



ANNUAL REPORT 2017/2018



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SHIRE PRESIDENT'S REPORT

The 2017-18 Financial Year has once again seen the Shire undergo considerable change. With the departure of long-term President Michelle Bagley, CEO Martin Whitely and Finance Manager Durga Ojha and the appointment of two new Elected Members to Council it has been a time of adjustment for Staff and Councillors.

On reflection it has been a year of opportunity, as we have seen the creation of new leaders within the organisation and welcomed to the team Neil Hartley, who was appointed to the role of Acting CEO. Mr Hartley has provided leadership and guidance to our administrative team and assisted council in awarding contracts to assist with the delivery of the \$3.2m WANDRRA road flood damage project, the commencement of the netball courts reconstruction (worth approximately \$200,000) and a range of in-house governance matters.

April heralded the official opening of the Independent Living Units and it was fitting that Former President Bagley was invited to open the Units as it had been a long-term project that she was committed to. Our town – like many across the country – has an ageing population, and it's important that we can provide facilities for our older residents to comfortably remain in town.

In looking ahead to the 2018-19 Financial Year, Council will be focussed on reviewing its Strategic Community Plan in consultation with the people of the Shire. This is our guiding strategic document and provides direction to Councillors and Shire staff in terms of the type of Shire we would like Mingenew to be, and the steps we can take to get there. The new Financial Year will also see the commencement of our new CEO, Nils Hay. I wish him all the best in the role.

I would like to close by giving thanks, to Mr Whitely, Mr Hartley and all the Shire staff who work so hard to maintain our roads, parks, public facilities and ensure that organisation's finance and compliance are in order. It's easy to forget that our staff have the same responsibilities and legislative requirements as every other Local Government in WA, but far fewer resources than most. I would also like to acknowledge my fellow Councillors for all their efforts, and recognise the service of Cr Karl Criddle and Former President Michelle Bagley – both of whom resigned at the October 2017 election. This marked the end of 18 years of service on Council for Mrs Bagley, and her significant contribution to the Shire of Mingenew must be commended.

Finally, I want to give a big thankyou to the people of Mingenew who do so much to help us make this a tremendous place to live. Even through our challenges, you prove time and again that we are a resilient, positive, generous, and welcoming community and I hope that we, as a Council, can continue to deliver for you in our areas of responsibility.

Helen Newton
Shire President



We'll see you in Mingenew!



CHIEF EXECUTIVE OFFICER'S REPORT

Whilst only at Mingenew in the capacity of its Acting Chief Executive Officer (between Mr Martin Whitely leaving and Mr Nils Hay's arrival) I was very pleased to have been able to play a role as its CEO during that time. As a "recycled" ex Mingenew employee of the early 1980's it was a most enjoyable experience to again be in Mingenew and working for the Shire.

Staff

The 2017/18 financial year from an organisational perspective was one of great challenges. Mr Whitley was responsible for implementing the April 2017 staff restructure, which would have taken a great deal of his time and effort to manage. In addition to this, coincidence resulted in the Shire's two most senior officers deciding to leave Mingenew within a week of each other, Martin to start his own private business, and the Finance Manager (Durga Ojha) to move interstate.

The Shire staff have performed marvellously throughout entire financial year, considering the heightened and changed workloads. My own period as Acting CEO was the result of Mr Whitely leaving the Shire, but thankfully both Martin and Durga provided some ongoing operational support whilst replacement full time staff positions were being secured. It would not have been possible to have maintained good quality and timely services without some form of supplementary support like that which was provided. The dedication of the other senior Shire employees like Rocky Brennan (Works Supervisor), Belinda Bow (Governance Officer), and Ella Budrikis (Community Development Officer) were also key to ensuring the operations of the Shire was able to proceed in as normal a service delivery mode as possible. I thank them all for their support - Mingenew is very lucky to have such dedicated officers.

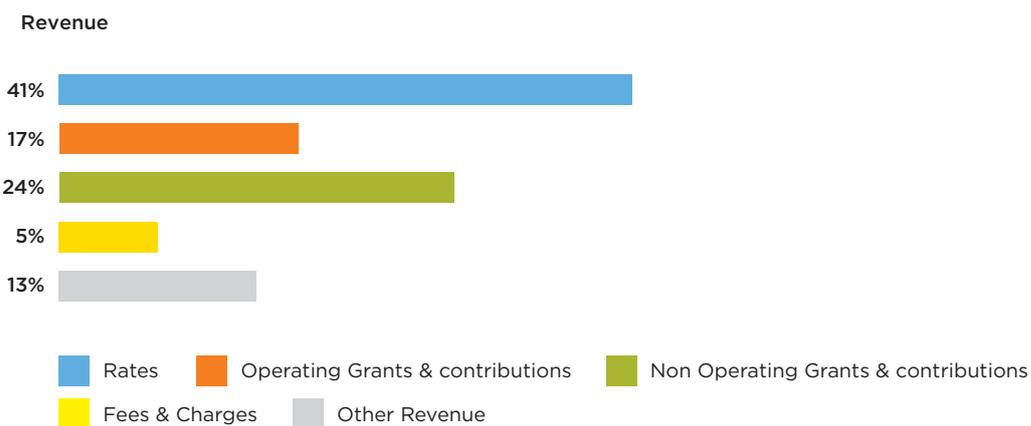
Finances and Operations

With only a small staff and with considerable responsibilities, management of the Shire's financial and operational environments is a constant challenge, but through the efforts of our team, acceptable levels of accountability were achieved. Moving forward, this aspect will require review, as with the recent legislated change of having the State Auditor General now take on responsibility for the auditing all WA local governments (and noting that the costs for the new audits are approximately double what most local governments have been accustomed to paying) it is expected that the standards required will more closely reflect those set for state government agencies. It is entirely possible therefore that this might convert to the requirement for additional internal resourcing to achieve those new standards. Recent Auditor General Performance Reports on Credit Cards, and Payment of Creditors, would seem to support that potential outcome.

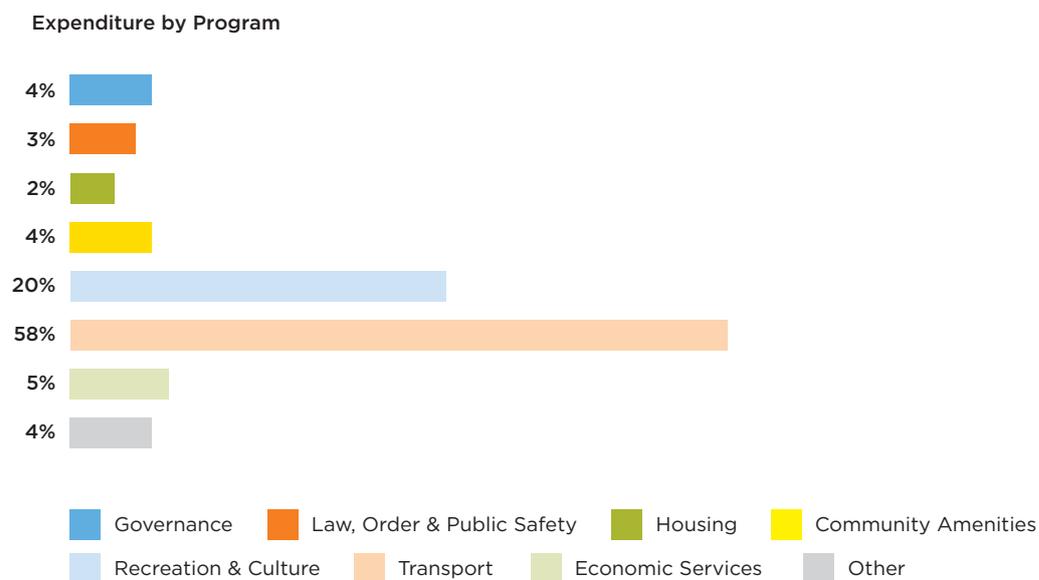
It is a common criticism of local government organisations that they appear overstaffed, and compared to private businesses with similar-sized balanced sheets, we certainly look that way. What is often less visible is both the sheer volume of legislative and compliance requirements placed upon public institutions which are not present in the private sector. While these checks and balances are designed to ensure that we are managing public funds prudently and transparently, they also constitute a resourcing burden - especially on small Shires like ours.

Finance Statistics

The Shire of Mingenew had a Total Operating Revenue of \$4.45m (including operating and capital grants) for the 2017/18 financial year. A total of 24% (\$1.07m) of the Shire's revenue for 2017/18 was Non-Operating Grants which helped to fund a number of key capital projects. Operating Grants and Contributions account for 17% of total revenue, while Rates (41%) and Fees & Charges (5%) are also significant contributing factors to the total revenue figure. The remaining revenue comes from interest received and other miscellaneous services carried out by the Shire during the financial year. There was a total of 13% (\$657k) of revenue made up of Reimbursements & Other Income. This amount was predominately made up of police licensing (\$457k).



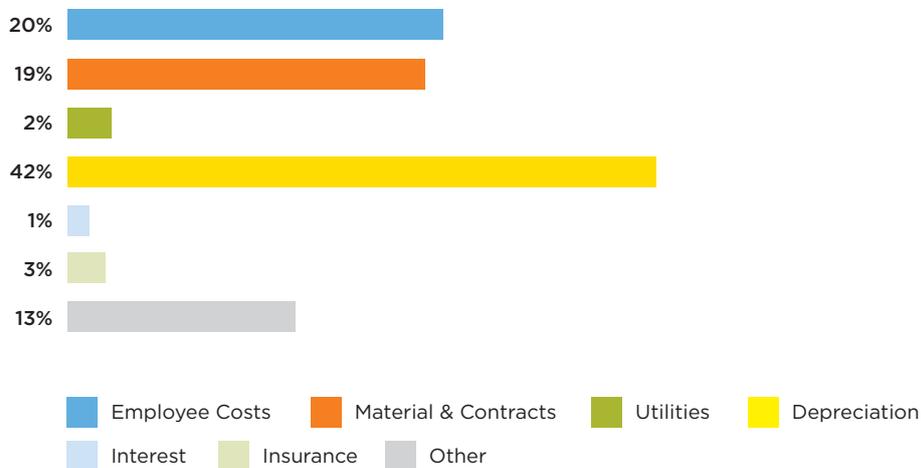
The revenue generated by the Shire is spent providing infrastructure and services for the community. The Shire provides many services including maintaining and improving roads, parks and gardens, leisure services and other community projects. A significant amount of the Shire's resources (68%) are spent on maintaining road infrastructure and the provision of recreation services.





When comparing the breakdown of these costs by nature and type, a significant 42% of all operating expenditure is attributed to depreciation charges. Depreciation is a non cash item and is attributed to the Shire having in excess of \$48m worth of assets, of which 72% is attributed to the Shire's road network and other related infrastructure whilst a further 24% is attributed to Property, Plant & Equipment. Other significant expenditure includes Employee Costs (20%), Materials & Contracts (19%) and Other Expenditure (13%). As with Revenue the majority of these Other Expenditure costs are attributed to police licensing costs.

Expenditure by Nature & Type



Reserve Funds

As at 30 June 2018 the balance in the Reserve Accounts was \$406,324 and comprised as listed below;

Reserve	Balance
Land & Building Reserve	\$60,169
Sportsground Improvement Reserve	\$2,811
Plant Replacement Reserve	\$152,726
Accrued Leave Reserve	\$64,509
Aged Persons Units Reserve	\$20,868
Economic Development & Marketing Reserve	\$19,310
Environmental Rehabilitation Reserve	\$18,570
Industrial Area Development Reserve	\$5,454
RTC/PO/NAB Reserve	\$21,025
Insurance Reserve	\$40,882
TOTAL	\$406,324

The above represents a modest increase from reserves held of \$396,475 at 30 June 2017. The Shire will continue to make a concerted effort to improve our cash reserves for the provision of future acquisitions and proposed developments.

CHIEF EXECUTIVE OFFICER'S REPORT continued

Loan Liability

As at 30 June 2018 the outstanding principal on all loans was \$640,504 which represents a significant reduction in debt from the outstanding balance of \$791,276 at the end of the last financial year. The last of the current loans are due to expire at the end of the 2022/23 financial year.

Activities and Projects:

In addition to the normal operating activities, a number of significant capital works projects were undertaken during the 2017/18 financial year to the value of \$2.11m. Some of this year's capital works highlights include:

Transport	
Mingenew Mullewa Road - 3.5km Widen & Reseal	\$450,087
Coalseam Road - 3km Widen & Reseal	\$373,137
Mooriary Road - 6km Gravel Sheeting	\$115,244
John Deere Grader	\$333,000
Land & Buildings	
Independent Living Units	\$304,905
Recreation & Culture	
Oval Lights	\$157,164
Community Amenities	
Town Hall	\$33,000
Child Care Facility	\$20,000
Waste Transfer Station	\$164,740
Littlewell Reserve	\$42,755

WANDRRA

The most significant project in both financial size and potential impact upon the Shire's operations was the Western Australian Natural Disaster Relief and Recovery Arrangements (WANDRRA) flood event of early 2017. The Shire had successfully secured the authority to undertake the repair works itself, supplemented by contractors as required. With some \$3m of grant funds provided for the project, the total project was well beyond the capacity of the Shire's small roadworks crew and its plant to undertake completely - although certainly elements will be completed in order to gain additional revenue for the Shire. With contractor support, the works will all be completed by the deadline date of 30 June 2019. Whilst some physical roadworks were able to be undertaken, much of 2017/18 was allocated to planning and calling tenders for supervisory support to meet the grant conditions, and also to invite interest from contractors wishing to actually be involved with the civil construction works.



Littlewell Heritage Development

The Littlewell heritage project was first considered several years ago, however was not pursued due to lack of funding. Mr Whitely was however able to secure the assistance of a grant from Lotterywest, and so the project was able to be substantially progressed over the 2017/18 financial year. Whilst a good deal of the civil works was completed within the financial year, the installation of interpretive signage and the finalisation of a safe crossover onto the Midlands Road will be undertaken in the first half of the 2018/19 year. Also to be provided as part of the project will be a link on the Shire's website to photos and audio recordings of people that lived at Littlewell. Overall, the Littlewell project provides an important recognition of part of the aboriginal heritage of Mingenew, and it also protects the remaining physical infrastructure of the site for the broader Mingenew community and its visitors to enjoy.

Mingenew Transfer Station

With the assistance of a \$50,000 grant from the Mid West Development Commission, the Shire progressed the development of the new Waste Transfer Station. The new facility will provide an improved bulk waste service, in a controlled environment, thus ensuring that the existing site provides a long term solution for Mingenew's waste.

The transfer station area was relocated to the front entrance precinct of the waste disposal site, a new liquid waste dam was constructed, an attendant's office, and an "internal boundary fence" was installed that will allow for the improved management of waste overall. During 2018/19 the Shire will engage the community on how best to design and implement a waste management strategy for this important Mingenew service.

Council and Councillors

The best run local governments have a President and its Councillors playing a key strategic and respectful overseeing role of the Shire's operations. The Shire Council is made up of members with a broad blend of the Mingenew community and collectively, they have an excellent level of local knowledge and local government experience. This make-up, led by President Helen Newton, provides an excellent foundation for a very professionally led local government. During my short time back in Mingenew I was very pleased to have had the chance to undertake my Acting CEO role in partnership with the Mingenew Shire Council.

Neil Hartley

Acting Chief Executive Officer

COUNCILLORS & STAFF



Shire President
Helen Newton



Deputy President
Crispian Lucken



Councillor
Gary Cosgrove



Councillor
Leah Eardley



Councillor
Robert Newton



Councillor
Kym McGlenn



Councillor
Justin Bagley

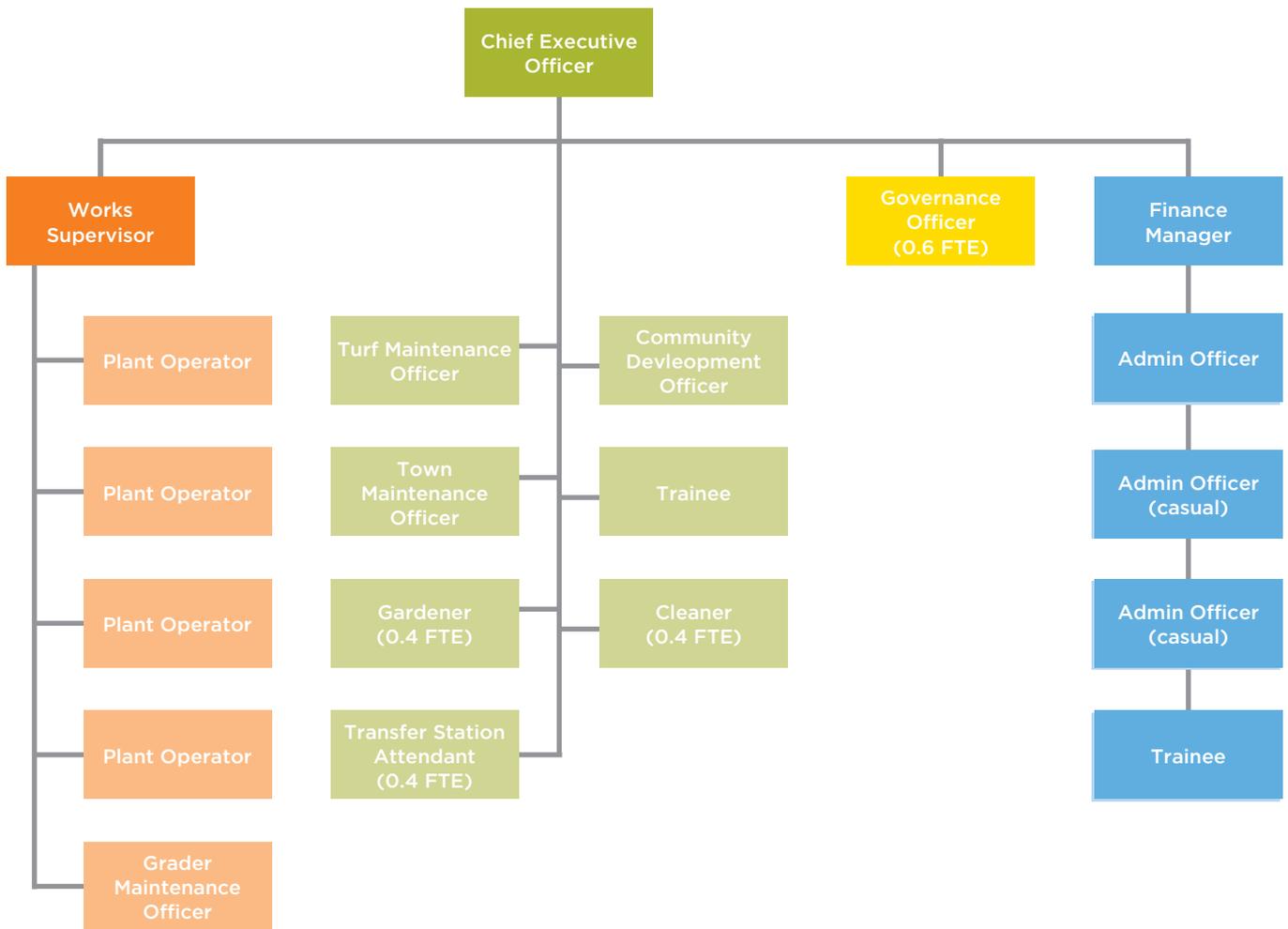
Management Team

Chief Executive Officer	Neil Hartley
Finance Manager	Durga Ojha
Works Supervisor	Rocky Brennan
Governance Officer	Belinda Bow
Community Development Officer	Ella Budrikis





Organisational Chart







STRATEGIC COMMUNITY PLAN

- Completed a successful Wildflower Tourism Campaign in conjunction with Lateral Aspect.
- Looking to progress Astro-tourism in the next financial year.
- Completed the Little Well Reserve Interpretative Site.
- Completion and opening of 2 new aged persons units.
- Provision of 2 Traineeships.
- Continued efforts to access Grant Funding.
- Council representation on the Tourism and Promotion Committee.

Objectives & Outcomes

ECONOMIC | *To be a diverse and innovative economy with a range of local employment opportunities*

The Shire of Mingenew is fortunate to be supported by one of Western Australia's most productive agricultural regions. The Shire acknowledges the need to proactively stem any population decline and ensure the continued provision of an adequate level of services and infrastructure. The Shire will promote managed growth ensuring Mingenew continues to be recognised as an attractive place to live, work and invest as Council seek to maximise its advantages to secure future economic stability. In addition to supporting existing businesses, the Shire will help facilitate the provision of adequate services to support economic growth and leverage opportunities such as tourism, mining and improved telecommunications.

CIVIC LEADERSHIP | *A collaborative and innovative community with strong and vibrant leadership*

Mingenew's volunteers are the backbone of the community and the Shire will continue to encourage young leaders to step up, to ensure civic and volunteer leadership remains as robust and proactive in the future, as it is today. The Community encouraged the Shire to continue to be a respected, professional and trusted organisation and the Shire aims to continue to lead by example and strive to be forward thinking, have strong representation and provide good leadership and planning.

- In consultation with the school delivers a Youth Leadership Award.
- Adoption of 2 new Local Laws relating to Standing Orders and the Cemetery.
- The serving of Councillors and Staff on Committees and Community Group Boards.
- Hosts the WA Northern Country Zone Meeting for Local Governments within the region.

ELECTED MEMBER ATTENDANCE | *Elected Member attendance – 1 July 2017 to 30 June 2018*

Council (3) Number of meetings held N/A Elected member not required to attend

Elected Member	Term Commenced	Term Expires	Ward	Council (11)	Special Council (4)	Audit & Risk Committee (2)	Executive Committee (3)	Electors Meeting (1)
Pr H Newton	2017	2021	Town	7 (of 7)	4	2	2	1
Cr C Lucken	2014	2021	Town	9	2	1	2	1
Cr G Cosgrove	2011	2019	Rural	10	3	2	1	1
Cr L Eardley	2015	2019	Town	9	4	1		1
Cr J Bagley	2017	2019	Rural	7 (of 7)	4	2		1
Cr R Newton	2017	2021	Rural	7 (of 7)	3	2	1	1
Cr K McGlenn	2017	2019	Town	7 (of 7)	4	2		1
Cr K Criddle	2015	2017	Town	4 (of 4)				0
Cr M Bagley	1999	2017	Rural	4 (of 4)			1	0

ENVIRONMENT | *A sustainable natural and built environment that meets current and future community needs*

Mingenew is a well presented and appealing town, which the community is proud to be a part of and Council are continuously looking at opportunities to enhance and improve our heritage assets and ancillary infrastructure. Council also remain proactive in looking to implement sustainable work practises in the maintenance and management of the town’s environmental assets whilst continuing to acknowledge our cultural and indigenous heritage.

- Completion of the construction phase for the Mingenew Transfer Station.
- Expenditure of \$374,000 (rounded) on community facility upgrades.
- Expenditure of \$1.27m on capital road works and transport.
- Commenced the process to update the Shire’s Local Planning Scheme.
- Provision of Environmental Health Services- Mosquito Management, Asbestos Monitoring, Property Inspections, Food Safety Stand Inspections, Issuing of Permits.
- Provision of Ranger and Emergency Services- Firebreak and Airstrip Inspections, Ranger Patrols and Animal Complaint Resolution.



SOCIAL | *A safe and welcoming community where everyone has the opportunity to contribute and belong*

Mingenew’s strength is the strong sense of stewardship held by local residents and businesses. Continuing to support and encourage such a proactive communal spirit will ensure the Town remains an attractive, comfortable and welcoming place to live and visit. Opportunities exist for Mingenew over the next decade to retain and increase the population base, ensuring services and infrastructure are maintained and enhanced. The Shire acknowledges that nurturing this strong sense of community and local pride and maintaining high quality infrastructure will be vital to Mingenew’s future survival.

- Provision of bulk billed medical services through Midwest Aero Medical
- Provision of free / subsidised dental services through Karara Dental Van.
- Completion of 2 Independent Living Units for Seniors.
- Seniors Activities, delivered in consultation with the CRC.
- Development of the Mental Health CheckMate Program.
- Delivered Community Movie Nights and the Annual Christmas Party in consultation with the CRC and MIG.
- Provision of Ranger and Emergency Services- Firebreak and Airstrip Inspections, Ranger Patrols and Animal Complaint Resolution.
- Provision of Environmental Health Services- Mosquito Management, Asbestos Monitoring, Property Inspections, Food Safety Stand Inspections, Issuing of Permits.
- Community Emergency Services- Bushfire Brigades.

STATUTORY REPORTING

EMPLOYEE RENUMERATION

In accordance with s19(b) of the Local Government (Administration) Regulations 1996, the number of Shire employees entitled to an annual salary of \$100,000 or more during the 2017/18 year were:

Salary Range	Number of Employees
\$100 000 to \$109 999	
\$110 000 to \$119 999	
\$120 000 to \$129 999	
\$130 000 to \$139 999	
\$140 000 to \$149 999	
\$150 000 to \$159 999	
\$ 160 000 to \$169 999	2



National Competition Policy

In 1995 the Council of Australian Governments entered into a number of agreements, collectively known as the National Competition Policy.

Local government is affected mainly where it operates significant business activities which compete, or could compete, with private sector businesses. Local government will also be affected where local laws unnecessarily affect competition.

The Shire is required to comply with certain policies contained with the National Competition Policy Statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws.

The Shire of Mingenew is not considered a natural monopoly, nor does it conduct any business activities that can be considered a public monopoly. Therefore the principle of Structural Reform of Public Monopolies does not apply to the Shire of Mingenew.

Competitive Neutrality

These principles have been designed to ensure that a Local Authority has no unfair advantage over any competitor in the market place.

The principles also only apply to business activities that receive more than \$200,000 in annual income, of which the Shire of Mingenew has none, and therefore do not apply the Shire of Mingenew.

Legislative Review

The Local Government Act 1995 requires all existing Local Laws to be reviewed every eight years. A review was undertaken in 2017 with the process ending in the creation of 2 new local laws - The Shire of Mingenew Standing Orders Local Law and The Shire of Mingenew Cemeteries Local Law. These can be accessed from the Shire website www.mingenew.wa.gov.au

Freedom of Information

The Shire aims to make information available, whenever possible, outside the freedom of information process. However on occasion access to documents will require an application via the Freedom of Information Act 1992. Should community members wish to access information and documents held by the Shire please access the annually updated Shire of Mingenew Information Statement located on the Shire website to guide you in this process.

The Shire received zero valid freedom of information applications in 2017-18.



ACCESS AND INCLUSION PLAN

The Shire's Disability Access and Inclusion Plan (DAIP) 2013-18, last reviewed in 2016, is a key strategic document that outlines the Shire's approach to working towards a more accessible and inclusive community. The DAIP ensures that services, facilities and information meet the needs of people with disability, their families and carers and supports an environment in which people with disability have the same opportunities, rights and responsibilities enjoyed by all other people in the community. Key strategies include:

- I. Ensuring that staff, volunteers, agents and contractors are aware of, and comply with, the requirements of the DAIP
- II. Ensuring occupational safety and health procedures are in place to safeguard people with disability in the workplace, in the event of a fire, evacuation or other critical incident or while attending an event organised by the department
- III. Ensuring all new content meets Web Content Accessibility Guidelines (WCAG) 2.0 Level A accessibility standards and publications, templates and relevant documentation are available in alternative formats
- IV. Ensuring the Shire's complaints management system processes are accessible for people with disability and that systems are reviewed annually
- V. Ensuring information regarding consultation is available in alternative formats for people with disability, upon request

Reporting on the Shire's 2017-18 DAIP action plan was provided to the Disability Services Commission prior to 30 June 2018.

OFFICIAL CONDUCT- COMPLAINTS REGISTER

The Shire of Mingenew, in accordance with s5.120 of the Local Government Act 1995, does not have a designated Complaints Officer and the Chief Executive Officer fulfils this role in terms of subsection (2). As required in accordance with s5.121 'Register of certain complaints of minor breaches' of the Act, the Shire maintains an electronic register that is managed by the CEO and Governance Officer. The Shire reports no complaints as defined under s5.110 (6) (b) or (c) of the Act for the period ending 30 June 2018.

PUBLIC DISCLOSURES

The Public Interest Disclosure Act 2013 (Commonwealth) aims to ensure openness and accountability in government. Disclosures are treated in confidence and persons making a disclosure are protected from detrimental action. The CEO is the appointed Public Disclosure Officer for the Shire. During 201/18 the Shire did not receive any disclosures.

RECORD KEEPING STATEMENT

The Shire of Mingenew is committed to the reliable and systematic management of government records, in accordance with legislative requirements and best practice standards.

Record-keeping plan:

Council adopted the Shire's Record-Keeping Plan in 2015.

Information management systems:

Through the engagement of the City of Greater Geraldton, the Shire has cleared a back-log of archiving and destruction of physical records, and will be looking to implement systems to further improve the recordkeeping processes in the next financial year.



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2018

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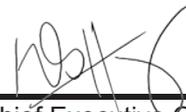
**SHIRE OF MINGENEW
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Mingenew for the financial year ended 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 Mingenew 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 13th day of December 2018



Chief Executive Officer

Nils Hay

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 \$
Revenue				
Rates	16(a)	1,812,113	1,816,568	1,757,549
Operating grants, subsidies and contributions	2(a)	760,958	3,023,945	1,132,003
Fees and charges	2(a)	224,011	257,210	266,510
Interest earnings	2(a)	71,031	65,440	36,577
Other revenue	2(a)	508,947	660,550	615,807
		<u>3,377,060</u>	<u>5,823,713</u>	<u>3,808,446</u>
Expenses				
Employee costs		(859,291)	(1,456,983)	(1,066,022)
Materials and contracts		(784,253)	(3,097,470)	(701,170)
Utility charges		(99,837)	(136,355)	(99,315)
Depreciation on non-current assets	8(b)	(1,765,304)	(2,190,310)	(2,100,736)
Interest expenses	2(b)	(23,006)	(22,523)	(121,634)
Insurance expenses		(106,984)	(91,762)	(127,662)
Other expenditure		(537,101)	(686,900)	(611,374)
		<u>(4,175,776)</u>	<u>(7,682,303)</u>	<u>(4,827,913)</u>
		<u>(798,716)</u>	<u>(1,858,590)</u>	<u>(1,019,467)</u>
Non-operating grants, subsidies and contributions	2(a)	1,068,271	1,429,305	1,557,937
Profit on asset disposals	8(a)	0	40,000	5,060
(Loss) on asset disposals	8(a)	(15,098)	0	(5,340)
Net result		254,457	(389,285)	538,190
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	9	8,152,870	0	(434,800)
Total other comprehensive income		8,152,870	0	(434,800)
Total comprehensive income		8,407,327	(389,285)	103,390

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

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
	2(a)			
Governance		69,010	12,586	22,145
General purpose funding		2,474,407	2,018,071	2,678,185
Law, order, public safety		74,280	60,874	31,522
Health		361	371	2,870
Education and welfare		3,768	3,755	2,197
Housing		104,375	104,924	113,631
Community amenities		66,802	83,595	82,713
Recreation and culture		37,670	38,665	57,011
Transport		464,805	3,372,042	632,685
Economic services		6,441	11,355	6,373
Other property and services		75,140	117,475	179,114
		3,377,059	5,823,713	3,808,446
Expenses				
	2(b)			
Governance		(286,119)	(205,931)	(175,998)
General purpose funding		(58,319)	(47,511)	(63,516)
Law, order, public safety		(124,559)	(124,627)	(135,091)
Health		(73,570)	(111,511)	(66,221)
Education and welfare		(59,532)	(72,931)	(54,768)
Housing		(194,969)	(154,827)	(77,680)
Community amenities		(240,644)	(314,842)	(202,149)
Recreation and culture		(1,063,346)	(892,729)	(951,002)
Transport		(2,061,919)	(5,220,335)	(2,748,193)
Economic services		(283,353)	(400,524)	(248,211)
Other property and services		293,561	(114,012)	16,550
		(4,152,769)	(7,659,780)	(4,706,279)
Finance Costs				
	2(b)			
Education and welfare		(3,041)	(3,088)	(16,063)
Housing		(9,005)	(8,930)	(47,140)
Recreation and culture		(2,920)	(2,964)	(15,421)
Transport		(8,040)	(7,541)	(43,010)
		(23,006)	(22,523)	(121,634)
		(798,716)	(1,858,590)	(1,019,467)
Non-operating grants, subsidies and contributions	2(a)	1,068,271	1,429,305	1,557,937
Profit on disposal of assets	8(a)	0	40,000	5,060
(Loss) on disposal of assets	8(a)	(15,098)	0	(5,340)
		1,053,173	1,469,305	1,557,657
		254,457	(389,285)	538,190
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	9	8,152,870	0	(434,800)
Total other comprehensive income		8,152,870	0	(434,800)
Total comprehensive income		8,407,327	(389,285)	103,390

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

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

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,034,227	2,241,222
Trade and other receivables	4	83,257	192,197
Inventories	5	43,459	43,591
TOTAL CURRENT ASSETS		2,160,943	2,477,010
NON-CURRENT ASSETS			
Inventories	5	35,000	35,000
Property, plant and equipment	6	11,590,264	11,659,704
Infrastructure	7	34,708,778	26,203,959
TOTAL NON-CURRENT ASSETS		46,334,042	37,898,663
TOTAL ASSETS		48,494,985	40,375,673
CURRENT LIABILITIES			
Trade and other payables	9	207,243	318,736
Current portion of long term borrowings	10(a)	115,473	150,775
Provisions	11	214,319	231,014
TOTAL CURRENT LIABILITIES		537,035	700,525
NON-CURRENT LIABILITIES			
Long term borrowings	10(a)	525,031	640,502
Provisions	11	15,497	24,552
TOTAL NON-CURRENT LIABILITIES		540,528	665,054
TOTAL LIABILITIES		1,077,563	1,365,579
NET ASSETS		47,417,422	39,010,094
EQUITY			
Retained surplus		28,898,097	28,653,488
Reserves - cash backed	3	406,325	396,477
Revaluation surplus	9	18,113,000	9,960,129
TOTAL EQUITY		47,417,422	39,010,094

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

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

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		28,203,156	308,619	10,394,929	38,906,704
Comprehensive income					
Net result		538,190	0	0	538,190
Changes on revaluation of assets	9	0	0	(434,800)	(434,800)
Total comprehensive income		538,190	0	(434,800)	103,390
Transfers from/(to) reserves		(87,858)	87,858	0	0
Balance as at 30 June 2017		28,653,488	396,477	9,960,129	39,010,094
Comprehensive income					
Net result		254,457	0	0	254,457
Changes on revaluation of assets	9	0	0	8,152,871	8,152,871
Total comprehensive income		254,457	0	8,152,871	8,407,328
Transfers from/(to) reserves		(9,848)	9,848	0	0
Balance as at 30 June 2018		28,898,097	406,325	18,113,000	47,417,422

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

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

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,851,170	1,856,568	1,711,326
Operating grants, subsidies and contributions		819,163	3,062,233	1,054,081
Fees and charges		224,011	257,210	270,941
Interest earnings		71,031	65,440	36,577
Goods and services tax		239,195	30,077	(26,017)
Other revenue		508,947	660,550	615,808
		<u>3,713,517</u>	<u>5,932,078</u>	<u>3,662,716</u>
Payments				
Employee costs		(889,311)	(1,500,681)	(1,140,269)
Materials and contracts		(1,044,421)	(3,272,470)	(631,989)
Utility charges		(99,837)	(136,355)	(99,315)
Interest expenses		(33,924)	(33,792)	(142,294)
Insurance expenses		(106,984)	(91,762)	(127,662)
Goods and services tax		(63,522)	0	0
Other expenditure		(537,101)	(686,900)	(611,374)
		<u>(2,775,100)</u>	<u>(5,721,960)</u>	<u>(2,752,903)</u>
Net cash provided by (used in) operating activities	12	<u>938,417</u>	<u>210,118</u>	<u>909,813</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		0	(200,000)	0
Payments for purchase of property, plant & equipment		(760,995)	(1,671,084)	(735,396)
Payments for construction of infrastructure		(1,346,464)	(1,754,100)	(998,428)
Non-operating grants, subsidies and contributions		1,068,276	1,429,305	1,557,937
Proceeds from sale of fixed assets		44,545	365,650	456,621
Net cash provided by (used in) investment activities		<u>(994,638)</u>	<u>(1,830,229)</u>	<u>280,734</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(150,774)	(150,774)	(181,409)
Proceeds from new long term borrowings		0	85,507	85,507
Net cash provided by (used in) financing activities		<u>(150,774)</u>	<u>(65,267)</u>	<u>(95,902)</u>
Net increase (decrease) in cash held		<u>(206,995)</u>	<u>(1,685,378)</u>	<u>1,094,644</u>
Cash at beginning of year		2,241,222	2,241,222	1,146,578
Cash and cash equivalents at the end of the year	12	<u>2,034,227</u>	<u>555,844</u>	<u>2,241,222</u>

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

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		1,721,405	1,722,222	653,606
		1,721,405	1,722,222	653,606
Revenue from operating activities (excluding rates)				
Governance		69,010	12,586	22,145
General purpose funding		697,818	237,027	955,293
Law, order, public safety		74,280	60,874	31,522
Health		361	371	2,870
Education and welfare		3,768	3,755	2,197
Housing		104,375	104,924	113,631
Community amenities		66,802	83,595	82,713
Recreation and culture		37,670	38,665	57,012
Transport		464,805	3,372,042	637,745
Economic services		6,441	11,355	6,373
Other property and services		75,140	157,475	179,114
		1,600,470	4,082,669	2,090,615
Expenditure from operating activities				
Governance		(286,119)	(205,931)	(175,998)
General purpose funding		(58,319)	(47,511)	(63,516)
Law, order, public safety		(124,559)	(124,627)	(135,091)
Health		(73,570)	(111,511)	(66,221)
Education and welfare		(62,573)	(76,019)	(70,831)
Housing		(203,974)	(163,757)	(124,820)
Community amenities		(240,644)	(314,842)	(202,149)
Recreation and culture		(1,066,266)	(895,693)	(966,423)
Transport		(2,085,057)	(5,227,876)	(2,796,544)
Economic services		(283,353)	(400,524)	(248,211)
Other property and services		293,561	(114,012)	16,550
		(4,190,873)	(7,682,303)	(4,833,254)
Operating activities excluded				
(Profit) on disposal of assets	8(a)	0	(40,000)	(5,060)
Loss on disposal of assets	8(a)	15,098	0	5,340
Movement in employee benefit provisions		(25,749)	0	(110,443)
Depreciation and amortisation on assets	8(b)	1,765,304	2,190,310	2,100,736
Amount attributable to operating activities		885,655	272,899	(98,460)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,068,271	1,429,305	1,557,937
Proceeds from disposal of assets	8(a)	44,545	365,650	456,621
Purchase of land held for resale		0	(200,000)	0
Purchase of property, plant and equipment		(760,995)	(1,671,084)	(735,396)
Purchase and construction of infrastructure		(1,346,464)	(1,754,100)	(998,428)
Amount attributable to investing activities		(994,643)	(1,830,229)	280,734
FINANCING ACTIVITIES				
Repayment of long term borrowings	10(a)	(150,774)	(150,774)	(181,409)
Proceeds from new long term borrowings	10(a)	0	85,507	85,507
Transfers to reserves (restricted assets)	3	(9,848)	(125,510)	(106,454)
Transfers from reserves (restricted assets)	3	0	0	18,596
Amount attributable to financing activities		(160,622)	(190,777)	(183,760)
Surplus / (Deficiency) before general rates		(269,610)	(1,748,107)	(1,486)
Total amount raised from general rates	16	1,776,589	1,781,044	1,722,892
Net current assets at June 30 c/fwd - surplus/(deficit)	17	1,506,979	32,938	1,721,403

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

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

1. BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears in Note 18.

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY
Land under roads**

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

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

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

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2017 Actual
	\$	\$
Significant revenue		
Advance Fincancial Assistance Grants	318,719	309,762
* An estimate of \$3,210,715 has been approved for WANDRRA Event AGRN 743 and costs for this event are expected to be reimbursed in the 2018/19 financial year.		
Other revenue		
Reimbursements and recoveries	456,845	543,945
Other	52,102	71,863
	508,947	615,808
Fees and Charges		
Governance	131	6,110
General purpose funding	2,635	3,560
Law, order, public safety	1,858	2,724
Health	361	270
Education and welfare	200	1,115
Housing	102,335	100,619
Community amenities	66,234	78,510
Recreation and culture	32,584	33,543
Transport	890	14,622
Economic services	5,207	6,003
Other property and services	11,576	19,433
	224,011	266,510

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
Governance	62,223	13,457
General purpose funding	597,435	884,157
Law, order, public safety	67,781	28,649
Health	0	2,600
Education and welfare	3,568	1,000
Housing	0	12,286
Community amenities	0	4,000
Recreation and culture	5,000	23,438
Transport	2,399	74,576
Other property and services	22,552	87,840
	760,958	1,132,003
Non-operating grants, subsidies and contributions		
General purpose funding	498,000	210,000
Housing	0	395,455
Community amenities	0	45,000
Recreation and culture	45,000	153,907
Transport	525,271	698,135
Economic services	0	55,440
	1,068,271	1,557,937
Total grants, subsidies and contributions	1,829,229	2,689,940

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 15.

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

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	9,848	9,510	3,509
- Other funds	41,848	43,750	15,626
Other interest revenue (refer note 16(b))	19,335	12,180	17,442
	71,031	65,440	36,577

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2018	2017
	\$	\$
Auditors remuneration		
Audit of the Annual Financial Report	10,480	10,180
Audit of Grant Acquittals	0	3,200
Disbursements	3,592	3,882
Financial Management System Review	0	5,500
	<hr/> 14,072	<hr/> 22,762
Interest expenses (finance costs)		
Long term borrowings (refer Note 10(a))	23,006	36,127
Refinancing Cost	0	85,507
	<hr/> 23,006	<hr/> 121,634

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

	NOTE	2018	2017
		\$	\$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		906,323	1,276,249
Restricted		1,127,904	964,973
		2,034,227	2,241,222
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Land & Building Reserve	3	60,169	58,767
Plant Reserve	3	152,727	148,056
Recreation Reserve	3	2,811	2,725
Employee Entitlement Reserve	3	64,509	64,065
Aged Persons Units Reserve	3	20,868	20,230
Environmental Reserve	3	18,570	18,002
Industrial Area Development Reserve	3	5,454	5,287
RTC/PO/NAB Building Reserve	3	21,025	20,382
Insurance Reserve	3	40,882	40,243
Economic Development & Marketing Reserve	3	19,309	18,719
Unspent grants	15	721,580	568,498
		1,127,904	964,974

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

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

3. RESERVES - CASH BACKED

	2018		2018		2018		2018		2018		2017		2017	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Actual	Actual
	Opening	Transfer	Transfer	Transfer	Opening	Transfer	Transfer	Transfer	Opening	Transfer	Transfer	Opening	Transfer	Closing
	Balance	to	(from)	(from)	Balance	to	(from)	(from)	Balance	to	(from)	Balance	to	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land & Building Reserve	58,767	1,402	0	60,169	58,767	77,450	0	136,217	43,920	14,847	0	43,920	14,847	58,767
Plant Reserve	148,056	4,671	0	152,727	148,056	3,700	0	151,756	146,392	1,664	0	146,392	1,664	148,056
Recreation Reserve	2,725	86	0	2,811	2,726	60	0	2,786	2,694	31	0	2,694	31	2,725
Employee Entitlement Reserve	64,065	444	0	64,509	64,065	1,250	0	65,315	13,907	50,158	0	13,907	50,158	64,065
Aged Persons Units Reserve	20,230	638	0	20,868	20,229	500	0	20,729	20,003	227	0	20,003	227	20,230
Environmental Reserve	18,002	568	0	18,570	18,001	450	0	18,451	17,800	202	0	17,800	202	18,002
Industrial Area Development Reserve	5,287	167	0	5,454	5,287	125	0	5,412	5,227	59	0	5,227	59	5,286
RTC/PO/NAB Building Reserve	20,382	643	0	21,025	20,382	500	0	20,882	20,153	229	0	20,153	229	20,382
Insurance Reserve	40,243	639	0	40,882	40,244	41,000	0	81,244	20,016	20,228	0	20,016	20,228	40,244
Economic Development & Marketing Reserve	18,720	591	0	19,311	18,718	475	0	19,193	0	18,720	0	0	18,720	18,720
Town Street Maintenance Reserve	0	0	0	0	0	0	0	0	14,305	70	(14,375)	0	70	0
Painted Road Reserve	0	0	0	0	0	0	0	0	4,201	20	(4,221)	0	20	0
	396,477	9,848	0	406,325	396,475	125,510	0	521,985	308,618	106,455	(18,596)	308,618	106,455	396,477

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	Purpose of the reserve
Land & Building Reserve	To be used for the acquisition, construction and maintenance of land and buildings.
Plant Reserve	To be used for the purchase of plant and equipment.
Recreation Reserve	To be used for the improvement of the sportsground.
Employee Entitlement Reserve	To be used to fund annual, sick and long service leave and accrued staff bonuses.
Aged Persons Units Reserve	To be used for the funding of future operating shortfalls of the aged persons units in accordance with the Homeswest Joint Venture arrangement.
Environmental Reserve	To be used for the rehabilitation of sites such as gravel pits, refuse and contaminated sites.
Industrial Area Development Reserve	To be used for the development of the industrial area.
RTC/PO/NAB Building Reserve	To be used for the maintenance of the buildings.
Insurance Reserve	To be used for the settlement of minor property expenses under \$5,000 that would otherwise be insurance claims.
Economic Development & Marketing Reserve	To be used for Economic Development and Marketing of the Shire of Mingenew.
Town Street Maintenance Reserve	No longer in use
Painted Road Reserve	No longer in use

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

4. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Current		
Rates outstanding	44,775	83,832
Sundry debtors	21,668	79,873
GST receivable	18,399	30,077
Provision for Doubtful Debts	(1,585)	(1,585)
	83,257	192,197

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

Rates outstanding

Past due and not impaired	44,775	83,832
Past due and impaired	0	0
Past due and not impaired		
- up to 1 month	0	0
- 1 to 3 months	0	0
- 3 months to 1 year	0	0
- 1 to 5 Years	44,775	83,832
	44,775	83,832

Sundry debtors

Past due and not impaired	21,047	79,873
Past due and impaired	621	0
Past due and not impaired		
- up to 1 month	13,653	16,414
- 1 to 3 months	1,300	1,825
- 3 months to 1 year	6,094	61,484
- 1 to 5 Years	0	150
	21,047	79,873

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

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

Classification and subsequent measurement

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

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

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

5. INVENTORIES

	2018	2017
	\$	\$
Current		
Fuel & Materials	3,065	3,197
Land held for resale - cost		
Cost of acquisition	40,394	40,394
	<u>43,459</u>	<u>43,591</u>
Non-current		
Land held for resale - cost		
Cost of acquisition	35,000	35,000
	<u>35,000</u>	<u>35,000</u>

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for sale (Continued)

Finance costs and holding charges incurred after development is completed are expensed.

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

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

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

	NOTE	2018	2017
		\$	\$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		906,323	1,276,249
Restricted		1,127,904	964,973
		2,034,227	2,241,222
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Land & Building Reserve	3	60,169	58,767
Plant Reserve	3	152,727	148,056
Recreation Reserve	3	2,811	2,725
Employee Entitlement Reserve	3	64,509	64,065
Aged Persons Units Reserve	3	20,868	20,230
Environmental Reserve	3	18,570	18,002
Industrial Area Development Reserve	3	5,454	5,287
RTC/PO/NAB Building Reserve	3	21,025	20,382
Insurance Reserve	3	40,882	40,243
Economic Development & Marketing Reserve	3	19,309	18,719
Unspent grants	15	721,580	568,498
		1,127,904	964,974

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

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

6 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017
	\$	\$
Land - freehold land at:		
- Independent valuation 2017 - level 2	859,100	859,100
- Independent valuation 2017 - level 3	253,000	253,000
	<u>1,112,100</u>	<u>1,112,100</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
Total land	<u>1,312,100</u>	<u>1,312,100</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	625,000	625,000
Less: accumulated depreciation	(29,223)	0
	<u>595,777</u>	<u>625,000</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	8,188,710	7,514,500
- Management valuation 2017 - level 3	0	443,592
- Additions after valuation - at cost	364,105	230,618
Less: accumulated depreciation	(530,091)	0
	<u>8,022,724</u>	<u>8,188,710</u>
Total buildings	<u>8,618,501</u>	<u>8,813,710</u>
Total land and buildings	<u>9,930,601</u>	<u>10,125,810</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	85,232	81,914
- Additions after valuation - at cost	0	3,318
Less: accumulated depreciation	(27,506)	(13,421)
	<u>57,726</u>	<u>71,811</u>
Plant and equipment at:		
Independent valuation 2016 - level 2	1,173,486	1,098,985
- Disposals after valuation	(74,585)	(441,901)
- Additions after valuation - at cost	396,890	501,460
Less: accumulated depreciation	(267,602)	(116,086)
	<u>1,228,189</u>	<u>1,042,458</u>
Tools at:		
- Independent valuation 2016 - level 2	4,616	4,616
Less: accumulated depreciation	(955)	(477)
	<u>3,661</u>	<u>4,139</u>
Bushfire Equipment at:		
- Independent valuation 2016 - level 2	460,885	460,885
Less: accumulated depreciation	(90,798)	(45,399)
	<u>370,087</u>	<u>415,486</u>
Total property, plant and equipment	<u>11,590,264</u>	<u>11,659,704</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	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	Bushfire Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	1,471,016	200,000	1,671,016	7,229,097	1,855,637	9,084,734	10,755,750	81,914	1,118,085	4,616	460,885	12,421,250
Additions	0	0	0	0	230,618	230,618	230,618	3,318	501,460	0	0	735,396
(Disposals)	(14,397)	0	(14,397)	0	14,397	14,397	0	0	(441,901)	0	0	(441,901)
Revaluation increments/ (decrements) transferred to revaluation surplus	(246,600)	0	(246,600)	(198,017)	0	(198,017)	(444,617)	0	0	0	0	(444,617)
Depreciation (expense)	0	0	0	(40,981)	(374,960)	(415,941)	(415,941)	(13,421)	(135,186)	(477)	(45,399)	(610,424)
Transfers	(97,919)	0	(97,919)	(6,365,099)	6,463,018	97,919	0	0	0	0	0	0
Carrying amount at 30 June 2017	1,112,100	200,000	1,312,100	625,000	8,188,710	8,813,710	10,125,810	71,811	1,042,458	4,139	415,486	11,659,704
Additions	0	0	0	0	364,105	364,105	364,105	0	396,890	0	0	760,995
(Disposals)	0	0	0	0	0	0	0	0	(59,643)	0	0	(59,643)
Depreciation (expense)	0	0	0	(29,223)	(530,091)	(559,314)	(559,314)	(14,085)	(151,516)	(478)	(45,399)	(770,792)
Carrying amount at 30 June 2018	1,112,100	200,000	1,312,100	595,777	8,022,724	8,618,501	9,930,601	57,726	1,228,189	3,661	370,087	11,590,264

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent Registered Valuer	June 2017	Price per hectare
Land - freehold land	3	Market approach using recent observable market data for similar properties	Independent Registered Valuer	June 2017	Price per hectare
Land - vested in and under the control of Council	3	Market approach using recent observable market data for similar properties	Independent Registered Valuer	June 2017	Market data/improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent Registered Valuer	June 2017	Market data/improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - specialised	2	Market approach using recent observable market data for similar properties	Independent Registered Valuer	June 2017	Market data/improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (Level 3) inputs.
Furniture and equipment	3	Market approach using recent observable market data for similar properties	Management Valuation	June 2016	Market data/costs and current condition (Level 2), residual values and remaining useful life assessments
Plant and equipment	3	Market approach using recent observable market data for similar assets/cost approach using depreciated replacement cost	Independent Registered Valuer	June 2016	Market data/costs and current condition (Level 2), residual values and remaining useful life assessments
Tools	2	Market approach using recent observable market data for similar assets/cost approach using depreciated replacement cost	Management Valuation	June 2016	Market data/costs and current condition (Level 2), residual values and remaining useful life assessments
Bushfire Equipment	2	Market approach using recent observable market data for similar assets/cost approach using depreciated replacement cost	Management Valuation	June 2016	Market data/costs and current condition (Level 2), 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.

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

7 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Independent valuation 2019 - level 3	28,954,566	0
- Management valuation 2017 - level 3	0	37,731,065
- Additions after valuation - cost	0	835,729
Less: accumulated depreciation	0	(17,720,928)
	<u>28,954,566</u>	<u>20,845,866</u>
Footpaths		
- Independent valuation 2019 - level 3	256,678	0
- Independent valuation 2015 - level 3	0	834,860
Less: accumulated depreciation	0	(609,294)
	<u>256,678</u>	<u>225,566</u>
Airfields		
- Management valuation 2019 - level 3	147,420	0
- Management valuation 2015 - level 3	0	147,420
Less: accumulated depreciation	(72,576)	(63,504)
	<u>74,844</u>	<u>83,916</u>
Drainage		
- Independent valuation 2019 - level 3	138,219	0
- Independent valuation 2015 - level 3	0	206,064
- Additions after valuation - cost	0	3,102
Less: accumulated depreciation	0	(50,920)
	<u>138,219</u>	<u>158,246</u>
Bridges		
- Independent valuation 2019 - level 3	3,195,583	0
- Independent valuation 2015 - level 3	0	6,812,250
Less: accumulated depreciation	0	(3,798,281)
	<u>3,195,583</u>	<u>3,013,969</u>
Recreation Areas		
- Independent valuation 2017 - level 3	1,793,457	1,525,457
- Management valuation 2017 - level 3	0	32,658
- Additions after valuation - cost	0	35,424
Less: accumulated depreciation	(142,730)	0
	<u>1,650,727</u>	<u>1,593,539</u>
Other Infrastructure		
- Independent valuation 2017 - level 3	453,988	132,900
- Management valuation 2017 - level 3	0	25,784
- Additions after valuation - cost	0	124,173
Less: accumulated depreciation	(15,827)	0
	<u>438,161</u>	<u>282,857</u>
Total infrastructure	<u>34,708,778</u>	<u>26,203,959</u>

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

INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Infrastructure - Roads	Footpaths	Airfields	Drainage	Bridges	Recreation Areas	Other Infrastructure	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	24,116,135	243,357	92,988	157,755	3,150,214	857,605	108,607	28,726,661
Additions	835,729	0	0	3,102	0	35,424	124,173	998,428
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	0	0	797,854	60,969	858,823
Impairment (losses)/reversals	(2,889,644)	0	0	0	0	0	0	(2,889,644)
Depreciation (expense)	(1,216,355)	(17,791)	(9,072)	(2,611)	(136,245)	(97,345)	(10,893)	(1,490,312)
Carrying amount at 30 June 2017	20,845,865	225,566	83,916	158,246	3,013,969	1,593,538	282,857	26,203,956
Additions	975,413	0	0	0	0	199,919	171,132	1,346,464
Revaluation increments/ (decrements) transferred to revaluation surplus	7,947,747	48,903	0	(161,639)	317,859	0	0	8,152,870
Depreciation (expense)	(670,234)	(17,791)	(9,072)	(2,613)	(136,245)	(142,730)	(15,827)	(994,512)
Transfers	(144,225)	0	0	144,225	0	0	0	0
Carrying amount at 30 June 2018	28,954,566	256,678	74,844	138,219	3,195,583	1,650,727	438,162	34,708,778

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Depreciated Cost	Independent specialist valuer	June 2018	Depreciated cost value of similar assets adjusted for condition and comparability.
Footpaths	3	Depreciated Cost	Independent specialist valuer	June 2018	Depreciated cost value of similar assets adjusted for condition and comparability.
Airfields	3	Depreciated Cost	Independent specialist valuer	June 2018	Depreciated cost value of similar assets adjusted for condition and comparability.
Drainage	3	Depreciated Cost	Independent specialist valuer	June 2018	Depreciated cost value of similar assets adjusted for condition and comparability.
Bridges	3	Depreciated Cost	Independent specialist valuer	June 2018	Depreciated cost value of similar assets adjusted for condition and comparability.
Recreation Areas	3	Depreciated Cost	Independent specialist valuer	June 2017	Depreciated cost value of similar assets adjusted for condition and comparability.
Other Infrastructure	3	Depreciated Cost	Independent specialist valuer	June 2017	Depreciated cost value of similar assets adjusted for condition and comparability.

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

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

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

8. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

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

Land under control

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

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

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

8. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Governance								
Administration Vehicle Changeovers	0	0	0	0	209,000	209,000	0	0
Housing								
Lot 89 Victoria Street, Mingenew	0	0	0	0	36,000	76,000	40,000	0
Transport								
Wilson Slasher	6,198	4,545	0	(1,653)	0	0	0	0
Caterpillar 120H Grader	53,445	40,000	0	(13,445)	0	0	0	0
Works Supervisor Vehicle Changeovers	0	0	0	0	80,650	80,650	0	0
	59,643	44,545	0	(15,098)	325,650	365,650	40,000	0

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	29,223	40,981
Buildings - specialised	530,091	374,960
Furniture and equipment	14,085	13,421
Plant and equipment	151,516	135,186
Tools	478	477
Bushfire Equipment	45,399	45,399
Infrastructure - Roads	670,234	1,216,355
Footpaths	17,791	17,791
Airfields	9,072	9,072
Drainage	2,613	2,611
Bridges	136,245	136,245
Recreation Areas	142,730	97,345
Other Infrastructure	15,827	10,893
	1,765,304	2,100,736

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

8. 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

Buildings - non-specialised	30-50 Years
Buildings - specialised	30-50 Years
Furniture and equipment	4-10 Years
Plant and equipment	5-15 Years
Infrastructure - Roads	12-50 Years
Infrastructure - Footpaths	10-40 Years
Infrastructure - Drainage	10-80 Years
Infrastructure - Parks and ovals	10-100 Years
Infrastructure - Other	5-50 Years
Infrastructure - Bridges	80 Years
Infrastructure - Airfield	50 Years

Depreciation (Continued)

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

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

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

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

9. REVALUATION SURPLUS

	2018				2018				2017			
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total	Closing Balance	Revaluation Increment	Revaluation (Decrement)	Total	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total
Revaluation surplus - Land - freehold land	4,466,433	0	0	0	4,466,433	0	0	0	4,713,033	(246,600)	0	(246,600)
Revaluation surplus - Land - vested in and under the control of Council	185,000	0	0	0	185,000	0	0	0	0	185,000	0	185,000
Revaluation surplus - Buildings - non-specialised	(198,017)	0	0	0	(198,017)	0	0	0	0	(198,017)	0	(198,017)
Revaluation surplus - Buildings - specialised	1,855,638	0	0	0	1,855,638	0	0	0	0	1,855,638	0	1,855,638
Revaluation surplus - Plant and equipment	156,598	0	0	0	156,598	0	0	0	156,598	0	0	156,598
Revaluation surplus - Infrastructure - Roads	670,741	7,947,748	0	7,947,748	8,618,489	0	0	0	3,560,385	(2,889,644)	0	(2,889,644)
Revaluation surplus - Footpaths	99,085	48,903	0	48,903	147,988	0	0	0	99,085	0	0	99,085
Revaluation surplus - Airfields	102,060	0	0	0	102,060	0	0	0	102,060	0	0	102,060
Revaluation surplus - Drainage	929,908	0	(161,639)	(161,639)	768,269	0	0	0	132,054	797,854	0	797,854
Revaluation surplus - Bridges	1,169,324	317,859	0	317,859	1,487,183	0	0	0	1,169,324	0	0	0
Revaluation surplus - Recreation Areas	415,462	0	0	0	415,462	0	0	0	354,493	60,969	0	60,969
Revaluation surplus - Other Infrastructure	107,897	0	0	0	107,897	0	0	0	107,897	0	0	0
	9,960,129	8,314,510	(161,639)	8,152,871	18,113,000	2,454,844	(2,889,644)	(434,800)	10,394,929	2,454,844	(2,889,644)	(434,800)

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.

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

9. TRADE AND OTHER PAYABLES

Current

	2018	2017
	\$	\$
Sundry creditors	165,319	261,624
Accrued interest on long term borrowings	2,496	13,414
Accrued salaries and wages	1,977	1,977
ATO liabilities	37,451	41,721
	207,243	318,736

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.

9. SHORT-TERM BORROWINGS

Unsecured

Unrestricted – Municipal bank overdraft	721,580	568,498
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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal	Principal Repayments		Principal		Interest Repayments	
	1 July 2017	Actual	Budget	30 June 2018	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$
Education and welfare							
Loan 137 - Senior Citizen Buildings	102,736	20,671	19,576	82,065	83,160	3,042	3,088
Housing							
Loan 133 - Triplex	68,849	13,171	13,195	55,678	55,654	1,978	1,967
Loan 134 - Phillip Street	52,112	10,033	9,930	42,079	42,182	1,501	1,499
Loan 136 - Moore Street	121,951	25,021	23,656	96,930	98,295	3,777	3,738
Loan 142- 15 Field Street	62,956	11,555	11,996	51,401	50,960	1,749	1,726
Recreation and culture							
Loan 138 - Pavilion Fitout	101,225	19,845	18,792	81,381	82,433	2,920	2,964
Transport							
Loan 139 - Roller	27,194	4,865	5,182	22,329	22,012	799	727
Loan 141- Grader	92,207	16,891	17,570	75,316	74,637	2,610	2,523
Loan 143- 2 X Trucks	0	0	0	0	0	120	0
Loan 144 - Side Tripper	62,956	11,555	11,996	51,401	50,960	1,749	1,726
Loan 145 - Drum Roller	99,090	17,167	18,881	81,923	80,209	2,761	2,565
	791,276	150,774	150,774	640,504	640,502	23,006	22,523

Borrowings

	2018	2017
	\$	\$
Current	115,473	150,775
Non-current	525,031	640,502
	640,504	791,277

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

10. INFORMATION ON BORROWINGS (Continued)

(b) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2018	2017
	\$	\$
Bank overdraft limit	500,000	50,000
Bank overdraft at balance date	0	0
Credit card limit	14,500	9,500
Credit card balance at balance date	259	0
Total amount of credit unused	514,241	59,500

Loan facilities

Loan facilities - current

Loan facilities - non-current

Total facilities in use at balance date

Unused loan facilities at balance date

Nil

Nil

Nil

115,473

525,031

640,504

150,775

640,502

791,277

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Borrowing costs are recognised as an expense when incurred except becomes a party to the contractual provisions to the inst where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are

Borrowing costs

Non-derivative financial liabilities (excluding financial gur capitalised as part of the cost of the particular asset until such time as are subsequently measured at amortised cost. Gains or the asset is substantially ready for its intended use or sale. 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.

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

11. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	86,110	144,904	231,014
Non-current provisions	0	24,552	24,552
	86,110	169,456	255,566
Additional provision	(8,942)	(16,808)	(25,750)
Balance at 30 June 2018	77,168	152,648	229,816
Comprises			
Current	77,168	137,151	214,319
Non-current		15,497	15,497
	77,168	152,648	229,816

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

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

12. 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	2,034,227	555,844	2,241,222

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

Net result	254,457	(389,285)	538,190
Non-cash flows in Net result:			
Depreciation	1,765,304	2,190,310	2,100,736
(Profit)/loss on sale of asset	15,098	(40,000)	279
Changes in assets and liabilities:			
(Increase)/decrease in receivables	108,940	108,365	(145,730)
(Increase)/decrease in inventories	132	0	10,088
Increase/(decrease) in payables	(111,493)	(229,967)	74,630
Increase/(decrease) in provisions	(25,750)	0	(110,443)
Grants contributions for the development of assets	(1,068,271)	(1,429,305)	(1,557,937)
Net cash from operating activities	938,417	210,118	909,813

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

13. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	1,358,613	462,608
General purpose funding	1,682,526	2,521,524
Law, order, public safety	425,592	511,495
Health	102,353	36,265
Education and welfare	518,888	775,698
Housing	2,936,805	2,469,341
Community amenities	1,524,382	359,798
Recreation and culture	4,120,976	4,488,348
Transport	34,154,251	26,453,670
Economic services	1,153,296	532,821
Other property and services	517,305	1,355,965
Unallocated	0	408,140
	48,494,986	40,375,673

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

13. JOINT ARRANGEMENTS

In 1997/98, Council, in conjunction with Homeswest, constructed 3 x two bedroom and 1 x one bedroom Aged Persons' Units in the Mingenew townsite. The terms of the joint venture agreement provided for Council to contribute \$59,136 which equates to an equity of 13.92%. Council has subsequently capitalised expenditure on the units. The recalculated equity for Council is 18.58%. Fair Value assessment of the property was undertaken in 2013/14 along with all other Council Land and Building Assets. The amount shown below is 18.58% of the fair value of \$470,000 and is included in Note 6.

	2018	2017
	\$	\$
Non-current assets		
Land and buildings	87,326	87,326
Less: accumulated depreciation	(2,733)	0
	84,593	87,326

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

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

Interests in joint arrangements (Continued)

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

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

13. COMMITMENTS

(a) Capital Commitments

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new recreation centre and purchase of a new truck (the prior year commitment was for the construction of the new recreation centre).

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but	2018	2017
	<u>\$</u>	<u>\$</u>
Payable:		
- not later than one year	843	5,056
- later than one year but not later than five years	0	863
- later than five years	0	0
	<u>843</u>	<u>5,919</u>

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

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

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

14. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018	2018	2017
	Actual	Budget	Actual
The following fees, expenses and allowances were paid to council members and/or the President.	\$	\$	\$
Meeting Fees	27,295	28,433	27,565
President's allowance	7,824	7,222	7,150
Deputy President's allowance	1,359	1,812	1,794
Travelling expenses	0	1,183	0
	<u>36,478</u>	<u>38,650</u>	<u>36,509</u>

Key Management Personnel (KMP) Compensation Disclosure

	2018	2017
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	384,140	593,509
Post-employment benefits	46,979	62,525
Other long-term benefits	(85,880)	65,034
Termination benefits	77,388	111,241
	<u>422,627</u>	<u>832,309</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Transactions with related parties

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

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

	2018	2017
	\$	\$
The following transactions occurred with related parties:		
Sale of goods and services	0	0
Purchase of goods and services	22,199	50,501

Joint venture entities:

Distributions received from joint venture entities	0	0
--	---	---

Amounts outstanding from related parties:

Trade and other receivables	0	0
Loans to associated entities	0	0
Loans to key management personnel	0	0

Amounts payable to related parties:

Trade and other payables	373	0
Loans from associated entities	0	0

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.

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

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in joint venture entities, refer to Note 13.

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

15. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received	Expended	Closing	Received	Expended	Closing
	Balance ⁽¹⁾ 1/07/16	2016/17	2016/17	Balance ⁽¹⁾ 30/06/17	2017/18	2017/18	Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
General purpose funding							
Grants Commission - Special Purpose Grant	210,000	0	0	210,000	0	0	210,000
Grants Commission - Special Purpose Grant	0	0	0	0	498,000	0	498,000
Community amenities							
Department of Planning - Town Revitalisation Plan	60,000	0	0	60,000	0	(60,000)	0
Department of Planning - Town Planning Scheme	25,000	0	0	25,000	0	(25,000)	0
Mid West Development Commission - Transfer Station	0	45,000	0	45,000	0	(45,000)	0
Recreation and culture							
Mid West Development Commission - Museum Upgrade	0	13,712	0	13,712	0	(13,712)	0
Lotterywest - Little Well Project	0	13,580	0	13,580	0	0	13,580
Department of LG & Communities - Oval Lighting	0	50,000	0	50,000	0	(50,000)	0
Transport							
Department of Infrastructure - Roads to Recovery	128,096	354,802	(331,692)	151,206	983	(152,189)	0
Total	423,096	477,094	(331,692)	568,498	498,983	(345,901)	721,580

Notes:

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

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

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

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

16. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value	Rate Revenue	Interim Rates	Total Revenue	Budget Rate Revenue	Budget Total Revenue
Differential general rate / general rate	\$		\$	\$	\$	\$	\$	\$
Gross rental valuations								
GRV - Mingenew	0.1454	127	1,131,000	164,447	(2,312)	162,135	164,447	164,447
GRV - Yandanooka	0.1454	2	13,884	2,019	0	2,019	2,019	2,019
GRV- Commercial	0.1454	14	349,700	50,846	0	50,846	50,846	50,846
GRV - Industrial	0.1454	1	12,480	1,815	0	1,815	1,815	1,815
Unimproved valuations								
UV Rural & Mining	0.0134	113	110,861,500	1,480,001	(676)	1,479,325	1,480,001	1,480,001
UV Mining	0.0134	0	0	0		0	0	0
Sub-Total		257	112,368,564	1,699,128	(2,988)	1,696,140	1,699,128	1,699,128
Minimum payment	\$							
Gross rental valuations								
GRV - Mingenew	682	64	28,026	43,648	0	43,648	43,648	43,648
GRV - Yandanooka	682	0	0	0	0	0	0	0
GRV- Commercial	682	9	6,200	6,138	0	6,138	6,138	6,138
GRV - Industrial	682	2	1,850	1,364	0	1,364	1,364	1,364
Unimproved valuations								
UV Rural & Mining	1,025	23	671,100	23,575	0	23,575	23,575	23,575
UV Mining	1,025	8	39,885	8,200	0	8,200	8,200	8,200
Sub-Total		106	747,061	82,925	0	82,925	82,925	82,925
Discounts/concessions (refer note 16(b))		363	113,115,625	1,782,053	(2,988)	1,779,065	1,782,053	1,782,053
Total amount raised from general rate						(2,476)		(1,009)
Ex-gratia rates								1,781,044
Totals								35,523
								1,816,567

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

16. **RATING INFORMATION (Continued)**

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	Actual \$	Budget \$
Yandanooka Townsite	Concession	50.00%	1,009	1,009	1,009
Murchison Regional Aboriginal Corporation	Concession	80.00%	1,467	1,467	0
				2,476	1,009

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 and/or Reasons for the Waiver or Concession
Yandanooka Townsite	Recognise the reduced level of services	Recognise the reduced level of services
Murchison Regional Aboriginal Corporation	Charitable organisation	Compliance with the Local Government Act 1995

16. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	29/09/2017			11.00%
Option Two				
First instalment	29/09/2017		5.50%	11.00%
Second instalment	30/11/2017	15	5.50%	11.00%
Option Three				
First instalment	29/09/2017		5.50%	11.00%
Second instalment	30/11/2017	15	5.50%	11.00%
Third instalment	31/01/2018	15	5.50%	11.00%
Fourth instalment	1/04/2018	15	5.50%	11.00%
			2018 Actual	2018 Budget
			\$	\$
Interest on unpaid rates			19,335	12,180
Charges on instalment plan			2,490	3,200
			21,825	15,380

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

17. NET CURRENT ASSETS

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

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus/(Deficit) 1 July 17 brought forward	1,506,979	1,721,405	1,721,405
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	906,323	1,276,249	1,276,249
Restricted	1,127,904	964,973	964,973
Receivables			
Rates outstanding	44,775	83,832	83,832
Sundry debtors	21,668	79,873	79,873
GST receivable	18,399	30,077	30,077
Provision for Doubtful Debts	(1,585)	(1,585)	(1,585)
Inventories			
Fuel & Materials	3,065	3,197	3,197
Land held for resale - cost			
Cost of acquisition	40,394	40,394	40,394
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(165,321)	(261,624)	(261,624)
Accrued interest on long term borrowings	(2,496)	(13,414)	(13,414)
Accrued salaries and wages	(1,977)	(1,977)	(1,977)
ATO liabilities	(37,451)	(41,721)	(41,721)
Current portion of long term borrowings	(115,473)	(150,775)	(150,775)
Provisions			
Provision for annual leave	(77,168)	(86,110)	(86,110)
Provision for long service leave	(137,151)	(144,904)	(144,904)
Unadjusted net current assets	1,623,906	1,776,485	1,776,485
Adjustments			
Less: Reserves - restricted cash	(406,325)	(396,475)	(396,475)
Less: Land held for resale - cost			
Less: Cost of acquisition	(40,394)	(40,394)	(40,394)
Add: Current portion of long term borrowings	115,473	150,775	150,775
Add: Provision for Annual Leave	77,168	86,110	86,110
Add: Provision for Long Service Leave	137,151	144,904	144,904
Adjusted net current assets - surplus/(deficit)	1,506,979	1,721,405	1,721,405

Difference

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

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

18. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	2,034,227	2,241,222	2,034,227	2,241,222
Receivables (Refer to Note a)	64,858	162,120	64,858	162,120
	<u>2,099,085</u>	<u>2,403,342</u>	<u>2,099,085</u>	<u>2,403,342</u>
Financial liabilities				
Payables (Refer to Note b)	169,792	277,015	169,792	277,015
Borrowings	640,504	791,277	640,504	791,277
	<u>810,296</u>	<u>1,068,292</u>	<u>810,296</u>	<u>1,068,292</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

Notes:

(a) The amount excludes GST Receivable from ATO (Statutory Receivable)

(b) The amount excludes ATO Liabilities (Statutory Payable)

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

18. 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% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	20,342	22,412
- Statement of Comprehensive Income	20,342	22,412

Notes:

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

	Weighted Average Interest Rate	Carrying Amounts	Variable Interest Rate	Non Interest Bearing
2018				
Cash and Cash Equivalents	1.25%	2,034,227	2,034,227	0
2018				
Cash and Cash Equivalents	0.70%	2,241,222	2,241,222	0

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

18. 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	63%	21%
- Overdue	37%	79%

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

18. 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
	\$	\$	\$	\$	\$
2018					
Payables	169,792	0	0	169,792	169,792
Borrowings	115,472	525,031	0	640,503	640,504
	285,264	525,031	0	810,295	810,296
2017					
Payables	277,015	0	0	277,015	277,015
Borrowings	150,775	640,502	0	791,277	791,277
	427,790	640,502	0	1,068,292	1,068,292

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

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

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	115,472	197,118	161,995	165,918			640,503	2.40%
Weighted average Effective interest rate	2.40%	2.40%	2.40%	2.40%				
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	150,774	115,472	197,118	161,995	165,918		791,277	2.40%
Weighted average Effective interest rate	2.40%	2.40%	2.40%	2.40%	2.40%			

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

18. TRUST FUNDS

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

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
BCITF Levy	0	495	0	495
BRB Levy	4	511	(514)	1
Councillor Nomination Fees	0	560	(560)	0
Autumn Committee	974	0	0	974
Community Bus	2,200	400	(400)	2,200
ANZAC Day Breakfast Donation	501	0	0	501
Building Relocation Bond	1,000	0	0	1,000
Mid West Industry Road Safety Alliance	21,294	68,700	(51,985)	38,009
Mingenew Cemetery Group	4,314	0	0	4,314
Housing Bonds	1,428	0	0	1,428
Cool Room Bond	530	430	(430)	530
Outdoor Camera Bond	350	0	0	350
Animal Trap Bond	0	100	(100)	0
Other Bonds	200	0	0	200
Rates Incentive Prizes	100	0	0	100
Tree Planter - LCDC	88	0	0	88
Weary Dunlop Memorial	87	0	0	87
Mingenew P & C - NBN Rental	0	6,376	0	6,376
Joan Trust	2,161	0	(2,155)	6
Youth Advisory Council	746	0	0	746
Centenary Committee	897	0	0	897
Community Christmas Tree	432	0	0	432
Seniors Donations	50	0	0	50
	37,356			58,784

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

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

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

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

Notes:

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

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

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.

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

Notes:

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

Adoption of New and Revised Accounting Standards

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

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

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

20. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

21. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer community.	Fire prevention, animal control and safety.
HEALTH	To provide services to help ensure a safer community.	Food quality, pest control and inspections.
EDUCATION AND WELFARE	To meet the needs of the community in these areas.	Includes education programs, youth based activities, care of families, the aged and disabled.
HOUSING	Provide housing services required by the community and for staff.	Maintenance of staff, aged and rental housing.
COMMUNITY AMENITIES	Provide services required by the community.	Rubbish collection services, landfill maintenance, town site storm water drainage control and maintenance, administration of the Town Planning Scheme and maintenance of cemeteries.
RECREATION AND CULTURE	To establish and manage efficiently, infrastructure and resources which will help the social well being of the community.	Maintenance of halls, recreation centres and various reserves, operation of library, support of community events and matters relating to heritage.
TRANSPORT	To provide effective and efficient transport services to the community.	Construction and maintenance of streets, road and footpaths, cleaning and lighting of streets, roads and footpaths, traffic signs and depot maintenance.
ECONOMIC SERVICES	To help promote the Shire and improve its economic wellbeing.	The regulation and provision of tourism, area promotion, building control and noxious weeds.
OTHER PROPERTY AND SERVICES	To provide effective and efficient administration, works operations and plant and fleet services.	Private works operations, plant repairs and operational costs. Administration overheads.

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

22. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	2.17	2.38	1.07
Asset consumption ratio	0.98	0.63	0.50
Asset renewal funding ratio	N/A	0.39	0.95
Asset sustainability ratio	1.17	0.83	0.49
Debt service cover ratio	5.61	3.97	3.40
Operating surplus ratio	(0.32)	(0.39)	(0.60)
Own source revenue coverage ratio	0.61	0.54	0.57

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:

The Shire's Asset Management Plan is currently in draft format and the Long Term Financial now outdated therefore the information in these plans is not considered to be reliable for the calculation of the Asset Renewal Funding Ratio.

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.	318,719	309,762	0
Amount of Financial Assistance Grant received in prior year relating to current year.	309,762	0	300,764
Amount of reimbursement for flood damage received	0	0	0
Expenditure on flood damage re-instatement			

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	2.19	1.89	1.50
Debt service cover ratio	5.56	2.95	4.69
Operating surplus ratio	(0.32)	(0.50)	(0.49)
Own source revenue coverage ratio	0.61	0.54	0.57

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE SHIRE OF MINGENEW**

Report on the Financial Report

Opinion

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

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

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

Basis for Opinion

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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

Shire's Responsibility for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.

- Conclude on the appropriateness of Shire's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Emphasis of Matter

Without modifying our opinion, we draw attention to page 50 of the financial report "Financial Ratios", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

Reporting on Other Legal and Regulatory Requirements

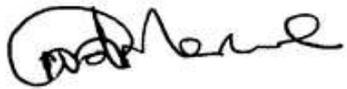
We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) other than the following:

- a) The Shire has not presented the asset renewal ratio as Council has not yet adopted the Strategic Community Plan in order to finalise the Asset Management Plan.

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

- a) Apart from the operating surplus ratio that does not meet the minimum benchmark, there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth
Date: 13 December 2018





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