes:

Not past due and not impaired

Past due and not impaired

- up to one month

- 1 - 3 months

- 3 months to one year

- 1 to 5 years

- more than 5 years

	2018	2017
	\$	\$
Not past due and not impaired	25,687	4,817
Past due and not impaired		
- 1 to 5 years	50,847	79,455
- more than 5 years	31,116	24,042
	107,650	108,314
Sundry debtors outstanding		
Not past due and not impaired	2,750	26,909
Past due and not impaired		
- up to one month	3,457	6,369
- 1 - 3 months	2,772	25,259
- 3 months to one year	295	10,218
- 1 to 5 years	8,544	545
- more than 5 years	208	208
	18,026	69,508

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

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

Classification and subsequent measurement

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

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

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

6. INVENTORIES

Current

Fuel and materials

2018	2017
\$	\$
23,421	7,420
23,421	7,420

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

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	430,812	430,812
- Additions after valuation - cost	6,067	0
	436,879	430,812
Total land	436,879	430,812
Buildings at:		
- Independent valuation 2017 - level 3	10,331,115	8,468,500
- Management valuation 2017 - level 3	430,685	2,155,184
Buildings - Less: accumulated depreciation	(621,345)	0
	10,140,455	10,623,684
Total buildings	10,140,455	10,623,684
Total land and buildings	10,577,334	11,054,496
Furniture and equipment at:		
- Management valuation 2016 - level 3	150,593	119,000
Furniture and equipment - Less: accumulated depreciation	(47,332)	(23,500)
	103,261	95,500
Plant and equipment at:		
- Independent valuation 2016 - level 2	1,525,900	1,565,900
- Management valuation 2016 - level 3	1,038,528	889,351
Plant and equipment - Less: accumulated depreciation	(543,878)	(239,868)
	2,020,550	2,215,383
Total property, plant and equipment	12,701,145	13,365,379

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	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	420,860	420,860	10,763,667	10,763,667	11,184,527	119,000	2,090,352	13,393,879
Additions	0	0	70,767	70,767	70,767	0	888,954	959,721
Disposals	0	0	0	0	0	0	(466,073)	(466,073)
Revaluation increments/ decrements transferred to revaluation surplus	9,952	9,952	419,252	419,252	429,204	0	0	429,204
Depreciation expense	0	0	(630,002)	(630,002)	(630,002)	(23,500)	(297,850)	(951,352)
Carrying amount at 30 June 2017	430,812	430,812	10,623,684	10,623,684	11,054,496	95,500	2,215,383	13,365,379
Additions	6,067	6,067	138,116	138,116	144,183	31,593	312,929	488,705
Disposals	0	0	0	0	0	0	(170,636)	(170,636)
Depreciation expense	0	0	(621,345)	(621,345)	(621,345)	(23,832)	(337,126)	(982,303)
Carrying amount at 30 June 2018	436,879	436,879	10,140,455	10,140,455	10,577,334	103,261	2,020,550	12,701,145

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
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2017	Price per hectare / market borrowing rate
Buildings	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Construction costs and current condition
Buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2017	Improvements to land using construction costs and current condition, residual values and remaining useful life assessments inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Construction costs and current condition, residual values and remaining useful life assessments inputs
Plant and equipment					
- Independent valuation 2016	2	Market approach using recent observable market data for similar assets	Independent valuer	June 2016	Market price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase 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 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

Roads

- Management valuation 2015 - level 3
- Management valuation 2018 - level 3

Roads - Less: accumulated depreciation

Infrastructure Other

- Management valuation 2015 - level 3
- Management valuation 2018 - level 3

Infrastructure Other - Less: accumulated depreciation

Total infrastructure

2018	2017
\$	\$
0	92,318,666
72,569,263	0
0	(2,392,176)
72,569,263	89,926,490
0	676,143
788,703	0
0	(63,765)
788,703	612,378
73,357,966	90,538,868

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.

	Roads	Infrastructure Other	Total Infrastructure
	\$	\$	\$
Balance at 1 July 2016	89,389,418	643,417	90,032,835
Additions	1,748,310	2,636	1,750,946
Depreciation (expense)	(1,211,238)	(33,675)	(1,244,913)
Carrying amount at 30 June 2017	89,926,490	612,378	90,538,868
Additions	1,719,152	19,499	1,738,651
Revaluation increments/ (decrements) transferred to revaluation surplus	(17,813,859)	190,713	(17,623,146)
Depreciation (expense)	(1,262,520)	(33,887)	(1,296,407)
Carrying amount at 30 June 2018	72,569,263	788,703	73,357,966

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Roads	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	Management 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.

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.

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
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Health								
EHO Vehicle	0	0	0	0	36,100	0	0	(36,100)
Transport								
Isuzu D-Max SX Dual Cab 4 x 2 KD 002	14,155	13,636	0	(519)	24,200	6,000	0	(18,200)
WS 2017 Ford Ranger PXII 4x4 utility KD 000	37,367	30,909	0	(6,458)	43,127	29,000	0	(14,127)
WS Ute 2 KD 000	0	0	0	0	36,000	29,000	0	(7,000)
Case SV-212 Vib Roller KD 016	33,313	26,072	0	(7,241)	40,000	50,000	10,000	0
Other property and services								
CEO 2017 Holden Trailblazer LTZ 1 KD 0	35,038	36,691	1,653	0	37,537	36,000	0	(1,537)
CEO 2 2017 Holden Colorado MY 18 Trailblazer KD 0	33,781	35,455	1,674	0	41,000	36,000	0	(5,000)
DCEO 2016 Holden Captiva LS 0 KD	16,982	15,454	0	(1,528)	22,197	13,000	0	(9,197)
	170,636	158,217	3,327	(15,746)	280,161	199,000	10,000	(91,161)

(b) Depreciation

	2018	2017
	\$	\$
Buildings	621,345	630,002
Furniture and equipment	23,832	23,500
Plant and equipment	337,126	297,850
Roads	1,262,520	1,211,238
Infrastructure Other	33,887	33,675
	2,278,710	2,196,265

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	50 years
Furniture and equipment	4 - 10 years
Plant and equipment	4 - 7 years
Motor Vehicles	4 years
Roads - Aggregate	25 Years
Roads - Unsealed - Gravel	35 Years
Drains and sewers	75 years
Airfield - runways	12 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.

10. REVALUATION SURPLUS

	2018	2018	2018	2018	2018	2017	2017	2017	2017
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Movement on	Balance	Balance	Increment	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - Freehold Land	815,720	0	0	0	815,720	386,516	429,204	429,204	815,720
Buildings	6,002,423	0	0	0	6,002,423	6,002,423	0	0	6,002,423
Plant and Equipment	603,573	0	0	0	603,573	603,573	0	0	603,573
Roads	47,614,788	0	(17,813,859)	(17,813,859)	29,800,929	47,614,788	0	0	47,614,788
Infrastructure Other	239,793	190,713	0	190,713	430,506	239,793	0	0	239,793
	55,276,297	190,713	(17,813,859)	(17,623,146)	37,653,151	54,847,093	429,204	429,204	55,276,297

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

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Other Payables
Accrued salaries and wages
ATO liabilities
Bonds and deposits
Collections

2018	2017
\$	\$
132,014	93,035
1,585	28,965
13,679	13,895
21,876	0
7,836	7,412
24,266	46,415
201,256	189,722

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.

12. INFORMATION ON BORROWINGS

(a) Undrawn Borrowing Facilities

Credit Standby Arrangements

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

2018	2017
\$	\$
0	0
0	0
5,000	5,000
(1,585)	0
3,415	5,000
NIL	NIL

Unused loan facilities at balance date

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	131,418	58,077	189,495
Non-current provisions	0	24,826	24,826
	131,418	82,903	214,321
Additional provision	102,756	63,511	166,267
Amounts used	(92,572)	(5,034)	(97,606)
Balance at 30 June 2018	141,602	141,380	282,982
Comprises			
Current	141,602	72,375	213,977
Non-current	0	69,005	69,005
	141,602	141,380	282,982

(a) Annual leave liabilities: Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period
More than 12 months after the end of the reporting period

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	94,048	96,270
More than 12 months after the end of the reporting period	47,554	35,148
	141,602	131,418

(a) Long service leave liabilities: Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period
More than 12 months after the end of the reporting period

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	35,717	28,913
More than 12 months after the end of the reporting period	105,663	53,990
	141,380	82,903

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

Other long-term employee benefits (Continued)

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

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

Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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
	\$	\$	\$
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	109,086	642,054	1,267,693
Non-cash flows in Net result:			
Depreciation	2,278,710	2,195,921	2,196,265
(Profit)/loss on sale of asset	12,419	81,161	93,993
Changes in assets and liabilities:			
(Increase)/decrease in receivables	96,898	171,929	20,065
(Increase)/decrease in inventories	(16,001)	1,969	1,549
Increase/(decrease) in payables	11,534	(95,100)	(76,436)
Increase/(decrease) in provisions	68,661	0	(57,452)
Grants contributions for the development of assets	(941,872)	(2,746,000)	(1,032,991)
Net cash from operating activities	1,619,435	251,934	2,412,686

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	0	482,150
General purpose funding	107,641	95,629
Law, order, public safety	462,923	573,966
Health	836,153	63,974
Education and welfare	103,310	115,927
Housing	3,391,747	3,453,788
Community amenities	1,492,366	492,836
Recreation and culture	6,670,770	5,228,303
Transport	74,040,130	90,910,440
Economic services	487,485	453,014
Other property and services	4,208,301	2,243,749
Unallocated	1,292,219	6,413,134
	93,093,045	110,526,910

16. JOINT ARRANGEMENTS

The Shire together with the Shires of Wyalkatchem, Mt Marshall, Mukinbudin, Trayning and Nungarin have a joint operation with regard to the provision of an environmental health and building survey service. The only assets are a vehicle and miscellaneous equipment which were disposed from the asset register when administration of the scheme passed to the Shire of Mt Marshall in 2017/18. The vehicle was disposed in the 2016-17 year and the loss on sale of asset expensed.

The Shire together with the Shire of Wyalkatchem support a medical practitioner. The contribution by the Shire to the provision of the medical service for 2017/18 was \$38,658.

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Equity method of accounting

Interest in joint arrangements are accounted for by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shires's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

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

17. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Meeting Fees	12,366	14,080	9,635
President's allowance	7,000	7,719	7,000
Deputy President's allowance	1,501	1,656	1,625
Travelling expenses	5,570	8,055	3,862
	26,437	31,510	22,122

Key Management Personnel (KMP) Compensation Disclosure

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

	2018 \$	2017 \$
Short-term employee benefits	287,394	287,121
Post-employment benefits	47,320	45,585
Other long-term benefits	32,943	29,422
	367,657	362,128

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP.

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 annual and long service benefits accrued 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.

The following transactions occurred with related parties:

	2018 \$	2017 \$
Purchase of goods and services		
- individuals	1,942	11,693
- companies	214,386	54,141
- community organisations	19,364	22,015

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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

iii. Joint operation

The Shire has a one-sixth interest in an environmental health and building service. The interest in the joint operation is accounted for in these financial statements by expensing the share of the costs.

For details refer to Note 16.

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 ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Education and welfare							
Country Local Government Fund							
Youth Development Scholarship	0	5,181	0	5,181	0	(1,719)	3,462
Recreation and culture							
Kidsport	1,950	0	0	1,950	0	(1,950)	0
Transport							
Roads to recovery	147,082	665,413	(812,495)	0	584,000	(584,000)	0
Economic services							
State Natural Resource Management Program Grant	3,450	32,900	(35,169)	1,181	0	(1,181)	0
Total	152,482	703,494	(847,664)	8,312	584,000	(588,850)	3,462

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 \$
Differential general rate / general rate								
Gross rental valuations								
Commercial	0.1110	10	201,604	22,378		22,378	22,378	22,378
Industrial	0.1110	1	5,460	606		606	606	606
Residential	0.1110	120	771,316	85,616		85,616	84,046	84,046
Special Rural	0.1110	6	40,664	4,514		4,514	4,514	4,514
Unimproved valuations								
Rural	0.0200	220	48,863,500	977,270	358	977,628	977,260	977,260
Sub-Total		357	49,882,544	1,090,384	358	1,090,742	1,088,804	1,088,804
Minimum payment								
Gross rental valuations								
Commercial	320	11	21,190	3,520		3,520	3,520	3,520
Industrial	320	1	162	320		320	320	320
Residential	320	7	4,010	2,240		2,240	2,240	2,240
Special Rural	320	3	2,205	960		960	960	960
Vacant	320	5	906	1,600		1,600	1,600	1,600
Unimproved valuations								
Rural	320	9	40,019	2,880		2,880	3,200	3,200
Mining Tenement	320	11	90,732	3,520		3,520	2,240	2,240
Sub-Total		47	159,224	15,040	0	15,040	14,080	14,080
		404	50,041,768	1,105,424	358	1,105,782	1,102,884	1,102,884
Discounts/concessions (refer note 19(c))						(84,974)		(75,655)
Total amount raised from general rate						1,020,808		1,027,229
Ex-gratia rates						4,598		6,500
Totals						1,025,406		1,033,729

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.

19. RATING INFORMATION (Continued)

(b) Service Charges

Service Charges	Amount of Charge	Revenue Raised	Budget Revenue	Charges Applied to Costs	Charges Set Aside to Reserve	Reserve Applied to Costs	Budget Charges Applied to Costs	Budget Charges Set Aside to Reserve	Budget Reserve Applied to Costs
	\$	\$	\$	\$	\$	\$	\$	\$	\$
TV & Satellite Transmission Levy	25	3,205	3,025	3,205	0	0	5,000	5,000	4,000
		3,205	3,025	3,205	0	0	5,000	5,000	4,000

Nature of the Service Charge	Objects of the Charge	Reasons for the Charge	Area/Properties Charge Imposed
TV & Satellite Transmission Levy	To provide equipment to a quality retransmission	To fund additional channels and upgrades to retransmission.	Koorda Townsite.

No interest will be charged on the late payment of service charges.

19. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
General Rates	10.00%		84,974	75,655	Current rates and any arrears to be paid in full by the due date on the rate notice. Full payments must be received at the Shire office prior to the cut off date.
			84,974	75,655	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	Actual \$	Budget \$
Refuse Charge	Concession		10	2,750	2,530
Recycling Charge	Concession		80.00	2,000	1,840
				4,750	4,370

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Refuse charge	Eligible aged pensioners	Encourage elderly residents to remain in their own home.	To give recognition for service to the community.
Recycling charge	Eligible aged pensioners	Encourage elderly residents to remain in their own home.	To give recognition for service to the community.

19. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	9-Aug-17	0	0.00%	11.00%
Option Two				
First instalment				
Second instalment				
Option Three				
First instalment	9-Aug-17	0	0.00%	11.00%
Second instalment	16-Nov-17	0	0.00%	11.00%
Third instalment	18-Jan-18	0	0.00%	11.00%
Fourth instalment	22-Mar-18	0	0.00%	11.00%

		2018	2018 Budget
		\$	\$
Interest on unpaid rates		8,151	6,685
		8,151	6,685

**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

	2018 (30 June 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July brought forward	1,223,671	1,595,307	1,595,307
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,263,286	1,524,255	1,524,255
Restricted	5,586,398	4,833,261	4,833,261
Receivables			
Rates outstanding	91,579	95,629	95,629
Sundry debtors	18,026	69,508	69,508
GST receivable	25,471	55,223	55,223
Vehicle rego fees refundable	0	14,282	14,282
Fuel tax credits	0	10,400	10,400
Loans receivable - current	5,000	0	0
Less: allowance for doubtful debts	(5,318)	0	0
Inventories			
Fuel and materials	23,421	7,420	7,420
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(132,014)	(93,035)	(93,035)
Other Payables	(1,585)	(28,965)	(28,965)
Accrued salaries and wages	(13,679)	(13,895)	(13,895)
ATO liabilities	(21,876)	0	0
Bonds and deposits	(7,836)	(7,412)	(7,412)
Collections	(24,266)	(46,415)	(46,415)
Provisions			
Provision for annual leave	(141,602)	(131,418)	(131,418)
Provision for long service leave	(72,375)	(58,077)	(58,077)
Unadjusted net current assets	6,592,630	6,230,761	6,230,761
Adjustments			
Less: Reserves - restricted cash	(5,582,936)	(4,824,949)	(4,824,949)
Less: Provision for Annual Leave	141,602	131,418	131,418
Less: Provision for Long Service Leave	72,375	58,077	58,077
Adjusted net current assets - surplus/(deficit)	1,223,671	1,595,307	1,595,307

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.

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
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	6,849,684	6,357,516	6,849,684	6,357,516
Receivables	135,358	257,727	135,358	257,727
	6,985,042	6,615,243	6,985,042	6,615,243
Financial liabilities				
Payables	179,380	189,722	179,380	189,722
	179,380	189,722	179,380	189,722

The following table sets out the interest rate exposure of cash:

	Weighted average interest rate %	Carrying amounts \$	Fixed interest rate \$	Variable interest rate \$	Non interest bearing \$
2018					
Cash and cash equivalents	1.91%	6,849,684	5,582,936	1,252,798	13,950
2017					
Cash and cash equivalents	2.32%	6,357,516	4,824,949	1,531,767	800

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.

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*.

	2018	2017
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	12,528	15,318
- Statement of Comprehensive Income	12,528	15,318

Notes:
⁽¹⁾ 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:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	23.86%	4.45%
- Overdue	76.14%	95.55%
Percentage of other receivables		
- Current	15.26%	38.71%
- Overdue	84.74%	61.29%

21. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Payables are 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 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
<u>2018</u>	\$	\$	\$	\$	\$
Payables	179,380	0	0	179,380	179,380
	179,380	0	0	179,380	179,380
<u>2017</u>					
Payables	189,722	0	0	189,722	189,722
	189,722	0	0	189,722	189,722

**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
	\$	\$	\$	\$
Housing Bonds	10,716	411	(844)	10,283
Drive in	18,460	5,693	0	24,153
Swimming Pool Committee	301	0	0	301
Koorda SES	4,394	0	0	4,394
RRG Chairman's Travel	910	68	(68)	910
CLGF Youth development Scholarship	4,530	518	(1,068)	3,980
Koorda Community Garden Fund	466	0	(466)	0
	39,777			44,021

23. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

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

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

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

Notes:

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

23. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

	Title	Issued / Compiled	Applicable (1)	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

Adoption of New and Revised Accounting Standards

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

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

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

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.

25. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resoruces.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre and aged care centre. Provision and maintenance of home and community care programs and youth services.
HOUSING	To provide and maintain elderly residents housing.	Provision and maintenance of elderly residents' housing.
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resources which help the social wellbeing of the community.	Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES	To help promote the shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes.
OTHER PROPERTY AND SERVICES	To monitor and control the shire's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering 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	6.34	9.21	0.98
Asset consumption ratio	0.65	0.66	0.65
Asset renewal funding ratio	0.98	1.08	1.07
Asset sustainability ratio	0.42	0.31	0.50
Debt service cover ratio (a)	-	-	-
Operating surplus ratio	(0.49)	0.13	(0.99)
Own source revenue coverage ratio	0.38	0.38	0.38

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:

Two of the ratios disclosed above were impacted by the early receipt of Financial Assistance Grants.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	962,993	956,268	0
Amount of Financial Assistance Grant received in prior year relating to current year.	956,268	0	923,017

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	6.37	4.25	2.39
Operating surplus ratio	(0.50)	(0.41)	0.49

(a) The Shire does not have any borrowings, hence it is unable to disclose a result for this ratio.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Council of the Shire of Koorda

Report on the Audit of the Financial Report

Opinion

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

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 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

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

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. 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. My 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.

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position or the financial management practices of the Shire:
 - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past 3 years.
 - b. The Operating Surplus Ratio for 2017-18 is below the DLGSCI standard and prior year result. The financial ratios are reported at Note 26 to the financial report.
- (ii) The following material matter indicating 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 was identified during the course of my audit:
 - a. For 3 employees, there were no signed employment contracts or letters of employment in the Shire's records.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial report of the Shire for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 18 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

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 Koorda 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.



PATRICK ARULSINGHAM
ACTING ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 October 2018