

# ANNUAL REPORT

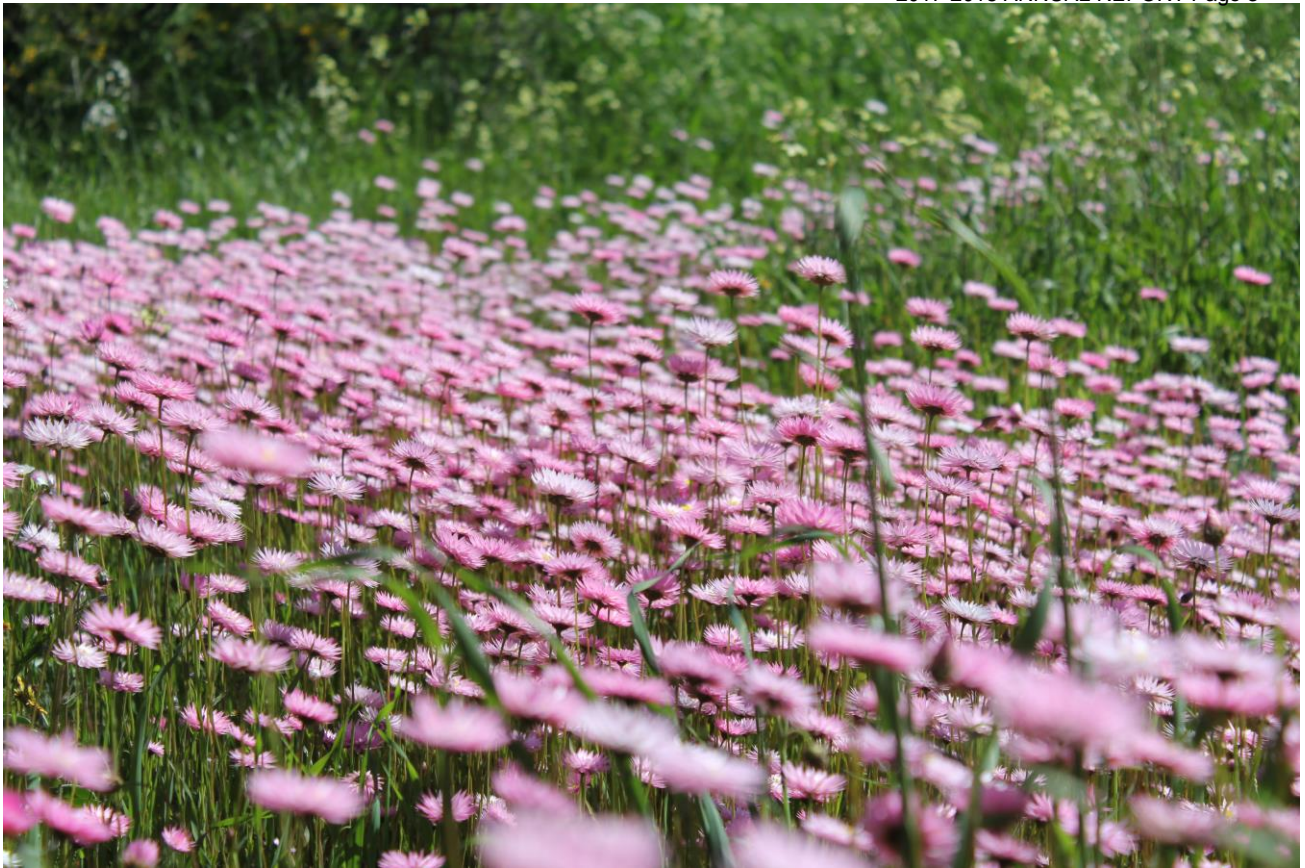
## 2017-2018



SHIRE OF  
**Chapman Valley**  
*love the rural life!*

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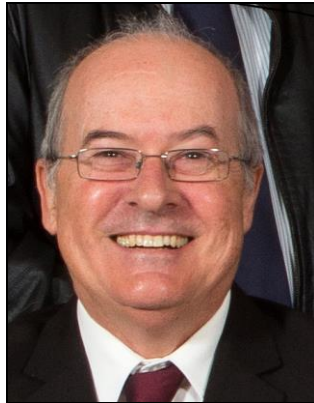
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# ELECTED MEMBERS

	FIRST NAMES	POSTAL ADDRESS	CONTACT DETAILS	TERM ENDING
	Anthony Farrell <b>PRESIDENT</b>	RMB 660 YUNA WA 6532	Ph: 9931 1030 Fax: 9931 1031 Mobile: 0429 311 033  Email: <a href="mailto:CrFarrell@chapmanvalley.wa.gov.au">CrFarrell@chapmanvalley.wa.gov.au</a>	October 2019
	Kirrilee Warr <b>DEPUTY PRESIDENT</b>	678 Nolba Stock Route Road Via Geraldton WA 6532	Ph: 9920 3060 Fax: 9920 3066 Mob: 0407 981 709  Email: <a href="mailto:CrWarr@chapmanvalley.wa.gov.au">CrWarr@chapmanvalley.wa.gov.au</a>	October 2021
	Nicole Batten	RMB 670 YUNA WA 6532	Ph: 9931 1040 Mob: 0429 311 040  Email: <a href="mailto:CrBatten@chapmanvalley.wa.gov.au">CrBatten@chapmanvalley.wa.gov.au</a>	October 2021
	Pauline Forrester	PO Box 3457 BLUFF POINT WA 6531	Ph: 9938 2550 Fax: 9920 1057 Mob: 0417 988 248  Email: <a href="mailto:CrForrester@chapmanvalley.wa.gov.au">CrForrester@chapmanvalley.wa.gov.au</a>	October 2019
	Darrell Forth	PO Box 2410 GERALDTON WA 6531	Ph: 9965 3999 Mob: 0428 653 300  Email: <a href="mailto:CrForth@chapmanvalley.wa.gov.au">CrForth@chapmanvalley.wa.gov.au</a>	October 2021
	Peter Humphrey	12 Wittenoom Circle WHITE PEAK WA 6532	Mobile: 0427 301 195  Email: <a href="mailto:CrHumphrey@chapmanvalley.wa.gov.au">CrHumphrey@chapmanvalley.wa.gov.au</a>	October 2019
	Ian Maluish	311 Eliza Shaw Drive WHITE PEAK WA 6532	Mobile: 0417 949 062  Email: <a href="mailto:CrMaluish@chapmanvalley.wa.gov.au">CrMaluish@chapmanvalley.wa.gov.au</a>	October 2021
	Trevor Royce	PO Box 866 GERALDTON WA 6531	Ph: 9925 1026 Fax: 9925 1026 Mob: 0439 251 080  Email: <a href="mailto:CrRoyce@chapmanvalley.wa.gov.au">CrRoyce@chapmanvalley.wa.gov.au</a>	October 2019

# **COUNCIL EXECUTIVE STAFF**



**Maurice Battilana**  
**Chief Executive Officer**



**Simon Lancaster**  
**Deputy Chief Executive Officer**



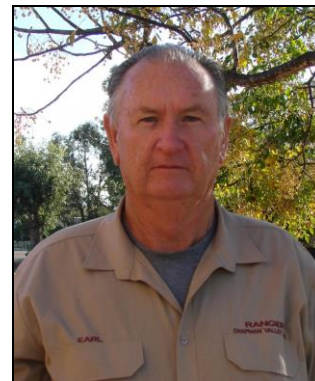
**Esky Kelly**  
**Manager Works & Services**



**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 1<sup>st</sup> FEBRUARY 2018  
COUNCIL CHAMBERS NABAWA  
6.00PM**



## DISCLAIMER



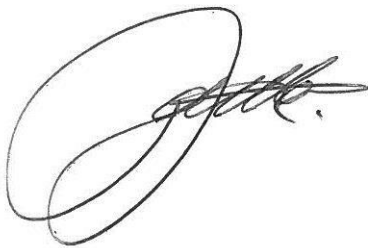
No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement or intimation occurring during Council Meeting. The Shire of Chapman Valley disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person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



Maurice Battilana  
**CHIEF EXECUTIVE OFFICER**



# UNCONFIRMED MINUTES

## FOR ANNUAL GENERAL MEETING OF ELECTORS TO BE HELD IN THE COUNCIL CHAMBERS NABAWA ON THURSDAY 1 FEBRUARY 2018 AT 6.00PM

### Order of Business:

#### 1.0 Declaration of Opening / Announcements of Visitors

The President, Cr Farrell, welcomed Elected Members, Staff and Visitors and declared the meeting open at 6.00pm

#### 2.0 Record of Attendance

##### 2.1 Present

##### a. Councillors

Member
Cr Anthony Farrell (President)
Cr Kirrilee Warr (Deputy President)
Cr Nicole Batten
Cr Pauline Forrester
Cr Ian Maluish
Cr Darrell Forth

##### 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
John Collingwood	Sue Collingwood
Tony Webb	Charmaine Webb

## 2.2 Apologies

Name	
Cr Peter Humphrey	
Cr Trevor Royce	

## 3.0 Confirmation of Minutes of previous Annual Electors Meeting held on 2 February 2017

### RECOMMENDATION:

**MOVED: CR FORRESTER**

**SECONDED: CR MALUISH**

That the minutes of the Annual General Meeting of Electors held on Thursday 2 February 2017 be confirmed as a true and accurate record.

**CARRIED**  
**Voting 10/0**  
**Minute Reference AEM 02/18-1**

## 4.0 Public Question Time

### 4.1 Response to previous public questions taken on notice

Nil

### 4.2 Public question time

Nil

## 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 2016/2017 (Incorporates)**

- 2016/2017 Annual Financial Statements
- 2016/2017 Audit Report
- Presidents Report
- Chief Executive Officers Report

**RECOMMENDATION:****MOVED: CR BATTEN****SECONDED: CR FORRESTER**

That the 2016/2017 Annual Report including Annual Financial Statements, Audit Report, Presidents Report and Chief Executive Officer Report be received.

**CARRIED**  
**Voting 10/0**  
**Minute Reference AEM 02/18 - 2**

**7.0 General Business**

Mrs Collingwood thanked Councillors for their representation, and CEO and staff for their professionalism throughout the year.

**8.0 Closure**

The Presiding Member thanked members, ratepayers, visitors and staff for attending and declared the electors meeting closed at 6.04pm



## **COUNCIL COMMITTEE,** **STEERING/WORKING/ADVISORY GROUP** **REPRESENTATIVES**

Council has established the following Committees, Steering/Working/Advisory Groups

<b>Council Committees - Council Members Only - LG Act – Section 5.9(2)(a)</b>		
	<b>Purpose/Delegations</b>	<b>Representatives</b>
<b>Building &amp; Disability Services Committee</b>	<p>Will meet at least annually to inspect all Shire Buildings/Properties and then subsequently to:</p> <ul style="list-style-type: none"> <li>~ Review preliminary costings for proposed works for consideration in draft Council Budget;</li> <li>~ Review the Capital &amp; Building Works Program;</li> <li>~ Disability Access &amp; Inclusion Plan; and</li> <li>~ Any other building/property items referred to the Committee by Council.</li> </ul> <p><b>Delegation – Nil</b></p>	<p><u>5 x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Forrester</li> <li>• Cr Humphrey</li> <li>• Cr Maluish</li> <li>• Cr Forth</li> </ul> <p><u>Observers:</u></p> <ul style="list-style-type: none"> <li>~ CEO</li> <li>~ Building Surveyor</li> </ul>
<b>Finance Audit &amp; Risk Committee</b>	<p>The purpose of the Committee in fulfilling the requirements of Local Government (Audit) Regulation 17 by assisting the Chief Executive Officer to:</p> <ol style="list-style-type: none"> <li>a) provide an independent oversight of the financial systems of the local government on behalf of the Council;</li> <li>b) guide and assist the local government in respect to financial management;</li> <li>c) contribute to the Shire's corporate governance, stewardship, leadership and control responsibilities in relation to financial reporting and audit;</li> <li>d) guide and assist with the Internal Audit and Risk Management;</li> <li>e) oversee the implementation of audit recommendations made by the auditor, which have been accepted by council; and</li> <li>f) oversee accepted recommendations arising from reviews of local government systems and procedures.</li> </ol> <p><b>Delegation – Nil</b></p>	<p><u>3 x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Royce</li> <li>• Cr Forth</li> </ul> <p><u>Observers:</u></p> <ul style="list-style-type: none"> <li>~ CEO</li> <li>~ Manager Finance &amp; Corporate Services</li> <li>~ Accountant</li> </ul>

<b>Road Infrastructure Committee</b>	Undertake an annual review the following: ~ Road Works Program; ~ Road Hierarchy; ~ Heavy Haulage Vehicle Permit Roads; and ~ Any other works infrastructure item referred to the Committee by Council. ~ Review the plant replacement program  <b>Delegation – Nil</b>	All Councillors  <u>Observers:</u> ~ CEO ~ Manager Works & Services ~ Deputy CEO ~ Works Leading Hand
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<b>Groups - Steering, Advisory, Working, etc.</b>		
	<b>Purpose/Delegations</b>	<b>Representatives</b>
<b>Bush Fire Brigades Group Management Advisory Committee</b>	Meet at least annually to: ~ Elect Office Bearers; ~ Review previous year fire season; ~ Review the Shire's Fire Notice; ~ Liaise with external organisations (e.g. DFES, DPAW); ~ Review the DFES Capital & Operational Grants; ~ Any other bush fire related items referred to the Committee by Council.  <b>Delegation – Nil</b>	<u>President (Presiding Member) and 2 x Councillor</u> • Cr Farrell (President) • Cr Forrester • Cr Royce  CBFCO DCBFCO All Brigade FCOs Chief Executive Officer Senior Ranger  <u>Observers</u> 1 x DFES Rep. 1 x DPAW Rep.
<b>Regional Local Emergency Management Committee</b>	Meet as required in accordance with legislation and Council endorsed Local Emergency Management Arrangements (LEMA) to: ~ Review the LEMA & Recovery Plan; ~ Implement Emergency Exercises as required; ~ Any other emergency management related items referred to the Committee by Council.  <b>Delegation – Nil</b>	<u>2 x Councillor</u> • Cr Humphrey • Cr Warr  Chief Executive Officer
<b>Bill Hemsley Park Management Committee</b>	The role of the Bill Hemsley Park Management Committee (Formerly Parkfalls Management Committee) as agreed at the 17 April 2013 Council meeting is to make recommendation to Council for its consideration as to development and expenditure within the park  <b>Delegation – Nil</b>	<u>2 x Councillors</u> • Cr Royce • Cr Forrester  2 x Parkfalls Residents Assoc. 1x Developer  <u>Observers:</u> ~ CEO ~ Deputy CEO



<b>Landcare &amp; Environmental Advisory Group</b>	<p>To apply for grant funding from third party sources to finance appropriate projects within the Shire of Chapman Valley:</p> <p>a) Delegate authority to the Chief Executive Officer to endorse grant applications/projects if funding resources are available within the Council's adopted budget;</p> <p>b) If funding resources are not available within the adopted Council Budget for specific grant applications/projects, present the application to Council for endorsement, if possible, prior to the closure dates for the grant funding programs. Otherwise retrospective Council endorsement to commit funding resources will be required.</p> <p>All applications submitted, which require Council endorsement for additional funding resources, will be subject Council endorsement (i.e. the Committee does not have delegated authority to commit Council funding resources)."</p> <p>c) Provide advice and assistance to the Chief Executive Officer and Shire staff in the managing of the Landcare Grant funds.</p> <p>d) Provide recommendations to Council on any Landcare Contracts and Consultancy agreements.</p> <p>e) Provide a Draft Annual Budget for Landcare to Council for consideration as part of the Annual Budget process.</p>	<p><u>2 x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Batten</li> </ul> <p><u>Observers</u></p> <p>Chief Executive Officer Deputy CEO NACC Rep. Landcare &amp; Environment Consultant</p>
<b>Community Growth Fund Advisory Group</b>	<p>Evaluate application received for funding under the Shire of Chapman Valley Community Growth Fund program in accordance with guideline, policies and procedures set by Council and make recommendations to Council to allocate funds</p> <p><b>Delegation – Nil</b></p>	<p><u>President (Presiding Member) &amp; 3 x Councillors (Members)</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Warr</li> <li>• Cr Forrester</li> <li>• Cr Maluish</li> </ul> <p><u>1 x Councillor (Proxy)</u></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Chief Executive Officer Manager Finance &amp; Corp Svc Comm. Develop. Officer</p>

<b>Tourism &amp; Events Working Group</b>	<p>Will meet on an 'as needs' basis only to:</p> <ul style="list-style-type: none"> <li>~ Evaluate annual Australia Day Award Nominations and submitting these to Council in readiness for presenting the awards at the Shire's annual Australia Day Function;</li> <li>~ Assist with coordinating the annual Australia Day function(s);</li> <li>~ Discuss all other item(s) referred to them by Council in the areas of tourism and events.</li> </ul> <p><b>Delegation – Nil</b></p>	<p><u>3 x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Forrester</li> <li>• Cr Humphrey</li> <li>• Cr Batten</li> </ul> <p>CEO Deputy CEO Comm. Development Officer 2 x Community Representatives for Australia Day award nominations (recommend past winner as one rep.)</p>
<b>Yuna Memorial Hall Working Group</b>	<p>To determine the future use of the Yuna Memorial Hall</p> <p><b>Delegation – Nil</b></p>	<p><u>2x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Humphrey</li> <li>• Cr Batten</li> </ul> <p>CEO DCEO Community Development Officer 2 x CABY / Community representatives</p>

<b>Representatives on External Organisations</b>		
	<b>Purpose/Delegations</b>	<b>Representatives</b>
<b>Northern Country Zone (WALGA)</b>	<p>Not Applicable</p> <p><b>Delegation – Nil</b></p>	<p><u>2 x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Warr</li> </ul> <p>Chief Executive Officer</p>
<b>Sub-Regional Road Group Committee</b>	<p>Not Applicable</p> <p><b>Delegation – Nil</b></p>	<p><u>2 x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Warr</li> </ul> <p>Chief Executive Officer Manager Works &amp; Services</p>
<b>Chapman Valley Agricultural Society</b>	<p>Not Applicable</p> <p><b>Delegation – Nil</b></p>	<p><u>1 x Councillor</u></p> <ul style="list-style-type: none"> <li>• Cr Batten</li> </ul> <p><u>1 x Proxy</u></p> <ul style="list-style-type: none"> <li>• Cr Forth</li> </ul>
<b>Mid West Development Assessment Panel (DAP)</b>	<p>Not Applicable</p> <p><b>Delegation – Nil</b></p>	<p><u>2 x Councillors (Members)</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Forrester</li> </ul> <p><u>2 x Councillors (Proxies)</u></p> <ul style="list-style-type: none"> <li>• Cr Warr</li> <li>• Cr Humphrey</li> </ul>

# Reports

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# PRESIDENTS ANNUAL REPORT TO ELECTORS



Cr Anthony Farrell  
**Shire President**

## INTRODUCTION

This report covers the 2017/2018 financial year, which is my first year in the position of President.

I wish to extend my sincere appreciation to John Collingwood for his time on Council, 21 years, with 17 years being in the position as Shire President.

During John's tenure as an Elected Member and President there has been many significant issues e.g.

- Amalgamation threats;
- Oakajee Industrial Estate;
- Oakajee Narngulu Industrial Corridor;
- Peri-Urban population growth in the south-west area of the Shire;

John took on these challenges (and many more) with the community interest always being at the centre of his thoughts and actions.

## 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:

- Parkfalls Residents Assc: Bill Hemsley Park landscaping
- CV Men's Shed: Inaugural season of outdoor cinema 'Shinema'
- Yuna P&C: Yuna Primary School Theatre Production
- Chapman Valley Western Riding Club: Yard expansion

I congratulate the recipients of CGF grants in 2017/2018. 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 Brigades are available to assist in cases of emergency. These volunteers continue to do an excellent job and I commend them all for their efforts over the past and previous years.

## COUNCIL MEMBERSHIPS

The make-up of the Council as at 30<sup>th</sup> June 2018 was:

Cr Anthony Farrell (President)



Cr Kirrilee Warr (Deputy President)  
 Cr Nicole Batten  
 Cr Pauline Forrester  
 Cr Darrell Forth  
 Cr Peter Humphrey  
 Cr Ian Maluish  
 Cr Trevor Royce

I wish to extend my sincere appreciation to all Councillors (past & present) for their contribution to the Council and community.

### **BILL HEMSLEY PARK DEVELOPMENTS**

After many years of community consultation and Council deliberation 2017/2018 saw commencement of the Bill Hemsley Park Community Centre (BHPCC) Project.

Though the project took longer than was initially anticipated, the finished product is excellent. This is evident by the facility being in demand and being used by the community almost on a daily basis.

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

### **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 also held at the:

- Yuna Multipurpose Community Centre; and
- Bill Hemsley Park Community Centre

I believe this practice is worthy of continuing and hopefully Council will continue conduct meeting at various locations throughout the Shire to maximise attendance by Shire constituents.

### **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 Historical Society
- Australia Day Citizen of the Year Award – No nominees

I wish to congratulate all nominees and award recipients.

### **CONCLUSION**

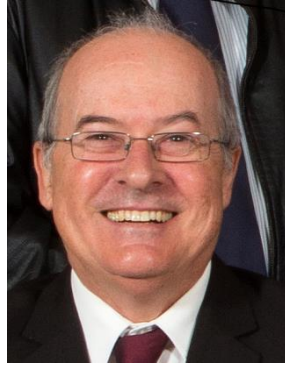
I wish to extend my appreciation to those members of the community who have co-operated with Council in the areas of supplying road building material, water, land resumption, contribution toward works, volunteer labour for community projects etc., as such co-operation is invaluable for Council to maintain and upgrade infrastructure to a more desirable standard, specifically for the ever increasing heavy haulage traffic we have on our roads today.

Finally, I wish to extend my appreciation to all Elected Members and Staff for their continued commitment to working for the Shire to help our community grow and prosper.



Anthony Farrell  
**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 2017/2018 financial year.

## ROAD WORKS

Council continues to have an extensive road works program each year with works carried out on various roads including the following major construction works during 2017/2018:

- Valentine Road – Seal Extension & Gravel Sheeting;
- Dartmoor Road – Seal Extension;
- Chapman Valley Road – Shoulder Reconstruction, Drainage Upgrade & Reseal
- East Nabawa Road Seal Extension;
- Hickety Road – Gravel Sheeting;
- Murphy Norris Road – Gravel Sheeting;
- Nabawa Yetna Road – Gravel Sheeting
- Bill Hemsley Park Community Centre – Access Road and Carpark Construction & Seal

Roadwork projects remain Council's most significant area of expenditure and allocation of Shire resources. In the 2017/2018 year Council spent a total of approximately \$3.37m 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 2017/2018 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:

- Prime Mover
- Front End Loader
- Side Tipper Trailer
- Various Light Vehicles

## 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 building/development approvals issued by the Shire in 2017/2018 are as follows:

1 July 2017 – 30 June 2018		
Type	No. Approved	Value
Dwellings	9	\$2,714,649
Dwelling (Class 1a inside Class 10a)	2	\$100,000
Outbuildings	11	\$353,254
Other Residential (patios, pools, granny flats etc.)	8	\$152,620
Industrial/Commercial	1	\$40,000
Events	4	N/A
<b>TOTAL</b>	<b>35</b>	<b>\$3,360,523</b>

## BUILDING PROGRAM

The domestic building development throughout the Shire has been on a generally downward trend with increases in single residential dwellings being constructed in the last half of the financial year, most of the development being in the western region.

Shire projects completed include:

- Bill Hemsley Park Community Centre and Playground;
  - Construction of the new brick veneer community centre incorporating 24 hour disabled access public toilets and large paved verandah under main roof;
  - Nature based playground and ball court area including; basketball backboard and half court, tennis hit-up wall and asphalt paths;
  - Large reticulated grassed area, water storage tank and pressure pump;
  - Timber framed gazebo sheltering an automatic stainless-steel gas BBQ;
  - Bitumen carpark area.
- Yuna Multi-Purpose Community Centre improvements;
  - Trimmed and removed several large trees at west end of main building;
  - Installed new play area with rubber soft fall surface on a retained fenced area;
  - Kitchen air conditioner waste water pipes upgraded to ensure drainage.
- Yuna Hall improvements;
  - Replaced collapsed stage ceiling after storm damage;
  - Installed 2/ door glass front fridge relocated from Nabawa Community Centre & disposed of existing faulty unit.
- Yuna Library improvements;
  - Air conditioner services and minor maintenance.
- Lot 102 (old Lot 23) Yuna house;
  - Air conditioner services and minor maintenance.
- Naraling Hall improvements;
  - Care & maintenance only, ongoing Exterra termite system.
- Coronation Beach improvements;
  - Remove corroded & over grown wire fencing;
  - Replaced damage wire fencing in critical areas only;
  - Installed additional treated pine posts along access roads / tracks & around camp areas to reduce vehicle access & ensure easier maintenance of overgrown grass & shrubs;
  - Slashed & mowed grass & shrubs throughout camp & parking areas to reduce fuel loads & reclaim tracks & roads;
  - Increase the size of northern most camp area, fenced perimeter & gravelled base;
  - Treated all timber structures with linseed oil & turps mix to enhance longevity.

- Nabawa Shire Office alterations and extensions including construction of brick veneer;
  - New disabled access unisex toilets and shower being public accessible;
  - New kitchen and staff lunch room;
  - Installed new 2/ door glass front fridge in kitchen;
  - Renovated male and female toilets;
  - Enclosed rear verandah area for records storage and staff access;
  - Installed new concrete component septic waste disposal system consisting of 2/ septic tanks & 2/ 9m jumbo concrete leach drains following the removal of the existing brick construction leach drains;
  - New jarrah and glass display cabinet on front verandah.
- Nabawa Community Centre improvements;
  - Replaced faulty emergency exit sign;
  - Concentrated deep clean of whole facility including; floor cleaning & polishing, main hall ceiling clean & cobweb removal;
  - Cleared kitchen sink blockages & septic tank;
  - Replaced thermostat & serviced existing electric oven
  - Installed 2/ door glass front fridge in kitchen, relocated from Nabawa Shire Office.
- Nabawa Stadium improvements;
  - Stadium Kitchen works include; installation of rubber seals on servery roller shutters, sealed gaps to reduce vermin access, serviced commercial gas oven, serviced 315L electric HWS & replaced anodes, installed new 2/ door glass front fridge in kitchen & relocated existing old fridge to Nanson Showground Dining Hall, installed emergency exit sign, upgraded electrical GPO's & named all neutrals;
  - Repaired roof leaks, damaged wall sheets, repaired & replaced damaged flashings on vertical corners of walls, repaired concrete floor of main basketball stadium;
  - Replaced key operated roller shutter controller & barrel on external balcony entrance;
  - Concentrated deep clean of whole facility including; floor cleaning, ceiling clean & cobweb removal, scrubbed external balcony;
  - Repaired & repainted training room ceiling
- Nabawa Tennis Club;
  - Removed existing tennis court fence & replaced with new braced steel post & cyclone wire mesh fence around perimeter of 4/ tennis courts;
  - Installed several new gates;
  - Removed old & worn synthetic turf court surface from 2/ eastern courts, await replacement;
  - Repaired all tennis court flood lights that were damaged by Corella attack.
- Nabawa Men's Shed;
  - Installed new 10,000 litre poly rain water tank to east side & a second hand tank on the west side of 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;

## **REGIONAL COOPERATION**

The Shire continued to provide a regular town planning service to several Mid West local government authorities during the 2017/2018 year.

Council uses the services of the Environmental Health Officer from the Shire of Northampton as required, and 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.

Emergency Management continues to be dealt on a regional basis with the Shire of Chapman Valley participating in the Batavia Local Emergency Management Committee with the City of Greater Geraldton and the Shire of Northampton.

In 2017/2018 the Shire continued to work with the Shire of Northampton to develop a regional high speed fixed wireless internet service for the agricultural areas of our districts. This project has come to fruition with the preferred internet service provider (Logic IT) being recently awarded State Government funding to establish this service as part of the Digital Farming Grant Program.

## **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 full review of its 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 at the 30<sup>th</sup> June:



# INTEGRATED STRATEGIC PLANNING – PROGRESS REPORT

2017-2018 ANNUAL REPORT Page 24

Shire of Chapman Valley Corporate Business Plan & Progress Report - Council Endorsed February 2018 (Minute Reference:02/18-5)								
Our Vision: "We are a thriving community making the most of our coastline, ranges and rural settings to <u>support</u> us to <u>grow</u> and <u>prosper</u> ."								
Strategic Community Plan (SCP)				Corporate Business Plan Actions Timeline				
SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed/Status	Short-Term June 2019	Medium-Term June 2021	Long-Term 2021 and beyond	No Timeline (Ongoing)
<b>1 Community and Lifestyle</b>								
1.1	Nurture the sense of community	Development of plans relevant to population needs	Review existing plans and develop new plans as required		CDO to review all existing community plans, strategies, policies, procedures, etc., to determine gaps.			
		Determine a whole of Shire community integration approach	Advocate a sense of community when opportunity arises.					Continue to promote a <i>sense of community</i> at every opportunity.
1.2	Strengthen our advocacy role and regional partnerships to support the provision of local services and facilities	Maintain close relationships with neighbouring shires and regional bodies	Participate in and advocate for regional resource sharing and cross-boundary cooperation.	Negotiations have been undertaken & affected community members encouraged to participate in lobbying MRWA, MWDC & local parliamentarians on this matter.	Promote the most appropriate and beneficial Dongara to Northampton Transport Corridor for social, economical, cultural & heritage benefit of the Shire, regional, State & Nation.	Consider regional resource sharing opportunities when undertaking a Service Delivery Review.		Continue to explore and participate in regional resources sharing where this is of benefit to the Shire & community
		Be present in conversations and gatherings related to the provision of essential and desired services for Chapman Valley residents and visitors	Participate in and advocate for regional resource sharing and cross-boundary cooperation.	Regional approach successful with High Speed Fixed Wireless Project (i.e. Shires of CV & NR).				
1.3	Maintain and enhance safety and security for the community	Review safe roads and infrastructure	Continue annual review of Road Hierarchy, Road Works Program, Plant Replacement Program	Full Policy Review undertaken along with specific review of Road Hierarchy Procedure.				Annual Review of RW Program, Road Hierarchy & Plant Replacement Program
		Enhance community and property security	Encourage improved communications and security across the Shire	Items placed in Draft 18/19 Budget for Council consideration.	Investigate funding opportunities and Shire budget for installation of CCTV systems.			Encourage State Government to police ORV use on land under State control.

Strategic Community Plan (SCP)				Corporate Business Plan Actions Timeline				
SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed/Status	Short-Term June 2019	Medium-Term June 2021	Long-Term 2021 and beyond	No Timeline (Ongoing)
<b>2 Economic Development and Business Attraction</b>								
2.1	Build population and business activity through targeted strategies	Support business development	Ensure Planning is in place to encourage business development	Community and Council representative are meeting with Staff to develop strategies and recommendations for Council consideration. Two-year time frame for this work to be completed.	Investigate usage opportunities for Yuna Memorial Hall for Council consideration.	Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.	Council to consider the possible establishment of an Economic Strategy with recommendations for business incentives.	
2.2	Provide support for business development and local employment	Research mixed land use opportunities	Investigate possible planning improvements					
		Consider business start-up incentives	Investigate possible planning improvements					
		Encourage digital network development in the Valley	Continue advocating for improvements to existing infrastructure and introduction of new infrastructure for digital communications	Application by Logic IT (Shire of CV's preferred ISP/Carrier) with State Government was successful. Internet Service now being established.	Continue to develop High Speed Fixed Wireless Internet Service or alternative technologies to improve business retention and growth to as much of the Shire as possible.			
2.3	Welcome local tourism and participation in regional strategy	Research and develop local tourism plan	Encourage Tourism Operators to establish an Alliance for them to develop and implement a Local Tourism Plan. This must be industry driven, not Shire driven.	Survey compiled and distributed by CDO & Shire Tourist Working Group seeking feedback & data to assist with report & recommendations presented to Council for consideration.	CDO to make contact with Tourism Operators within Shire to bring them together for opportunity to network, explore options to support each other and determine where shire fits in a support role. The preferred model is for the Shire to assist and support tourism in CV and for tourism to be driven by			

					businesses not the Shire.		2017-2018 ANNUAL REPORT Page 26	
		Explore support needed by local tourism industries	Encourage Tourism Operators to establish an Alliance for them to develop and implement a Local Tourism Plan. This must be industry driven, not Shire driven.	As Above	If Tourism Operators are interested in establishing an Alliance, the CDO to work with this Group to develop a Local Tourism Plan.			
2.4	Ensure town planning complements economic development activities	Town Planning Review/Initiatives	Ensure Planning is in place to encourage economic development activities			Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.		

Strategic Community Plan (SCP)				Corporate Business Plan Actions Timeline				
SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed/Status	Short-Term June 2019	Medium-Term June 2021	Long-Term 2021 and beyond	No Timeline (Ongoing)
<b>3 Environmental Protection and Sustainability</b>								
3.1	Preserve the Natural Environment and address environmental risks as they arise.	Manage the impact of waste, water, weed and vermin control on the environment	Investigate option of manning Nabawa Transfer Station.	Items placed in 18/19 Budget to consider periodical manning of Nabawa Refuse site and establishing CCTV.	Investigate the cost benefits and logistics of manning the Nabawa Transfer Station. This could form part of the Service Delivery Review project or done in isolation.			
			Investigate option of improving monitoring of Nabawa Transfer Station (e.g. cameras)		Identify key hotspot locations within the Shire and investigate funding opportunities and Shire budget for installation of CCTV systems.			
			Continue to review resource allocation to control declared weeds on Shire owned/controlled land.			Consider regional resource sharing opportunities when undertaking a Service Delivery Review.		
			Lobby responsible agencies, departments and landowners to control weeds and vermin on their properties					Encourage all landowners to control; nuisance weeds and pest on their land.
		Monitor and manage water supply and quality	Advocate with Water Corporation to continue to manage and monitor water supply and quality	Item placed in 18/19 Budget for BHP bore water supply. Grants still being investigated.	Budget consideration for installation of water to Cemetery			Ongoing dialogue with Water Corporation
		Install rainwater tanks on new and existing buildings	Encourage landowners to install rainwater tanks on new and existing buildings. Shire to lead by example by installing rainwater tanks in their					Encourage landowners to install rainwater tanks. Perhaps by a leaflet included with Building Permit returns.

			buildings.				2017-2018 ANNUAL REPORT Page 28	
3.2	Maintain the rural identity of the Shire	Develop the western peri-urban environment in context to our rural lifestyle	Ensure Planning is in place to encourage peri-urban development activities.					Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.
		Ensure recreational, tourism activities on lifestyle blocks have minimal impact on sustainable farming	Ensure Planning is in place to encourage tourism activities or lifestyle blocks are developed, whilst recognising WAPC State Planning Policies and State direction on protecting prime agricultural land.					



SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed/Status	Short-Term June 2019	Medium-Term June 2021	Long-Term 2021 and beyond	No Timeline (Ongoing)
<b>4 Physical and Digital Infrastructure</b>								
4.1	Develop, manage and maintain built infrastructure	<a href="#">Asset Management Plan</a>	Review Asset Management Plan regularly and maintain integration with other Strategic Plans within the Shire	Item placed in 18/19 Budget for review.	BS/PO to investigate new half court at Yuna Playground for budget consideration.		Full Review of Strategic Community Plan	Review Integrated Plans as required to ensure they are relevant and compliant.
				Item placed in 18/19 Budget.	BS/PO to investigate upgrade to Rockwell Bore pump for budget consideration.			
				Item removed from 18/18 Draft Budget.	BS/PO to investigate upgrade to Coronation Beach Playground for budget consideration.			
		Development Projects	Review Strategic Community Plan to identify possible development projects					Review Integrated Plans as required to ensure they are relevant and compliant.
4.2	Manage and maintain roads, drainage and other essential infrastructure	Capital Road Works Programs	Review Road Hierarchy and Ten Year Road Works Program		-			Annual Review of RW Program, Road Hierarchy & Plant Replacement Program
		Plant Replacement Programs	Review Plant Replacement Program	Item placed in 18/19 Budget.	MWS to investigate alterations to Traffic Calming infrastructure along Eliza Shaw Drive to improve safety for budget consideration.			
4.3	Aspire to robust communication and digital infrastructure in the Shire	Engage with infrastructure and service providers	Continue advocating for improvements to existing infrastructure and introduction of new infrastructure for digital communications	Item placed in 18/19 Budget.	Consider efficiency improvements as part of a Service Delivery Review			
		Lobby and advocate for the best possible services and solutions						

Strategic Community Plan (SCP)				Corporate Business Plan Actions Timeline				
SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed/Status	Short-Term June 2019	Medium-Term June 2021	Long-Term 2021 and beyond	No Timeline (Ongoing)
<b>5 Governance and Accountability</b>								
5.1	Ensure governance and administration systems, policies and processes are current and relevant	Review policy categories and set ongoing accountability for review processes	Review current Council and Management policies and formalise update process and timelines	Full Review completed in July 2018.	Complete current review of Council Policies and Procedures to ensure compliance and relevance.			
5.2	Be accountable and transparent in managing resources	<a href="#">Asset Management</a>	Review Asset Management Plan regularly and maintain integration with other Strategic Plans within the Shire	Master Plan being progressed with reserve users, Councillors & staff.	Establish a Master Plan for the CV Showgrounds Reserve & commence implementation of items in the Plan.	Continue implementation of CV Showgrounds Master Plan	Continue implementation of CV Showgrounds Master Plan	Review Integrated Plans as required to ensure they are relevant and compliant.
				Item placed in the 18/19 Budget for supply of bore water to BHP precinct. Grant funds still being investigated.	Continue implementation of Bill Hemsley Park Concept Plan	Continue implementation of Bill Hemsley Park Concept Plan	Continue implementation of Bill Hemsley Park Concept Plan	
							Establish CEO's Residence in Western Regions of Shire	
		<a href="#">Long Term Financial Management</a>	Review Long Term Financial Plan regularly and maintain integration with other Strategic Plans within the Shire				Full Review of Strategic Community Plan	

		<a href="#">Workforce Planning</a>	Review Workforce Plan regularly and maintain integration with other Strategic Plans within the Shire				2017-2018 ANNUAL REPORT Page 31	
		Effectively Engage and communicate with the community	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Website</li> <li>Community Hub</li> <li>Facebook</li> </ul>		CDO to establish a Draft SoCV Communication Procedure for Council consideration.			Continued improvement of communication mediums between Council and the community
5.3	Make informed decisions within resources and areas of responsibility	Council and Shire process formally incorporate integrated plans as references for decision making	Reference Strategic Community Plan, Corporate Business Plan, Asset Management Plan, Long Term Financial Plan and Workforce Plan regularly as part of decision making process	Completed.	Provide a copy of CBP at each Councillors Chamber desk for ongoing reference.			Ongoing reference to IPR as part of decision making process.
		Regular and relevant briefings to Elected Members	Continue with Staff Information Reports and Concept Forum Sessions with Council	Also placed in monthly Staff Report with updated status of each aspect in the CBP.	List for discussion with Councillors & Senior Staff options for to improve communication.			Ongoing process of Councillor Briefing with improvements introduces as required.
5.4	Ensure robust process for economic and infrastructure development	Town Planning Review/Initiatives	Ensure Planning is in place to encourage economic development activities			Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.		

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	
<b>Buildings</b>			
No Changes			
<b>Infrastructure</b>			
No Changes			
<b>Operating</b>			
No Changes			

### 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 more than \$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
160,000 to 170,000	1
110,000 to 120,000	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 more than \$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 2017/18.

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:**

	<b>Number of strategies planned of 2017/2018</b> (Strategies planned whether implemented or not).	<b>Number of strategies completed in 2017/2018</b> (Strategies that were completed. Include on-going strategies).	<b>Number of strategies progressed through contractors in 2017/2018</b> (Strategies implemented by contractors. Not the number of contractors).
<b>Outcome 1</b>	0	0	0
<b>Outcome 2</b>	0	0	0
<b>Outcome 3</b>	0	0	0
<b>Outcome 4</b>	0	0	0
<b>Outcome 5</b>	0	0	0
<b>Outcome 6</b>	0	0	0
<b>Outcome 7</b>	0	0	0

**2. Below is a report on how we informed agents and contractors of your Disability Access and Inclusion Plan for 2017/2018**

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 2017/2018.**

- Office/Chambers renovations improved access and established disabled ablution facilities;
- 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.

Ongoing staff training, and awareness was continued in 2017/2018.

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 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.

An electronic filing system, Synergysoft Records, continues to meet the needs of the organisation and I am pleased to report administration staff receive ongoing 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:

<b>Number of complaints recorded in the register</b>	<b>How complaints were dealt with</b>	<b>Other details that the regulations require</b>
11	All dealt with and resolved internally	Nil

### **CONCLUSION**

The Shire continues to review its operations and procedures to maximise efficiencies.

The full review of the Integrated Strategic Plan resulted in significant participation from the community and has provided Council with a clear direction. I wish to thank everyone who took the time to participate in the review process.

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.

Finally, I wish to extend my sincere appreciation to John Collingwood for his excellent service as a Councillor and President over 21 years. John's dedication to the community, specifically in the position of Shire President for 17 years, was admirable.



Maurice Battilana  
**CHIEF EXECUTIVE OFFICER**

# **AUDITED FINANCIAL STATEMENTS**

## **INDEPENDENT AUDIT REPORT**

### **MANAGEMENT REPORT**



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**SHIRE OF CHAPMAN VALLEY**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2018**

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**COMMUNITY VISION**

“We are a thriving community, making the most of our coastline, ranges and rural settings to SUPPORT us to GROW and PROSPER.”

Principal place of business:  
3270 Chapman Valley Road, Nabawa

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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed on the                      26th   day of                      September   2018



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Chief Executive Officer

Maurice Battilana

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Name of Chief Executive Officer

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	20(a)	2,589,547	2,576,965	2,485,831
Operating grants, subsidies and contributions	2(a)	1,756,247	1,239,924	1,795,297
Fees and charges	2(a)	338,726	342,050	386,064
Interest earnings	2(a)	51,935	44,460	54,864
Other revenue	2(a)	12,611	12,000	15,793
		4,749,066	4,215,399	4,737,849
<b>Expenses</b>				
Employee costs		(1,661,369)	(1,966,295)	(1,492,179)
Materials and contracts		(1,506,738)	(2,276,137)	(1,125,390)
Utility charges		(57,993)	(54,058)	(52,015)
Depreciation on non-current assets	9(b)	(2,292,226)	(2,220,576)	(2,202,733)
Interest expenses	2(b)	(11,544)	(10,614)	(9,938)
Insurance expenses		(151,937)	(161,001)	(145,169)
Other expenditure		(95,539)	(123,430)	(102,437)
		(5,777,346)	(6,812,111)	(5,129,861)
		(1,028,280)	(2,596,712)	(392,012)
Non-operating grants, subsidies and contributions	2(a)	1,254,154	1,115,667	1,887,658
Profit on asset disposals	9(a)	77,062	68,131	7,596
(Loss) on asset disposals	9(a)	(72,494)	(85,158)	(15,270)
Reversal of prior year loss on revaluation of plant and equipment	7(b)	0	0	56,112
<b>Net result</b>		<b>230,442</b>	<b>(1,498,072)</b>	<b>1,544,084</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	25,683,380	0	(353,706)
<b>Total other comprehensive income</b>		<b>25,683,380</b>	<b>0</b>	<b>(353,706)</b>
<b>Total comprehensive income</b>		<b>25,913,822</b>	<b>(1,498,072)</b>	<b>1,190,378</b>

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

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

2017-2018 ANNUAL REPORT Page 40

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		21,542	1,200	18,600
General purpose funding		3,394,156	3,028,243	3,835,338
Law, order, public safety		178,712	31,000	36,786
Health		5,728	6,799	7,607
Housing		9,566	9,360	18,771
Community amenities		188,375	200,955	225,739
Recreation and culture		398,730	331,082	259,310
Transport		379,590	450,450	175,689
Economic services		23,327	25,330	39,712
Other property and services		149,340	130,980	120,298
		<b>4,749,066</b>	<b>4,215,399</b>	<b>4,737,850</b>
<b>Expenses</b>				
	2(a)			
Governance		(409,138)	(481,463)	(431,885)
General purpose funding		(45,556)	(118,159)	(102,832)
Law, order, public safety		(238,226)	(199,810)	(194,740)
Health		(14,256)	(15,841)	(12,598)
Education and welfare		0	(2,000)	(520)
Housing		(2,785)	(8,763)	(11,563)
Community amenities		(614,888)	(777,930)	(648,217)
Recreation and culture		(670,846)	(839,829)	(626,848)
Transport		(3,379,955)	(3,884,787)	(2,626,011)
Economic services		(281,777)	(311,521)	(355,541)
Other property and services		(108,375)	(161,394)	(109,169)
		<b>(5,765,802)</b>	<b>(6,801,497)</b>	<b>(5,119,924)</b>
<b>Finance Costs</b>				
	2(a)			
General purpose funding		0	(500)	0
Recreation and culture		(7,936)	(6,751)	(4,423)
Transport		(3,608)	(3,363)	(5,515)
		<b>(11,544)</b>	<b>(10,614)</b>	<b>(9,938)</b>
		<b>(1,028,280)</b>	<b>(2,596,712)</b>	<b>(392,012)</b>
Non-operating grants, subsidies and contributions	2(a)	1,254,154	1,115,667	1,887,658
Profit on disposal of assets	9(a)	77,062	68,131	7,596
(Loss) on disposal of assets	9(a)	(72,494)	(85,158)	(15,270)
Reversal of prior year loss on revaluation of plant and equipment	7(b)	0	0	56,112
		<b>1,258,722</b>	<b>1,098,640</b>	<b>1,936,096</b>
<b>Net result</b>		<b>230,442</b>	<b>(1,498,072)</b>	<b>1,544,084</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	25,683,380	0	(353,706)
<b>Total other comprehensive income</b>		<b>25,683,380</b>	<b>0</b>	<b>(353,706)</b>
<b>Total comprehensive income</b>		<b>25,913,822</b>	<b>(1,498,072)</b>	<b>1,190,378</b>

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

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

2017-2018 ANNUAL REPORT Page 41

	NOTE	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,079,796	3,002,748
Trade and other receivables	5	178,397	160,018
Inventories	6	1,912	1,330
<b>TOTAL CURRENT ASSETS</b>		<b>2,260,105</b>	<b>3,164,096</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	5,678	6,669
Property, plant and equipment	7	18,939,257	18,345,574
Infrastructure	8	128,732,001	102,703,544
<b>TOTAL NON-CURRENT ASSETS</b>		<b>147,676,936</b>	<b>121,055,787</b>
<b>TOTAL ASSETS</b>		<b>149,937,041</b>	<b>124,219,883</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	105,313	194,204
Current portion of long term borrowings	12(a)	99,136	95,983
Provisions	13	314,497	333,262
<b>TOTAL CURRENT LIABILITIES</b>		<b>518,946</b>	<b>623,449</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	12(a)	156,747	255,883
Provisions	13	60,039	53,064
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>216,786</b>	<b>308,947</b>
<b>TOTAL LIABILITIES</b>		<b>735,732</b>	<b>932,396</b>
<b>NET ASSETS</b>		<b>149,201,309</b>	<b>123,287,487</b>
<b>EQUITY</b>			
Retained surplus		30,999,837	30,277,435
Reserves - cash backed	4	786,850	1,278,810
Revaluation surplus	10	117,414,622	91,731,242
<b>TOTAL EQUITY</b>		<b>149,201,309</b>	<b>123,287,487</b>

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

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

2017-2018 ANNUAL REPORT Page 42

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>		<b>28,790,005</b>	<b>1,179,068</b>	<b>92,128,036</b>	<b>122,097,109</b>
Comprehensive income					
Net result		1,544,084	0	0	1,544,084
Correction to prior year		43,088		(43,088)	0
Changes on revaluation of assets	10	0	0	(353,706)	(353,706)
Total comprehensive income		1,587,172	0	(396,794)	1,190,378
Transfers from/(to) reserves		(99,742)	99,742	0	0
<b>Balance as at 30 June 2017</b>		<b>30,277,435</b>	<b>1,278,810</b>	<b>91,731,242</b>	<b>123,287,487</b>
Comprehensive income					
Net result		230,442	0	0	230,442
Changes on revaluation of assets	10	0	0	25,683,380	25,683,380
Total comprehensive income		230,442	0	25,683,380	25,913,822
Transfers from/(to) reserves		491,960	(491,960)	0	0
<b>Balance as at 30 June 2018</b>		<b>30,999,837</b>	<b>786,850</b>	<b>117,414,622</b>	<b>149,201,309</b>

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

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

2017-2018 ANNUAL REPORT Page 43

	NOTE	2018 Actual	2018 Budget	2017 Actual
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		\$	\$	\$
<b>Receipts</b>				
Rates		2,607,117	2,606,715	2,471,623
Operating grants, subsidies and contributions		1,720,236	1,239,924	1,787,703
Fees and charges		338,726	386,308	386,065
Interest earnings		51,935	44,460	54,864
Goods and services tax		0	867	0
Other revenue		12,611	12,000	15,793
		4,730,625	4,290,274	4,716,048
<b>Payments</b>				
Employee costs		(1,693,798)	(1,966,295)	(1,445,515)
Materials and contracts		(1,574,815)	(2,203,530)	(1,358,546)
Utility charges		(57,993)	(54,058)	(52,015)
Interest expenses		(12,301)	(10,596)	(8,839)
Insurance expenses		(150,884)	(161,001)	(145,771)
Goods and services tax		0	0	66,287
Other expenditure		(95,539)	(123,430)	(102,439)
		(3,585,330)	(4,518,910)	(3,046,838)
<b>Net cash provided by (used in) operating activities</b>	14	1,145,295	(228,636)	1,669,210
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,741,950)	(1,585,246)	(931,030)
Payments for construction of infrastructure		(1,658,941)	(1,435,932)	(2,533,019)
Non-operating grants, subsidies and contributions		1,254,154	1,115,667	1,887,658
Proceeds from sale of fixed assets		174,473	184,655	68,318
<b>Net cash provided by (used in) investment activities</b>		(1,972,264)	(1,720,856)	(1,508,073)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings		(95,983)	(95,983)	(55,990)
Proceeds from new long term borrowings		0	0	200,000
<b>Net cash provided by (used in) financing activities</b>		(95,983)	(95,983)	144,010
<b>Net increase (decrease) in cash held</b>		(922,952)	(2,045,475)	305,147
Cash at beginning of year		3,002,748	3,002,748	2,697,602
<b>Cash and cash equivalents at the end of the year</b>	14	2,079,796	957,273	3,002,748

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

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

2017-2018 ANNUAL REPORT Page 44

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>		1,691,081	1,550,929	1,316,099
		1,691,081	1,550,929	1,316,099
<b>Revenue from operating activities (excluding rates)</b>				
Governance		21,542	1,200	18,600
General purpose funding		802,158	451,278	1,355,790
Law, order, public safety		178,712	31,000	36,786
Health		5,728	6,799	7,607
Housing		9,566	9,360	18,771
Community amenities		188,375	200,955	225,739
Recreation and culture		398,730	331,082	259,310
Transport		456,652	518,581	183,285
Economic services		23,327	25,330	39,712
Other property and services		149,340	130,980	120,298
		2,234,130	1,706,565	2,265,898
<b>Expenditure from operating activities</b>				
Governance		(409,138)	(481,463)	(431,885)
General purpose funding		(45,556)	(118,659)	(102,832)
Law, order, public safety		(292,772)	(199,810)	(194,740)
Health		(14,256)	(15,841)	(12,598)
Education and welfare		0	(2,000)	(520)
Housing		(3,130)	(91,804)	(11,563)
Community amenities		(614,888)	(777,930)	(648,794)
Recreation and culture		(686,552)	(846,580)	(631,271)
Transport		(3,393,396)	(3,890,267)	(2,646,219)
Economic services		(281,777)	(311,521)	(355,541)
Other property and services		(108,375)	(161,394)	(109,169)
		(5,849,840)	(6,897,269)	(5,145,132)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	9(a)	(77,062)	(68,131)	(7,596)
Loss on disposal of assets	9(a)	72,494	85,158	15,270
Movement in deferred pensioner rates (non-current)		991	0	1,469
Movement in employee benefit provisions (non-current)		(11,790)	0	26,600
Depreciation and amortisation on assets	9(b)	2,292,226	2,220,576	2,202,733
<b>Amount attributable to operating activities</b>		352,230	(1,402,172)	675,342
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,254,154	1,115,667	1,887,658
Proceeds from disposal of assets	9(a)	174,473	184,655	68,318
Purchase of property, plant and equipment	7(b)	(1,741,950)	(1,585,246)	(931,032)
Purchase and construction of infrastructure	8(b)	(1,658,941)	(1,435,932)	(2,533,019)
<b>Amount attributable to investing activities</b>		(1,972,264)	(1,720,856)	(1,508,075)
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	12(a)	(95,983)	(95,983)	(55,991)
Proceeds from new long term borrowings	12(b)	0	0	200,000
Transfers to reserves (restricted assets)	4	(301,608)	(192,715)	(442,683)
Transfers from reserves (restricted assets)	4	793,568	834,762	342,941
<b>Amount attributable to financing activities</b>		395,977	546,064	44,267
<b>Surplus(deficiency) before general rates</b>		(1,224,057)	(2,576,965)	(788,466)
<b>Total amount raised from general rates</b>	20	2,591,998	2,576,965	2,479,548
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	21	<b>1,367,942</b>	<b>0</b>	<b>1,691,081</b>

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



## 1. BASIS OF PREPARATION

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

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

## 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 City 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 23 to these financial statements.

## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Other revenue

Other

#### Fees and Charges

General purpose funding

Law, order, public safety

Health

Housing

Community amenities

Recreation and culture

Transport

Economic services

Other property and services

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Other	12,611	12,000	15,793
	12,611	12,000	15,793
General purpose funding	8,272	16,891	9,521
Law, order, public safety	12,647	10,050	13,467
Health	5,728	6,799	7,607
Housing	9,566	9,360	18,771
Community amenities	181,892	174,195	192,593
Recreation and culture	97,490	86,425	93,296
Transport	0	0	3,772
Economic services	14,736	18,330	27,807
Other property and services	8,395	20,000	19,230
	338,726	342,050	386,064

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

## 2. REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

#### Grant Revenue

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

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
Governance	21,518	17,745	18,488
General purpose funding	879,888	416,112	1,285,122
Law, order, public safety	30,578	24,950	23,319
Community amenities	6,483	9,760	33,146
Recreation and culture	301,240	247,291	166,014
Transport	375,594	375,595	166,777
Economic services	0	0	1,364
Other property and services	140,946	110,980	101,067
	1,756,247	1,202,433	1,795,297
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	135,487	0	0
Recreation and culture	0	0	47,727
Transport	1,118,667	1,118,667	1,839,931
	1,254,154	1,118,667	1,887,658
<b>Total grants, subsidies and contributions</b>	<b>3,010,401</b>	<b>2,321,100</b>	<b>3,682,955</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, Donations and Other Contributions

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

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

##### Grants, Donations and Other Contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 19. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

#### Interest earnings

- Loans receivable - clubs/institutions
  - Reserve funds
  - Other funds
- Other interest revenue (refer note 20(c))

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
	6,836	4,860	7,768
	20,202	21,600	24,405
	24,897	18,000	22,691
	51,935	44,460	54,864

## 2. REVENUE AND EXPENSES (Continued)

### (b) Expenses

#### Auditors remuneration

- Audit of the Annual Financial Report

#### Interest expenses (finance costs)

Long term borrowings (refer Note 12(a))

2018	2017
\$	\$
22,773	26,864
22,773	26,864
11,544	9,938
11,544	9,938

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		1,292,946	1,723,938
Restricted		786,850	1,278,810
		2,079,796	3,002,748
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	4	115,054	114,448
Building Reserve	4	181,902	517,276
Water Strategy Reserve	4	14,164	14,089
Computer and Office Equipment Reserve	4	39,537	39,329
Legal Reserve	4	39,807	39,598
Unspent Grants and Loans Reserve	4	13,617	7,602
Land Development Reserve	4	51,803	62,599
Roadworks Reserve	4	101,621	101,085
Landcare Reserve	4	15,766	15,683
Plant/ Light Vehicle Reserve	4	213,579	367,101
		786,850	1,278,810

#### SIGNIFICANT ACCOUNTING POLICIES

##### Cash and cash equivalents

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

##### Cash and cash equivalents (Continued)

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

#### 4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	114,448	606	0	115,054	114,448	600	(47,642)	67,406	93,784	20,664	0	114,448
Building Reserve	517,276	72,559	(407,933)	181,902	517,276	69,655	(382,200)	204,731	527,030	3,660	(13,414)	517,276
Water Strategy Reserve	14,089	75	0	14,164	14,089	120	0	14,209	13,992	97	0	14,089
Computer and Office Equipment Reserve	39,329	208	0	39,537	39,329	120	0	39,449	19,195	20,134	0	39,329
Legal Reserve	39,598	209	0	39,807	39,598	240	0	39,838	39,325	273	0	39,598
Unspent Grants and Loans Reserve	7,602	13,617	(7,602)	13,617	7,601	0	(7,600)	1	134,864	8,276	(135,538)	7,602
Land Development Reserve	62,599	317	(11,113)	51,803	62,600	360	(15,400)	47,560	62,167	432	0	62,599
Roadworks Reserve	101,085	536	0	101,621	101,085	0	0	101,085	1,060	100,025	0	101,085
Landcare Reserve	15,683	83	0	15,766	15,683	120	(15,000)	803	25,557	126	(10,000)	15,683
Plant/ Light Vehicle Reserve	367,101	213,398	(366,920)	213,579	367,101	121,500	(366,920)	121,681	262,094	288,996	(183,989)	367,101
	1,278,810	301,608	(793,568)	786,850	1,278,810	192,715	(834,762)	636,763	1,179,068	442,683	(342,941)	1,278,810

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

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

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

## 5. TRADE AND OTHER RECEIVABLES

### Current

Rates outstanding
Sundry debtors
Sundry Debtors Rates Legal Fees
Prepaid Expenses
ESL

### Non-current

Rates outstanding - pensioners
--------------------------------

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

### Rates outstanding

Includes:

Past due and not impaired
---------------------------

### Sundry debtors

Includes:

up to one month
1-3 months
3 months to one year

2018	2017
\$	\$
98,267	114,109
76,827	39,640
76	1,252
0	1,053
3,227	3,964
178,397	160,018
5,678	6,669
5,678	6,669
98,267	114,109
69,427	36,292
543	
6,857	3,348
76,827	39,640

## SIGNIFICANT ACCOUNTING POLICIES

### Trade and other receivables

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

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

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

### Classification and subsequent measurement

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

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

## 6. INVENTORIES

### Current

Stock on Hand

2018	2017
\$	\$
1,912	1,330
1,912	1,330

### SIGNIFICANT ACCOUNTING POLICIES

#### General

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

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



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

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	2,357,113	2,358,000
	2,357,113	2,358,000
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	1,045,000	1,045,000
- Management valuation 2017 - level 3	286,000	286,000
	1,331,000	1,331,000
Total land	3,688,113	3,689,000
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	112,230	120,000
Less: accumulated depreciation	(1,540)	0
	110,690	120,000
Buildings - specialised at:		
- Independent valuation 2017 - level 3	10,483,596	10,483,596
- Management valuation 2017 - level 3	290,825	320,191
- Additions after valuation - cost	937,360	80,612
Less: accumulated depreciation	(209,543)	0
	11,502,238	10,884,399
Total buildings	11,612,928	11,004,399
Total land and buildings	15,301,041	14,693,399
Furniture and equipment at:		
- Independent valuation 2017 - level 3	158,375	158,375
- Independent valuation 2016 - level 2	29,920	29,920
- Management valuation 2016 - level 2	36,854	36,854
- Additions after valuation - cost	35,850	6,601
Less: accumulated depreciation	(65,582)	(32,826)
	195,417	198,924
Plant and equipment at:		
- Independent valuation 2016 - level 2	2,557,687	2,557,688
- Management valuation 2016 - level 2	556,508	813,607
- Additions at after valuation - cost	1,401,562	623,790
Less: accumulated depreciation	(1,154,329)	(644,254)
	3,361,428	3,350,831
Tools and Equipment at:		
- Independent valuation 2016 - level 2	53,599	53,599
- Management valuation 2016 - level 2	47,292	47,750
- Additions at after valuation - cost	34,746	23,615
Less: accumulated depreciation	(54,266)	(22,544)
	81,371	102,420
<b>Total property, plant and equipment</b>	<b>18,939,257</b>	<b>18,345,574</b>

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

### (b) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Tools and Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	2,691,000	1,283,381	3,974,381	193,600	7,446,364	7,639,964	11,614,345	158,123	3,468,746	102,219	15,343,433
Additions	1	0	1	0	277,024	277,024	277,025	6,601	623,789	23,615	931,030
(Disposals)	0	0	0	0	(577)	(577)	(577)	0	(74,957)	(458)	(75,992)
Revaluation increments/ (decrements) transferred to revaluation surplus	(333,001)	47,619	(285,382)	(70,400)	(16,524)	(86,924)	(372,306)	18,600	0	0	(353,706)
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	0	0	0	0	56,112	0	0	56,112
Depreciation (expense)	0	0	0	(3,200)	(180,795)	(183,995)	(183,995)	(40,512)	(662,197)	(22,956)	(909,660)
Transfers	0	0	0	0	3,358,907	3,358,907	3,358,907	0	(4,550)	0	3,354,357
<b>Carrying amount at 30 June 2017</b>	2,358,000	1,331,000	3,689,000	120,000	10,884,399	11,004,399	14,693,399	198,924	3,350,831	102,420	18,345,574
Additions	11,113	0	11,113	0	914,748	914,748	925,861	29,249	777,772	9,068	1,741,950
(Disposals)	(12,000)	0	(12,000)	(7,770)	(58,000)	(65,770)	(77,770)	0	(92,135)	0	(169,905)
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	0	(29,366)	(29,366)	(29,366)	0	0	0	(29,366)
Depreciation (expense)	0	0	0	(1,540)	(209,543)	(211,083)	(211,083)	(32,756)	(675,040)	(30,117)	(948,996)
<b>Carrying amount at 30 June 2018</b>	2,357,113	1,331,000	3,688,113	110,690	11,502,238	11,612,928	15,301,041	195,417	3,361,428	81,371	18,939,257

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

### (c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2017	Price per 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 2017	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Residual value, useful life, pattern of consumption and asset condition in relation to level of remaining service potential of the depreciable amount, valuers
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Residual values and remaining useful life assessments.
<b>Plant and equipment</b>					
- 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.
<b>Tools and Equipment</b>	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.

## 8 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Road Surface & Pavement		
- Management valuation 2018 - level 3	119,634,632	0
- Management valuation 2015 - level 3	0	100,886,441
- Additions at after valuation - cost	0	4,370,576
Less: accumulated depreciation	0	(2,553,472)
	119,634,632	102,703,545
Infrastructure - Drainage		
- Management valuation 2018 - level 3	8,723,077	0
- Management valuation 2015 - level 3	0	0
- Additions at after valuation - cost	0	0
Less: accumulated depreciation	0	0
	8,723,077	0
Infrastructure - Footpath		
- Management valuation 2018 - level 3	173,463	0
- Management valuation 2015 - level 3	0	0
Less: accumulated depreciation	0	0
	173,463	0
Infrastructure - Carpark		
- Management valuation 2018 - level 3	200,829	0
- Additions at after valuation - cost	0	0
	200,829	0
** Infrastructure - Parks and Ovals		
- Management valuation 2015 - level 3	0	1,632,076
- Additions at after valuation - cost	0	5,279
- Reclassified assets at July 2016	0	(1,637,355)
Less: accumulated depreciation	0	0
	0	0
** Infrastructure - Other		
- Management valuation 2015 - level 3	0	1,771,127
- Additions at after valuation - cost	0	14,370
- Reclassified assets at July 2016	0	(1,785,497)
Less: accumulated depreciation	0	0
	0	0
<b>Total infrastructure</b>	<b>128,732,001</b>	<b>102,703,544</b>

\*\* 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.

## 8. INFRASTRUCTURE (Continued)

### (b) Movements in Carrying Amounts

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

	Infrastructure - Road Surface & Pavement	Infrastructure - Drainage	Infrastructure - Footpath	Infrastructure - Carpark	Infrastructure - Parks and Ovals	Infrastructure - Other	Total Infrastructure
	\$				\$	\$	\$
Balance at 1 July 2016	101,463,599	0	0	0	1,594,990	1,759,367	104,817,956
Additions	2,533,019	0	0	0	0	0	2,533,019
Depreciation (expense)	(1,293,073)	0	0	0	0	0	(1,293,073)
Transfers	0	0	0	0	(1,594,990)	(1,759,367)	(3,354,357)
Carrying amount at 30 June 2017	102,703,545	0	0	0	0	0	102,703,544
Additions	1,658,941	0	0	0	0	0	1,658,941
Revaluation increments/ (decrements) transferred to revaluation surplus	25,712,746	0	0	0	0	0	25,712,746
Depreciation (expense)	(1,343,230)	0	0	0	0	0	(1,343,230)
Transfers	(9,097,369)	8,723,077	173,463	200,829			0
Carrying amount at 30 June 2018	119,634,632	8,723,077	173,463	200,829	0	0	128,732,001

## 8. INFRASTRUCTURE (Continued)

### (c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Road Surface & Pavement	3	Cost approach using depreciated replacement cost	Management Value based around Independent Registered Valuer Report	June 2018	Construction costs, current conditions, residual values and remaining useful life assessments.
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Value based around Independent Registered Valuer Report	June 2018	Construction costs, current conditions, residual values and remaining useful life assessments.
Infrastructure - Footpath	3	Cost approach using depreciated replacement cost	Management Value based around Independent Registered Valuer Report	June 2018	Construction costs, current conditions, residual values and remaining useful life assessments.
Infrastructure - Carpark	3	Cost approach using depreciated replacement cost	Management Value based around Independent Registered Valuer Report	June 2018	Construction costs, current conditions, 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 to determine the fair value of infrastructure using level 3 inputs.

## 9. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement between mandatory revaluation dates

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

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under roads

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

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

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

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

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

#### Revaluation

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

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

#### Land under control

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

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

## 9. FIXED ASSETS (Continued)

### (a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
<b>Law, order, public safety</b>								
288 - Fire Tender Toyota Landcruiser	54,546	0	0	(54,546)	0	0	0	0
<b>Housing</b>								
Lot 19 Chapman Valley Road	70,000	69,655	0	(345)	152,696	69,655	0	(83,041)
<b>Recreation and culture</b>								
PO18 - Nabawa Tennis Fencing	7,770	0	0	(7,770)	0	0	0	0
<b>Transport</b>								
331 - Volvo Loader	7,938	85,000	77,062	0	23,370	90,000	66,630	0
405 - Toyota Landcruiser	4,095	1,818	0	(2,277)	3,499	5,000	1,501	0
372 - Freightliner Colombia Prime Mover	25,556	18,000	0	(7,556)	22,117	20,000	0	(2,117)
	169,905	174,473	77,062	(72,494)	201,682	184,655	68,131	(85,158)

### (b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	1,540	3,200
Buildings - specialised	209,543	180,795
Furniture and equipment	32,756	40,512
Plant and equipment	675,040	662,197
Tools and Equipment	30,117	22,956
Infrastructure - Road Surface & Pavement	1,343,230	1,293,073
	2,292,226	2,202,733



9. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

Depreciation rates

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

Buildings - non-specialised	30-50 Years
Buildings - specialised	30-50 Years
Furniture and equipment	4-10 Years
Plant and equipment	5-15 Years
Tools and equipment	5-15 Years
Sealed roads and streets	
formation	not depreciated
pavement	50 Years
seal	
- bituminous seals	20 Years
- asphalt surfaces	25 Years
Gravel Roads	
formation	not depreciated
pavement	50 Years
gravel sheet	12 Years
Formed roads	
formation	not depreciated
pavement	50 Years
Footpaths - slab	20 Years
Sewerage piping	100 Years
	75 Years
Water supply piping & drainage systems	

Depreciation (Continued)

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

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

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

10. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Correction of Prior Year Error	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Transfers	2017 Total Movement on Revaluation	2017 Correction of Prior Year Error	2017 Closing Balance
	\$	\$		\$	\$	\$	\$	\$		\$		\$
Revaluation surplus - Land and Buildings	9,986,900	0	(29,366)	(29,366)	9,957,534	7,535,062	47,619	(419,925)	2,824,144	2,451,838	0	9,986,900
Revaluation surplus -Plant and equipment	18,600	0	0	0	18,600	43,088	18,600	0	0	18,600	(43,088)	18,600
Revaluation surplus - Infrastructure - Roads	81,725,742	25,712,746	0	25,712,746	107,438,488	81,725,742	0	0	0	0	0	81,725,742
Revaluation surplus - Infrastructure Parks & Ovals	0	0	0	0	0	1,386,605	0	0	(1,386,605)	0	0	0
Revaluation surplus - Infrastructure Other	0	0	0	0	0	1,437,539	0	0	(1,437,539)	0	0	0
	91,731,242	25,712,746	(29,366)	25,683,380	117,414,622	92,128,036	66,219	(419,925)	0	2,470,438	(43,088)	91,731,242

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.

Correction due to identified asset duplication; listed in Infrastructure which moved to Land & Buildings, however also in Plant & Equipment

## 11. TRADE AND OTHER PAYABLES

### Current

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

2018	2017
\$	\$
53,078	110,523
1,825	2,582
14,546	22,837
7,048	19,396
28,816	38,866
105,313	194,204

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

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

#### Trade and other payables (Continued)

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

## 12. INFORMATION ON BORROWINGS

### (a) Repayments - Borrowings

Particulars	Principal	New	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017	Loans	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>								
Loan 89 - Upgrade Community Centre	31,822	0	8,427	8,427	23,395	23,395	5,988	2,483
Loan 98 - Bill Hemsley Park	200,000	0	37,930	37,930	162,070	162,070	1,948	1,940
<b>Transport</b>								
Loan 96 - Plant	63,951	0	31,389	31,389	32,562	32,562	2,110	2,974
Loan 97 - Plant	56,094	0	18,237	18,237	37,857	37,857	1,498	2,541
	351,866	0	95,983	95,983	255,883	255,884	11,544	9,938

All loan repayments were financed by general purpose revenue.

### Borrowings

	2018	2017
	\$	\$
Current	99,136	95,983
Non-current	156,747	255,883
	255,883	351,866

### (b) Undrawn Borrowing Facilities

#### Credit Standby Arrangements

	2018	2017
	\$	\$
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	(63)	(9,857)
<b>Total amount of credit unused</b>	259,937	250,143

#### Loan facilities

	2018	2017
	\$	\$
Loan facilities - current	99,136	95,983
Loan facilities - non-current	156,747	255,883
<b>Total facilities in use at balance date</b>	255,883	351,866

#### Unused loan facilities at balance date

	2018	2017
	\$	\$
	NIL	NIL

## SIGNIFICANT ACCOUNTING POLICIES

### Financial liabilities

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

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

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

### Borrowing costs

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

## 13. PROVISIONS

### Opening balance at 1 July 2017

Current provisions  
Non-current provisions

Additional provision

### Balance at 30 June 2018

### Comprises

Current  
Non-current

Provision for Annual Leave	Provision for Long Service Leave	Total
\$	\$	\$
166,562	166,700	333,262
0	53,064	53,064
166,562	219,764	386,326
13,735	(25,525)	(11,790)
180,297	194,239	374,536
180,297	134,200	314,497
0	60,039	60,039
180,297	194,239	374,536

Annual leave and current long service leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

### Current Provisions

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

Annual Leave	Long Service Leave	Total
\$	\$	\$
148,373	134,200	282,573
31,924	0	31,924
180,297	134,200	314,497

## SIGNIFICANT ACCOUNTING POLICIES

### Employee benefits

#### Short-term employee benefits

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

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

#### Other long-term employee benefits

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

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

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

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

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

#### Provisions

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

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

## 14. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	2,079,796	957,273	3,002,748
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	230,442	(1,498,072)	1,544,084
Non-cash flows in Net result:			
Depreciation	2,292,226	2,220,576	2,202,733
(Profit)/loss on sale of asset	(4,568)	17,027	7,674
Reversal of loss on revaluation of fixed assets	0	0	(56,112)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(17,388)	74,718	43,883
(Increase)/decrease in inventories	(582)	30	734
Increase/(decrease) in payables	(88,891)	72,752	(212,728)
Increase/(decrease) in provisions	(11,790)	0	26,600
Grants contributions for the development of assets	(1,254,154)	(1,115,667)	(1,887,658)
Net cash from operating activities	1,145,295	(228,636)	1,669,210

## 15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	1,394,645	1,153,385
Law, order, public safety	996,816	989,568
Housing	48,655	120,026
Community amenities	164,534	168,817
Recreation and culture	9,000,801	8,537,335
Transport	104,470,602	78,613,273
Economic services	90,584	110,564
Other property and services	3,478,690	3,379,503
Unallocated	30,291,714	31,147,412
	149,937,041	124,219,883

## 17. CONTINGENT LIABILITIES

There are no known contingent liabilities.

## 17. CAPITAL COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	2018	2017
	\$	\$
- capital expenditure projects	34,267	388,623
- plant & equipment purchases	0	0
- not later than one year	34,267	388,623

The capital expenditure project outstanding at the end of the current reporting period represents the modifications to the administration building office renovations



## 18. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Meeting Fees	72,246	75,280	71,735
President's allowance	9,926	10,000	10,000
Deputy President's allowance	2,500	2,500	2,500
Travelling expenses	384	400	380
Telecommunications allowance	3,839	4,000	3,813
	88,895	92,180	88,428

### Key Management Personnel (KMP) Compensation Disclosure

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

	2018	2017
	\$	\$
Short-term employee benefits	624,526	616,651
Post-employment benefits	74,864	71,351
Other long-term benefits	14,449	13,828
	713,839	701,830

#### Short-term employee benefits

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

#### Post-employment benefits

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

#### Other long-term benefits

These amounts represent long service benefits accruing during the year.

### Transactions with related parties

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

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

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Purchase of goods and services	20,087	38,669

### 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.

## 19. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/16	Received <sup>(2)</sup> 2016/17	Expended <sup>(3)</sup> 2016/17	Closing Balance <sup>(1)</sup> 30/06/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
Western Power funding Water Tank Nabawa Fire Shed/Assoc Volunteer Bush Fire Brigade of WA Inc	0	0	0	0	2,695	0	2,695
<b>Community amenities</b>							
Nabawa Townsite Revitalisation Plan	2,414	0	(2,414)	0	0	0	0
Cloud Chasing	2,147	0	(2,147)	0	0	0	0
Coastal Planning Project	25,000	0	(25,000)	0	0	0	0
Coastal Planning Project	25,000	0	(25,000)	0	0	0	0
Govt and Communities	0	0	0	0	1,000	(1,000)	0
<b>Recreation and culture</b>							
MWDC Fit Out BHP/Midwest Development Commission	0	0	0	0	42,000	(42,000)	0
BHP Mural Wall / Community Arts Network	0	0	0	0	14,550	(3,628)	10,922
BHP Precinct /Stronger Communities Program	0	0	0	0	13,636	(13,636)	0
CV Tennis Club re-fencing/Community Chest Fund MWDC	0	0	0	0	18,730	(18,730)	0
<b>Transport</b>							
East Nabawa Road	80,303	0	(80,303)	0	0	0	0
<b>Total</b>	134,864	0	(134,864)	0	92,611	(78,994)	13,617

**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.

## 20. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	2018 Total Revenue \$	2017 Total Revenue \$	Budget Rate Revenue \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>										
<b>Gross rental valuations</b>										
GRV	0.0743	290	5,656,177	420,254	9,296	978	430,528	389,038	420,254	420,254
<b>Unimproved valuations</b>										
UV Rural	0.0106	407	176,672,520	1,869,019	4,576	349	1,873,944	1,796,028	1,869,019	1,869,019
UV Oakajee Industrial Estate Buffer Zone	0.0207	2	8,925,000	184,792	(166)	0	184,626	177,652	184,792	184,792
<b>Sub-Total</b>		699	191,253,697	2,474,065	13,706	1,327	2,489,098	2,362,718	2,474,065	2,474,065
<b>Minimum payment</b>										
<b>Gross rental valuations</b>										
GRV	560	175	945,476	98,000	0	0	98,000	110,880	98,000	98,000
<b>Unimproved valuations</b>										
UV Rural	350	14	73,372	4,900	0	0	4,900	5,950	4,900	4,900
UV Oakajee Industrial Estate Buffer Zone	350	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>		189	1,018,848	102,900	0	0	102,900	116,830	102,900	102,900
		888	192,272,545	2,576,965	13,706	1,327	2,591,998	2,479,548	2,576,965	2,576,965
<b>Total amount raised from general rate</b>							2,591,998			2,576,965
Movement in Excess Rates							(2,451)			0
<b>Totals</b>							2,589,547			2,576,965

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

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

## 20 RATING INFORMATION (Continued)

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

#### Rates Discounts

##### Rate or Fee

Discount Granted	Discount	Discount	2018 Actual	2018 Budget	2017 Actual	Circumstances in which Discount is Granted
	%	\$	\$	\$	\$	
Rates	100.00%	0	350	0		0 Council has granted a waiver of rates to the Yuna CWA for the 2017/2018 rating year on the basis it is a non-profit community organisation.
Administration Charge on Instalments	100.00%	0	207	0		0 Council has granted a waiver of instalment charges for any pensioner wishing to take advantage of making payment of current rates by instalment.
			557	0	0	

#### Waivers or Concessions

##### Rate or Fee and Charge to which the Waiver or

Concession is Granted	Type	Discount	Discount	2018 Actual	2018 Budget	2017 Actual
		%	\$	\$	\$	\$
Pool Inspections & Water Testing Charges		100.00%	0	122	0	0
Venue Hire Recreation Facilities		100.00%	0	480	0	0
				602	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
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 P&C's	Council will grant a waiver to Yuna Primary School and Nabawa Primary School Parents and Citizens Association 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.

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

20 RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	8/09/2017	0	0.00%	11.00%
<b>Option Two</b>				
First instalment	8/09/2017	0	0.00%	11.00%
Second instalment	7/11/2017	9	5.50%	11.00%
<b>Option Three</b>				
First instalment	8/09/2017	0	0.00%	11.00%
Second instalment	7/11/2017	9	5.50%	11.00%
Third instalment	8/01/2018	9	5.50%	11.00%
Fourth instalment	9/03/2018	9	5.50%	11.00%

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Interest on unpaid rates	17,721	10,900	15,244
Interest on instalment plan	7,176	7,100	7,447
	24,897	18,000	22,691

## 21. NET CURRENT ASSETS

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

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 17 brought forward</b>	1,367,942	1,691,081	1,691,081
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	1,292,946	1,723,938	1,723,938
Restricted	786,850	1,278,810	1,278,810
Receivables			
Rates outstanding	98,267	114,109	114,109
Sundry debtors	76,827	39,640	39,640
Sundry Debtors Rates Legal Fees	76	1,252	1,252
Prepaid Expenses	0	1,053	1,053
ESL	3,227	3,964	3,964
Inventories			
Stock on Hand	1,912	1,329	1,329
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(53,078)	(110,523)	(110,523)
Accrued interest on long term borrowings	(1,825)	(2,582)	(2,582)
Accrued salaries and wages	(14,546)	(22,837)	(22,837)
ATO liabilities	(7,048)	(19,396)	(19,396)
Accrued Expenditure	(28,816)	(38,866)	(38,866)
Current portion of long term borrowings	(99,136)	(95,983)	(95,983)
Provisions			
Provision for annual leave	(180,297)	(166,562)	(166,562)
Provision for long service leave	(134,200)	(166,700)	(166,700)
<b>Unadjusted net current assets</b>	<b>1,741,159</b>	<b>2,540,646</b>	<b>2,540,646</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(786,850)	(1,278,810)	(1,278,810)
Add: Current portion of long term borrowings	99,136	95,983	95,983
Add: Employee Liability not required to be funded	314,497	333,262	333,262
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>1,367,942</b>	<b>1,691,081</b>	<b>1,691,081</b>

### Difference

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

## 22. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	2,079,796	3,002,748	2,079,796	3,002,748
Receivables	184,075	166,687	184,075	166,687
	2,263,871	3,169,435	2,263,871	3,169,435
<b>Financial liabilities</b>				
Payables	105,313	194,204	105,312	194,204
Borrowings	255,883	351,866	262,242	359,061
	361,196	546,070	367,554	553,265

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.

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

Impact of a 1% <sup>(1)</sup> movement in interest rates on cash	\$	\$
- Equity	20,798	30,027
- Statement of Comprehensive Income	20,798	30,027

**Notes:**

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



## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Receivables

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

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

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

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

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

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

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	90%	92%
- Overdue	10%	8%

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<b>2018</b>	\$	\$	\$	\$	\$
Payables	105,313	0	0	105,313	105,313
Borrowings	106,096	163,623	0	269,719	255,883
	211,409	163,623	0	375,032	361,196
<b>2017</b>					
Payables	194,204	0	0	194,204	194,204
Borrowings	106,096	269,719	0	375,815	351,866
	300,300	269,719	0	570,019	546,070

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

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

<b>Year ended 30 June 2018</b>	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	32,561	37,857	23,395	162,070	0	0	255,883	3.06%
Weighted average Effective interest rate	3.70%	2.49%	5.99%	2.64%	0.00%	0.00%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	0	63,951	56,093	31,822	200,000	0	351,866	3.11%
Weighted average Effective interest rate	0.00%	3.70%	2.49%	5.99%	2.64%	0.00%		

## 23. 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:

	<b>1 July 2017</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Building Commission	2,081	6,818	(7,540)	1,359
CTF	2,564	8,591	(9,488)	1,667
Developer Contributions	548,447	6,189	(216,424)	338,212
Post Box Deposits	1,142	370	(122)	1,390
Standpipe Card	100	0	0	100
Hall Hire Bonds	1,680	7,070	(5,790)	2,960
Sundry Deposits	5,000	10,616	(6)	15,610
Engineering Bond	7,468	0	(7,468)	0
Nomination Deposits	0	560	(560)	0
Unclaimed Monies	0	250	0	250
	<b>568,482</b>			<b>361,548</b>

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:

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

Notes:

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

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

Notes:

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

#### Adoption of New and Revised Accounting Standards

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

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

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

## 25. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

### i) Impairment of assets

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

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

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

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

## 26. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	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.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to help ensure a safer and environmentally conscious community.	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.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	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.
<b>EDUCATION AND WELFARE</b>	To provide services to disadvantaged persons, the elderly, children and youth.	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.

## 26. ACTIVITIES/PROGRAMS (continued)

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

<b>HOUSING</b>	To provide and maintain elderly residents housing.	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.
<b>COMMUNITY AMENITIES</b>	To provide services required by the community.	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.
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.	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.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community.	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.
<b>ECONOMIC SERVICES</b>	To help promote the shire and its economic wellbeing.	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.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control Shire's overheads operating accounts.	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.



## 27. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	3.65	3.70	2.50
Asset consumption ratio	0.84	0.80	0.82
Asset renewal funding ratio	1.07	1.08	1.19
Asset sustainability ratio	0.96	1.41	0.77
Debt service cover ratio	11.91	28.35	24.91
Operating surplus ratio	(0.34)	(0.12)	(0.02)
Own source revenue coverage ratio	0.52	0.57	0.55

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

### Notes:

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants. In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	463,720	447,782	0
Amount of Financial Assistance Grant received in prior year relating to current year.	447,782	0	428,318

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

	2018	2017	2016
Current ratio	2.50	2.82	2.50
Debt service cover ratio	11.76	21.56	31.22
Operating surplus ratio	(0.34)	(0.27)	(0.13)

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### **INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF CHAPMAN VALLEY REPORT ON THE FINANCIAL REPORT**

#### **Opinion**

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 2018, Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and the Rate Setting Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Chapman Valley:

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

#### **Basis for Opinion**

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

#### **Emphasis of Matter – Basis of Preparation**

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF THE SHIRE OF CHAPMAN VALLEY  
REPORT ON THE FINANCIAL REPORT (CONTINUED)**

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF THE SHIRE OF CHAPMAN VALLEY  
REPORT ON THE FINANCIAL REPORT (CONTINUED)**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- a) All required information and explanations were obtained by us.
- b) All audit procedures were satisfactorily completed in conducting our audit.
- c) In my opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

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

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



GREG GODWIN  
PARTNER

MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth this 26<sup>th</sup> day of November 2018

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26 November 2018

The Shire President  
Shire of Chapman Valley  
PO Box 1  
NABAWA WA 6532

Dear Cr Farrell

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

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

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

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

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

#### **COMMENT ON 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. In addition, when the ratio is negative, it indicates operating expenditure is greater than operating income.

The Operating Surplus Ratio for the current year of -0.34 and last year of -0.14, are both below the DLGSCI standard of 0.01, and the current year's ratio is below last year.

Whilst we do not consider this a significant indication of an adverse trend within the financial position of the Shire, Council and Management should continue their efforts in improving the operating position of the Shire. This includes considering the sustainability of the current rating structure, identifying potential new avenues of revenue, and finding the optimum level of the Shire's operating expenses.

Interpretation of this ratio should be considered together with the Asset Renewal Funding Ratio (ARFR). The ARFR of 1.07 is above its target of 0.75 indicating the planned renewal and replacement expenditure over the next 10 years is sufficient to meet the required renewal and replacement expenditure. The Shire's Asset Management Plans indicate average annual capital renewal and replacement expenditure of \$1.5million is required which is below current depreciation expense of \$2.3million. As depreciation expense is a significant component of operating expenditure, management should consider whether the current level of depreciation is overstating the annual deterioration of the assets during asset management planning.

#### **LONG TERM FINANCIAL PLAN AND ASSET MANAGEMENT PLAN**

During our review of the Financial ratio's, we noted the Shire's Long Term Financial Plan (LTFP) and Asset Management Plan (AMP) do not reflect 10 years' worth of forecast expenditure.

Whilst we are satisfied the current year ratios were supported by verifiable information and reasonable assumptions, management should consider developing a process of reviewing the LTFP and AMP, to ensure the ratios are appropriately calculated in future years.

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

**UNCORRECTED MISSTATEMENT**

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

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

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

Yours faithfully



Greg Godwin  
Partner  
Moore Stephens

Encl.