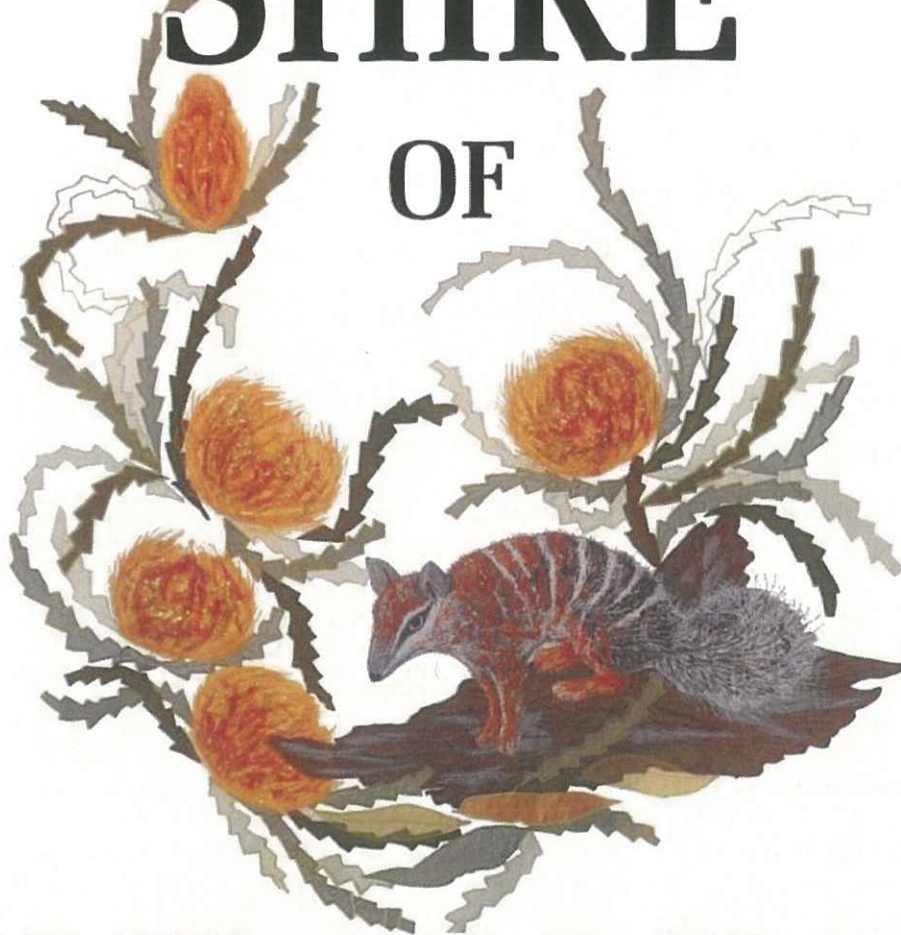


SHIRE

OF



CUBALLING

ANNUAL REPORT

2017/18

Adopted by Council: 27th February 2019

TABLE OF CONTENTS

INTRODUCTION	i
VISION	i
MISSION	i
CORE VALUES	i
SHIRE PRESIDENTS REPORT	ii
CHIEF EXECUTIVE OFFICER'S REPORT	iv
COMMUNITY STRATEGIC PLAN	v
DISABILITY ACCESS AND INCLUSION PLAN STATEMENT - PERIOD ENDING 30 TH JUNE 2018	viii
FREEDOM OF INFORMATION STATEMENT	x
SHIRE OF CUBALLING.....	x
NATIONAL COMPETITION POLICY	x
STATE RECORDS ACT 2000	xi
EMPLOYEE REMUNERATION	xi
REGISTER OF COMPLAINTS	xii
ANNUAL FINANCIAL REPORT.....	2
SUPPLEMENTARY RATIO INFORMATION	58
AUDITOR'S REPORT.....	63

INTRODUCTION

Council is pleased to present the Annual Report of the Shire of Cuballing for the Financial Year ending 30 June 2018. The report is prepared in accordance with the requirements of Section 5.53 of the Local Government Act 1995, relevant standards and Regulations.

Council is required to, in its Annual Report, include more on its operations and activities and it is hoped that you will find the information of interest.

Copies of the report are available at the Shire Offices in Campbell Street, Cuballing. Council welcomes any comment from ratepayers and residents of the Shire.

VISION

A progressive, diverse and caring community, with access to modern services and infrastructure, in a unique part of the world.

MISSION

To provide the leadership, facilities, infrastructure and services that will serve the needs of our community.

CORE VALUES

- Transparency – by being open and accountable.
- Honesty – by acting with integrity and building trust.
- Respect – by being tolerant, helpful and showing empathy and care for others.
- Dedication – in the continual pursuit of excellence.
- Proactivity – through forward thinking and being positive.
- Cohesiveness – through teamwork, unity and shared ownership.

SHIRE PRESIDENTS REPORT

PERIOD ENDING 30TH JUNE 2018



The 2017/18 financial year has been another successful year as our financial position remains strong and we continue to expand services within our means.

I often use the term “ticking along nicely” when asked how the Shire is going. Not only are we going well but we can easily compare our Shire with any other on my council website. This state initiative continues as a source of some satisfaction with Cuballing performing well again this year. Given there have been some high profile cases where Shires have come adrift getting it right should not be taken for granted and there are many people making contributions to ensure we remain on track. From my fellow Councillors, CEO, Deputy CEO, admin staff and outside crew all working effectively within the organisation to benefit our community. Many thanks for your contributions.

During the year waste management improvements began with the introduction of kerbside collection for recycle material and general waste. Upgrades to Cuballing and Popanyinning waste sites to transfer stations combined with manning the sites during opening hours has improved recycling rates and cleanliness of the sites. Popanyinning also ran a successful feral cat eradication program during the transition phase.

An expanding range of events are being well supported by our community sending a strong message to Council that people value these events. The Youth Day surprised with the support it received along with the Music Festival, outdoor movie night, Australia Day breakfast amongst others which were well received. I would like to thank not only staff but the ever-available volunteers in our community who continue to make invaluable contributions. An example is the bushfire brigades coordinated by the Shire but manned by volunteers to provide a protection role in the community we all rely on with confidence. Our volunteers are the strength of our community.

Perhaps the most polarising issue during the year was granting a development approval for the Duck’s Nuts Motorbike Park. The new approval increases capacity at the park by allowing more riders reflecting growth of the business but also set meaningful conditions which will assist compliance for the proponents and allow clarity with enforcement of the license.

One disappointment during the year was the delay in commissioning the Cuballing Telstra mobile phone tower. As promised, technology was installed to the existing NBN tower just prior to June 30th however further works and delays were required with existing infrastructure before it became operational. Development approval was given to Optus for them to construct a similar mobile tower in Cuballing adjacent to the cemetery.

Our road works program continued in line with the 10 year plan with a minor delay on the Wandering/Narrogin Road due to February rains interrupting culvert installation and deferral of

the project until next summer. Heavy rain during winter months has put additional pressures on our gravel road network with road train restrictions applied several times to protect unusually wet roads. A continual concern during the second half of the financial year has been reduced funding for roadworks. A concerted effort from ourselves amongst other rural shires saw the vehicle license concessions reinstated only to be replaced by a reduction of direct road funding. An enormous amount of work went into finding a legitimate way to restore our vehicle license concessions which are estimated to be worth \$25,000 to the shire only to have Direct Road Grant Funding reduced by \$41,000 in a punitive reaction by the State Government to our successful campaign. With the State budget yet to be delivered there are real concerns for funding in several key areas for our Local Government. Roads and Aged Housing the most vulnerable.

Whatever our challenges ahead, Cuballing Shire is well placed to manage them given the quality of staff and our financial strength.

Cr Mark Conley
SHIRE PRESIDENT

CHIEF EXECUTIVE OFFICER'S REPORT

PERIOD ENDING 30TH JUNE 2018



The focus of the Shire of Cuballing continues to be the provision of good facilities and improved services to our community, whilst maintaining judicious financial standards.

During the 2017/18 year the following projects were completed or progressed for completion including:

- Completed the Cuballing entry statements. These entry statements featuring horse sculptures completed by Tim Bradford are very striking;
- The purchase and installation of toilet facilities at the Cuballing Fire Station. This project was fully funded by Emergency Services Levy grant funding;
- Upgraded water standpipes at Popanyinning and Cuballing to improve the reliability and administration process;
- Upgraded the Yornaning Dam Reserve including defining the parking area, upgrading the access road and new signage. This project is anticipated to continue in 2018/19;
- Completed the construction of the Dryandra Regional Equestrian Centre Weather Shelter Project.
- Continued to complete major road works projects including:
 - Commenced widening sections of Narrogin Wandering Road. While these works were interrupted by complications from clearing permit approvals, the projects will be completed in 2018/19;
 - widening sections of Stratherne Road;
 - completing final seals to a range of recent projects including Wandering Narrogin Road, Yornaning West Road, Cuballing East Road and Victoria Street;
- Participated in the regional purchase of a crashed car trailer a road safety initiative;
- Improvements in the external lighting of the Cuballing Recreation Centre;

During 2017/18 Council completed and assisted with a number of very successful community events. Council conducted the Australia Day Breakfast in January in Popanyinning, the Cuballing Music Festival in February and the annual outdoor movie screening in December. Council continued to run the very successful events for children including the Youth Day in and Kids Day in September. In addition, Council supported the annual Popanyinning Bonfire Night in August and the Cuballing Christmas Tree in December.

I would like to thank Councillors, fellow staff and the community for their efforts and support throughout the year.

Gary Sherry MLGP
CHIEF EXECUTIVE OFFICER

COMMUNITY STRATEGIC PLAN

The Shire of Cuballing undertook a review of the Shire of Cuballing Strategic Community Plan in 2017.

The Shire of Cuballing Strategic Community Plan is broken into four key themes of:

- Community - Our Community, Neighbourhoods, Recreation and Culture
- Environment - Our Environment, Resource Management and Services
- Economy - Our Economy, Infrastructure, Systems and Services
- Governance & Organisation - Our Council, Services, Policies and Engagement

Each theme has an aspirational goals and a number of objectives to bring priorities to life.

An overview of aspirations and objectives can be found in the following summary, with copies of the Community Strategic Plan available to view at the Shire Administration Office and online at during 2017/18.

COMMUNITY - Our Community, Neighbourhoods, Recreation and Culture.

Goals

- A healthy and caring community which has strong support for all ages and abilities.
- A safe community where residents feel secure and comfortable at home, work and play.
- A healthy community engaging in positive and rewarding lifestyles with access to recreational and leisure opportunities.
- A vibrant community, enjoying access to a wide range of quality arts and cultural activities.

	Strategy
1.1	Create a vibrant social environment that is accessible and inclusive for all ages and abilities.
1.2	Create a vibrant built environment that is accessible and inclusive and reflects the Shire's identity and local heritage.
1.3	Encourage and support volunteers and community groups.
1.4	Facilitate improved access to health and welfare programs and education opportunities.
1.5	Provide and promote sport, recreation and leisure facilities and programs.
1.6	Support local arts and cultural activities.
1.7	Create and maintain a safe environment for the community.
1.8	Manage environmental health risks in the Shire.

ENVIRONMENT - Our Environment, Resource Management and Services

Goals

- Valuing our unique environment and ensuring the natural resources within the Shire are recognised as an important asset and managed in a sustainable manner.
- Recognising the environmental and recreational value of Council reserves, and managing them in a way that will preserve them for future generations to enjoy.

- Aiming for the equitable and sustainable development of land within the Shire of Cuballing that provides a genuinely desirable lifestyle.
- Managing waste and recycling in a manner that is environmentally sustainable and meets the expectations of the community.

Strategy	
2.1	Protect, restore and enhance the Shire's natural assets.
2.2	Educate the community on ways to use our environment responsibly and build environmental awareness.
2.3	Provide equitable access for all users to our environment while balancing the protection of natural assets.
2.4	Sustainably manage our waste, water, energy use and facilities and investigate opportunities to reduce their impacts on our environment.
2.5	Plan for and adapt to changes in our climate and the impacts of increased water and energy vulnerability.

ECONOMY - Our Economy, Infrastructure, Systems and Services.

Goals

- Community infrastructure and services delivered in a timely manner, are well utilised, effective and meet the expectations of the community.
- Transport systems that are functional, efficient, economical and safe, coupled with continuous improvement to meet the safety and amenity needs of the community.
- Managing community assets in a whole of life and economically sustainable manner.
- Promoting sustainable and diverse economic development opportunities that make the Shire of Cuballing an attractive place to live, work and visit.

Strategy	
3.1	Deliver a diverse range of affordable services and infrastructure across the Shire.
3.2	Ensure essential services and infrastructure are aligned to community needs now and in the future.
3.3	Deliver and advocate for a diverse and safe transport system which is efficient and meets the needs of all users.
3.4	Create and strengthen partnerships to advocate for and deliver community facilities, and services and major infrastructure.
3.5	Maintain a robust asset management practices and maintenance programs.
3.6	Facilitate and guide high quality and efficient building and development across the Shire.
3.7	Advocate and plan for local economic development in a sustainable manner.

GOVERNANCE & ORGANISATION - Our Council, Services, Policies and Engagement.

Goals

- An independent Council that is supported by an excellent organisation.
- Governance structures that ensure accountable, transparent and ethical decision making.
- Building the organisation and managing its structure, finances and assets in a sustainable manner.

- A Council that proactively engages with all elements of its community to make decisions that reflect positively on the future of the Shire of Cuballing.

Strategy	
4.1	Councillors provide strong and visionary leadership.
4.2	Maintain a clear, transparent and ethical decision making process.
4.3	Ensure open and consistent communication between the Shire and the community.
4.4	Actively engage with the community to inform decision making and improve conversations within the community.
4.5	Be innovative in the management of Shire operations, services, staff and resources to create a resilient and financially stable Shire.
4.6	Employees actively contribute to improved operational service delivery and ensure excellent customer service.

DISABILITY ACCESS AND INCLUSION PLAN

STATEMENT - PERIOD ENDING 30TH JUNE 2018

The Shire of Cuballing first adopted a Shire of Cuballing Disability Access and Inclusion Plan in 1995. The Shire of Cuballing Disability Access and Inclusion Plan 2015-2018 was adopted on 17th September 2015.

The Disability Services Amendment Act 1999 requires local governments to report annually on their Disability Access and Inclusion Plan achievements. The achievements for the year ended 30th June 2018 are listed below and grouped into the outcome areas addressed in the Shire of Cuballing's Disability Access and Inclusion Plan.

Outcome 1 People with disability have the same opportunity as other people to access the services of, and any events organised in the Shire of Cuballing

Council is responsive to the needs of the community in relation to the adaptation of services to suit particular needs. During the year no areas of service delivery were identified as requiring modification.

Outcome 2 People with disability have the same opportunity as other people to access the buildings and other facilities of the Shire of Cuballing

Council owned buildings are reviewed annually to see what modifications are required to improved access for members of the community that have difficulty with mobility.

Commercial enterprises are encouraged to address this problem and are gradually making their shop entrances easier for members of the public to access.

Outcome 3 People with disability receive information pertaining to Council functions facilities and services in a format that will enable them to access the information as readily as other people are able to access it

Information about the functions, facilities and services provided by the Shire is prepared using clear and concise language. If necessary, this information can be made in alternative formats i.e. large print, verbal etc on request. During the year no such requests were received.

Outcome 4 People with disability will receive the same level and quality of service from the staff of the Shire of Cuballing as other people receive.

Staff training is reviewed annually and where a need for training is identified, the staff are given the appropriate training.

Outcome 5 **People with disability have the same opportunities as other people to make complaints to the Shire of Cuballing**

All grievance procedures are accessible and staff are available to assist where required to ensure diverse needs are met to ensure grievances and complaints can be made known to the Shire. Procedures are reviewed regularly and staff are provided with training as required.

Outcome 6 **People with disability have the same opportunities as other people to participate in any public consultation by the Shire of Cuballing**

Venues which are utilised for community participation in Council process are selected with the objective of ensuring access for all members of the community.

Outcome 7 **People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Cuballing**

Council or staff responsible for recruitment will ensure that the right person is selected for the position regardless of disability. At all stages of the recruitment process, staff will ensure that the position description, interviews and the workplace are accessible to all.

FREEDOM OF INFORMATION STATEMENT

The Freedom of Information (FOI) Act 1992 gives the public the right to apply for access to information held by the Shire of Cuballing. In the event that a request for information goes beyond the scope of the usual requests received, then the Shire would consider using the FOI process.

A copy of the FOI process is contained within the Shire's FOI Information Statement, which is available at www.cuballing.wa.gov.au

It is a statutory requirement that all FOI requests are processed by agencies within a timeframe of 45 calendar days. In the 2017-2018 financial year, the Shire of Cuballing processed no applications.

SHIRE OF CUBALLING

NATIONAL COMPETITION POLICY

The Clause 7 Statement on the application of National Competition Policy to local government requires certain information to be provided in the Annual Report.

COMPETITIVE NEUTRALITY

Council has reviewed all areas of operations to determine the existence or otherwise of significant business activities.

A significant business activity is defined as an activity with an income in excess of \$200,000 pa, which is not a regulatory service (community service obligation) and which is not already contracted out.

Accordingly, it has been determined that Council has no significant business activity for the purposes of competitive neutrality as it relates to the National Competition Policy Clause 7 Statement.

STRUCTURAL REFORM

As required by the Australian Accounting Standards and the Financial Management Regulations, an activity based costing system has been implemented. This assists the regulatory functions of Council to be separately identified from the service delivery functions, with a proper record of cost of provision of those functions.

Due to the compactness of the staff and range of activities undertaken by the Shire, there is little scope for further change.

STATE RECORDS ACT 2000

The Shire of Cuballing is in compliance with the requirements of the State Records Act 2000 including the adoption of a Record Keeping Plan on 17 March 2016. The State Records Department has endorsed the plan.

This replaces the previous Record Keeping Plan that was developed in 2004 and formally reviewed in 2009 and 2014. The updated Record Keeping Plan introduced to the Shire the new file keeping system Keywords for Councils, which has greatly improved the efficiency of the records processes. The Record Keeping Plan was reviewed in January 2017 and recommendations made for improvements.

All staff were trained to use the updated system as well as their record keeping responsibilities as part of this introduction. Staff training and development in this area is ongoing to ensure best case practise.

EMPLOYEE REMUNERATION

Local Government Administration Regulation 19B requires Council's employee remuneration over \$100,000 to be disclosed in the Annual Report.

Salary Range \$	2018	2017
110,000 – 119,999		
119,999 – 129,999	1	1
129,999-139,999	1	1

REGISTER OF COMPLAINTS

Section 5.121 of the Local Government Act 1995 requires Council to report on entries made during the financial year in the Register of Complaints:

1. The number of complaints recorded in the register of complaints
Nil
2. How the recorded complaints were dealt with
N/A
3. Any other details that regulations may require
N/A
4. Such other information as may be prescribed
Nil

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

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	47

COMMUNITY VISION

A progressive, diverse and caring community, with access to modern services and infrastructure, in a unique part of the world.

Principal place of business:
Campbell Street
Cuballing WA 6311


SHIRE OF CUBALLING
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 being the annual financial report and supporting notes and other information for the financial year ended 30th June 2018 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2018 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.

Signed as authorisation of issue on the 26th day of February 2019


for Gary Sherry
Chief Executive Officer

BRONWYN DEW
ACTING 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 (Restated)
		\$	\$	\$
Revenue				
Rates	18(a)	1,066,065	1,070,994	1,031,426
Operating grants, subsidies and contributions	2(a)	1,087,059	611,529	1,612,798
Fees and charges	2(a)	410,319	335,210	398,305
Service charges	18(c)	0	58,950	0
Interest earnings	2(a)	44,943	31,000	48,147
Other revenue	2(a)	36,896	28,000	36,565
		<u>2,645,282</u>	<u>2,135,683</u>	<u>3,127,241</u>
Expenses				
Employee costs		(1,336,128)	(902,102)	(738,324)
Materials and contracts		(527,247)	(1,150,360)	(887,925)
Utility charges		(47,029)	(40,508)	(39,024)
Depreciation on non-current assets	9(b)	(1,686,361)	(1,429,950)	(1,610,369)
Interest expenses	2(a)	(8,979)	(8,968)	(12,756)
Insurance expenses		(118,384)	(118,762)	(122,389)
Other expenditure		(125,626)	(74,570)	(53,529)
		<u>(3,849,754)</u>	<u>(3,725,220)</u>	<u>(3,464,316)</u>
		(1,204,472)	(1,589,537)	(337,075)
Non-operating grants, subsidies and contributions	2	1,156,697	686,271	800,984
Profit on asset disposals	9(a)	0	11,863	0
(Loss) on asset disposals	9(a)	(32,652)	0	(29,832)
Net result		<u>(80,427)</u>	<u>(891,403)</u>	<u>434,077</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	14,867,639	0	882,460
Total other comprehensive income		<u>14,867,639</u>	<u>0</u>	<u>882,460</u>
Total comprehensive income		<u><u>14,787,212</u></u>	<u><u>(891,403)</u></u>	<u><u>1,316,537</u></u>

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 (Restated)
		\$	\$	\$
Revenue	2(a)			
Governance		26,576	1,845	38,034
General purpose funding		1,666,239	1,397,106	1,937,406
Law, order, public safety		43,166	35,000	35,830
Health		1,274	1,200	2,344
Education and welfare		2,664	0	0
Housing		5,151	4,680	4,140
Community amenities		61,934	59,100	63,314
Recreation and culture		44,670	8,795	10,759
Transport		400,844	282,563	675,023
Economic services		41,950	47,500	98,072
Other property and services		350,814	297,894	262,319
		<u>2,645,282</u>	<u>2,135,683</u>	<u>3,127,241</u>
Expenses	2(a)			
Governance		(129,167)	(134,068)	(124,978)
General purpose funding		(67,712)	(70,759)	(56,370)
Law, order, public safety		(178,028)	(128,909)	(128,548)
Health		(40,943)	(48,935)	(38,381)
Education and welfare		(16,104)	(53,073)	(12,116)
Housing		(54,467)	(55,115)	(50,166)
Community amenities		(319,758)	(316,955)	(318,653)
Recreation and culture		(288,518)	(278,481)	(313,684)
Transport		(2,191,859)	(2,219,575)	(2,072,734)
Economic services		(229,458)	(167,639)	(119,696)
Other property and services		(324,761)	(242,743)	(216,234)
		<u>(3,840,775)</u>	<u>(3,716,252)</u>	<u>(3,451,560)</u>
Finance Costs	2(a)			
Other property and services		(8,979)	(8,968)	(12,756)
		<u>(8,979)</u>	<u>(8,968)</u>	<u>(12,756)</u>
		<u>(1,204,472)</u>	<u>(1,589,537)</u>	<u>(337,075)</u>
Non-operating grants, subsidies and contributions	2(a)	1,156,697	686,271	800,984
Profit on disposal of assets	9(a)	0	11,863	0
(Loss) on disposal of assets	9(a)	(32,652)	0	(29,832)
		<u>1,124,045</u>	<u>698,134</u>	<u>771,152</u>
Net result		<u>(80,427)</u>	<u>(891,403)</u>	<u>434,077</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	14,867,639	0	882,460
Total other comprehensive income		<u>14,867,639</u>	<u>0</u>	<u>882,460</u>
Total comprehensive income		<u>14,787,212</u>	<u>(891,403)</u>	<u>1,316,537</u>

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

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

	NOTE	2018	2017 (Restated)	2016 (Restated)
		\$	\$	
CURRENT ASSETS				
Cash and cash equivalents	3	2,052,321	2,106,510	1,433,460
Trade and other receivables	5	142,525	123,355	139,674
Inventories	6	8,391	7,262	3,619
TOTAL CURRENT ASSETS		2,203,237	2,237,127	1,576,753
NON-CURRENT ASSETS				
Property, plant and equipment	7	7,006,665	6,757,981	6,023,308
Infrastructure	8	63,152,956	48,593,584	48,736,514
TOTAL NON-CURRENT ASSETS		70,159,621	55,351,565	54,759,822
TOTAL ASSETS		72,362,858	57,588,692	56,336,575
CURRENT LIABILITIES				
Trade and other payables	11	41,637	36,732	104,083
Current portion of long term borrowings	12(a)	38,715	71,157	67,368
Provisions	13	246,021	191,753	145,626
TOTAL CURRENT LIABILITIES		326,373	299,642	317,077
NON-CURRENT LIABILITIES				
Long term borrowings	12(a)	111,940	150,644	221,790
Provisions	13	41,133	42,206	22,666
TOTAL NON-CURRENT LIABILITIES		153,073	192,850	244,456
TOTAL LIABILITIES		479,446	492,492	561,533
NET ASSETS		71,883,412	57,096,200	55,775,042
EQUITY				
Retained surplus		19,762,086	20,093,005	19,643,224
Reserves - cash backed	4	1,542,991	1,292,499	1,303,639
Revaluation surplus	10	50,578,335	35,710,696	34,828,179
TOTAL EQUITY		71,883,412	57,096,200	55,775,042

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

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

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		19,647,788	1,303,639	34,828,236	55,779,663
Comprehensive income					
Net result		434,077	0	0	434,077
Changes on revaluation of assets	10	0	0	882,460	882,460
Total comprehensive income		434,077	0	882,460	1,316,537
Transfers from/(to) reserves		11,140	(11,140)	0	0
Balance as at 30 June 2017		20,093,005	1,292,499	35,710,696	57,096,200
Comprehensive income					
Net result		(80,427)	0	0	(80,427)
Adjustments to prior year accounts		0	0	0	0
Changes on revaluation of assets	10	0	0	14,867,639	14,867,639
Total comprehensive income		(80,427)	0	14,867,639	14,787,212
Transfers from/(to) reserves		(250,492)	250,492	0	0
Balance as at 30 June 2018		19,762,086	1,542,991	50,578,335	71,883,412

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 (Restated)
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,079,778	1,100,994	1,007,849
Operating grants, subsidies and contributions		1,054,176	648,529	1,652,693
Fees and charges		410,319	335,210	398,305
Service charges		0	58,950	0
Interest earnings		44,943	31,000	48,147
Other revenue		36,896	28,000	36,565
		<u>2,626,112</u>	<u>2,202,683</u>	<u>3,143,559</u>
Payments				
Employee costs		(1,282,515)	(902,102)	(697,520)
Materials and contracts		(523,890)	(1,062,003)	(934,038)
Utility charges		(47,029)	(40,508)	(39,024)
Interest expenses		(8,979)	(8,968)	(12,757)
Insurance expenses		(118,384)	(118,762)	(122,389)
Other expenditure		(125,626)	(74,570)	(53,529)
		<u>(2,106,423)</u>	<u>(2,206,913)</u>	<u>(1,859,257)</u>
Net cash provided by (used in) operating activities	14	<u>519,689</u> 0	<u>(4,230)</u> 0	<u>1,284,302</u> (1)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(820,054)	(411,131)	(468,575)
Payments for construction of infrastructure		(892,375)	(864,211)	(918,185)
Non-operating grants, subsidies and contributions		1,156,697	686,271	800,984
Proceeds from sale of fixed assets		53,000	32,000	66,654
Net cash provided by (used in) investment activities		<u>(502,732)</u>	<u>(557,071)</u>	<u>(519,122)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(71,146)	(71,146)	(67,367)
Net cash provided by (used in) financing activities		<u>(71,146)</u>	<u>(71,146)</u>	<u>(67,367)</u>
Net increase (decrease) in cash held		(54,189)	(632,447)	673,051
Cash at beginning of year		2,106,510	2,106,510	1,433,459
Cash and cash equivalents at the end of the year	14	<u><u>2,052,321</u></u>	<u><u>1,474,063</u></u>	<u><u>2,106,510</u></u>

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

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

	NOTE	2018 Actual	2018 Budget	2017 Actual (Restated)
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		907,868	916,109	169,029
		<u>907,868</u>	<u>916,109</u>	<u>169,029</u>
Revenue from operating activities (excluding rates)				
Governance		26,576	1,845	38,034
General purpose funding		593,457	326,112	905,980
Law, order, public safety		43,166	35,000	35,830
Health		1,274	1,200	2,344
Education and welfare		2,664	0	0
Housing		5,151	4,680	4,140
Community amenities		61,934	59,100	63,314
Recreation and culture		44,670	8,795	10,759
Transport		400,844	282,563	675,023
Economic services		41,950	47,500	98,072
Other property and services		350,814	309,757	262,319
		<u>1,572,500</u>	<u>1,076,552</u>	<u>2,095,815</u>
Expenditure from operating activities				
Governance		(129,167)	(134,068)	(136,171)
General purpose funding		(67,712)	(70,759)	(56,370)
Law, order, public safety		(197,997)	(128,909)	(128,548)
Health		(40,943)	(48,935)	(38,381)
Education and welfare		(16,104)	(53,073)	(12,116)
Housing		(54,467)	(55,115)	(50,166)
Community amenities		(319,758)	(316,955)	(318,653)
Recreation and culture		(288,518)	(278,481)	(313,684)
Transport		(2,204,530)	(2,219,575)	(2,072,734)
Economic services		(229,458)	(167,639)	(119,696)
Other property and services		(333,740)	(251,711)	(247,629)
		<u>(3,882,394)</u>	<u>(3,725,220)</u>	<u>(3,494,148)</u>
Operating activities excluded				
(Profit) on disposal of assets	9(a)	0	(11,863)	0
Loss on disposal of assets	9(a)	32,652	0	29,832
Loss on revaluation of fixed assets	8(b)	0	0	0
(Reversal) of prior year loss on revaluation of fixed assets		0	0	0
Movement in employee benefit provisions (non-current)		53,195	0	65,667
Depreciation and amortisation on assets	9(b)	1,686,361	1,429,950	1,610,369
Amount attributable to operating activities		<u>370,182</u>	<u>(314,472)</u>	<u>476,564</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,156,697	686,271	800,984
Proceeds from disposal of assets	9(a)	53,000	32,000	66,654
Purchase of property, plant and equipment	7(b)	(820,054)	(411,131)	(493,350)
Purchase and construction of infrastructure	8(b)	(892,377)	(864,211)	(918,185)
Amount attributable to investing activities		<u>(502,734)</u>	<u>(557,071)</u>	<u>(543,897)</u>
FINANCING ACTIVITIES				
Repayment of long term borrowings	12(a)	(71,146)	(71,146)	(67,367)
Transfers to reserves (restricted assets)	4	(296,748)	(280,515)	(189,246)
Transfers from reserves (restricted assets)	4	46,257	152,210	200,386
Amount attributable to financing activities		<u>(321,637)</u>	<u>(199,451)</u>	<u>(56,227)</u>
Surplus(deficiency) before general rates		<u>(454,189)</u>	<u>(1,070,994)</u>	<u>(123,560)</u>
Total amount raised from general rates	18	<u>1,072,782</u>	<u>1,070,994</u>	<u>1,031,426</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	19	<u>618,593</u>	<u>0</u>	<u>907,868</u>

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), 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.

CRITICAL ACCOUNTING ESTIMATES (Continued)

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 21 to these financial statements.

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
	\$	\$
Fees and Charges		
Governance	231	314
General purpose funding	3,725	2,809
Law, order, public safety	4,345	3,055
Health	1,274	2,344
Community amenities	61,065	63,284
Recreation and culture	8,301	9,259
Transport	4,156	3,686
Economic services	35,950	90,563
Other property and services	291,272	222,991
	<u>410,319</u>	<u>398,305</u>

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 revenues in the Statement of Comprehensive Income:

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
Governance	26,016	37,721
General purpose funding	549,766	853,194
Law, order, public safety	38,821	32,775
Education and welfare	2,664	0
Housing	5,151	4,140
Community amenities	869	30
Recreation and culture	36,369	51,000
Transport	384,921	611,053
Economic services	6,000	7,509
Other property and services	36,482	15,376
	<u>1,087,059</u>	<u>1,612,798</u>
Non-operating grants, subsidies and contributions		
Law, order, public safety	522,626	0
Recreation and culture	10,000	0
Transport	624,071	800,984
	<u>1,156,697</u>	<u>800,984</u>
Total grants, subsidies and contributions	<u>2,243,756</u>	<u>2,413,782</u>

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)
a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 17. 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.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Interest earnings			
- Loans receivable - clubs/institutions	0	0	
- Reserve funds	23,672	20,000	33,480
- Other funds	9,827	7,000	7,048
Other interest revenue (refer note 18(e))	11,444	4,000	7,619
	<u>44,943</u>	<u>31,000</u>	<u>48,147</u>

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	9,422	8,786
Other Audit Expenses	800	0
	<u>10,222</u>	<u>8,786</u>
Interest expenses (finance costs)		
Long term borrowings (refer Note 12(a))	8,979	12,756
	<u>8,979</u>	<u>12,756</u>

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		509,330	814,001
Restricted		1,542,991	1,292,509
		<u>2,052,321</u>	<u>2,106,510</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Admin Building, IT & office Equipment Reserve	4	17,414	31,339
Employee Entitlements Reserve	4	308,356	241,665
Housing Reserve	4	89,482	81,720
Recreation & Community Reserve	4	308,217	293,306
Refuse Site Reserve	4	99,864	129,255
Grain Freight Reserve	4	79,829	77,219
Equestrian Reserve	4	5,034	27
Road & Bridges Reserve	4	71,603	69,261
Plant & Equipment Reserve	4	561,189	368,717
Standpipe Maintenance Reserve	4	2,000	0
Unspent grants	17	3	0
		<u>1,542,991</u>	<u>1,292,509</u>

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

4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant & Equipment Reserve	368,717	192,472	0	561,189	368,717	185,719	0	554,436	295,805	72,912	0	368,717
Admin Building, IT & office Equipment Res	31,339	574	(14,499)	17,414	31,339	5,486	(19,985)	16,840	30,554	785	0	31,339
Employee Entitlements Reserve	241,666	66,691	0	308,357	241,665	62,265	(58,515)	245,415	166,929	74,737	0	241,666
Housing Reserve	81,718	7,764	0	89,482	81,720	6,267	(40,000)	47,987	74,797	6,921	0	81,718
Recreation & Community Reserve	293,297	14,920	0	308,217	293,306	9,548	0	302,854	281,078	12,219	0	293,297
Refuse Site Reserve	129,255	2,367	(31,758)	99,864	129,255	1,952	(33,710)	97,497	265,878	11,828	(148,451)	129,255
Grain Freight Reserve	77,219	2,610	0	79,829	77,219	1,196	0	78,415	111,783	2,871	(37,435)	77,219
Equestrian Reserve	27	5,008	0	5,035	26	5,008	0	5,034	9,288	5,239	(14,500)	27
Road & Bridges Reserve	69,261	2,342	0	71,603	69,261	1,074	0	70,335	67,527	1,734	0	69,261
Standpipe Maintenance Reserve	0	2,000	0	2,000	(9)	2,000	0	1,991	0	0	0	0
	1,292,499	296,748	(46,257)	1,542,990	1,292,499	280,515	(152,210)	1,420,804	1,303,639	189,246	(200,386)	1,292,499

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Admin Building, IT & office Equipment Reserve	To be used to maintain the administration building and for the purchase of new and/or replacement of office equipment or furniture	
Employee Entitlements Reserve	To be used to fund employee entitlements	
Housing Reserve	To be used to fund maintenance or construction of new housing	
Recreation & Community Reserve	To be used to upgrade the oval and associated facilities	
Refuse Site Reserve	To be used to fund the upgrade of the refuse sites	
Grain Freight Reserve	To be used to maintain the grain freight route through the district	
Equestrian Reserve	To be used to maintain and upkeep the Equestrian centre	
Road & Bridges Reserve	To be used to maintain and fund road bridge projects through the district	
Plant & Equipment Reserve	To be used to maintain and fund plant replacement program	
Standpipe Maintenance Reserve	To be used to maintain and upkeep the standpipe network	

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

5. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Current		
Rates outstanding	51,735	65,448
Sundry debtors	90,790	57,907
	<u>142,525</u>	<u>123,355</u>
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	51,735	65,448
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	51,735	83,832
	<u>51,735</u>	<u>83,832</u>
Sundry debtors		
Past due and not impaired	90,790	57,907
Past due and impaired	0	0
Past due and not impaired		
- up to 1 month	21,590	38,346
- 1 to 3 months	68,264	17,460
- 3 months to 1 year	463	1,627
- 1 to 5 Years	473	473
	<u>90,790</u>	<u>57,907</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

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

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

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

6. INVENTORIES

	2018	2017
	\$	\$
Current		
Fuel & Oil	8,391	7,262
	<u>8,391</u>	<u>7,262</u>

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

7 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017 (Restated)
	\$	\$
Land - freehold land at:		
Land & Buildings at:		
- Independent valuation 2017- Level 2	4,683,588	882,460
- Independent valuation 2014 - Level 2	0	4,625,656
Additions after valuations - cost	194,823	252,395
Less: accumulated depreciation	(93,266)	(944,923)
	<u>4,785,145</u>	<u>4,815,588</u>
Total buildings	<u>4,785,145</u>	<u>4,815,588</u>
Total land and buildings	<u>4,785,145</u>	<u>4,815,588</u>
Furniture and equipment at:		
- Management valuation 2016 - Level 3	39,153	39,153
Additions	13,312	0
Less: accumulated depreciation	(16,462)	(15,709)
	<u>36,003</u>	<u>23,444</u>
Plant and equipment at:		
- Management valuation 2016 - Level 2	1,895,764	1,895,764
- Additions after valuation - cost	731,098	216,182
Less: accumulated depreciation	(441,345)	(192,997)
	<u>2,185,517</u>	<u>1,918,949</u>
Total property, plant and equipment	<u>7,006,665</u>	<u>6,757,981</u>

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land & Buildings	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	3,603,671	3,603,671	3,603,671	24,315	1,998,496	5,626,482
Additions	252,394	252,394	252,394	0	216,182	468,576
(Disposals)	0	0	0	0	(96,413)	(96,413)
Revaluation increments/(decrements) transferred to revaluation surplus	882,460	882,460	882,460	0	0	882,460
Depreciation (expense)	(96,169)	(96,169)	(96,169)	(871)	(203,854)	(300,894)
Transfers	173,232	173,232	173,232	0	4,536	177,768
Carrying amount at 30 June 2017	4,815,588	4,815,588	4,815,588	23,444	1,918,947	6,757,979
Additions	194,823	194,823	194,823	13,312	611,919	820,054
(Disposals)	0	0	0	0	(85,652)	(85,652)
Depreciation (expense)	(93,266)	(93,266)	(93,266)	(753)	(259,697)	(353,716)
Transfers	(132,000)	(132,000)	(132,000)	0	0	(132,000)
Carrying amount at 30 June 2018	4,785,145	4,785,145	4,785,145	36,003	2,185,517	7,006,665

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	Level 2 & Level 3	Independent Valuation		June 2017	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties
Land - vested in and under the control of Council	Level 2 & Level 3	Independent Valuation		June 2017	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties
Land & Buildings	Level 2	Independent Valuation		June 2017	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties
Buildings - specialised	Level 2	Independent Valuation		June 2017	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties
Furniture and equipment	Level 2	Independent Valuation		June 2017	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties
Plant and equipment					
- Management valuation 2016	Level 2	Independent Valuation		June 2016	Sales Comparison Approach (market data) to market type properties and Cost Approach (replacement) to non-market properties

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

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

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

8 (a). INFRASTRUCTURE

	2018	2017 (Restated)
	\$	\$
Roads & Footpaths		
- Management valuation 2018 - Level 3	55,572,933	0
- Independent valuation 2015 - Level 3	0	43,337,795
- Additions after valuation - cost	0	918,185
Less: accumulated depreciation	0	(2,147,070)
	<u>55,572,933</u>	<u>42,108,910</u>
 Bridges		
- Management valuation 2018 - Level 3	6,048,961	6,144,917
Less: accumulated depreciation	0	(392,856)
	<u>6,048,961</u>	<u>5,752,061</u>
 Recreation		
- Management valuation 2018 - Level 3	798,100	0
- Independent valuation 2013 - Level 2	0	369,624
Less: accumulated depreciation	0	(130,071)
	<u>798,100</u>	<u>239,553</u>
 Parks Ovals & Playgrounds		
- Management valuation 2018 - Level 3	247,900	0
- Independent valuation 2013 - Level 3	0	223,149
- Additions after valuation - cost	0	24,773
Less: accumulated depreciation	0	(90,614)
	<u>247,900</u>	<u>157,308</u>
 Other Infrastructure		
- Management valuation 2018 - Level 3	485,062	0
- Management valuation 2013 - Level 2	0	377,585
Less: accumulated depreciation	0	(41,833)
	<u>485,062</u>	<u>335,752</u>
 Total infrastructure	<u>63,152,956</u>	<u>48,593,584</u>

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

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Roads & Footpaths		Bridges	Recreation		Parks Ovals & Playgrounds		Other Infrastructure	Total Infrastructure
	\$	\$		\$	\$	\$	\$		
Balance at 1 July 2016	42,274,170	5,948,489	257,414	139,411	513,855			49,133,339	
Additions	918,185	0	0	24,774	0			942,959	
Depreciation (Expense)	(1,083,445)	(196,428)	(17,861)	(6,868)	(4,873)			(1,309,474)	
Transfers	0	0	0	(9)	(173,228)			(173,237)	
Carrying amount at 30 June 2017	42,108,910	5,752,062	239,553	157,308	335,753			48,593,586	
Additions	822,216	0	0	0	70,161			892,377	
(Decrements) Transferred to revaluation Surplus	13,748,206	493,328	479,209	97,671	49,225			14,867,639	
Depreciation (Expense)	(1,106,399)	(196,428)	(17,862)	(7,079)	(4,877)			(1,332,645)	
Transfers	0	0	97,200	0	34,800			132,000	
Carrying amount at 30 June 2018	55,572,933	6,048,961	798,100	247,900	485,062			63,152,956	

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

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Roads & Footpaths	Level 3	Management valuation	Replacement cost	June 2018	Condition based valuation of the Road Asset Network
Bridges	Level 3	Independent valuation	Replacement cost	June 2015	Condition based valuation of the Bridge Asset Network
Recreation	Level 3	Management Valuation	Replacement Cost	June 2018	Condition based valuation
Parks Ovals & Playgrounds	Level 3	Management Valuation	Replacement Cost	June 2018	Condition based valuation
Other infrastructure	Level 3	Management Valuation	Replacement Cost	June 2018	Condition based valuation

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 w have the potential to result in a significantly higher or lower fair value measurement.

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

9. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

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

Land under control

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

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

Land under roads

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

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

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

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

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

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

9. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment Law, order, public safety 11001 - 1DPW118 Toyota Landcruiser Fire Transport	37,970	18,000	0	(19,970)	0	0	0	0
10054 - CN 151 Multipac VP2400 Tyre Rol	47,682	35,000	0	(12,682)	20,137	32,000	11,863	0
	85,652	53,000	0	(32,652)	20,137	32,000	11,863	0

(b) Depreciation

	2018	2017
	\$	\$
Land & Buildings	93,213	96,169
Furniture and equipment	753	871
Plant and equipment	259,697	203,854
User defined 2	17,915	17,861
Roads & Footpaths	1,302,827	1,279,873
Parks Ovals & Playgrounds	7,079	6,868
Other Infrastructure	4,877	4,873
	1,686,361	1,610,369

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

Depreciation rates

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

Buildings	30 to 50 years
Furniture & equipment	4 to 10 years
Plant & Equipment	5 to 15 years
Sealed roads & streets	
formation	not depreciated
pavement	50 years
Seal - bituminous seals	20 years
Seal - asphalt surfaces	25 years
Gravel roads - formation	not depreciated
Gravel roads - pavement	50 years
Formed roads (unsealed) - formation	not depreciated
Formed roads (unsealed) - pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Bridges	40 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

10. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance (Restated)	2017 Revaluation Increment (Restated)	2017 Revaluation (Decrement) (Restated)	2017 Total Movement on Revaluation (Restated)	2017 Closing Balance (Restated)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land & Buildings	2,363,803	0	0	0	2,363,803	1,481,343	882,460	0	882,460	2,363,803
Revaluation surplus - Furniture and equipment	6,728	0	0	0	6,728	6,728	0	0	0	6,728
Revaluation surplus - Plant and equipment	330,243	0	0	0	330,243	330,243	0	0	0	330,243
Revaluation surplus - Parks Ovals & Playgrounds	70,118	97,671	0	97,671	167,789	70,118	0	0	0	70,118
Revaluation surplus - Recreation	126,522	479,209	0	479,209	605,731	126,522	0	0	0	126,522
Revaluation surplus - Infrastructure - Roads & Footpaths	26,668,308	13,748,206	0	13,748,206	40,416,514	26,668,308	0	0	0	26,668,308
Revaluation surplus - Other Infrastructure	0	49,225	0	49,225	49,225	0	0	0	0	0
Revaluation surplus - Bridges	6,144,975	493,328	0	493,328	6,638,303	6,144,975	0	0	0	6,144,975
	35,710,697	14,867,639	0	14,867,639	50,578,336	34,828,237	882,460	0	882,460	35,710,697

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

11. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Current		
Sundry creditors	34,459	29,973
Accrued salaries and wages	7,178	6,759
	41,637	36,732

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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

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

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal 1 July 2017 \$	New Loans \$	Principal Repayments		Principal 30 June 2018		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
Transport								
Shire of Cuballing Loan 63 Graders	187,682	0	37,037	37,037	150,645	150,645	7,545	7,534
Shire of Cuballing Loan 62 Loader	34,109	0	34,109	34,109	0	0	1,434	1,434
	221,791	0	71,146	71,146	150,645	150,645	8,979	8,968

All loan repayments were financed by general purpose revenue.

Borrowings

	2018	2017
Current	\$ 38,715	\$ 71,157
Non-current	\$ 111,940	\$ 150,644
	\$ 150,655	\$ 221,801

(b) New Borrowings - 2017/18

Nil

(c) Unspent Borrowings

Nil

(d) Undrawn Borrowing Facilities

	2018	2017
Credit Standby Arrangements	\$ 30,000	\$ 30,000
Bank overdraft limit	0	0
Bank overdraft at balance date	20,000	20,000
Credit card limit	(1,565)	(387)
Credit card balance at balance date	48,435	49,613
Total amount of credit unused		
Loan facilities		
Loan facilities - current	\$ 38,715	\$ 71,157
Loan facilities - non-current	\$ 111,940	\$ 150,644
Total facilities in use at balance date	\$ 150,655	\$ 221,801
Unused loan facilities at balance date	Nil	Nil

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

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

13. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017	108,144	83,609	191,753
Current provisions	0	42,206	42,206
Non-current provisions	108,144	125,815	233,959
Additional provision	55,944	(2,750)	53,194
Balance at 30 June 2018	164,088	123,065	287,153
Comprises			
Current	164,088	81,933	246,021
Non-current	0	41,133	41,133
	164,088	123,066	287,154

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate

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

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

Provisions

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

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

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual (Restated)
	\$	\$	\$
Cash and cash equivalents	2,052,321	1,474,063	2,106,510
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(80,427)	(891,403)	434,077
Non-cash flows in Net result:			
Depreciation	1,686,361	1,429,950	1,610,369
(Profit)/loss on sale of asset	32,652	(11,863)	29,832
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(19,171)	67,000	16,318
(Increase)/decrease in inventories	(1,129)	(3,643)	(3,643)
Increase/(decrease) in payables	4,905	92,000	(67,333)
Increase/(decrease) in provisions	53,195	0	65,667
Grants contributions for the development of assets	(1,156,697)	(686,271)	(800,984)
Net cash from operating activities	519,689	(4,230)	1,284,303

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

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017 (Restated)
	\$	\$
Governance	3,392,412	1,375,439
General purpose funding	0	65,448
Law, order, public safety	812,707	408,594
Housing	516,875	717,220
Community amenities	208,747	694,082
Recreation and culture	3,809,013	3,806,597
Transport	61,923,570	50,279,647
Economic services	166,646	0
Other property and services	1,532,888	241,665
	<u>72,362,858</u>	<u>57,588,692</u>

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

16. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018 Actual	2018 Budget	2017 Actual
The following fees, expenses and allowances were paid to council members and/or the Mayor/President.	\$	\$	\$
Meeting Fees	10,800	12,000	10,650
Mayor/President's allowance	7,500	7,500	7,500
Deputy Mayor/President's allowance	1,875	1,875	0
	<u>20,175</u>	<u>21,375</u>	<u>18,150</u>

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:	2018	2017
	\$	\$
Short-term employee benefits	354,287	312,462
Post-employment benefits	46,453	53,003
Other long-term benefits	(10,583)	48,169
	<u>390,157</u>	<u>413,634</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Transactions with related parties

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

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

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

17. RELATED PARTY TRANSACTIONS (continued)

	\$	\$
Sale of goods and services	0	0
Purchase of goods and services	8,223	17,624
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	0	1,650
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.

ii. Entities subject to significant influence by the Shire

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

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

17. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Recreation and culture							
Kidsport	0	1,000	(675)	325	0	(325)	0
Transport							
Roads to Recovery	0	504,158	(482,093)	22,065	242,547	(264,609)	3
Total	0	505,158	(482,768)	22,390	242,547	(264,934)	3

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

18. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
GRV Cuballing	0.0709	167	2,149,860	151,578	0	0	151,578	151,578	0	0	151,578
Unimproved valuations											
UV Cuballing	0.0072	186	109,263,940	736,915	0	0	736,915	736,126	0	0	736,126
Sub-Total		353	111,413,800	888,493	0	0	888,493	887,704	0	0	887,704
Minimum payment											
Minimum \$											
Gross rental valuations											
GRV Cuballing	690	162	810,568	111,090	0	0	111,090	111,090	0	0	111,090
Unimproved valuations											
UV Cuballing	930	158	14,017,700	142,200	0	0	142,200	142,200	0	0	142,200
Sub-Total		320	14,828,268	253,290	0	0	253,290	253,290	0	0	253,290
Discounts/concessions (refer note 18(d))											
Total amount raised from general rate		673	126,242,068	1,141,783	0	0	1,141,783	1,140,994	0	0	1,140,994
Rates Written Off							(69,001)				(70,000)
Totals							1,072,782				1,070,994
							(6,717)				0
							1,066,065				1,070,994

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

18. RATING INFORMATION (Continued)

(b) Specified Area Rate
The shire did not raise specified area rates for the year ended 30 June 2018

(c) Service Charges
The shire did not raise service charges for the year ended 30 June 2018

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Option One Only	8.00%	70,000	69,001	70,000	A discount of 8% of the current rates levied will be offered to ratepayers whose payment of the full amount owing including arrears, is received on or before 21 days after the date of service appearing on the rates notice
		70,000	69,001	70,000	

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan		Unpaid Rates Interest Rate
		Admin Charge %	Instalment Plan Interest Rate %	
Option One Discount	25-Aug-17	30	5.50%	
Option Two Pay in Full	07-Sep-17	30	5.50%	11.00%
Option Three First instalment	08-Sep-17	30	5.50%	11.00%
Second instalment	07-Nov-17	30	5.50%	11.00%
Third instalment	01-Jan-18	30	5.50%	11.00%
Fourth instalment	09-Mar-18	30	5.50%	11.00%

	2018	
	Actual	Budget
Interest on unpaid rates	\$ 10,339	\$ 3,000
Interest on instalment plan	1,105	1,000
Charges on instalment plan	1,740	1,000
	<u>13,184</u>	<u>5,000</u>

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

19. NET CURRENT ASSETS

Composition of net current assets

	2018 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	618,593	907,868	907,868
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	509,330	814,001	814,001
Restricted	1,542,991	1,292,509	1,292,509
Receivables			
Rates outstanding	51,735	65,448	65,448
Sundry debtors	90,790	57,907	57,907
Inventories			
Fuel & Oil	8,391	7,262	7,262
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(34,459)	(29,991)	(29,991)
Accrued salaries and wages	(7,178)	(6,759)	(6,759)
Debentures (Current)	(38,715)	(71,148)	(71,148)
Provisions			
Provision for annual leave	(164,088)	(108,144)	(108,144)
Provision for long service leave	(81,932)	(83,609)	(83,609)
Unadjusted net current assets	1,876,865	1,937,476	1,937,476
Adjustments			
Less: Reserves - restricted cash	(1,542,999)	(1,292,509)	(1,292,509)
Add: Current portion of long term borrowings	38,706	71,148	71,148
Add: Cash back Portion of Leave Reserve	246,021	191,753	191,753
Adjusted net current assets - surplus/(deficit)	618,593	907,868	907,868

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

20. 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	2,052,321	2,106,510	2,052,321	2,016,510
Receivables	142,525	123,355	142,525	123,355
	<u>2,194,846</u>	<u>2,229,865</u>	<u>2,194,846</u>	<u>2,139,865</u>
Financial liabilities				
Payables	41,637	36,732	41,637	36,732
Borrowings	150,655	221,801	150,655	221,801
	<u>192,292</u>	<u>258,533</u>	<u>192,292</u>	<u>258,533</u>

Fair value is determined as follows:

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

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

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

20. 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.

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

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

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

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

	2018	2017
Impact of a 1% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	20,523	21,065
- Statement of Comprehensive Income	20,523	21,065

Notes:

- ⁽¹⁾ Sensitivity percentages based on management's expectation of future possible interest rate movements. The Shire has no outside investments of risk - only Term Deposit Investments held by a Big Four Bank - Risk is low - reflected in the Interest Received

20. 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:

	<u>2018</u>	<u>2017</u>
	%	%
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	99%	96%
- Overdue	1%	4%

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

20. 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 Sensitivity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	3,959	0	0	3,959	41,637
Borrowings	38,704	111,940	0	150,644	150,655
	42,663	111,940	0	154,603	192,292
2017					
Payables	36,750	0	0	36,750	36,732
Borrowings	71,146	150,644	0	221,790	221,801
	107,896	150,644	0	258,540	258,533

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	38,704	40,446	71,494	0	0	0	150,644	4.41%
Weighted average Effective interest rate	4.41%	4.41%	4.41%					
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	71,146	38,704	40,446	42,266	29,228	0	221,790	4.78%
Weighted average Effective interest rate	5.54%	5.54%	4.41%	4.41%	4.41%	4.41%		

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

21. 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
	\$	\$	\$	\$
Bonds - Building	6,889	0	0	6,889
Bonds - Hall Hire	1,150	200	(100)	1,250
Commodine Tennis Club	2,890	0	(100)	2,790
Cuballing Country Festival	1,099	0	0	1,099
Cuballing Cricket Club	200	0	0	200
Badmington Club	20	0	0	20
Cuballing Football Association	566	0	0	566
Environment and Townscape Trust Fund	6,362	0	0	6,362
Police Licensing	1,573	288,787	(285,300)	5,060
Swipe Cards	1,605	0	(15)	1,590
Reimbursements	320	240	(240)	320
	<u>22,674</u>			<u>26,146</u>

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

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

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

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

Title	Issued / Compiled	Applicable (1)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend 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 17 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

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

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

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

23. 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

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

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 statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

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 an asset at its current service capacity.

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

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 such as roads, drains, public buildings and the like, no annual assessment 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**

24. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	Administration and operation of facilities and services to members of council, other costs that relate to tasks of elected members and ratepayers on matters which do not concern specific council activities	Complete Council meetings, Complete all Administration activities, Lobby other levels of government to support the aims of the Shire of Cuballing
GENERAL PURPOSE FUNDING	Rates, general purpose government grants and interest revenue	Manage Rates and collection. Maintain Property Data
LAW, ORDER, PUBLIC SAFETY	Supervision of various local laws, fire prevention, emergency services and animal control.	Provide a visiting ranger service, support Cuballing Popanyinning Volunteer Bush Fire Brigade and oversee local emergency management planning Inspect food premises.
HEALTH	Inspections of septic and food control	Inspect food premises.
EDUCATION AND WELFARE	Support school activities	Provide activities of support of local schools
HOUSING	Provision and maintenance of staff housing	Provide 3 staff houses
COMMUNITY AMENITIES	Operation of refuse sites, noise control and administration of Town Planning Scheme	Operate Cuballing & Popanyinning transfer stations, provide kerbside waste and recycling services, town planning services and maintain cemeteries.
RECREATION AND CULTURE	Maintenance of halls, recreation centre and various reserves. Support library services in Narrogin.	Maintain halls & Civic buildings, parks and gardens, recreational activities and the Dryandra Equestrian Centre.
TRANSPORT	Construction and maintenance of streets, roads, bridges, footpaths, drainage works, traffic signs, bus shelters and depot maintenance.	Maintain and protect local environmentally significant areas, maintain council roads & footpaths and transport licensing services.
ECONOMIC SERVICES	The regulation and provision of tourism, area promotion, building control, noxious weeds, vermin control and standpipes.	Control of noxious weeds on council property, DrumMuster, building control services and supporting the Dryandra Country Visitors Centre.
OTHER PROPERTY AND SERVICES	Private works operation, plant repairs and operation costs.	Compare private civil construction works and provide building surveying services

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

25. FINANCIAL RATIOS

	2018	2017 (Restated)	2016 (Restated)
Current ratio	8.22	8.77	1.59
Asset sustainability ratio	0.48	0.66	0.80
Asset consumption ratio	0.99	0.93	0.91
Asset renewal funding ratio	1.00	1.04	1.03
Debt service cover ratio	5.72	18.13	3.24
Operating surplus ratio	(0.79)	(0.12)	(0.95)
Own source revenue coverage ratio	0.40	0.45	0.43

The above ratios are calculated as follows:

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

Notes:

Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 47 of this document.

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.	469,457	466,848	0
Amount of Financial Assistance Grant received in prior year relating to current year.	466,848	0	451,981
Amount of reimbursement for flood damage received			
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	8.18	4.43	2.29
Debt service cover ratio	5.69	9.85	8.70
Operating surplus ratio	(0.79)	(0.43)	(0.64)
Own source revenue coverage ratio	0.40	0.45	0.43

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

26. PRIOR PERIOD CORRECTIONS

The Shire owns 12 bridges which had not been previously recognised as assets. At 30 June 2018, management's Independent expert has valued the bridges at \$6,048,961 and the Shire recognised the assets in the financial report for the 2017/18 financial year. Management's independent expert has valued the bridges at 30 June 2015 and the Shire has restated the comparative results as follows;

	30 June 2017			30 June 2016		
	Previously Stated	Restated	Adjustment	Previously Stated	Restated	Adjustment
Infrastructure - Bridges	0	5,752,061	5,752,061	0	5,948,489	5,948,489
Revaluation Surplus	29,565,722	35,710,696	6,144,974	28,683,262	34,828,236	6,144,974
Depreciation Expenses	1,413,941	1,610,369	196,428	1,427,027	1,623,455	196,428
Surplus / (Deficit) for the year	630,505	434,077	(196,428)	(597,843)	(794,271)	(196,428)

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

Report on the Financial Report

Opinion

We have audited the financial report of the Shire of Cuballing, 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 Cuballing 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

Shire 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 Shire 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 Australian 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 Council'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 Note 25 of the financial report "Financial Ratios", which describes ratio information relating to the financial report. Management's calculation of the certain of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on ratios with these assumptions.

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

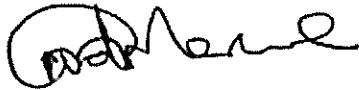
We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) Apart from the asset sustainability ratio and operating surplus ratio that do 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: 26 February 2019