SHIRE OF
WAROONA
SEA TO SCARP

2017/2018
Annual Report



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Council Information

Located in the south western corner of Western Australia's Peel region, the Shire of Waroona is just over 100 kilometres from the state capital of Perth, and an easy 40 minute drive from Mandurah.

The shire stretches from sea to scarp between the Indian Ocean and the Darling Scarp, featuring pristine beaches, lakes on the coastal plains, fertile farmlands and peaceful jarrah forests. Covering a total area of 835 km^2, the Shire includes the localities of Waroona, Hamel, Lake Clifton and Preston Beach.



Vision

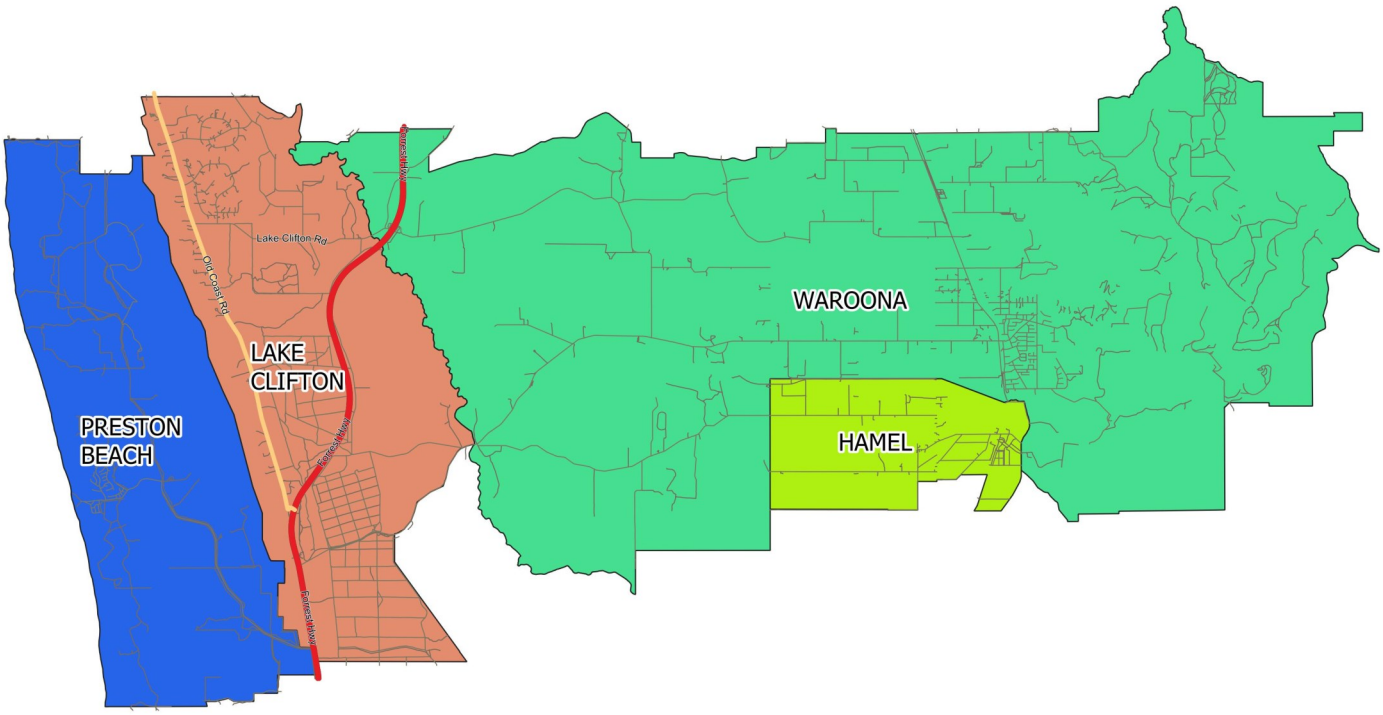
"We care for our coast, our country, and our community. We will build on our foundations to be socially, environmentally and financially sound and sustainable."

Mission

"The Council will provide leadership, and pursue actions and outcomes to enhance the quality of life for the people of the area by providing a wide variety of quality services, supported by adequate assets and infrastructure, as per our broad themes and key areas of emphasis."



Map of the Shire of Waroona



Fast Facts

Estimated population

4,148 ↑ (15.8%)

WA 2,474,413 ↑ 10.5%

Aus. 23,401,886 ↑ 8.8%

Male population

2,070 ↑ (16.7%)

WA 1,238,419 ↑ 10.0%

Aus. 11,546,638 ↑ 8.6%

Female population

2,078 ↑ (14.9%)

WA 1,235,994 ↑ 11.1%

Aus. 11,855,248 ↑ 9.0%

Indigenous population

101 ↓ (2%)

WA 75,978 ↑ 9.1%

Aus. 649,171 ↑ 18.4%

Median age

45 ↑ (3)

WA 36 ←→ 0

Aus. 38 ↑ 1

Families

1,089 ↑ (9.9%)

WA 644,187 ↑ 10.1%

Aus. 6,070,313 ↑ 6.8%

Changes in statistics from 2011 to 2016

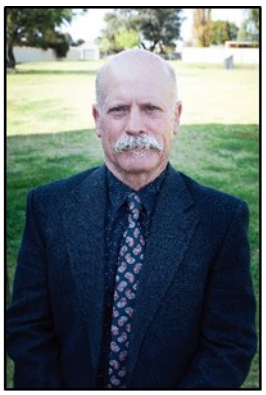
(Australian Bureau of Statistics (ABS) 2011 Census, ABS 2016 Census)



Elected Members



Cr Mike Walmsley
President



Cr Larry Scott
Deputy President



Cr Noel Dew



Cr John Mason



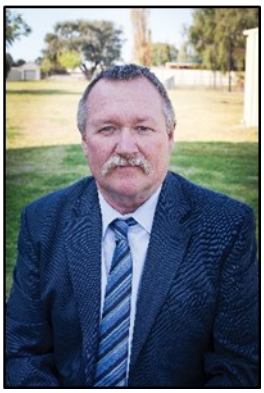
Cr Naomi Purcell



Cr John Salerian JP



Cr Laurie Snell



Cr Craig Wright

ORDINARY/SPECIAL COUNCIL MEETING ATTENDANCE 2017/2018

COUNCILLOR	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Cr Mike Walmsley	8	8
Cr Larry Scott	12	9
Cr Noel Dew	12	11
Cr John Salerian	12	12
Cr Craig Wright	12	7
Cr John Mason	12	8
Cr Naomi Purcell	8	7
Cr Laurie Snell	12	9



Five Year Key Summary of Statistics

VARIOUS STATS	2013/14	2014/15	2015/16	2016/17	2017/18
Operating Revenue	$6,064,276	$7,371,231	$7,651,194	$8,411,511	$7,854,670
Operating Expenditure	$8,446,138	$9,092,955	$11,026,802	$10,468,288	$10,957,304
Operating Grants, Contribution & Subsidies	$1,083,697	$2,042,001	$2,044,031	$2,383,260	$1,492,570
Fees & Charges	$1,260,164	$1,314,698	$1,288,418	$1,447,516	$1,481,077
Capital Grants Revenue	$1,326,443	$1,164,889	$1,361,092	$2,465,918	$1,809,331
Capital Expenditure	$2,396,279	$1,588,599	$2,443,726	$2,609,765	$2,492,559
Asset Valuation	$99,983,872	$127,361,229	$126,982,138	$130,732,461	$129,949,168
Total Net Assets	$101,333,828	$129,587,336	$127,747,422	$133,018,290	$132,134,387
Reserve Balance	$2,538,213	$2,076,704	$1,647,516	$2,508,330	$2,317,381
Total Number of Rateable Properties	2,688	2,700	2,707	2,713	2,715
Minimum General Rate	$800	$880	$940	$1,010	$1,065
Rates Levied	$3,481,640	$3,790,972	$4,105,583	$4,405,008	$4,688,601
Planning Applications Received	117	100	108	103	74
Planning Applications Determined	**106**	**99**	**117**	**101**	**67**
Building Applications Received (Uncertified)	141	94	146	84	78
Building Applications determined (Uncertified)	**132**	**90**	**142**	**75**	**77**
Building applications Received (Certified)	11	40	18	25	41
Building Applications determined (Certified)	**11**	**39**	**17**	**26**	**43**
Library Items Loaned	11176	11401	10272	10054	14518
Library Members	**2156**	**1687**	**1282**	**756**	**585**
Local Stock Resources	4306	10082	9339	9336	9583
Population	**4036**	**3930**	**3973**	**4148**	**4399**



This Year in Waroona



July

NAIDOC Cultural Showcase



August

R U OK Day



September

Vintage Machinery Rally



October

Waroona Agricultural Show



November

Business Sundowner



December

Lions Community Christmas Gala



January

Australia Day Celebrations



February

Movie Under the Stars



April

Youth Fest



April

ANZAC Day



May

Emergency Services Dinner



June

Preston Beach Tree Planting



Shire President's Report

I am pleased to present to all our residents and stakeholders our Annual Report for 2017-18. The Annual Report sets out to give us a guide to our achievements in the last 12 months and to give clarity to our ratepayers how your Council is managing your community.

I was re-elected to Council in October 2017 and was immediately made aware of additional reporting requirements that have been imposed since I had previously served on Council. While I do struggle at times to see how some of this compliance recording has a benefit to our average resident, we as a Council, must abide by this legislation and keep significant records on almost all of our activities. It is arduous and it can be intrusive but it is a requirement of the Local Government Act to do so. As a Council, we are at any time subject to events that may be out of our control but may have significant financial ramifications on our resources, so we must be diligent and astute in our decisions, as a seemingly small course of events can lead to lasting consequences.

A community is only made up of the people who choose to group together and we are blessed to have some amazingly strong characters in our Shire. We have some great advocating groups for our environment, our business community and our festivals and agricultural show. All these energetic groups showcase our Shire to visitors from all parts of WA and we have been so successful in holding these events. These things don't happen by accident, they happen through dedication, hard work and a desire from some special people that see it through.

Our Local Government is becoming more diverse and it is getting pushed into areas that are not necessarily core business of Council but are becoming increasingly important. Economic development, tourism, business support and retention and environmental stewardship are progressively focussed on by Council and are held as significant functions for us to develop more. During this past year some of the work achieved around Community Development and specifically addressing the needs of our youth has been recognised at a state level so this must indicate we are heading in the right direction.

We still have important considerations in costs around some of the services we provide. Council strives to look at savings where we can. Our pool, in particular, has a substantial impact on our budget and this year was no exception. Having facilities like a heated pool is a large undertaking for any Council so anything we can do to encourage increased usage is fostered.

Our Shire still has some lasting effects of January 2016 Fires. A visit to some areas of our forests and farmlands still bear the scars of that event. Council undertook a program this year with state funding to further support those impacted by the fire to help clean up trees that didn't survive and tidying up areas that may not have received previous attention. By all accounts, the support was well received and welcomed.

I would like to finish off by acknowledging the commitment of our Councillors and our Staff who all work together to form our Local Government. It is a diverse, challenging and demanding role they all perform which can take you in directions at times you never felt you would go. I encourage you to read through our Annual Report and appreciate the functions and services that our Council provides. I thank everyone in the community that has supported me in this role and I always promote our Shire with pride as a great place to live with tremendous people and spirit.

MIKE WALMSLEY
SHIRE PRESIDENT



Chief Executive Officer's Report

I am pleased to provide this report detailing some of the projects and initiatives of the Shire Administration during the 2017/2018 financial year.

Local Government Act Review

During 2017/18 the WA State Government announced that it intended to conduct a full review of the Local Government Act (1995). Phase 1 of the review has commenced and relates to Councillor conduct, gift disclosures and procedures for appointment of CEO's. An announcement on Phase 2 of the review is expected shortly with a full and comprehensive public consultation process to follow.

Financial Management

A balanced budget for 2017/18 was set in August 2017 and all major works were completed. Council has continued to follow the recommended rate increases included in the Long Term Financial Plan. The Council's cash backed Reserve funds remain at a healthy level of $2,317,381 (30/6/18) and are well placed to assist with project funding and capital works in subsequent financial years.

Outstanding loan principal remains low at $424,464. This includes new Loan 121 which was necessary during 2017/18 to fund emergency works at the Waroona Town Hall.

The 2017/2018 audit was completed by Council's independent Auditors in accordance with the Local Government Act and Accounting regulations. The result being an excellent audit report. I acknowledge the diligent work of all staff involved in budgeting, procurement and project management in this regard.

Staffing

The Administration comprises 3 Directorates which are managed by –

Laurie Tilbrook, Deputy CEO/Director of Corporate Services who has control of administration, corporate planning, finance, licensing, visitor's centre and ranger services. Laurie is supported by Manager of Corporate Services, Ashleigh Nuttall.

Louis Fouché, Director Development Services, who has control of the planning department, community development, recreation centre, building and health. Louis is supported by Manager Development Services, Leonard Long.

Patrick Steinbacher, who has control of the works depot and staff, road construction and maintenance, parks and reserves maintenance and waste management. Patrick is supported by Manager Works & Services Murry Bracknell.

Congratulations are extended to Community Development Officer Brad Vitale who was successful in being awarded the Local Government Professionals National Award for Emerging Leader, a significant achievement by Brad.

The Council is fortunate to have an experienced workforce with a very low turnover, who carry out their duties with a high level of professionalism and commitment. There was no increase in staff numbers in 2017/18.



Chief Executive Officer's Report Continued

Peel Mobile Health Service

Council was successful in obtaining a one off grant from the State Government to enable the Peel Mobile Health to continue operating in the region for a further 12 months. This service attends the Waroona Community Centre on a regular basis which was essential to the people of Waroona, particularly following the 2016 January bushfire.

Integrated Planning & Reporting

In accordance with the Local Government (Administration) Regulation 19D a, Council is to consider and adopt a revised Corporate Business Plan each year. The Council takes into account prior considerations, Council resources, capacity and future projects. At the same time Council's Long Term Financial Plan is also updated and progressed a further year. The Council is required to report significant variations to its Corporate Business Plan (Regulation 19CA(3)), no modifications considered significant were made in 2017/18.

Peel Regional Trails Master Plan

The Peel Regional Leaders Forum developed a Peel Region Trails Master Plan which incorporates all five Local Governments of the Peel Region. The project audited the current trails as well as identified the potential for any new trails to be established. Additionally this project provided the opportunity for a marketing strategy and forward planning strategy. Waroona hosts an abundance of natural and exciting trails which further allows for the promotion of Waroona as a great place to visit and enjoy.

Preston Beach Community Centre Upgrade

The Preston Beach Community Centre upgrade project continued to progress through the 2017/2018 year. Council held a workshop to better understand the needs of the community and ensure that the building would included facilities that support the residents now and into the future. A number of funding bodies, along with the Shire of Waroona have been instrumental in progressing this project including; the WA State Government, Royalties for Regions, Alcoa Waroona Sustainability Fund, Lotterywest and the Federal Government through the Building Better Regions funding.

Waroona Recreation & Aquatic Centre 20th Year Celebration

February 2018 saw the Waroona Aquatic and Recreation Centre celebrate its 20th birthday. This momentous occasion was celebrated by hosting a morning tea and reflecting on the tireless work and commitment of those members of the community and staff that were instrumental in getting this project completed. We are so fortunate to have such a remarkable facility right on our door step.



Chief Executive Officer's Report Continued

Banners on the Terrace

Each year the Western Australia Local Government Association (WALGA) coordinates an annual exhibition of banners along St Georges & Adelaide Terraces allowing communities and regions to represent their areas. The 2017 theme was 'Members First'. Community members from our Shire created a designed depicting how the Waroona Community came together during the January 2016 Bushfire. It was such an honour when it was announced that the Shire of Waroona had won the Community Award category. Congratulations to all those involved in this project.



I am pleased to report that the Council was able to largely maintain its obligations as outlined in the Community Strategic Plan and Long Term Financial Plan. This includes keeping rate increases to forecast levels and being able to show a decline in the predicted rate increase for the next financial year.

In addition the Council's Auditors have reported a very successful audit with no areas of non-compliance. It is acknowledged, however, that the Council faces an ongoing challenge to maintain a strong financial position whilst still delivering essential community services.

I also take this opportunity to congratulate the Shire President Cr Mike Walmsley, Deputy Shire President Cr Larry Scott and all Councillors and staff for continued commitment to management of the Shire and thank them for the excellent service they have provided to the community throughout the 2017/18.

IAN CURLEY
CHIEF EXECUTIVE OFFICER



Theme 1: Local Economy

MANAGING OUR FUTURE GROWTH

Extractive Industry

The Shire has been working with extractive industry (sand and limestone) operators to work towards improving those roads within our network that carry bulk haulage operations. We have in place agreements with several operators that see them contribute to the 'up front' road upgrade costs as well as an annual contribution that, in essence, pays the ratepayers back for the use of the Shire roads by the operators as they go about their business. In return, the roads used by the operators are gradually upgraded in most cases, which improves efficiencies for their operations.

Land Development

The Shire continues to work with developers to ensure the provision of serviced land within the Shire with 13 lots made available for development in the Lake Clifton area. In addition the Shire provided support for the creation of five (5) additional lots within the Shire.

Local Business

The Shire supports the establishment, development and sustainability of local businesses. This year the Shire signed the Small Business Friendly Local Government Charter and became the 20th local government authority to commit to working with, and supporting the 291 small business owners in the shire. This Charter acknowledges the Shire's assistance to small businesses, particularly through:

- Working closely with the Peel Chamber of Commerce & Industry;
- Promoting local purchasing and procurement;
- Supporting local business forums and events; and
- Developing a business support section on the Council website that aligns a support pathway from local through to federal.

Education & Training

The Shire supports a range of educational training and recreational organisations through the provision of premises at highly subsidised rents. These include Waroona Community Resource Centre, Arts & Crafts, Girl Guides, Men's Shed, Playgroup, Pensioners Social Club, Senior Citizens Welfare and Youth Advisory Council.

The Shire also promotes opportunities for work experience and skills development through the organisation. This year the Shire was involved in return to work programmes, traineeships and student work experience with the local schools.



Photo: Business Sundowner held at The Hairy Lentil



Theme 2: Environment

CONSERVING OUR UNIQUE ENVIRONMENT

Landowner Support for Fire Recovery Project

In 2017 the Shire was successful in receiving a State Natural Resource Management grant from the Department of Primary Industries and Regional Development to fund the first Landowner Support for Fire Recovery Project. The grant was administered by Shire staff and resulted in revegetation, weed control and pest management on 576 hectares of free-hold land. The famers received financial assistance to undertake the recovery and restoration projects, to which they also made in-kind contributions.

Preston Beach Dune Restoration

The Shire of Waroona, in partnership with the Preston Beach Progress Association, were again successful in securing funding from the Western Australian Planning Commission's Coastwest program for the Preston Beach Dune Restoration Project. The annual dune brushing along with revegetation prevents erosion and increases stabilisation of dune blowouts. In 2017, Mandurah Baptist High School were successful in planting 800 seedlings in the dunes. A local contractor completed the dune brushing over 4 brushing events throughout the year.

Buller Road Refuse Site

A review into the Buller Road Refuse site's licence was conducted and the new licence is now in place. With the new licence came additional conditions, including one that required the installation of additional monitoring bores, and a subsequent report into the findings of the data realised by the new and existing bores. The new bores and the report are complete, and we are waiting on advice from our Waste Management consultant as to the implications of the findings.

Peel Harvey Bio-Security

The Shire actively worked with the Peel Harvey Bio-security group who are tasked with the prevention and eradication of noxious weeds as well as declared pest within the Peel Harvey area. The Shire has also provided office space to the Peel Harvey Bio-security group, thereby, strengthening the group's presence within the Shire.

KEY FACTS:

- **Land owner support grant received for fire recovery projects $55,000.**
- **Coastwest grant received for dune restoration works $14,840.**

Environmental Awareness & Conservation

The Shire coordinates and supports activities that promote environmental awareness and conservation in the community. This year the Shire held the annual Preston Beach Dune Restoration Project which included hundreds of trees being planted, and a major litter collection along the coast. The Shire supported two new events being the Pest Fest and Trout Fest. The Pest Fest was organised by Peel Harvey Biosecurity Group and provided an opportunity for the community to learn about the Group, receive tips on managing pests, trade weeds for native plants, and develop skills in trap building. The Trout Fest was organised by Recfishwest and provided an opportunity for the community to learn about freshwater fishing, fly casting and tackle and rigging.





Theme 2: Environment

CONSERVING OUR UNIQUE ENVIRONMENT

Trails

The Shire continues as a member of the Peel Trails Group to further its understanding of current and future trails projects in the Peel region. This year the Peel Regional Leaders Forum contracted a consultant to complete a review and update of the Peel Regional Trails Strategy and Shire of Waroona Trails Masterplan. This project will be completed in 2018/19.

Fire Control

In August 2017 the Council enclosed a revised firebreak notice to apply throughout the district.

A comprehensive evaluation of the previous notice revealed many outdated and inconsistent requirements.

Key achievements with the new notice include:

- Upgrading to industry best practice
- The use of "land size" rather than "land zoning" to determine specific fire prevention strategies that will be applicable to all land owners and occupiers.
- The removal of "zones" for the enforcing of restricted and prohibited burning times in order to provide the community with a simple "whole shire" approach.

Theme 3: Land Use

RESPONSIBLE LAND USE PLANNING AND PROTECTING RURAL LAND

Town Planning Scheme Amendments

The Shire dealt with four (4) scheme amendments of which 2 have been gazetted this year and two (2) remain active. Each scheme amendment takes into consideration the potential impact it would have on the environment.

Development Applications

A total of 74 Development Applications were received by the Shire during the 2017/18 year. As part of the standard assessment of these application the impact on the environment is considered, prior to any determinations being made.





Theme 4: Society/Community Wellbeing

MAINTAIN STRONG SENSE OF COMMUNITY AND EFFECTIVE COMMUNITY WELLBEING

Maintenance of Recreation Areas

Our Parks and Gardens team works tirelessly to maintain and improve our parks, sporting areas and general recreation areas by applying effective modern horticultural practices to not only manage existing vegetation and infrastructure but also to seek to continuously improve the appearance and aesthetics of the areas.

Parks and Gardens tasks are shared between the Shire's own employees and a contractor. Our Parks employees have participated in focussed horticultural training which further improves our response in this area. In addition to these, this year we have entered into an agreement with a third party training organisation who provided us with a young horticultural trainee which has proven to be a mutually beneficial arrangement and one we hope to continue into the future.

The year has not been without some issues including some problems with the oval reticulation, which has been remedied, as well as turf management concerns which have also been taken into account with some adjustment to systems to improve response in these areas. We are getting more and more familiar with the management of the turf on the oval and the results are indicative of this. We have also been proactive in talking to the various annual events that use the oval surface so as to lessen the impact upon the turf.



After a busy football season and soon after the Agricultural Show the oval is in very good condition.

Progress towards replacing the failing supply pipeline from the Harvey Water supply on McNeill Road to the tanks at the main Waroona Oval has been made, however this progress has been somewhat held up by the agencies who administer the rail corridor.

2016 Fire Response Continues

Response to the 2016 fire event is ongoing in the form of clean up and remedial works to affected rural properties. This year saw an initial round of clean up and reinstatement works to five properties late in 2017 followed by a larger round of works which are progressing at the time of writing that saw over 50 properties participating throughout the Shires of Waroona and Harvey. The works are intended as reinstatement to properties affected by firefighting activities and/or deal with risky situations such as dead trees etc.

Recreation Services

The Waroona Recreation and Aquatic Centre continues to provide an outstanding service to the local community by offering a number of activities such as Basketball, Volleyball, Tennis, Squash, Gym, Swimming Lessons and Group Fitness etc. Overall the usage of the Waroona Recreation and Aquatic Centre has increased.

KEY FACTS:

- **The parks and gardens team serviced over 30 parks, gardens and reserves over the financial year.**
- **The Shire allocated over $115,000 towards community events in 2017/18.**
- **14 Community groups and organisations were successful recipients of the annual community development grants.**



Theme 4: Society/Community Wellbeing

MAINTAIN STRONG SENSE OF COMMUNITY AND EFFECTIVE COMMUNITY WELLBEING

The Shire continues to work closely with the Department of Health by undertaking a strict water sampling schedule of the Drakesbrook Weir to ensure the water quality is safe for recreational users.



With regard to swimming pool enclosures, food premises, potable and non-potable water the Shire continues to undertake the necessary inspections to ensure community safety.

School Partnerships

The Shire continues to strengthen its partnership with Waroona District High School and St Joseph's Primary School Waroona, assisting both schools with events, projects and grant applications, including:

- R U OK Day;
- M8 the call can W8 initiative;
- NAIDOC Week activities;
- 3 Tier Mental Health program;
- In Your Head Youth Mental Health Forum; and
- Banners in the Terrace Competition.

Community Organisations

The Shire assists local community organisations, particularly with supporting events with human, material and financial resources. This year, the Shire provided an estimated amount of $115,000 towards community events including:

- Vintage Machinery Rally;
- Waroona Agricultural Show;
- Remembrance Day;
- White Ribbon Sundowner;
- Turning On The Lights Ceremony;
- Lions Christmas Gala;
- Carols By Candlelight;
- Just Cruizin Street Machines Christmas Light Tour;
- Pam Corker Fete;
- All Australian Car Day;
- ANZAC Day; and
- Various community markets.

Volunteers

The Shire supports all local volunteers whether they be individuals, in community organisations or part of sporting clubs. Volunteers and community organisations have access to assistance including the club development manual, training and skills development, grant assistance, marketing and promotion and general advice.

The Shire recognises and values the local volunteers for their ongoing commitment and invaluable contribution to the community. Emergency services volunteers were acknowledged at the annual Emergency Services Dinner, and all volunteers in the shire had the opportunity to be recognised at the annual Volunteer Breakfast, with Councillors and Executive Staff working in the kitchen.

Arts & Cultural Events

The Shire hosts and supports a number of events that celebrate local arts and culture including NAIDOC Week, Reconciliation Week, Sea to Art Exhibition and Australia Day. Of particular significance this year was the cultural showcase held to recognise two milestones in Australia's reconciliation journey – 50 years since the 1967 referendum and 25 years since the Mabo decision, and the tenth Sea to Art Exhibition which showcased local talented artists.

Closed Circuit Television system

The Shire continues to maintain and seek opportunities to upgrade and expand the Closed Circuit Television system located throughout the shire.



Theme 4: Society/Community Wellbeing

MAINTAIN STRONG SENSE OF COMMUNITY AND EFFECTIVE COMMUNITY WELLBEING

Waroona Interagency Group

The Shire coordinates and chairs the Waroona Interagency Group. This group meets bi-monthly and provides a forum for agencies that deliver community services to share knowledge and work collectively to address issues generally concerning community safety and wellbeing. The forum provides an opportunity for members to network and access collegial support.

This year saw a change to the format and functioning of the Waroona Interagency Group to allow presentations and guest speakers to open the meeting, and greater opportunities for Waroona Interagency Group projects and initiatives. The Group now boasts a database of over 70 representatives from over 50 stakeholders including local governments, government agencies, health service providers and community organisations.

Community Awards

The Shire presented the 2018 Australia Day Awards at this year's Australia Day Breakfast.

The recipients were as follows:

Shire of Waroona Meritorious Community Service Award – 25 Years and Over:
Maree Ellis and Mike Le Roy

Australia Day Council of WA Citizen of the Year:
Lynda Le Roy



Australia Day Council of WA Award for Active Citizenship:
Friends of Ramsar Action Group for the Yalgorup Lakes Environment

The Shire sponsored the Community Group of the Year category for the 2017 Peel Volunteer of the Year Awards, which was awarded to the Waroona Volunteer Fire & Emergency Service.

Youth Advisory Council

The Shire facilitates the Waroona Youth Advisory Council (YAC) which provides a forum for young people to get together and discuss youth issues, initiatives and projects to advise the Shire. This year YAC reviewed its governance structures and objectives to align with Council and increase their strategic focus. Throughout the year, YAC organised a range of projects and activities including:

- ◊ Leadership day at Forest Edge;
- ◊ Movie Under The Stars;
- ◊ M8 the call can W8 road safety campaign;
- ◊ School holiday activities; and
- ◊ Youth Fest.

Community Development Grants

This year saw the greatest number of application since the program's inception in 2004. The successful recipients receiving a share of the total allocated amount of $7,000 were FRAGYLE, Just Cruizin Street Machines, Lake Clifton Herron Residents Association, Lions Club of Waroona, Preston Beach Golf Club, St Joseph's P&F Association, Waroona Agricultural Society, Waroona Bowling & Social Club, Waroona Community Men's Shed, Waroona District High School P&C Association, Waroona Family Support Service, Waroona Football Club, Waroona Playgroup, Waroona Poultry Club, and Waroona Wagerup Yarloop Meals on Wheels.



Theme 4: Society/Community Wellbeing

MAINTAIN STRONG SENSE OF COMMUNITY AND EFFECTIVE COMMUNITY WELLBEING

Library

Library membership increase by 136 new members this financial year and loaned over 14,500 items to members.

As of the beginning of the financial year the Waroona Library was a foundational member of the South West Library Consortium which saw the implementation of the One Card system through 12 South West Councils. This initiative is the first of its kind within WA and is operating well, with all members pleased with the progress. Under this initiative library members from Waroona are able to access the resources from the other participating libraries and then return all items to our library, or any other within the consortia.

During the 2017/18 year the following events were successfully run by the Waroona library; knitting for charity, adult book club, birthing circle and Coderjo – Coding for Kids. The library officers were trained in the online historical document program Trove and trained to become an eSmart library.

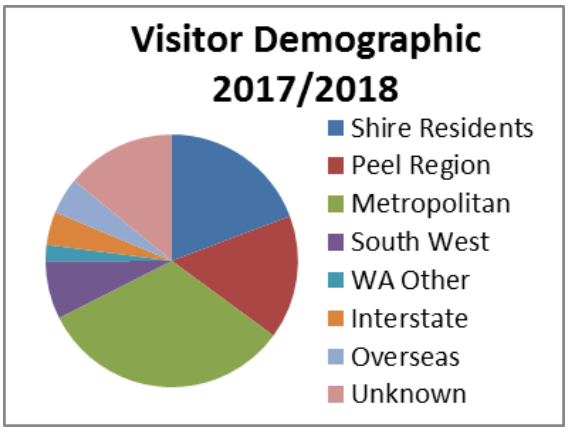
Waroona Visitor Centre

The Centre's three main functions are:

- Visitor Servicing & Information – assisting both Shire of Waroona residents and visitors with enquiries,
- Area Promotion – promoting the Shire of Waroona as a visitor destination,
- Art & Craft Gallery – providing an outlet for and promoting local art and craft.

Centre staff and volunteers welcomed around 6,400 visitors during 2017/18 and attended to 200 visitor related telephone and email enquiries. Visits, calls and emails of an administrative nature (not included in statistics) are handled by the Visitor Centre Manager and number in excess of 2,500 per annum.

The Centre's visitor demographic is led by metropolitan travellers followed by local residents. The majority of visitor enquiries were for local information (things to see and do, places to visit, accommodation and dining, local businesses, community and interest groups, events, etc.).

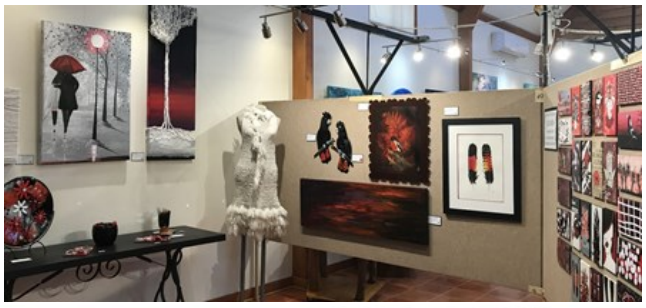


Art & Craft Gallery

In addition to visitor servicing, Waroona Visitor Centre maintains a gallery creating interesting and attractive displays with a focus on local produce, art and craft. This function provides a sales outlet for around 50 local contributors with stock including artworks, craft items, fine woodwork, sculptures, preserves, books and novels, textiles, candles, soap and ceramics. Local artists and artisans are given support as are the various organisations looking to strengthen culture and art in the community and region.

Sea to ART Exhibition November 2017

The tenth annual Sea to ART Exhibition was held throughout November 2017. There were 30 exhibiting artists and over 110 pieces on show. Sea to ART Exhibition is a Sea to Scarp Summer Event supported by Shire of Waroona and Alcoa Australia.





Theme 4: Society/Community Wellbeing

MAINTAIN STRONG SENSE OF COMMUNITY AND EFFECTIVE COMMUNITY WELLBEING

Community Fundraising

During the Sea to ART Exhibition donated red, black & white 9x5 artworks by local artists and craftspeople were sold to raise funds for St John Ambulance, Waroona Sub-Centre. The yarn-bombers had also donated knitted items during the year and this combined effort saw a cheque for $2,750 handed over with St John Ambulance for the purchase of upgraded ipads for use in Waroona ambulances.

This amount brought the community fundraising total to $11,000 since 2014 with other recipients including Waroona Community Car ($2,070) and Waroona Leos ($1,100).

Mooriel

Mooriel, the life size fibreglass cow stationed at the Visitor Centre, continues to develop a devoted fan base of both locals and travellers, drawing in all demographics. With photographs that go world-wide, Mooriel has been seen in a onesie and various other outfits often to fit themes, seasons, or celebrations such as Easter and Christmas.

Her ANZAC salute was well received and the "Kiss the Cow" promotion and hashtag continues to gain momentum.



St John Ambulance, Waroona Sub-Centre officer Andy Templeman Twells

KEY FACTS:

- **Over 175,000 was received in grants during 2017/18 to accommodate community development events and programs.**
- **$2,750 was raised for Waroona St John's during the Visitor Centre fundraising campaign.**

Yarn Bomb Waroona

In its third year, Yarn Bomb Waroona again proved to be an exciting and colourful addition to the townscape with installations including Maree's tree (honouring a community member and prolific knitter who has Alzheimer's and is therefore unaware of her contribution); bombed trees & bunting, bikini trees, hidden faces, snakes, animals and birds, a bombed ironing board from the residents of Pam Corker, and spiders from local pre-primary and kindy students throughout the visitor bay; and including a variety on installations in the CBD.

Exposure received from the 2016 Heartfelt Project (colourful crocheted mandala sets installed on trees throughout the fire affected areas) resulted in an invitation to take part in the Canberra Warm Trees Project. Two installations were created and sent over for this event.



Marie Thomas (R) with her daughter Josephine Bailey



Theme 5: Assets, Resources, Financial Management & Sustainability

RESPONSIBLE STEWARDSHIP OF ASSETS, EFFECTIVE RESOURCES SUPERVISION (INCLUDING STAFF AND HUMAN RESOURCES ISSUES), AND PURSUIT OF BEST PRACTICE FINANCIAL MANAGEMENT AND SUSTAINABILITY

Roads

The Shire of Waroona continued its ongoing road network asset management strategies with a range of road related works activities ranging from bitumen reseals to full reconstruction of road sections.

A simple bitumen reseal works to prolong the life of a road asset by both renewing the road wearing surface as well as providing added water resistance protection to the road pavement structure. Weller Road, Weir Road and Parnell Street were three locations that received bitumen reseals, fully funded by the Federal Government's Roads to Recovery (RtR) program. Also funded by RtR was the full reconstruction of a section of Somers Road north of Coronation which continued on from widening works that began in 2016/17.

Other major road reconstruction works included sections of Dorsett, Coronation and Johnston Roads which are all considered roads of regional significance and therefore eligible for funding under the Regional Road Group which attracts two thirds funding from the State Government via Main Roads WA. Dorsett Road has been the focus of most of our reconstruction efforts in the last five years and it was pleasing to see this major undertaking of realignment and widening completed. With this major project finalised, these funds will now be spent on a staged, full reconstruction of Waroona's section of Johnston Road, and a renewed focus on the Coronation/Peppermint Grove Roads route.

The Commodities Route program is similarly funded and this year the final section of the sealed section of Buller Road was upgraded. This was an ongoing project for several years and now offers substantially improved access for both the Shire's refuse site and private operators in the area.



Dorsett Road Reconstruction

Council funds were used to reshape and gravel sheet a section of Scarp Road beyond the Waroona Dam after concerns were raised about the condition of the road by residents and the school bus operator.

Also funded by Council, works to remedy a drainage deficiency were completed along the main street in Waroona. In the past water running down Thatcher Street during heavy rain would flow over the kerbing on South West Highway and enter the businesses opposite. Increased drainage, a higher kerb and changes to the slope of the footpath should all contribute to the overall remedy.

The works were not without their difficulties, not only physically but also in terms of the disruption to the adjacent premises. Lessons have been learned from this project which will improve matters into the future.



Main Street Drainage Project



Theme 5: Assets, Resources, Financial Management & Sustainability

RESPONSIBLE STEWARDSHIP OF ASSETS, EFFECTIVE RESOURCES SUPERVISION (INCLUDING STAFF AND HUMAN RESOURCES ISSUES), AND PURSUIT OF BEST PRACTICE FINANCIAL MANAGEMENT AND SUSTAINABILITY

Bridges

The Shire inherited a new bridge this year which was constructed by the State Government as part of the Forrest Highway project. The bridge was gifted to the Shire by the State as it provides access to a ratepayer's property that would have otherwise be left landlocked after the Forrest Highway cut their access to the Old Bunbury Road. As a virtually brand new concrete bridge it will not pose any financial liability to the Shire for many years to come.



New Bridge Asset

The Shire's other bridge on Lake Clifton Road required some major repairs which were funded by Main Roads WA.



Repairs to Lake Clifton Road Bridge

Plant

Plant replacement was mostly limited to light vehicles however a Parks and Gardens tractor was also replaced. A highlight in terms of plant purchases was the new slip on water cart unit which, rather than buy 'off the shelf' was constructed by local manufacturing company McCall Bros, which not only resulted in significant cost savings but also kept the business within the Shire. The slip on unit converts one of the large tip trucks into a water cart for road construction purposes and can be put on and taken off by two workers with no lifting equipment required – a significant improvement in worker safety as well as efficiency.

New Slip-on Water Cart Unit



Waste Management

A significant development in the Waste Management area was the procurement of Cleanaway as the Shire's waste collection contractor for a minimum of seven years with options for up to ten. The Technical Services directorate took the opportunity to enter into a joint procurement exercise with the Shire of Murray. While this was not budgeted for because at the time of budget preparation it was not known that Murray was intending to procure, the funds were found as it was felt that it would be advantageous to team with Murray in this initiative. It is very pleasing to note that the costs under the new contract are not significantly different to the current contract.



Theme 5: Assets, Resources, Financial Management & Sustainability

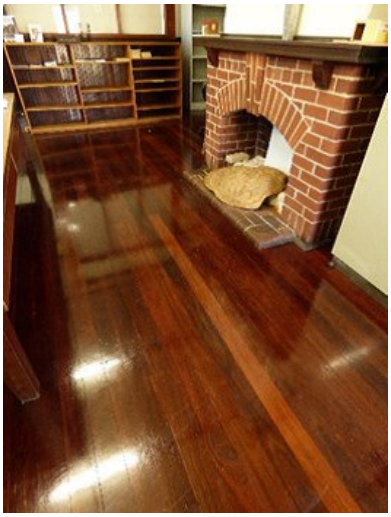
RESPONSIBLE STEWARDSHIP OF ASSETS, EFFECTIVE RESOURCES SUPERVISION (INCLUDING STAFF AND HUMAN RESOURCES ISSUES), AND PURSUIT OF BEST PRACTICE FINANCIAL MANAGEMENT AND SUSTAINABILITY

Public Buildings

All the Council owned buildings are inspected annually to ensure that the buildings comply with the relevant Public Buildings legislation. During the 2017/18 period only minor issues had been identified which could be rectified straight away, resulting in a 100% approval rate of Council owned building.

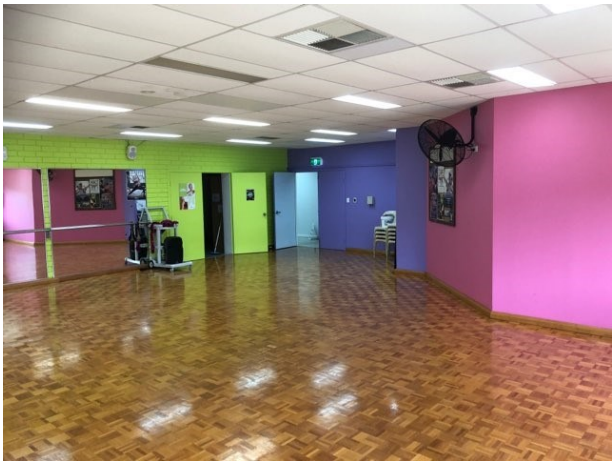
Building Maintenance

The Shire undertakes bi-annual inspections of all buildings to ascertain any maintenance requirements. The bi-annual inspections have resulted in a decrease in reactive maintenance and is leading to an improved preventative maintenance schedule.



Historical Society Internal





Repainting of the Group Fitness Studio



Memorial Hall internal & external refurbishment Above and Right





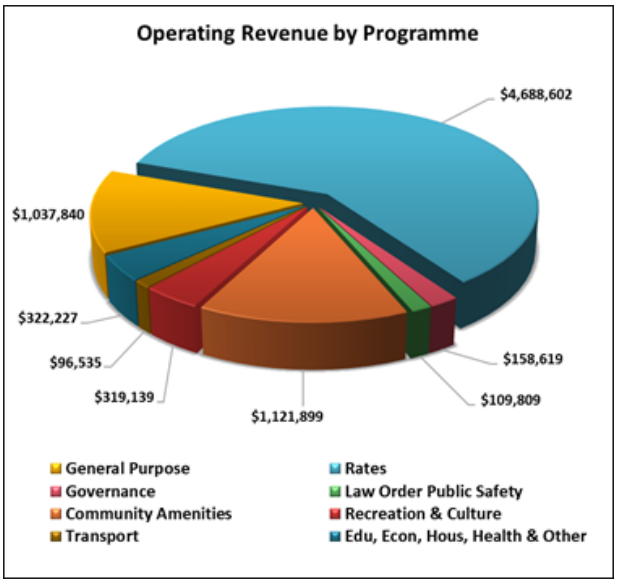
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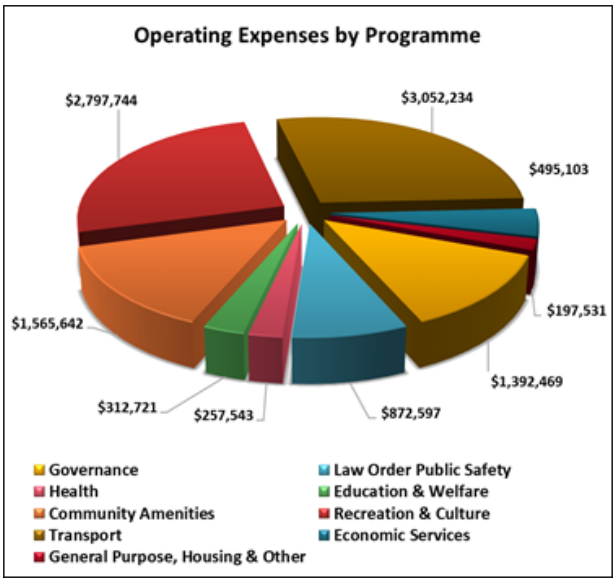
Financial Performance

The Council's auditor has reported a highly successful audit for the 2017/18 financial year with no issues of non-compliance having been identified.

During the year the Council borrowed loan funds of $200,000 from State Treasury for the purpose of conducting emergency works at the Waroona Memorial Hall. Overall debt levels remain well within manageable levels.



A full copy of the Annual Financial Statements and Auditor's report is located at the back of this document.



Rating

A general rate revenue increase of 5.95% applied for the 2017/18 financial year with rate revenue totalling $4,667,363. Minimum rates budgeted for both GRV and UV rated properties increased from $1010 to $1065.

The Council experienced a review of its Gross Rental Values (effective from 1/7/17). This review which is conducted every 5 years resulted in an average 11.5% increase in the average residential GRV and average 29% in the Commercial/Industrial GRV.

Unimproved values increase by an average of 3.2% which was the first increase in 7 years following decreases over the past 6 years.

As a result of the valuation increases the Council was required to reduce the rate in dollar in order to achieve a rate increase of 5.95% which was consistent with forecasts contained in the Long Term Financial Plan.

Unpaid rates at 30th June 2018 totalled $140,848.



Theme 5: Assets, Resources, Financial Management & Sustainability

RESPONSIBLE STEWARDSHIP OF ASSETS, EFFECTIVE RESOURCES SUPERVISION (INCLUDING STAFF AND HUMAN RESOURCES ISSUES), AND PURSUIT OF BEST PRACTICE FINANCIAL MANAGEMENT AND SUSTAINABILITY

Detailed "rating information" is provided within the Financial Statements section of this document.

Long Term Planning

The Council maintains several strategies to ensure that it can successfully plan for the future. This process, known as Integrated Planning and Reporting is underpinned by the Council's Strategic Community Plan.

These documents are:

- A 10 Year Long Term Financial Plan
- A Workforce Plan
- A number of Asset Management Plans; and
- A Corporate Business Plan (essentially a 4 year budget)

The aim of this process is to ensure that the Council's activities reflect the aspirations of the community and aims to show how these will be turned into reality by prioritising and clearly setting out how they will be funded.

Emergency Services

For the 2017/18 financial year the Council on behalf of the State Government collected $217,607 in property levies associated with the Emergency Services Levy (ESL). A portion of these funds ($50,000) is returned to the Council to assist in the operations of fire brigades. Subject to acceptance of capital funding submissions the Council may also received funding for equipment and/or building facilities. Recently the Council was advised of a successful grant to construct a new fire brigade building for the Waroona West Fire Brigade. Construction is expected to commence in mid 2019.

KEY FACTS:

- **The Council entered into a joint waste collection contract with the Shire of Murray for a period of 7 years.**
- **The adopted rate income increase of 5.95% was consistent with that which was forecast in the Council's Long Term Financial Plan.**
- **Loan funds of $200,000 were necessary to complete emergency works at the Waroona Memorial Hall.**
- **Significant roadworks were completed to realign and reconstruct sections of Dorsett, Coronation & Johnston roads.**
- **The Council received a highly successful audit report with no issues of non-compliance.**



Theme 6: Good Governance

ACTIVE CIVIL LEADERSHIP:AND EXCELLENCE IN MANAGEMENT

Planning Policies

Local Planning Policies continue to be reviewed to ensure they keep up with change and are best practice documents. 2017/18 saw the following outcomes from the annual review:

Reviewed: Sea Containers & Holiday Homes
Removed: Waroona Township Drainage Development Contribution Policy

Overall the legislative timeframes in the regulatory areas of Planning and Building, have been achieved, with only a small number of applications, which due to continued negotiations with the applicants have not been able to meet the timeframes.

The Shire continues to resource share the Environmental Health Officers with the Shire of Murray which has resulted in both Shires being able to provide a valuable service to the community.

Local Government Election

Biennial elections were held in October 2017 to fill four (4) vacancies on the Council. The election was conducted using the postal vote method by the WA Electoral Commission.

Votes were counted using the “first past the post” process and resulted in the following Councillors being elected for a four year term expiring 16 October 2021.

Cr Noel Dew
Cr Naomi Purcell
Cr Larry Scott
Cr Mike Walmsley

Resource Sharing Initiatives

The Shire of Waroona continues to work in close liaison with the Shire of Murray in an endeavour to maximise potential for the sharing of resources. Substantial efficiencies can be achieved including access to staff and expertise that may otherwise be unavailable or subject to consultancy. Council’s across the State are being encouraged to investigate resource sharing initiatives with other Councils.

Currently the Council participates in the following resource sharing initiatives with the Shire of Murray:

Information Technology—including wireless microwave links between Council facilities and the Shire of Murray, data backup and disaster recovery and mobile computing.

Ranger Services—complete ranger services including after hours emergency, fire regulation compliance, dog and cat control.

Health Compliance—complete Health Act regulation and compliance including assistance at events, water sampling and food inspections.

Community Development Scholarships

Community Development Officer Brad Vitale and Community Development Assistant Joelle Chaffey each received a Community Development Scholarship from the Department of Communities. These scholarships provide funding for country local governments employees and elected members to undertake accredited training to build their capacity to deliver community development within their local government and community.



Theme 6: Good Governance

ACTIVE CIVIL LEADERSHIP:AND EXCELLENCE IN MANAGEMENT

Media Releases & Promotion

The Shire provides information concerning the community in a variety of sources including Drakesbrook Despatch, Harvey-Waroona Reporter, Mandurah Mail, Preston Beach Annual Newsletter, Council's website, Western Councillor, Peel Magazine and Purely Peel. The Shire also distributes information through letters and electronic mail network. This year the Shire updated its website to improve accessibility and functionality, and continues to purchase street banners and signage to advertise commemorative dates and community events.

Strategic Community Plan

This year the Shire commenced a minor review of the Strategic Community Plan to measure its progress towards meeting the outlined objectives and goals, as well as identify opportunities for improvement for the major review to occur in 2020. The reviewed plan will be presented to Council in 2018/19.

KidSport

The Shire continued the implementation of the Department of Local Government, Sports and Cultural Industries' KidSport Program. KidSport enables eligible children aged 5-18 years to participate in community sporting and recreation activities by offering financial assistance towards their club fees.

This year, the Shire of Waroona processed 139 applications to a total value of $16,038. Since the inception of the program in 2012, 751 applications have been processed to a total amount of $87,055.20, enabling 288 children to participate in sport and recreation in the shire.

Youth Mental Health Program

The Shire received funding to develop and implement a twelve month program to address Aboriginal Youth Mental Health in the community. The Baldja Program aimed to enhance and better integrate health services at a local level, focusing on social and emotional wellbeing, suicide prevention, and alcohol and drug services, with a holistic whole of community approach. This program not only had positive outcomes in health and wellbeing, but provided opportunities in other areas including education and employment. Highlight activities in this program included:

* Night Fields;
* Fair Game;
* In Your Head Youth Mental Health Forum;
* Cultural Awareness Training; and
* Camp Hero

Tidy Towns

Two Tidy Town awards were received in 2017/2018. Waroona was the winner of the Young Legends category which acknowledges the contribution of individuals or groups under 25 years of age, that being the Waroona Leos, Waroona District High School Bushrangers and the Waroona Youth Advisory Council combined. The second award was for the Environmental Education category and was awarded to Preston Beach as a result of the work conducted by the Friends of Ramsar Action Group (FRAGYLE). This award was for innovative environmental advocacy and awareness programs.

KEY FACTS:

- **The Council continues to participate in sharing initiatives with the Shire of Murray providing opportunities for financial or legislative benefits.**
- **Community Development staff were successful in being awarded scholarships.**



Statutory Reports

National Competition Policy

National Competition Policy is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic reserves. There are a number of specific requirements placed on Local Government in the areas of competition, neutrality, legislation review and structural reform. The Clause 7 Statement of the application of National Competition Policy requires certain information to be provided in the Annual Report.

Competitive Neutrality
The Shire has not acquired any new entities in the 2017/18 financial year that have required competitive neutrality testing.

Legislative Review

The Council is required to assess each of its Local Laws to ensure there are no negative impacts on competition and to determine how any restrictive practices might be overcome or to propose amendments to existing Local Laws. Every 8 years the Council is required to review all of its Local Laws with the next full review being due in 2023/24. During 2017/18 there were no amendments considered necessary. The following Local Laws are now valid:

◊ Dogs
◊ Cemeteries
◊ Health Thoroughfares and Trading in Public Places
◊ Standing Orders
◊ Local Government Property
◊ Extractive Industries
◊ Fencing

State Records Act

The Shire is required to manage its records in accordance with the State Records Act 2000 and the Shire's Record Keeping Plan. The Council's Record Keeping Plan submitted in accordance with the above Act was subject to review and subsequently approved for a 5 year period which commenced in November 2011. The following information with respect to the plan is noted:

The Council has adopted its own internal procedural policy with respect to the plan;

- Efficiency and Effectiveness of the plan is monitored on an ongoing basis by the use of report tracking methods incorporating management software;
- New employees received a face-to-face induction from the Records Manager, covering an overview of the Recordkeeping Plan, the Records Procedure Manual, and staff responsibilities, including the capture of emails and procedures for forwarding records for capture into the corporate system.
- Staff training in conducted on an ongoing basis by providing information services at staff meetings and one on one meetings with new staff;
- Software training in the Council's recording tracking system is also carried out as required; and
- Offsite storage procedures have been introduced and subsequently reviewed. The Council has conducted its first destruction of records and is currently preparing for its second.

During 2017/18 Council conducted a further 5 yearly review of its Record Keeping Plan which was subsequently approved by the State Records Office in November 2017.



Statutory Reports

Freedom of Information
The Council's Freedom of Information policy and guidelines are reviewed annually along with all other Council policies. No modifications were made to the statement during 2017/18. Two Freedom of Information applications were processed for 2017/18.

Employee Information

Set out below, on bands of $10,000 is the number of employees of the Shire of Waroona entitled to an annual salary of $100,000 or more. The publishing of this information is a requirement of the Local Government (Administration) Regulations 1996 Clause 19B.

Salary Range - S		2017/2018
$100,000	$109,999	1
$110,000	$119,999	1
$120,000	$129,999	1
$130,000	$139,999	1
$140,000	$149,999	2
$150,000	$159,999	1
$160,000	$169,999	0
$170,000	$179,999	0
$180,000	$189,999	0
$190,000	$199,999	1

Complaints Register

The Local Government Act 1995 requires the annual report to contain details of entries made under section 5.121 of the Act during the financial year.

Section 5.121 requires the Council to maintain a register recording complaints and action taken in relation to complaints made to the local government standards panel about council members breaches of the rules of conduct or contravention of a local law under the Act.

No complaints have been entered into the register during the 2017/2018 year .

Disability Services Plan

The Western Australia Disability Services Act 1993 requires all Local Governments to develop and implement a Disability Access and Inclusion Plan (DAIP) to ensure that people with disabilities have equal access to its facilities and services.

The DAIP was reviewed in consultation with the Disability Services Commission. Revisions and updates were identified for inclusion in the adoption of a new DAIP, which was completed in 2017/18 .



Grant Funding

Funding Source	Project		Amount
Alcoa	Annual Contribution	$	200,000
Department of Fire & Emergency Services	Local Government BFB Operating Grant	$	52,657
Federal Government	Federal Assistance Grant—Untied	$	873,555
Federal Government	Federal Assistance Grant—Roads	$	399,282
Federal Government	Roads to Recovery	$	363,919
Harvey River Restoration Trust	Landcare Operational Grant	$	124,256
Main Roads WA	Regional Road Group	$	526,630
Main Roads WA	Special Commodities Funding	$	240,000
Alcoa	Sea to Scarp Summer Event Series	$	5,500
Alcoa	Youth Activities Youth Leadership	$	10,000
Alcoa	Youth Precinct Development	$	15,000
Alcohol Drug Foundation	Local Drug Action Team	$	10,000
Australian Government	Preston Beach Community Centre Redevelopment	$	95,000
Coastwest	Preston Beach Foreshore Restoration	$	14,840
Department of Agriculture & Food	Landowner Support for Fire Recovery	$	55,000
Department of Communities	Community Development Scholarship	$	3,703
Department of Communities	Thank A Volunteer Day	$	1,000
Department of Communities	WA Youth Week	$	1,500
Department of Local Government, Sport & Cultural Industries	Beach Emergency Numbers Sign	$	1,307
Department of Local Government, Sport & Cultural Industries	JKA Karate Seminar	$	1,720
Department of Local Government, Sport & Cultural Industries	Kidsport	$	16,423
Department of Prime Minister & Cabinet	NAIDOC Week	$	2,000
Department of Prime Minister & Cabinet	National Reconciliation Week	$	5,000
Lotterywest	Preston Beach Community Centre Redevelopment	$	234,565
Lotterywest	Waroona Senior Citizens Social Centre Upgrade	$	52,000
Mental Health Commission	Suicide Prevention Training	$	5,618
Office of Emergency Management	AWARE Program	$	4,000
Royalties for Regions	Preston Beach Community Centre Redevelopment	$	225,000
Road Safety Commission	Community Awareness Campaign	$	1,000
WA State Government	Preston Beach Community Centre Redevelopment	$	50,000
WA Primary Health Alliance	Aboriginal Youth Mental Health Program	$	100,000
TOTAL		**$**	**3,690,474**



Financial Statements & Auditors Report



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Financial Statements & Auditors Report



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SHIRE OF WAROONA

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION

"We care for our Coast, our Country and for our Community"
"We will build on our foundations to be socially, environmentally and financially sound & sustainable"

Principal place of business:
Shire of Waroona
52 Hesse Street
WAROONA WA 6215

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the ELEVENTH day of OCTOBER 2018

Chief Executive Officer

Mr Ian Curley
Name of Chief Executive Officer

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

	NOTE	2018 Actual	2018 Budget	2017 Actual
		$	$	$
Revenue				
Rates	19(a)	4,688,602	4,667,181	4,405,008
Operating grants, subsidies and contributions	2	1,492,570	1,193,915	2,383,260
Fees and charges	2	1,481,077	1,417,705	1,447,516
Service charges	19(b)	0	0	0
Interest earnings	2(a)	94,116	84,135	70,407
Other revenue		98,305	98,521	105,319
		7,854,670	7,461,457	8,411,511
Expenses				
Employee costs		(3,653,096)	(3,464,597)	(3,313,656)
Materials and contracts		(2,990,056)	(3,091,854)	(2,782,182)
Utility charges		(399,090)	(386,125)	(383,672)
Depreciation on non-current assets	9(b)	(3,480,388)	(3,518,150)	(3,485,324)
Interest expenses	2(a)	(13,719)	(12,813)	(17,145)
Insurance expenses		(189,634)	(209,703)	(201,870)
Other expenditure		(231,321)	(204,780)	(284,439)
		(10,957,304)	(10,888,022)	(10,468,288)
		(3,102,634)	(3,426,565)	(2,056,777)
Non-operating grants, subsidies and contributions	2	1,809,331	1,896,225	2,465,918
Profit on asset disposals	9(a)	7,177	13,890	294
(Loss) on asset disposals	9(a)	(20,015)	(29,065)	(30,957)
(Loss) on revaluation of Infrastructure - Footpaths	8(b)	(280,246)	0	0
Reversal of prior year loss on revaluation of Infrastructure - Other	8(b)	104,494	0	0
Reversal of prior year loss on revaluation of Infrastructure - Drainage	8(b)	1,973,235	0	0
Net result		**491,343**	**(1,545,515)**	**378,478**
Other comprehensive income				
Changes on revaluation of non-current assets	10	(1,375,246)	0	4,892,390
Total other comprehensive income		**(1,375,246)**	**0**	**4,892,390**
Total comprehensive income		**(883,903)**	**(1,545,515)**	**5,270,868**

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

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

	NOTE	2018 Actual	2018 Budget	2017 Actual
		$	$	$
Revenue	2(a)			
Governance		158,619	145,590	145,735
General purpose funding		5,726,442	5,277,820	5,923,149
Law, order, public safety		109,809	101,100	123,587
Health		33,011	30,100	58,749
Education and welfare		150,989	132,667	52,509
Housing		17,081	17,680	14,300
Community amenities		1,121,899	1,076,243	1,343,151
Recreation and culture		319,139	477,687	430,675
Transport		96,535	94,325	215,312
Economic services		65,155	83,955	77,773
Other property and services		55,991	24,290	26,570
		7,854,670	7,461,457	8,411,510
Expenses	2(a)			
Governance		(1,392,469)	(1,412,192)	(1,379,546)
General purpose funding		(134,919)	(123,985)	(171,232)
Law, order, public safety		(872,597)	(695,105)	(605,251)
Health		(257,543)	(254,655)	(255,546)
Education and welfare		(312,721)	(306,263)	(200,907)
Housing		(8,515)	(9,385)	(21,166)
Community amenities		(1,565,642)	(1,653,698)	(1,504,703)
Recreation and culture		(2,797,744)	(2,833,483)	(2,836,597)
Transport		(3,052,234)	(3,039,724)	(2,921,385)
Economic services		(495,103)	(536,957)	(499,704)
Other property and services		(54,097)	(9,762)	(55,107)
		(10,943,584)	(10,875,209)	(10,451,143)
Finance Costs	2(a)			
General purpose funding		0	0	(104)
Recreation and culture		(13,719)	(12,813)	(17,041)
		(13,719)	(12,813)	(17,145)
		(3,102,633)	(3,426,565)	(2,056,778)
Non-operating grants, subsidies and contributions	2	1,809,331	1,896,225	2,465,918
Profit on disposal of assets	9(a)	7,177	13,890	294
(Loss) on disposal of assets	9(a)	(20,015)	(29,065)	(30,957)
(Loss) on revaluation of Infrastructure - Footpaths	8(b)	(280,246)	0	0
Reversal of prior year loss on revaluation of Infrastructure - Other	8(b)	104,494	0	0
Reversal of prior year loss on revaluation of Infrastructure - Drainage	8(b)	1,973,235	0	0
		3,593,976	1,881,050	2,435,255
Net result		**491,343**	**(1,545,515)**	**378,478**
Other comprehensive income				
Changes on revaluation of non-current assets	10	(1,375,246)	0	4,892,390
Total other comprehensive income		**(1,375,246)**	**0**	**4,892,390**
Total comprehensive income		**(883,903)**	**(1,545,515)**	**5,270,868**

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

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018

	NOTE	2018	2017
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	3,922,610	3,406,427
Trade and other receivables	5	201,103	326,436
Inventories	6	10,146	8,181
TOTAL CURRENT ASSETS		4,133,859	3,741,044
NON-CURRENT ASSETS			
Other receivables	5	13,500	22,000
Property, plant and equipment	7	38,104,130	38,405,914
Infrastructure	8	91,845,038	92,326,547
TOTAL NON-CURRENT ASSETS		129,962,668	130,754,461
TOTAL ASSETS		134,096,527	134,495,505
CURRENT LIABILITIES			
Trade and other payables	11	513,961	330,897
Current portion of long term borrowings	12(a)	59,033	40,551
Provisions	13	966,748	822,365
TOTAL CURRENT LIABILITIES		1,539,742	1,193,813
NON-CURRENT LIABILITIES			
Long term borrowings	12(a)	365,431	224,486
Provisions	13	56,966	58,917
TOTAL NON-CURRENT LIABILITIES		422,397	283,403
TOTAL LIABILITIES		1,962,139	1,477,216
NET ASSETS		132,134,387	133,018,290
EQUITY			
Retained surplus		10,887,143	10,204,850
Reserves - cash backed	4	2,317,381	2,508,330
Revaluation surplus	10	118,929,864	120,305,110
TOTAL EQUITY		132,134,387	133,018,290

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		**10,687,186**	**1,647,516**	**115,412,720**	**127,747,422**
Comprehensive income					
Net result		378,478	0	0	378,478
Changes on revaluation of assets	10	0	0	4,892,390	4,892,390
Total comprehensive income		378,478	0	4,892,390	5,270,868
Transfers from/(to) reserves		(860,814)	860,814	0	0
Balance as at 30 June 2017		**10,204,850**	**2,508,330**	**120,305,110**	**133,018,290**
Comprehensive income					
Net result		491,343	0	0	491,343
Changes on revaluation of assets	10	0	0	(1,375,246)	(1,375,246)
Total comprehensive income		491,343	0	(1,375,246)	(883,903)
Transfers from/(to) reserves		190,949	(190,949)	0	0
Balance as at 30 June 2018		**10,887,143**	**2,317,381**	**118,929,864**	**132,134,387**

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

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

	NOTE	2018 Actual	2018 Budget	2017 Actual
CASH FLOWS FROM OPERATING ACTIVITIES		$	$	$
Receipts				
Rates		4,649,903	4,667,181	4,418,147
Operating grants, subsidies and contributions		1,665,102	1,385,929	2,741,056
Fees and charges		1,481,077	1,417,705	1,447,516
Interest earnings		94,116	84,135	70,407
Other revenue		98,307	132,798	105,321
		7,988,505	7,687,748	8,782,447
Payments				
Employee costs		(3,498,801)	(3,480,728)	(3,274,435)
Materials and contracts		(2,830,869)	(3,118,673)	(3,716,792)
Utility charges		(399,090)	(386,125)	(383,672)
Interest expenses		(3,670)	(12,893)	(3,646)
Insurance expenses		(189,634)	(209,703)	(201,870)
Other expenditure		(231,321)	(196,279)	(284,439)
		(7,153,385)	(7,404,401)	(7,864,854)
Net cash provided by (used in) operating activities	14	835,120	283,347	917,593
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		0	0	0
Payments for purchase of property, plant & equipment		(843,916)	(1,343,217)	(841,461)
Payments for construction of infrastructure		(1,648,643)	(1,752,543)	(1,768,303)
Advances to community groups		0	0	0
Non-operating grants, subsidies and contributions		1,809,331	1,896,225	2,465,918
Proceeds from sale of fixed assets		204,864	213,000	235,845
Proceeds from disposal of investments		0	0	0
Proceeds from advances		0	0	0
Net cash provided by (used in) investment activities		(478,364)	(986,535)	91,998
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(40,573)	(40,553)	(47,349)
Proceeds from low interest loans		0	8,500	8,500
Proceeds from new long term borrowings		200,000	0	0
Net cash provided by (used in) financing activities		159,427	(32,053)	(38,849)
Net increase (decrease) in cash held		516,183	(735,241)	970,742
Cash at beginning of year		3,406,427	3,407,397	2,435,687
Cash and cash equivalents at the end of the year	14	3,922,610	2,672,156	3,406,428

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

RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual	2018 Budget	2017 Actual
		$	$	$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		814,087	820,794	211,518
		814,087	820,794	211,518
Revenue from operating activities (excluding rates)				
Governance		160,428	145,590	146,029
General purpose funding		1,037,840	610,638	1,518,140
Law, order, public safety		109,809	104,000	123,587
Health		33,011	30,100	58,749
Education and welfare		150,989	132,667	52,509
Housing		17,081	17,680	14,300
Community amenities		1,121,899	1,076,243	1,343,151
Recreation and culture		319,139	477,687	430,675
Transport		101,904	105,315	215,312
Economic services		65,155	83,955	77,773
Other property and services		55,991	24,290	26,570
		3,173,246	2,808,165	4,006,795
Expenditure from operating activities				
Governance		(1,399,169)	(1,424,552)	(1,389,211)
General purpose funding		(134,919)	(123,985)	(171,336)
Law, order, public safety		(872,597)	(695,105)	(605,251)
Health		(257,543)	(254,655)	(255,546)
Education and welfare		(312,721)	(306,263)	(200,907)
Housing		(8,515)	(9,385)	(21,166)
Community amenities		(1,566,981)	(1,655,928)	(1,506,067)
Recreation and culture		(2,811,463)	(2,846,296)	(2,853,638)
Transport		(3,059,392)	(3,050,389)	(2,936,358)
Economic services		(499,921)	(540,767)	(504,659)
Other property and services		(54,097)	(9,762)	(55,105)
		(10,977,318)	(10,917,087)	(10,499,244)
Operating activities excluded				
(Profit) on disposal of assets	9(a)	(7,177)	(13,890)	(294)
Loss on disposal of assets	9(a)	20,015	29,065	30,957
Movement in employee benefit provisions		142,432	34,278	52,069
Depreciation and amortisation on assets	9(b)	3,480,388	3,518,150	3,485,324
Amount attributable to operating activities		(3,354,327)	(3,720,525)	(2,712,875)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,809,331	1,896,225	2,465,918
Proceeds from disposal of assets	9(a)	204,864	213,000	235,845
Purchase of land held for resale		0	0	0
Purchase of property, plant and equipment	7(b)	(843,916)	(1,343,217)	(841,461)
Purchase and construction of infrastructure	8(b)	(1,648,643)	(1,752,543)	(1,768,303)
Amount attributable to investing activities		(478,364)	(986,535)	91,999
FINANCING ACTIVITIES				
Advances to community groups		0	0	0
Repayment of advances to community groups		0	0	0
Repayment of long term borrowings	12(a)	(40,573)	(40,553)	(47,349)
Proceeds from new long term borrowings	12(b)	200,000	0	0
Proceeds from low interest loans		8,500	8,500	8,500
Unspent grants 1 July B/Fwd		79,229	81,256	8,848
Unspent grants 30 June C/Fwd		(255,645)	0	(79,229)
Transfers to reserves (restricted assets)	4	(392,583)	(339,325)	(905,230)
Transfers from reserves (restricted assets)	4	583,533	330,000	44,416
Amount attributable to financing activities		182,462	39,878	(970,045)
Surplus(deficiency) before general rates		(3,650,230)	(4,667,182)	(3,590,921)
Total amount raised from general rates	19	4,688,601	4,667,182	4,405,008
Net current assets at June 30 c/fwd - surplus/(deficit)	20	**1,038,372**	**0**	**814,087**

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

1. BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 22 to these financial statements.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads

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

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

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue

	2018 Actual	2017 Actual
	$	$
Significant revenue		
Increase on revaluation of Land & Building Assets		4,892,390
Increase on revaluation of Infrastructure Assets	1,797,483	
Fees and Charges		
Governance	31,662	29,824
General purpose funding	50,968	36,691
Law, order, public safety	38,548	38,237
Health	30,513	54,720
Education and welfare	410	410
Housing	16,502	14,300
Community amenities	922,014	887,393
Recreation and culture	289,349	304,142
Transport	150	90
Economic services	65,155	77,773
Other property and services	35,806	3,935
	1,481,077	1,447,516

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	$	$
Operating grants, subsidies and contributions		
Governance	122,957	111,911
General purpose funding	876,019	1,391,011
Law, order, public safety	71,261	85,351
Health	2,498	2,529
Education and welfare	150,579	52,099
Housing	579	452,758
Community amenities	196,885	126,466
Recreation and culture	29,790	138,500
Transport	21,848	0
Economic services	0	22,636
Other property and services	20,154	
	1,492,570	2,383,260
Non-operating grants, subsidies and contributions		
Governance	0	585,638
General purpose funding	399,282	0
Law, order, public safety	0	706,018
Community amenities	54,500	28,000
Recreation and culture	225,000	0
Transport	1,130,549	1,146,262
	1,809,331	2,465,918
Total grants, subsidies and contributions	3,301,901	4,849,178

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 a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 18. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

Grants, Donations and Other Contributions (Continued)

	2018 Actual	2018 Budget	2017 Actual
	$	$	$
Interest earnings			
- Reserve funds	62,623	52,120	44,955
- Other funds	31,493	32,015	25,452
	94,116	**84,135**	**70,407**
Other interest revenue (refer note 19(b))	50,168	37,150	60,321
	144,284	**121,285**	**130,729**

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	2018	2017
	$	$
Significant expense		
Decrease on Infrastructure Asset Revaluation	1,375,246	
Auditors remuneration		
- Audit of the Annual Financial Report	7,910	8,220
- Interim Audit	2,500	3,390
- Other Services	1,880	2,580
	12,290	14,190
Interest expenses (finance costs)		
Long term borrowings (refer Note 12(a))	13,719	17,041
Interest on overdraft	0	104
	13,719	17,145
Rental charges		
- Operating leases	78,582	78,156
	78,582	78,156

3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		$	$
Unrestricted		1,349,584	818,867
Restricted - Cash		255,645	79,229
Restricted - Reserves		2,317,381	2,508,331
		3,922,610	3,406,427
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Emergency Assistance Reserve	4	101,130	38,925
Sports Reserve	4	51,232	39,984
Staff Leave Reserve	4	179,105	151,967
Waste Management Reserve	4	682,894	549,185
Rec Centre Building Reserve	4	110,956	95,570
Hamel Hall Reserve	4	30,358	29,618
Plant Replacement Reserve	4	593,438	564,350
Depot Redevelopment Reserve	4	76,606	74,740
Building Asset Maintenance Reserve	4	52,776	51,490
Strategic Planning Reserve	4	19,051	18,586
Council Building Construction Reserve	4	177,084	228,853
Preston Beach Volunteer Reserve	4	46,570	36,960
Information Technology Reserve	4	32,537	19,125
Footpath construction Reserve	4	30,407	29,666
Asset Management Reserve	4	117,645	114,780
History Book Reprint Reserve	4	6,796	5,952
Risk & Insurance Reserve	4	8,796	8,579
Fire Recovery Assitance Grant Reserve	4	0	450,000
Unspent grants	18	255,645	79,229
		2,573,026	2,587,559

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	$	$	$	$	$	$	$	$	$	$	$	$
Emergency Assistance Reserve	38,925	72,205	(10,000)	101,130	38,925	80,000	(10,000)	108,925	16,938	21,987		38,925
Sports Reserve	39,984	11,248		51,232	39,983	10,025		50,008	28,746	11,237		39,984
Staff Leave Reserve	151,967	33,794	(6,656)	179,105	151,968	30,000		181,968	119,492	35,260	(2,784)	151,967
Waste Management Reserve	549,185	133,709		682,894	549,185	120,000		669,185	372,522	176,663		549,185
Rec Centre Building Reserve	95,570	22,386	(7,000)	110,956	95,570	20,000		115,570	15,151	80,419		95,570
Hamel Hall Reserve	29,618	739		30,357	29,619			29,619	28,832	787		29,618
Plant Replacement Reserve	564,350	79,088	(50,000)	593,438	564,350	65,000	(50,000)	579,350	486,089	78,261		564,350
Depot Redevelopment Reserve	74,740	1,866		76,606	74,740			74,740	55,233	19,507		74,740
Building Asset Maintenance Reserve	51,490	1,285		52,776	51,491			51,491	50,123	1,367		51,490
Strategic Planning Reserve	18,586	465		19,051	18,586			18,586	24,590	671	(6,675)	18,586
Council Building Construction Reserve	228,853	5,713	(57,482)	177,084	228,854		(75,000)	153,854	222,776	6,078		228,853
Preston Beach Volunteer Reserve	36,960	12,005	(2,395)	46,570	36,961	11,300		48,261	30,404	11,857	(5,300)	36,960
Information Technology Reserve	19,125	13,412		32,537	19,125			19,125	18,617	508		19,125
Footpath construction Reserve	29,666	741		30,407	29,666			29,666	28,878	788		29,666
Asset Management Reserve	114,780	2,865		117,645	114,779			114,779	111,732	3,048		114,780
History Book Reprint Reserve	5,952	844		6,796	5,952	3,000		8,952	18,859	2,250	(15,157)	5,952
Risk & Insurance Reserve	8,579	216		8,795	8,579			8,579	18,537	4,543	(14,500)	8,579
Fire Recovery Assitance Grant Reserve	450,000		(450,000)	0	450,000		(195,000)	255,000	0	450,000		450,000
	2,508,331	392,583	(583,533)	2,317,381	2,508,331	339,325	(330,000)	2,517,656	1,647,517	905,230	(44,416)	2,508,331

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
Emergency Assistance Reserve	on going	To provide funds to assist in emergency situations e.g.: major fire
Sports Reserve	on going	To provide funds for sporting facilities and equipment as determined by Council together with low interest loans applications
Staff Leave Reserve	on going	To be used to fund annual and long service leave requirements
Waste Management Reserve	on going	To be used to maintain operations at Buller Road Refuse Site
Rec Centre Building Reserve	on going	To be used for future building asset maintenance items at the Recreation Centre, particularly plant
Hamel Hall Reserve	on going	To provide funds for the upgrading of the Hamel Hall Amenities and surrounds.
Plant Replacement Reserve	on going	To be used for the purchase and replacement of major plant
Depot Redevelopment Reserve	on going	To provide funds for the provision of vehicle storage bays at Works Depot
Building Asset Maintenance Reserve	on going	To provide funds for future maintenance
Strategic Planning Reserve	on going	To provide funds for the future requirements of Council's Strategic Planning
Council Building Construction Reserve	on going	To provide funds for future capital construction works in accordance with Council's Long Term Financial & Community Strategic Plans
Preston Beach Volunteer Reserve	on going	To provide funds to assist in the operations of the volunteer ranger functions including replacement of equipment
Information Technology Reserve	on going	To be used to ensure that the network computer system is maintained including external site connections
Footpath construction Reserve	on going	To provide funds for future extension of Dual use path network
Asset Management Reserve	on going	To provide funds to renew existing Council assets in accordance with the adopted Asset Management Plan
History Book Reprint Reserve	on going	To be used to fund the update reprint of the 'Drakesbrook days and Waroona years' historical book
Risk & Insurance Reserve	on going	To be used for expenses associated with risk assessments and insurance adjustments or unforeseen expenses
Fire Recovery Assitance Grant Reserve	June 2019	To be used in accordance with the grant agreement 'Asssitance for the fire affected farming and rural communities of Shire of Harvey and Waroona

5. TRADE AND OTHER RECEIVABLES

	2018	2017
	$	$
Current		
Rates outstanding	150,645	111,946
Sundry debtors	41,958	205,990
Loans - Self Supporting	0	0
Loans - Low Interest	8,500	8,500
Accrued Income	0	0
	201,103	326,436
Non-current		
Rates outstanding - pensioners	0	0
Loans - Self Supporting	0	0
Loans - Low Interest	13,500	22,000
	13,500	22,000

6. INVENTORIES

	2018	2017
	$	$
Current		
Fuel and Materials	9,056	7,086
Kiosk	1,090	1,095
	10,146	8,181

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.

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

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.

7 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017
	$	$
Land - freehold land at:		
- Independent valuation 2017	17,926,000	17,926,000
- Additions after valuation at cost	0	0
- User defined	0	0
	17,926,000	17,926,000
Buildings at:		
- Independent valuation 2017	17,998,750	17,998,750
- Additions after valuation at cost	341,456	0
- User defined	0	0
Less: accumulated depreciation	(745,155)	0
	17,595,050	17,998,750
Total land and buildings	35,521,050	35,924,750
Furniture and equipment at:		
- Independent valuation 2016	213,920	213,920
- Additions after valuation at cost	62,989	31,566
- amendments & disposals	1,020	0
Less: accumulated depreciation	(64,009)	(31,024)
	213,920	214,462
Plant and equipment at:		
- Independent valuation 2016	2,220,840	2,220,840
- Additions after valuation at cost	673,552	202,515
- amendments & disposals	(245,198)	0
Less: accumulated depreciation	(280,035)	(156,653)
	2,369,160	2,266,702
Total property, plant and equipment	38,104,130	38,405,914

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land - freehold land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	$	$	$	$	$	$
Balance at 1 July 2016	14,498,500	17,076,448	31,574,948	213,920	2,220,840	34,009,709
Additions		330,136	330,136	31,566	479,759	841,461
(Disposals)	(280,000)		(280,000)		(277,244)	(557,244)
Revaluation increments/ (decrements) transferred to revaluation surplus	3,707,500	1,184,890	4,892,390			4,892,390
Revaluation (loss)/ reversals transferred to profit or loss			0			0
Adjustments		280,933	280,933		(4,805)	276,128
Depreciation (expense)		(873,657)	(873,657)	(31,024)	(151,848)	(1,056,529)
Transfers			0			0
Carrying amount at 30 June 2017	17,926,000	17,998,750	35,924,750	214,462	2,266,702	38,405,914
Additions	0	341,456	341,456	31,423	471,038	843,916
(Disposals)			0	(1,875)	(245,198)	(247,073)
Revaluation increments/ (decrements) transferred to revaluation surplus			0			0
Revaluation (loss)/ reversals transferred to profit or loss			0			0
Depreciation (expense)	0	(745,155)	(745,155)	(30,090)	(123,382)	(898,627)
Transfers	0		0			0
Carrying amount at 30 June 2018	17,926,000	17,595,050	35,521,050	213,920	2,369,159	38,104,129

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2/3	Valuations were made on the basis of observable open markets of similar assets, adjusted for condition and comparability at their highest and best use	Independent registered valuer	June 2017	Market Value
Buildings - specialised	2/3	Valuations were made on the basis of observable open markets of similar assets, adjusted for condition and comparability at their highest and best use/ Cost Approach using depreciated replacement cost	Independent registered valuer	June 2017	Market Value / Depreciated Replacement cost
Furniture and equipment	3	Valuation were made on the basis of open market values on similar assets adjusted for condition and comparability	Management valuation	June 2016	Depreciated Replacement Cost
Plant and equipment					
Independent Valuation 2016	2	Valuation were made on the basis of open market values on similar assets adjusted for condition and comparability		June 2016	Market Value
Management Valuation 2016	3	Valuation were made on the basis of open market values on similar assets adjusted for condition and comparability	Management Valuation	June 2016	Depreciated Replacement Costs

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

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

8 (a). INFRASTRUCTURE

	2018	2017
	$	$
Infrastructure - Roads		
- Management valuation 2015	0	84,191,051
- Management valuation 2018	74,821,812	0
- Additions after valuation at cost	0	2,801,546
Less: accumulated depreciation	0	(3,208,057)
	74,821,812	83,784,540
Infrastructure - Other		
- Management valuation 2015	0	940,198
- Management valuation 2018	1,192,648	0
- Additions after valuation at cost	0	112,904
- User defined	0	72,052
Less: accumulated depreciation	0	(147,664)
	1,192,648	977,490
Infrastructure - Bridges		
- Management valuation 2015	0	875,000
- Management valuation 2018	2,226,070	0
Less: accumulated depreciation	0	(120,837)
	2,226,070	754,163
Infrastructure - Parks & Ovals		
- Management valuation 2015	0	2,161,646
- Management valuation 2018	2,793,437	0
- Additions after valuation at cost	0	2,882
- Transfers	0	390,751
Less: accumulated depreciation	0	(378,139)
	2,793,437	2,177,139
Infrastructure - Drainage		
- Management valuation 2015	0	3,147,816
- Management valuation 2018	9,620,413	0
- Additions after valuation at cost	0	131,257
Less: accumulated depreciation	0	(158,447)
	9,620,413	3,120,626
Infrastructure - Footpaths		
- Management valuation 2015	0	1,636,857
- Management valuation 2018	1,190,659	0
- Additions after valuation at cost	0	26,419
Less: accumulated depreciation	0	(150,686)
	1,190,659	1,512,590
Total infrastructure	91,845,038	92,326,547

8 INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Other	Infrastructure - Bridges	Infrastructure - Parks & Ovals	Infrastructure - Drainage	Infrastructure - Footpaths	Total Infrastructure
	$	$	$	$	$	$	$
Balance at 1 July 2016	84,186,380	876,044	816,638	2,434,094	3,069,667	1,589,608	92,972,430
Additions	1,521,260	112,904		2,882	131,257		1,768,303
(Disposals)							0
Revaluation increments/ (decrements) transferred to revaluation surplus							0
Revaluation (loss)/ reversals transferred to profit or loss							0
Depreciation (expense)	(1,923,099)	(83,509)	(62,475)	(202,396)	(80,298)	(77,018)	(2,428,795)
Transfers		72,052		(57,442)			14,610
Carrying amount at 30 June 2017	83,784,540	977,490	754,163	2,177,139	3,120,626	1,512,590	92,326,547
Additions	1,523,635	21,458	0	9,147	55,281	39,121	1,648,643
(Disposals)			0				0
Revaluation increments/ (decrements) transferred to revaluation surplus	(8,449,201)	319,158	1,537,982	662,057	4,554,758		(1,375,246)
Revaluation (loss)/ reversals transferred to profit or loss		104,494			1,973,235	(280,246)	1,797,483
Adjustments							0
Depreciation (expense)	(2,037,163)	(78,222)	(66,074)	(213,186)	(83,487)	(74,256.31)	(2,552,389)
Transfers							0
Carrying amount at 30 June 2018	74,821,811	1,344,377	2,226,070	2,635,158	9,620,413	1,197,209	91,845,038

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Depreciated Replacement costs	Independent Registered Valuer	June 2018	Construction costs ad current condition levels, residial valuaed and remaining useful life assessments
Infrastructure - Other	3	Depreciated Replacement costs	Independent Registered Valuer	June 2018	Construction costs ad current condition levels, residial valuaed and remaining useful life assessments
Infrastructure - Bridges	3	Depreciated Replacement costs	Independent Registered Valuer	June 2018	Construction costs ad current condition levels, residial valuaed and remaining useful life assessments
Infrastructure - Parks & Ovals	3	Depreciated Replacement costs	Independent Registered Valuer	June 2018	Construction costs ad current condition levels, residial valuaed and remaining useful life assessments
Infrastructure - Drainage	3	Depreciated Replacement costs	Independent Registered Valuer	June 2018	Construction costs ad current condition levels, residial valuaed and remaining useful life assessments
Infrastructure - Footpaths	3	Depreciated Replacement costs	Independent Registered Valuer	June 2018	Construction costs ad current condition levels, residial valuaed and remaining useful life assessments

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

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

9 FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

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

Initial recognition and measurement between mandatory revaluation dates
All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

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

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

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

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

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

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

9 FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

Plant and Equipment	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	$	$	$	$	$	$	$	$
Governance								
CEO Vehicle	33,646	35,455	1,809	0	32,870	30,000	0	(2,870)
DCEO Vehicle	32,216	28,182	0	(4,034)	32,620	27,000	0	(5,620)
MFS Vehicle	19,256	16,591	0	(2,666)	21,870	18,000	0	(3,870)
Community amenities								
DDS Vehicle	28,157	26,818	0	(1,339)	27,230	25,000	0	(2,230)
Transport								
DTS Vehicle	35,276	31,364	0	(3,912)	34,350	26,000	0	(8,350)
MWS Vehicle	28,700	25,455	0	(3,246)	27,095	25,000	0	(2,095)
Works Vehicle	8,177	9,545	1,369	0	8,220	8,000	0	(220)
Kubota Tractor	12,000	16,000	4,000	0	7,010	18,000	10,990	0
Economic services								
MDS Vehicle	20,273	15,455	0	(4,818)	19,810	16,000	0	(3,810)
	217,701	204,864	7,177	(20,015)	211,075	193,000	10,990	(29,065)

(b) Depreciation

	2018	2017
	$	$
Buildings	745,155	873,657
Furniture and equipment	30,090	31,024
Plant and equipment	123,382	151,848
Infrastructure - Roads	2,037,163	1,923,099
Infrastructure - Other	107,595	83,509
Infrastructure - Bridges	66,074	62,475
Infrastructure - Parks & Ovals	213,186	202,396
Infrastructure - Drainage	83,487	80,298
Infrastructure - Footpaths	74,256	77,018
	3,480,388	3,485,324

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

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

Building	40-60 Years
Equipment	43,891 Years
Equipment	43,952 Years
Benches	15-25 Years
Piping	20-40 Years
Sealed Roads and Streets	
Construction	45-55 Years
Seals	15-25 Years
Asphalt Seals	25-30 Years
Unformed Roads	
Formed	10-15 Years
Gravel	12-15 Years

Depreciation (Continued)

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

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

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

10. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	$	$	$	$	$	$	$	$	$	$
Land & Building	28,656,391	0	0	0	28,656,391	23,764,001	4,892,390	0	4,892,390	28,656,391
Furniture & Equipment	37,322	0	0	0	37,322	37,322	0	0	0	37,322
Plant & Equipment	655,570	0	0	0	655,570	655,570	0	0	0	655,570
Infrastructure - Roads	88,504,082	0	(8,449,201)	(8,449,201)	80,054,881	88,504,082	0	0	0	88,504,082
Infrastructure - Other	2,279,672	319,158	0	319,158	2,598,830	2,279,672	0	0	0	2,279,672
Infrastructure - Bridges	2,500	1,537,982	0	1,537,982	1,540,482	2,500	0	0	0	2,500
Infrastructure - Parks & Ovals	169,572	662,057	0	662,057	831,629	169,572	0	0	0	169,572
Infrastructure - Drainage	0	4,554,758	0	4,554,758	4,554,758	0	0	0	0	0
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	0	0
	120,305,110	7,073,955	(8,449,201)	(1,375,246)	118,929,864	115,412,720	4,892,390	0	4,892,390	120,305,110

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

11. TRADE AND OTHER PAYABLES

	2018	2017
	$	$
Current		
Sundry creditors	408,308	247,156
Accrued salaries and wages	83,768	73,719
Accrued interest on debentures	1,885	905
Accrued expenses	20,000	9,117
	513,961	330,897

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal 1 July 2017	New Loans	Principal Repayments Actual	Principal Repayments Budget	Principal 30 June 2018 Actual	Principal 30 June 2018 Budget	Interest Repayments Actual	Interest Repayments Budget
	$	$	$	$	$	$	$	$
Recreation and culture								
Loan 106 - Aquatic Centre	9,206.97		9,207	9,207	(0)	(0)	213	318
Loan 117 - Basketball Stadium	107,911.91		12,593	12,588	95,319	95,324	6,715	6,897
Loan 120 - Rec Centre Upgrade	147,917.65		18,771	18,758	129,146	129,160	5,587	5,599
Loan 121 - Memorial Hall Upgrade	0.00	200,000			200,000	0	1,204	0
	265,036.53	200,000	40,572	40,553	424,465	224,484	13,719	12,814

All loan repayments were financed by general purpose revenue.

Borrowings	2018	2017
	$	$
Current	59,033	40,551
Non-current	365,431	224,486
	424,464	265,037

(b) New Borrowings - 2017/18

Particulars/Purpose	Amount Borrowed Actual	Amount Borrowed Budget	Institution	Term Years	Total Interest & Charges	Interest Rate	Amount (Used) Actual	Amount (Used) Budget	Balance Unspent
	$	$			$	%	$	$	$
Loan 121 - Memorial Hall Upgrade	200,000	0	WATC	7	22,986	2.97%	(200,000)	0	0
	200,000	0			22,986		(200,000)	0	0

(c) Undrawn Borrowing Facilities

	2018	2017
	$	$
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	0	0
Total amount of credit unused	520,000	520,000
Loan facilities		
Loan facilities - current	59,033	40,551
Loan facilities - non-current	365,431	224,486
Total facilities in use at balance date	424,464	265,037
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.

13. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	$	$	$
Opening balance at 1 July 2017			
Current provisions	372,773	449,592	822,365
Non-current provisions	0	58,917	58,917
	372,773	508,509	881,282
Additional provision	39,480	114,162	153,643
Amounts used	(6,819)	(4,391)	(11,211)
Balance at 30 June 2018	405,434	618,280	1,023,714
Comprises			
Current	405,434	561,314	966,748
Non-current	0	56,966	56,966
	405,434	618,280	1,023,714

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual
	$	$	$
Cash and cash equivalents	3,922,610	2,672,156	3,406,427
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	491,343	(1,545,515)	378,478
Non-cash flows in Net result:			
Depreciation	3,480,388	3,518,150	3,485,324
(Profit)/loss on sale of asset	12,837	15,175	30,663
Changes in assets and liabilities:			
(Increase)/decrease in receivables	133,833	192,014	370,935
(Increase)/decrease in inventories	(1,965)	(1,819)	2,330
Increase/(decrease) in payables	183,064	(32,711)	(936,289)
Increase/(decrease) in provisions	142,432	34,278	52,069
Grants contributions for the development of assets	(1,809,331)	(1,896,225)	(2,465,918)
Net cash from operating activities	2,912,849	283,347	917,592

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	$	$
Governance	2,960,804	2,947,591
General purpose funding	4,073,080	3,518,198
Law, order, public safety	1,392,929	1,395,223
Health	1,834,757	1,810,739
Education and welfare	359,666	375,500
Housing	180,391	180,000
Community amenities	11,087,224	4,537,421
Recreation and culture	31,309,651	29,594,880
Transport	77,924,545	87,178,750
Economic services	1,013,952	975,463
Other property and services	1,102,529	1,124,740
Unallocated	857,000	857,000
	134,096,527	134,495,506

16. LEASING COMMITMENTS

	2018	2017
	$	$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but		
Payable:		
- not later than one year	78,582	78,156
- later than one year but not later than five years	54,699	102,456
- later than five years	0	0
	133,281	180,613

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

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

17. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.	2018 Actual $	2018 Budget $	2017 Actual $
Meeting Fees	73,600	73,600	72,000
President's allowance	9,700	9,700	9,500
Deputy President's allowance	2,300	2,300	2,200
Travelling expenses	1,278	3,000	2,808
Telecommunications allowance	6,800	6,800	6,800
IT Allowance	4,000	4,000	4,000
	97,678	99,400	97,308

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	1,037,628	1,036,446
Post-employment benefits	123,133	118,362
Other long-term benefits	39,230	14,010
Termination benefits	0	0
	1,199,991	1,168,819

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

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

The following transactions occurred with related parties:	2018 $	2017 $
Sale of goods and services	0	0
Purchase of goods and services	19,861	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.

18. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance [1] 1/07/16	Received [2] 2016/17	Expended [3] 2016/17	Closing Balance [1] 30/06/17	Received [2] 2017/18	Expended [3] 2017/18	Closing Balance 30/06/18
	$	$	$	$	$	$	$
Law, order, public safety							
Dept Fire & Emergency Services 16/17	3,848	25,223	(29,071)	0	0	0	0
Dept Fire & Emergency Services 18/19 1st Quarter Payment	0	0	0	0	10,153	0	10,153
AWARE Grant - Office of Emergency Management	0	0	0	0	4,000	0	4,000
AWARE Grant - SOW Reserve Transfer	0	0	0	0	10,000	0	10,000
WA State Govt - Fire Recovery Grant	0	0	0	0	450,000	(420,545)	29,455
Education and welfare							
Alcoa Youth Activities	5,000	10,000	(10,000)	5,000	5,000	(5,000)	5,000
DLGC Community Development Scholarship	0	10,000	(3,703)	6,297	0	(6,297)	0
Waroona Karate Club Grant	0	1,720	0	1,720	0	(1,720)	0
WA Primary Health Association Grant	0	10,000	0	10,000	90,000	(99,747)	253
Summer Events	0	0	0	0	10,500	(5,000)	5,500
Mental Health Commission Suicide Prevention Grant	0	0	0	0	5,618	0	5,618
Aloca Community Spaces Grant	0	0	0	0	7,500	0	7,500
WAPHA Community Consulation Grant	0	0	0	0	7,000	(2,000)	5,000
Australian Alcohol Drug Foundation Local Drug Action Team Grant	0	0	0	0	10,000	0	10,000
NAIDOC Week Grant	0	0	0	0	2,000	0	2,000
Community amenities							
Coastwest funding - Dune Management 201728	0	8,082	(8,082)	0	0	0	0
Landowner Support for Fire Recovery Grant	0	28,000	(24,864)	3,136	54,500	(57,570)	66
Coastwest funding - Dune Management 201820	0	0	0	0	13,356	(13,356)	0
Recreation and culture							
Kids Sport Grant	0	14,000	(14,000)	0	0	0	0
DLGC Youth Development Scholarship	0	4,016	(940)	3,076	(2,846)	0	230
Preston Beach Community Centre (PDC, R4R & SOW)	0	50,000	0	50,000	157,482	(46,611)	160,871
Total	8,848	161,041	(90,659)	79,229	834,262	(657,846)	255,645

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

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

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

19. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in $	Number of Properties	Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
Differential general rate / general rate			$	$	$	$	$	$	$	$	$
Gross rental valuations											
Waroona GRV	0.097477	1,396	22,327,842	2,176,451	18,959		2,195,410	2,176,451	0	0	2,176,451
Unimproved valuations											
Waroona UV	0.007369	547	226,453,000	1,668,732	2,279		1,671,011	1,668,732	0	0	1,668,732
Sub-Total		1,943	248,780,842	3,845,183	21,238	0	3,866,421	3,845,184	0	0	3,845,184
Minimum payment	**Minimum $**										
Gross rental valuations											
Waroona GRV	1,065	680	4,515,288	724,200			724,200	724,018	0	0	724,018
Unimproved valuations											
Waroona UV	1,065	92	7,312,993	97,980			97,980	97,980	0	0	97,980
Sub-Total		772	11,828,281	822,180	0	0	822,180	821,998	0	0	821,998
		2,715	260,609,123	4,667,363	21,238	0	4,688,601	4,667,182	0	0	4,667,182
Totals							4,688,601				4,667,182

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

19. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		$	%	%
Option One				
Single full payment	22-Sep-17	0		11.00%
Option Two				
First instalment	22-Sep-17	0	5.50%	11.00%
Second instalment	22-Jan-18	10	5.50%	11.00%
Option Three				
First instalment	22-Sep-17	0	5.50%	11.00%
Second instalment	22-Nov-17	10	5.50%	11.00%
Third instalment	22-Jan-18	10	5.50%	11.00%
Fourth instalment	22-Mar-18	10	5.50%	11.00%

	2018	2018 Budget
	$	$
Interest on unpaid rates	34,728	21,700
Interest on instalment plan	15,441	15,450
Charges on instalment plan	20,670	19,640
	70,838	56,790

20. NET CURRENT ASSETS

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

	2018 (30 June 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	$	$	$
Surplus/(Deficit) 1 July 17 brought forward	1,038,372	814,088	814,088
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,349,584	818,867	818,867
Restricted - Cash	255,645	79,229	79,229
Restricted - Reserves	2,317,381	2,508,331	2,508,331
Receivables			
Rates outstanding	150,645	111,946	111,946
Sundry debtors	41,958	205,990	205,990
Accrued Income	0	0	0
Inventories			
Fuel and Materials	9,056	7,086	7,086
Kiosk	1,090	1,095	1,095
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(408,308)	(247,156)	(247,156)
Accrued salaries and wages	(83,768)	(73,719)	(73,719)
Accrued interest on debentures	(1,885)	(905)	(905)
Accrued expenses	(20,000)	(9,117)	(9,117)
Unadjusted net current assets	3,611,398	3,401,647	3,401,647
Adjustments			
Less: Reserves - restricted cash	(2,317,381)	(2,508,330)	(2,508,330)
Less: Restricted cash	(255,645)	(79,229)	(79,229)
Adjusted net current assets - surplus/(deficit)	1,038,372	814,088	814,088

Difference

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

21. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	$	$	$	$
Financial assets				
Cash and cash equivalents	3,922,610	3,406,427	3,922,610	3,406,427
Receivables	214,603	348,436	214,603	348,436
	4,137,213	3,754,863	4,137,213	3,754,863
Financial liabilities				
Payables	513,961	330,897	513,961	330,897
Borrowings	424,464	265,037	424,464	265,037
	938,425	595,934	938,425	595,934

Fair value is determined as follows:
Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

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

21. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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.

Impact of a 1% (1) movement in interest rates on cash	2018 $	2017 $
- Equity	39,226	34,064
- Statement of Comprehensive Income	39,226	34,064

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

22. TRUST FUNDS

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

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	$	$	$	$
BCITF Levy	0	11,313	(11,313)	0
Builders Registration Board	0	15,754	(15,754)	0
Hall Deposits	4,626	1,530	(1,601)	4,555
Landcare EOY Balance	56,879	69,786	(56,879)	69,786
Nomination Deposits	0	560	(560)	0
Retentions	64,641	0	(58,704)	5,938
Roadworks/Footpath Bonds	7,925	0	0	7,925
Subdivision Bonds	64,910	0	0	64,910
Sundry Items	244,852	59,558	(59,932)	244,478
Vehicle Licensing Plates	0	800	(800)	0
Extractive Industries	65,501	83,831	(700)	148,632
Public Open Space	43,022	7,000	0	50,022
Alcoa Waroona Sustainability	1,581,616	263,305	(82,074)	1,762,847
	2,133,973			2,359,092

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 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

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

	Title	Issued / Compiled	Applicable (1)	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.

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

Adoption of New and Revised Accounting Standards

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

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

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

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

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

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

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

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

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

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

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

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

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

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

25. ACTIVITIES/PROGRAMS

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

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

26. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	1.1470	1.1072	0.7511
Asset consumption ratio	0.8140	0.6972	0.6975
Asset renewal funding ratio	0.9020	0.9650	1.1734
Asset sustainability ratio	0.5320	0.5015	0.6777
Debt service cover ratio	6.9740	21.9759	(7.3907)
Operating surplus ratio	(0.4970)	(0.3524)	(0.6149)
Own source revenue coverage ratio	0.5710	0.5642	0.4986

The above ratios are calculated as follows:

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

Notes:
Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants.

27. SUBSEQUENT EVENTS

Subsequent to 30 June 2018 the Shire of Waroona entered into a number of contracts for the capital upgrade of the Preston Beach Community Centre. The project expense is estimated at $703,000 which includes provisions for construction, surveyors, demolition, architect and project management fees. This project is anticipated to be completed by June 2019

28. EMPLOYEE NUMBERS

	2018	2017
The number of full-time equivalent employed at balance date	40	42

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INDEPENDENT AUDITOR'S REPORT

To the Electors of the Shire of Waroona

Report on the Audit of the Financial Report

Opinion

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

In our opinion the annual financial report of the Shire of Waroona:

(i) is based on proper accounts and records; and

(ii) fairly represents, in all material respects, the results of the operations of the Shire of Waroona for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

(i) In our opinion, the following matters indicate significant adverse trends in the financial position or the financial management practices of the Shire of Waroona:
   a. Asset sustainability ratio as reported in Note 26 of the financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard of 0.8 for the last three years (2016: 0.677, 2017: 0.502 and 2018: 0.532); and
   b. Operating surplus ratio as reported in Note 26 of the financial report is below the below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard of zero for the last three years (2016: -0.615, 2017: -0.352 and 2018: -0.497).

(ii) There were no instances of non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law identified during the course of our audit.
(iii) All required information and explanations were obtained by me.
(iv) All audit procedures were satisfactorily completed.
(v) In our opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

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

AMD Chartered Accountants

TIM PARTRIDGE
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 14th day of November 2018