

Annual Report

2016-2017



SHIRE OF
Chapman Valley
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ELECTED MEMBERS

NORTH EAST WARD



Cr John Collingwood
(President)
RMB 572
Yetna WA 6532
☎ 04289 108 2017
Term Expiry 2017



Cr Anthony Farrell
(Deputy President)
308 Wandana Road
Yuna WA 6532
☎ 0429 311 033
Term Expiry 2019



Cr Pauline Forrester
PMB 24
Yuna WA 6532
☎ 0417 988 248
Term Expiry 2019



Cr Trevor Royce
PO Box 866
Geraldton WA 6531
☎ 0439 251 080
Term Expiry 2019



Cr Kirrilee Warr
678 Nolba Stock Route Road
via Geraldton WA 6532
☎ 0407 981 709
Term Expiry 2017

SOUTH WEST WARD



Cr Peter Humphrey
12 Wittenoorn Circle
White Peak WA 6532
0427 301 195
Term Expiry 2019



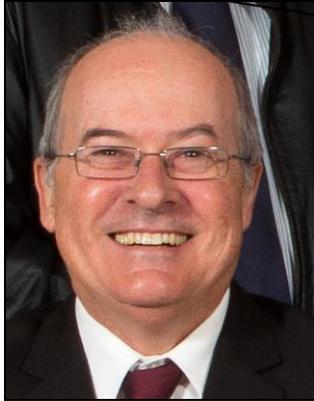
Cr Ian Maluish
311 Eliza Shaw Drive
White Peak WA 6532
☎ 0417 949 062
Term Expiry 2017



Cr Veronica Wood
Resigned November 2016



COUNCIL EXECUTIVE STAFF



**Maurice Battilana
Chief Executive Officer**



**Simon Lancaster
Deputy Chief Executive Officer**



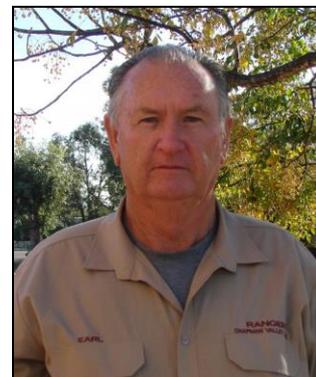
**Esky Kelly
Manager Works & Services**



**Di Raymond
Manager Finance & Corporate Services**



**Anthony Abbott
Building Surveyor / Projects Officer**



**Earl O'Donnell
Senior Ranger**

MINUTES OF PREVIOUS ELECTORS MEETING



UNCONFIRMED MINUTES

**ANNUAL GENERAL MEETING OF ELECTORS
THURSDAY 2ND FEBRUARY 2017
COUNCIL CHAMBERS NABAWA
6.00PM**

DISCLAIMER



Shire of
Chapman Valley
Love the Rural Life

No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement or intimation occurring during Council Meeting. The Shire of Chapman Valley disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council Meeting does so at that person's or legal entity's own risk.

The Shire of Chapman Valley warns that anyone who has any application or request with the Shire of Chapman Valley must obtain and should rely on

WRITTEN CONFIRMATION

Of the outcome of the application or request of the decision made by the Shire of Chapman Valley.

A handwritten signature in black ink, appearing to read 'M. Battilana', is written over a large, faint, circular watermark or ghost signature.

Maurice Battilana
CHIEF EXECUTIVE OFFICER

UNCONFIRMED MINUTES

FOR ANNUAL GENERAL MEETING OF ELECTORS TO BE HELD IN THE
COUNCIL CHAMBERS NABAWA ON THURSDAY
2 FEBRUARY 2017 AT 6.00PM

Order of Business:

1.0 Declaration of Opening / Announcements of Visitors

The Chairman, Cr Farrell declared the meeting open at 6.00pm.

2.0 Record of Attendance

2.1 Present

a. Councillors

Member	Ward
Cr Anthony Farrell (Deputy President)	North East Ward
Cr Pauline Forrester	North East Ward
Cr Veronica Wood	South West Ward
Cr Ian Maluish	South West Ward

b. Staff

Officer	Position
Maurice Battilana	Chief Executive Officer
Simon Lancaster	Deputy Chief Executive Officer
Karen McKay	Executive Services Administrator (Minute Taker)
Dianne Raymond	Manager of Finance & Corporate Services

c. Visitors

Name	Name
Teniele Morgan	Linda Dymond
Lisa Cole	Darren Cole

2.2 Apologies

Name	
Cr John Collingwood	Mrs Sue Collingwood
Cr Trevor Royce	Cr Kirrilee Warr
Cr Peter Humphrey	Linda Maluish
Tom & Tana Davies	

3.0 Confirmation of Minutes of previous Annual Electors Meeting held on 2 February 2016

RECOMMENDATION:

MOVED: CR FORRESTER

SECONDED: CR WOOD

That the minutes of the Annual General Meeting of Electors held on Tuesday 2 February 2016 be confirmed as a true and accurate record.

CARRIED
Voting 8/0
Minute Reference 02/17-1

4.0 Public Question Time

4.1 Response to previous public questions taken on notice

Nil

4.2 Public question time

Mrs Cole questioned whether the Bill Hemsley Park building contract had been signed. Mr Lancaster responded that the contract had been and signed and returned to AK Homes.

Mrs Cole also asked what the possible start date might be. Mr Lancaster responded that possibly beginning April and completed by November 2017. However; it must be understood these dates could vary.

5.0 DISCLOSURE OF INTEREST

Nil

Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.

Section 5.60A:

*"a person has a **financial interest** in a matter if it is reasonable to expect that the matter will, if dealt with by the local government, or an employee or committee of the local government or member of the council of the local government, in a particular way, result in a financial gain, loss, benefit or detriment for the person."*

Section 5.60B:

*"a person has a **proximity interest** in a matter if the matter concerns –
(a) a proposed change to a planning scheme affecting land that adjoins the person's land; or
(b) a proposed change to the zoning or use of land that adjoins the person's land; or
(c) a proposed development (as defined in section 5.63(5)) of land that adjoins the person's land."*

Regulation 34C (Impartiality):

*"**interest** means an interest that could, or could reasonably be perceived to, adversely affect the **impartiality** of the person having the interest and includes an interest arising from kinship, friendship or membership of an association."*

6.0 Receiving of Annual Report 2015/2016 (Incorporates)

- 2015/2016 Annual Financial Statements
- 2015/2016 Audit Report
- Presidents Report
- Chief Executive Officers Report

RECOMMENDATION:

MOVED: CR WOOD

SECONDED: MRS DYMOND

That the 2015/2016 Annual Report including Annual Financial Statements, Audit Report, Presidents Report and Chief Executive Officer Report be received.

CARRIED
Voting 8/0
Minute Reference AEM 02/17 - 2

7.0 GENERAL BUSINESS

Nil

8.0 CLOSURE

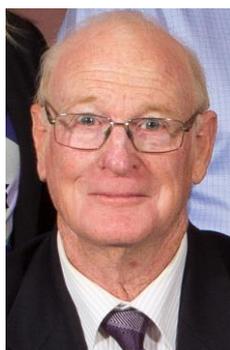
The Presiding Member thanked members, ratepayers, visitors and staff for attending and declared the electors meeting closed 6.08pm.



Reports

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PRESIDENTS ANNUAL REPORT TO ELECTORS



Cr John Collingwood
Shire President

INTRODUCTION

This report covers the 2016/2017 financial year, which has been another interesting period with a number of issues arising.

The demographics of the Shire continue to change with the population in the western regions increasing, whilst the broad-acre areas retains the status quo. This bring differing challenges to the Shire. Challenges we are willing to embrace.

WARDS AND REPRESENTATION REVIEW

As reported last year, Council commenced the process of abolishing Wards in the Shire. This process was finalised in September 2016 with the formal order being advertised in the Government Gazette to discontinue the Ward system in the Shire of Chapman Valley. This was a significant time in the history of the Chapman Valley Shire since its establishment in 1901 (formally the Upper Chapman Road Board & Chapman Valley Road Board).

The inaugural local government election within the Shire under the No-Ward system is to be held in October 2017.

KENNETH WALTER FARRELL – HONORARY FREEMAN

Council unanimously resolved the title of '**Honorary Freeman of Shire of Chapman Valley**' be conferred upon **Kenneth Walter Farrell** in recognition of outstanding service rendered by him to the Shire and community of Chapman Valley. Ken is only the second recipient of this prestigious award, with Danny Williamson being the inaugural recipient in 2001.

A successful function was held in June 2017 to formally bestow the award on Ken and to celebrate his achievements with family, friends and community.

Well done Ken and thank you for your dedicated service and commitment to the Chapman Valley community.

DONGARA – NORTHAMPTON PROPOSED TRANSPORT CORRIDOR

Council took on the lead advocacy role to promote a combined local government position on the preferred route for the proposed Dongara – Northampton Transport Corridor.

The Shire of Chapman Valley coordinated a joint response from the four local government authorities directly affected by the proposed corridor (i.e. the local governments of Chapman Valley, Irwin, Northampton and City of Greater Geraldton) on the preferred route. The position taken by the four local government's contradicted the route being advocated by the Mid West Development Commission

and Main Roads WA. However; our position is supported by a number of State Government Departments.

The joint local government position prioritises the following aspects of the proposal:

- Project should be staged and not treated as holistic or nothing;
- Preferred route to the north of Geraldton should follow the NWCH and the Oakajee Narngulu Industrial Corridor (ONIC) linking up the Oakajee Industrial Estate;
- Preferred route to the south of Geraldton should avoid the Greenough Floodplain area, yet not bypass the existing Dongara/Denison bypass;
- Bypassing heavy haulage traffic around the Northampton Townsite should be the first part of an staged approach;
- Addressing existing bottle-necks and hazardous traffic situations through the City of Geraldton;
- State Government to purchase the land where the proposed Oakajee Narngulu Industrial Corridor is located;

Council will continue to advocate the joint local government position on the proposed corridor.

COMMUNITY GROWTH FUND

For the first time the Community Growth Fund (CGF) applications exceeded the total amount of funds available. This is a pleasing sign as it indicated the community are now aware of the grant funds being available for worthy community projects. The following grant funds were approved this financial year:

- Creating a Better Yuna – BBQ Area - \$1,500
- Chapman Valley Men’s Shed – Video Security System \$496
- Chapman Valley Historical Society – Interpretive Signage \$5,780
- Chapman Valley Stud Breeders Assoc. – Upgrade Sale Yard Pens - \$8,100
- Chapman Valley Tennis Club – Replace Perimeter Fence - \$7,600
- Parkfalls Residents Association – BHP Entry Statement - \$6,100

I congratulate the recipients of CGF grants in 2016/2017. It is hoped the CGF program can continue well into the future and we will recognise the benefits of this program within the community.

VOLUNTEER BUSH FIRE BRIGADES

The work of the local bush fire brigades continues to provide the community with an assurance active and well trained units are available to assist in cases of emergency. These volunteers continue to do an excellent job and I once again commend them all for their efforts over the past and previous years.

COUNCIL MEMBERSHIPS

The make-up of the Council during 2016/2017 was:

North East Ward

Cr John Collingwood (President)
Cr Anthony Farrell (Deputy President)
Cr Pauline Forrester
Cr Trevor Royce
Cr Kirrilee Warr

South West Ward

Cr Peter Humphrey
Cr Ian Maluish
Cr Veronica Wood (resigned November 2016)

I wish to extend my sincere appreciation to all Councillors for the contribution to the Council and community.

BILL HEMSLEY PARK DEVELOPMENTS

2016/2017 saw significant progress with implementing the Bill Hemsley Park (BHP) Project. After many years of community consultation and Council deliberation work commenced on the ground this financial year.

The Nature Based Playground component of the BHP Project was completed by the end of the financial year as was the sealed access road and carpark to the precinct. The Community Centre building has started and is expected to be fully completed by the November/December 2017.

I wish to congratulate and thank the Committee and Staff for the enormous amount of work they have devoted to bringing the BHP Project to fruition. This has not been an easy process; however, the end result will be a facility, which will service this growing area of the shire for many years.

MOBILE TELEPHONE TOWERS

As I report last year, the community was excited to see four new mobile tower facilities installed in 2015/2016. These facilities are located at:

- Nabawa;
- Naraling
- Yuna; and
- Yuna East

Unfortunately the mobile service does not appear to be operating to the level promised at the time the towers were being promoted for funding to be allocated for their installation. This is apparently not unique to the towers installed in Chapman Valley, with many reports from across the State highlighting the under-performance of the newly installed mobile telecommunication services.

Council continues to work with the State Government and Telstra to improve the mobile telecommunication service from the four towers within the Shire and encourage constituents to contact Telstra and the Department of Primary Industry and Regional Development with details of problems they are experiencing with the mobile service

COUNCIL MEETINGS

Council continued the practice moving its Ordinary Monthly Council Meetings to locations within the Shire other than the traditional location of Nabawa. This year meetings were held at the Yuna Multipurpose Community Centre in August 2016 and April 2017.

I believe this practice is worthy of continuing and hopefully Council will conduct meeting at the new Bill Hemsley Park Community Centre when this facility has been completed.

2017 AUSTRALIA DAY AWARDS

Council again called for nominations for the 2017 Australia Day Award with the following worthy nominations being successful:

- Australia Day Community Group of the Year Award - Chapman Valley Football Club Colts Team;
- Australia Day Citizen of the Year Award - Darryle Mazzuchelli.

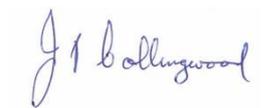
I wish to congratulate all nominees and award recipients.

CONCLUSION

I again take this opportunity to thank all Councillors and staff for their excellent contribution to strategic direction and day to day operations of the Shire of Chapman Valley throughout the 2016/2017 year.

Finally, I wish to extend my appreciation to those members of the community who have co-operated with Council in the areas of supplying road building material, water, land resumption, contribution toward works, volunteer labour for community projects etc., as such co-operation is invaluable for

Council to maintain and upgrade roads to a more desirable standard for the ever increasing heavy haulage traffic we have on our roads today.

A handwritten signature in blue ink that reads "J Collingwood". The signature is written in a cursive style with a large initial 'J'.

John Collingwood
SHIRE PRESIDENT

CHIEF EXECUTIVE OFFICER'S ANNUAL REPORT



Maurice Battilana
Chief Executive Officer

INTRODUCTION

It is with pleasure I provide the following information to constituents of the Shire of Chapman Valley and include the statutory reporting requirements for the 2016/2017 financial year.

ROAD WORKS

Council continues to have an extensive road works program each year and works were carried out on various roads including the following major construction works during 2016/2017:-

- Valentine Road – Seal Extension & Gravel Sheeting;
- Yuna Tenindewa Road – Final section of seal widening;
- Dartmoor Road – Seal Extension;
- Chapman Valley Road – Shoulder Reconstruction, Drainage Upgrade & Reseal
- Wheeldon Hosking/Naraling east Yuna Roads – Junction Realignment;
- Hickety Road – Gravel Sheeting;
- NWCH/Olsen Road – Junction Realignment;
- Parkfalls Estate – Shoulder Improvements & Bill Hemsley Park Earthworks/Access Rd & Carpark seal works

Roadwork projects remain Council's most significant area of expenditure and allocation of Shire resources. In the 2016/2017 year Council spent a total of approximately \$3.48m on road construction and maintenance works.

PLANT & EQUIPMENT

In accordance with the ten year plant replacement programme Council has continued to update items of plant and equipment in the 2016/2017 financial year to achieve greater efficiencies and minimise plant maintenance costs. This has seen the acquisition of the following replacement and additional major plant items:-

- Self Propelled Roller
- Skid Steer Loader
- Low Loader & Dolly (Additional Plant Items)
- Small Tractor;
- Various Light Vehicles & Garden Trailer

STAFF

There have been minimal departures and arrivals of staff within the organisation. I wish departing staff all the very best for the future, welcome new staff to the organisation and take this opportunity to thank all staff for their dedication and loyalty to the Shire and the community.

POPULATION GROWTH

The 2016 Australia Bureau of Statistics Census data recorded 1,422 persons living in the Shire of Chapman Valley (50.3% male, 49.7% female). The average household size was 2.7 persons. This compares with the 2011 Census that recorded 1,174 persons living in the Shire of Chapman Valley, representing a growth rate of 21.12%.

Further 2016 Census information can be viewed at the Australian Bureau of Statistics website at the following link:

http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/LGA51610?opendocument

The building/development approvals issued by the Shire in 2016/2017 are as follows:

1 July 2016 – 30 June 2017		
Type	No. Approved	Value
Dwellings	16	\$5,831,873
Dwelling (Class 1a inside Class 10a)	3	\$175,000
Outbuildings	19	\$693,534
Other Residential (patios, pools, granny flats etc.)	16	\$408,203
Industrial/Commercial	4	\$9,500
Events	3	N/A
TOTAL	61	\$7,118,110

STRATEGIC PLANNING PROJECTS

The Shire has completed a number of planning projects in 2016/2017 intended to meet the anticipated future needs of its growing population, these include the Nabawa Townsite Revitalisation Strategy and the designs for the Bill Hemsley Park Nature Playground and Community Centre.

Work has also significantly progressed in 2016/2017 on the Local Planning Strategy review and the Dolbys Drive Structure Plan.

BUILDING PROGRAM

The building development throughout the Shire has been steady with increases in single residential dwellings being constructed in the last half of the financial year which is continuing into 2016/2017, most of the development being in the western region.

Shire projects completed include:

- Yuna Multi-Purpose Community Centre improvements; Upgraded tennis club shade structure to include a commercial grade gas BBQ stainless steel bench & sink with new power & water supply, installed new caravan plug at main switch board to allow building to be powered by trailer mounted generator for emergency purposes, installed new overhead cabinets in kitchen, tiled under hand driers in bathrooms;
- Yuna Hall improvements; Painted the small utility rooms to the north & south of the main entrance, painted the walls & floor in the public toilets, replaced faulty emergency exit signs;
- Yuna Library improvements; installation of a new vertical blinds on south windows;
- Lot 102 (old Lot 23) Yuna house improvements; Installed wire & picket fence along both sides of the north south easement containing the underground power to the Shire Depot, formal amalgamation of the separate Lots 22 & Lot 23 which is now known as Lot 102 including easements for underground power supply to Shire Depot;
- Naraling Hall improvements; Care & maintenance only, ongoing Exterra termite system ;
- Coronation Beach improvements; Repair corroded wire & post fencing through camp areas, KiteWest installed converted sea container as a hub for a kitesurfing business;
- Nabawa Community Centre improvements; replacement of existing non-compliant float glass on all external & internal windows on the south side & minor hall with compliant modern glazing, replaced corroded gutters on south side, replaced faulty emergency exit signs;
- Nabawa Stadium improvements; Replaced external balcony patio roof due to storm damage, remove brick arch from stadium kitchen & installed an engineer certified structural steel frame, repaired under-bench shelving, installed several new doors, security screen doors & lock at kitchen, installed new overhead power point to service kitchen, purchased 50 new chairs & 15

new folding tables for the upstairs club rooms, installed marine carpet in the Commentators Box, installed new underground water supply from Stadium to public toilets to the south, installed new fencing to support signage on the east side of the oval, replaced faulty emergency exit signs in Basketball Stadium, repaired tower lights servicing oval for night training;

- Nabawa Shire Office improvements; Installed new blinds on north & south windows in chambers & tinted, replaced faulty emergency exit signs, replace non-compliant fluro lights throughout office, Installed 4/ new inverter drive split system air conditioners to replace the superseded ducted A/C system, installed new roof mounted 6.5 kilowatt solar photo voltaic panels, constructed new timber framed gazebo, screen walls & picnic tables in grounds south of Chambers, replaced entry statement sign with new Shire logo signs;
- Nabawa Tennis Club; Care & maintenance;
- Nabawa Men's Shed; install new lean-to shed extension to north side of existing Men's Shed;
- Centennial Park improvements; Installed new power circuit at switch board to service reticulation system;
- Nabawa Depot improvements; Replaced truck inspection pit lids with heavy duty aluminium sections in main truck shed, replaced corroded gutters & installed new wiring & RCD protected light & power circuits on Gardeners Shed, replaced 3 phase hot water system servicing the depot office toilet block;
- Nabawa Cemetery improvements; Installed new wire & picket fence to the south & east of the recently installed gravel carpark, installed new fencing to delineate the paupers grave at the south east corner of the gravel carpark, remove the south boundary fence between the cemetery & carpark;
- Nanson Show Ground improvements; Constructed new 42x20m steel portal frame shade structure north of main arena, re-screwed sheep shed roof, replaced faulty emergency exit signs at the Dining Hall & Exhibition Hall;
- Nanson Museum improvements; Constructed new Anzac Tribute structure, possum proofed Old Roads Board Building, installed new restricted system door locks / handles at the green shed & new exhibition shed, installed new asphalt paths through museum grounds;
- Parkfalls / Bill Hemsley Park; Commenced construction of new Community Centre, constructed new nature playground on Redcliffe Concourse, constructed new carpark to service community centre.

REGIONAL COOPERATION

The Shire continued to provide a regular town planning service to a number of Mid West local government authorities during the 2016/2017 year.

Council uses the services of the Environmental Health Officer from the Shire of Northampton as required, and also outsources some of the fortnightly payroll functions to the City of Greater Geraldton.

The Shire continues to be part of a regional waste collection and management service with the City of Greater Geraldton and the Shires of Northampton, and Irwin.

In 2016/2017 the Shire continued to work with other Mid West local governments in the Northern Country Zone to develop improved regional internet service. This project was at the concept stage prior to the change of State Government in March 2017. It is hoped this project will be restarted and progressed over the next few years to establish a higher standard of telecommunications to this region.

PUBLIC INTEREST DISCLOSURE ACT 2003

In the year under review, Council received no items for the reporting period under the *Public Interest Disclosure Act 2003*.

REPORT ON THE SHIRE OF CHAPMAN VALLEY PLAN FOR THE FUTURE – LOCAL GOVERNMENT ACT 1995 - SECTION 5.53(2)(e)

In accordance with legislation the Shire completed the process of developing the required Integrated Planning & Reporting (IPR) documents to complement the Plan for the Future requirements of the Local Government Act, 1995, (Section 5.53(2)(e)) and associated legislation.

Below is a *Progress Report* on how Council has performed with specific aspects of the adopted Integrated Strategic Plan

INTEGRATED STRATEGIC PLANNING – PROGRESS REPORT

Shire of Chapman Valley Integrated Strategic Planning Review				(as reviewed at Oct '16 OCM)				Project Timeline				
Our Vision	We are a thriving community, making the most of our coastline, ranges and rural settings to support us to grow and prosper.						Completed	Short-term June 2017	Medium-term June 2019	Long-term 2020 and beyond	No timeline	
	Objectives	Strategy	Outcome									
Focus Area One	Economic: Business Development and Attraction											
	We want to be able to spend our money locally and encourage others to do the same	Ensure planning and procedures are in place to promote the establishment of retail outlets are established at strategic locations within the Shire	We can help to grow the local economy								Advocate for the establishment of a privately run general store.	
		Ensure planning and procedures are in place to promote and develop tourism in the Shire, including cottage industries, caravan park and events	Showcasing our attractions increases the number of people visiting our area	Historical Society Shed Extensions. Tourist Brochure / Map Online Platform & Brand Refresh, map and Brochure/Tourism Promotion advertising.							Staff assistance and Council involvement in the Tourism Working Group in initial stages if required to help with establishment.	
		Ensure planning and procedures are in place to promote and develop tourism in the Shire, including cottage industries, caravan park and events	Visitors stay longer in our community and short term/casual employees can reside in the Shire	Coronation Beach Upgrades			Establishment of RV dump points at strategic locations throughout the Shire e.g. land adjacent to Nabawa Tavern. Involve Tourism Alliance Group regarding locations.				Advocate establishment of Tourist Alliance Group made up of tourist operators	
	Utilise the land available in the area for a range of new businesses	Ensure planning and procedures are in place to promote and develop tourism in the Shire, including cottage industries, caravan park and events	Increased customer spending and employment in the Shire								Identify commercial land in the South-West Ward.	
Focus Area Two	Leadership: Engagement and Communication											
	We want a representation and Governance model that reflects our community's unique attributes	The President and Councillors to be representative of the Community and provide strong, well informed and professional leadership	Community confidence and trust in Council. Improved participation in elected member training.			Establishment of a community engagement strategy, including reference to community engagement via social media.						
	We want to strengthen our community's position for the future	Maintain a resilient and independent Shire, which portrays unity and cooperation	A sustainable and progressive local government	Update of Workforce Plan. Update Asset Management Plan and Long Term Financial Plan, including rationalisation of assets to maximise service delivery.							Continued advocacy of regional service delivery	
	Transparent decision making is important to us	Active engagement with the community to inform decision making	Contribution to how local decisions are managed	Shop Front trailed from Feb to June 2016 with limited use. Discontinued.								
				Successfully trialled relocation of Ordinary Monthly Council Meetings other than in Nabawa in 2016. Intending to continue. Improved website and registration of social media accounts.								
Maintain a strong customer focus		Effective communication on key decisions	Shop Front trailed from Feb to June 2016 with limited use. Discontinued.	Satellite Office to be established in Western Region. Included in BHP Community Building.								

Focus Area Three Community: Maintaining and Growing the Population									
Focus Area Three	We need good services to support our development as a Shire	Maintain and improve existing services and facilities and look at what additional services the community require	Essential services help us to grow and prosper as a community	Yuna Community Centre		Administration Office extension & modifications included in 17/18 Budget.			
						Regional Fixed Wireless Internet.			
					Howatharra Bushfire Brigade shed construction				
		Promote and contribute to increased mobile phone coverage and improve power, road and water services	Essential services help us to grow and prosper as a community	Mobile phone towers					
				Bore 8 for Nabawa Oval				Advocate with Water Corp for the establishment of improved water services e.g. Nabawa, Nanson and Yuna townsites	
				New bore established at Nanson Showgrounds					
		Continue to be actively involved in regional services delivery model	Improved service delivery in an effective, efficient and customer focussed manner.	Online Platform & Brand Refresh.				Continued advocacy of regional service delivery	
		Ensure planning and procedures are in place to promote local child care facilities are established within the shire.	Young people are retained in our community and assist constituents back into the workforce.						
		Ensure planning and procedures are in place to promote the establishment of aged care facilities across the Shire	We can care for our elderly locally					Promote establishment of aged care facilities in the Shire	
	We want inclusive communities	Ensure planning and procedures are in place to promote develop community facilities to provide gathering places, including community centre, swimming pools.	Stronger, inclusive communities across the Shire	Assist Ag Society to re-brand.	Bill Hemsley Park developments to be completed in 2017				
			Community Growth Fund projects e.g. The Windmill Art Project, Museum, CVAS, Menshed.						
			Australia Day/ Volunteer/CVAS.						
We are committed to growth in our Shire	Ensure planning and procedures are in place to promote make the right land available to increase housing	More people and families move into the Shire	Gifted Green Drive land to Landcorp	Dolby Drive Structure Plan, Local Planning Strategy.				Marketing Green Drive land sales.	
			Nabawa Revitalisation Plan						
Focus Area Four Environment: Protection and Sustainability									
Focus Area Four	Sustainability and protection of our land is important to the future of the area	Ensure planning and procedures are in place to provide support to increase innovative farming practices in the area	Our land will be more productive now and into the future.					Support to grower and biodiversity groups.	
					Increase funding for weed control including roadside spraying.			Advocacy role with landowners regarding weed control.	
		Ensure planning and procedures are in place to protect and manage the land under the control and management of the Shire.	Protection of our land and environment including responsible waste management.	Established Regional Waste Management Service with 3 neighbouring LGA's. Coastal Management Plan.			Improved regional waste management and recycling services e.g. shredder/crushing machine	Investigate establishment of a Regional Waste site in Oakajee area	
	We want to make the most of our environment, including the ranges, rivers and coastline	Explore opportunities to utilise key areas in the Shire by showcasing their natural and environmental characteristic.	We recognise and uphold the value of our natural landscape	Invasive Species Implementation Plan and Upper Chapman Revegetation Plan					

Any modification that was made to the Strategic Community Plan during the financial year			
Nil.			
Any significant modification made to the Corporate Business Plan during the financial year			
	Short Term	Medium/Long Term	Comment
	\$000	\$000	
Buildings			
No Changes			
Infrastructure			
Dartmoor Road Seal Extension	439	439/439/439	Added one more year to initial Program to complete works Medium/Long Term
Operating			
Rate Increase	5%	5%	Changed to reflect revised LTFP

PAYMENTS TO EMPLOYEES (SECTION 5.53(2)(g) LOCAL GOVERNMENT ACT 1995)

In accordance with section 5.53(2)(g) of the *Local Government Act 1995* and Clause 19B of the *Local Government (Administration) Regulations 1996*, employee's payments equal to, or in excess of \$100,000.00 (cash component) are required to be recognised in the Shire's Annual Report i.e.

Range – In Increments of \$10,000	Number of employees within each Range
150,000 to 160,000	1
100,000 to 110,000	2

NATIONAL COMPETITION POLICY

Clause 7 Statement - LR3

The Shire of Chapman Valley completed a full review of all Local Laws in 2016/2017 and all new local laws maintained full compliance with the requirements of the National Competition Policy.

Clause 7 Statement – Competitive Neutrality

As none of the Shire of Chapman Valley activities derived an annual income in excess of \$200,000, it has not been necessary for Council to implement the Competitive Neutrality Principles of the National Competition Policy.

DISABILITY SERVICES

In accordance with section 29 (2) of the *Disability Service Act 1993*, it is a requirement for the Shire of Chapman Valley to report on outcome based activities highlighted in the Disability Service Plan (now known as the Disability Access and Inclusion Plan-DAIP) in this report.

Council undertook a full review of its Disability Service Plan in 2016/17.

Under the *Disability Services Act 1993*, and as a part of the DAIP, each Local Government Authority has an annual reporting responsibility. The following progress report was presented to the Disability Services Commission:

1. Below is a report on the Outcome Areas of our DAIP for 2016/2017:

	Number of strategies planned of 2016/2017 (Strategies planned whether implemented or not).	Number of strategies completed in 2016/2017 (Strategies that were completed. Include on-going strategies).	Number of strategies progressed through contractors in 2016/2017 (Strategies implemented by contractors. Not the number of contractors).
Outcome 1	0	0	0
Outcome 2	0	0	0
Outcome 3	0	0	0
Outcome 4	0	0	0
Outcome 5	0	0	0
Outcome 6	0	0	0
Outcome 7	0	0	0

2. Below is a report on how we informed agents and contractors of your Disability Access and Inclusion Plan for 2016/2017

Provided a copy of your agency DAIP	√
Provided a link to the DAIP	√
Sent a letter	
Referenced in a contract(s)	√
Referenced in a contract variation(s)	

3. Below is a brief description of any significant DAIP initiatives undertaken by, or on behalf of your organisation by agents and contractors, in 2016/2017.

- Continued and ongoing recognition of Strategies within the DAIP

STATE RECORDS ACT 2000 - STANDARD 2/PRINCIPAL 6

In accordance with the requirements of Standard 2, Principal 6 of the *State Records Act 2000*, I hereby report on how the Shire of Chapman Valley employees are complying with the Shire's Records Keeping Plan:

Item 6.1 - Staff Training, Information Sessions, Publications

Activities to ensure staff awareness and compliance are being implemented in accordance with Council's endorsed Record Keeping Plan and will be an ongoing requirement of the organisation.

Additional staff training and awareness was continued in 2016/2017.

Item 6.2 – Performance Indicators in place

The following performance indicators have been developed to measure the efficiency and effectiveness of the Shire of Chapman Valley's record keeping system:-

A register is to be maintained by the Administration staff responsible for filing all records of:-

- ~ Records that cannot be located
- ~ Files that are missing and unable to be located

Item 6.3 – Agency Evaluation

The Shire of Chapman Valley's record keeping system will be continually reviewed and improved where possible in order to pursue best practise for the organisation. The current record keeping systems are assessed as being efficient and effective for the requirements of the organisation.

A new electronic filing system, Synergysoft Records, was acquired and installed at the end of the 2007/2008 financial year. I am pleased to report that administration staff will receive further training on the efficient use of this system.

REGISTER OF COMPLAINTS

In accordance with section 5.121 and of the *Local Government Act 1995* states the following:

5.121. Register of certain complaints of minor breaches

- (1) *The complaints officer for each local government is required to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c).*
- (2) *The register of complaints is to include, for each recorded complaint —*
 - (a) *the name of the council member about whom the complaint is made;*
 - (b) *the name of the person who makes the complaint;*
 - (c) *a description of the minor breach that the standards panel finds has occurred; and*
 - (d) *details of the action taken under section 5.110(6)(b) or (c).*

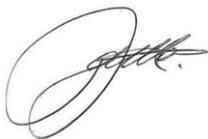
Section 5.53 (2)(hb) of the Local Government, 1995, stipulates the following details needs to be reported:

Number of complaints recorded in the register	How complaints were dealt with	Other details that the regulations require
10	All dealt with and resolved internally	Nil

CONCLUSION

The Shire continues to improve the organisations strategic plans and therefore the future direction of the organisation. I take this opportunity to thank and congratulate everyone who participated in the process for their contributions.

I look forward to working with the Elected Members, Staff and the Community to meet the many challenges of the future at the Shire of Chapman Valley.



Maurice Battilana
CHIEF EXECUTIVE OFFICER

AUDITED FINANCIAL REPORT

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SHIRE OF CHAPMAN VALLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
3270 Chapman Valley Road, Nabawa

**SHIRE OF CHAPMAN VALLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 29th day of November 2017



Maurice Battilana
Chief Executive Officer

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

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	23	2,485,831	2,472,531	2,343,689
Operating grants, subsidies and contributions	30	1,795,297	1,510,073	1,567,184
Fees and charges	29	386,064	336,500	358,919
Interest earnings	2(a)	54,864	51,680	70,489
Other revenue	2(a)	15,793	12,000	17,324
		<u>4,737,849</u>	<u>4,382,784</u>	<u>4,357,605</u>
Expenses				
Employee costs		(1,492,179)	(1,521,023)	(1,381,934)
Materials and contracts		(1,125,390)	(1,568,741)	(1,780,568)
Utility charges		(52,015)	(64,743)	(53,907)
Depreciation on non-current assets	2(a)	(2,202,733)	(1,640,343)	(1,734,861)
Interest expenses	2(a)	(9,938)	(9,964)	(9,280)
Insurance expenses		(145,169)	(142,028)	(135,975)
Other expenditure		(102,437)	(123,032)	(56,044)
		<u>(5,129,861)</u>	<u>(5,069,874)</u>	<u>(5,152,569)</u>
		(392,012)	(687,090)	(794,964)
Non-operating grants, subsidies and contributions	30	1,887,658	1,884,040	1,323,888
Profit on asset disposals	21	7,596	43,013	69,497
(Loss) on asset disposals	21	(15,270)	(97,830)	(59,623)
Reversal of prior year loss on revaluation of plant and equipment	6(b)	56,112	0	731,341
Net result		<u>1,544,084</u>	<u>1,142,133</u>	<u>1,270,139</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(353,706)	0	43,088
Total other comprehensive income		<u>(353,706)</u>	<u>0</u>	<u>43,088</u>
Total comprehensive income		<u><u>1,190,378</u></u>	<u><u>1,142,133</u></u>	<u><u>1,313,227</u></u>

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

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

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
	2(a)			
Governance		18,600	3,092	19,925
General purpose funding		3,835,338	3,381,014	2,840,825
Law, order, public safety		36,786	26,562	35,603
Health		7,607	6,330	6,482
Housing		18,771	8,640	18,806
Community amenities		225,739	250,040	340,828
Recreation and culture		259,310	455,418	95,773
Transport		175,689	158,403	870,468
Economic services		39,712	26,050	37,625
Other property and services		120,298	67,235	91,270
		<u>4,737,850</u>	<u>4,382,784</u>	<u>4,357,605</u>
Expenses				
	2(a)			
Governance		(431,885)	(473,423)	(365,799)
General purpose funding		(102,832)	(133,994)	(103,899)
Law, order, public safety		(194,740)	(211,719)	(178,724)
Health		(12,598)	(8,840)	(8,410)
Education and welfare		(520)	(4,450)	(2,067)
Housing		(11,563)	(10,758)	(8,645)
Community amenities		(648,217)	(946,103)	(692,304)
Recreation and culture		(626,848)	(704,285)	(552,957)
Transport		(2,626,011)	(2,100,599)	(2,834,093)
Economic services		(355,541)	(398,953)	(325,986)
Other property and services		(109,169)	(66,786)	(70,405)
		<u>(5,119,924)</u>	<u>(5,059,910)</u>	<u>(5,143,289)</u>
Finance costs				
	2(a)			
General purpose funding		0	(1,500)	0
Recreation and culture		(4,423)	(2,485)	(2,988)
Transport		(5,515)	(5,979)	(5,995)
Other property and services		0	0	(297)
		<u>(9,938)</u>	<u>(9,964)</u>	<u>(9,280)</u>
		<u>(392,012)</u>	<u>(687,090)</u>	<u>(794,964)</u>
Non-operating grants, subsidies and contributions	30	1,887,658	1,884,040	1,323,888
Profit on disposal of assets	21	7,596	43,013	69,497
(Loss) on disposal of assets	21	(15,270)	(97,830)	(59,623)
Reversal of prior year loss on revaluation of plant and equipment	6(b)	56,112	0	731,341
Net result		<u>1,544,084</u>	<u>1,142,133</u>	<u>1,270,139</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(353,706)	0	43,088
Total other comprehensive income		<u>(353,706)</u>	<u>0</u>	<u>43,088</u>
Total comprehensive income		<u><u>1,190,378</u></u>	<u><u>1,142,133</u></u>	<u><u>1,313,227</u></u>

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

SHIRE OF CHAPMAN VALLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,002,748	2,697,602
Trade and other receivables	4	160,018	202,432
Inventories	5	1,330	2,065
TOTAL CURRENT ASSETS		<u>3,164,096</u>	<u>2,902,099</u>
NON-CURRENT ASSETS			
Other receivables	4	6,669	8,138
Property, plant and equipment	6	18,345,574	15,343,432
Infrastructure	7	102,703,544	104,817,955
TOTAL NON-CURRENT ASSETS		<u>121,055,787</u>	<u>120,169,525</u>
TOTAL ASSETS		<u>124,219,883</u>	<u>123,071,624</u>
CURRENT LIABILITIES			
Trade and other payables	8	194,204	406,932
Current portion of long term borrowings	9	95,983	55,991
Provisions	10	333,262	319,560
TOTAL CURRENT LIABILITIES		<u>623,449</u>	<u>782,483</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	255,883	151,866
Provisions	10	53,064	40,166
TOTAL NON-CURRENT LIABILITIES		<u>308,947</u>	<u>192,032</u>
TOTAL LIABILITIES		<u>932,396</u>	<u>974,515</u>
NET ASSETS		<u>123,287,487</u>	<u>122,097,109</u>
EQUITY			
Retained surplus		30,277,435	28,790,005
Reserves - cash backed	12	1,278,810	1,179,068
Revaluation surplus	13	91,731,242	92,128,036
TOTAL EQUITY		<u>123,287,487</u>	<u>122,097,109</u>

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

**SHIRE OF CHAPMAN VALLEY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		27,528,761	1,170,173	92,084,948	120,783,882
Comprehensive income					
Net result		1,270,139	0	0	1,270,139
Changes on revaluation of assets	13	0	0	43,088	43,088
Total comprehensive income		<u>1,270,139</u>	<u>0</u>	<u>43,088</u>	<u>1,313,227</u>
Transfers from/(to) reserves		(8,895)	8,895	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2016		28,790,005	1,179,068	92,128,036	122,097,109
Comprehensive income					
Net result		1,544,084	0	0	1,544,084
Correction to prior year	13	43,088	0	(43,088)	0
Changes on revaluation of assets	13	0	0	(353,706)	(353,706)
Total comprehensive income		<u>1,587,172</u>	<u>0</u>	<u>(396,794)</u>	<u>1,190,378</u>
Transfers from/(to) reserves		(99,742)	99,742	0	0
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 30 June 2017		<u>30,277,435</u>	<u>1,278,810</u>	<u>91,731,242</u>	<u>123,287,487</u>

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

**SHIRE OF CHAPMAN VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,471,623	2,496,678	2,365,507
Operating grants, subsidies and contributions		1,787,703	1,543,821	1,580,115
Fees and charges		386,065	336,500	370,369
Interest earnings		54,864	51,680	70,489
Goods and services tax		0	23,159	(66,287)
Other revenue		15,793	12,000	17,324
		<u>4,716,048</u>	<u>4,463,838</u>	<u>4,337,517</u>
Payments				
Employee costs		(1,445,515)	(1,522,210)	(1,370,844)
Materials and contracts		(1,358,546)	(1,649,181)	(1,654,631)
Utility charges		(52,015)	(64,743)	(53,907)
Interest expenses		(8,839)	(9,947)	(9,225)
Insurance expenses		(145,771)	(142,028)	(135,975)
Goods and services tax		66,287	0	0
Other expenditure		(102,439)	(123,032)	(56,044)
		<u>(3,046,838)</u>	<u>(3,511,141)</u>	<u>(3,280,626)</u>
Net cash provided by (used in) operating activities	14(b)	<u>1,669,210</u>	<u>952,697</u>	<u>1,056,891</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(931,030)	(1,759,619)	(1,092,850)
Payments for construction of infrastructure		(2,533,019)	(2,803,224)	(1,857,206)
Non-operating grants, subsidies and contributions		1,887,658	1,884,040	1,523,888
Proceeds from sale of fixed assets		68,318	204,500	181,179
Net cash provided by (used in) investment activities		<u>(1,508,073)</u>	<u>(2,474,303)</u>	<u>(1,244,989)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(55,990)	(55,990)	(58,888)
Proceeds from new debentures		200,000	200,000	73,885
Net cash provided by (used in) financing activities		<u>144,010</u>	<u>144,010</u>	<u>14,997</u>
Net increase (decrease) in cash held		305,147	(1,377,596)	(173,101)
Cash at beginning of year		2,697,602	2,697,603	2,870,703
Cash and cash equivalents at the end of the year	14(a)	<u><u>3,002,749</u></u>	<u><u>1,320,007</u></u>	<u><u>2,697,602</u></u>

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

**SHIRE OF CHAPMAN VALLEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)		1,316,099	1,255,084	1,806,954
		<u>1,316,099</u>	<u>1,255,084</u>	<u>1,806,954</u>
Revenue from operating activities (excluding rates)				
Governance		18,600	3,092	19,925
General purpose funding		1,355,790	908,483	497,260
Law, order, public safety		36,786	26,562	35,603
Health		7,607	6,330	6,482
Housing		18,771	18,653	18,806
Community amenities		225,739	250,040	340,828
Recreation and culture		259,310	455,418	95,773
Transport		183,285	191,403	939,965
Economic services		39,712	26,050	37,625
Other property and services		120,298	67,235	91,270
		<u>2,265,898</u>	<u>1,953,266</u>	<u>2,083,537</u>
Expenditure from operating activities				
Governance		(431,885)	(473,423)	(365,799)
General purpose funding		(102,832)	(135,494)	(103,899)
Law, order, public safety		(194,740)	(211,719)	(178,724)
Health		(12,598)	(8,840)	(8,410)
Education and welfare		(520)	(4,450)	(2,067)
Housing		(11,563)	(76,849)	(8,645)
Community amenities		(648,794)	(946,103)	(692,304)
Recreation and culture		(631,271)	(706,770)	(555,945)
Transport		(2,646,219)	(2,138,317)	(2,899,711)
Economic services		(355,541)	(398,953)	(325,986)
Other property and services		(109,169)	(66,786)	(70,702)
		<u>(5,145,132)</u>	<u>(5,167,704)</u>	<u>(5,212,192)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	(7,596)	(43,013)	(69,497)
Loss on disposal of assets	21	15,270	97,830	59,623
Movement in deferred pensioner rates (non-current)		1,469	0	(1,750)
Movement in employee benefit provisions (non-current)		26,600	0	9,885
Depreciation and amortisation on assets	2(a)	2,202,733	1,640,343	1,734,861
Amount attributable to operating activities		<u>675,342</u>	<u>(264,194)</u>	<u>411,421</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,887,658	1,884,040	1,323,888
Proceeds from disposal of assets	21	68,318	204,500	181,179
Purchase of property, plant and equipment	6(b)	(931,032)	(1,759,619)	(1,092,850)
Purchase and construction of infrastructure	7(b)	(2,533,019)	(2,803,224)	(1,857,206)
Amount attributable to investing activities		<u>(1,508,075)</u>	<u>(2,474,303)</u>	<u>(1,444,989)</u>
FINANCING ACTIVITIES				
Repayment of debentures	22(a)	(55,991)	(55,990)	(58,888)
Proceeds from new debentures	22(a)	200,000	200,000	73,885
Transfers to reserves (restricted assets)	12	(442,683)	(536,680)	(341,515)
Transfers from reserves (restricted assets)	12	342,941	658,638	332,620
Amount attributable to financing activities		<u>44,267</u>	<u>265,968</u>	<u>6,102</u>
Surplus(deficiency) before general rates		<u>(788,466)</u>	<u>(2,472,531)</u>	<u>(1,027,466)</u>
Total amount raised from general rates	23	<u>2,479,548</u>	<u>2,472,531</u>	<u>2,343,565</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>1,691,081</u></u>	<u><u>0</u></u>	<u><u>1,316,099</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

(a) Goods and Services Tax (GST)

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

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

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

(b) Cash and Cash Equivalents

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables

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

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

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

(d) Inventories

General

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

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

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities (Continued)

Income approach

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

Cost approach

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

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

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

(g) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

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

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

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

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

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

(h) Impairment of Assets

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

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

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

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

(i) Trade and Other Payables

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(k) Borrowing Costs

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

(l) Provisions

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

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

(m) Leases

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

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

(o) Interests in Joint Arrangements

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

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

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

(p) Rates, Grants, Donations and Other Contributions

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

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

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

(q) Superannuation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(u) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

(w) Adoption of New and Revised Accounting Standards

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

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

<p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p>	<p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
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SHIRE OF CHAPMAN VALLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES	2017	2016
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	26,864	22,400
- Other Services	0	3,900
Depreciation		
Buildings - non-specialised	3,200	3,200
Buildings - specialised	180,795	103,565
Furniture and equipment	40,512	25,957
Plant and equipment	662,197	265,767
Tools and Equipment	22,956	7,477
Infrastructure - Roads	1,293,073	1,260,400
Infrastructure - Parks and Ovals	0	42,365
Infrastructure - Other	0	26,130
	<u>2,202,733</u>	<u>1,734,861</u>
Interest expenses (finance costs)		
Debentures (refer Note 22 (a))	9,938	8,983
Other Interest	0	297
	<u>9,938</u>	<u>9,280</u>
(ii) Crediting as revenue:		
Other revenue		
Other	15,793	17,324
	<u>15,793</u>	<u>17,324</u>
	2017	2016
	Actual	Budget
	\$	\$
Interest earnings		
- Reserve funds	7,768	11,680
- Other funds	24,405	25,000
Other interest revenue (refer note 28)	22,691	15,000
	<u>54,864</u>	<u>51,680</u>
	<u>54,864</u>	<u>70,489</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

The Shire aspires to be a thriving community, making the most of our coastline, ranges and rural settings to support us to grow and prosper.

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Revenue from rates levied, interest and fees on instalment arrangements and arrears, government subsidy for entitled pensioners and rates deferred, less discounts and concessions relating to rates levied. Expenditures incurred in administration and maintaining rate records, rating valuations, serving notices, postage, stationery, advertising, debt collection, printing, indirect administration costs etc. Income receivable from the WA Grants Commission and any other Government Grant of a general purpose nature. Interest earnings from deposits and investments, including reserve accounts. General overdraft expenses.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Administration and operations on fire prevention services, including volunteer fire brigades, outlays on roadside clearing operations and other protective burning. Revenues include fines and penalties imposed under relevant Acts and fines, fees or charges for clearing fire breaks. Administration enforcement and operations relating to the control of animals. Costs of impounding, destroying and disposal of stray animals. Revenues include dog registration fees, fines and penalties relating to straying animals, impounding and destruction fees. Ranger's expenses are collected here and apportioned throughout the various programs to which they relate.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Food quality and pest control, inspections of eating houses, lodging and boarding houses, itinerant food vendors, offensive trade, and any other outlays concerned with general health inspections and administration services provided by the Council.

EDUCATION AND WELFARE

Objective:

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

Activities:

Operation, improvements and maintenance of pre-school facilities; assistance to playgroups and other voluntary services. Annual awards and prizes to Nabawa and Yuna Primary Schools.

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Collection of revenue and expenditure in respect of the administration and operation of residential housing for council staff. The expenditure is reallocated to the relevant programmes using staff duties as a basis.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Administration and operation of domestic refuse collection and disposal services, including delivery to a regional disposal site. Provision and maintenance of rubbish disposal sites. Collection and disposal of public litter bins, special rubbish clean ups, special litter enforcement and control. Includes administration and operation of foreshore protection project. Administration and operation of town planning and regional development services. These include planning control, the preparation of town planning development schemes, zoning and rezoning. Costs associated with resumption of land for recreational purposes. Accommodating a Natural Resource Management Officer to assist community groups and landowners.

RECREATION AND CULTURE

Objective:

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

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches.
Provision and maintenance of parks, gardens and playgrounds.
Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets and maintenance of depots. Purchase of plant used predominantly for the construction and maintenance of streets, roads, bridges etc. Operations relating to the licensing or regulating of traffic under the control of the local government.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Attempt to control and contain weeds and vermin. The development, promotion, support etc. of tourism and area promotion to cater for tourists. Administration, inspection and operations concerned with application of the building standards including examination, processing and inspections services.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

Administration, inspection, and operation of work carried out on property or services not under the care, control and management of the Council. These include road works on private property. Public Works Overheads - Overheads incurred as the result of the use of direct labour, which is subsequently apportioned to the appropriate works and services absorbing the total expenditure. Includes expenditure incurred in the maintenance and operation of plant, Council's hire rate absorbing the total expenditure of plant running costs and usage. The total salaries and wages incurred during the year is recorded here and allocated over the various works and services to which it relates.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
Governance							
Workforce Plan	12,406	0	(12,406)	0	0	0	0
Law, order, public safety							
Coronation Beach Evacuation and Emerge	1,514	0	(1,514)	0	0	0	0
Community amenities							
Waste Management Regional investment F	14,873	0	(14,873)	0	0	0	0
Nabawa Townsite Revitalisation Plan	12,443	0	(10,029)	2,414	0	(2,414)	0
Cloud Chasing	13,098	0	(10,951)	2,147	0	(2,147)	0
Mental Health Training	5,004	0	(5,004)	0	0	0	0
Economic Independence Workshop	3,648	0	(3,648)	0	0	0	0
Coastal Planning Project	555	0	(555)	0	0	0	0
Coastal Planning Project	0	25,000	0	25,000	0	(25,000)	0
Coastal Planning Project	0	25,000	0	25,000	0	(25,000)	0
Transport							
East Nabawa Road	0	101,950	(21,647)	80,303	0	(80,303)	0
Total	63,541	151,950	(80,627)	134,864	0	(134,864)	0

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.

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

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,723,938	1,518,534
Restricted		1,278,810	1,179,068
		<u>3,002,748</u>	<u>2,697,602</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	12	114,448	93,784
Building Reserve	12	517,276	527,030
Water Strategy Reserve	12	14,089	13,992
Computer and Office Equipment Reserve	12	39,329	19,195
Legal Reserve	12	39,598	39,325
Unspent Grants and Loans Reserve	12	7,602	0
Land Development Reserve	12	62,600	62,167
Roadworks Reserve	12	101,084	1,060
Landcare Reserve	12	15,683	25,557
Plant/Light Vehicle Reserve	12	367,101	262,094
Unspent grants	2(c)	0	134,864
		<u>1,278,810</u>	<u>1,179,068</u>

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

	2017	2016
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	114,109	102,396
Sundry debtors	39,640	33,298
GST receivable	0	66,287
Sundry Debtors Rates Legal Fees	1,252	0
Prepaid Expenses	1,053	451
ESL	3,964	0
	<u>160,018</u>	<u>202,432</u>
Non-current		
Rates outstanding - pensioners	6,669	8,138
	<u>6,669</u>	<u>8,138</u>
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:		
Rates outstanding	<u>114,109</u>	<u>102,396</u>
Includes:		
Past due and not impaired	114,109	102,396
Impaired	<u>0</u>	<u>0</u>
Sundry debtors	<u>39,640</u>	<u>33,298</u>
Includes:		
Past due and not impaired	3,348	9,656
Impaired	<u>0</u>	<u>0</u>
5. INVENTORIES		
Current		
Stock on Hand	1,330	2,065
	<u>1,330</u>	<u>2,065</u>

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

	2017	2016
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - Freehold		
- Independent valuation 2017 - level 2	2,358,000	0
- Independent valuation 2014 - level 2	0	2,631,000
- Additions after valuation - cost	<u>0</u>	<u>60,000</u>
	2,358,000	2,691,000
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	1,045,000	0
- Management valuation 2014 - level 3	<u>286,000</u>	<u>1,283,381</u>
	1,331,000	1,283,381
	<u>3,689,000</u>	<u>3,974,381</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	120,000	0
- Independent valuation 2014 - level 2	0	200,000
Buildings - non-specialised - Less: accumulated depreciation	<u>0</u>	<u>(6,400)</u>
	120,000	193,600
Buildings - specialised at:		
- Independent valuation 2017 - level 3	10,483,596	0
- Management valuation 2017 - level 3	320,191	6,480,101
- Additions after valuation - cost	80,612	1,156,328
Buildings - specialised - Less: accumulated depreciation	<u>0</u>	<u>(190,065)</u>
	10,884,399	7,446,364
	<u>11,004,399</u>	<u>7,639,964</u>
Total land and buildings	<u>14,693,399</u>	<u>11,614,345</u>
Furniture and equipment at:		
- Independent valuation 2017 - level 3	158,375	0
- Independent valuation 2016 - level 2	29,920	29,920
- Management valuation 2016 - level 2	36,854	128,203
- Additions after valuation - cost	6,601	0
Furniture and equipment - Less: accumulated depreciation	<u>(32,826)</u>	<u>0</u>
	198,924	158,123
Plant and equipment at:		
- Independent valuation 2016 - level 2	2,562,238	2,655,138
- Management valuation 2016 - level 2	813,607	813,607
- Reclassified assets at July 2016	(4,550)	0
- Additions after valuation - cost	623,789	0
Plant and equipment - Less: accumulated depreciation	<u>(644,253)</u>	<u>0</u>
	3,350,831	3,468,745
Tools and Equipment at:		
- Independent valuation 2016 - level 2	53,599	53,599
- Management valuation 2016 - level 2	47,750	48,620
- Management valuation 2013 - level 3	0	0
- Additions after valuation - cost	23,615	0
Tools and Equipment - Less: accumulated depreciation	<u>(22,544)</u>	<u>0</u>
	102,420	102,219
	<u>18,345,574</u>	<u>15,343,432</u>

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

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	2,691,000	1	0	(333,001)	0	0	0	0	2,358,000
Land - vested in and under the control of Council	1,283,381	0	0	47,619	0	0	0	0	1,331,000
Total land	3,974,381	1	0	(285,382)	0	0	0	0	3,689,000
Buildings - non-specialised	193,600	0	0	(70,400)	0	0	(3,200)	0	120,000
Buildings - specialised	7,446,364	277,024	(577)	(16,524)	0	0	(180,795)	3,358,907	10,884,399
Total buildings	7,639,964	277,024	(577)	(86,924)	0	0	(183,995)	3,358,907	11,004,399
Total land and buildings	11,614,345	277,025	(577)	(372,306)	0	0	(183,995)	3,358,907	14,693,399
Furniture and equipment	158,123	6,601	0	18,600	56,112	0	(40,512)	0	198,924
Plant and equipment	3,468,745	623,789	(74,957)	0	0	0	(662,197)	(4,550)	3,350,831
Tools and Equipment	102,219	23,615	(458)	0	0	0	(22,956)	0	102,420
Total property, plant and equipment	15,343,432	931,030	(75,992)	(353,706)	56,112	0	(909,660)	3,354,357	18,345,574

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2017	Price per square metre
Land - vested in and under the control of Council	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Professional judgement of Registered Valuer adjusting the price per square metre of sales from sites not in close proximity.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2014	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2014	Residual value, useful life, pattern of consumption and asset condition in relation to level of remaining service potential of the depreciable amount, valuers professional judgement.
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Residual values and remaining useful life assessments.
Plant and equipment					
- Independent valuation 2016	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2016	Price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Residual values and remaining useful life assessments.
Tools and Equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Residual values and remaining useful life assessments.

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

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

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

	2017	2016
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level 3	100,886,441	100,886,441
- Additions after valuation - cost	4,370,576	1,837,557
Infrastructure - Roads - Less: accumulated depreciation	<u>(2,553,473)</u>	<u>(1,260,400)</u>
	102,703,544	101,463,598
Infrastructure - Parks and Ovals		
- Management valuation 2015 - level 3	1,632,076	1,632,076
- Additions after valuation - cost	5,279	5,279
- Reclassified assets at July 2016 **	(1,637,355)	0
Infrastructure - Parks and Ovals - Less: accumulated depreciation	<u>0</u>	<u>(42,365)</u>
	0	1,594,990
Infrastructure - Other		
- Management valuation 2015 - level 3	1,771,127	1,771,127
- Additions after valuation - cost	14,370	14,370
- Reclassified assets at July 2016 **	(1,785,497)	0
Infrastructure - Other - Less: accumulated depreciation	<u>0</u>	<u>(26,130)</u>
	0	1,759,367
	 <u>102,703,544</u>	 <u>104,817,955</u>

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

** Review of assets listed in the Infrastructure Parks & Ovals and Infrastructure Other classification was considered at the 2015/2016 audit. In our opinion the assets were more appropriate to be listed in the Land & Buildings classification. These were included in the Fair Value revaluation process for 2016/2017 as part of the Land & Building class.

There is no affect overall on the asset register value.

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

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	101,463,598	2,533,019	0	0	0	0	(1,293,073)	0	102,703,544
Infrastructure - Parks and Ovals	1,594,990	0	0	0	0	0	0	(1,594,990)	0
Infrastructure - Other	1,759,367	0	0	0	0	0	0	(1,759,367)	0
Total infrastructure	<u>104,817,955</u>	<u>2,533,019</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,293,073)</u>	<u>(3,354,357)</u>	<u>102,703,544</u>

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2015	Construction costs, current conditions, residual values and remaining useful life assessments.
Infrastructure - Parks and Ovals	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2015	Residual value, useful life, pattern of consumption and asset condition in relation to level of remaining service potential of the depreciable amount, valuers professional judgement.
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2015	Residual value, useful life, pattern of consumption and asset condition in relation to level of remaining service potential of the depreciable amount, valuers professional judgement.

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

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

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

	2017	2016
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	110,523	347,615
Accrued interest on debentures	2,582	1,483
Accrued salaries and wages	22,837	22,169
GST Payable	19,396	0
Accrued Expenditure	38,866	35,665
	<u>194,204</u>	<u>406,932</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	95,983	55,991
	<u>95,983</u>	<u>55,991</u>
Non-current		
Secured by floating charge		
Debentures	255,883	151,866
	<u>255,883</u>	<u>151,866</u>

Additional detail on borrowings is provided in Note 22.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016			
Current provisions	160,747	158,813	319,560
Non-current provisions	0	40,166	40,166
	<u>160,747</u>	<u>198,979</u>	<u>359,726</u>
Additional provision	5,815	20,785	26,600
Balance at 30 June 2017	<u>166,562</u>	<u>219,764</u>	<u>386,326</u>
Comprises			
Current	166,562	166,700	333,262
Non-current	0	53,064	53,064
	<u>166,562</u>	<u>219,764</u>	<u>386,326</u>

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

12. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Leave Reserve	93,784	20,664	0	114,448	93,784	21,000	0	114,784	92,583	1,201	0	93,784
Building Reserve	527,030	3,660	(13,414)	517,276	527,030	180	0	527,210	530,157	6,873	(10,000)	527,030
Water Strategy Reserve	13,992	97	0	14,089	13,992	20,200	0	34,192	13,813	179	0	13,992
Computer and Office Equipment Reserve	19,195	20,134	0	39,329	19,195	251,500	(183,989)	86,706	43,645	550	(25,000)	19,195
Legal Reserve	39,325	273	0	39,598	39,325	500	0	39,825	28,378	10,947	0	39,325
Unspent Grants and Loans Reserve	134,864	8,276	(135,538)	7,602	134,864	0	(132,449)	2,415	63,541	130,361	(59,038)	134,864
Land Development Reserve	62,167	432	0	62,599	62,167	1,000	0	63,167	120,054	1,113	(59,000)	62,167
Roadworks Reserve	1,060	100,025	0	101,085	1,060	100,000	0	101,060	112,452	608	(112,000)	1,060
Landcare Reserve	25,557	126	(10,000)	15,683	25,557	300	(10,000)	15,857	36,621	3,936	(15,000)	25,557
Plant/Light Vehicle Reserve	262,094	288,996	(183,989)	367,101	262,094	142,000	(332,200)	71,894	128,929	185,747	(52,582)	262,094
	1,179,068	442,683	(342,941)	1,278,810	1,179,068	536,680	(658,638)	1,057,110	1,170,173	341,515	(332,620)	1,179,068

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	Nil	To be used to fund annual and long service leave requirements.
Building Reserve	Nil	To be used for the construction of shire buildings or capital upgrades of existing shire buildings.
Water Strategy Reserve	Nil	To be used for the construction and operational costs of facilities for fire fighting purposes.
Computer and Office Equipment Reserve	Nil	To be used to replace computers and major items of office equipment.
Legal Reserve	Nil	To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc.
Unspent Grants and Loans Reserve	Nil	To be used to quarantine unspent grants and loans.
Land Development Reserve	Nil	To be used for further subdivisional development in the Shire of Chapman Valley.
Roadworks Reserve	Nil	To be used to fund road infrastructure projects.
Landcare Reserve	Nil	To be used for Landcare related purposes as approved by Council.
Plant/Light Vehicle Reserve	Nil	To be used for the purchase of major plant and light vehicles

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

13. REVALUATION SURPLUS

	2017 Opening Balance \$	2017 Revaluation Increment \$	2017 Revaluation (Decrement) \$	Transfers \$	2017 Total Movement on Revaluation \$	2017 Correction of Prior Year Error \$	2017 Closing Balance \$	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation (Decrement) \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$
Land and Buildings	7,535,062	47,619	(419,925)	2,824,144	2,451,838	0	9,986,900	7,535,062	0	0	0	7,535,062
Plant and Equipment	43,088	18,600	0	0	18,600	(43,088)	18,600	0	43,088	0	43,088	43,088
Infrastructure - Roads	81,725,742	0	0	0	0	0	81,725,742	81,725,742	0	0	0	81,725,742
Infrastructure - Parks and Ovals	1,386,605	0	0	(1,386,605)	0	0	0	1,386,605	0	0	0	1,386,605
Infrastructure - Other	1,437,539	0	0	(1,437,539)	0	0	0	1,437,539	0	0	0	1,437,539
	<u>92,128,036</u>	<u>66,219</u>	<u>(419,925)</u>	<u>0</u>	<u>2,470,438</u>	<u>(43,088)</u>	<u>91,731,242</u>	<u>92,084,948</u>	<u>43,088</u>	<u>0</u>	<u>43,088</u>	<u>92,128,036</u>

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

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017	2017	2016
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>3,002,748</u>	<u>1,320,007</u>	<u>2,697,602</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	1,544,084	1,142,133	1,270,139
Non-cash flows in Net result:			
Depreciation	2,202,733	1,640,343	1,734,861
(Profit)/Loss on sale of asset	7,674	54,817	(9,874)
Reversal of loss on revaluation of fixed assets	(56,112)		(731,341)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	43,883	81,054	183,191
(Increase)/Decrease in inventories	734	65	21
Increase/(Decrease) in payables	(212,728)	(81,675)	123,897
Increase/(Decrease) in provisions	26,600		9,885
Grants contributions for the development of assets	<u>(1,887,658)</u>	<u>(1,884,040)</u>	<u>(1,523,888)</u>
Net cash from operating activities	<u>1,669,210</u>	<u>952,697</u>	<u>1,056,891</u>

(c) Undrawn Borrowing Facilities

	2017	2016
	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	250,000	250,000
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	<u>(9,857)</u>	<u>0</u>
Total amount of credit unused	<u>250,143</u>	<u>260,000</u>
Loan facilities		
Loan facilities - current	95,983	55,991
Loan facilities - non-current	<u>255,883</u>	<u>151,866</u>
Total facilities in use at balance date	<u>351,866</u>	<u>207,857</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

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

15. CONTINGENT LIABILITIES

There are no known contingent liabilities.

	2017	2016
	\$	\$

16. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

(b) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	388,623	0
- plant & equipment purchases	0	0

Payable:

- not later than one year	388,623	0
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The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new recreation centre (Bill Hemsley Park).

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

17. JOINT VENTURE ARRANGEMENTS

The Shire of Chapman Valley is not involved in any joint venture arrangements.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	1,153,385	1,028,507
Law, order, public safety	989,568	989,340
Housing	64,994	138,568
Community amenities	168,817	208,926
Recreation and culture	8,537,335	8,565,870
Transport	78,613,273	76,747,648
Economic services	110,564	143,714
Other property and services	3,379,503	4,016,230
Unallocated	<u>31,202,444</u>	<u>31,232,821</u>
	<u><u>124,219,883</u></u>	<u><u>123,071,624</u></u>

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

	2017	2016	2015
19. FINANCIAL RATIOS			
Current ratio	3.70	2.50	3.70
Asset sustainability ratio	1.41	0.77	0.66
Debt service cover ratio	28.35	24.91	8.25
Operating surplus ratio	(0.12)	(0.02)	0.07
Own source revenue coverage ratio	0.57	0.55	0.62

The above ratios are calculated as follows:

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

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

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

The early payment of the grant increased operating revenue in 2017 by \$447,782.

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

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$428,318.

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

	2017	2016	2015
Current ratio	2.82	2.50	2.95
Debt service cover ratio	21.56	31.22	5.67
Operating surplus ratio	(0.27)	0.13	(0.09)

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

20. TRUST FUNDS

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

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Building Commission	1,167	12,652	(11,738)	2,081
CTF	1,265	15,514	(14,215)	2,564
Contributions - Subdivisions	603,247	19,186	(73,986)	548,447
Post Box Deposits	1,262	62	(182)	1,142
Standpipe Card	100	0	0	100
Hall Hire Bonds	1,580	3,960	(3,860)	1,680
Sundry Deposits	5,000	0	0	5,000
Engineering Bond	0	7,468	0	7,468
	<u>613,621</u>			<u>568,482</u>

21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Land & Buildings								
Housing								
Lot 19 Chapman Valley Rd	0	0	0	0	141,091	75,000	0	(66,091)
Lot 23 Chapman Valley Rd	0	0	0	0	49,987	60,000	10,013	0
Community amenities								
Waste Oil Dump Nabawa	577	0	0	(577)	0	0	0	0
Plant & Equipment								
Transport								
2004 Case Vibe Roller	25,137	21,000	0	(4,137)	43,322	19,000	0	(24,322)
2008 Caterpillar Skid Steer Loader	29,598	19,500	0	(10,098)	24,917	17,500	0	(7,417)
2001 Mazda Bravo	0	0	0	0	0	5,000	5,000	0
2012 Ford Ranger XL	20,222	27,273	7,051	0	0	28,000	28,000	0
Rubbish trailer	0	545	545	0	0	0	0	0
Pressure Cleaner	458	0	0	(458)	0	0	0	0
	<u>75,992</u>	<u>68,318</u>	<u>7,596</u>	<u>(15,270)</u>	<u>259,317</u>	<u>204,500</u>	<u>43,013</u>	<u>(97,830)</u>

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest		
	1 July 2016		Loans	Repayments Actual	Budget	30 June 2017 Actual	Budget	Repayments Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$	
Recreation and culture									
Upgrade Community Centre - Loan 89	39,762	0	7,940	7,940	31,822	31,822	2,484	2,485	
Bill Hemsley Park - Loan 98	0	200,000	0	0	200,000	0	1,940	0	
Transport									
Plant - Loan 96	94,210	0	30,259	30,259	63,951	63,951	3,437	3,762	
Plant - Loan 97	73,885	0	17,791	17,791	56,094	56,094	2,077	2,217	
	<u>207,857</u>	<u>200,000</u>	<u>55,991</u>	<u>55,991</u>	<u>351,866</u>	<u>151,866</u>	<u>9,938</u>	<u>8,464</u>	
	<u>207,857</u>	<u>200,000</u>	<u>55,991</u>	<u>55,991</u>	<u>351,866</u>	<u>151,866</u>	<u>9,938</u>	<u>8,464</u>	

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

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

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total	Interest Rate	Amount Used		Balance Unspent
	Actual	Budget				Interest & Charges		Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Loan 98	200,000	200,000	WA Treasury	Debenture	5	14,806	2.64%	200,000	200,000	0
	<u>200,000</u>	<u>200,000</u>				<u>14,806</u>		<u>200,000</u>	<u>200,000</u>	<u>0</u>

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

Council established an overdraft facility of \$250,000 with the balance at 30 June 2017 being nil.

As security for the facility the bank holds a security over the general funds of Council as prescribed by section 6.21 (2) of the Local Government Act as amended or replaced and any other security prescribed by the Local Government Act.

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

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV	7.1835	268	5,252,702	377,211	10,965	862	389,038	377,211			377,211
Unimproved value valuations											
UV Rural	1.0057	408	179,065,200	1,800,859	(4,833)	2	1,796,028	1,800,859			1,800,859
UV Oakajee Industrial Estate	2.0110	2	8,833,000	177,632	20	0	177,652	177,632			177,632
Sub-Total		678	193,150,902	2,355,702	6,152	864	2,362,718	2,355,701	0	0	2,355,701
Minimum payment	Minimum										
Gross rental value valuations											
GRV	560	198		110,880			110,880	110,880			110,880
Unimproved value valuations											
UV Rural	350	17		5,950			5,950	5,950			5,950
UV Oakajee Industrial Estate	350	0		0			0	0			0
Sub-Total		215	0	116,830	0	0	116,830	116,830	0	0	116,830
		893	193,150,902	2,472,532	6,152	864	2,479,548	2,472,531	0	0	2,472,531
Total amount raised from general rate							2,479,548				2,472,531
Excess Rates Movement							6,283				
Totals							<u><u>2,485,831</u></u>				<u><u>2,472,531</u></u>

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

24. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	<u>1,691,081</u>	<u>1,316,099</u>	<u>1,316,099</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,723,938	1,518,534	1,518,534
Restricted	1,278,810	1,179,068	1,179,068
Receivables			
Rates outstanding	114,109	102,396	102,396
Sundry debtors	39,640	33,298	33,298
GST receivable	0	66,287	66,287
Sundry Debtors Rates Legal Fees	1,252	0	0
Prepaid Expenses	1,053	451	451
ESL	3,964	0	0
Inventories			
Stock on Hand	1,329	2,065	2,065
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(110,523)	(347,615)	(347,615)
Accrued interest on debentures	(2,582)	(1,483)	(1,483)
Accrued salaries and wages	(22,837)	(22,169)	(22,169)
GST Payable	(19,396)	0	0
Accrued Expenditure	(38,866)	(35,665)	(35,665)
Current portion of long term borrowings			
Secured by floating charge	(95,983)	(55,991)	(55,991)
Provisions			
Provision for annual leave	(166,562)	(160,747)	(160,747)
Provision for long service leave	(166,700)	(158,813)	(158,813)
Unadjusted net current assets	<u>2,540,646</u>	<u>2,119,616</u>	<u>2,119,616</u>
Adjustments			
Less: Reserves - restricted cash	(1,278,810)	(1,179,068)	(1,179,068)
Add: Secured by floating charge	95,983	55,991	55,991
Add: Employee Liability not required to be funded	333,262	319,560	319,560
Adjusted net current assets - surplus/(deficit)	<u><u>1,691,081</u></u>	<u><u>1,316,099</u></u>	<u><u>1,316,099</u></u>

Difference

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

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

25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

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

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

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

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

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

Rates Discounts

Rate or Fee Discount Granted		Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Rates	General	100.00%		560	560	Council has granted a waiver of rates to the Yuna CWA for the 2016/2017 rating year on the basis it is a non-profit community organisation.
Administration charge on	Instalment	100.00%		0	0	Council has granted a waiver of instalment charges (\$9) for any pensioner wishing to take advantage of making payment of current rates by instalment.
				560	560	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	Actual \$	Budget \$
Hall Hire	Fee	100.00%		0	0
Photocopy Charges	Fee	100.00%		0	0
Private Works Hire Charges	Fee	100.00%		0	0
Pool Inspections & Water Testing Charges	Fee	100.00%		0	0
Venue Hire Recreation Facilities	Fee	100.00%		0	0
				0	0

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
Hall Hire	Community Groups/ Community Events	Council may grant a waiver to community groups who reside in the shire who wish to use the hall facilities in association with a community event.	Council considers support of these groups necessary for the overall benefit of the community.
Photocopy Charges	Community Groups/ Community Events	Council may grant a waiver to community groups who reside in the shire who wish to use the photocopy facilities in association with a community event.	Council considers support of these groups necessary for the overall benefit of the community.
Private Works Hire Charges	Community Groups/ Community Events	Council may grant a waiver to community groups who reside in the shire who request private works within the Shire in association with a community event.	Council considers support of these groups necessary for the overall benefit of the community.
Pool Inspections & Water Testing Charges	Yuna Primary School	Council will grant a waiver to Yuna Primary School for pool inspection and water testing at the Yuna Primary School pool under the condition the school has the pool open outside of school hours during summer.	Council considers support of this as a benefit of the community.
Venue Hire Recreation Facilities	Yuna Primary School/ Nabawa Primary School	Council will grant a waiver to Yuna Primary School and Nabawa Primary School for the use of recreation facilities within the Shire with the exception of the grassed area at Yuna.	Council considers support of this as a benefit of the community.

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

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

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	12/09/2016	9	5.50%	11.00%
Option Two				
First Instalment	12/09/2016	9	5.50%	11.00%
Second Instalment	14/11/2016	9	5.50%	11.00%
Option Three				
First Instalment	12/09/2016	9	5.50%	11.00%
Second Instalment	14/11/2016	9	5.50%	11.00%
Third Instalment	13/01/2017	9	5.50%	11.00%
Fourth Instalment	14/03/2017	9	5.50%	11.00%
			Revenue	Budgeted
			\$	Revenue
Interest on unpaid rates			15,244	10,000
Interest on instalment plan			7,447	5,000
Charges on instalment plan			5,184	5,000
			<u>27,875</u>	<u>20,000</u>

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

29. FEES & CHARGES	2017	2016
	\$	\$
General purpose funding	9,520	17,965
Law, order, public safety	13,467	11,408
Health	7,607	6,482
Housing	18,771	18,806
Community amenities	192,593	170,976
Recreation and culture	93,296	86,385
Transport	3,772	2,053
Economic services	27,807	23,210
Other property and services	19,230	21,634
	<u>386,064</u>	<u>358,919</u>

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

30. GRANT REVENUE

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

By Nature or Type:	2017	2016
	\$	\$
Operating grants, subsidies and contributions		
Governance	18,488	19,925
General purpose funding	1,285,122	408,682
Law, order, public safety	23,319	24,195
Community amenities	33,146	169,852
Recreation and culture	166,014	9,388
Transport	166,777	862,700
Economic services	1,364	2,806
Other property and services	101,067	69,636
	<u>1,795,297</u>	<u>1,567,184</u>
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	115,819
Recreation and culture	47,727	37,500
Transport	1,839,931	1,170,569
	<u>1,887,658</u>	<u>1,323,888</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>22</u>	<u>22</u>
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32. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	71,735	75,280	30,071
President's allowance	10,000	10,000	9,751
Deputy President's allowance	2,500	2,500	2,438
Travelling expenses	380	400	8,950
Telecommunications allowance	3,813	4,000	8,000
	<u>88,428</u>	<u>92,180</u>	<u>59,210</u>

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

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2017
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	616,651
Post-employment benefits	71,351
Other long-term benefits	13,828
	<u>701,830</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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

iii. Joint venture entities accounted for under the equity method

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

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

33. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

2017

\$

Associated companies/individuals:

Purchase of goods and services

38,669

Joint venture entities:

Amounts outstanding from related parties:

Amounts payable to related parties:

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

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

34. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/17 financial year.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any major land transactions during 2016/17 financial year.

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

36. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	3,002,748	2,697,602	3,002,748	2,697,602
Receivables	166,687	210,570	166,687	210,570
	<u>3,169,435</u>	<u>2,908,172</u>	<u>3,169,435</u>	<u>2,908,172</u>
Financial liabilities				
Payables	194,204	406,932	194,204	406,932
Borrowings	351,866	207,857	359,061	215,790
	<u>546,070</u>	<u>614,789</u>	<u>553,265</u>	<u>622,722</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	30,027	26,976
- Statement of Comprehensive Income	30,027	26,976

Notes:

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

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	92%	71%
- Overdue	8%	29%

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017</u>					
Payables	194,204	0	0	194,204	194,204
Borrowings	106,096	269,719	0	375,815	351,866
	<u>300,300</u>	<u>269,719</u>	<u>0</u>	<u>570,019</u>	<u>546,070</u>
<u>2016</u>					
Payables	406,932	0	0	406,932	406,932
Borrowings	63,135	161,009	0	224,144	207,857
	<u>470,067</u>	<u>161,009</u>	<u>0</u>	<u>631,076</u>	<u>614,789</u>

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2017</u>								
Borrowings								
Fixed rate								
Debentures	-	63,951	56,093	31,822	200,000	-	351,866	3.11%
Weighted average Effective interest rate	0.00%	3.70%	2.49%	5.99%	2.64%	0.00%		
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	-	-	94,210	73,885	39,762	-	207,857	3.71%
Weighted average Effective interest rate	0.00%	0.00%	3.70%	2.49%	5.99%	0.00%		

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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF CHAPMAN VALLEY

Opinion on the Audit of the Financial Report

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

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

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

Basis for Opinion

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

Report on Other Legal and Regulatory Requirements

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the *Local Government Act 1995 (as amended)*, the *Local Government (Financial Management) Regulations 1996 (as amended)* or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 60 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
 - i. verifiable information; and
 - ii. reasonably assumption.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

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

Other Information

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

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

Responsibilities of Management and Council for the Financial Report

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

MOORE STEPHENS
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 29 November 2017
Perth, WA

**SHIRE OF CHAPMAN VALLEY
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

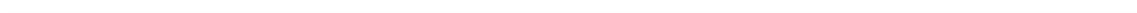
The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2017	2016	2015
Asset consumption ratio	0.96	0.98	0.83
Asset renewal funding ratio	1.00	0.62	0.67

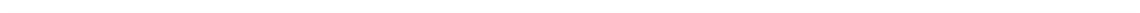
The above ratios are calculated as follows:

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

MANAGEMENT REPORT



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29 November 2017

MOORE STEPHENS

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Dear Cr Collingwood

Management Report for the Year Ended 30 June 2017

We advise that we have completed our audit procedures for the year ended 30 June 2017 and enclose our Audit Report.

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

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

COMMENT ON RATIOS

Ratios provide useful information when compared to industry and internal benchmarks and assist in identifying trends. Whilst not conclusive in themselves, understanding ratios, their trends and how they interact is beneficial for the allocation of scarce resources and planning for the future. Information relating to the statutory ratios disclosed in the financial report is summarised in the table below and commentary provided on the following pages.

	Target Ratio ¹	Actual 2017	Shire's Adjusted Ratios					Shire's 5 Year Trend ²	5 Year Average ³	
			2017	2016	2015	2014	2013		Regional	State
Current Ratio	≥ 1	3.70	2.82*	2.50	2.95*	1.56*	1.84	↑	3.18	2.22
Asset Sustainability Ratio	≥ 1.1	1.41	1.41	0.77	0.66	2.15	1.47	↑	1.18	1.18
Debt Service Cover Ratio	≥ 15	28.35	21.56*	31.22*	5.67*	5.45*	1.22	↑	10.62	12.41
Operating Surplus Ratio	≥ 0.15	(0.12)	(0.27)*	0.13*	(0.09)*	0.01*	(0.37)	↓	(0.17)	(0.11)
Own Source Revenue Coverage Ratio	≥ 0.9	0.57	0.57	0.55	0.62	0.82	0.51	↓	0.56	0.67
Asset Consumption Ratio	≥ 0.75	0.96	0.96	0.98	0.83	0.79	0.83	↑	0.66	0.73
Asset Renewal Funding Ratio	≥ 1.05	1.00	1.00	0.62	0.67	0.71	0.69	↑	0.91	0.94

¹ Target ratios per Department of Local Government, Sport and Cultural Industries (DLGSL) Guidelines except the Debt Service Ratio which is a target devised by Moore Stephens (and based on experience). For information, DLGSL Guidelines indicate a target Debt Service Cover Ratio of 5.

² The 5-year trend compares the adjusted 2017 ratio to the average of the adjusted ratios for the last 5 years.

³ The average in relation to the Regional and State comparisons is a 5 year average of 2012, 2013, 2014, 2015 and 2016.

* Adjusted for "one-off" timing/ non-cash items.

Adjustments relating to 2017

Three of the ratios in the accompanying table were distorted by an item of significant revenue relating to the early payment of 2017/18 Financial Assistance Grants (FAGs) totaling \$447,782 received before 30 June 2017. The early payment of the grant increased operating revenue in 2017.

This item is considered “one-off” in nature and was adjusted when calculating the ratios in the above table (as shown by “*”) as were relevant comparative year ratios (which had been affected by similar “one-off” items).

Regional and State 5 Year Averages

Regional and State 5 year averages have not been adjusted for “one-off” items even though these items may have been applicable in prior years as they are based on the statutory ratios which have been reported in published financial reports. However, they still provide a useful reference point as they are indicative of a trend.

Commentary on specific ratios

- **Operating Surplus Ratio**

This ratio represents the percentage by which the operating surplus (or deficit) differs from the Shire’s own source revenue which includes rates and operating grants.

This ratio has deteriorated significantly from the previous year. In addition, it is below the target level and both the Regional and State 5 year average and it has been trending downwards.

Analysis of the Shire’s Statement of Comprehensive Income noted the deterioration of the ratio is attributable mostly to last year including a reversal of prior year loss on revaluation of plant and equipment. Total operating income and expenses remain at a similar level to last year with an increase in the depreciation expense being offset by a decrease in materials and contract expenditure.

A negative ratio indicates the local government is experiencing an operating deficit. A sustained period of deficits will erode Council’s ability to maintain its operational service level and asset base over the longer term whilst a positive ratio which is consistently above 0.15 provides the Shire with greater flexibility in meeting operational service levels and asset management requirements.

In order to progress towards a positive ratio, we urge both Council and Management to continue their existing efforts in improving the operating position. Again, this is dependent upon Council and management understanding the different circumstances and the interaction operating surplus has on other ratios and operations in general.

Summary

Overall, the Shire’s ratio position appears to be stable and generally above the target levels.

Whilst some ratios are below the accepted industry benchmark, given the relative strength of the other ratios, lower ratios may be expected, provided other measures/strategies are maximised.

Notwithstanding this, two of the ratios do appear to be trending downwards over the longer term and this should be considered moving forward.

We would like to take this opportunity to stress one off assessments of ratios at a particular point in time can only provide a snapshot of the financial position and operating situation of the Shire. As is the case with all ratios and indicators, their interpretation is much improved if they are calculated as an average over time with the relevant trends being considered.

We will continue to monitor the financial position and ratios in future financial years and suggest it is prudent for Council and management to do so also as they strive to manage the scarce resources of the Shire.

If the Shire requires, we have a report available which is able to compare your ratios against other Local Governments across the State and by Region. The report is also able to incorporate a selection of your peer Local Governments, whether they be of near neighbours or similar type in nature. This may be of particular relevance in your case as you are included in the Mid-West region when comparison to other, more similar local governments, may be more relevant.

If you are interested in such an expanded report, please contact us.

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

UNCORRECTED MISSTATEMENTS

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

We take this opportunity to thank all staff for the assistance provided during the audit.

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

Yours faithfully



Greg Godwin
Partner
Moore Stephens

Encl.