

# MINUTES

# **Audit Committee Meeting**

Held in Council Chambers Corner King & Barrack Street's, Merredin Wednesday, 15 November 2023 Commencing 4:00pm



	Common Acronyms Used in this Document
WEROC	Wheatbelt East Regional Organisation of Councils
GECZ	Great Eastern Country Zone
WALGA	Western Australian Local Government Association
CEACA	Central East Aged Care Alliance
CEO	Chief Executive Officer
DCEO	Deputy CEO
EMDS	Executive Manager of Development Services
EMES	Executive Manager of Engineering Services
EMCS	Executive Manager of Corporate Services
EA	Executive Assistant to CEO
LPS	Local Planning Scheme
LGIS	Local Government Insurance Services
SRP	Strategic Resource Plan
СВР	Corporate Business Plan
CSP	Community Strategic Plan
MRCLC	Merredin Regional Community and Leisure Centre
сѡѵс	Central Wheatbelt Visitors Centre
MoU	Memorandum of Understanding



The President acknowledged the Traditional Owners of the land on which we meet today, and paid his respects to Elders past, present and emerging. The President then welcomed those in attendance and declared the meeting open at 4:03pm.

## 2. Record of Attendance / Apologies and Leave of Absence

Councillors:	
Cr M McKenzie	President
Cr R Manning	Deputy President
Cr B Anderson Cr M Simmonds	
Cr H Billing	
Staff:	
L Clack	CEO
L Boehme	EMCS
C Brindley-Mullen	SCEM
M Wyatt	EO
L Davis	MCS
L Richards	SFO
Other Attendees:	M Van Der Merwe – Dry Kirkness
	A Ang – Office of the Auditor General
Apologies:	Cr D Crook
Approved Leave of Absence:	

## 3. Public Question Time

Nil

## 4. Disclosure of Interest

Nil

5. Confir	mation of Minutes of the Previous Meeting				
	5.1 Audit Committee Meeting held on 17 October 2023 Attachment 5.1A				
	Voting Requirements				
Sim	ple Majority Absolute Majority				
	Resolution				
Moved:	Cr Manning Seconded: Cr McKenzie				
83274	That the minutes of the Audit Committee Meeting held on 17 October 2023 be confirmed as a true and accurate record of proceedings.				

CARRIED 4/0

For: Cr M McKenzie, Cr R Manning, Cr B Anderson, Cr M Simmonds

Against: Nil

## 6. Officer's Reports

## 6.1 Annual Financial Statements 2022/23 - Audit

# **Corporate Services**



Responsible Officer:	Leah Boehme, EMCS
Author:	As above
Legislation:	Local Government Act 1995 Local Government (Audit) Regulations 1996
File Reference:	Nil
Disclosure of Interest:	Nil
	Attachment 6.1A - Draft Audit Opinion Package (consisting of Draft Opinion, Draft 22/23 Annual Financial Report, and Shire of Merredin – Annual Audit Completion Report 2023)
Attachments:	Attachment 6.1B - Draft Management Response – SOM Final Management Letter 2023.
	Attachment 6.1C - Audit exit meeting with OAG Agenda

## Purpose of Report

Executive Decision

Legislative Requirement

To review and accept the Shire of Merredin (the Shire) Draft Audited Financials and associated documents, as provided by the Office of the Auditor General (OAG).

## Background

According to section 7.12 (3) of the *Local Government Act 1995* (the Act), a local government must

- (aa) examine an audit report received by the local government; and
- (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
- (b) ensure that appropriate action is taken in respect of those matters.

The Annual Financial Statements for the year ended 30 June 2023 have been completed, as has the annual audit of the financial statements by the Shire's auditors, Dry Kirkness and by

the OAG. The Draft Financial Statements and associated draft audit documents are attached.

## Comment

Pursuant to its Instrument of Appointment, it is relevant that the Audit Committee considers the 2022/23 Annual Financial Statement, Auditors Report and Management Letter and where appropriate, makes recommendation/s in respect of these reports to Council.

Pursuant to section 7.9 of the *Local Government Act 1995*, an Auditor is required to examine the accounts and Annual Financial Report submitted by a local government for audit.

The Auditor is also required, by 31 December 2023 following the financial year to which the accounts and report relate, to prepare a report thereon and forward a copy of that report to:

- 1. the President;
- 2. the Chief Executive Officer; and
- 3. the Minister for Local Government.

Furthermore, in accordance with regulation 10(4) of the *Local Government (Audit) Regulations 1996*, where it is considered appropriate to do so, the Auditor may prepare a Management Report to accompany the Auditor's Report, which is also to be forwarded to the persons specified in section 7.9 of the Act. The Management Report provides an overview of the audit process and outcomes, whilst also identifying any matters that, whilst generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day-to-day operations of Council.

Section 7.12 (4) states; A local government must —

- (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
- (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

For the 2022/23 financial year, the Shire of Merredin has no financial findings and no significant findings listed on the Draft Management Letter. The Draft Management Letter can be viewed at Attachment 6.1B.

Four moderate findings have been identified relating to the Information Technology (IT) systems of the Shire. These have been categorised under the following headings:

- IT Governance, Policies and Procedures
- Disaster Recovery Plan Testing
- Network Access Management
- Lack of Cyber Security Training

It should be noted that the OAG has focussed on IT during their 2022/23 audits, however this testing has not been completed in previous years. The final audit saw a thorough review of the Shire's IT systems and processes, as per the direction of the OAG. General Computer Controls was highlighted in the OAGs 'Better Practice Guideline,' released 30 June 2023, as

one of fifteen 'entity financial audit file requirements.' This review highlighted the need for the Shire to develop a range of plans and policies to formally manage and monitor IT across the organisation.

Attachment 6.1B highlights what improvement actions the Shire has already commenced in this space, as well as the plans for improvement to be completed moving forward.

## Discussion with the Auditor

An agenda has been provided by the Dry Kirkness as shown in Attachment 6.1C.

Mr Marius Van Der Merwe of Dry Kirkness provided feedback on the 2022/23 Financial Year Audit. He stated that the Shire of Merredin was his first close out meeting and it was not often that auditors see such a change in audit findings from the previous year. He stated that Councillors and staff could be proud of the improvements that have occurred at the Shire in the assessment period.

The Shire had no financial findings for the year, however due to a change to auditing standards and a focus on the IT area, four moderate findings were found related to information technology. These had no financial implications on the organisation. Other than the IT findings, the timing of the delivery of the financials, and and on areas of control and improvement, the Shire has performed significantly better than in previous years.

The Shire was in compliance with the agreed timetable and was audit ready by the agreed upon time. All issues identified in the previous audit along with their agreed actions had been addressed within the time that was agreed, showing a commitment by the Shire to the process, as well as good governance.

	Policy Implications
Nil	

NI

## **Statutory Implications**

As per the Local Government Act 1995.

Strategic Implications				
Ø Strategic Community	Plan			
Theme:	4. Communications and Leadership.			
Service Area Objective:	4.2 - Decision Making.			
	4.2.2 – The Shire is progressive while exercising responsible stewardship of its built, natural and financial resources.			
Priorities and Strategies for Change:	Nil			
Ø Corporate Business F	Plan			
Theme:	Nil			
Objective:	Nil			
Timeline:	Nil			

		Sustainability Implications
Ø	Strategic Re	esource Plan
Nil		
		Risk Implications

Council would be contravening the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* if this item was not considered by the Audit Committee and Council.

	Financial Implicat	ions
Nil		
	Voting Requireme	ents
Sim	ple Majority	Absolute Majority
	Resolution	
Moved:	Cr Manning	Seconded: Cr Simmonds
	That the Audit Comm 1. RECEIVE the I	ittee: Draft Audit Opinion Package, attached as Attachment

- RECEIVE the Draft Audit Opinion Package, attached as Attachment 6.1A, including Draft Audited Financial Report for the year ending 30 June 2023, Draft Audit Opinion, Draft Transmittal Letter to CEO, and Management Response – Shire of Merredin from the Office of the Auditor General for the 2022/23 financial year;
- 2. NOTES the Shire of Merredin draft response to the Office of the Auditor General in the document 'Management Response – Shire of Merredin,' attached as Attachment 6.1B, and NOTES the Audit Committee will receive regular updates on the agreed actions; and
- 3. RECOMMEND Council ENDORSE the Auditor's Opinion Package, including Audited Financial Report for the year ending 30 June 2023, Audit Opinion, Transmittal Letter to CEO, and Management Response – Shire of Merredin from the Office of the Auditor General for the 2022/23 financial year, once received, subject to there being no significant changes made from the draft documents presented to the Audit Committee.

CARRIED 4/0

For: Cr M McKenzie, Cr R Manning, Cr B Anderson, Cr M Simmonds

Against: Nil

83275



# **Auditor General**

## INDEPENDENT AUDITOR'S REPORT 2023 Shire of Merredin

#### To the Council of the Shire of Merredin

## Opinion

I have audited the financial report of the Shire of Merredin (Shire) which comprises:

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 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, the Australian Accounting Standards.

## Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to

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the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

## **Responsibilities of the Chief Executive Officer and Council for the financial report**

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements
  of the Act and, to the extent that they are not inconsistent with the Act, the Australian
  Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

## Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my 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 my 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. 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.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at <u>https://www.auasb.gov.au/auditors\_responsibilities/ar4.pdf.</u>

# My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the Auditor General Act 2006 and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Merredin for the year ended 30 June 2023 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

#### SHIRE OF MERREDIN

#### FINANCIAL REPORT

#### FOR THE YEAR ENDED 30 JUNE 2023

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The Shire of Merredin conducts the operations of a local government with the following community vision:

Merredin is the commercial and cultural heart of the eastern Wheatbelt region. A place people are proud to call home and where visitors are always welcome.

Principal place of business: Cnr King & Barrack Streets MERREDIN WA 6415

#### SHIRE OF MERREDIN FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

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

## STATEMENT BY CEO

The accompanying financial report of the Shire of Merredin has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the

day of

2023

Chief Executive Officer

Lisa Clack Name of Chief Executive Officer

## SHIRE OF MERREDIN STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue	2(a)	4 950 400	4 951 200	4 671 042
Rates Grants, subsidies and contributions	2(a),22 2(a)	4,850,490 4,777,148	4,851,200 1,026,200	4,671,042 4,086,381
Fees and charges	2(a) 2(a)	955,099	906,300	849,001
Interest revenue	2(a)	249,447	109,000	72,235
Other revenue	2(a)	327,025	252,700	339,640
		11,159,209	7,145,400	10,018,299
Expenses				
Employee costs	2(b)	(4,132,657)	(3,867,020)	(3,920,669)
Materials and contracts		(3,215,451)	(3,689,090)	(3,253,782)
Utility charges		(448,133)	(345,960)	(303,268)
Depreciation		(5,875,660)	(3,607,000)	(5,085,197)
Finance costs	2(b)	(20,850)	(52,100)	(24,399)
Insurance		(233,996)	(157,770)	(205,427)
Other expenditure	2(b)	(320,434)	(229,900)	(356,443)
		(14,247,181)	(11,948,840)	(13,149,185)
		(3,087,972)	(4,803,440)	(3,130,886)
Capital grants, subsidies and contributions	2(a)	2,545,283	7,205,800	1,750,640
Profit on asset disposals		166,999	157,200	14,418
Loss on asset disposals		(150,546)	(231,600)	(43,541)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	6,450	0	6,994
		2,568,186	7,131,400	1,728,511
Net result for the period		(519,786)	2,327,960	(1,402,375)
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit o	r loss			
Changes in asset revaluation surplus	15	48,746,061	0	(359,019)
Total other comprehensive income for the period		48,746,061	0	(359,019)
Total comprehensive income for the period		48,226,275	2,327,960	(1,761,394)

#### SHIRE OF MERREDIN STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	NOTE	2023	2022
CURRENT ASSETS		\$	\$
Cash and cash equivalents	3	12,218,595	11,125,672
Trade and other receivables	5	973,054	964,836
Other financial assets	4(a)	36,834	35,080
Inventories	6	32,708	10,101
Other assets	7	333,764	132,467
TOTAL CURRENT ASSETS		13,594,955	12,268,156
NON-CURRENT ASSETS			
Trade and other receivables	5	111,077	134,382
Other financial assets	4(b)	332,470	362,853
Inventories	6	184,000	244,000
Property, plant and equipment	8	30,598,537	31,430,059
Infrastructure	9	205,789,653	158,270,436
TOTAL NON-CURRENT ASSETS		237,015,737	190,441,730
TOTAL ASSETS		250,610,692	202,709,886
CURRENT LIABILITIES			
Trade and other payables	11	787,649	669,675
Other liabilities	12	1,288,770	1,641,567
Borrowings	13	99,461	95,779
Employee related provisions	14	571,585	551,288
TOTAL CURRENT LIABILITIES		2,747,465	2,958,309
NON-CURRENT LIABILITIES			
Borrowings	13	389,989	489,450
Employee related provisions	14	52,979	68,143
TOTAL NON-CURRENT LIABILITIES		442,968	557,593
TOTAL LIABILITIES		3,190,433	3,515,902
NET ASSETS		247,420,259	199,193,984
EQUITY			
Retained surplus		55,389,068	55,870,943
Reserve accounts	25	6,975,873	7,013,784
Revaluation surplus	15	185,055,318	136,309,257
TOTAL EQUITY		247,420,259	199,193,984

#### SHIRE OF MERREDIN STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	RETAINED SURPLUS	RESERVE ACCOUNTS	REVALUATION SURPLUS	TOTAL EQUITY
	-	\$	\$	\$	\$
Balance as at 1 July 2021		58,474,273	5,812,829	136,668,276	200,955,378
Comprehensive income for the period Net result for the period		(1,402,375)	0	0	(1,402,375)
Other comprehensive income for the period	15	0	0	(359,019)	(359,019)
Total comprehensive income for the period	-	(1,402,375)	0	(359,019)	(1,761,394)
Transfers from reserve accounts	25	300,000	(300,000)	0	0
Transfers to reserve accounts	25	(1,500,955)	1,500,955	0	0
Balance as at 30 June 2022	-	55,870,943	7,013,784	136,309,257	199,193,984
Comprehensive income for the period Net result for the period		(519,786)	0	0	(519,786)
Other comprehensive income for the period	15	0	0	48,746,061	48,746,061
Total comprehensive income for the period	-	(519,786)	0	48,746,061	48,226,275
Transfers from reserve accounts	25	687,193	(687,193)	0	0
Transfers to reserve accounts	25	(649,282)	649,282	0	0
Balance as at 30 June 2023	-	55,389,068	6,975,873	185,055,318	247,420,259

#### SHIRE OF MERREDIN STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

NOTE	2023 Actual	2022 Actual
NOTE	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES	·	·
Receipts		
Rates	4,858,156	4,556,572
Grants, subsidies and contributions	4,201,103	4,913,080
Fees and charges	955,099	893,209
Interest revenue	249,447	72,235 301,738
Goods and services tax received Other revenue	259,603 327,022	339,640
	10,850,430	11,076,474
Payments	10,000,400	11,070,474
-	(4 040 207)	(1 012 220)
Employee costs Materials and contracts	(4,040,397) (3,369,446)	(4,013,330) (3,771,211)
Utility charges	(448,133)	(303,268)
Finance costs	(20,850)	(24,399)
Insurance paid	(233,996)	(205,427)
Goods and services tax paid	(259,356)	(287,269)
Other expenditure	(320,434)	(356,443)
	(8,692,612)	(8,961,347)
Net cash provided by (used in) operating activities	2,157,818	2,115,127
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment 8(a)	(1,431,767)	(669,417)
Payments for construction of infrastructure 9(a)	(2,916,520)	(3,047,127)
Capital grants, subsidies and contributions	2,796,643	1,750,640
Proceeds from financial assets at amortised cost - self	05 000	00,400
supporting loans Proceeds from sale of property, plant & equipment	35,080 547,448	33,409 204,506
		,
Net cash provided by (used in) investing activities	(969,116)	(1,727,989)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings 24(a)	(95,779)	(92,242)
Net cash provided by (used In) financing activities	(95,779)	(92,242)
	(00,110)	(02,212)
Net increase (decrease) in cash held	1,092,923	294,896
Cash at beginning of year	11,125,672	10,830,776
Cash and cash equivalents at the end of the year	12,218,595	11,125,672

#### SHIRE OF MERREDIN STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 30 JUNE 2023

FOR THE TEAR ENDED 30 JUNE 2023	NOTE	2023 Actual	2023 Budget	2022 Actual
OPERATING ACTIVITIES		\$	\$	\$
Revenue from operating activities				
General rates	22	4,787,289	4,785,500	4,607,841
Rates excluding general rates	22	63,201	65,700	63,201
Grants, subsidies and contributions		4,777,148	1,026,200	4,086,381
Fees and charges		955,099	906,300	849,001
Interest revenue		249,447	109,000	72,235
Other revenue		327,025	252,700	339,640
Profit on asset disposals		166,999	157,200	14,418
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	6,450	0	6,994
· ····································	- ( )	11,332,658	7,302,600	10,039,711
Expenditure from operating activities		, ,	.,,	,,
Employee costs		(4,132,657)	(3,867,020)	(3,920,669)
Materials and contracts		(3,215,451)	(3,689,090)	(3,253,782)
Utility charges		(448,133)	(345,960)	(303,268)
Depreciation		(5,875,660)	(3,607,000)	(5,085,197)
Finance costs		(20,850)	(52,100)	(24,399)
Insurance		(233,996)	(157,770)	(205,427)
Other expenditure		(320,434)	(229,900)	(356,443)
Loss on asset disposals		(150,546)	(231,600)	(43,541)
		(14,397,727)	(12,180,440)	(13,192,726)
Non-cash amounts excluded from operating activities	23(a)	5,920,898	3,681,400	5,095,231
Amount attributable to operating activities	()	2,855,829	(1,196,440)	1,942,216
INVESTING ACTIVITIES				
Inflows from investing activities		2 545 292	7 205 200	1 750 640
Capital grants, subsidies and contributions		2,545,283	7,205,800	1,750,640
Proceeds from disposal of assets Proceeds from financial assets at amortised cost - self supporting loans	24(a)	547,448	461,000	204,506
Proceeds from infancial assets at amonised cost - sen supporting loans	24(a)	35,080 3,127,811	<u>33,410</u> 7,700,210	<u>33,409</u> 1,988,555
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(1,431,767)	(2,252,100)	(669,417)
Purchase and construction of infrastructure	9(a)	(2,916,520)	(9,136,800)	(3,047,127)
		(4,348,287)	(11,388,900)	(3,716,544)
Amount attributable to investing activities		(1,220,476)	(3,688,690)	(1,727,989)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	24(a)	0	1,300,000	0
Transfers from reserve accounts	25	687,193	1,652,300	300,000
		687,193	2,952,300	300,000
Outflows from financing activities		(		
Repayment of borrowings	24(a)	(95,779)	(147,700)	(92,242)
Transfers to reserve accounts	25	(649,282)	(46,000)	(1,500,955)
		(745,061)	(193,700)	(1,593,197)
Amount attributable to financing activities		(57,868)	2,758,600	(1,293,197)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	23(b)	2,356,761	2,254,300	3,435,731
Amount attributable to operating activities	- *	2,855,829	(1,196,440)	1,942,216
Amount attributable to investing activities		(1,220,476)	(3,688,690)	(1,727,989)
Amount attributable to financing activities		(57,868)	2,758,600	(1,293,197)
Surplus or deficit after imposition of general rates		(01,000)	2,100,000	(1,200,101)

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	Determination of Surplus or Deficit Borrowing

## **1. BASIS OF PREPARATION**

The financial report of Shire of Merredin which is a Class 3 Local Government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

#### Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act* 1995 read with the *Local Government (Financial Management) Regulations* 1996 prescribe that the financial report be prepared in accordance with the *Local Government Act* 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of: • AASB 7 Financial Instruments Disclosures

- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

#### The local government 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.

#### Judgements and 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

#### Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 Amendments to Australian Accounting Standards -Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards
- Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards
   Illustrative Examples for Not-for-Profit Entities accompanying
- Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

#### New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 Amendments to Australian Accounting Standards
   Sale or Contribution of Assets between an Investor and its
   Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards -Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards -Disclosure of Accounting Policies or Definition of Accounting Estimates
- This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards
   Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities
- The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

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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 balances, transactions and disclosures impacted by accounting estimates are as follows:

• estimated fair value of certain financial assets

• impairment of financial assets

• estimation of fair values of land and buildings, and infrastructure.

## 2. REVENUE AND EXPENSES

#### (a) Revenue

## **Contracts with customers**

Recognition of revenue is dependent on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

or revenue and recognised as	s Ioliows.				
Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/ Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

## **Revenue Recognition**

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

#### For the year ended 30 June 2023

-	Contracts with	Capital	Statutory		
Nature	customers	grant/contributions	Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	4,850,490	0	0	0	4,850,490
Grants, subsidies and contributions	4,777,148	0	0	0	4,777,148
Fees and charges	955,099	0	0	0	955,099
Interest revenue	12,075	0	60,632	176,740	249,447
Other revenue	327,025	0	0	0	327,025
Capital grants, subsidies and contributions	0	2,512,864	0	32,419	2,545,283
Total	10,921,837	2,512,864	60,632	209,159	13,704,492

## For the year ended 30 June 2022

	Contracts with	Capital	Statutory		
Nature	customers	grant/contributions	Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	4,671,042	0	0	0	4,671,042
Grants, subsidies and contributions	4,086,381	0	0	0	4,086,381
Fees and charges	849,001	0	0	0	849,001
Interest revenue	13,776	0	56,965	1,494	72,235
Other revenue	339,640	0	0	0	339,640
Capital grants, subsidies and contributions	0	1,750,640	0	0	1,750,640
Total	9,959,840	1,750,640	56,965	1,494	11,768,939

# 2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)		2023	2022
	Note	Actual	Actual
		\$	\$
Interest revenue			
Financial assets at amortised cost - self supporting loans		12,075	13,776
Interest on reserve account funds		120,917	0
Trade and other receivables overdue interest		60,632	56,965
Other interest revenue		55,823	1,494
The ODOD satisfies the data to all the transfer to be the set of the set		249,447	72,235
The 2023 original budget estimate in relation to:			
Trade and other receivables overdue interest was \$18,000			
Fees and charges relating to rates receivable			
Charges on instalment plan		16,774	16,796
••••••••••••••••••••••••••••••••••••••		,	
The 2023 original budget estimate in relation to:			
Charges on instalment plan was \$17,000			
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report		29,250	26,000
<ul> <li>Other services – grant acquittals</li> </ul>		2,850	0
		32,100	26,000
Employee Costs			
Employee benefit costs		3,895,948	3,713,782
Other employee costs		236,709	206,887
		4,132,657	3,920,669
Finance costs			
Interest and financial charges paid/payable for lease			
liabilities and financial liabilities not at fair value			
through profit or loss		20,850	24,399
		20,850	24,399
Other expenditure			
Impairment losses on rates and statutory receivables		57,263	163,248
Sundry expenses		263,171	193,195
		320,434	356,443

### **3. CASH AND CASH EQUIVALENTS**

	\$	\$
Cash at bank and on hand	12,218,595	11,125,672
Total cash and cash equivalents	12,218,595	11,125,672
Held as		
- Unrestricted cash and cash equivalents	3,953,952	2,470,321
- Restricted cash and cash equivalents	8,264,643	8,655,351
	12,218,595	11,125,672

2023

**Restricted financial assets** 

Note

2022

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions.

Restrictions are specified in an agreement, contract or legislation.

contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement

2022

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This applies to reserve accounts, unspent grants, subsidies and

and for which no liability has been recognised.

2023

#### 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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

#### **4. OTHER FINANCIAL ASSETS**

	Ψ	φ
(a) Current assets		
Financial assets at amortised cost	36,834	35,080
	36,834	35,080
Other financial assets at amortised cost		
Self supporting loans receivable	36,834	35,080
	36,834	35,080
	,	,
Held as		
- Unrestricted other financial assets at amortised cost	36,834	35,080
	36,834	35,080
	,	,
(b) Non-current assets		
Financial assets at amortised cost	189,863	226,697
Financial assets at fair value through profit or loss	142,607	136,156
	332,470	362,853
	,	,
Financial assets at amortised cost		
Self supporting loans receivable	189,863	226,697
	189,863	226,697
	,	,
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	136,157	129,162
Movement attributable to fair value increment	6,450	6,994
Units in Local Government House Trust - closing balance	142,607	136,156
	,	,

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 24(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES	
Other financial assets at amortised cost	Financial a
The Shire classifies financial assets at amortised cost if both of	The Shire h
the following criteria are met:	value throug

#### assets at fair value through profit or loss nas elected to classify the following financial assets at fair igh profit or loss:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierachy (see Note 21 (i)) due to the observable market rates).

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income. equity investments which the Shire has elected to recognise as fair value gains and losses through profit or loss.

## 5. TRADE AND OTHER RECEIVABLES

5. TRADE AND OTHER RECEIVABLES	Note	2023	2022
		\$	\$
Current			
Rates and statutory receivables		733,267	696,690
Trade receivables		253,215	183,998
GST receivable		0	247
Allowance for credit losses of other receivables		(24,156)	(44,208)
Other receivables		10,712	2,285
ATO Liabilties		16	125,824
		973,054	964,836
Non-current			
Rates and statutory receivables		111,077	134,382
		111,077	134,382

#### SIGNIFICANT ACCOUNTING POLICIES **Rates and statutory receivables**

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

#### Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

#### Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

#### Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

#### **Classification and subsequent measurement**

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

## **6. INVENTORIES**

	Note	2023	2022
Current		\$	\$
Fuel and materials		32,708	10,101
		32,708	10,101
Non-current			
Land held for resale		184,000	244,000
		184,000	244,000
The following movements in inventories occurred during the year:			
Balance at beginning of year		254,101	254,610
Inventories expensed during the year		(370,882)	(362,482)
Additions to inventory		333,489	361,973
Balance at end of year		216,708	254,101

## SIGNIFICANT ACCOUNTING POLICIES

#### General

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

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

## Land held for resale

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

## Land held for resale (Continued) Borrowing costs and holding charges incurred after

development is completed are expensed.

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

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

## 7. OTHER ASSETS

	2023	2022
	\$	\$
Accrued income	8,472	7,538
Contract assets	325,292	124,929
	333,764	132,467

#### SIGNIFICANT ACCOUNTING POLICIES Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

#### **Contract assets**

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at the end of the period.

Impairment of assets associated with contracts with customers are detailed at Note 2(b).

# 8. PROPERTY, PLANT AND EQUIPMENT

## (a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
Balance at 1 July 2021	<b>\$</b> 2,551,000	<b>\$</b> 2,594,060	<b>\$</b> 28,457,987	33,603,047	<b>\$</b> 176,360	<b>\$</b> 2,925,960	<b>\$</b> 36,705,367
Additions	0	0	61,837	61,837	0	607,580	669,417
Disposals	0	0	0	0	0	(233,629)	(233,629)
Revaluation increments / (decrements) transferred to revaluation surplus	(291,000)	1,291,136	(1,359,155)	(359,019)	0	0	(359,019)
Depreciation	0	(96,516)	(727,341)	(823,857)	(22,369)	(363,413)	(1,209,639)
Transfers Balance at 30 June 2022	02,260,000	0 3,788,680	(4,153,236) 22,280,092		26,666 180,657	(15,868) 2,920,630	(4,142,438) 31,430,059
<b>Comprises:</b> Gross balance amount at 30 June 2022 Accumulated depreciation at 30 June 2022 <b>Balance at 30 June 2022</b>	2,260,000 0 2,260,000	6,431,592 (2,642,912) 3,788,680	42,920,000 (20,639,908) 22,280,092	(23,282,820)	288,312 (107,655) 180,657	4,825,843 (1,905,213) 2,920,630	56,725,747 (25,295,688) 31,430,059
Additions	12,949	46,794	98,682	158,425	0	1,273,342	1,431,767
Disposals	0	0	(106,322)	(106,322)	0	(424,673)	(530,995)
Depreciation	0	(165,707)	(1,119,713)	(1,285,420)	(27,703)	(419,171)	(1,732,294)
Transfers Balance at 30 June 2023	0 2,272,949	0 3,669,767	0 21,152,739		(26,665) 126,289	26,665 3,376,793	0 30,598,537
Comprises: Gross balance amount at 30 June 2023 Accumulated depreciation at 30 June 2023 Balance at 30 June 2023	2,272,949 0 2,272,949	6,478,386 (2,808,619) 3,669,767	42,593,682 (21,440,943) 21,152,739	(24,249,562)	261,645 (135,356) 126,289	5,440,922 (2,064,129) 3,376,793	57,047,584 (26,449,047) 30,598,537

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

#### (b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properites	Independent registered valuer	June 2022	Price per hectare / market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properites	Independent registered valuer	June 2022	Price per square metre / market borrowing rate
Buildings - specialised	3	Cost approach using curreent replacement cost	Independent registered valuer	June 2022	Construction costs and current condition, residual vales and remaining usefel life assessments inputs

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.

#### (ii) Cost

Furniture and equipment	N/A	Cost	N/A	Purchase cost
Plant and equipment	N/A	Cost	N/A	Purchase cost

## 9. INFRASTRUCTURE

#### (a) Movements in Balances

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

Other         Other         Other         Other         Infrastructure -         Infrastructure -					Other	
Roads         Drainage         Footpaths         Other         Infrastructure           S						
S         S						
Additions       1,735,613       0       109,567       1,201,947       3,047,127         Depreciation       (2,672,251)       (631,570)       (291,652)       (280,085)       (3,875,558)         Transfers       0       0       0       4,142,435       4,142,435         Balance at 30 June 2022       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Comprises:       0       0       0       4,142,435       4,142,435       4,142,435         Gross balance at 30 June 2022       177,098,224       24,106,455       9,334,719       11,980,585       222,519,983         Accumulated depreciation at 30 June 2022       177,098,224       24,106,455       9,334,719       11,980,585       222,519,983         Accumulated depreciation at 30 June 2022       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Additions       1,679,121       0       0       1,237,399       2,916,520         Revaluation increments / (decrements) transferred to revaluation surplus       60,079,092       (4,266,110)       (2,207,141)       (4,859,779)       48,746,062         Depreciation       (2,699,502)       (631,569)       (292,175)       (520,119)       (4,143,365) <td< th=""><th></th><th>Roads</th><th>Drainage</th><th>Footpaths</th><th>Other</th><th>Infrastructure</th></td<>		Roads	Drainage	Footpaths	Other	Infrastructure
Additions       1,735,613       0       109,567       1,201,947       3,047,127         Depreciation       (2,672,251)       (631,570)       (291,652)       (280,085)       (3,875,558)         Transfers       0       0       0       4,142,435       4,142,435         Balance at 30 June 2022       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Comprises:		\$	\$	\$	\$	\$
Depreciation         (2,672,251)         (631,570)         (291,652)         (280,085)         (3,875,558)           Transfers         0         0         0         4,142,435         4,142,435           Balance at 30 June 2022         130,854,601         10,744,057         6,333,743         10,338,035         158,270,436           Comprises:         Comprise:         Compris	Balance at 1 July 2021	131,791,239	11,375,627	6,515,828	5,273,738	154,956,432
Transfers       0       0       0       4,142,435       4,142,435         Balance at 30 June 2022       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Comprises:       Gross balance at 30 June 2022       177,098,224       24,106,455       9,334,719       11,980,585       222,519,983         Accumulated depreciation at 30 June 2022       177,098,224       24,106,455       9,334,719       11,980,585       222,519,983         Balance at 30 June 2022       177,098,224       24,106,455       9,334,719       11,980,585       222,519,983         Additions       10,0744,057       6,333,743       10,338,035       158,270,436         Additions       1,679,121       0       0       1,237,399       2,916,520         Revaluation increments / (decrements) transferred to revaluation surplus       60,079,092       (4,266,110)       (2,207,141)       (4,859,779)       48,746,062         Depreciation       (2,699,502)       (631,569)       (292,175)       (520,119)       (4,143,365)         Balance at 30 June 2023       189,913,312       5,846,378       3,834,427       6,195,536       205,789,653         Comprises:       Comprises:       Comprises:       Comprises:       Comprises:       Comprises:       246,	Additions	1,735,613	0	109,567	1,201,947	3,047,127
Balance at 30 June 2022       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Comprises:       Gross balance at 30 June 2022       177,098,224       24,106,455       9,334,719       11,980,585       222,519,983         Accumulated depreciation at 30 June 2022       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Additions       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Additions       1,679,121       0       0       1,237,399       2,916,520         Revaluation increments / (decrements) transferred to revaluation surplus       60,079,092       (4,266,110)       (2,207,141)       (4,859,779)       48,746,062         Depreciation       (2,699,502)       (631,569)       (292,175)       (520,119)       (4,143,365)         Balance at 30 June 2023       189,913,312       5,846,378       3,834,427       6,195,536       205,789,653         Comprises:       Gross balance at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131         Accumulated depreciation at 30 June 2023       (26,940,324)       (10,316,722)       (1,493,217)       (5,897,215)       (74,647,478)	Depreciation	(2,672,251)	(631,570)	(291,652)	(280,085)	(3,875,558)
Comprises:       Gross balance at 30 June 2022       177,098,224       24,106,455       9,334,719       11,980,585       222,519,983         Accumulated depreciation at 30 June 2022       (46,243,623)       (13,362,398)       (3,000,976)       (1,642,550)       (64,249,547)         Balance at 30 June 2022       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Additions       1,679,121       0       0       1,237,399       2,916,520         Revaluation increments / (decrements) transferred to revaluation surplus       60,079,092       (4,266,110)       (2,207,141)       (4,859,779)       48,746,062         Depreciation       (2,699,502)       (631,569)       (292,175)       (520,119)       (4,143,365)         Balance at 30 June 2023       189,913,312       5,846,378       3,834,427       6,195,536       205,789,653         Comprises:       Gross balance at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131         Accumulated depreciation at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131         Accumulated depreciation at 30 June 2023       (56,940,324)       (10,316,722)       (1,493,217)       (5,897,215)       (74,647,478) <td></td> <td>-</td> <td>-</td> <td>-</td> <td></td> <td></td>		-	-	-		
Gross balance at 30 June 2022       177,098,224       24,106,455       9,334,719       11,980,585       222,519,983         Accumulated depreciation at 30 June 2022       (46,243,623)       (13,362,398)       (3,000,976)       (1,642,550)       (64,249,547)         Balance at 30 June 2022       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Additions       1,679,121       0       0       1,237,399       2,916,520         Revaluation increments / (decrements) transferred to revaluation surplus       60,079,092       (4,266,110)       (2,207,141)       (4,859,779)       48,746,062         Depreciation       (2,699,502)       (631,569)       (292,175)       (520,119)       (4,143,365)         Balance at 30 June 2023       189,913,312       5,846,378       3,834,427       6,195,536       205,789,653         Comprises:       Gross balance at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131         Accumulated depreciation at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131	Balance at 30 June 2022	130,854,601	10,744,057	6,333,743	10,338,035	158,270,436
Gross balance at 30 June 2022       177,098,224       24,106,455       9,334,719       11,980,585       222,519,983         Accumulated depreciation at 30 June 2022       (46,243,623)       (13,362,398)       (3,000,976)       (1,642,550)       (64,249,547)         Balance at 30 June 2022       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Additions       1,679,121       0       0       1,237,399       2,916,520         Revaluation increments / (decrements) transferred to revaluation surplus       60,079,092       (4,266,110)       (2,207,141)       (4,859,779)       48,746,062         Depreciation       (2,699,502)       (631,569)       (292,175)       (520,119)       (4,143,365)         Balance at 30 June 2023       189,913,312       5,846,378       3,834,427       6,195,536       205,789,653         Comprises:       Gross balance at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131         Accumulated depreciation at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131	Comprises					
Accumulated depreciation at 30 June 2022       (46,243,623)       (13,362,398)       (3,000,976)       (1,642,550)       (64,249,547)         Balance at 30 June 2022       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Additions       1,679,121       0       0       1,237,399       2,916,520         Revaluation increments / (decrements) transferred to revaluation surplus       60,079,092       (4,266,110)       (2,207,141)       (4,859,779)       48,746,062         Depreciation       (2,699,502)       (631,569)       (292,175)       (520,119)       (4,143,365)         Balance at 30 June 2023       189,913,312       5,846,378       3,834,427       6,195,536       205,789,653         Comprises:       Gross balance at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131         Accumulated depreciation at 30 June 2023       (246,853,636       16,163,100       5,327,644       12,092,751       280,437,131	•	177 098 224	24 106 455	9 334 719	11 980 585	222 519 983
Balance at 30 June 2022       130,854,601       10,744,057       6,333,743       10,338,035       158,270,436         Additions       1,679,121       0       0       1,237,399       2,916,520         Revaluation increments / (decrements) transferred to revaluation surplus       60,079,092       (4,266,110)       (2,207,141)       (4,859,779)       48,746,062         Depreciation       (2,699,502)       (631,569)       (292,175)       (520,119)       (4,143,365)         Balance at 30 June 2023       189,913,312       5,846,378       3,834,427       6,195,536       205,789,653         Comprises:       Gross balance at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131         Accumulated depreciation at 30 June 2023       (56,940,324)       (10,316,722)       (1,493,217)       (5,897,215)       (74,647,478)						
Revaluation increments / (decrements) transferred to revaluation surplus       60,079,092       (4,266,110)       (2,207,141)       (4,859,779)       48,746,062         Depreciation       (2,699,502)       (631,569)       (292,175)       (520,119)       (4,143,365)         Balance at 30 June 2023       189,913,312       5,846,378       3,834,427       6,195,536       205,789,653         Comprises:       Gross balance at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131         Accumulated depreciation at 30 June 2023       (56,940,324)       (10,316,722)       (1,493,217)       (5,897,215)       (74,647,478)						· · · · · ·
Revaluation increments / (decrements) transferred to revaluation surplus       60,079,092       (4,266,110)       (2,207,141)       (4,859,779)       48,746,062         Depreciation       (2,699,502)       (631,569)       (292,175)       (520,119)       (4,143,365)         Balance at 30 June 2023       189,913,312       5,846,378       3,834,427       6,195,536       205,789,653         Comprises:       Gross balance at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131         Accumulated depreciation at 30 June 2023       (56,940,324)       (10,316,722)       (1,493,217)       (5,897,215)       (74,647,478)						
revaluation surplus60,079,092(4,266,110)(2,207,141)(4,859,779)48,746,062Depreciation(2,699,502)(631,569)(292,175)(520,119)(4,143,365)Balance at 30 June 2023189,913,3125,846,3783,834,4276,195,536205,789,653Comprises:Gross balance at 30 June 2023246,853,63616,163,1005,327,64412,092,751280,437,131Accumulated depreciation at 30 June 2023(56,940,324)(10,316,722)(1,493,217)(5,897,215)(74,647,478)	Additions	1,679,121	0	0	1,237,399	2,916,520
revaluation surplus60,079,092(4,266,110)(2,207,141)(4,859,779)48,746,062Depreciation(2,699,502)(631,569)(292,175)(520,119)(4,143,365)Balance at 30 June 2023189,913,3125,846,3783,834,4276,195,536205,789,653Comprises:Gross balance at 30 June 2023246,853,63616,163,1005,327,64412,092,751280,437,131Accumulated depreciation at 30 June 2023(56,940,324)(10,316,722)(1,493,217)(5,897,215)(74,647,478)	Revaluation increments / (decrements) transferred to					
Depreciation       (2,699,502)       (631,569)       (292,175)       (520,119)       (4,143,365)         Balance at 30 June 2023       189,913,312       5,846,378       3,834,427       6,195,536       205,789,653         Comprises:       Gross balance at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131         Accumulated depreciation at 30 June 2023       (56,940,324)       (10,316,722)       (1,493,217)       (5,897,215)       (74,647,478)		60,079,092	(4,266,110)	(2,207,141)	(4,859,779)	48,746,062
Balance at 30 June 2023       189,913,312       5,846,378       3,834,427       6,195,536       205,789,653         Comprises:       Gross balance at 30 June 2023       246,853,636       16,163,100       5,327,644       12,092,751       280,437,131         Accumulated depreciation at 30 June 2023       (56,940,324)       (10,316,722)       (1,493,217)       (5,897,215)       (74,647,478)	Depresiation	(0.600.500)				(4 442 205)
Comprises:         Gross balance at 30 June 2023         246,853,636         16,163,100         5,327,644         12,092,751         280,437,131           Accumulated depreciation at 30 June 2023         (56,940,324)         (10,316,722)         (1,493,217)         (5,897,215)         (74,647,478)	•		· · /	· · · /		
Gross balance at 30 June 2023246,853,63616,163,1005,327,64412,092,751280,437,131Accumulated depreciation at 30 June 2023(56,940,324)(10,316,722)(1,493,217)(5,897,215)(74,647,478)	Balance at 30 June 2023	189,913,312	5,840,378	3,834,427	0,190,030	205,789,653
Gross balance at 30 June 2023246,853,63616,163,1005,327,64412,092,751280,437,131Accumulated depreciation at 30 June 2023(56,940,324)(10,316,722)(1,493,217)(5,897,215)(74,647,478)	Comprises:					
	•	246,853,636	16,163,100	5,327,644	12,092,751	280,437,131
	Accumulated depreciation at 30 June 2023	(56,940,324)	(10,316,722)	(1,493,217)	(5,897,215)	(74,647,478)
Definite at 30 June 2023	Balance at 30 June 2023	189,913,312	5,846,378	3,834,427	6,195,536	205,789,653

## 9. INFRASTRUCTURE (Continued)

## (b) Carrying Value Measurements

	Fair Value			Date of Last	
Asset Class	Hierarchy	Valuation Technique	Basis of Valuation	Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	3	Cost Approach (using current replacement cost)	Independent Registered Valuer	June 2023	Replacement costs, condition rating, fair value and useful like assessments inputs.
Other infrastructure - Drainage	3	Cost Approach (using current replacement cost)	Independent Registered Valuer	June 2023	Replacement costs, condition rating, fair value and useful like assessments inputs.
Other infrastructure - Footpaths	3	Cost Approach (using current replacement cost)	Independent Registered Valuer	June 2023	Replacement costs, condition rating, fair value and useful like assessments inputs.
Other infrastructure - Parks & Ovals and Other	3	Cost Approach (using current replacement cost)	Independent Registered Valuer	June 2023	Replacement costs, condition rating, fair value and useful like assessments inputs.

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.

## **10. FIXED ASSETS**

## (a) Depreciation

## **Depreciation rates**

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Land	not depreciated
Buildings - non-specialised	20 to 80 years
Buildings - specialised	20 to 80 years
Furniture and equipment	5 to 10 years
Plant and equipment	6 to 15 years
Infrastructure - Roads - Subgrade	not depreciated
Infrastructure - Roads - Pavement	60 to 120 years
Infrastructure - Roads - Surface	20 to 60 years
Other infrastructure - Footpaths	30 to 60 years
Other infrastructure - Parks & Ovals and Other	10 to 100 years
Other infrastructure - Drainage	10 to 80 years

## **10. FIXED ASSETS (Continued)**

expensed immediately.

## 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 any accumulated depreciation and impairment losses.

**Initial recognition and measurement for assets held at cost** Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost, the asset

is initially recognised at fair value. Assets held at cost are

**Initial recognition and measurement between mandatory revaluation dates for assets held at fair value** Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5).* These assets are

depreciated and assessed for indicators of impairment annually.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

## Revaluation

The fair value of land, buildings and infrastructure is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires land, buildings, infrastructure and vested improvements to be shown at fair value.

## **Revaluation (continued)**

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of asset classes 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

## Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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.

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

## Depreciation on revaluation

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

(i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.

## Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income.

## Impairment

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 or losses on disposal

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.

## **11. TRADE AND OTHER PAYABLES**

	\$	\$
Current		
Sundry creditors	278,819	457,211
Prepaid rates	150,508	129,570
Accrued payroll liabilities	107,139	20,012
Bonds and deposits held	121,792	41,068
Other Accrued Expenses	122,540	12,791
Other payables - ESL Liability	0	803
Accrued Interest	6,851	8,220
	787,649	669,675

#### SIGNIFICANT ACCOUNTING POLICIES Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### Trade and other payables

2023

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

2022

#### **Prepaid rates**

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises income for the prepaid rates that have not been refunded.

12. OTHER LIABILITIES	2023	2022
	\$	\$
Current		
Contract liabilities	86,792	690,949
Capital grant/contributions liabilities	1,201,978	950,618
	1,288,770	1,641,567
Deconciliation of changes in contract lightlitics		
Reconciliation of changes in contract liabilities	000.040	000.014
Opening balance	690,949	696,814
Additions	86,792	690,949
Revenue from contracts with customers included as a contract		
liability at the start of the period	(690,949)	(696,814)
	86,792	690,949
The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.		

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

# SIGNIFICANT ACCOUNTING POLICIES

#### **Contract liabilities**

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

#### Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 21(i)) due to the unobservable inputs, including own credit risk.

## **13. BORROWINGS**

		2023				2022	
	Note	Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		99,461	389,989	489,450	95,779	489,450	585,229
Total secured borrowings	24(a)	99,461	389,989	489,450	95,779	489,450	585,229

## Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Merredin.

The Shire of Merredin has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

#### SIGNIFICANT ACCOUNTING POLICIES 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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierachy (see Note 21(i)) due to the unobservable inputs, including own credit risk.

## Risk

Details of individual borrowings required by regulations are provided at Note 24(a).

## 14. EMPLOYEE RELATED PROVISIONS

<b>Employee Related</b>	Provisions
-------------------------	------------

	2023	2022
Current provisions	\$	\$
Employee benefit provisions		
Annual leave	329,317	293,251
Long service leave	242,268	258,037
<b>v</b>	571,585	551,288
Total current employee related provisions	571,585	551,288
Non-current provisions		
Employee benefit provisions		
Long service leave	52,979	68,143
	52,979	68,143
Total non-current employee related provisions	52,979	68,143
Total employee related provisions	624,564	619,431

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

#### SIGNIFICANT ACCOUNTING POLICIES

#### **Employee benefits**

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

#### 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

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

## **15. REVALUATION SURPLUS**

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	720,415	0	720,415	1,011,415	(291,000)	720,415
Revaluation surplus - Buildings	23,673,318	0	23,673,318	23,741,337	(68,019)	23,673,318
Revaluation surplus - Furniture and equipment	41,913	0	41,913	41,913	0	41,913
Revaluation surplus - Plant and equipment	1,239,408	0	1,239,408	1,239,408	0	1,239,408
Revaluation surplus - Infrastructure - Roads	65,964,504	60,079,091	126,043,595	65,964,504	0	65,964,504
Revaluation surplus - Other infrastructure - Drainage	30,954,899	(4,266,110)	26,688,789	30,954,899	0	30,954,899
Revaluation surplus - Other infrastructure - Footpaths	11,615,820	(2,207,141)	9,408,679	11,615,820	0	11,615,820
Revaluation surplus - Other infrastructure - Parks & Ovals and						
Other	2,098,980	(4,859,779)	(2,760,799)	2,098,980	0	2,098,980
	136,309,257	48,746,061	185,055,318	136,668,276	(359,019)	136,309,257

## **16. RESTRICTIONS OVER FINANCIAL ASSETS**

	Note	2023 Actual	2022 Actual
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:		\$	\$
- Cash and cash equivalents	3	8,264,643 8,264,643	8,655,351 8,655,351
The restricted financial assets are a result of the following specific purposes to which the assets may be used:		-,,	-,,
Restricted reserve accounts	25	6,975,873	7,013,784
Contract liabilities	12	86,792	690,949
Capital grant liabilities	12	1,201,978	950,618
Total restricted financial assets		8,264,643	8,655,351
17. UNDRAWN BORROWING FACILITIES AND CREDIT			
STANDBY ARRANGEMENTS			
Bank overdraft limit		150,000	150,000
Credit card limit		15,000	15,000
Credit card balance at balance date		5,232	5,462
Total amount of credit unused		170,232	170,462
Loan facilities			
Loan facilities - current		99,461	95,779
Loan facilities - non-current		389,989	489,450
Total facilities in use at balance date		489,450	585,229
Unused loan facilities at balance date		Nil	Nil

## **18. CONTINGENT LIABILITIES**

In accordance with the *Contaminated Sites Act 2003*, Department of Water and Environmental Regulation (DWER) has classified the following site as 'possibly contaminated – investigation required':

- Merredin Chandler Road Landfill, Lot 500 On Plan 66111, Merredin

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the DWER on the need and criteria for remediation of a risk-based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the DWER Guidelines.

## **19. CAPITAL COMMITMENTS**

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	5,926,294	7,882,915
- plant & equipment purchases	81,074	0
	6,007,368	7,882,915
Payable:		
- not later than one year	6,007,368	7,882,915

The capital expenditure projects at the end of the current reporting period are for the following:

- Merredin Narambeen Road Construction
- Town Centre & Apex Park Redevelopment
- Merredin Water Tower Conservation Works
- Installation of Standpipe Controller
- Purchase of Light Rigid Truck

The prior year commitments were for the CBD Redevelopment, Apex Park, Reuse Water Network, Cemetery Improvement and Merredin-Narembeen Road projects.

### **20. RELATED PARTY TRANSACTIONS**

### (a) Elected Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.	Note	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
President's annual allowance		14,794	14,800	14,433
		14,794	14,800	14,433
Deputy President's annual allowance		3,493	3,600	3,608
		3,493	3,600	3,608
All other council member's meeting attendance fees		71,884	77,500	77,913
		71,884	77,500	77,913
	20(b)	90,171	95,900	95,954

### (b) Key Management Personnel (KMP) Compensation

s, noy management recentler (num , compensation		2023	2022
The total of compensation paid to KMP of the	Note	Actual	Actual
Shire during the year are as follows:		\$	\$
Short-term employee benefits		771,830	756,913
Post-employment benefits		96,820	88,610
Employee - other long-term benefits		13,120	14,955
Council member costs	20(a)	90,171	95,954
		971,941	956,432

#### Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

· · · · · · ·

Post-employment benefits

These amounts are the current-year's cost of the Shire's superannuation contributions

made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

#### Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

### **20. RELATED PARTY TRANSACTIONS**

### Transactions with related parties

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

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

In addition to KMP compensation above the following transactions occurred with related parties:	2023 Actual \$	2022 Actual \$
Sale of goods and services Purchase of goods and services	68 104,100	0 327,228
Amounts payable to related parties: Trade and other payables	4,401	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 council member, are considered key management personnel and are detailed in Notes 20(a) and 20(b)

### ii. Other Related Parties

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

### iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

## 21. 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 report 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.

### i) 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.

### j) Impairment of assets

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) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

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

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

## 22. RATING INFORMATION

## (a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
				\$	\$	\$	\$	\$	\$	\$	\$
Gross Rental Valuations	Gross rental valuation	11.26	,	18,418,577	2,111,283	1,337	2,112,620	2,111,300	0	2,111,300	1,982,692
Rural	Unimproved valuation	1.752		116,821,300	1,987,039	587	1,987,626	1,987,380	0	1,987,380	1,916,107
Urban Rural	Unimproved valuation	3.328		4,420,650	127,296	0	127,296	127,270	0	127,270	121,396
Mining	Unimproved valuation	3.22		265,662	5,128	1,346	6,474	5,140	0	5,140	5,842
Power Generation	Unimproved valuation	3.22		5,137,000	164,751	(1,130)	163,621	164,760	0	164,760	157,636
Airstrips	Unimproved valuation	3.22		219,000	7,052	0	7,052	7,050	0	7,050	6,288
Total general rates		Minimum Payment	1,671	145,282,189	4,402,549	2,140	4,404,689	4,402,900	0	4,402,900	4,189,961
Minimum payment		\$									
Gross Rental Valuations	Gross rental valuation	910			197,470	0	197,470	197,470	0	197,470	227,500
Rural	Unimproved valuation	1,130			138,990	0	138,990	138,990	0	138,990	141,250
Urban Rural	Unimproved valuation	1,130			39,550	0	39,550	39,550	0	39,550	42,940
Mining	Unimproved valuation	200			3,200	0	3,200	3,200	0	3,200	2,800
Power Generation	Unimproved valuation	1,130			3,390	0	3,390	3,390	0	3,390	3,390
Airstrips	Unimproved valuation	1,130			0	0	0	0	0	0	0
Total minimum payments			394	0	382,600	0	382,600	382,600	0	382,600	417,880
Total general rates and miniı Ex-gratia Rates	mum payments		2,065	145,282,189	4,785,149	2,140	4,787,289	4,785,500	0	4,785,500	4,607,841
Ex-gratia Rates	Gross rental valuation				63,201		63,201	65,700	0	65,700	63,201
Total amount raised from rat	es (excluding general rates)		0	0	63,201	0	63,201	65,700	0	65,700	63,201
Total Rates							4,850,490		-	4,851,200	4,671,042
Rate instalment interest							18,800			17,000	17,647
Rate overdue interest							42,964			36,000	39,286

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

\*Rateable Value at time of raising of rate.

## 23. DETERMINATION OF SURPLUS OR DEFICIT

2022/23 (30 June 2023 (30 June 2023)(a) Non-cash amounts excluded from operating activities\$\$The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .(166,999) (157,200)(114,418) (157,200)Less: Forfit on asset disposals Less: Fair value digustments to fonancial assets at fair value through profit or loss(64,50) (64,50)0(6,994) (6,994)Add: Loss on disposal of assets Add: Loss on disposal of assets Add: Coprecision23,800 (157,200)(114,418) (150,46)3,801,4005,085,197Non-cash movements in non-current assets and liabilities: Pensioner deferred rates Inventory23,305 (15,164)0(6,785) (3,310)Own-cash amounts excluded from operating activities5,320,8983,881,4005,095,231(b) Surplus or deficit after imposition of general rates25 (6,975,873)(5,407,484) (15,164)(7,013,784) (15,200)Less: Financial assets and liabilities have been excluded from the reurrent assets and liabilities are of the add at ed of year - Current portion of borrowings25 (13, 584,985)(6,975,873) (14,77,00)(5,407,484) (15,204)(7,013,784) (15,202)Less: Financial assets at anonised cost - self supporting loans - Employee benefit provisions25 (14,97,700)(6,913,246)(6,913,246)(6,913,246)(6,913,246)<				2022/23						
(30 June 2023 Carried(30 June 2023 Carrie			2022/23 Budget 2021/22							
NoteCarried Forward)Carried Forward)Carried Forward)Carried Forward)Carried Forward)Carried Forward)Carried Forward)Carried Forward)Carried Forward)Carried Forward)Carried Forward)Corried Forward)Forward Forward)(a) Non-cash amounts excluded from operating activities Financial Activity in accordance with Financial Management Regulation 32.\$\$\$\$\$Adjustments to operating activities Less: Fair value adjustments to financial assets at fair value through profit or loss(166,999)(157,200)(14,418)Less: For value adjustments to financial assets at fair value through profit or loss(6,450)0(6,994)Add: Loss on disposal of assets3,607,0005,085,7005,087,6003,007,000Add: Loss on disposal of assets23,3050(3,310)Pensioner defered rates Imventory23,3050(3,310)Non-cash movements in non-current assets and liabilities: Pensioner defered rates23,3050(3,310)Non-cash amounts excluded from operating activities5,920,3983,681,4005,095,231(b) Surplus or deficit after imposition of general rates: Adjustments to net current assets25(6,975,873)(5,407,484)(7,013,784)Less: Financial assets at amotised cost - self supporting toans - Current labilities not expected to be cleared at end of year - Current labilities not expected to be cleared at end of year - Current labilities not expected to be cleared at end of year - Current labilities not expected to be cleared at end			(30 June 2023	(30 June 2023	(30 June 2022					
NoteForward)Forward)Forward(a) Non-cash amounts excluded from operating activities\$\$\$The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities(166,999)(157,200)(14,418)Less: Foir value adjustments to financial assets at fair value through profit or loss(166,999)(157,200)(14,418)Less: Foir value adjustments to financial assets at fair value through profit or loss(166,990)(157,200)(14,418)Less: Foir value adjustments to financial assets at fair value through profit or loss(166,50)0(6,994)Add: Loss on disposal of assets(166,50)0(3,310)Less: Pensioner deferred rates23,3050(3,310)Employee beneft provisions Inventory(16,164)0(0,785)Non-cash amounts excluded from operating activities5,920,8983,681,4005,095,231(b) Surplus or deficit after imposition of general rates(6,975,873)(5,407,484)(7,013,784)Less: Reserve accounts25(6,975,873)(5,407,484)(7,013,784)Less: Reserve accounts25(6,975,873)(5,407,484)(7,013,784)Less: Reserve accounts25(6,975,873)(5,407,484)(7,013,784)Less: Reserve accounts25(6,975,873)(5,407,484)(7,013,784)Less: Reserve accounts25(6,975,873)(5,407,484)(7,013,784)Less: Reserve accounts25(6,975,873)(5,812,204)0Ad			•		•					
(a) Non-cash amounts excluded from operating activities       \$		Noto								
(a) Non-cash amounts excluded from operating activities       Image: constraint of the second s		Note								
from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> . Adjustments to operating activities Less: Frair value adjustments to financial assets at fair value through profit or loss Add: Loss on disposal of assets Add: Depreciation Non-cash movements in non-current assets and liabilities: Pensioner deferred rates Employee benefit provisions Inventory Non-cash amounts excluded from operating activities The following current assets and liabilities have been excluded from the net current assets and liabilities have been excluded from the net current assets and liabilities have been excluded from the net current assets and liabilities have been excluded from the net current assets at amortised cost - self supporting loans Add: Less: Financial assets at amortised cost - self supporting loans Add: current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. Adjustments to net current assets Less: Reserve accounts - Current portion of borrowings - Current portion of borrowings - Current portion of borrowings - Employee benefit provisions (6,913,246) (5,407,484) (7,013,784) (6,913,246) (5,412,204) (6,913,246) (5,812,204) (6,913,246) (5,812,204) (6,913,246) (5,812,204) (6,913,246) (5,812,204) (6,913,246) (5,812,204) (6,913,246) (6,91	(a) Non-cash amounts excluded from operating activities		Þ	Þ	Þ					
Less: Profit on asset disposals       (166,999)       (157,200)       (14,418)         Less: Fair value adjustments to financial assets at fair value through profit or loss       (6,450)       0       (6,944)         Add: Loss on disposal of assets       150,546       231,600       43,541         Add: Depreciation       5,875,660       3,607,000       5,085,197         Non-cash movements in non-current assets and liabilities: Pensioner deferred rates       23,305       0       (3,310)         Employee benefit provisions Inventory       (15,164)       0       (8,785)         Non-cash amounts excluded from operating activities       5,920,898       3,681,400       5,095,231         (b) Surplus or deficit after imposition of general rates       5,920,898       3,681,400       5,095,231         (b) Surplus or deficit after imposition of general rates.       25       (6,975,873)       (5,407,484)       (7,013,784)         Less: Reserve accounts       25       (6,975,873)       (5,407,484)       (7,013,784)         Less: Financial assets at amotised cost - self supporting loans       4(a)       (36,834)       0       (35,080)         Add: Current labilities not expected to be cleared at end of year       13       99,461       147,700       95,779       0       (552,420)       0       (55,2420)       0	from amounts attributable to operating activities within the Statement of									
Less: Profit on asset disposals       (166,999)       (157,200)       (14,418)         Less: Fair value adjustments to financial assets at fair value through profit or loss       (6,450)       0       (6,944)         Add: Loss on disposal of assets       150,546       231,600       43,541         Add: Depreciation       5,875,660       3,607,000       5,085,197         Non-cash movements in non-current assets and liabilities: Pensioner deferred rates       23,305       0       (3,310)         Employee benefit provisions Inventory       (15,164)       0       (8,785)         Non-cash amounts excluded from operating activities       5,920,898       3,681,400       5,095,231         (b) Surplus or deficit after imposition of general rates       5,920,898       3,681,400       5,095,231         (b) Surplus or deficit after imposition of general rates.       25       (6,975,873)       (5,407,484)       (7,013,784)         Less: Reserve accounts       25       (6,975,873)       (5,407,484)       (7,013,784)         Less: Financial assets at amotised cost - self supporting loans       4(a)       (36,834)       0       (35,080)         Add: Current labilities not expected to be cleared at end of year       13       99,461       147,700       95,779       0       (552,420)       0       (55,2420)       0	Adjustments to operating activities									
Less: Fair value adjustments to financial assets at fair value through profit or loss(6,450)0(6,994)Add: Loss on disposal of assets(6,450)150,546231,60043,541Add: Depreciation5,875,6603,607,0005,085,197Non-cash movements in non-current assets and liabilities: Pensioner deferred rates23,3050(3,310)Employee benefit provisions Inventory(15,164)0(8,785)Non-cash amounts excluded from operating activities5,920,8983,681,4005,095,231(b) Surplus or deficit after imposition of general ratesThe following current assets and liabilities have been excluded from the current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.(6,975,873)(5,407,484)(7,013,784)Less: Financial assets25(6,975,873)(5,407,484)(7,013,784)(35,080)Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings1399,461147,70095,779- Current portion of borrowings1399,461147,70095,779(552,420)00Total adjustments to net current assetsNet current assets used in the Statement of Financial Activity Total current liabilities(2,747,463)(1,405,332)12,268,155Less: Total current liabilities(2,747,463)(1,405,358)(2,958,309)(6,913,246)(5,812,204)(6,953,085)Net current assets <td></td> <td></td> <td>(166,999)</td> <td>(157,200)</td> <td>(14,418)</td>			(166,999)	(157,200)	(14,418)					
Add: Loss on disposal of assets150,546231,60043,541Add: DepreciationNon-cash movements in non-current assets and liabilities:5,875,6603,607,0005,085,197Non-cash movements in non-current assets and liabilities:23,3050(3,310)Employee benefit provisions(15,164)0(8,785)Inventory0000Non-cash amounts excluded from operating activities5,920,8983,681,4005,095,231(b) Surplus or deficit after imposition of general rates5,920,8983,681,4005,095,231(b) Surplus or deficit after imposition of general rates5,920,8983,681,4005,095,231(b) Surplus or deficit after imposition of general rates5,920,8983,681,4005,095,231(c) Surplus or deficit after imposition of general rates6,975,873)(5,407,484)(7,013,784)Less: Reserve accounts25(6,975,873)(5,407,484)(7,013,784)Less: Financial assets at amortised cost - self supporting loans4(a)(36,834)0(35,080)Add: Current liabilities not expected to be cleared at end of year1399,461147,70095,779- Employee benefit provisions1399,461147,70095,779- Employee benefit provisions1399,461(5,812,204)(6,953,085)Net current assets used in the Statement of Financial Activity13,594,9557,345,33212,268,155Less: Total adjustments to net current assets(2,747,463)(1,405,358)(2,928,309)L										
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Non-cash movements in non-current assets and liabilities: Pensioner deferred rates Employee benefit provisions Inventory23,305 00(3,310)Boy Denefit provisions Inventory(15,164)0(8,785)Non-cash amounts excluded from operating activities5,920,8983,681,4005,095,231(b) Surplus or deficit after imposition of general rates5,920,8983,681,4005,095,231(c) Surplus or deficit after imposition of general rates5,920,8983,681,4005,095,231(c) Surplus or deficit after imposition of general rates5,920,8983,681,4005,095,231(c) Surplus or deficit after imposition of general rates.(6,975,873)(5,407,484)(7,013,784)Less: Reserve accounts25(6,975,873)(5,407,484)(7,013,784)Less: Financial assets at amortised cost - self supporting loans4(a)(36,834)0(35,080)Add: Current iabilities not expected to be cleared at end of year - Current portion of borrowings1399,461147,70095,779- Employee benefit provisions1399,461147,70095,7790(552,420)0Total adjustments to net current assets(6,913,246)(5,812,204)(6,953,085)0(2,747,463)(1,405,358)(2,268,155)Less: Total adjustments to net current assets(2,747,463)(1,405,358)(2,268,155)(2,747,463)(1,405,358)(2,958,309)Less: Total adjustments to net current assets(6,913,246)(5,812,204)(6,953,085)(6,913,246)(5,913,242)(6	•									
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Employee benefit provisions Inventory(15,164)0(8,785)Non-cash amounts excluded from operating activities5,920,8983,681,4005,095,231(b) Surplus or deficit after imposition of general rates5,920,8983,681,4005,095,231(b) Surplus or deficit after imposition of general rates5,920,8983,681,4005,095,231(c) Surplus or deficit after imposition of general rates5,920,8983,681,4005,095,231(c) Surplus or deficit after imposition of general rates6,975,873(5,407,484)(7,013,784)Less: Reserve accounts25(6,975,873)(5,407,484)(7,013,784)Less: Financial assets at amortised cost - self supporting loans4(a)39,461147,70095,779- Current labilities not expected to be cleared at end of year - Current portion of borrowings1399,461147,70095,779- Employee benefit provisions0(5,812,204)(6,953,085)0(6,913,246)(5,812,204)(6,953,085)Net current assets13,594,9557,345,33212,268,15512,268,15513,594,9557,345,33212,268,155Less: Total adjustments to net current assets(1,405,358)(2,958,309)(2,958,309)(6,913,246)(5,812,204)(6,953,085)Net current isabilities(2,913,246)(5,812,204)(6,953,085)(6,913,246)(5,812,204)(6,953,085)Less: Total adjustments to net current assets(2,958,309)(6,913,246)(5,812,204)(6,953,085)Less: Total adjustments to net current asse										
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Non-cash amounts excluded from operating activities5,920,8983,681,4005,095,231(b) Surplus or deficit after imposition of general ratesThe following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.Adjustments to net current assets Less: Reserve accounts25 Less: Financial assets at amortised cost - self supporting loans - Current portion of borrowings4(a) (36,834)(5,407,484) (7,013,784) (36,834)(7,013,784) (35,080)Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings13 (36,834)99,461 (147,700)95,779 (552,420)Total adjustments to net current assets(6,913,246)(5,812,204)(6,953,085)Net current assets used in the Statement of Financial Activity Total current liabilities Less: Total adjustments to net current assets13,594,955 (2,747,463) (1,405,338) (2,958,309) (2,958,309) (6,913,246)14,05,358) (2,958,309)			· · · /							
(b) Surplus or deficit after imposition of general rates         The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.         Adjustments to net current assets         Less: Reserve accounts       25         Less: Financial assets at amortised cost - self supporting loans       4(a)         Add: Current liabilities not expected to be cleared at end of year       13         - Current portion of borrowings       13         - Employee benefit provisions       0         Total adjustments to net current assets       (6,913,246)         Net current assets used in the Statement of Financial Activity Total current liabilities       13,594,955         Less: Total adjustments to net current assets       13,594,955         Less: Total adjustments to net current assets       (6,913,246)         (1,405,358)       (2,958,309)         Less: Total adjustments to net current assets       (6,913,246)         Less: Total adjustments to net current assets       (6,913,246)				-	-					
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.Adjustments to net current assets Less: Reserve accounts25 (6,975,873)(6,975,873) (5,407,484)(7,013,784) (7,013,784)Less: Financial assets at amortised cost - self supporting loans Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings13 99,46199,461 (147,700147,700 95,779 0 (552,420)95,779 0 (6,913,246)(5,812,204)(6,953,085)Net current assets Less: Total adjustments to net current assets13,594,955 (2,747,463)7,345,332 (1,405,358)12,268,155 (2,958,309) (6,913,246)13,594,955 (5,812,204)7,345,332 (6,953,085)										
from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. Adjustments to net current assets Less: Reserve accounts 25 (6,975,873) (5,407,484) (7,013,784) Less: Financial assets at amortised cost - self supporting loans 4(a) (36,834) 0 (35,080) Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings 13 99,461 147,700 95,779 - Employee benefit provisions 13 99,461 (5,812,204) (6,953,085) Net current assets used in the Statement of Financial Activity Total current assets Less: Total adjustments to net current assets (2,747,463) (1,405,358) (2,958,309) Less: Total adjustments to net current assets (2,747,463) (1,405,358) (2,958,309) Less: Total adjustments to net current assets (2,958,309) Less: Total adjustments to net current assets (2,958,305)	(~) Sulpius of deficit after imposition of general fates									
Less: Reserve accounts       25       (6,975,873)       (5,407,484)       (7,013,784)         Less: Financial assets at amortised cost - self supporting loans       4(a)       (36,834)       0       (35,080)         Add: Current liabilities not expected to be cleared at end of year       - Current portion of borrowings       13       99,461       147,700       95,779         - Employee benefit provisions       0       (552,420)       0         Total adjustments to net current assets       0       (5,812,204)       (6,953,085)         Net current assets used in the Statement of Financial Activity       13,594,955       7,345,332       12,268,155         Less: Total current liabilities       (1,405,358)       (2,958,309)       (6,913,246)       (5,812,204)       (6,953,085)         Less: Total adjustments to net current assets       (6,913,246)       (5,812,204)       (6,953,085)	from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation</i> 32 to									
Less: Reserve accounts       25       (6,975,873)       (5,407,484)       (7,013,784)         Less: Financial assets at amortised cost - self supporting loans       4(a)       (36,834)       0       (35,080)         Add: Current liabilities not expected to be cleared at end of year       - Current portion of borrowings       13       99,461       147,700       95,779         - Employee benefit provisions       0       (552,420)       0         Total adjustments to net current assets       0       (5,812,204)       (6,953,085)         Net current assets used in the Statement of Financial Activity       13,594,955       7,345,332       12,268,155         Less: Total current liabilities       (1,405,358)       (2,958,309)       (6,913,246)       (5,812,204)       (6,953,085)         Less: Total adjustments to net current assets       (6,913,246)       (5,812,204)       (6,953,085)	Adjustments to net current assets									
Add: Current liabilities not expected to be cleared at end of year1399,461147,70095,779- Current portion of borrowings1399,461147,70095,779- Employee benefit provisions0(552,420)0Total adjustments to net current assets0(6,913,246)(5,812,204)(6,953,085)Net current assets used in the Statement of Financial ActivityTotal current assets13,594,9557,345,33212,268,155Less: Total current liabilities(2,747,463)(1,405,358)(2,958,309)Less: Total adjustments to net current assets(6,913,246)(5,812,204)(6,953,085)	•	25	(6,975,873)	(5,407,484)	(7,013,784)					
- Current portion of borrowings       13       99,461       147,700       95,779         - Employee benefit provisions       0       (552,420)       0         Total adjustments to net current assets       (6,913,246)       (5,812,204)       (6,953,085)         Net current assets used in the Statement of Financial Activity       13,594,955       7,345,332       12,268,155         Less: Total current liabilities       (2,747,463)       (1,405,358)       (2,958,309)         Less: Total adjustments to net current assets       (6,913,246)       (5,812,204)       (6,953,085)	Less: Financial assets at amortised cost - self supporting loans	4(a)	(36,834)	0	(35,080)					
- Employee benefit provisions       0       (552,420)       0         Total adjustments to net current assets       (6,913,246)       (5,812,204)       (6,953,085)         Net current assets used in the Statement of Financial Activity       13,594,955       7,345,332       12,268,155         Less: Total current liabilities       (2,747,463)       (1,405,358)       (2,958,309)         Less: Total adjustments to net current assets       (6,913,246)       (5,812,204)       (6,953,085)	Add: Current liabilities not expected to be cleared at end of year									
Total adjustments to net current assets       (6,913,246)       (5,812,204)       (6,953,085)         Net current assets used in the Statement of Financial Activity       13,594,955       7,345,332       12,268,155         Total current liabilities       (2,747,463)       (1,405,358)       (2,958,309)         Less: Total adjustments to net current assets       (6,913,246)       (5,812,204)       (6,953,085)		13	99,461	147,700	95,779					
Net current assets used in the Statement of Financial ActivityTotal current assets13,594,955Less: Total current liabilitiesLess: Total adjustments to net current assets(6,913,246)(5,812,204)(6,953,085)					0					
Total current assets13,594,9557,345,33212,268,155Less: Total current liabilities(2,747,463)(1,405,358)(2,958,309)Less: Total adjustments to net current assets(6,913,246)(5,812,204)(6,953,085)	Total adjustments to net current assets		(6,913,246)	(5,812,204)	(6,953,085)					
Total current assets13,594,9557,345,33212,268,155Less: Total current liabilities(2,747,463)(1,405,358)(2,958,309)Less: Total adjustments to net current assets(6,913,246)(5,812,204)(6,953,085)	Net current assets used in the Statement of Financial Activity									
Less: Total current liabilities       (2,747,463)       (1,405,358)       (2,958,309)         Less: Total adjustments to net current assets       (6,913,246)       (5,812,204)       (6,953,085)	-		13,594,955	7,345,332	12,268,155					
	Less: Total current liabilities			(1,405,358)						
Surplus or deficit after imposition of general rates3,934,246127,7702,356,761					(6,953,085)					
	Surplus or deficit after imposition of general rates		3,934,246	127,770	2,356,761					

## 24. BORROWING AND LEASE LIABILITIES

### (a) Borrowings

					Actual					Budget				
				Principal			Principal			Principal				
		Principal at	New Loans	Repayments	Principal at 30	New Loans	Repayments	Principal at	Principal at 1	New Loans	Repayments	Principal at		
Purpose	Note	1 July 2021	During 2021-22	During 2021-22	June 2022	During 2022-23	During 2022-23	30 June 2023	July 2022	During 2022-23	During 2022-23	30 June 2023		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Central Eastern Accommodation and	Care Alliance	382,226	0	(58,833)	323,393	0	(60,699)	262,694	323,393	0	(60,700)	262,693		
CBD Revevelopment		0	0	0	0	0	0	0	0	1,300,000	(51,900)	1,248,100		
Total		382,226	0	(58,833)	323,393	0	(60,699)	262,694	323,393	1,300,000	(112,600)	1,510,793		
Self Supporting Loans														
Merritville		295,246	0	(33,410)	261,836	0	(35,080)	226,756	271,506	0	(35,100)	236,406		
Total Self Supporting Loans		295,246	0	(33,410)	261,836	0	(35,080)	226,756	271,506	0	(35,100)	236,406		
Total Borrowings	13	677,472	0	(92,243)	585,229	0	(95,779)	489,450	594,899	1,300,000	(147,700)	1,747,199		

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

### Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
Central Eastern Accor Total	mmodation and Care Alliance	217	WATC	3.15%	3/01/2027	\$ (8,77) (8,77)	<u> </u>	<b>\$</b> (10,623) (10,623)
Merritville	ns Finance Cost Payments g Loans Finance Cost Payment	215 t <b>s</b>	WATC	4.94%	1/10/2028	<u>(12,07</u> (12,07	/ /	<u>(13,776)</u> (13,776)
Total Finance Cost P	Payments					(20,85	0) (22,200)	(24,399)

\* WA Treasury Corporation

- ng 2022
- 10,623) 10,623)

	2023 Actual	2023 Actual	2023 Actual	2023 Actual	2023 Budget	2023 Budget	2023 Budget	2023 Budget	2022 Actual	2022 Actual	2022 Actual	2022 Actual
25. RESERVE ACCOUNTS	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening	Transfer to	Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Plant Replacement Reserve	1,171,986	18,966	(461,824)	729,128	1,171,986	5,000	(650,000)	526,986	916,986	555,000	(300,000)	1,171,986
(b) Buildings Reserve	1,034,508	88,719	0	1,123,227	1,034,508	8,100	(450,000)	592,608	934,508	100,000	0	1,034,508
(c) Land & Development Reserve	1,573,763	26,933	0	1,600,696	1,573,763	12,400	0	1,586,163	1,288,763	285,000	0	1,573,763
(d) Apex Park Redevelopment Reserve	402,393	6,639	(104,561)	304,471	402,393	900	(286,300)	116,993	302,393	100,000	0	402,393
(e) ICT Reserve	316,632	5,352	(28,155)	293,829	316,632	2,500	0	319,132	316,632	0	0	316,632
(f) Disaster Relief Reserve	247,284	4,232	0	251,516	247,284	1,900	0	249,184	247,284	0	0	247,284
(g) Cummins Street Units Reserve	61,254	843	(15,687)	46,410	61,255	500	0	61,755	61,254	0	0	61,254
(h) Recreation Facilities Reserve	911,064	15,592	0	926,656	911,064	7,200	0	918,264	911,064	0	0	911,064
(i) Waste Management Reserve	374,651	6,412	0	381,063	374,651	2,900	(120,000)	257,551	374,651	0	0	374,651
(j) Unspent Capital Works Reserve	368,575	6,308	0	374,883	368,575	1,600	0	370,175	88,575	280,000	0	368,575
(k) Merredin-Narambeen Road	180,955	462,942	(76,966)	566,931	180,955	100	(146,000)	35,055	0	180,955	0	180,955
(I) Leave reserve	370,719	6,344	0	377,063	370,718	2,900	0	373,618	370,719	0	0	370,719
	7,013,784	649,282	(687,193)	6,975,873	7,013,784	46,000	(1,652,300)	5,407,484	5,812,829	1,500,955	(300,000)	7,013,784

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

In accordance with council resolutions or adopted budget 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 account Restricted by council	Purpose of t	he reserve account
(a) Plant Replacement Reserve	Ongoing	To be utilised to fund future capital plant purchases.
(b) Buildings Reserve	Ongoing	To be utilised to fund future building construction and major maintenance within the Shire of Merredin.
(c) Land & Development Reserve	Ongoing	To be utilised to fund major land development/purchases within the Shire of Merredin.
(d) Apex Park Redevelopment Reserve	Ongoing	To be utilised to fund the redevelopment of works at Apex Park.
(e) ICT Reserve	Ongoing Ongoing	To be utilised to fund future information and communicationsd technology (ICT) within the Shire of Merredin. To be utilised to contribute to liabilities arising from a declared natural disaster that meets Disaster Recovery Funding Arrangements WA (DRFAWA) eligibility
(f) Disaster Relief Reserve	0 0	minimum spend.
(g) Cummins Street Units Reserve	Ongoing	To be utilised to full maintenance and capital costs associated with Council owned units in Cummings Street Merredin.
<ul><li>(h) Recreation Facilities Reserve</li><li>(i) Waste Management Reserve</li></ul>	Ongoing Ongoing	To be utilised to fund future development and major renewals in relation to Recreation. To be utilised for the collection, transport, storage, treatment, processing, sorting, recycling or disposal of waste; or the provision of receptacles for the temporary deposit of waste; or the provision and management of waste facilities, machinery for the disposal of waste and processes for dealing with waste.
<ul> <li>(i) Waste Management Reserve</li> <li>(j) Unspent Capital Works Reserve</li> <li>(k) Merredin-Narambeen Road</li> <li>(l) Leave reserve</li> </ul>	Ongoing Ongoing Ongoing	To be utilised for the quaranting of Grant Monies awaiting completion of Works. To be utilised for the maintenance, renewal and upgrade of the Merredin-Narambeen Road. To be utilised to fund staff leave as required

DRY

# Annual Audit Completion Report

Accounting Business Advisory Audit Services







# Shire of Merredin 30 June 2023

Accounting Business Advisory Audit Services



# Introduction



Shire of Merredin for the year ended 30 June 2023

We would like to take this opportunity to thank the management team for their assistance during the audit process. If you have any queries on the report, please feel free to contact me.

## MARIUS VAN DER MERWE DIRECTOR

B.Com (Hons) CA mvdm@drykirkness.com.au

### ANN ANG DIRECTOR

OAG Representative Ann.Ang@audit.wa.gov.au



# **Executive Summary**

- Butler Settineri (Audit) Pty Ltd was appointed as the contract auditor by the Office of the Auditor General for the years ended 30 June 2022, 2023 and ending 2024 and have changed names to Dry Kirkness (Audit) Pty Ltd on 1 July 2022.
- Dry Kirkness (Audit) Pty Ltd has completed the external statutory audit for the year ended 30 June 2023 as contract auditor on behalf of the Office of the Auditor General.
- + No unresolved issues.
- + Our findings are included in this report.
- + We intend to recommend to the Auditor General to issue an unqualified audit opinion in relation to the financial statements.
- + There are no outstanding matters.
- + We noted that your certified draft financial report was provided on 29 Sept 2023 and was audit ready. This detail will be included in the OAG's Local Government results report to be tabled in Parliament. Audit ready means having full and complete financial statements (including disclosure notes).

# Independence

We are independent of the Shire in accordance with the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants.

Threats to independence include the following:

- + Self Interest Threats
- + Self Review Threats
- + Advocacy Threats
- + Familiarity Threats
- + Intimidation Threats

What we do to remain independent:

- + All team members sign an independence declaration at the commencement of the audit.
- + We monitor our individual independence throughout the audit.
- + All team members sign off an independence declaration at the completion of the audit.

# Compliance With Laws & Regulations & Fraud

Laws and Regulations applicable to the Shire include the following:

- + Local Government Act 1995
- + Local Government (Financial Management) Regulations 1996
- + Local Government (Audit) Regulations 1996
- + Australian Tax Office (GST / FBT / PAYG) Compliance
- + Compliance with conditions of program funding arrangements.

During the audit process, there have been:

- + Non-compliance issues reported in the audit findings where applicable.
- + No findings or indications of suspected fraud.

As far as the external audit relates to the matters noted above.

SHIRE OF MERREDIN Annual Audit Completion Report

Key Audit Matters and Audit Outcomes During the planning phase of the audit, we identified the following issues and key areas of audit risk.

Details of Risk / Issue	Audit Approach
<ul> <li>Audit findings reported in the previous audit.</li> <li>Bank Reconciliation</li> <li>Review of Risk Management Systems and Procedures</li> <li>End-of-Day reconciliation</li> <li>Money Processed through the Trust Bank Account</li> <li>Fixed Assets Registered not reconciling to Accounting Records</li> <li>Fair Value of Infrastructure Assets - Frequency of Valuations</li> <li>Compliance with Procurement Practices</li> <li>Payroll Practices</li> <li>Risk Register</li> <li>Audit Committee Terms of Reference</li> <li>Purchasing Policy</li> <li>Asset Management Policy</li> <li>Rates Reconciliation</li> <li>Changes to Employee Master File</li> </ul>	We followed up on last year's audit issues during the audit. All issues from last year's audit were resolved during the year.
<ul> <li>Potential changes to Local Government (Financial Management) Regulations 1996 that have been signalled by the Department of Local Government, Sport and Cultural Industries (DLGSCI):</li> <li>New standardised templates are expected to be established for local government financial statements for 2022-23. The template for smaller (band 3 and 4) local governments is expected to have more streamlined standard financial statements, reflecting the generally less complex operations of smaller local governments.</li> </ul>	Upon communication of changes to the Local Government (Financial Management) Regulations 1996 by DLGSCI for 2022-23, we ensured management has used the appropriate Model Financial Statements for 2022-23 which has reduced financial reporting requirements. We are satisfied that the financial report has been disclosed appropriately.

We have identified the following areas that we consider require additional focus during our 2022-23 local government audits:

- Revenue recognition, including contract liabilities
- Unauthorised expenditure
- Unrecorded liabilities and expenses
- Fictitious employees
- Revaluation of Infrastructure assets (last revalued in 2017-18)
- Related party disclosures
- Joint arrangement disclosures
- Contingent liabilities disclosures
- Restricted reserve accounts

We reviewed the accounting treatment and disclosure processes during our interim and final audits. We also ensured the disclosures in the annual financial report are appropriate, and have complied with the requirements of the Australian accounting standards.

For asset revaluation, we obtained the external valuation report and reviewed the appropriateness of the main assumptions, valuation techniques and unobservable inputs used. We also reviewed the fair value assessment performed by management for assets that were not revalued in 2022-23. We are satisfied that the Shire's assets have been reflected appropriately at fair value at 30 June 2023.

For related party disclosures, we made enquiries to understand the process for identification of related parties, reviewed the signed related party transaction declarations from key management personnel (both current and departed), and confirmed that the disclosures made in the notes to the annual financial report are appropriate.

For contingent liabilities disclosures, the Shire has listed one site to be possible sources of contamination, which has been disclosed as a contingent liability on the financial report. We enquired with management for any other contingent liabilities existing at reporting date, and we are satisfied with the contingent liability disclosure in the financial report.

For restricted reserve accounts, we reviewed the movements within the restricted reserve accounts, and ensured that transfers out are used in accordance with the intended purpose of the respective reserve from our testing.

The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention: <ul> <li>Fair value of PPE and Infrastructure</li> <li>o PPE last revalued in 2021-22</li> <li>o Infrastructure last revalued in 2017-18</li> </ul> <li>Impairment of assets <ul> <li>Provision for annual and long service leave</li> <li>Provision for rehabilitation of waste disposal sites (if any, at year end)</li> </ul> </li>	We reviewed the method and underlying data that management use when determining critical accounting estimates. We are satisfied the accounting estimates and assumptions used are reasonable.
IT Environment & Controls ASA 315 <i>Identifying and Assessing the Risks of Material Misstatement</i> is a new Australian auditing standard that impacted your Shire for the first time this year. ASA 315 requires the auditor to obtain an understanding of the IT environment and system of controls at the application level, which support the preparation of the financial report, as part of risk identification and assessment.	We have addressed the requirements of ASA 315. We issued our IT Checklist to the Shire and reviewed their responses to ensure the Shire's information system is relevant to the preparation of the financial report. We also identified IT controls which address significant risks of material misstatement in the IT environment such as controls over Journal Entries and tested those controls. We are satisfied that we did not identify any significant vulnerabilities at the application level that impacted on the preparation of financial report.
Important changes in management or the control environment	None during the financial year. We noted that Leah Boehme was appointed as Executive Manager Corporate Services in August 2022.

# Audit Misstatements

There were no unadjusted misstatements clause the as a result of the audit.

# Audit Findings

### Per the Interim Management Letter:

Index of findings	Potential impact on audit opinion	Rating		Prior year finding	
		Significant	Moderate	Minor	
<ol> <li>Approval of payment greater than limits set by Delegation of Authority</li> </ol>	Ν			~	

### Per the Final Management Letter:

Index of findings		Potential impact on audit opinion		Rating		Prior year finding
			Significant	Moderate	Minor	
2.	IT Governance, Policies and Procedures	No		$\checkmark$		
3.	Disaster Recovery Plan Testing	No		$\checkmark$		
4.	Network Access Management	No		$\checkmark$		
5.	Lack of Cybersecurity Training	No		$\checkmark$		

# **Key Changes For Next Year**

### **Changes in LG regulations**

+ An update on recent changes to the Local Government Act and Regulations, as part of the Local Government Reform, is available on the DLGSCI website (Local government reform | DLGSC).

One of the changes that impact the 2023-24 financial reporting included changes to the *Local Government (Financial Management) Regulations 1996,* where Regulation 17A has been amended to require local governments to revalue their land, buildings and infrastructure assets every 5 years from the asset's last valuation date. The change removed the previous requirement for local governments to revalue their assets whenever the local government is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount.

### Accounting Issues for 2023

- + Changes to Local Government (Financial Management) Regulations affected after 30 June 2023 no longer require a fair value assessment of PPE and Infrastructure assets at each reporting date.
- + We are not aware of any new Australian Accounting Standards (AAS) or significant changes to existing AAS that will impact 2023-24. If we are aware of any new updates down the line, we will communicate them with you.

# Thank You

We would like to take this opportunity to once again thank the management team for their assistance during the audit process, in particular we would like to thank Leah Boehme and the finance team for their support.





Accounting Business Advisory Audit Services

Dry Kirkness (Audit) Pty Ltd Ground Floor, 50 Colin St West Perth, WA 6005 PO Box 166, West Perth, 6872 <u>dk@drykirkness.com.au</u> <u>drykirkness.com.au</u> P: (08) 9481 1118 ABN: 61 112 942 373 RCA No. 289109 Liability limited by a scheme approved under the Professional Standards Legislation

	Index of findings	Potential impact on audit opinion	Rating		Prior year finding	
			Significant	Moderate	Minor	
Information system						
1.	IT Governance, Policies and Procedures	No		$\checkmark$		
2.	Disaster Recovery Plan Testing	No		$\checkmark$		
3.	Network Access Management	No		$\checkmark$		
4.	Lack of Cybersecurity Training	No		$\checkmark$		

### Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- **Significant** Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- **Moderate -** Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- **Minor -** Those findings that are not of primary concern but still warrant action being taken.

### 1. IT Governance, Policies and Procedures

### IT policies and procedures

The Shire does not have comprehensive IT and cyber security policies and procedures, which cover various aspects such as access control, physical security, backup protocols, change management, HR security, information classification, and data loss prevention.

### IT Strategic Plan

The Shire does not have a structured IT strategic plan to align IT initiatives with the overall business objectives.

### Procedure manuals and permission matrices

The Shire does not have procedure manuals and permission matrices for the accounting systems, including payroll. In addition, the Shire does not have logical access control policies, which cover user authentication, authorisation, account management, account requests and approvals, monitoring, and auditing.

### **Rating: Moderate**

### Implication

Without comprehensive IT and cyber security policies and procedures to provide guidance to staff, there is a risk that the Shire is exposed to various cyber security risks, which could lead to data breaches or unauthorised access.

Without an appropriately approved IT Strategic Plan, there is a risk that IT resources will not be aligned to the business strategy and priorities.

Without proper procedure manuals, permission matrices, and logical access control policies, there is a risk of security vulnerabilities and compliance issues.

### Recommendation

We recommend that management:

- develop and implement comprehensive IT and cyber security policies, which cover access control, physical security, backup protocols, change management, HR security, information classification, and data loss prevention
- establish a structured IT Strategic Plan that aligns technology initiatives with Shire's overall business objectives
- develop procedure manuals, access control policies and permission matrices for the finance and payroll systems, and implement logical access control policies to strengthen security and compliance measures.

### Management comment

management eet	
Action 1: Corporate IT Strategy	Develop a Corporate IT Strategy for the Shire of Merredin that links to the business objectives outlined in the Shire of Merredin Corporate Business Plan.
	Responsible person: Executive Manager Corporate Services

	Completion date: 30/09/2024
Action 2: IT Policies/ procedures	<ul> <li>Though a range of processes are currently in place in relation to backups, physical security, HR security and a number of the other areas listed below, the Shire will formalise/ develop documented IT and Cyber Security policies/ procedures that include: <ul> <li>Access control (including Account management, Account requests and approvals, Account monitoring, User authentication, Account auditing)</li> <li>Physical security</li> <li>Backup protocols</li> <li>Change management</li> <li>HR security</li> <li>Information classification</li> <li>Data loss prevention</li> </ul> </li> </ul>
	<b>Responsible person:</b> Executive Manager Corporate Services <b>Completion date:</b> 30/09/2024
Action 3: IT Policies/	Review policies created above and determine if further policies are required, or any amendments need to be made.
procedures	<b>Responsible person:</b> Executive Manager Corporate Services <b>Completion date:</b> 31/12/2024
Action 4: Procedures	Formalise/ develop a series of procedure documents/ work instructions to support the policies referred to in Action 2.
	<b>Responsible person:</b> Executive Manager Corporate Services <b>Completion date:</b> 31/12/2024
Action 5: Permission Matrices	Completed - Permission matrices are in place for the new payroll system. Staff in the Finance team who complete payroll for the Shire have administrative access and use two-factor identification to access the system. The Executive Manager Corporate Services is the overseer of this system and approves access levels. Employees only have access to enter timesheets and leave requests and check accruals and balances. They are unable to change data within the system. This has been implemented since 1 July 2023.
	<b>Responsible person:</b> Executive Manager Corporate Services <b>Completion date:</b> 01/07/2023
Action 6: Permission Matrices	A review of user access of the Shire's accounting system has occurred to ensure appropriate access for staff. During the review, all staff access to the Shire's IT system was checked to ensure accuracy.
	Moving forward these reviews will be scheduled quarterly to ensure that security is maintained with the first review to take place prior to 31 January 2024.
	<b>Responsible person:</b> Executive Manager Corporate Services <b>Completion date:</b> 31/01/2024
Action 7: Permission Matrices	A permission matrix document will be developed that outlines permissions to be assigned to each position in the organisations, as per the organisation structure, to guide future reviews.
	Responsible person: Executive Manager Corporate Services Completion date: 31/01/2024

### 2. Disaster Recovery Plan Testing

<u>Disaster recovery</u> Testing of the Disaster Recovery Plan (DRP) is overdue.

### **Rating: Moderate**

### Implication

Without adequate testing of the DRP, there is a risk that the DRP in place may not be effective and sufficient enough in ensuring that key IT systems are able to be recovered after a major incident. This could result in prolonged downtime and significant financial losses in a disaster or critical system failure.

### Recommendation

We recommend that the IT DRP is adequately tested on regular basis, and these tests should be used to confirm key IT systems and services can be restored or recovered within the required timeframes.

### Management comment

Action 1:	Desktop testing of the Disaster Recovery Plan will be completed by the Executive Management Team.
	Responsible person: Executive Management Team Completion date: 31/03/2024
Action 2:	A review of the Disaster Recovery Plan will occur once desktop testing has been completed to identify any amendments that may need to be made.
	Responsible person: Executive Management Team Completion date: 30/06/2024

### 3. Network Access Management

### Password policies

The Shire's password policy is inadequate as the minimum password length in the Shire's Active Directory is set at only six characters, which falls short of best practice recommendations. Additionally, the account lockout threshold is set to zero, which created a risk of password guessing, leaving the system vulnerable to brute-force attacks.

### Privileged accounts

There was no regular review of privileged accounts in SynergySoft. The Shire has six administrative users.

### Rating: Moderate

### Implication

Without adequate password policies, there is an increased risk of unauthorised access into the systems, which could lead to data breaches or system compromises.

Without regular reviews of privileged accounts, there is an increased security risks as well as potential misuse of administrative privileges.

### Recommendation

We recommend that management:

- implement stronger password policies, and a reasonable account lockout threshold to mitigate the risk of password-related security breaches
- perform regular reviews of privileged accounts to ensure the administrative users continue to align with the business requirements.

Action 1: Password Policies	Completed - All password settings in the IT system have been updated to reflect best practice recommendations. These include minimum 10 characters for passwords. This change was made when the Shire were alerted to the issue in September, however a further review on 10.11.2023 confirmed these are currently in place.
	The password lockout threshold has been set to three attempts. This was completed when the Shire were alerted to the issue in September, however a further review on 10.11.2023 confirmed this is currently in place. <b>Responsible person:</b> Executive Manager Corporate Services
	Completion date: 10/11/2023
Action 2: Privileged Accounts	Completed - Removal of IT service providers administration status occurred during the Audit visit in September when attention was drawn to the issue.
	A full audit of IT system users was completed at this time and the system presently reflects all current staff accurately.

### Management comment

	Responsible person: Executive Manager Corporate Services Completion date: 22/09/2023
Action 3: Privileged Accounts	A procedure will be developed to ensure the IT system user review process is completed regularly (at least four times per year), as well as included in onboarding and offboarding processes moving forward.
	<b>Responsible person:</b> Executive Manager Corporate Services <b>Completion date:</b> 31/03/2024
Action 4: Privileged Accounts	Quarterly review dates will be added to the Shire's compliance system to ensure staff are alerted when reviews are due.
	<b>Responsible person:</b> Executive Manager Corporate Services <b>Completion date:</b> 31/12/2023

### 4. Lack of Cyber Security Training

We noted that the Shire's employees have not received any cyber security related training.

### **Rating: Moderate**

### Implication

There is a risk of staff falling victim to social engineering attacks and other security breaches due to a lack of awareness and preparedness.

### Recommendation

We recommend that management ensure all staff are provided with ongoing cyber security awareness training to raise their awareness of cyber threats.

#### Management comment

Action 1:	The Shire have completed testing over the previous 12 months to identify areas of risk by utilising phishing campaigns with staff and Councillors. It is recognised that further training is required and available training options for staff will be investigated.
	<b>Responsible person:</b> Executive Manager Corporate Services <b>Completion date:</b> 31/03/2024
Action 2:	Develop a training schedule to ensure all staff with network access are exposed to cyber security training at least annually.
	<b>Responsible person:</b> Executive Manager Corporate Services <b>Completion date:</b> 31/01/2024
Action 3:	Implement training, with initial roll-out to be completed by 30 June 2024.
	<b>Responsible person:</b> Executive Manager Corporate Services <b>Completion date:</b> 30/06/2024



## CLIENT NAME: SHIRE OF MERREDIN

## YEAR END: 30 JUNE 2023

## EXIT MEETING AGENDA

Date of Meeting:	15/11/2023
Time:	16:00
Location:	Shire of Merredin Administration Centre, King & Barrack Streets, Merredin, Western Australia, 6415.
Attendees:	Cr Mark McKenzie (Shire President) Cr Renee Manning (Deputy President) Cr Brad Anderson Cr Donna Crook Cr Megan Simmonds Lisa Clack (CEO) Leah Boehme (Executive Manager Corporate Services) Meg Wyatt (Executive Officer) Ann Ang (FA Director, OAG) Marius van der Merwe (Dry Kirkness Audit Director)

### **DISCUSSION POINTS**

1.	INTRODUCTION
2.	EXECUTIVE SUMMARY
3.	INDEPENDENCE
4.	COMPLIANCE WITH LAWS AND REGULATIONS AND FRAUD
5.	KEY AUDIT MATTERS AND AUDIT OUTCOMES
	<ul> <li>AUDIT FINDINGS REPORTED IN THE PREVIOUS YEAR</li> <li>CHANGES TO LOCAL GOVERNMENT REGULATIONS</li> </ul>
	RELATED PARTY TRANSACTIONS
	REVENUE RECOGNITION AND CUT-OFF
	UNAUTHORISED & INCOMPLETE EXPENDITURE
	UNRECORDED LIABILITIES
	FICTICIOUS EMPLOYEE PAYMENTS
	IMPAIRMENT OF ASSETS     DROVISIONS
	<ul> <li>PROVISIONS</li> <li>DISCLOSURE OF LEASES TO GROH OR EMPLOYEES IN ACCORDANCE WITH</li> </ul>
	AASB 16
6.	AUDIT MISSTATEMENTS
7.	AUDIT FINDINGS
8.	KEY CHANGES FOR NEXT YEAR

6.2 Correction to Prior P	ublication			
Corporate Services				
Responsible Officer:	Leah Boehme, EMCS			
Author:	As above			
Legislation:	Local Government Act 1995 Local Government (Audit) Regulations 1996			
File Reference:	Nil			
Disclosure of Interest:	Nil			
Attachments:	Attachment 6.2A – 2017/18 Shire of Merredin Annual Report			
	Attachment 6.2B – 2017/18 Shire of Merredin – Annual Financial Statement 17.18 (Audited)			

	Purpose of Report	
Executiv	e Decision	Legislative Requirement

As a matter of transparency, and correction of the public record, to notify Council of an error in a section of the Annual Report 2017/18 document publicised by the Shire of Merredin.

Background

In completing the 2022/23 Annual Financials for the Shire of Merredin, an error was discovered with the information published in the Shire of Merredin Annual Report 2017/18 (Attachment 6.2A).

The 2017/18 figures submitted to, and assessed by the Auditor and Office of the Auditor General were correct, so there are no financial implications or prior period errors required to be made. The error has been an administrative one, with the incorrect copy of the financials (containing an incorrect asset valuation) being appended to the published financial report, rather than the correct, audited documents.

### Explanation of error:

A late change to the square metre unit value of the roads sub-grade was made in the 2017/18 audit process, as part of the

2017/18 infrastructure asset revaluations. The per unit value was then applied across the subgrade component of the Shire's roads to calculate the total subgrade value. This figure was then used in the calculation of the written down total road values.

It appears the accurate document (Attachment 6.2B), with the correct subgrade unit figure, was signed off by the auditors, however the unaudited financials with an incorrect subgrade figure, were attached to the Annual Report and presented to the Audit Committee and to Council. This is likely a result of an earlier version of the document being used.

The discrepancy between the two documents was an overall difference in depreciated total roads value of \$252,796,614.26.

The correct figure for depreciated total roads was \$133,158,035.00, where the incorrect figure in the publicised document was \$385,954,649.26.

The difference is shown in excerpts from the two documents below:

2017/18 Annual Report:

2017/18 Audited Financials:

	Infrastructure - Roads		Infrastructure - Roads
Delense et 4, hels 2040	\$	Balance at 1 July 2016	\$ 272.987.329
Balance at 1 July 2016	272,987,329		
Additions	2,281,898	Additions	2,281,898
Depreciation (expense)	(1,894,359)	Depreciation (expense)	(1,894,359)
Transfers		Transfers	
Carrying amount at 30 June 2017	273,374,868	Carrying amount at 30 June 2017	273,374,868
Additions	2,332,353	Additions	2,332,353
Revaluation increments/ (decrements)		Revaluation increments/ (decrements)	
transferred to revaluation surplus	112,205,450	transferred to revaluation surplus	(140,591,164)
Depreciation (expense)	(1.059.022)	Depreciation (expense)	(1.958.022)
Carrying amount at 30 June 2018	385,954,649	arrying amount at 30 June 2018	133,158,035

As you can see , the 'Revaluation increments/ (decrements) transferred to revaluation surplus' figures were different, which subsequently altered the 'Carrying amount at 30 June 2018.' This did not however, impact on the carry forward or other cash balance of the Shire budget at the time.

### Comment

After this matter was identified while conducting the 2022/23 asset revaluations, discussions were held with the Shire auditors on the most appropriate treatment of the publication error.

As the correct figures were assessed by the Auditor and Office of the Auditor General, there are no financial implications or prior period errors that are required to be disclosed, however, it was determined that an item would be brought to the Audit Committee to correct the public record, and transparently explain the difference in the documents.

The difference would be publicly visible if comparing the roads infrastructure carrying value from the 2017/18 and 2018/19 annual reports.

While the published annual report will not be corrected, a note will be made on the annual report landing page on the Shire website to point to this correction.

**Policy Implications** 

### **Statutory Implications**

As per the Local Government Act 1995 and Local Government (Audit) Regulations 1996.

Strategic Implications					
Ø Strategic Community Plan					
Theme:	4. Communications and Leadership.				
Service Area Objective:	4.2 - Decision Making.				
	4.2.2 – The Shire is progressive while exercising responsible stewardship of its built, natural and financial resources.				
Priorities and Strategies for Change:	Nil				
Ø Corporate Business Plan					
Theme:	Nil				
Objective:	Nil				
Timeline:	Nil				
Sustainability Implications					
Ø Strategic Resource Plan					
Nil					
Risk Implications					
There is no financial implication as a result of the prior publication error, however, to					

There is no financial implication as a result of the prior publication error, however, to minimise the chance of reputational risk, and on the advice of the Auditors, the Administration have corrected the public record via this report.

Financial Implications	
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Nil

	Voting Requirements		
Sim	ple Majority Absolute Majority		
	Resolution		
Moved:	Cr Simmonds Seconded: Cr McKenzie		
	That the Audit Committee:		
<ol> <li>NOTE that the Financial Report 2017/18 included in the publicised Shire of Merredin Annual Report 2017/18 was not the audited version of the annual financials;</li> </ol>			
83276	2. NOTES this resulted in a reporting difference in depreciated total roads value of \$252,796,614.26 in the 2017/18 Annual Report. The correct figures were published in the 2018/19 Annual Report, and have been used since; and,		
	3. RECOMMEND that Council note point one and two above.		
	CARRIED 4/0		

For: Cr M McKenzie, Cr R Manning, Cr B Anderson, Cr M Simmonds

Against: Nil

# SHIRE OF MERREDIN ANNIAL REPORT



ANZAC Day is a proud and celebrated occasion in Merredin with its long standing military history. Many Merredin Shire residents fought in many of our country's wars. In 2018 Merredin marked the occasion (as always) to allow for the community to pause for a moment and remember it's fallen.



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To be a vibrant regional centre offering a comprehensive range of regional services which improves the quality of life of the people within the Shire and Central Wheatbelt.

Our Mission

To work with all communities in the Central Wheatbelt to support social and economic development

Our Community Vision





# Integrated Planning & Reporting Framework

## COMMUNITY ENGAGEMENT

# Strategic Corporate Annual Budget **Business Plan Community Plan** (1 Year) (4 Years) (10 Years) What's it for? What's it for? What's it for? The Corporate Business Plan is the 4 year plan created to implement the first 4 years of strategic goals outlined in the Strategic Community Plan. Like the Strategic Community Plan, it is reviewed on a minor basis every two years and a new plan is created when a major review is The Strategic Community Plan is made using the Merredin community's feedback. It sets Merredin's strategic direction for the next 10 years based upon this feedback. The plan is reviewed on a minor

basis every two years and on a major basis every four years. A major review was undertaken in March 2018.

created when a major review is undertaken after 4 years. A new plan was created in March 2018.



operational expenditure for projects from the first year of the Corporate Business Plan and also general ongoing expenses. The Annual Budget is adopted at the beginning of each financial year and also sets out the Fees

and Charges for various services the Shire provides to the Merredin community.

## OUTPUTS

#### **Plan Monitoring & Annual Reporting**

Both the Strategic Community Plan and Corporate Business Plan will be monitored (minor review after 2 years and a major review after 4 years) and their progress reported back to the community via quarterly reports. For each financial year an Annual Report (as per the Local Government Act 1995) will be produced which reports back to the community the actions taken during the financial year.

### **INFORMING STRATEGIES**

The 'Informing Strategies' are supporting documents which are used by Council to test and inform the long-term aspirations of the Strategic Community Plan and to guide the deliverables which can be achieved in the Corporate Business Plan and Annual Budget.



Strategic Resource Plan 2016 – 2031 This valuable plan is part commitment to an integrated approach to planning for the District's future. It provides the Council and the financial and asset management circumstances and



2015 - 2019 The Plan identifies the operations of the Shire of Merredin, ensuring the needs and

Shire President's Message



In a year where we welcomed some new faces on Council, there has been some significant achievements and progress in key projects.

#### CEACA INC.

4

As reported in the 2016/17 Annual Report, the tender for the design and construction of the CEACA Inc independent living units was released in July 2017, and at a Special Council Meeting in October 2017 Council (as the holder of the Royalties for Regions funds for the project) adopted both WALGA's and CEACAs recommendation to award the contract to Pindan Contracting Pty Ltd.

With the change in State Government there were concerns around whether the \$22 million in previously approved funding would be honoured, with \$5 million needing to be reimbursed to the State Government, and the number of units decreased from 75 to 72 across the project. However, CEACA is grateful that the project has been able to continue whilst maintaining a great deal of the project's original intent.

Construction of the units across the 11 local governments is expected to commence early in the new financial year.

#### LOCAL GOVERNMENT ELECTIONS

October 2017 saw 3 new faces joining Council. with Councillors Roy Butler, Julie Flockart and Romolo Patroni joining Councillor Mal Willis in being successfully elected to represent our community.

I would like to take this opportunity to thank outgoing Councillors, Caroline Blakers, John Flockart and Maria Young for their years of dedication and service whilst on Council. I would also like to acknowledge Councillor Mark Crees who chose not to renominate for the position of Deputy President, which apart from a short break between 2011-2013. was a position he had held on Council since 1999. Cr Crees is also our longest serving Councillor having served on Council for the last 23 years.

In filling the role of Deputy President I would like to congratulate Councillor Mal Willis who was elected to the position unopposed. Councillor Willis is an active member of Council and I would like to thank him for his dedication and commitment to the community.

#### NORTH MERREDIN PRIMARY SCHOOL REDEVELOPMENT

Following a 12-month process involving comprehensive consultation with community groups to ascertain their aspirations and needs. Council adopted the Community Facilities Review at its December 2017 meeting (CMRef 82102).

The process involved the mapping of community facilities and services to assist with the setting of realistic goals taking into account resource constraints. The purpose of the Review was to investigate opportunities to consolidate Shire owned and managed facilities and collocate services, with the overall objective being to maintain fewer facilities to a high standard whilst maintaining the current level of community organisations and associated services.

The Review identified implementing stage two of the North Merredin Primary School redevelopment as a key project. Stage one involved the refurbishment of the old administration and adjacent classrooms to accommodate the Shire library, with the relocation occurring in April 2016.

The stage two refurbishment of the remainder of the school site will include classrooms 6, 7 and 8, the old school library, school canteen, ablution facilities, undercover area and quadrangle which will enable collaboration and collocation of identified community groups resulting in a multi-purpose, cross-generational community hub that supports a range of activities and services.

The construction of the CEACA Inc independent living units will also play an integral role in the development of the community hub. It is envisaged that the residents will utilise the facilities and services within the precinct particularly the proposed multi-purpose function room.

Also included in the redevelopment is the construction of an off-leash dog park in the eastern portion of the site. Whilst grant funding will be critical to the project, with applications being submitted to a number of agencies, Council looks forward to contributing to the project and seeing it come to fruition.

#### CLOSING ACKNOWLEDGEMENTS

In closing I would like to extend my gratitude to those who have worked closely with the Shire of Merredin over this last financial year, specifically my fellow Councillors, our Chief Executive Officer and his hardworking team who together on a daily basis commit themselves to ensuring the best outcomes for our community.

Thank you also to the many community groups and organisations, businesses and sporting clubs who have contributed to our achievements. With ongoing cooperation and collaboration we can continue to realise our goals and objectives.

Cr Ken Hooper

Shire President

Your Council



Cr Ken Hooper SHIRE PRESIDENT Term expires 2019





Cr Mal Willis DEPUTY SHIRE PRESIDENT Term expires 2021



Cr Julie Flockart COUNCILLOR Term expires 2021



Cr Mark Crees COUNCILLOR Term expires 2019



Cr Romolo Patroni COUNCILLOR Term expires 2021



Cr Brad Anderson COUNCILLOR Term expires 2019



Cr Roy Butler COUNCILLOR Term expires 2021



Cr Matt Crisafio COUNCILLOR Term expires 2019



Cr Leah Boehme COUNCILLOR Term expires 2019

# Chief Executive Officer's Message



4

In these challenging financial times, the Shire of Merredin continues to provide valuable services and facilities to the community.

#### INTEGRATED PLANNING AND REPORTING -STRATEGIC COMMUNITY PLAN

In 2012/13 the Shire of Merredin prepared its first suite of plans to meet the requirements of Western Australia's Integrated Planning and Reporting (IPR) Framework. In the 6 years since then Council and staff have worked hard to achieve the community's vision and the things we were told are important to the community.

Typically the Strategic Community Plan undergoes a major review every four years with a minor review every two years. Merredin adopted its first plan in 2012 with a minor review undertaken in 2014 and a major review in 2016. In order to bring the Strategic Community Plan in line with the Council election period, a major review was undertaken in 2018.

This review process commenced in January 2018 and included a number of community engagement meetings. The consultation was completed in April 2018 and it is anticipated that the final draft of the Strategic Community Plan: Innovating the Wheatbelt 2028+ will be adopted by Council at its July 2018 meeting. At this time the Corporate Business Plan is also expected to be adopted thus guiding the Shire forward towards 2028.

#### COOLING SYSTEM FOR MRCLC

After many years of investigating options and consultation with the sporting clubs involved (in particular the Merredin Basketball Association) consultants were engaged in May 2017 to prepare a mechanical engineer's report to ascertain suitable cooling options and approximate costings for the MRCLC. In addition to the engineering report, staff also undertook comprehensive research with the outcome identifying that sweeping fans. in conjunction with ventilators, would be the most cost effective system. With financial contributions from the Merredin Sports Council, Merredin Basketball Association and Council the system will be installed in readiness for the 2018/19 basketball season.

#### SALE OF LAND - MERREDIN MEDICAL CENTRE

Whilst unexpected, Council was pleased to accept an offer from Dr Gabnel Adeniyi to purchase the Merredin Medical Centre building. Dr Adeniyi had leased the property from Council for close to a decade and it is pleasing to see his commitment to the medical services available in Merredin.

Council agreed to the sale at its March 2018 meeting (CMRef 82147) and the windfall in funding will be allocated to works upgrading equipment in Apex Park. The Park was identified as a priority area by Council and the community as a result of the Strategic Community Plan consultations.

#### MERREDIN'S GREEN CREDENTIALS

Following on from the President's comments in the previous Annual Report, the Shire is continuing with its environmentally friendly approach with the installation of solar panels on both the Library and Central Wheatbelt Visitors Centre. While as an organisation Council is not entitled to the same rebates available to residential customers under the solar schemes, the panels still provide benefit by decreasing the ongoing operational electricity costs for both venues.

Also assisting in reducing power consumption are the recently installed variable speed drives (VSDs) at the Pool and recycled water system pumps. making them more energy efficient. Additionally, a new pump was installed to more efficiently collect water from the town's stormwater catchment network. This water is used across the Shire's parks and gardens including Roy Little Park, Apex Park, the Gt Eastern Highway gardens and the MRCLC, meaning the Shire does not need to source water from the mains Scheme system.

#### FUNDING CONSTRAINTS

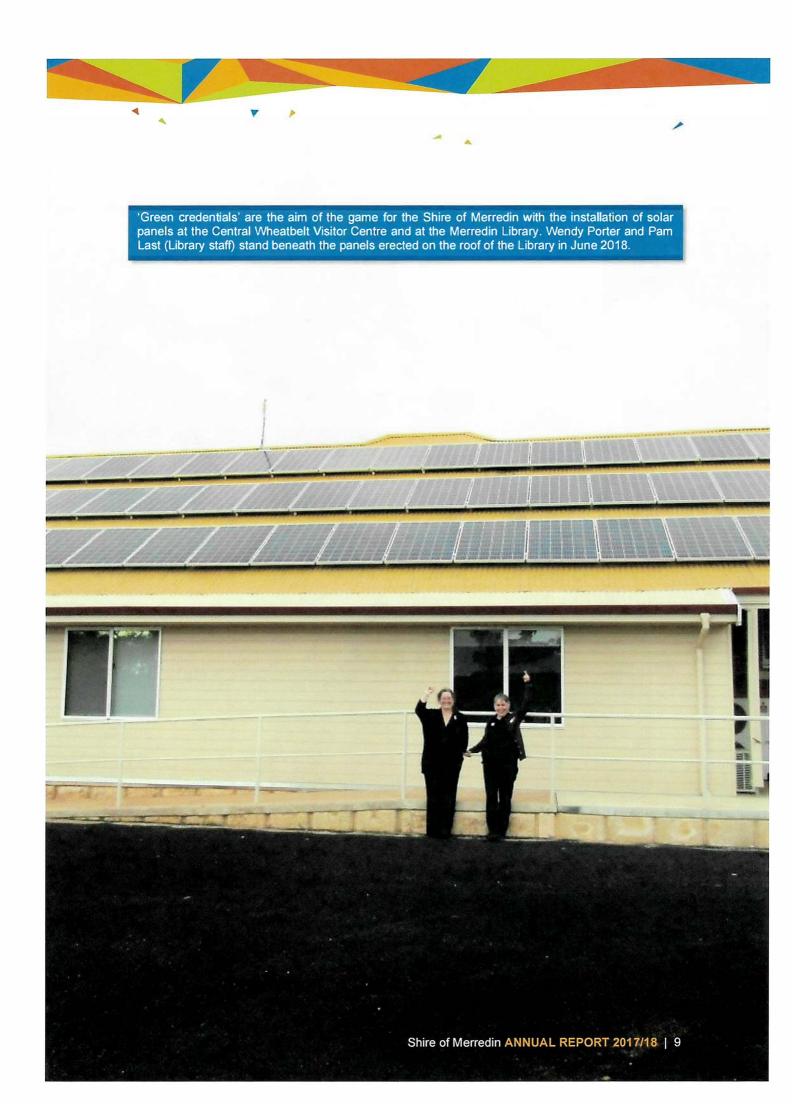
Due to the financial constraints being experienced by all tiers of government, funding for capital works is extremely limited. This, along with the low rate increases being implemented each year, means that significant capital expenditure across the Shire is severely restricted.

Consequently, from an Administration perspective, activities are focussed towards maintaining, and where possible improving, the current level of access, maintenance and services in line with best practice and the level of funding available. Should additional funding be available, where appropriate it will be directed towards ensuring facilities are maintained to the highest standard for the benefit of the whole community.

#### CLOSING ACKNOWLEDGEMENTS

The past year has seen the employees of the Shire work hard to achieve the community's vision and improve the way we deliver the services we provide. Next year we will be guided by the new Strategic Community Plan 2028+, which builds on the work already undertaken. I look forward to ensuring it all comes together.

*Greg Powell* Chief Executive Officer





Year in Review

### **CORPORATE SERVICES**

### In 2017/18 every \$100 the Shire of Merredin spent was:

\$35.50	on Roads	\$8.50	on Community Amenities
\$5.00	on Law, Order & Public Safety	\$29.50	on Recreation & Culture
\$2.50	on Health	\$4.50 on Governance	
\$1.00	on Education & Welfare	\$8.00	on Economic Services
\$2.00	on Housing	\$4.50	on Other Services

### **WORKS & SERVICES**

### During 2017/18 the Shire:



Completed 13.3km Reseal (spray seal) of roads \$443,990



Completed 14.2km Re-sheeted/stabilised gravel roads \$586,997



Completed 5km Reseal (asphalt) of roads \$151,394



Maintenance/minor improvements to Parks & Gardens \$406,707



Completed 6km Road reclamation projects \$170,786



Road maintenance / grading / minor improvements \$1,020,705

### **MEDIA & COMMUNICATION SERVICES**

During 2017/18:



76 Tweets were posted on the Shire's Twitter page





276 Posts were posted on the Shire's Facebook Page

155 Posts were posted on the Visitor Centre Facebook Page



# DEVELOPMENT SERVICES

During 2017/18 the Shire:



Issued 49 Building Approvals \$4,921,800



Completed 2 Re-subdivisions / Amalgamations



Completed 2 Local Planning Scheme Amendments





Issued 24 Planning Approvals



## **COMMUNITY SERVICES**

During 2017/18 the Shire completed:



Received 8,616 Visitors to the Library



Held 44 Shows at Cummins Theatre



Received 4,824 New Items to the Library



Sold 2,293 Tickets to Shows at the Theatre



Checked Out 13.640 Items from the Library



Organised and held 8 Community Events

# - ASAM

In March 2018 twenty nine doctors in training from Notre Dame and Curtin University were unleashed on Merredin when they visited the township and other country towns around the area to get a taste of practicing medicine in the Wheatbelt.

The students were billeted by local families – a very big thank you to those families. Whilst in Merredin they visited the local medical practices, the hospital, schools, took the time to check out a farm, the Central Wheatbelt Visitor Centre and other facilities and attractions. It was great to have them and Merredin can't wait to meet the 2019 batch of students.

Pictured: Warren & Donna Crook who kindly hosted Tiffany Lee & Chris Chi from Curtin University.



About this Report

Welcome to the Shire of Merredin's 2017/18 Annual Report. Every year the Shire provides vital community services and the Annual Report is where we can highlight the achievements and the progress made towards reaching the strategic goals identified in the Strategic Community Plan 2016-2026.

Under the *Local Government Act* 1995 all local governments are required to prepare an annual report at the end of each financial year. The Annual Report is one of our key reporting devices, which provides information to the community on the work completed in the past financial year. It identifies Council priorities and major

projects being undertaken or planned and includes community indicators based on the goals and strategies outlined in the Strategic Community Plan.

The report also details the Shire of Merredin's operational performance and outlines the achievements and challenges that were experienced throughout the year.

For the Shire of Merredin, our community comes first so we're big on providing financial and in-kind support to a number of community groups. During 2017/18 Council did so for the following community organisations:

Organisation	Cas	Illin-kind	Description	
Merredin Community Resource Centre	\$3,000	\$900	Hosting Australia Day Breakfast, Senior's Luncheon & Thank a Volunteer and to facilitate 2 workshops to upskill volunteers	
Merredin Men's Shed	\$350	\$1,250	Hosting 2017 WA Men's Shed Annual Conference	
Merredin Community Singers (auspiced by Merredin Repertory Club)		\$1,800	Hosting of Songfest	
Wheatbelt Agcare	\$1,000		Provision of family counselling to Merredin and surroundir districts	
Agricultural Women Wheatbelt East		\$1.000	Hosting of regional conference to showcase food production in Merredin	
Merredin Agricultural Society		\$11,350	Support for Merredin Show	
Merredin Playgroup	\$6,050		Renewal of air-conditioning system	
Merredin Museum & Historical Society	\$2,068		Installation of power on the veranda of Railway Museum	
Merredin College Chaplain	\$3.000		Providing support services to students	
MADCAPS	\$4,419		Provision of pool fencing and outdoor blinds	

The Shire of Merredin also organises and supports a number of community events within Merredin for a variety of reasons and causes such as the inclusion of all community members, diversity of the cultural and traditional groups living in Merredin and variety for the type of events held.

Each event attracted participants and spectators from within town and the surrounding areas. The main events organised/supported by the Shire during 2017/18 included ANZAC Day, the Twilight International Food Festival, NAIDOC week, Gala Night and school holiday activities run by Merredin Regional Library and Cummins Theatre.

The Shire also supported other community events including the opening of the Rolling Stock Cover at the Merredin Railway Museum in conjunction with the completion of the CBD Upgrades – Stage 1, Curtin and Notre Dame Medical Student Immersion Program, Lenihan Park Nature Play (in partnership with various community groups and key stakeholders) and the Merredin Show. Being accessible is vital for Councillors in making sure they can accurately represent the community they live in. Council were involved in the Create Booth at the Merredin Show in March 2018 and the Informal Community Forum held in June 2018 enabling one on one informal conversation. During the consultation process for the Strategic Community Plan Council and Shire staff made sure as many community groups and individuals as possible were given an opportunity to attend the workshops and provide feedback.

#### WHERE TO FIND THIS REPORT

Copies of this report can be obtained in the following ways:

- In person: Collect a hard copy from the Shire administration office or Library
- Online: www.merredin.wa.gov.au
- Email: admin@merredin.wa.gov.au

#### COMMENTS

Council and Shire officers are keen for any feedback you may have on the Annual Report. This can be in writing and dropped off at any Shire venue or emailed to the Shire at: admin@merredin.wa.gov.au.





#### ACCESS & INCLUSION PLAN

The Disabilities Services Act 1993 requires Council to report on its Access & Inclusion Plan (AIP) achievements within its Annual Report. The 2017/18 AIP progress report highlighted the following achievements

- Fitting of automatic doors to the old Town Hall building to improve access for the elderly;
- Finalisation of the upgrades to the central business district parking facilities, incorporation of a new asphalt seal, provision of new line markings and dedicated ACROD bays, provision of additional crossovers and footpaths between Barrack Street shopping facilities and the car park; and
- Expenditure of \$280,000 in the 2017/18 financial year on the provision of new footpaths within the Shire.

#### **EXECUTIVE REMUNERATION**

Regulation 19B of the *Local Government (Administration) Regulations* 1996 states the Annual Report is to include the number of employees entitled to an annual salary of \$100,000 or more, and the number of those employees with an annual salary entitlement that fall within each band of \$10,000 over \$100,000.

As at 30 June 2017 the Shire has 4 employees entitled to an annual salary more than \$100,000:

SALARY RANGE	EMPLOYEE(S)
\$100,001 - \$110,000	1
\$110,001 - \$120,000	2
\$120,001 - \$130,000	0
\$130,001 - \$140,000	0
\$140,001 - \$150,000	0
\$150,001 - \$160,000	0
\$160,001 - \$170,000	0
\$170,001 - \$180,000	0
\$180,001 - \$190,000	0
\$190,001 - \$200,000	1

#### **RECORD KEEPING**

The Shire's reviewed Record Keeping Plan, as adopted by Council at its September 2015 meeting, is in operation - as far as all incoming correspondence is captured onto the electronic records system and then allocated to the relevant officer for attention whilst the hardcopy is filed. Work continues in educating officers of the procedure for incoming and outgoing correspondence via email.

Work has also commenced with regard to capturing archived "permanent records" onto the electronic system. The archived hardcopy records are temporarily being held in a secure building, however, this is not dust free nor fire protected but we are working towards satisfying regulations in this regard.

#### REGISTER OF COMPLAINTS OF MINOR BREACH

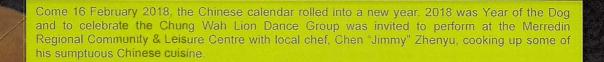
In accordance with Sections 5.53(2) and 5.121 of the *Local Government Act 1995*, the Annual Report is required to disclose the number of complaints of minor breach received each year.

There were 0 complaints received in 2017/18.

#### COUNCIL SERVICES

The Shire continues to provide vital community services to the Shire of Merredin's residents. These services include:

- Provision of a Rubbish Tip
- Kerbside collection of general waste and recycling
- Sporting facilities including the Merredin Regional Community & Leisure Centre Precinct and the Merredin Olympic Swimming Pool
- Tourism Services via the Central Wheatbelt Visitor Centre
- Library services via the Merredin Regional Library
- Entertainment services via Cummins Theatre and community events such as the annual International Twilight Food Festival and Gala Night
- Maintenance of parks, gardens, public toilets and public spaces
- Maintenance of roads
- Maintenance of cemeteries including preparation of plots for burial
- Maintenance of community building facilities and grounds
- Provision of planning and building services
- Provision of environmental health services (septic tanks, water monitoring, etc.)
- Provision of ranger services
- Provision of registration services for cats and dogs
- Provision of fire break information and compliance
- Communication of events via social media which are happening around town and in adjacent Shires
- Provision of Natural Resource Management / Landcare Opportunities
- Provision of the Community Grant Scheme which provides applicants with funding support for a variety of events, causes, builds, etc.
- Provision of licencing services on behalf of the Department of Transport which is an invaluable core service provided. During 2017/18 the Licensing Centre processed a considerable number of transactions, with Council commissions totalling approximately \$84,258.



Strategic Community Plan

The Shire of Merredin's Strategic Community Plan 2015-2026 is the overarching document developed to embody the aspirations and goals of the Merredin community. The themes and goals identified underpin the strategies and outcomes that Council and the Shire of Merredin will be measured against to ensure the future desires of the community are attained. The Strategic Community Plan underwent a major review in March 2018 to obtain new feedback from the Merredin community and set new strategic goals based on that feedback. The updated plan (entitled 'Strategic Community Plan: Innovating the Wheatbelt 2028+) will be aligned with the 2018/19 Annual Report but for 2017/18 the Strategic Community Plan 2015-2026 is aligned.



Strategic Goal: The population and economic base is expanding sustainably.

#### **Key Priorities:**

- Economic Development
- Accomodation
- Civic Leadership, Advocacy and Regional Collaboration
- Governance

Liveable

**Strategic Goal:** Merredin has the services, facilities, characteristics and heritage that continues to make Merredin a great place to live and contribute to a liveable region.

#### Key Priorities:

- Health Facilities and Services
- Key Assets
- Built Heritage
- Town Enhancement

# Inclusive

Strategic Goal: Merredin (and the region) is an area that is welcoming of diversity.

#### **Key Priorities:**

Community Spirit

# Naturally Resourceful

**Strategic Goal:** Merredin is renowned for its innovation in agriculture, water and energy. It enhances the quality of the natural environment.

Key Priorities:

Natural Environment



Developing

The following 'Strategies' (eg: SP.D1.1, etc.) are outlined in the Strategic Community Plan 2016-2026. The Plan is a 'living' document which is reviewed and updated with new Strategies as the projects known as 'Actions' under each 'Strategy' are completed. Actions' to be completed are listed within the Corporate Business Plan 2015-2019. This document is also a 'living' document reviewed every two years in conjunction with the Strategic Community Plan. The status of all 'Actions' has been marked as follows:

✓ Completed	Commenced	× Not Commenced	ව Ongoing
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### R Action Removed upon Review

Where an Action has been removed, this is usually because upon review there were no opportunities at the current point in time to achieve the action or it is the type of Action needing to be carried out by the private sector and cannot be achieved by the Shire of Merredin.

# SP.DI.1 – Implement recommendations identified in the 'Growing Our Community' an economic development and implementation strategy and Central East Sub-Regional Economic Strategy

- Funding approved to construct 26 Independent Living Units at North Merredin Primary School site.
- Investigations to develop Merredin as a horticulture hub has commenced but opportunities remain with the private sector.
- Investigations currently being undertaken by the Department of Primary Industries and Regional Development on biogas potential.
- Completion of Spirulina Facility Study. Opportunities remain with private sector involvement.
- Maintained financial contribution to support MADCAPS.

#### **Corporate Business Plan Actions**

1.	Advocate for the development of affordable accommodation for workers and young professionals	R
2.	Investigate the feasibility of developing a desalination plant in Merredin	×
3.	Support the investigation of the feasibility of developing a biomass/biogas plant within the Shire of Merredin	Č
4.	Support the investigation of the development of a local business group to engage in economic development activities	Č
5.	Consideration of the Spirulina Feasibility Study	✓
6.	Support the development of additional child care services and collocation of early years services.	

# SP.D1.2 – Proactively promote Merredin as a place to live, work and invest; within and outside the community

Development of WEROC app and website. The platforms have the capability to promote Merredin globally.

### Corporate Business Plan Actions

 Development and implementation of a marketing plan to attract potential business, industry and residents to Merredin

### S

# SP.D1.3 – Promote new commercial and industrial development through appropriate zoning of land, provision of suitable infrastructure and efficient and effective business approval processes

The Shire of Merredin Development (Planning) Approval and Building Permit Approval processes have been streamlined with all applications being assessed and approved within statutory mandated timeframes.

The Shire of Merredin Local Planning Scheme No. 6 was amended twice (Amendments 4 & 5) during the 2017/18 financial



year. The Local Planning Scheme is current and in conjunction with the recently reviewed Local Planning Policies serves the needs of the community well. Advice received from the Western Australian Planning Commission (WAPC) is that the *Planning and Development (Local Planning Schemes) Regulations 2015* are in the process of being reviewed with the view of requiring a review of Local Planning Schemes once every 10 years. As such, the next review of the Shire's Local Planning Scheme will not take place until 2021.

Corporate Business Plan Actions

1. Regular review of the Shire of Merredin Town Planning Scheme No 6

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# SP.D1.4 – Pursue opportunities associated with NBN in partnership with other regional organisations

- Supported implementation of South Western Wireless rollout to commence in February 2018
- NBN available at the end of 2018 within Merredin townsite

#### Corporate Business Plan Actions

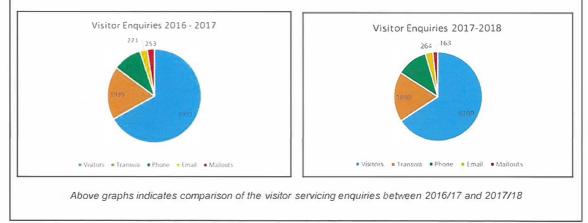
- 1. Seek regular status of telecommunication plans and inform the community the current status of all telecommunications projects and services
- 2. Investigate opportunities associated with NBN

### SP.D1.5 – Facilitate further development of local and regional tourism

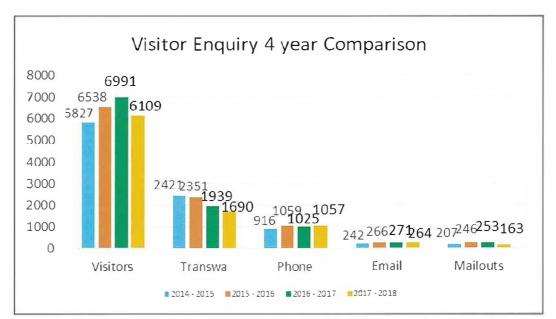
- Initiatives developed include
- Renewal of Signage
- Shade Shelter & Interpretative Signage at Visitor Centre precinct
- Implementation of local tourism famils
- Local Strategic Tourism Plan
- Eastern Wheatbelt Tourism Plan

#### VISITOR SERVICES

The Central Wheatbelt Visitors Centre (CWVC) continues to be the dominant hub visitor centre and professional servicing point for Merredin and the Eastern Wheatbelt. Staff provide a professional level of visitor servicing and call to action for Australia's Golden Outback (AGO) and Wheatbelt cooperative marketing campaigns. The centre is currently open Monday to Friday 8:30am to 4:30pm.







Graph indicates a 4 year comparison of the visitor servicing enquiries



Graph indicates a steady increase of website visitation over a 6 year period

#### Annual Licence & Membership Renewals

The CWVC is committed to provide a professional accredited Level 2 regional visitor centre and with this obligation, a number of annual licences and memberships are required. The Tourism Council WA conducted an onsite Australian Tourism Accreditation Program (ATAP) assessment in February 2017 as part of their requirement for procedures and policies. A certificate of accreditation for 2017/18 was awarded.



ASIC Australian Business Name – Renewal due April 2019

#### Tourism Council WA Ltd-- Renewed June 2018

- Australian Tourism Accreditation Program (ATAP)
  - VCWA Visitor Centre Golden I Membership
- VC Level 2 Membership and Marketing Levy
- Tourism Council WA Bronze Membership
- Italic I Marketing
- Australia's Golden Outback (AGO) Gold Membership renewed June 2018

#### Australia's Golden Outback (AGO) / Wheatbelt Cooperative Marketing & Trade Shows

The CWVC continues to support AGO in regional tourism promotion including:

- 2018 Perth Caravan and Camping Show staff coordinate and attend this important trade show annually supported by sub-regional tourism professionals.
- 2018 VIC Caravan & Camping Show the Tourism Officer travelled to Melbourne to represent the Wheatbelt and AGO for Tourism WA to the Victorian self-drive market.
- The CWVC Manager remains the current Wheatbelt Representative on the AGO Board with the two year term expiring in October 2019.

#### AGO Cooperative Advertising - Weekend West Australian & Sunday Times Travel Section

- 3 x Wheatbelt Self Drive Trail Pioneers' Pathway and Golden Pipeline
- 1 x Wheatbelt Wildflowers Pioneers' Pathway and Golden Pipeline in cooperation with NewTravel for the Wheatbelt Way

#### Event Packages

 The Visitor Centre now has Visitor Packages to promote Merredin accommodation/Cummins Theatre/tour with Transwa rail options http://www.wheatbelttourism.com/packages

#### Other Advertising – Annual Holiday Planners, Tourism & Community Publications

- CWVC continues to support annual marketing tools for the promotion of Merredin including:
- AGO Holiday Planner 2018
  - o Self-drives Pioneers' Pathway and Golden Pipeline Heritage Trail
  - o Shire of Merredin full page town and attraction information
  - Merredin and Districts Community Phone Directory CWVC Services

#### **Regional Tourism Promotion**

- Edition 4 of The Eastern Wheatbelt WA A Visitors' Guide -. 25,000 copies distributed state wide. Edition 5 is in the process of a reprint due out October 2018
- Under the banner of the Eastern Wheatbelt Tourism Group. NewTravel, Roe Tourism Association, CWVC for WEROC and member Shires of Cunderdin and Tammin continue to hold quarterly meetings developing regional tourism initiatives that benefit all EW sub-regions and strengthening the Eastern Wheatbelt tourism.

#### WEROC App & WEROC Website

The CWVC Tourism Officer continues to manage the Wheatbelt East Regional Organisation of Councils (WEROC) app with data collection for businesses and tourism attractions and events updated as required.

#### Central Wheatbelt Visitor Centre Membership

Working towards a more sustainable future, the CWVC continues the annual initiative to call on membership support from all businesses in the Eastern Wheatbelt currently listed on wheatbelttourism.com. Four levels of membership were offered including an affiliate/not-for-profit level 4.

#### Central Wheatbelt Tourism Website

www.wheatbelttourism.com continues to be managed in-house by the CWVC Tourism Officer monitoring a steady increase in visitation to the site.

#### Retail & Consignment Stock

 Continue to increase consignment stock from local produce, products and regional arts and crafts suppliers building up a range of regional handmade items.



Increasing our Wheatbelt historical and natural history publications, many of which are sold from the list of
publications on our website.

#### Local Initiatives

- The 'Explore Merredin' Brochure including town and regional map continues to be the key marketing tool for the Shire of Merredin and is distributed by the CWVC to the Eastern Wheatbelt and state VC's as requested.
- Merredin Tourism Group continues to work collaboratively with CWVC Member businesses, the Museums' volunteers and interested community members to develop and increase the interest of Merredin's attractions through famils and community awareness opportunities.
- CWVC continues to work with FORM to promote and market the Public Silo Art Trail
- CWVC continues to work with National Trust WA to promote and market the Golden Pipeline Heritage Trail
- CWVC continues to work with AGO and Transwa to promote Cummins Theatre event packages to the Perth market.
- Created a local Merredin Bird Guide printout for visitors

#### Regional Visitor Centre Sustainability Grant Application

Round 3 - Projects funded and completed for this third and final round

- Project 1 Improving Image & Appearance
  - a. Custom book shelves, a visitor counter and seating with a USB & power charging facility, a new CWVC public notice board and upgrade of the centres public seating area with a TV monitor.
  - b. A second external window decal with Australian War Memorial historical images of the WWII Australian General Hospital site at Merredin Peak
  - c. Six Interpretation Panels inside the centre depicting the history and development of Merredin
  - d. CWVC branded sign for the front exterior wall
- Project 2 WIFI hotspot for CWVC
- Project 3 Staff Training: Social Media Tourism Workshops for whole of region, Certificate III Tourism for CWVC Staff
- Project 4 External bike rail to secure e-Tricycles to for hire

As a funding requirement the CWVC staff underwent a Tourism Boost Visitor Centre Stream mentorship in online bookings and visitor centre experience packaging.

Cor	Corporate Business Plan Actions		
1.	Implementation of identified strategies in the CWVC Business Plan	ڻ	
2.	Provision of relevant tourist information and marketing services	ڻ	
3.	Provision of support for local festivals and events	ت ا	
4.	Support a coordinated approach for tourism promotion and management	G	

# SP.D2.1 – Facilitate and develop alternative housing for professionals and workers

•	<ul> <li>Construction of 2 x 3 bedroom executive homes</li> </ul>		
•	Provision of housing through lease arrangements between the Shire of Merredin and Department of local medical practitioners	Housing and	
Corporate Business Actions			
1.	Advocate for the development of affordable accommodation for workers and young professionals	G	

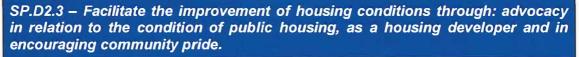


### SP.D2.2 – Collaborate and facilitate the development of aged accommodation

Funding confirmed for the construction of 26 Independent Living Units to be located at the North Merredin Primary School Site

#### **Corporate Business Plan Actions**

Support CEACA Incorporated in the implementation of identified outcomes outlined in the Verso Report to construct 50 independent living units within Merredin to accommodate seniors



The Shire's Environmental Health Officers conducted regular inspections of caravan parks, lodging houses, bed and breakfast and other public accommodation facilities for compliance with legislative requirements relating to the provision of essential services such as adequate numbers of bathroom, toilet and laundry facilities. This included the level of hygiene of the premises and provision of emergency escape, fire detection and firefighting appliances.

**Corporate Business Plan Actions** 

Develop and implement an accommodation plan to include the construction of residential dwellings

# SP.D3.1 – Collaborate with neighbouring Shires (and beyond) for the benefit of the region as a whole

- Development of WEROC app and website platforms
- CEACA Incorporated project to construct 72 independent living units to accommodate seniors within 11 Councils
- Wheatbelt Communities established to enable economic development in the region
- Continued Tourism Service MoU between WEROC Shires and Shires of Cunderdin and Tammin

#### Corporate Business Plan Actions

1. Continue to progress regional collaboration by participating in Wheatbelt East Regional Organisation of Councils strategies and similar regional partnerships

# SP.D3.2 – Seek external recognition, support and funding for Merredin's ongoing development, including as a regional centre

- Assisted the Wheatbelt Development Commission to develop the Draft Wheatbelt Tourism Growth Plan
  - Worked with the Wheatbelt Development Commission to prepare the application for the Regional Centre Development Fund

### **Corporate Business Plan Actions**

Actively seek external funding to support identified projects and initiatives

# SP.D3.3 – Advocate for State infrastructure and service investments to enhance the functioning of the Eastern Wheatbelt

Advocacy undertaken when the opportunity arises.

**Corporate Business Plan Actions** 

1. Work collaboratively with relevant State agencies to plan for future service infrastructure needs

Shire of Merredin ANNUAL REPORT 2017/18 | 24

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### SP.D4.1 – Implement accountable and good governance

Achievement of best practice in corporate governance is a major responsibility of Council. It entails the consideration and approval of Shire policies, strategic direction and resource allocation, as well as monitoring Shire performance, progress towards targets and use of resources. All policies and procedures implemented and all Compliance requirements have been met.

Of the 63 actions identified in the IPR Suite of Plans, 8 actions were fully completed, 44 are ongoing, 3 have not yet been commenced, 3 have commenced, 2 there are no current opportunities to activate the programs and 3 actions were removed.

A review and update of the existing Council policies was progressed during 2017/18. The review will confirm relevance and alignment between policies and will also help identify any areas which need to be addressed.

Corp	orate Business Plan Actions	
1.	Monitor, report and review IPR Suite of Plans	G
2.	Ensure policies, procedures and practice are effective, transparent and aligned with program delivery	ũ

# SP.D4.2 – Enhance interactive communication between the Shire and the community

On occasion when asked for feedback the community regularly communicates that they feel there isn't enough information provided to them by the Shire regarding events and other activities undertaken by Council. In 2017/18 the Shire has continued the same practices as usual and introduced others to improve communication. The methods of communication utilised by the Shire in 2017/18 include:

- Implementation and distribution of a monthly newsletter (known as 'Shire of Merredin Community News & Information)
- Publication of articles featured in the Phoenix newspaper fortnightly from the Library and Cummins Theatre and a 1 page feature of the Shire's most newsworthy articles from its newsletter on a monthly basis
- Daily posts relating a variety of topics on the Shire's social media channels which are Facebook, Instagram and Twitter
- Introduction in March 2018 of the 'Share It Blare It' campaign on Facebook. This great initiative is all about sharing details relating to community events, job opportunities, business promotions, etc. which are happening in and around Merredin. Events for Shires bordering Merredin are also promoted. Feedback has consistently related that community members would have attended an event if they knew it was on so this initiative has been great for helping community groups and business to gain extra exposure to new audiences by sharing information through the Shire's Facebook page
- Updates as necessary on the Shire website
- Publication of the Annual Report which relays the achievements of the Shire for the past financial year
- Conducting an Informal Community Forum in June 2018. This was attended by approximately 40 community members who's feedback will be presented to Council as a series of actions to be undertaken at Council's July 2018 Council Meeting
- Ad hoc interaction at various community events
- Liaison conducted as per the Shire's Customer Service Charter with community members who visit the Shire Office, Library, Visitor Centre and Cummins Theatre
- Stylised posters for Shire events in bright, eye-catching colours posted on the side of bins in the main street of Merredin and notice boards around town 3 – 4 weeks in advance of the event itself

In 2018/19 it is envisaged that communication methods will continue to be built on with the following initiatives to be undertaken:

- Creation and implementation of a Communication & Engagement Plan
- Review and restructure of the Shire's website
- Development of a social media content strategy to ensure that information is being relayed to community members
   at the optimal times

Cor	Corporate Business Plan Actions		
1.	Communicate with the community through various mediums	G	
2.	Engage the community in decisions which affect them	C	
3.	Provide a quality customer service to the community	G	



### SP.D4.3 – Practice prudent management of financial resources

FUNDING BODY	PROJECT	AMOUNT
Department of Transport	WA Bicycle Network Grants - DUP, CBD & Rail Crossing	\$40,000
Department of Local Government & Communities – Country Local Government Fund	Youth Development Program	\$10,000
The Department of the Environment & Energy	Goldfields Water Supply Scheme – No. 4 Pump Station	\$45,800
	Cummins Kids Expansion Program	\$14,080
Department of Local Government,	Kidsport	\$13,500
Sport & Cultural Industries	Country Local Government Fund – Youth Development Traineeship Program	\$17,995
Tourism WA	Regional Visitor Centre Sustainability Program – Round 3	\$20,239
Returned & Services League of Australia	ANZAC Day 2018	\$600
	Engaging Landholders to combat vegetation decline within the Shire of Merredin	\$20,000
Wheatbelt Natural Resource Management Inc.	Promoting Electric Vehicle Viability in the Wheatbelt – 2017 Sustainable Community Grants	\$13,985
	Inspiring Saline Water Processing & ReUse – 2017 Sustainable Community Grants	\$8,000
	Audience Development (Cummins Theatre)	\$73,840
Lotterywest	2018 Community Events – School NAIDOC, Cummins Theatre 90 <sup>th</sup> Birthday, Armistice Day, Gala Night, Twilight International Food Festival, ANZAC Day & Destination Merredin	\$9,000
Collgar Community Fund Pty Ltd	2018 Community Events – Twilight International Food Festival, ANZAC Day, Museum Open Days, School NAIDOC, Cummins Theatre 90 <sup>th</sup> Birthday, Armistice Day &	\$19,925

# SP.D4.4 – Develop an innovative, empowered and responsible organisation culture

The Shire strives to empower its Councillors and staff so that by extension they have the knowledge and training to perform their duties to the best of their abilities and ensure that adequate service is being provided to the Merredin community. As such, Councillors and staff undertook the following types of training during 2017/18:

- Various WALGA workshops and training sessions (new Councillors and staff)
- Department of Local Government, Sport & Cultural Industries workshop (new Councillors)
- Department of Transport course (licencing staff only)
- Moore Stephens (WA) Pty Ltd 2017 Nuts & Bolts Financial Essentials Workshop (staff only)
- IT Vision Training Workshop (records management staff only)
- Dangerous Dogs Assessing & Handling Course / Conference (staff only)
- 2017 WA Ranger Conference (staff only)
- Environmental Health Association 2017 State Conference & Workshop (staff only)
- Royal Life Saving Society Life Guard Training (swimming staff only)
- Diploma in Local Government Administration (community services staff only)
  - Age Friendly Communities Professional Development Day (tourism services staff only)
- WA Regional Tourism Conference (tourism services staff only)



- Better Practice Program Managing Social Media Impacts Forum (media & communications staff only)
- Content Marketing Workshop with Meg Coffey (tourism & communications staff only)
- LGIS Fire Management Workshop (staff only)
- LGIS Operational Leadership Course (finance staff only)
- DFES Training Courses being Sector Commander, Community Engagement, Bushfire Community Safety Messages, Ground Controller, Crew Leader Bushfire, Advanced Bushfire Firefighting, Machine Supervision, Pump Operations and WAERN Basic Radio Use (ranger services staff only)

Documents instrumental in the operation of the Shire of Merredin can also date so during 2017/18 the following documents were reviewed and updated:

- Policy Manual
- Strategic Resource Plan 2016 2031
- Delegations Register
- Risk Management Framework specifically Internal Control and Legislative Compliance and Risk Management Governance Framework
- Shire of Merredin Community Facilities Report
- Annual Budget
- Business Continuity Plan
- Strategic Community Plan (to be adopted July 2018)
- Corporate Business Plan (to be adopted July 2018)

#### **Corporate Business Plan Actions**

- 1. Implement continuous improvement plans
- 2. Implement appropriate staff development and training programs
- 3. Develop and foster a strong, supportive and respectful corporate culture

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# SP.L1.1 - Continue to take a proactive advocacy role to support the provision of medical facilities and services to meet the needs of the local and regional community

- Assisted with the redevelopment of the Merredin Hospital
- Supported the relocation of the medical and dental practices
- Supported the opening of the chiropractic service
- Three current leases providing accommodation to health professionals

#### **Corporate Business Plan Actions**

1. Assist where possible with the provision of accommodation for health professionals by way of a formal commercial lease utilising Council's existing housing inventory

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#### SP.L1.2 – Continue to assist with the facilitation of aged care services

- Implementation of the Aged Friendly Community Plan
- Development of the CEACA project (Independent Living Units) continues
- Continued support of the Merredin Senior Citizens
- Provision of senior specific activities and events
- Implementation of the Gold Club at the MRCLC
- Continued lobbying through CEACA Inc to ensure the necessary services to support aged care are accessible to Merredin

#### **Corporate Business Plan Actions**

1. Through CEACA Incorporated, the Shire will continue to lobby the Federal and State Governments to ensure the necessary services to support aged care are accessible in Merredin

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# SP.L1.3 – Assist with raising local awareness of what health services are available to the community

This strategy has been removed for the Strategic Community Plan upon review as no opportunities to complete it have been forthcoming.

### **Corporate Business Plan Actions**

1. Assist with the development and publication of a local medical and community services directory

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### SP.L2.1 – Maintain an efficient, safe and quality transport network

#### ENGINEERING SERVICES

Council has continued with its commitment to enhance roads, footpaths and drainage infrastructure within the Shire. This is achieved through the utilisation of its own financial resources and funding from the following external sources:

Federal funding:

Roads to Recovery Program

#### State funding:

- State Blackspot Program
- Regional Road Group

Council is also keen to utilise new technology and resources where available to enhance efficiency and create improved operational practices. As 2017/18 draws to a close Council and staff have been working to develop and implement software technology known as Assetfinder. It has a high level of GIS integration and allows for real-time visibility of the Shire's entire asset network. In future it is hoped that this software program will reveal trends, patterns and correlations that will lead to time and money being saved in the implementation of the Shire's annual roadworks program.



### ROAD CONSTRUCTION & MAINTENANCE

Footpath Construction	
Haig Road	New multi-use path
Morton Street	New multi-use path
Growden Street	New multi-use path
Macdonald Street	New multi-use path
CBD Link to GEH	New multi-use path
Road Construction	
Goldfields Road	Gravel sheeting/stabilisation
Barnes Road	Gravel sheeting
Booran South Road	Gravel sheeting
Briant Road	Gravel sheeting
Nukarni East Road	Gravel sheeting
Coulahan Road	Gravel sheeting
Hughes Road	Gravel sheeting
Baandee South Road	Gravel sheeting/Stabilisation
Barr Road	Gravel sheeting
Willis Road	Gravel sheeting/Stabilisation
Telfer Road	Edge repairs
Woolgar Avenue	Asphalt seal
CBD Upgrade	Asphalt seal / Spray Seal / Landscaping
General Maintenance	
General road maintenance	Grading, road stabilisation, vegetation clearance, pothole repairs and road sign replacement ongoing, Kerb replacement
Total Cost - O/R	\$1,914,435.25

	EGIONAL ROAD GROUP (RRG)
Construction/Maintenance	
Burracoppin South Road	Spray seal and gravel re-sheet
Goldfields Road	Stabilise and re-seal
Hines Hill North Road	Spray seal
Crossland Road	Spray seal
Total Cost - RRG	\$770,103.93 (includes \$231,031.18 of own resources)

ROADS TO RECOVERY (R2R)		
Construction/Maintenance		
Haines Street	Asphalt seal	
Duff Street	Asphalt seal	
Kitchener Road	Asphalt seal	
Muscat Street	Asphalt seal	
Pool Street	Asphalt seal	
Fifth Street	Asphalt seal	
Princess Street	Asphalt seal	
Lefroy Street	Spray seal	



Growden Street	Asphalt seal	
Stephen Street	Asphalt seal	
Oats Street	Spray seal	
Mary Street	Asphalt seal	
Alfred Street	Asphalt seal	
Acacia Way	Asphalt seal	
Yorrell Way Intersection	Asphalt seal	
Gilmore Street	Asphalt seal	
Boyd Street	Asphalt seal	
Warne Street	Asphalt seal	
Davis Street	Spray seal	
Walder Road	Spray seal	
Nokaning West Road	Edge repairs	
Merredin- Narembeen Road	Cement stabilisation and seal	
Total Cost - R2R	\$778,348.91	

STAT	E BLACK SPOT FUNDING (SBSF)
Construction/Maintenance	
Totadgin Hall Road	Main Roads WA have taken on the responsibility to deliver the project
Total Cost - SBSF	\$0

Cor	oorate Business Plan Actions	1.1
1.	Implementation of the Ten Year Construction Program	J
2.	The Shire will advocate the option to install a pedestrian crossing on the Great Eastern Highway	G
3.	The Shire will promote and communicate the annual construction program providing regular updates	ڻ
4.	Ongoing implementation of the footpath program	്

# SP.L2.2 – Investigate opportunities to consolidate Shire owned facilities and collocate services

The Community Facilities Review (Stage 1) report was finalised in December 2017. Stage 2 forms part of the Communities Facility Review. The North Merredin Primary School Redevelopment Implementation Plan has been completed and discussions with potential funding bodies have been undertaken and preparation for grant applications has commenced.

### Corporate Business Plan Actions

1.	Review and implementation and rationalisation options for recreational and community facilities and services	G
~		

2. Develop and implement Stage 2 of the North Merredin Primary School Redevelopment



# SP.L2.3 – Develop, maintain and support appropriate recreational facilities and services through the Shire

See 'Recreation Services' under strategy SP.I1.1 which addresses this strategy.

#### **Corporate Business Plan Actions**

1. Implement renewal projects in accordance to the Strategic Resource Plan

2. Implementation of strategies and actions identified in the MRCLC Business Plan

# SP.L2.4 – Partner with stakeholders to achieve greater community participation in recreational facilities and services

Provision of administration to support Kidsports Program. Implementation of MRCLC Business and Management Plan. See Strategy SP.L2.3 on page 31 for further details.

Corporate Business Plan Actions

1. Development and implementation of MRCLC annual programs plan

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### SP.L3.1 – Protect and promote the Shire's diverse culture and heritage

The Shire of Merredin maintains a Local Heritage Inventory which currently has 59 premises listed on it as being of significant local heritage and cultural value.

Any proposed development is vetted against the Local Heritage Inventory to ensure that it does not adversely affect heritage listed sites.

Cor	porate Business Plan Actions	
1.	Support the preservation of heritage buildings and significant sites	S
2.	Support projects that preserve and promote the Shire's historical artefacts and memorabilia	5

## Strategy SP.L4.1 – Enhance the public amenity and functionality of Merredin

### CBD UPGRADES

As part of the CBD Upgrades – Stage 1 additional park benches and shelters were constructed on Barrack Street. The new RV parking area was sealed and marked for visitors. Several areas of the car park were resealed and additional kerbing constructed. New pathways were constructed around the CWVC and across to Great Eastern Highway to create linkage to the CBD.

New tourism signage was also installed at Pioneer Park and at the Merredin Regional Community & Leisure Centre. New bins with historical memorabilia photos were designed, commissioned and then positioned along Barrack Street.

#### **BUILDING SERVICES**

The Shire utilises a registered builder in the position of Building Project Manager who acts as the Main Contractor in any building capital works and coordinates the yearly maintenance program.

During the reporting period the following major projects were undertaken:

- Ongoing Strategic Planning of Council's building assets;
- CBD Upgrade Stage 1 (officially opened 14 April 2018);
- Town Signage renewal (as necessary);
- Painting of signal box at the Railway Museum;
- Upgrades to Shire housing specifically 5 Dobson Avenue;



- Upgrading of kitchen appliances at Cummins Theatre;
- .
- Installation of automatic doors and exterior painting of Old Town Hall; Installation of solar panels at Merredin Regional Library and the Central Wheatbelt Visitor Centre; and Demolition of the old Scout Hall and old Bowling Club. .
- .

#### TOWN MAINTENANCE

The crew had another busy and productive year performing their duties which included gardening, slashing, spraying and the maintenance of the Recreation Centre oval and town parks and surrounds.

Corporate Business Plan Actions		
1.	Implement the CBD redevelopment project: Stage 1 (renewal of carpark and streetscaping)	$\checkmark$
2.	Implement the CBD redevelopment project: Stage 2 (improve functionality of Barrack Street)	×
3.	Enhance entries into Merredin	$\checkmark$
4.	Progressively renewal direction and attraction signage	S
5.	Progressively renew public open spaces to include public amenities, parks and gardens within Merredin	Č





# SP.I1.1 – Maintain a community that is well informed, creating opportunities for community involvement and supporting a caring and healthy community

#### LIBRARY SERVICES

As part of the State Library of Western Australia (SLWA) Regional Services program the Merredin Regional Library continued its support of libraries in the Wheatbelt. Shires supported include Bruce Rock, Kellerberrin, Mt Marshall, Mukinbudin, Narembeen, Nungarin, Trayning, Westonia and Yilgarn.

The support offered included staff training, workshops, meetings and remote assistance with library operations and lending. This support is funded by the SLWA and the participating local governments.

The library continued to engage with the local community through a number of activities including:

- Storytime held in the Library on Tuesday mornings throughout the school term, MADCAPS on a monthly basis and on Thursday and Friday mornings at Merredin College;
- participation in the Family Fun Days held in conjunction with Amity Health;
- continued support of the Tales of Times Past Senior Storytellers and hosting the weekly Yorga's/Noongar Women's Yarning and Craft Group:
- Opened the Merredin Memorabilia Room and hosting an event for visitors from the RSL;
- Hosted the Boomerang Bag sewing sessions;
- Hosted a consultation for the future of the WA Museum;
- hosting authors Robina Haines, Hellie Turner, Karina McRoberts and Anthea Hodgson;
- again hosting a Pink Morning Tea raising money for Cancer Research; and
- school holiday programs run in July, October, January and April.

Library staff work continuously to ensure that all library visitors feel welcome and have access to new stock or required information.

Funding was acquired from Lotterywest to create a memorabilia area *I* reading area in the library. The Merredin Memorabilia Room was opened in November 2017 with the collection including items on either temporary or permanent loan from local community members. The collection continues to grow and is dedicated to the social history of Merredin.

The Library continues to offer free access for library members to eBooks, eAudiobooks, eMagazines and now Kanopy (video streaming) through the WA Public Library Digital Media Collection and the SLWA.. The Merredin Library has also been working towards achieving its eSmart accreditation and as such has access to a number of resources to help people use eResources in a safe and effective manner.

The library also provides its members free access to online tutorials through its subscription to The Computer School. Members can access over 10,000 tutorials, from the comfort of their own home, covering topics such as Windows10, digital photography, using social media, coding and much more. A new Literacy platform, Ziptales, has also been added to Merredin Library's suite of eResources. This allows children to work from home to improve their literacy skills at their own pace.

The Library's catalogue continues to be available online for members to search or renew their borrowed items. The catalogue can be accessed via <u>library.merredin.wa.gov.au</u>.

#### RECREATIONAL SERVICES

The daily operational management of the Merredin Regional Community & Leisure Centre (MRCLC) is contracted to Belgravia Health and Leisure Pty Ltd. Where able, the Shire supports events and initiatives run by the MRCLC – in particular if it provides a service to the community that is otherwise not available. Generally Shire support consists of designing posters for sporting events and assisting to advertise the event through social media via the 'Share It – Blare It' campaign.

Shire support also extends to the maintenance of the sporting oval, cricket pitch and hockey/tennis turf.

Separate to the MRCLC the Shire operates the Merredin Olympic Swimming Pool and ensures the maintenance of the grounds and pool facilities.

#### Sporting Events and Fixtures

All winter and summer sports had successful fixtures and final games. The cricket club won their competition, the bowling club won two individual player championship matches for the season and the ladies won their grand final of pennants. Country week basketball had all age group levels represented from Merredin Basketball and the golf club hosted another verv successful Sands tournament. Little Athletics returned to the MRCLC for their 2017/18 fixtured season and Tae



Kwondo was offered by a private contractor July to May 2018. Soccer was introduced as a 'have a go' sport in the early months of 2017 with limited success however in February 2018 a group of parents organised a skills, coaching session which has led to a local club being formed with about 50 primary school age children in regular attendance.

Aquafit classes were delivered by trained instructors and all were well supported until the winter months. Classes stopped in June 2018 and will resume in October 2018. Infant swimming/water safety classes have continued and have been well supported throughout the year. The introduction of learn to swim classes for all ages has seen increasing numbers including three adults. 'AquaBalance' is a new programme introduced in May.

The winter sports carnival for the Wheatbelt region was held in August 2017 with over 150 children attending this one day carnival of netball, football and hockey. A well run event by a community committee.

#### Other Programmes

A 0-4 program was facilitated by staff on a weekly basis. The program focussed on social and creative activity and physical exercise. It is another program weather conditions affect the attendance of. The MRCLC have supported the community 0-4 program that facilitates 4 family events each year and the baby bootcamp held in the stadium was very successful with 53 participants plus parents.

The Gold Club is a weekly activity based programme for over 50s. Activities include sports, dancing, memory games, healthy living, music, trips to other close range towns and tourist sites and there are 15-20 regular participants. In January 2018 a group of 14 went to Tasmania on a 10 day trip. It was one of the group's 'bucket list' priorities.

#### Other Programmes & Events Held

- Fun Run event supporting the MRCLC programmes for people living with disability
- School Holiday programs mainly all sports based activities
- Youth Week WA grant received \$1,500; cooking, basketball, pallet recycling, first aid, archery, soccer
- 12 x birthday parties
- GOLD Club for active seniors held weekly
- Bingo held weekly
- Rock n Roll Night
- Sydney Hotshots
- Chinese New Year
- Melbourne Cup luncheon
- High profile boxing match on FOXTEL
- EWEYN events for 0-4 years including Baby Boot Camp (held on 15 June) and Spring in the Garden (held on 7 September) were hosted and supported by staff. Children's Week Messy Play Event to be held in October and Pool party Date held in December.
- Supervised parent child meetings
- Funeral wake
- Quiz Nights 5 nights over 5 months fundraising for sports groups
- Corporate/Private functions and meetings

#### Initiatives

In November 2017 is was recognised that there was a marketing gap for evening food services to the community with the unfortunate fire event that destroyed the Chinese restaurant and then the closing of another food premises in the main street. The restaurant service opened on 29 January 2018 with a Monday to Friday dinner service out of the Grandstand Bar. A local chef was employed along with other casual staff to cater for the operation. It has been successful in providing a very good choice of evening dining to the community and our visiting tourists. Friday night meals was previously an opportunity for sports groups to fundraise under their own risk and using their volunteers. So that all sports groups with them providing volunteers to deliver meals and clear tables. From February to June 2018 over \$7,000 was shared back to the sports groups.

In October 2017 the idea of an indoor playground was discussed to better utilise the large empty space at the west end of the MRCLC building. This project was consulted, scoped, costed, proposed and was approved in June 2018. It is now expected to be operational by November 2018.

### Staffing

One full time centre manager, one part-time administrator, one part-time programme co-ordinator and a part-time chef are our permanent staff. The resignation of our full time bar manager changed the position to a part-time role and casual staff covering the operational service hours.



## **Facility Maintenance**

Maintenance of the building included a full deep clean of the kitchen and bar area along with all carpets and chairs steam cleaned twice during the year. The pool plant, air conditioners, glass/dish washers, stadium floor scrubber, water heaters and gas ovens were all fully serviced. All other maintenance was minor repairs.

#### General

The MRCLC facility is one of the best facilities for social community and sporting events in the region. It is a privilege to manage it for the whole community. Feedback from the community has been both supportive and complementary and also encouraging that the centre is meeting their needs. Continuing to do so means taking action on their ideas and delivering fun recreational uses of all the facilities all age groups and interests.

#### NATURAL RESOURCE MANAGEMENT

## **Re-vegetation**

The Shire of Merredin was successful in obtaining \$20,000 (ex GST) for two revegetation projects. The projects will see the planting of nearly 13,000 biodiverse native seedlings in the next financial year around July 2018. The project also covers the erection of 4.2 kilometres of fencing. These revegetation sites will connect existing patches of remnant vegetation.

#### Feral Pests

The Shire of Merredin was successful in receiving \$12,955 (ex GST) in funding from the State NRM Office for a project called, 'Overcoming Barriers to Baiting' in the Eastern Wheatbelt. The project also covered the Shires of Mt Marshall, Nungarin, and Trayning. Four 1080 accreditation workshops were held resulting in sixteen new 1080 permit applications across the region. By 30 June 2018, 1.400 fox and wild dog baits had been provided to eligible participants.

Cor	porate Business Plan Actions			
1.	Support the development of youth infrastructure, spaces, youth education and engagement programs	ŭ		
2.	Involve youth in a more central role in community planning	S		
3.	Support early years initiatives and programs	S		
4.	Aged Friendly Community: support and promote identified initiatives and programs			
5.	Support (directly and indirectly) events and activities that encourage and enhance community pride and cohesion	ŭ		
6.	Review and implement the Disability Access and Inclusion Plan to guide operations and services to ensure they are inclusive of all members of the community	S		

## SP.I1.2 – Provide services and processes to enhance public safety

#### HEALTH SERVICES

During the reporting period the following major projects were completed:

- Annual lodging house, Caravan Park, food and public buildings inspections;
- Annual inspection of hairdressers and beauticians;
- A number of written requests were issued to food business proprietors relating the *Food Act 2008* and have been complied with;
- Certificates of approval were issued for most of the public buildings;
- Swimming pool inspections have been completed as part of the 4 yearly cycle of inspections under the *Building Act 2012*;
- The domestic/commercial waste management contract with Avon Waste is going well;
- 2x Health Act 1911 Unfit for Human Habitation notices were issued (resulting in the demolition of 2 substandard dwellings).
- 2x Building Orders under the *Building Act 2011* were issued (resulting in the demolition of 2 substandard dwellings).
- 4 x septic tank and leach drain installations were approved with permits to use issued;
- All compliance and annual reports were submitted to the relevant State and Federal agencies;
- Implementation of a regular mosquito surveillance and treatment program; and
- Participation in the audit of the Shire of Merredin Waste Water Reuse Scheme.



The Executive Manager Development Services is involved with a number of departmental working groups and has had input into the development of *Public Health Act 2016* related legislation.

Staff have been working proactively with the local community to improve public health standards and it is pleasing to note that there is a general acceptance in the community of the need to improve public health practices and standards with respect to food and public building requirements.

## PUBLIC CLOSED CIRCUIT TELEVISION (CCTV)

CCTV systems have been maintained and we are currently upgrading our CCTV system to ensure we have a good system that covers the requirements of the Shire and public safety.

#### RANGER SERVICES

The Shire Ranger has become more visible within the community and is taking a more proactive role in relation to laws enforcement, dog related issues, illegal dumping and bush fire regulation enforcement. This has resulted in the successful prosecution of two dog owners.

During the 2017/18 bush fire season 71 infringements were issued in relation to noncompliance under Section 33(3) of the *Bush Fires Act 1954* for failure to comply with the Shire of Merredin's Firebreak Order. 41 were paid via the Shire, 25 sent to the Fines Enforcement registry and 5 withdrawn.

A number of infringements were also issued during the reporting period to persons parking in a parking bay reserved for use by people with a disability. The relevant bays are clearly marked and there is no excuse for an abled bodied person to utilise these bays given that there is plenty of parking available within the Merredin CBD.

There were 4 occurrences of illegal dumping of waste materials but all were of a minor nature.

It is pleasing to note the community is generally supportive of the efforts being made in the areas of need.

## VOLUNTEER BUSH FIRE BRIGADES

It was ascertained that a large number of the members of the brigades had not completed the basic required courses to be active volunteers. It was resolved at the Bush Fire Brigades (BFB) AGM in March 2016 that all volunteers would, by the March 2018 AGM, have completed the two courses.

To date 24 members have completed the 'Introduction to Fire Fighting' courses and 2 members have followed up and completed the 'Bush Firefighting' course. The participants of these two courses have informed us that the courses were very good.

All BFB vehicles have now also been fitted with automatic vehicle location systems and in-cab crew protection and vehicle deluge systems.

Corporate Business Plan Actions					
1.	Support provision of emergency services	U S			
2.	Enhance CCTV systems to uphold public safety standards	ڻ			



# SP.I1.3 - Support provision of facilities and services for arts and cultural programs

The Council allocated funds to the following community events throughout the 2017/18 year. Some of these events will be held in 2018/19.

Food Festival	\$6,275
ANZAC Day	\$7,100
Official Opening of Rolling Stock Cover	\$7,700
NAIDOC Celebrations	\$8,800
Cummins Theatre 90 <sup>th</sup>	\$18,300
Armistice Day 2018	\$8.000
Gala Night	\$14,000

## COMMUNITY GRANTS

Each year Council allocates funds to various not-for-profit organisations which operate within the Shire. The Community Grant Scheme is designed to provide benefits to Shire residents through recreational, sporting, social or cultural means.

The aims of the Shire of Merredin's Community Funding Program are:

- 1. To encourage the development of services, facilities and events that meet identified community needs;
- 2. To promote active participation of local residents in community initiatives and the development of skills, knowledge and opportunities;
- 3. To provide assistance to the community to develop initiatives and services that support the Shire of Merredin's own objectives; and
- 4. To enhance the image of the Shire of Merredin within the community.

In March 2018 the Shire called for applications to be made for the Community Grant Scheme. In the 2018/19 Annual Budget a total of \$23,259 will be allocated to the following organisations which applied and were successful.

Recipient	Cash	Venue Hire	Job Costs
Merredin Community Resource Centre	\$2,400	\$1,200	
Merredin Repertory Club auspicing A Choired Taste		\$858	
MADCAPS	\$980		
Merredin Agricultural Society		\$8,500	\$1,700
Wheatbelt Events Committee		\$1,100	
Merredin Fine Arts Society		\$2,321	
Merredin Sports Council	\$500		
Merredin College		\$1,200	
Merredin Military Museum	\$2,500		
TOTAL	\$6,380	\$15,179	\$1,700

### COMMUNITY SERVICES - CUMMINS THEATRE

It is an exciting time at the Cummins Theatre as we continue in our goal to be the central hub for arts and culture in the Central Eastern Wheatbelt. Our 2017/18 financial year built on the success of previous years as the theatre offered a program of live performances, workshops, simulcasts, classes and private events ensuring all members of the community could become actively involved.

#### Live Performances

The Theatre continues to delivered a diverse program of its first full year of live performance under its new programming model first introduced in late 2015. The new model is designed to offer performances for all members of the community under varying program streams.

#### Lunchtime Escapes

Lunchtime Escapes were introduced to encourage audiences to attend the Theatre during the day for short bi-monthly performances across a variety of genres. The Theatre hosted 'A Fine Romance – The Music of Fred Astaire', International



singer Cassandra Kotchie. Brianna Louwen and a performance of 'A Town Named War Boy' including Opera (Brianna Louwen), Musical Theatre (Michael Griffiths in 'Cole and A Leading Lady in Waiting' by Kimberley Diane), Drama ('Shadowboxing' by Black Swan State Theatre Company), and Comedy ('Barry Morgan World of Organs'). The performances were well received with over 200+ individuals attending the shows, many for the first time.

#### Wheatbelt Touring Circuit

A partnership between West Australian Music (WAM) and the Cummins Theatre saw the introduction of live music concerts by visiting and local artists. In total the Theatre hosted 4 concerts, all of which featured Merredin musicians supported by artists from Perth. It has been some years since the Theatre hosted live contemporary music and the concerts were well received with all at 90% capacity or more.

### Theatre Education Program

This newly introduced stream of programming saw a variety of 4 theatre productions brought to the Cummins Theatre. Specifically for school audiences there was 'Shadowboxing' by Black Swan State Theatre Company, 'Oddysea' by Sensorium Theatre, 'Awesome Festival Roadshow' and 'In A Dark Dark Wood' by Barking Gekko Theatre Company. 'Family Fun Festival Day'. 'Cosi', 'Squisher and Squasher', 'The Lighthouse Girl', 'A Town Named War Boy' (ATYP), 'Bambert's Book of Lost Stories' (Barking Gecko Theatre Co) and 'Josephine Wants to Dance' (Monkey Baa). Each performance was supported with curriculum documents accessible to schools and the opportunity to get up close with artists through workshops, question sessions and backstage tours. In total 5 local schools attended the performances with over 1,200 students participating in the program.

#### Main Stage Productions

Our Main Stage productions continue to improve in quality and diversity with performances ranging from comedy, live music, cabaret, musicals, dance and family friendly performances. Special performances including 'Always...Patsy Cline', 'Michael Griffiths Cole' and 'Rumour Has It' were supported with dinner prior to the performances with all shows selling out of dinner and show tickets. Ticket sales across all shows have increased by 50% on the previous financial year. Some notable performances were – 'Opera in the Park' simulcast, 'Menopause the Musical', 'WAYJO', 'Bambert's Book of Lost Stories' and 'The Lighthouse Girl'.

There has also been more effort to link live performances to workshops with many of the main stage shows being supported by community arts based workshops in an effort to increase audience numbers and increase the number of community members participating in workshop programs.

#### **Cummins Kids**

The Cummins Kids program continues to expand and has seen some amazing initiatives for young people aged 5-17 years engaging with professional arts workers and creators. Programs run have included:

- Join the Circus
- Christmas Wonderland a week long activity workshop where children could visit the North Pole, create a different Christmas craft each day, and experience the joy of Christmas in the surrounds of the Cummins Theatre
- Photography Workshop with visiting artists from Camera Story, children learned the skills to take their own
  photographs culminating in a public exhibition
- Small Voices Louder children learned about the big questions in life and created audio recordings that were later used in a public exhibition of artworks
- Film Bites film making workshop
- Cummins Kids and Craft

### Workshops

2016/17 saw the expansion of the workshop program at the Cummins Theatre. Previously the theatre had offered ad hoc workshop opportunities with visiting artists but in 2017/18 this was expanded further to include local artists who could teach skills more regularly. Throughout the year a number of workshops were run including learning skills in singing, dancing, acting, hair styling. make-up, cooking, costume design, backstage duties, set design and construction, lighting, and many others.

### Funding

The theatre continues to work towards reducing financial loss and seeks to increase its funding applications which serve to benefit the community through exciting new arts initiatives. Funding bodies have been responding positively to our initiatives and continue to support our projects through guidance, invitations to attend funding feedback sessions, and assisting with future planning.

Shire of Merredin ANNUAL REPORT 2017/18 | 40



New funding opportunities continue to arise especially through the Regional Venues Improvement Fund and the Department of Culture & the Arts. Projects which have gained support in 2017/18 include the:

- Main Stage Program Lotterywest
- Community Workshop Program Department of Culture and the Arts
- The Small Voices Program Regional Arts Fund through Country Arts WA
- Technical Upgrade Department of Culture and the Arts
- Technical Furniture Lotterywest

As we move into our 90<sup>th</sup> Birthday year in 2018 we hope to build on the success of the Theatre to deliver more high quality arts events for the Merredin community.

## COMMUNITY EVENTS

Community Services continues to work with residents, community based organisations and service providers to coordinate a number of community events and activities that provide social opportunities, the sharing of skills and knowledge and the opportunity to participate as families in community events.

The majority of these programs and projects rely on outside funding to be secured before the project can go ahead.

These events include:

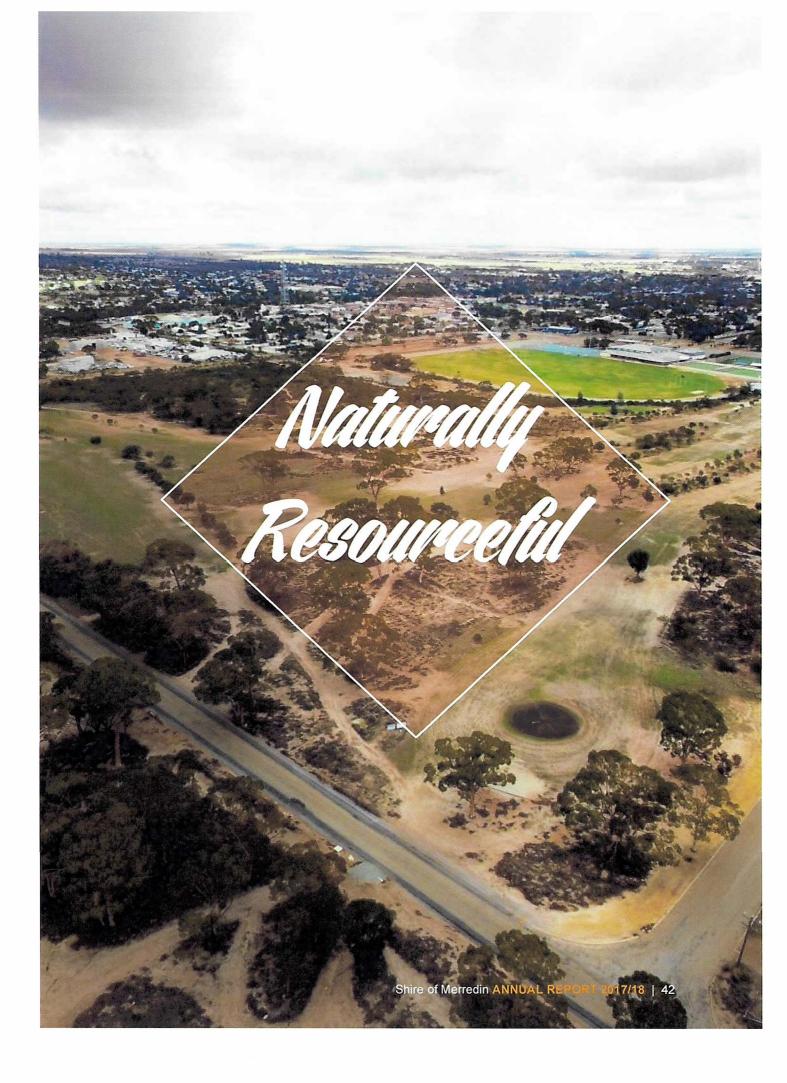
- Provision of activities for NAIDOC Week in conjunction with Merredin College;
- 2017 Gala Night in conjunction with the community and the Community Services team;
- ANZAC Day Commemorations in conjunction with the community, Merredin RSL and the Community Services team;
- Twilight International Food Festival in conjunction with the community and the Community Services Team;
- Ongoing development of the "Wool Bale" project (planter boxes); in conjunction with farm owners and community members.
- Banners in the Terrace in conjunction with the Fine Arts Society which painted the 2018 banner.;
- Lenihan Park Launch in conjunction with St Mary's Primary School and stakeholders;
- Asbestos Walk;
- Cadets Poppy Planting in conjunction with Merredin Military Cadets;
- Memorabilia Room Launch at the Merredin Regional Library; and

Research into the possibility/feasibility of a Dog Park. Funding has been applied for and is expected to be approved by Lotterywest and Collgar to pursue this project which will be situated in the park opposite the Merredin Regional Library.

### **Corporate Business Plan Actions**

1. Facilitation and management of art and cultural programs

C



Naturally Resourceful

## SP.E1.1 - Minimise waste production

The Senior Ranger and the Environmental Health Officer respond to incidences of illegal dumping of waste. Where an offender is not able to be identified the Shire organises for the removal of the waste materials for disposal at the Shire's landfill site.

The Shire of Merredin has a domestic and commercial recycling removal service in place with Avon Waste. Owners and occupiers of premises in Merredin are encouraged to ensure that recycling receptacles provided are utilised appropriately so that only suitable materials are placed in to the recycling stream.

Cor	porate Business Plan Actions	
1.	Investigate and enforce compliance regards unlawful activities that are detrimental to the environment	G
2.	Manage waste disposal in an environmentally sensitive manner	U

# SP.E1.2 – Work with relevant agencies to actively encourage the adoption of efficient energy and water usage

The Shire of Merredin utilises waste water sourced from the Water Corporation for use as part of its Waste Water Reuse Scheme. The recycled waste water, together with storm water runoff, is utilised for the watering of parks and other public open spaces within the Merredin townsite.

An audit of the Waste Water Reuse Scheme was undertaken by the Water Corporation on behalf of the Department of Health. The Audit report rates the Shire's performance as being satisfactory to very good.

As reported under strategy SP.L4.1, the Shire installed solar panels on the rooves of the Library and the Central Wheatbelt Visitor Centre. Installation of solar panels on the roof of Cummins Theatre has been investigated but it unlikely to occur given that the majority of electrical use of the facility occurs during the evening when the panels won't be functioning. Panels were installed on the roof of the Shire Administration Building and the MRCLC in previous years and have proved to be an excellent asset.

### NATURAL RESOURCE MANAGEMENT

### Stormwater & Re-Use

The Shire of Merredin, with support of \$25,000 in funding from the Wheatbelt Development Commission, performed significant upgrades to its stormwater collection and reuse network. This included the installation of seven Variable Speed Drives (VSDs). The VSDs will enable the irrigation pumps to run more efficiently, which will save electricity and reduce wear and tear on the system as a whole. This project also upgraded an existing pump and installed a new pump. The new pump allows the Shire to transfer water from the stormwater collection drain to the storage dam at a much greater rate, increasing the amount of water collected by all but eliminating the loss of water downstream.

### Solar Powered Desalination Plant & Electric Vehicle Charging Points

The Shire was also successful in gaining funding for two projects through Wheatbelt NRM's Sustainable Community Grants programme. The Shire received \$8,000 for the installation of a solar-powered desalination plant. The plant has been installed at the evaporation pond which is the endpoint of the groundwater pumping bore network. The other project received \$13,981.73 for the installation of Electric Vehicle (EV) chargers. This project is also supported by Tesla. Installation of two Tesla chargers at the Central Wheatbelt Visitor Centre and two generic chargers at the Merredin Regional Community & Leisure Centre will occur in the second half of 2018.

## Waterwise

The Shire of Merredin retained its Waterwise Council endorsement for 2018 and the Merredin District Olympic Swimming Pool remained endorsed under the Waterwise Aquatic Centre program.

Cor	porate Business Plan Actions	
1.	Progressively upgrade Merredin's independent water scheme	G
2.	Investigate the feasibility to extend the reticulation along the Great Eastern Highway for verge enhancement	Č
3.	Investigate the feasibility and opportunity to install solar panels on Shire facilities with high power usage	ũ

# SHIRE OF MERREDIN

2017/18

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THANGAL REPORT





## SHIRE OF MERREDIN

## FINANCIAL REPORT

## FOR THE YEAR ENDED 30TH JUNE 2018

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ndependent Auditor's Report	54

## **COMMUNITY VISION**

Merredin is a sustainable regional

Principal place of business: Crn Barrack & Kings Street Merredin WA 6415



## SHIRE OF MERREDIN 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 Merredin 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 Merredin at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

13th day of

September 2018 ull Chief Executive Officer

Gregory Stephen Powell
Name of Chief Executive Officer

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

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		2018	2018	2017
	NOTE	Actual	Budget	Actual
		\$	\$	\$
Revenue				
Rates	21(a)	4,043,223	4,040,733	3,896,130
Operating grants, subsidies and contributions	2	2,993,599	1,891,766	4,094,823
Fees and charges	2(a)	1,324,675	1,320,892	1,614,638
Interest earnings	2(a)	574,787	514,360	564,130
Other revenue		530,809	165,450	422,643
		9,467,093	7,933,201	10,592,364
Expenses				
Employee costs		(2,939,615)	(3,174,102)	(2,978,717)
Materials and contracts		(2,824,643)	(2,755,125)	(2,345,020)
Utility charges		(421,718)	(431,695)	(458,878)
Depreciation on non-current assets	9(b)	(4,118,392)	(4,100,778)	(4,075,456)
Interest expenses	2(a)	(78,743)	(67,007)	(71,098)
Insurance expenses		(180,618)	(188,247)	(189,773)
Other expenditure		(559,746)	(158,897)	(321,892)
		(11,123,475)	(10,875,851)	(10,440,834)
		(1,656,382)	(2,942,650)	151,530
Non-operating grants, subsidies and contributions	2	(3,652,878)	1,754,741	1,531,634
Profit on asset disposals	9(a)	6,631	29,476	0
(Loss) on asset disposals	9(a)	(256,343)	(105,340)	(112,560)
Net result		(5,558,972)	(1,263,773)	1,570,604
Other comprehensive income				
Items that will not be reclassified subsequently to prol	fit or loss			
Changes on revaluation of non-current assets	10	123,117,733	0	3,461,665
Total other comprehensive income		123,117,733	0	3,461,665
Total comprehensive income		117,558,761	(1,263,773)	5,032,269

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

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	NOTE	2018 Actual	2018 Budget	2017 Actual
-		\$	\$	\$
Revenue	2(a)			
Governance		55,317	37,700	49,561
General purpose funding		6,965,993	5,714,499	8,001,927
Law, order, public safety		243,567	239,803	251,855
Health		24,926	39,600	52,863
Education and welfare		40,102	20,100	21,411
Housing		159,084	153,980	165,188
Community amenities Recreation and culture		823,891	553,036	778,202
Transport		659,337	671,730	629,904
·		213,298	293,112	316,566
Economic services		150,509	151,841	227,570
Other property and services		131,069 9,467,093	57,800	97,316
		0,401,000	1,000,201	10,002,000
Expenses Governance	2(a)	(500.000)	(500.000)	(475 007)
Governance General purpose funding		(508,826)	(560,939)	(475,937)
Law, order, public safety		(111,769) (635,284)	(82,002)	(115,878)
Health			(657,445)	(647,941)
Education and welfare		(246,549) (104,424)	(281,134)	(246,521)
Housing		(230,719)	(98,173) (243,256)	(100,326)
Community amenities		(1,390,940)	(963,140)	(245,709)
Recreation and culture		(2,881,396)	(2,901,733)	(958,313) (2,802,678)
Transport		(4,156,004)	(4,070,122)	(3,872,822)
Economic services		(767,090)	(963,577)	(863,227)
Other property and services		(11,731)	12,677	(40,384)
		(11,044,732)	(10,808,844)	(10,369,736)
		(11,011,102)	(10,000,011)	(10,000,100)
Finance Costs	2(a)			
Education and welfare		(45,115)	(37,430)	(31,012)
Other property and services		(33,628)	(29,577)	(40,086)
		(78,743)	(67,007)	(71,098)
		(1,656,382)	(2,942,650)	151,529
Non-operating grants, subsidies and				
contributions	2	(3,652,878)	1,754,741	1,531,634
Profit on disposal of assets	9(a)	6,631	29,476	0
(Loss) on disposal of assets	9(a)	(256,343)	(105,340)	(112,561)
		(3,902,590)	1,678,877	1,419,073
Net result	1	(5,558,972)	(1,263,773)	1,570,602
Other common and in a surrow				
Other comprehensive income	t on lass			
Items that will not be reclassified subsequently to profi		400 447 700	0	0 404 005
Changes on revaluation of non-current assets	10	123,117,733	0	3,461,665
Total other comprehensive income		123,117,733	0	3,461,665
Total comprehensive income		117,558,761	(1.263.773)	5.032.267

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

Shire of Merredin ANNUAL REPORT 2017/18 | 4

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

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	NOTE	2018	2017
	)	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	23,942,051	28,940,062
Trade and other receivables	5	796,700	501,319
Inventories	6	142,981	193,376
TOTAL CURRENT ASSETS		24,881,732	29,634,757
NON-CURRENT ASSETS			
Other receivables	5	445,733	487,299
Inventories	6	580,521	965,477
Property, plant and equipment	7	43,823,101	43,087,533
Infrastructure	8	410,531,477	287,618,215
TOTAL NON-CURRENT ASSETS		455,380,832	332,158,524
TOTAL ASSETS		480,262,564	361,793,281
CURRENT LIABILITIES			
Trade and other payables	11	1,446,281	332,374
Current portion of long term borrowings	12(a)	231,069	219,405
Provisions	13	508,371	518,205
TOTAL CURRENT LIABILITIES		2,185,721	1,069,984
NON-CURRENT LIABILITIES	12(0)	1,092,224	1,323,293
Long term borrowings	12(a) 13	54,783	28,930
Provisions TOTAL NON-CURRENT LIABILITIES	13	1,147,007	1,352,223
TOTAL LIABILITIES		3,332,728	2,422,207
NET ASSETS		476,929,835	359,371,074
EQUITY		00 547 00 4	00 407 040
Retained surplus		66,517,094	66,137,613
Reserves - cash backed	4	19,913,740	25,852,192
Revaluation surplus	10	390,499,001	267,381,272
TOTAL EQUITY		476,929,835	359,371,077



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

			RESERVES		
		RETAINED	CASH	REVALUATION	TOTAL
	NOTE	SURPLUS	BACKED	SURPLUS	EQUITY
	(s	\$	\$	\$	\$
Balance as at 1 July 2016		84,464,067	5,955,136	263,919,607	354,338,810
Comprehensive income					
Net result		1,570,602	C	0	1,570,602
Changes on revaluation of assets	10	0	0	3,461,665	3,461,665
Total comprehensive income		1,570,602	0	3,461,665	5,032,267
Transfers from/(to) reserves		(19,897,056)	19,897,056	0	0
Balance as at <mark>3</mark> 0 June 2017		66,137,613	25,852,192	267,381,272	359,371,077
Comprehensive income Net result		(5,558,972)	0	0	(5,558,972)
Changes on revaluation of assets	10	0	0	123,117,733	123,117,733
Total comprehensive income		(5,558,972)	C	123,117,733	117,558,761
Transfers from/(to) reserves		5,938,452	(5,938,452)	0	0
Balance as at 30 June 2018		66,517,094	19,913,740	390,499,001	476,929,838

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

CASH FLOWS FROM OPERATING ACTIVITIES         \$         \$         \$           Receipts         Retes         4,020,160         4,100,733         3,902,236           Operating grants, subsidies and contributions         1,324,675         1,320,892         1,614,639           Interest earnings         574,787         514,300         564,131         0         (10,000)           Other revenue         530,809         165,450         422,643         9,185,779         2,344,561         (4,044,660           Payments         Employee costs         (2,915,232)         (3,267,102)         (3,026,453)           Materials and contracts         (1,667,777)         (2,445,611)         (4,475,325)         (421,718)         (431,695)         (458,878)           Insurance expenses         (79,571)         (61,018)         (188,477)         (189,773)         (364,613)         (168,772)         (2,445,611)         (4,475,325)           Vet cash provided by (used in)         operating activities         14         (559,746)         (158,897)         (321,892)           Payments for development of Land held for resale         384,956         178,707         55,853           Payments for construction of infrastructure         (2,660,295)         (3,522,51)         (2,400,47)           Non-o		NOTE	2018 Actual	2018 Budget	2017 Actual
Rates         4,020,160         4,100,733         3,902,236           Operating grants, subsidies and contributions         2,735,362         1,818,955         3,991,011           Fees and charges         1,324,675         1,320,892         1,614,639           Interest earnings         574,787         514,360         564,131           Goods and services tax         0         (10,000)         0           Other revenue         530,809         165,450         422,643           Materials and contracts         (1,667,877)         (2,845,611)         (4,475,325)           Utility charges         (421,718)         (431,695)         (458,878)           Interest expenses         (160,018)         (168,247)         (189,73)           Goods and services tax         0         0         14           Other expenditure         (58,9746)         (158,897)         (321,892)           Insurance expenses         (10,013)         951,831         1,958,938           CASH FLOWS FROM INVESTING ACTIVITIES         (58,24,762)         (6,583,559)         (6,523,742)           Payments for ourstruction of infrastructure         (2,660,295)         (3,522,551)         (2,460,047)           Non-operating grants, subsidies and contributions         (2,662,2878)         1,7	CASH FLOWS FROM OPERATING ACTIVITIES		\$		\$
Operating grants, subsidies and contributions         2,735,362         1,818,955         3,991,011           Fees and charges         1,324,675         1,220,825         1,818,955         3,991,011           Fees and charges         1,324,675         1,220,825         1,818,955         3,991,011           Codes and services tax         0         (10,000)         530,809         165,450         422,643           Payments         9,185,793         7,910,390         10,494,660         10,494,660           Payments         (2,915,232)         (3,267,102)         (3,026,453)           Interest expenses         (1,667,877)         (2,845,611)         (4,475,325)           Interest expenses         (79,571)         (67,007)         (63,415)           Insurance expenses         (180,618)         (188,247)         (1321,892)           Operating activities         14         3,361,031         951,831         1,958,938           CASH FLOWS FROM INVESTING ACTIVITIES         Payments for purchase of         (2,681,451)         (15,524,374)         (1,982,798)           Payments for purchase of         (2,660,295)         (3,522,551)         (2,400,47)           Non-operating grants,         subsidies and contributions         (3,652,878)         1,754,741         1,531,634	Receipts				
Fees and charges       1,324,675       1,320,892       1,614,639         Interest earnings       0       101,000         Gods and services tax       0       101,000         Other revenue       530,809       165,450       422,643         Payments       9,185,793       7,910,390       10,494,660         Employee costs       (2,915,232)       (3,267,102)       (3,026,453)         Interest expenses       (2,915,232)       (3,267,102)       (3,026,453)         Interest expenses       (79,571)       (67,007)       (63,415)         Insurance expenses       (79,571)       (67,007)       (63,415)         Interest evening       (559,746)       (158,877)       (2,241,822)         O       0       0       14         Other expenditure       (559,746)       (158,878)         Interst evening       (16,70,77)       (63,415)       (158,977)         Interst evening       (138,013)       951,831       1,958,938         CASH FLOWS FROM INVESTING ACTIVITIES       1384,956       178,707       55,853         Payments for development of       (2,681,451)       (15,524,374)       (1,982,798)         Payments for construction of       infrastructure       (2,660,295)       (3	Rates		4,020,160	4,100,733	3,902,236
Interest earnings         574,787         514,360         564,131           Gods and services tax         0         (10,000)         530,809         165,450         422,643           Payments         9,185,793         7,910,380         10,494,660         (2,915,232)         (3,026,453)           Materials and contracts         (1,667,877)         (2,845,611)         (4,475,325)         (458,878)           Interest expenses         (79,571)         (67,007)         (63,415)         (188,247)         (188,247)         (189,773)           Gods and services tax         0         0         14         (559,746)         (158,897)         (321,892)           Net cash provided by (used in) operating activities         14         3,361,031         951,831         1,958,938           CASH FLOWS FROM INVESTING ACTIVITIES         Payments for development of Land held for resale         384,956         178,707         55,853           Payments for construction of infrastructure         (2,681,451)         (15,524,374)         (1,982,798)           Payment of long term borrowings         (3,652,878)         1,754,741         1,531,634           Proceeds from sale of fixed assets         442,545         322,501         252,794           Net cash provided by (used in) investment activities         (8,167,123)<	Operating grants, subsidies and contributions		2,735,362	1,818,955	3,991,011
Goods and services tax         0         (10,000)           Other revenue         530,809         165,450         422,643           Payments         9,185,733         7,910,390         10,494,660           Employee costs         (2,915,232)         (3,267,102)         (3,026,453)           Materials and contracts         (1,607,877)         (2,445,111)         (4,475,325)           Utility charges         (421,718)         (431,695)         (458,878)           Interest expenses         (79,571)         (67,007)         (63,415)           Insurance expenses         (180,618)         (188,247)         (189,773)           Goods and services tax         0         0         14           Other expenditure         (559,746)         (158,897)         (321,892)           Not cash provided by (used in)         0         0         14           Operating activities         14         3,361,031         951,831         1,958,938           CASH FLOWS FROM INVESTING ACTIVITIES         384,956         178,707         55,853           Payments for purchase of property, plant & equipment         (2,660,295)         (3,522,551)         (2,460,047)           Non-operating grants, subsidies and contributions         (3,652,878)         1,754,741         1,	Fees and charges		1,324,675	1,320,892	1,614,639
Other revenue         530,809         165,450         422,643           Payments         9,185,793         7,910,390         10,494,660           Employee costs         (2,915,232)         (3,267,102)         (3,026,453)           Materials and contracts         (1,667,877)         (2,845,611)         (4,475,325)           Utility charges         (421,718)         (431,695)         (458,878)           Interest expenses         (130,618)         (188,247)         (189,773)           Gods and services tax         0         0         14           Other expenditure         (559,746)         (158,897)         (321,892)           Net cash provided by (used in)         0         0         14           operating activities         14         3,361,031         951,831         1,958,938           CASH FLOWS FROM INVESTING ACTIVITIES         784,956         178,707         55,853           Payments for development of infrastructure         (2,660,295)         (3,522,551)         (2,460,047)           Non-operating grants, subsidies and contributions         (3,652,878)         1,754,741         1,531,634           Proceeds from self of treed assets         (42,645         322,501         252,794           Net cash provided by (used in)         (8,167,123	Interest earnings		574,787	514,360	564,131
Payments         9,185,793         7,910,390         10,494,660           Payments         (2,915,232)         (3,267,102)         (3,026,453)           Materials and contracts         (1,67,877)         (2,845,611)         (4,475,325)           Utility charges         (421,718)         (431,695)         (458,878)           Interest expenses         (79,571)         (67,007)         (63,415)           Codds and services tax         0         0         14           Other expenditure         (559,746)         (158,897)         (321,892)           Net cash provided by (used in) operating activities         14         3,361,031         951,831         1,958,938           CASH FLOWS FROM INVESTING ACTIVITIES         7940,976         (2,681,451)         (15,524,374)         (1,982,798)           Payments for purchase of property, plant & equipment         (2,660,295)         (3,522,551)         (2,460,047)           Non-operating grants, subsidies and contributions         (3,652,878)         1,754,741         1,531,634           Proceeds from sale of fixed assets         (8,167,123)         (16,790,976)         (2,602,564)           CASH FLOWS FROM FINANCING ACTIVITIES         (8,167,123)         (16,790,976)         (2,602,564)           Proceeds from sale of fixed assets         (2,19,405)	Goods and services tax		0	(10,000)	
Payments         (2,915,232)         (3,267,102)         (3,026,453)           Materials and contracts         (1,667,877)         (2,845,611)         (4,475,325)           Uility charges         (421,718)         (431,685,878)         (180,618)         (188,247)         (189,773)           Gods and services tax         0         0         14         (559,746)         (158,897)         (321,892)           Net cash provided by (used in) operating activities         0         0         14         (559,746)         (158,897)         (321,892)           Net cash provided by (used in) operating activities         14         3,361,031         951,831         1,958,938           CASH FLOWS FROM INVESTING ACTIVITIES         Payments for development of Land held for resale         384,956         178,707         55,853           Payments for opurchase of property, plant & equipment         (2,660,295)         (3,522,551)         (2,460,047)           Non-operating grants, subsidies and contributions         (3,652,878)         1,754,741         1,531,634           Proceeds from sale of fixed assets         (421,718)         (2,600,295)         (2,202,564)           CASH FLOWS FROM FINANCING ACTIVITIES         (8,167,123)         (16,790,976)         (2,602,564)           CASH FLOWS FROM FINANCING ACTIVITIES         (219,405) <td>Other revenue</td> <td>_</td> <td></td> <td></td> <td>422,643</td>	Other revenue	_			422,643
Employee costs         (2,915,232)         (3,267,102)         (3,026,453)           Materials and contracts         (1,667,877)         (2,845,611)         (4,475,325)           Utility charges         (421,718)         (431,695)         (458,78)           Interest expenses         (79,571)         (67,007)         (63,415)           Insurance expenses         (180,618)         (188,247)         (189,773)           Goods and services tax         0         0         14           Other expenditure         (559,746)         (158,897)         (321,892)           Net cash provided by (used in) operating activities         14         3,361,031         951,831         1,958,938           CASH FLOWS FROM INVESTING ACTIVITIES         Payments for construction of infrastructure         (2,681,451)         (15,524,374)         (1,982,798)           Payments for construction of infrastructure         (3,652,878)         1,754,741         1,531,634           Proceeds from sale of fixed assets         (442,545         322,501         252,794           Net cash provided by (used in)         (8,167,123)         (16,790,976)         (2,602,564)           CASH FLOWS FROM FINANCING ACTIVITIES         (219,405)         (219,405)         (25,745           Repayment of long term borrowings         (219,405)			9,185,793	7,910,390	10,494,660
Materials and contracts       (1,667,877)       (2,845,611)       (4,475,325)         Utility charges       (421,718)       (431,695)       (458,878)         Interest expenses       (79,571)       (67,007)       (63,415)         Insurance expenses       (79,571)       (67,007)       (63,415)         Cods and services tax       0       0       14         Other expenditure       (559,746)       (158,897)       (321,892)         Net cash provided by (used in)       0       0       14         Operating activities       14       (559,746)       (158,897)       (321,892)         (5,824,762)       (6,958,559)       (8,535,722)         Net cash provided by (used in)       0       0       14         Operating activities       14       3,361,031       951,831       1,958,938         CASH FLOWS FROM INVESTING ACTIVITIES       384,956       178,707       55,853         Payments for purchase of       (2,660,295)       (3,522,551)       (2,460,047)         Non-operating grants,       (3,652,878)       1,754,741       1,531,634         Proceeds from sale of fixed assets       (442,545       322,501       252,794         Net cash provided by (used in)       (8,167,123)       (16,790,976) <td></td> <td></td> <td></td> <td></td> <td></td>					
Utility charges       (421,718)       (431,695)       (458,878)         Interest expenses       (79,571)       (67,007)       (63,415)         Insurance expenses       (180,618)       (188,247)       (189,773)         Coods and services tax       0       0       14         Other expenditure       (559,746)       (158,897)       (321,892)         Net cash provided by (used in)       0       (5,824,762)       (6,958,559)       (8,535,722)         Net cash provided by (used in)       0       14       3,361,031       951,831       1,958,938         CASH FLOWS FROM INVESTING ACTIVITIES       Payments for development of       384,956       178,707       55,853         Payments for construction of       infrastructure       (2,660,295)       (3,522,551)       (2,460,047)         Non-operating grants,       subsidies and contributions       (3,652,878)       1,754,741       1,531,634         Proceeds from sale of fixed assets       442,545       322,501       252,794         Net cash provided by (used in)       (8,167,123)       (16,790,976)       (2,602,564)         CASH FLOWS FROM FINANCING ACTIVITIES       (219,405)       (219,405)       (158,039)         Proceeds from sel supporting loans       27,485       27,485       27,485 <td></td> <td></td> <td></td> <td></td> <td></td>					
Interest expenses         (79,571)         (67,007)         (63,415)           Insurance expenses         0         0         14           Other expenditure         (559,746)         (158,897)         (321,892)           Net cash provided by (used in) operating activities         0         0         14           CASH FLOWS FROM INVESTING ACTIVITIES         (5,824,762)         (6,958,559)         (8,535,722)           Payments for development of Land held for resale         384,956         178,707         55,853           Payments for construction of infrastructure         (2,681,451)         (15,524,374)         (1,982,798)           Payments for construction of infrastructure         (2,660,295)         (3,522,551)         (2,460,047)           Non-operating grants, subsidies and contributions         (3,652,878)         1,754,741         1,531,634           Proceeds from sale of fixed assets         (42,545         322,501         252,794           Net cash provided by (used in) investment activities         (8,167,123)         (16,790,976)         (2,602,564)           CASH FLOWS FROM FINANCING ACTIVITIES         (219,405)         (219,405)         (158,039)           Proceeds from self supporting loans         (2,19,405)         (219,405)         (158,039)           Proceeds from new long term borrowings					
Insurance expenses       (180,618)       (182,247)       (189,773)         Goods and services tax       0       0       14         Other expenditure       (559,746)       (158,897)       (321,892)         Net cash provided by (used in)       (6,958,559)       (8,535,722)         operating activities       14       3,361,031       951,831       1,958,938         CASH FLOWS FROM INVESTING ACTIVITIES       Payments for development of       384,956       178,707       55,853         Payments for purchase of       property, plant & equipment       (2,681,451)       (15,524,374)       (1,982,798)         Payments for construction of       infrastructure       (2,660,295)       (3,522,551)       (2,460,047)         Non-operating grants,       subsidies and contributions       (3,652,878)       1,754,741       1,531,634         Proceeds from sale of fixed assets       (8,167,123)       (16,790,976)       (2,602,564)         CASH FLOWS FROM FINANCING ACTIVITIES       (8,167,123)       (16,790,976)       (2,602,564)         Repayment of long term borrowings       (2,19,405)       (219,405)       (158,039)         Proceeds from new long term borrowings       (2,940,05)       (219,405)       (158,039)         Proceeds from new long term borrowings       0       2,			,		
Goods and services tax         0         0         14           Other expenditure         (559,746)         (158,897)         (321,892)           Net cash provided by (used in) operating activities         (6,958,559)         (8,535,722)           Net cash provided by (used in) operating activities         14         3,361,031         951,831         1,958,938           CASH FLOWS FROM INVESTING ACTIVITIES Payments for development of Land held for resale         384,956         178,707         55,853           Payments for construction of infrastructure         (2,681,451)         (15,524,374)         (1,982,798)           Payments for construction of infrastructure         (2,660,295)         (3,522,551)         (2,460,047)           Non-operating grants, subsidies and contributions         (3,652,878)         1,754,741         1,531,634           Proceeds from sale of fixed assets         (42,545         322,501         252,794           Net cash provided by (used in) investment activities         (8,167,123)         (16,790,976)         (2,602,564)           CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long term borrowings         (2,19,405)         (219,405)         (158,039)           Proceeds from self supporting loans         27,485         27,485         27,485         27,485           Proceeds from new long term borrowings         (1					
Other expenditure         (559,746)         (158,897)         (321,892)           Net cash provided by (used in) operating activities         (6,958,559)         (8,535,722)           Net cash provided by (used in) operating activities         (14         3,361,031         951,831         1,958,938           CASH FLOWS FROM INVESTING ACTIVITIES Payments for development of Land held for resale         384,956         178,707         55,853           Payments for purchase of property, plant & equipment         (2,681,451)         (15,524,374)         (1,982,798)           Payments for construction of infrastructure         (2,660,295)         (3,522,551)         (2,460,047)           Non-operating grants, subsidies and contributions         (3,652,878)         1,754,741         1,531,634           Proceeds from sale of fixed assets         (42,545         322,501         252,794           Net cash provided by (used in) investment activities         (8,167,123)         (16,790,976)         (2,602,564)           CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long term borrowings         (219,405)         (219,405)         (158,039)           Proceeds from self supporting loans         27,485         27,485         27,485         27,485           Proceeds from new long term borrowings         (191,920)         1,808,080         469,446           Net increase					
Net cash provided by (used in) operating activities         (5,824,762)         (6,958,559)         (8,535,722)           Net cash provided by (used in) operating activities         14         3,361,031         951,831         1,958,938           CASH FLOWS FROM INVESTING ACTIVITIES Payments for development of Land held for resale         384,956         178,707         55,853           Payments for purchase of property, plant & equipment         (2,681,451)         (15,524,374)         (1,982,798)           Payments for construction of infrastructure         (2,660,295)         (3,522,551)         (2,460,047)           Non-operating grants, subsidies and contributions         (3,652,878)         1,754,741         1,531,634           Proceeds from sale of fixed assets         442,545         322,501         252,794           Net cash provided by (used in) investment activities         (8,167,123)         (16,790,976)         (2,602,564)           CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long term borrowings         0         2,000,000         600,000           Net cash provided by (used In) financing activities         (191,920)         1,808,080         469,446           Net increase (decrease) in cash held Cash at beginning of year         (4,998,012)         (14,031,065)         (174,180)           28,940,062         28,940,406         29,114,242         28,940,406					
Net cash provided by (used in) operating activities143,361,031951,8311,958,938CASH FLOWS FROM INVESTING ACTIVITIES Payments for development of Land held for resale384,956178,70755,853Payments for purchase of property, plant & equipment(2,681,451)(15,524,374)(1,982,798)Payments for construction of infrastructure(2,660,295)(3,522,551)(2,460,047)Non-operating grants, subsidies and contributions(3,652,878)1,754,7411,531,634Proceeds from sale of fixed assets442,545322,501252,794Net cash provided by (used in) investment activities(8,167,123)(16,790,976)(2,602,564)CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long term borrowings Proceeds from self supporting loans Proceeds from self supporting loans Proceeds from new long term borrowings(219,405)(219,405)(158,039)Proceeds from new long term borrowings Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used ln) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(4,998,012)(14,031,065)(174,180)28,940,06228,940,40629,114,24228,940,40629,114,242	Other expenditure	-			
operating activities143,361,031951,8311,958,938CASH FLOWS FROM INVESTING ACTIVITIESPayments for development of Land held for resale384,956178,70755,853Payments for purchase of property, plant & equipment(2,681,451)(15,524,374)(1,982,798)Payments for construction of infrastructure(2,660,295)(3,522,551)(2,460,047)Non-operating grants, subsidies and contributions(3,652,878)1,754,7411,531,634Proceeds from sale of fixed assets(3,652,878)1,754,7411,531,634Proceeds from sale of fixed assets(8,167,123)(16,790,976)(2,602,564)CASH FLOWS FROM FINANCING ACTIVITIESRepayment of long term borrowings(219,405)(219,405)(158,039)Proceeds from self supporting loans27,48527,48527,485Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used ln) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(4,998,012)(14,031,065)(174,180)28,940,06228,940,40629,114,24228,940,40629,114,242			(5,824,762)	(6,958,559)	(8,535,722)
CASH FLOWS FROM INVESTING ACTIVITIESPayments for development of Land held for resale384,956178,70755,853Payments for purchase of property, plant & equipment(2,681,451)(15,524,374)(1,982,798)Payments for construction of infrastructure(2,660,295)(3,522,551)(2,460,047)Non-operating grants, subsidies and contributions(3,652,878)1,754,7411,531,634Proceeds from sale of fixed assets(3,652,878)1,754,7411,531,634Proceeds from sale of fixed assets(3,652,878)1,754,7411,531,634Net cash provided by (used in) investment activities(8,167,123)(16,790,976)(2,602,564)CASH FLOWS FROM FINANCING ACTIVITIES(219,405)(219,405)(158,039)Proceeds from self supporting loans27,48527,48527,485Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used ln) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(4,998,012)(14,031,065)(174,180)		-			
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Payments for development of Land held for resale384,956178,70755,853Payments for purchase of property, plant & equipment(2,681,451)(15,524,374)(1,982,798)Payments for construction of infrastructure(2,660,295)(3,522,551)(2,460,047)Non-operating grants, subsidies and contributions(3,652,878)1,754,7411,531,634Proceeds from sale of fixed assets442,545322,501252,794Net cash provided by (used in) investment activities(8,167,123)(16,790,976)(2,602,564)CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long term borrowings(219,405)(219,405)(158,039)Proceeds from self supporting loans27,48527,48527,485Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used ln) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(4,998,012)(14,031,065)(174,180)28,940,06228,940,40629,114,24228,940,40629,114,242					
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property, plant & equipment       (2,681,451)       (15,524,374)       (1,982,798)         Payments for construction of       infrastructure       (2,660,295)       (3,522,551)       (2,460,047)         Non-operating grants,       subsidies and contributions       (3,652,878)       1,754,741       1,531,634         Proceeds from sale of fixed assets       442,545       322,501       252,794         Net cash provided by (used in)       (8,167,123)       (16,790,976)       (2,602,564)         CASH FLOWS FROM FINANCING ACTIVITIES         Repayment of long term borrowings       (219,405)       (219,405)       (158,039)         Proceeds from self supporting loans       27,485       27,485       27,485         Proceeds from new long term borrowings       0       2,000,000       600,000         Net cash provided by (used In)       (191,920)       1,808,080       469,446         Net increase (decrease) in cash held       (4,998,012)       (14,031,065)       (174,180)         Cash at beginning of year       28,940,062       28,940,406       29,114,242			304,930	170,707	55,055
Payments for construction of infrastructure(2,660,295)(3,522,551)(2,460,047)Non-operating grants, subsidies and contributions(3,652,878)1,754,7411,531,634Proceeds from sale of fixed assets(3,652,878)1,754,7411,531,634Proceeds from sale of fixed assets442,545322,501252,794Net cash provided by (used in) investment activities(8,167,123)(16,790,976)(2,602,564)CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long term borrowings(219,405)(219,405)(158,039)Proceeds from self supporting loans27,48527,48527,485Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used ln) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(4,998,012)(14,031,065)(174,180) 28,940,062			(2 691 451)	(15 524 374)	(1 082 708)
infrastructure       (2,660,295)       (3,522,551)       (2,460,047)         Non-operating grants,       subsidies and contributions       (3,652,878)       1,754,741       1,531,634         Proceeds from sale of fixed assets       442,545       322,501       252,794         Net cash provided by (used in)       (8,167,123)       (16,790,976)       (2,602,564)         CASH FLOWS FROM FINANCING ACTIVITIES       (8,167,123)       (16,790,976)       (2,602,564)         Cash provided by (used in)       (219,405)       (219,405)       (158,039)         Proceeds from self supporting loans       27,485       27,485       27,485         Proceeds from new long term borrowings       0       2,000,000       600,000         Net cash provided by (used ln)       (191,920)       1,808,080       469,446         Net increase (decrease) in cash held       (4,998,012)       (14,031,065)       (174,180)         Cash at beginning of year       28,940,062       28,940,406       29,114,242         Cash and cash equivalents       29,114,242       28,940,062       28,940,406       29,114,242			(2,001,401)	(13,324,374)	(1,302,730)
Non-operating grants, subsidies and contributions(3,652,878)1,754,7411,531,634Proceeds from sale of fixed assets442,545322,501252,794Net cash provided by (used in) investment activities(8,167,123)(16,790,976)(2,602,564)CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long term borrowings(219,405)(219,405)(158,039)Proceeds from self supporting loans27,48527,48527,485Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used ln) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(4,998,012)(14,031,065)(174,180)Cash and cash equivalents28,940,06228,940,40629,114,242			(2 660 295)	(3 522 551)	(2 460 047)
subsidies and contributions(3,652,878)1,754,7411,531,634Proceeds from sale of fixed assets442,545322,501252,794Net cash provided by (used in) investment activities(8,167,123)(16,790,976)(2,602,564)CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long term borrowings(219,405)(219,405)(158,039)Proceeds from self supporting loans27,48527,48527,48527,485Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used In) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(4,998,012)(14,031,065)(174,180)			(2,000,200)	(0,022,001)	(2,400,047)
Proceeds from sale of fixed assets442,545322,501252,794Net cash provided by (used in) investment activities(8,167,123)(16,790,976)(2,602,564)CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long term borrowings(219,405)(219,405)(158,039)Proceeds from self supporting loans27,48527,48527,485Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used In) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(4,998,012)(14,031,065)(174,180)28,940,06228,940,40629,114,24229,114,24220,114,242			(3 652 878)	1 754 741	1 531 634
Net cash provided by (used in) investment activities(8,167,123)(16,790,976)(2,602,564)CASH FLOWS FROM FINANCING ACTIVITIES Repayment of long term borrowings Proceeds from self supporting loans Proceeds from new long term borrowings Proceeds from new long term borrowings Net cash provided by (used In) financing activities(219,405)(219,405)(158,039)02,000,000600,000Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(191,920)1,808,080469,446					
investment activities       (8,167,123)       (16,790,976)       (2,602,564)         CASH FLOWS FROM FINANCING ACTIVITIES         Repayment of long term borrowings       (219,405)       (219,405)       (158,039)         Proceeds from self supporting loans       27,485       27,485       27,485         Proceeds from new long term borrowings       0       2,000,000       600,000         Net cash provided by (used In)       (191,920)       1,808,080       469,446         Net increase (decrease) in cash held       (4,998,012)       (14,031,065)       (174,180)         Cash at beginning of year       28,940,062       28,940,406       29,114,242			442,040	022,001	202,101
CASH FLOWS FROM FINANCING ACTIVITIESRepayment of long term borrowings(219,405)(219,405)(158,039)Proceeds from self supporting loans27,48527,48527,485Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used In) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(4,998,012)(14,031,065)(174,180)		÷	(8 167 123)	(16 790 976)	(2 602 564)
Repayment of long term borrowings(219,405)(219,405)(158,039)Proceeds from self supporting loans27,48527,48527,485Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used In) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(4,998,012) 28,940,062(14,031,065) 28,940,406(174,180) 29,114,242			(0,101,120)	(10,100,010)	(2,002,001)
Proceeds from self supporting loans27,48527,48527,485Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used In) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(14,031,065) 28,940,062(174,180) 28,940,40629,114,242	CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from self supporting loans27,48527,48527,485Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used In) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held Cash at beginning of year Cash and cash equivalents(14,031,065) 28,940,062(174,180) 28,940,40629,114,242	Repayment of long term borrowings		(219,405)	(219,405)	(158,039)
Proceeds from new long term borrowings02,000,000600,000Net cash provided by (used In) financing activities(191,920)1,808,080469,446Net increase (decrease) in cash held(4,998,012)(14,031,065)(174,180)Cash at beginning of year28,940,06228,940,40629,114,242Cash and cash equivalents				27,485	
financing activities       (191,920)       1,808,080       469,446         Net increase (decrease) in cash held       (4,998,012)       (14,031,065)       (174,180)         Cash at beginning of year       28,940,062       28,940,406       29,114,242         Cash and cash equivalents			0	2,000,000	600,000
Net increase (decrease) in cash held         (4,998,012)         (14,031,065)         (174,180)           Cash at beginning of year         28,940,062         28,940,406         29,114,242           Cash and cash equivalents					
Cash at beginning of year28,940,06228,940,40629,114,242Cash and cash equivalents	financing activities		(191,920)	1,808,080	469,446
Cash at beginning of year28,940,06228,940,40629,114,242Cash and cash equivalents	Net increase (decrease) in cash held		(4,998,012)	(14,031,065)	(174,180)
Cash and cash equivalents					
		14 =	23,942,050	14,909,341	28,940,062

RATE SETTING STATEMENT FOR THE YEAR ENDED 30TH JUNE 2018	NOTE	2018 Actual	2018 Budget	2017 Actual
			\$	
OPERATING ACTIVITIES		\$	Φ	\$
Net current assets at start of financial year - surplus/(de	ficit)	2 004 504	0.005.040	00 700 504
Net current assets at start of infancial year - surplus/(ue	iicit)	2,904,504	2,865,040	20,788,501 20,788,501
		2,904,504	2,865,040	20,700,501
Revenue from operating activities (excluding rates)				
Governance		59,087	48,244	49,561
General purpose funding		2,972,811	1,723,807	4,145,826
Law, order, public safety		243,567	244,265	251,855
Health		27,787	39,600	52,863
Education and welfare		40,102	20,100	21,411
Housing		159,084	153,980	165,188
Community amenities		823,891	553,036	778,202
Recreation and culture		659,337	671,730	629,904
Transport Economic services		213,298	307,582	316,566
Other property and services		150,509	151,841	227,570
Other property and services		<u>131,069</u> 5,480,542	<u>57,800</u> 3,971,985	97,316
Expenditure from operating activities		5,460,542	3,971,905	6,736,262
Governance		(508,826)	(560,939)	(475,937)
General purpose funding		(111,769)	(82,002)	(115,878)
Law, order, public safety		(639,096)	(657,445)	(647,941)
Health		(482,812)	(293,288)	(249,180)
Education and welfare		(149,539)	(135,603)	(131,338)
Housing		(230,719)	(243,256)	(245,709)
Community amenities		(1,390,940)	(963,140)	(958,313)
Recreation and culture		(2,881,396)	(2,901,733)	(2,809,244)
Transport		(4,164,619)	(4,138,865)	(3,928,030)
Economic services Other property and services		(767,090)	(963,577)	(863,227)
Other property and services	1.	(53,012)	(41,343)	(128,598)
Operating activities excluded		(11,379,818)	(10,981,191)	(10,553,395)
(Profit) on disposal of assets	9(a)	(6,631)	(29,476)	0
Loss on disposal of assets	9(a)	256,343	105,340	112,560
Movement in deferred pensioner rates (non-current)		12,707	0	(2,800)
Movement in employee benefit provisions (non-current)		25,853	Ō	(78,007)
Depreciation and amortisation on assets	9(b)	4,118,392	4,100,778	4,075,456
Amount attributable to operating activities	-	1,411,892	32,476	21,078,577
INVESTING ACTIVITIES		(0.050.050)		
Non-operating grants, subsidies and contributions Proceeds from disposal of assets	9(a)	(3,652,878)	1,754,741	1,531,634
Purchase of land held for resale	3(a)	442,545 384,956	322,501 178,707	252,794 55,853
Purchase of property, plant and equipment	7(b)	(2,681,451)	(15,524,374)	(1,982,798)
Purchase and construction of infrastructure	8(b)	(2,660,295)	(3,522,551)	(2,460,047)
Amount attributable to investing activities		(8,167,123)	(16,790,976)	(2,602,564)
FINANCING ACTIVITIES	40/			
Repayment of long term borrowings	12(a)	(219,405)	(219,405)	(158,039)
Proceeds from new long term borrowings Proceeds from self supporting loans	12(b) 12(a)	0	2,000,000	600,000
Transfers to reserves (restricted assets)	12(a) 4	27,485 (1,506,970)	27,485	27,485
Transfers from reserves (restricted assets)	4	7,445,420	(3,498,623) 14,637,221	(20,861,054) 963,998
Amount attributable to financing activities		5,746,530	12,946,678	(19,427,610)
Surplus(deficiency) before general rates		(1,008,701)	(3,811,822)	(951,597)
Total amount raised from general rates	21	3,993,182	3,990,692	3,856,101
Net current assets at June 30 c/fwd - surplus/(deficit)	22	2,984,481	178,870	2,904,504
the same access accano co orma - sarpinor (action)		2,304,401	110,010	2,304,304

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

Shire of Merredin ANNUAL REPORT 2017/18 | 8

## 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 24 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.

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## 2. REVENUE AND EXPENSES

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	2018	2017
(a) Revenue	Actual	Actual
	\$	\$
Fees and Charges		
Governance	6,372	11,924
General purpose funding	21,190	19,916
Law, order, public safety	190,645	187,062
Health	24,926	52,863
Housing	154,539	163,829
Community amenities	625,240	714,970
Recreation and culture	172,900	306,718
Transport	17,127	16,817
Economic services	99,745	125,422
Other property and services	11,991	15,117
	1,324,675	1,614,638

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

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## 2. REVENUE AND EXPENSES (Continued)

## (a) Revenue (Continued)

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## **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		
General purpose funding	2,307,541	3,517,227
Law, order, public safety	40,999	61,359
Community amenities	41,982	12,955
Recreation and culture	454,351	223,372
Transport	111,912	223,580
Economic services	36,814	56,330
	2,993,599	4,094,823
Non-operating grants, subsidies and contributions		
Recreation and culture	0	35,559
Transport	1,326,883	1,482,350
Economic services	20,239	13,725
Other property and services	(5,000,000)	0
	(3,652,878)	1,531,634
Total grants, subsidies and contributions	(659,279)	5,626,457

## SIGNIFICANT ACCOUNTING POLICIES

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

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

**Grants, Donations and Other Contributions (Continued)** a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
- Loans receivable - clubs/institutions	20,102	20,100	21,411
- Reserve funds	406,535	392,260	408,428
- Other funds	81,742	40,000	65,980
Other interest revenue (refer note 21(b))	66,408	62,000	68,311
	574,787	514,360	564,130

## 2. REVENUE AND EXPENSES (Continued)

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(b) Expenses	2018	2017
	\$	\$
Auditors remuneration		
- Audit of the Annual Financial Report	11,073	10,457
- Additional Annuals & Financial Management Review	800	1,600
- Disbursements	2,462	1,784
	14,335	13,841
Interest expenses (finance costs)		
Long term borrowings (refer Note 12(a))	78,743	71,098
	78,743	71,098
Rental charges		
- Operating leases	19,332	55,618
	19,332	55,618

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	NOTE	2018	2017
3. CASH AND CASH EQUIVALENTS		\$	\$
Unrestricted		4,028,310	3,087,869
Restricted		19,913,741	25,852,193
	25	23,942,051	28,940,062
The following restrictions have been imposed by			
regulations or other externally imposed requirement	S:		
Leave Reserve	4	530,972	484,416
Plant Replacement Reserve	4	780,669	874,657
Heritage Reserve	4	7,591	7,430
Building Reserve	4	827,505	713,033
Land & Development Reserve	4	1,161,446	983,598
Recreation Reserve	4	491,721	259,674
Disaster Relief Reserve	4	8,074	7,907
Road Reinstatement Reserve	4	26,411	25,850
Cummings Street Units Reserve	4	52,363	51,252
Waste Management Reserve	4	118,725	43,235
Environmental Initiatives Reserve	4	51,961	50,854
Unspent Grants Reserve	4	15,792,424	22,350,286
ITC Reserve	4	63,878	0
	-	19,913,740	25,852,192

## SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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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.

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#### 4. RESERVES - CASH BACKED

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	2018	2018	2018		2018	2018	2018	2018	2017	2017	2017	2017
	Actual	Actual	Actual		Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Opening	Transfer	Transfer	2018	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing
	Balance	to	(from)	Actual	Balance	to	(from)	Balance	Balance	to	(from)	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	484,416	46,556		530,972	484,416	110,657		595,073	473,424	10,992		484,416
Plant Replacement Reserve	874,657	19,932	(113,919)	780,670	874,656	572,886	(803,600)	643,942	1,015,625	124,667	(265,636)	874,656
Hentage Reserve	7,430	162		7,592	7,430	15,687		23,117	7,242	188		7,430
Building Reserve	713,033	114,472		827,505	713,032	0		713,032	694,961	18,072		713,033
Land & Development Reserve	983,598	177,847		1,161,445	983,598	2,021,659	(90,000)	2,915,257	1,113,600	177,283	(307,285)	983,598
Recreation Reserve	259,674	232,048		491.722	259,674	229,624		489.298	272,029	6,705	(19,060)	259,674
Disaster Relief Reserve	7,907	167		8,074	7,906	174		8,080	7,706	200		7,906
Road Reinstatement Reserve	25,850	561		26,411	25,850	569		26,419	25,195	655		25,850
Cummings Street Units Reserve	51,252	1,111		52,363	51.252	1,128		52,380	49,953	1,299		51,252
Waste Management Reserve	43,235	75,490		118,725	43,235	84,299		127,534	42,139	1,096		43,235
Environmental Initiatives Reserve	50,854	1,107		51,961	50,855	1,119	(30,000)	21,974	49,489	1,366		50,855
Unspent Grants Reserve	22,350,286	773,639	(7,331,501)	15,792,424	22,350,287	397,631	(13,713,621)	9,034,297	2.203,773	20,518,531	(372,017)	22,350,287
ITC Reserve	0	63,878		63,878	0	63,190		63,190	0	0		0
	25,852,192	1,506,970	(7,445,420)	19,913,742	25,852,191	3,498,623	(14,637,221)	14,713,593	5,955,136	20.861,054	(963,998)	25,852,192

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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.

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In accordance with council resolutions of June 2018, in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

	Anticipated	
Name of Reserve	date of use	Purpose of the reserve
Leave Reserve		To be utilised to fund staff leave as required.
Plant Replacement Reserve		To be utilised to fund future capital plant purchases.
Hentage Reserve		To be Closed in 2018/2019
Building Reserve		To be utilised to fund future building costruction and major maintenance within the Shire of Merredin.
Land & Development Reserve		To be utilised to fund major land development/purchases within the Shire of Merredin.
Recreation Reserve		To be utilised to fund future development and major renewals in relation to Recreation,
Disaster Relief Reserve		To be utilised to contribute to liabilities arising from a declared natural disaster that meets WAANDRA eligibility minimum spend.
Road Reinstatement Reserve		To be Closed in 2018/2019
Cummings Street Units Reserve		To be utilised to full maintenance and capital costs associated with Council owned units in Cummings Street Merredin.
Waste Management Reserve		To be utilised for the collection, transport, storage, treatment, processing, sorting, recycling or disposal of waste; or the provision of receptacles for the temporary deposit of waste; or the provision and management of waste facilities, machinery for the disposal of waste and processes for dealing with waste.
Environmental Initiatives Reserve Unspent Grants Reserve ITC Reserve		To be Closed in 2018/2019 To be utilised for the quaranting of Grant Monies awaiting completion of Works. To be utilised to fund future ITC within the Shire of Merredin,

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5. TRADE AND OTHER RECEIVABLES	2018	2017	
	\$	\$	
Current			
Rates outstanding	396,680	360,910	
Sundry debtors	452,096	173,735	
Loans receivable - clubs/institutions	28,859	27,485	
Payments in Advance	(80,935)	(60,811)	
	796,700	501,319	
Non-current			
Rates outstanding - pensioners	88,426	101,133	
Loans receivable - clubs/institutions	357,307	386,166	
	445,733	487,299	
Information with respect the impairment or otherwise			
of the totals of rates outstanding and sundry debtors			
is as follows:			
Rates outstanding			
Includes:			
Past due and not impaired	396,680	360,910	
Sundry debtors			
Includes:			
Past due and not impaired	13,214	100,944	

## SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible. **Classification and subsequent measurement** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

6. INVENTORIES	2018	2017
	\$	\$
Current		
Fuels & Materials	142,981	193,376
	142,981	193,376
Non-current		
Land held for resale - cost		
Cost of acquisition	580,521	965,477
	580,521	965,477

## SIGNIFICANT ACCOUNTING POLICIES

General

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

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

## Land held for sale

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

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

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



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

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

Land and buildings	2018	2017
	\$	\$
Land - freehold land at:		
- Independent valuation 2017 - level 2 & 3	2,329,000	2,329,000
	2,329,000	2,329,000
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	760,000	760,000
	760,000	760,000
Total land	3,089,000	3,089,000
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	3,489,161	3,489,161
- Additions	72,193	0
Less: accumulated depreciation	(404,182)	(300,533)
	3,157,172	3,188,628
Buildings - specialised at:		
- Independent valuation 2017 - level 3	34,499,151	34,567,344
- Additions	2,301,557	0
- Disposals	(532,973)	0
Less: accumulated depreciation	(2,610,942)	(1,958,038)
	33,656,793	32,609,306
Total buildings	36,813,965	35,797,934
Total land and buildings	39,902,965	38,886,934
Furniture and equipment at:		
- Independent valuation 2016 - level 3	220,527	220,527
- Management valuation 2017 - level 3	66,642	66,642
- Additions	47,103	0
Less: accumulated depreciation	(46,504)	(27,339)
	287,768	259,830
Plant and equipment at:		
- Independent valuation 2016 - level 3	3,184,510	3,184,510
- Management valuation 2016 - level 3	1,121,375	1,188,158
- Additions	260,596	0
- Disposals	(159,284)	0
Less: accumulated depreciation	(999,329)	(656,399)
	3,407,868	3,716,269

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7 (a). PROPERTY, PLANT AND EQUIPMENT (Continued)	2018	2017	
	\$	\$	
Land Freehold at:			
- Management valuation 2017 - level 2 & 3	224,500	224,500	
Less: accumulated depreciation	0	0	
	224,500	224,500	
Total property, plant and equipment	43,823,101	43,087,533	

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

#### (b) Movements in Carrying Amounts

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

	Land - freehold land \$	Land - vested in and under the control of Council \$	Total land \$	Buildings - non- specialised \$	Buildings - specialised \$	Total buildings \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Land Freehold \$	Total property, plant and equipment \$
Balance at 1 July 2016	2,013,100	570,000	2,583,100	3,122,466	29,537,811	32,660,277	35,243,377	264,582	3,621,205	188,200	39.317,364
Additions			0	151,285	1,254,461	1,405,746	1.405.746	14,734	562.318		1,982,798
Revaluation increments/ (decrements) transferred to revaluation surplus	315,900	190.000	505,900	17,876	2,501,589	2,519,465	3,025,365			36,300	3,061,665
Depreciation (expense)	0	0	0	(102,999)	(684,555)	(787,554)	(787,554)	(19,486)	(467,254)		(1.274,294)
Carrying amount at 30 June 2017	2.329,000	760,000	3,089,000	3,188,628	32,609,306	35,797.934	38,886,934	259,830	3,716,269	224,500	43,087,533
Additions			0	72,194	2,301,558	2,373,752	2,373,752	47,103	260,596		2,681,451
(Disposals)			0		(532,973)	(532,973)	(532,973)		(159,284)		(692,257)
Depreciation (expense)			0	(103,650)	(721.098)	(824,748)	(824,748)	(19,165)	(409,713)		(1,253,626)
Carrying amount at 30 June 2018	2,329,000	760,000	3,089,000	3,157,172	33,656,793	36,813,965	39,902,965	287,768	3,407,868	224,500	43.823,101

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

## (c) Fair Value Measurements

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Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings Land - freehold land	2&3	Observed open market valuations, adjusted for condition and comparability.	Independent Valuation	2017	Price per Hectare / Current Conditions
Land - vested in and under the control of Council	3	Market approach using recent market data/income approach using discounted cash flow methodology.	Independent Valuation	2017	Price per Hectare / Current Conditions / Market Discount Rate
Buildings - non-specialised	2	Observed open market valuations, adjusted for condition and comparability.	Independent Valuation	2017	Price per Hectare
Buildings - specialised	3	Cost approach using depreciated replacement cost.	Independent Valuation	201 <b>7</b>	Improvements to land using construction costs and current conditions (Level 2) and remaining useful life assessments (Level 3)
Furniture and equipment	3	Cost approach using depreciated replacement cost.	Independent Valuation	2017	Purchase costs and current condition (Level 2) and remaining useful life assessments (Level 3)
Plant and equipment					
- Independent valuation 2016	3	Cost approach using depreciated replacement cost.	Independent Valuation	2016	Purchase costs and current condition (Level 2) and remaining useful life assessments (Level 3)
- Management valuation 2016	3	Cost approach using depreciated replacement cost.	Management Valuation	2016	Purchase costs and current condition (Level 2) and remaining useful life assessments (Level 3)

#### Land Freehold

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.

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8 (a). INFRASTRUCTURE	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2018 - level 3	421,139,283	0
- Management valuation 2017 - level 3	0	276,948,486
Less: accumulated depreciation	(35,184,634)	(3,573,618)
	385,954,649	273,374,868
Infrastructure - Footpaths		
- Management valuation 2018 - level 3	8,880,209	0
- Management valuation 2017 - level 3	0	6,231,812
Less: accumulated depreciation	(2,119,791)	(636,658)
	6,760,418	5,595,154
Infrastructure - Drainage		
- Management valuation 2018 - level 3	24,106,456	0
- Management valuation 2017 - level 3	0	4,393,889
Less: accumulated depreciation	(11,484,643)	(931,497)
	12,621,813	3,462,392
Infrastructure - Parks & Gardens		
- Management valuation 2018 - level 3	4,829,997	0
- Management valuation 2017 - level 3	452,524	5,244,666
Less: accumulated depreciation	(87,924)	(58,865)
	5,194,597	5,185,801
		007.040.045
Total infrastructure	410,531,477	287,618,215

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## 8. INFRASTRUCTURE (Continued)

## (b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks & Gardens	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2016	272,987,329	5,829,475	3,937,291	5,605,235	288,359,330
Additions	2,281,898	147,218	16,262	14,669	2,460,047
Depreciation (expense)	(1,894,359)	(381,539)	(491,161)	(34,103)	(2,801,162)
Transfers				(400,000)	(400,000)
Carrying amount at 30 June 2017	273,374.868	5,595,154	3,462,392	5,185,801	287,618,215
Additions	2,332,353	290,087	0	37,855	2,660,295
Revaluation increments/ (decrements) transferred to revaluation surplus	112,205,450	1,261,325	9,650,958		123,117,733
Depreciation (expense)	(1,958,022)	(386,148)	(491,537)	(29,059)	(2,864,766)
Carrying amount at 30 June 2018	385,954,649	6,760,418	12,621,813	5,194,597	410,531,477





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	Cost approach using depreciated replacement cost.	Management Valuation	Jun 2018	Construction costs and current condition and remaining useful life assesment
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost.	Management Valuation	Jun 2018	Construction costs and current condition and remaining useful life assesment
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost.	Management Valuation	Jun 2018	Construction costs and current condition and remaining useful life assesment
Infrastructure - Parks & Gardens	3	Cost approach using depreciated replacement cost.	Management Valuation	Jun 2018	Construction costs and current condition and remaining useful life assesment

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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

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## 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.

	Actual Net Book	Actual Sale	Actual	Actual	Budget Net Book	Budget Sale	Budget	Budget
	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss
Plant and Equipment	\$	\$	\$	\$	\$	\$	\$	\$
Governance								
2016 Ford Falcon Sedan	22,413	17,273	0	(5,140)	26,298	18,000	0	(8,298)
2017 Holden Caprice Sedan					35,956	46,500	10,544	0
2016 Toyota Kruger Stn Sedan	31,685	35,455	3,770	0	36,154	24,000	0	(12,154)
2015 Mazda Stn Sedan	20,514	18,000	0	(2,514)	20,991	17,000	0	(3,991)
Law, order, public safety								
Rangers Utility	18,357	14,545	0	(3,812)	17,538	22,000	4,462	0
Health								
2016 Toyota Kruger Stn Sedan	31,684	34,545	2,861	0	36,154	24,000	0	(12,154)
Education and welfare								
Medical Centre	532,738	300,000	0	(232,738)				
Auto Control Doors	235	0	0	(235)				
Compactus	1,389		0	(1,389)				
Telephone System	1,900		0	(1,900)				
Transport								
2016 Isuzu D Max Utility					30,890	24,000	0	(6,890 <b>)</b>
Contruction Supervisor Utility					30,224	17,000	0	(13,224)
Grader					82,115	55,000	0	(27,115)
Dual Cab Truck					34,641	30,000	0	(4,641)
Tractor	31,342	22,727	0	(8,615)	30,530	45,000	14,470	0
Sweeper					16,874	0	0	(16,874)
	692,257	442,545	6,631	(256,343)	398,365	322,500	29,476	(105,341)

## (b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	103,650	102,999
Buildings - specialised	721,098	684,555
Furniture and equipment	19,165	19,486
Plant and equipment	409,713	467,254
Infrastructure - Roads	1,958,022	1,894,359
Infrastructure - Footpaths	386,148	381,539
Infrastructure - Drainage	491,537	491,161
Infrastructure - Parks & Gardens	29,059	34,103
	4,118,392	4,075,456

## 9. FIXED ASSETS (Continued)

#### (b) Depreciation (Continued)

## SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

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

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

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

#### Depreciation rates

Major depreciation periods used for each class of depreciable asset are

#### 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.

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#### 10. REVALUATION SURPLUS

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	2018					2017			
	2018	2018	Total	2018	2017	2017	Total	2017	
	Opening	Revaluation	Movement on	Closing	Opening	Revaluation	Movement on	Closing	
	Balance	Increment	Revaluation	Balance	Balance	Increment	Revaluation	Balance	
	s	\$	\$	\$	\$	s	\$	s	
Revaluation surplus -Land - freehold land	25,824,503	0	0	25,824,503	22,762,838	3,061,665	3,061,665	25,824,503	
Revaluation surplus -Furniture and equipment	41,913	0	0	41,913	41,913		0	41,913	
Revaluation surplus -Plant and equipment	1,199,772	0	0	1,199,772	1,199,772		0	1,199.772	
Revaluation surplus - Infrastructure - Roads	206,555,668	112,205,450	112,205,450	318,761,118	206,155,668	400,000	400,000	206,555,668	
Revaluation surplus - Infrastructure - Footpaths	10,356,495	1,261,325	1,261,325	11,617,820	10,356,495		0	10,356,495	
Revaluation surplus - Infrastructure - Drainage	21,303,941	9,650,958	9,650,958	30,954,899	21,303,941		0	21,303,941	
Revaluation surplus - Infrastructure - Parks & Gardens	2,098,980	0	0	2,098,980	2,098,980		0	2.098,980	
	267,381,272	123,117,733	123,117,733	390,499,001	263,919,607	3,461,665	3,461,665	267,381,272	

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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	1,343,388	168,845
Accrued interest on long term borrowings	14,584	15,412
Accrued salaries and wages	88,309	84,945
ATO liabilities	0	(5,000)
Accrued Expenses	0	68,172
	1,446,281	332,374

## SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

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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.

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### 12. INFORMATION ON BORROWINGS

#### (a) Repayments - Borrowings

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	Principal	New	Princi Repayn		Principal 30 June 2018		Interest Repayments	
	1 July 2017	Loans	Actual	Budget	Actual	Budget	Actual	Budget
Particulars	\$	\$	\$	\$	\$	\$	\$	\$
Governance								
Loan 214 Amalgamated	528,987		140,002	140,002	388,985	388,985	33,628	29,577
Education and welfare								
Loan 217 CEACA Units	600,000		51,918	51,918	548,082	548,082	22,581	17,667
	1,128,987	0	191,920	191,920	937,067	937,067	56,209	47.244

				Principal		Principal		est
	Principal	New	Repayn	nents	30 June	2018	Repayn	nents
	1 July 2017	Loans	Actual	Budget	Actual	Budget	Actual	Budget
Self Supporting Loans	\$	\$	\$	\$	\$	\$	\$	\$
Education and welfare								
Loan 215 Merretville	413,710	0	27,485	27,485	366,225	386,225	22,534	19,763
	413,710	0	27,485	27,485	386,225	386.225	22,534	19,763
	1,542,697	0	219,405	219,405	1,323,292	1,323,292	78,743	67,007

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

### Borrowings

Borrowings	2018	2017
	\$	\$
Current	231,069	219,405
Non-current	1,092,224	1,323,293
	1,323,293	1,542,698

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#### 12. INFORMATION ON BORROWINGS (Continued)

#### Loan facilities Loan facilities - current Loan facilities - non-current Total facilities in use at balance date

Unused loan facilities at balance date

#### SIGNIFICANT ACCOUNTING POLICIES

#### **Financial liabilities**

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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.

2018	2017
\$	\$
231,069	219,405
1,092,224	1,323,293
1.323,293	1,542,698

NIL

NIL

#### 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	Provision for	
	Annual	Long Service	
	Leave	Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	327,255	190,950	518,205
Non-current provisions		28,930	28,930
	327,255	219,880	547,135
Additional provision	(8,878)	24,897	16,019
Balance at 30 June 2018	318,377	244,777	563,154
Comprises			
Current	318,377	189,994	508,371
Non-current		54,783	54,783
	318,377	244,777	563,154

### SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

#### 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

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### **Reconciliation of Cash**

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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	23,942,051	14,909,341	28,940,062
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(5,558,972)	(1,263,773)	1,570,604
Non-cash flows in Net result:			
Depreciation	4,118,392	4,100,778	4,075,456
(Profit)/loss on sale of asset	249,712	75,864	112,560
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(281,300)	(22,811)	(97,690)
(Increase)/decrease in inventories	50,395	5,000	112,346
Increase/(decrease) in payables	1,113,907	(100,486)	(2,241,455)
Increase/(decrease) in provisions	16,019	(88,000)	(41,249)
Grants contributions for			
the development of assets	3,652,878	(1,754,741)	(1,531,634)
Net cash from operating activities	3,361,031	951,831	1,958,938

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

## **15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2018	2017
	\$	\$
Governance	34,448	34,954
Law, order, public safety	900,687	1,061,311
Health	472,293	1,247,648
Education and welfare	2,851,320	2,938,321
Housing	1,595,344	1,653,570
Community amenities	3,149,172	3,575,455
Recreation and culture	21,430,464	21,818,427
Transport	72,175,538	70,032,359
Economic services	830,406	817,910
Other property and services	5,413,711	5,368,466
Unallocated	371,409,180	253,244,860
	480,262,563	361,793,281

## **16. CONTINGENT LIABILITIES**

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The Shire of Merredin has a contingent Liability for the Reinstatement/Revegetation of the Chandler Road Landfill Site.

The Current Waste Management Reserve Fund Account currently has a balance of \$118,725 and this is considered to be adequate for 2018/2019.

Additional funds will need to be transferred over future years to fulfil councils commitment, however it should be noted that some rehabilitation occurs on an annual basis and is funded from the operating budget.

## **17. LEASING COMMITMENTS**

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

### (a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

### Payable:

- not later than one year
- later than one year but not later than five years
- later than five years

## 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)

1,608

1,608

2018

\$

2017

\$

19,332

19,332

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.

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## **18. RELATED PARTY TRANSACTIONS**

### **Elected Members Remuneration**

	2018	2018	2017
The following fees, expenses and allowances were	Actual	Budget	Actual
paid to council members and/or the President.	\$	\$	\$
Meeting Fees	68,832	73,562	72,119
President'sallowance	13,494	13,628	13,360
Deputy President'sallowance	3,374	3,407	3,340
Councillor Wardrobe	4,968	5,000	4,968
	90,668	95,597	93,787

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the	2018	2017
Shire during the year are as follows:	\$	\$
Short-term employee benefits	799,553	643,893
Post-employment benefits	89,374	71,974
Other long-term benefits	76,076	61,265
	965,003	777,132

### Short-term employee benefits

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

#### Post-employment benefits

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

#### Other long-term benefits

These amounts represent long service benefits accruing during the year.

### **Transactions with related parties**

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

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

The following transactions occurred with related parties:	2018	2017
	\$	\$
Purchase of goods and services		
Associated Companies/Individuals	55,241	92,269

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### **Related Parties**

### The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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



## **19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire of Merredin has no Trading Undertakings or Major Trading Undertakings

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### 20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/16	Received <sup>(2)</sup> 2016/17	Expended <sup>(3)</sup> 2016/17	Closing Balance <sup>(1)</sup> 30/06/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
Youth Development	0	10,000	0	10,000	93	(10,093)	0
Community amenities							
Barriers to Baiting		12,955		12,955	211	(4,192)	8,974
Promoting Electric Vehicles Viability				0	13,981	(7,686)	6,295
Inspiring Saline Water				0	8,000	(7,178)	822
Combating Vegitation Decline				0	20,000		20,000
Recreation and culture							
Kids Sport		27,000	(21,449)	5,551	10,052	(15,603)	0
Audience Development (CT)		86,096	(71,436)	14,660	34,846	(18,316)	31,190
Lenihan Park		10,000		10,000	93	(10,093)	0
Variable Speed Drives				0	25,000	(25,000)	0
Raise the Roof				0	121,352		121,352
Dept of Culture (RVIF)	18,313	40,580	(30,253)	28,640	398	(29,038)	0
CT Participation Grant 18/19				0	40,000		40,000
CT Trainee				0	17,995		17,995
CT Cummins Kids				0	5,000		5,000
Transport							
Totagin Hall Rd (Blackspot)	91,017	1,758	0	92,775	88,632		181,407
CBD Upgrade		150,000	(62,057)	87,943	1,432	(89,375)	0
CBD Business Case		30,455	(2,615)	27,840	453	(5,750)	22,543
Economic services							
CWVC Destination Merredin	0	53,944	(39,094)	14,850	138	(14,988)	0
Community Development Projects		·	,	0	9,000	,	9,000
Other property and services							
CEACA Stage I	2.106.722	35,786	(223,484)	1,919,024	28,503	(35,461)	1,912,066
CEACA Stage II	19,986,439	288,141	(148,533)	20,126,047	245,534	(6,227,505)	14,144,076
Total	22,202,491	746,715	(598,921)	22,350,285	670,713	(6,500,278)	16,520,720

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. 7

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#### 21. RATING INFORMATION

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#### (a) Rates

RATE TYPE	Rate in	Number of		Rate	Interim	Back	Total	Budget Rate	Budget Interim	Budget Total
Differential general rate / general rate	\$	Properties	Value	Revenue	Rates	Rates	Revenue	Revenue	Rate	Revenue
			\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations										
Gross Rental Values	10,1703	1,211	17,554,812	1,785,377	8.206	1,522	1,795,105	1,785,754	6,000	1,791,754
Unimproved valuations										
UV1 Rural	1,9270	319	81,003,008	1,560,928	(3,959)	39	1,557,008	1,561,053		1,561,053
UV2 Urban Rural	2.9300	44	3,763,000	110,256			110,256	110,256		110,256
UV3 Mining	3.5700	1	13,445	480	236	32	748	464		464
UV4 Special Use Wind farm	3.5700	14	3,885.000	138,695			138,695	138,695		138,695
UV5 Special Use Airstrip	3.5700	1	152,000	5,426			5,426	5,426		5,426
UV6 Merredin Power	3,5700	1	41.000	1,464			1,464	1,464		1,464
Sub-Total		1,591	106,412,265	3,602,626	4,483	1,593	3,608,702	3,603,112	6,000	3,609,112
	Minimum									
Minimum payment	\$									
Gross rental valuations										
Gross Rental Values	840	250	964,595	210,000			210,000	210,840		210.840
Unimproved valuations										
UV1 Rural	1,040	128	2,978,792	133,120			133,120	132,080		132.080
UV2 Urban Rural	1,040	39	707.900	40,560			40,560	40,560		40,560
UV3 Mining	200	4	11,147	800			800	600		600
UV4 Special Use Wind farm	1,040	0	0	0			0			0
UV5 Special Use Airstrip	1,040	0	0	0			0			0
UV6 Merredin Power	1,040	0	0	0			0			0
Sub-Total		421	4,662,434	384,480	0	0	384,480	384,080	0	384.080
		2.012	111,074,699	3,987,106	4,483	1,593	3,993,182	3,987,192	6,000	3,993,192
Discounts/concessions (refer note 21(b))							0			(2,500)
Total amount raised from general rate						-	3,993,182		-	3,990,692
Ex-gratia rates							50,042			50,041
Totals						-	4,043,224		-	4,040,733

#### 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.

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## 21 RATING INFORMATION (Continued)

#### (b) Interest Charges & Instalments

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Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	1-Sep-17	0	0.00%	11.00%
Option Two				
First instalment				
Second instalment				
Option Three				
First instalment	1-Sep-17	13	5.50%	11.00%
Second instalment	3-Nov-17	13	5.50%	11.00%
Third instalment	5-Jan-18	13	5.50%	11.00%
Fourth instalment	9-Mar-18	13	5.50%	11.00%
				2018
			2018	Budget
			\$	\$
Interest on unpaid rates			48,124	45,000
Interest on instalment plan			18,284	17.000
			66,408	62,000

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## 22. NET CURRENT ASSETS

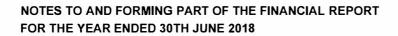
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Composition of net current assets for			
the purposes of the Rate Setting Statement	2018 (30 June 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	2,904,504	2,904,504	2,904,501
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	4,028,310	3,087,869	3,087,869
Restricted	19,913,741	25,852,193	25,852,193
Receivables			
Rates outstanding	396,680	360,910	360,910
Sundry debtors	452,096	173,735	173,735
Loans receivable - clubs/institutions	28,859	27,485	27,485
Payments in Advance	(80,935)	(60,811)	(60,811)
Inventories			
Fuels & Materials	142,981	193,376	193,376
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,343,388)	(168,845)	(168,845)
Accrued interest on long term borrowings	(14,584)	(15,412)	(15,412)
Accrued salaries and wages	(88,309)	(84,945)	(84,945)
ATO liabilities	0	5,000	5,000
Accrued Expenses	0	(68,172)	(68,172)
Current portion of long term borrowings	(231,069)	(219,405)	(219,405)
Provisions			
Provision for annual leave	(318,377)	(327,255)	(327,255)
Provision for long service leave	(189,994)	(190,950)	(190,950)
Unadjusted net current assets	22,696,011	28,564,773	28,564,773
Adjustments			
Less: Reserves - restricted cash	(19,913,740)	(25,852,192)	(25,852,192)
Less: Loans receivable - clubs/institutions	(28,859)	(27,485)	(27,485)
Add: Current portion of long term borrowings	231,069	219,405	219,405
Adjusted net current assets - surplus/(deficit)	2,984,481	2,904,504	2,904,501

### 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.



## 23. FINANCIAL RISK MANAGEMENT

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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 Va	lue
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	23,942,051	28,940,062	23,942,051	28,940,062
Receivables	1,242,433	988,618	1,242,433	988,618
	25,184,484	29,928,680	25,184,484	29,928,680
Financial liabilities				
Payables	1,446,281	332,374	1,446,281	332,374
Borrowings	1,323,293	1,542,698	1,323,293	1,542,698
	2,769,574	1,875,072	2,769,574	1,875,072

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.

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (a) Cash and Cash Equivalents

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

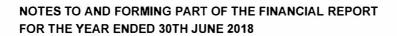
Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

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

### Notes:

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



## 23. FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Receivables

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

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

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

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

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

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

	2018	2017
Percentage of rates and annual charges	%	%
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	93.00%	42.00%
- Overdue	7.00%	58.00%

### 23. FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Payables and borrowings

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

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

	Due	Due	Due	Total	
	within	between	after	contractual	Carrying
	1 year	1 & 5 years	5 years	cash flows	values
<u>2018</u>	\$	\$	\$	\$	\$
Payables	1,419,153			1,419,153	1,446,281
Borrowings	231,069	702,236	389,988	1,323,293	1,323,293
	1,650,222	702,236	389,988	2,742,446	2,769,574
2017					
Payables	332,374			332,374	332,374
Borrowings	219,405	965,831	661,378	1,846,614	1,542,698
	551,779	965,831	661,378	2,178,988	1,875,072

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

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:					Weighted Average Effective			
Year ended 30 June 2018	<1 year	>1<2 years	s >2<3 years	>3<4 years	>4<5 years	>5 years	Total	Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	231,069					1,092,224	1,323,293	5.00%
Weighted average								
Effective interest rate						4.63%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	219,405					1,323,293	1,542,698	5.00%
Weighted average Effective interest rate						4.63%		

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## 24. 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
	\$	\$	\$	\$
BCTIF Levy	208	5,852	(6,060)	0
BRB Levy	982	7,687	(8,669)	0
Housing Bonds	8,172	1,750	(1,230)	8,692
Nomination Deposits	0	480	(480)	0
Community Bus Fund	1,312	0	0	1,312
SBS Transmitter	2,220	0	0	2,220
Other Bonds	0	450	(350)	100
Youth Advisory Council	154	0	0	154
Hall/Gym Bonds	2,240	4,820	(3,170)	3,890
Sundry	67,455	10,000	(77,455)	0
Retention Monies	8,974	0	0	8,974
CEACA	1,294,070	753,793	0	2,047,863
	1,385,787	784,832	(97,414)	2,073,205

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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:

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	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, liming 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.
	Notes:	er the given date		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.

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

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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:

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

1 January 2017

1 January 2017

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.

#### 26. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

Revenues, expenses and assets are recognised net of the amount of  $\text{GST}_{\parallel}$  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 ansing 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. Inventores 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 staled, 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 benalf 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 Sivie 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 valuchierarchy

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 Austral an 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 companing 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 penod.

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## 27. ACTIVITIES/PROGRAMS

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

PROGRAM NAME GOVERNANCE	OBJECTIVE	ACTIVITIES
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 centre. 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
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resource which will help the social well being of the community.	conveniences Maintenance of public halls, civic centres, aquatic centre, 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. 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 and Building Control.
OTHER PROPERTY AND SERVICES	To monitor and control Shire's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

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28. FINANCIAL RATIOS	2018	2017	2016		
Current ratio	2.96	6.46	0.64		
Asset consumption ratio	0.90	0.73	0.73		
Asset renewal funding ratio	0.83	0.83	0.84		
Asset sustainability ratio	1.17	0.99	1.27		
Debt service cover ratio	7.68	18.27	0.49		
Operating surplus ratio	(0.32)	0.01	(0.45)		
Own source revenue coverage ratio	0.52	0.58	0.56		
The above ratios are calculated as follows:					
Current ratio	current assets minus restricted assets				
	current liabilities minus liabilities associated				
	with	restricted asse	ets		
Asset consumption ratio	depreciated replace	ment costs of c	lepreciable assets		
	current replacem	ent cost of dep	reciable assets		
Asset renewal funding ratio	NPV of planned capital renewal over 10 years				
	NPV of required ca	apital expenditu	ure over 10 years		
Asset sustainability ratio	capital renewal	and replaceme	nt expenditure		
-		eciation expension			
Debt service cover ratio	annual operating surp	lus before inter	rest and depreciation		
		cipal and intere			
Operating surplus ratio	operating reven		ting overlapson		
	operating reven	rce operating r			
Own source revenue coverage ratio		rce operating r			
	ope	erating expense	es		

## Notes:

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

	2017/18	2016/17	2015/16
-	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.		1,223,125	
Amount of Financial Assistance Grant received in prior year relating to current year.	1,223,125		1,112,939
Amount of reimbursement for flood damage received			
Expenditure on flood damage re-instatement			

Shire of Merredin ANNUAL REPORT 2017/18 | 52



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

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

	2018	2017	2016
Current ratio	2.23	4.37	1.20
Debt service cover ratio	3.58	12.93	9.36
Operating surplus ratio	(0.12)	0.20	(0.26)
Own source revenue coverage ratio	0.52	0.58	0.56

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF MERREDIN

### **Report on the Financial Report**

### Opinion

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

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

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

### **Basis for Opinion**

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

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

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

### **Other Information**

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

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

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

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

### Shire's Responsibility for the Financial Report

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

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

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

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

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

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



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

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

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

### **Emphasis of Matter**

Without modifying our opinion, we draw attention to page 52 and 53 of the financial report "Financial Ratios", which describes certain ratio information relating to the financial report. Management's calculation of certain of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

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

### **Reporting on Other Legal and Regulatory Requirements**

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

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



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

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE Director Perth Date: 17 September 2018

## SHIRE OF MERREDIN

## **FINANCIAL REPORT**

## FOR THE YEAR ENDED 30TH JUNE 2018

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## **COMMUNITY VISION**

Merredin is a sustainable regional

Principal place of business: Crn Barrack & Kings Street Merredin WA 6415

## SHIRE OF MERREDIN 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 Merredin 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 Merredin 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

Seventeenth

day of September 2018

**Chief Executive Officer** 

Gregory Stephen Powell
Name of Chief Executive Officer

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

		2018	2018	2017
	NOTE	Actual	Budget	Actual
		\$	\$	\$
Revenue				
Rates	21(a)	4,043,223	4,040,733	3,896,130
Operating grants, subsidies and contributions	2	2,993,599	1,891,766	4,094,823
Fees and charges	2(a)	1,324,675	1,320,892	1,614,638
Interest earnings	2(a)	574,787	514,360	564,130
Other revenue		530,809	165,450	422,643
		9,467,093	7,933,201	10,592,364
Expenses				
Employee costs		(2,939,615)	(3,174,102)	(2,978,717)
Materials and contracts		(2,824,643)	(2,755,125)	(2,345,020)
Utility charges		(421,718)	(431,695)	(458,878)
Depreciation on non-current assets	9(b)	(4,118,392)	(4,100,778)	(4,075,456)
Interest expenses	2(a)	(78,743)	(67,007)	(71,098)
Insurance expenses		(180,618)	(188,247)	(189,773)
Other expenditure		(559,746)	(158,897)	(321,892)
		(11,123,475)	(10,875,851)	(10,440,834)
		(1,656,382)	(2,942,650)	151,530
	_			
Non-operating grants, subsidies and contributions	2	1,347,122	1,754,741	1,531,634
Non-operating grants Returned	2	(5,000,000)		
Profit on asset disposals	9(a)	6,631	29,476	0
(Loss) on asset disposals	9(a)	(256,343)	(105,340)	(112,560)
Net result		(5,558,972)	(1,263,773)	1,570,604
Other comprehensive income				
Items that will not be reclassified subsequently to pro-				
Changes on revaluation of non-current assets	10	(129,678,881)	0	3,461,665
Total other comprehensive income		(129,678,881)	0	3,461,665
			//	
Total comprehensive income		(135,237,853)	(1,263,773)	5,032,269

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

Revenue Governance General purpose funding Law, order, public safety Health Education and welfare Housing Community amenities Recreation and culture Transport	2(a)	\$ 55,317 6,965,993 243,567 24,926	<b>\$</b> 37,700 5,714,499	<b>\$</b> 49,561
Governance General purpose funding Law, order, public safety Health Education and welfare Housing Community amenities Recreation and culture	2(a)	6,965,993 243,567		49 561
General purpose funding Law, order, public safety Health Education and welfare Housing Community amenities Recreation and culture		6,965,993 243,567		49:00
Law, order, public safety Health Education and welfare Housing Community amenities Recreation and culture		243,567	5,714,499	8,001,927
Health Education and welfare Housing Community amenities Recreation and culture			239,803	251,855
Education and welfare Housing Community amenities Recreation and culture			39,600	52,863
Community amenities Recreation and culture		40,102	20,100	21,411
Community amenities Recreation and culture		159,084	153,980	165,188
		823,891	553,036	778,202
Transport		659,337	671,730	629,904
•		213,298	293,112	316,566
Economic services		150,509	151,841	227,570
Other property and services		131,069	57,800	97,316
		9,467,093	7,933,201	10,592,363
Expenses	2(a)			
Governance		(508,826)	(560,939)	(475,937)
General purpose funding		(111,769)	(82,002)	(115,878)
Law, order, public safety		(635,284)	(657,445)	(647,941)
Health		(246,549)	(281,134)	(246,521)
Education and welfare		(104,424)	(98,173)	(100,326)
Housing Community amenities		(230,719) (1,390,940)	(243,256) (963,140)	(245,709) (958,313)
Recreation and culture		(1,390,940) (2,881,396)	(2,901,733)	(2,802,678)
Transport		(4,156,004)	(4,070,122)	(3,872,822)
Economic services		(767,090)	(963,577)	(863,227)
Other property and services		(11,731)	12,677	(40,384)
		(11,044,732)	(10,808,844)	(10,369,736)
Finance Costs	2(a)			
Education and welfare	2(4)	(45,115)	(37,430)	(31,012)
Other property and services		(33,628)	(29,577)	(40,086)
		(78,743)	(67,007)	(71,098)
		(1,656,382)	(2,942,650)	151,529
Non-operating grants, subsidies and contributions	2	1 247 100	1 754 744	1 521 624
Non-operating grants, Returned	Ζ	1,347,122 (5,000,000)	1,754,741	1,531,634
Profit on disposal of assets	9(a)	(3,000,000) 6,631	29,476	0
(Loss) on disposal of assets	9(a)	(256,343)	(105,340)	(112,561)
	( )	(3,902,590)	1,678,877	1,419,073
Net result		(5,558,972)	(1,263,773)	1,570,602
Other comprehensive income				
Items that will not be reclassified subsequently to profit of		(400.070.004)	0	2 464 005
Changes on revaluation of non-current assets	10	(129,678,881)	0	3,461,665
Total other comprehensive income		(129,678,881)	0	3,461,665
Total comprehensive income		(135,237,853)	(1,263,773)	5,032,267

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

	NOTE	2018	2017	
		\$	\$	
CURRENT ASSETS				
Cash and cash equivalents	3	23,942,051	28,940,062	
Trade and other receivables	5	796,700	501,319	
Inventories	6	142,981	193,376	
TOTAL CURRENT ASSETS		24,881,732	29,634,757	
NON-CURRENT ASSETS				
Other receivables	5	445,733	487,299	
Inventories	6	580,521	965,477	
Property, plant and equipment	7	43,823,101	43,087,533	
Infrastructure	8	157,734,863	287,618,215	
TOTAL NON-CURRENT ASSETS		202,584,218	332,158,524	
TOTAL ASSETS		227,465,950	361,793,281	
CURRENT LIABILITIES				
Trade and other payables	11	1,446,281	332,374	
Current portion of long term borrowings	12(a)	231,069	219,405	
Provisions	13	508,371	518,205	
TOTAL CURRENT LIABILITIES		2,185,721	1,069,984	
NON-CURRENT LIABILITIES				
Long term borrowings	12(a)	1,092,224	1,323,293	
Provisions	13	54,783	28,930	
TOTAL NON-CURRENT LIABILITIES		1,147,007	1,352,223	
TOTAL LIABILITIES		3,332,728	2,422,207	
NET ASSETS		224,133,222	359,371,074	
FOUITY				
EQUITY Retained surplus		66,517,094	66,137,613	
Reserves - cash backed	4	19,913,740	25,852,192	
Revaluation surplus	4 10	137,702,388	267,381,272	
TOTAL EQUITY	10	224,133,222	359,371,077	
		227,100,222	000,011,011	

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

	RESERVES				
		RETAINED	CASH	REVALUATION	TOTAL
	NOTE	SURPLUS	BACKED	SURPLUS	EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		84,464,067	5,955,136	263,919,607	354,338,810
Comprehensive income Net result		1,570,602	0	0	1,570,602
Changes on revaluation of assets	10	0	0	3,461,665	3,461,665
Total comprehensive income		1,570,602	0	3,461,665	5,032,267
Transfers from/(to) reserves		(19,897,056)	19,897,056	0	0
Balance as at 30 June 2017		66,137,613	25,852,192	267,381,272	359,371,077
Comprehensive income Net result		(5,558,972)	0	0	(5,558,972)
Changes on revaluation of assets	10	0	0	(129,678,881)	(129,678,881)
Total comprehensive income		(5,558,972)	0	(129,678,881)	(135,237,853)
Transfers from/(to) reserves		5,938,452	(5,938,452)	0	0
Balance as at 30 June 2018		66,517,094	19,913,740	137,702,388	224,133,224

# 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		4,020,160	4,100,733	3,902,236
Operating grants, subsidies and contributions		2,735,362	1,818,955	3,991,011
Fees and charges		1,324,675	1,320,892	1,614,639
Interest earnings		574,787	514,360	564,131
Goods and services tax		0	(10,000)	
Other revenue		530,809	165,450	422,643
		9,185,793	7,910,390	10,494,660
Payments		<i></i>		
Employee costs		(2,915,232)	(3,267,102)	(3,026,453)
Materials and contracts		(1,667,877)	(2,845,611)	(4,475,325)
Utility charges		(421,718)	(431,695)	(458,878)
Interest expenses		(79,571)	(67,007)	(63,415)
Insurance expenses		(180,618)	(188,247)	(189,773)
Goods and services tax		0	0	14
Other expenditure		(559,746)	(158,897)	(321,892)
Net cash provided by (used in)		(5,824,762)	(6,958,559)	(8,535,722)
operating activities	14	3,361,031	951,831	1,958,938
operating activities	14	0,001,001	001,001	1,000,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of				
Land held for resale		384,956	178,707	55,853
Payments for purchase of				
property, plant & equipment		(2,681,451)	(15,524,374)	(1,982,798)
Payments for construction of				
infrastructure		(2,660,295)	(3,522,551)	(2,460,047)
Non-operating grants,				
subsidies and contributions		(3,652,878)	1,754,741	1,531,634
Proceeds from sale of fixed assets		442,545	322,501	252,794
Net cash provided by (used in)				
investment activities		(8,167,123)	(16,790,976)	(2,602,564)
CASH FLOWS FROM FINANCING ACTIVITIES				(450,000)
Repayment of long term borrowings		(219,405)	(219,405)	(158,039)
Proceeds from self supporting loans		27,485	27,485	27,485
Proceeds from new long term borrowings		0	2,000,000	600,000
Net cash provided by (used In)		(101 020)	1,808,080	469,446
financing activities		(191,920)	1,000,000	409,440
Net increase (decrease) in cash held		(4,998,012)	(14,031,065)	(174,180)
Cash at beginning of year		28,940,062	28,940,406	29,114,242
Cash and cash equivalents		_0,0.0,002		,,_ :
at the end of the year	14	23,942,050	14,909,341	28,940,062
-				

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/(de	ficit)	2,904,504	2,865,040	20,788,501
		2,904,504	2,865,040	20,788,501
Revenue from operating activities (excluding rates)				
Governance		59,087	48,244	49,561
General purpose funding		2,972,811	1,723,807	4,145,826
Law, order, public safety		243,567	244,265	251,855
Health		27,787	39,600	52,863
Education and welfare		40,102	20,100	21,411
Housing Community amenities		159,084	153,980	165,188
Recreation and culture		823,891 659,337	553,036 671,730	778,202 629,904
Transport		213,298	307,582	316,566
Economic services		150,509	151,841	227,570
Other property and services		131,069	57,800	97,316
Fundamentations from an excitation and that the		5,480,542	3,971,985	6,736,262
Expenditure from operating activities Governance		(500.000)	(560.020)	(175 027)
Governance General purpose funding		(508,826) (111,769)	(560,939) (82,002)	(475,937) (115,878)
Law, order, public safety		(639,096)	(657,445)	(647,941)
Health		(482,812)	(293,288)	(249,180)
Education and welfare		(149,539)	(135,603)	(131,338)
Housing		(230,719)	(243,256)	(245,709)
Community amenities		(1,390,940)	(963,140)	(958,313)
Recreation and culture		(2,881,396)	(2,901,733)	(2,809,244)
Transport Economic services		(4,164,619) (767,090)	(4,138,865) (963,577)	(3,928,030) (863,227)
Other property and services		(707,090) (53,012)	(41,343)	(128,598)
		(11,379,818)	(10,981,191)	(10,553,395)
Operating activities excluded	- / .			. ,
(Profit) on disposal of assets	9(a)	(6,631)	(29,476)	0
Loss on disposal of assets	9(a)	256,343	105,340	112,560
Movement in deferred pensioner rates (non-current) Movement in employee benefit provisions (non-current)		12,707 25.853	0 0	(2,800) (78,007)
Depreciation and amortisation on assets	9(b)	4,118,392	4,100,778	4,075,456
Amount attributable to operating activities		1,411,892	32,476	21,078,577
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions Proceeds from disposal of assets	9(a)	1,347,122	1,754,741	1,531,634
Purchase of land held for resale	9(a)	442,545 384,956	322,501 178,707	252,794 55,853
Purchase of property, plant and equipment	7(b)	(2,681,451)	(15,524,374)	(1,982,798)
Purchase and construction of infrastructure	8(b)	(2,660,295)	(3,522,551)	(2,460,047)
Amount attributable to investing activities		(3,167,123)	(16,790,976)	(2,602,564)
FINANCING ACTIVITIES Repayment of long term borrowings	12(a)	(210,405)	(210,405)	(159,020)
Proceeds from new long term borrowings	12(a) 12(b)	(219,405) 0	(219,405) 2,000,000	(158,039) 600,000
Proceeds from self supporting loans	12(a)	27,485	27,485	27,485
Transfers to reserves (restricted assets)	4	(1,506,968)	(3,498,623)	(20,861,054)
Transfers from reserves (restricted assets)	4	7,445,420	14,637,221	963,998
Amount attributable to financing activities		5,746,532	12,946,678	(19,427,610)
Surplus(deficiency) before general rates		3,991,301	(3,811,822)	(951,597)
Total amount raised from general rates	21	3,993,182	3,990,692	3,856,101
Net current assets at June 30 c/fwd - surplus/(deficit)	22	7,984,483	178,870	2,904,504
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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 24 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

	2018	2017
(a) Revenue	Actual	Actual
	\$	\$
Fees and Charges		
Governance	6,372	11,924
General purpose funding	21,190	19,916
Law, order, public safety	190,645	187,062
Health	24,926	52,863
Housing	154,539	163,829
Community amenities	625,240	714,970
Recreation and culture	172,900	306,718
Transport	17,127	16,817
Economic services	99,745	125,422
Other property and services	11,991	15,117
	1,324,675	1,614,638

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		
General purpose funding	2,307,541	3,517,227
Law, order, public safety	40,999	61,359
Community amenities	41,982	12,955
Recreation and culture	454,351	223,372
Transport	111,912	223,580
Economic services	36,814	56,330
	2,993,599	4,094,823
Non-operating grants, subsidies and contributions		
Recreation and culture	0	35,559
Transport	1,326,883	1,482,350
Economic services	20,239	13,725
Other property and services	(5,000,000)	0
	(3,652,878)	1,531,634
Total grants, subsidies and contributions	(659,279)	5,626,457

### SIGNIFICANT ACCOUNTING POLICIES

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over Grants, Donations and Other Contributions (Continued) a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Interest earnings			
- Loans receivable - clubs/institutions	20,102	20,100	21,411
- Reserve funds	406,535	392,260	408,428
- Other funds	81,742	40,000	65,980
Other interest revenue (refer note 21(b))	66,408	62,000	68,311
	574,787	514,360	564,130

# 2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2018	2017
	\$	\$
Auditors remuneration		
- Audit of the Annual Financial Report	11,073	10,457
- Additional Annuals & Financial Management Review	800	1,600
- Disbursements	2,462	1,784
	14,335	13,841
Interest expenses (finance costs)		
Long term borrowings (refer Note 12(a))	78,743	71,098
	78,743	71,098
Rental charges		
- Operating leases	19,332	55,618
	19,332	55,618

	NOTE	2018	2017
3. CASH AND CASH EQUIVALENTS		\$	\$
Unrestricted		4,028,310	3,087,869
Restricted		19,913,741	25,852,193
		23,942,051	28,940,062
The following restrictions have been imposed	by		
regulations or other externally imposed require	ements:		
Leave Reserve	4	530,972	484,416
Plant Replacement Reserve	4	780,669	874,657
Heritage Reserve	4	7,591	7,430
Building Reserve	4	827,505	713,033
Land & Development Reserve	4	1,161,446	983,598
Recreation Reserve	4	491,721	259,674
Disaster Relief Reserve	4	8,074	7,907
Road Reinstatement Reserve	4	26,411	25,850
Cummings Street Units Reserve	4	52,363	51,252
Waste Management Reserve	4	118,725	43,235
Environmental Initiatives Reserve	4	51,961	50,854
Unspent Grants Reserve	4	15,792,424	22,350,286
ITC Reserve	4	63,878	0
		19,913,741	25,852,192

# 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	2018	2018		2018	2018	2018	2018	2017	2017	2017	2017
	Actual	Actual	Actual		Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Opening	Transfer	Transfer	2018	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing
	Balance	to	(from)	Actual	Balance	to	(from)	Balance	Balance	to	(from)	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	484,416	46,556		530,972	484,416	110,657		595,073	473,424	10,992		484,416
Plant Replacement Reserve	874,657	19,932	(113,919)	780,670	874,656	572,886	(803,600)	643,942	1,015,625	124,667	(265,636)	874,656
Heritage Reserve	7,430	162		7,592	7,430	15,687		23,117	7,242	188		7,430
Building Reserve	713,033	114,472		827,505	713,032	0		713,032	694,961	18,072		713,033
Land & Development Reserve	983,598	177,847		1,161,445	983,598	2,021,659	(90,000)	2,915,257	1,113,600	177,283	(307,285)	983,598
Recreation Reserve	259,674	232,048		491,722	259,674	229,624		489,298	272,029	6,705	(19,060)	259,674
Disaster Relief Reserve	7,907	167		8,074	7,906	174		8,080	7,706	200		7,906
Road Reinstatement Reserve	25,850	561		26,411	25,850	569		26,419	25,195	655		25,850
Cummings Street Units Reserve	51,252	1,111		52,363	51,252	1,128		52,380	49,953	1,299		51,252
Waste Management Reserve	43,235	75,490		118,725	43,235	84,299		127,534	42,139	1,096		43,235
Environmental Initiatives Reserve	50,854	1,107		51,961	50,855	1,119	(30,000)	21,974	49,489	1,366		50,855
Unspent Grants Reserve	22,350,286	773,639	(7,331,501)	15,792,424	22,350,287	397,631	(13,713,621)	9,034,297	2,203,773	20,518,531	(372,017)	22,350,287
ITC Reserve	0	63,878		63,878	0	63,190		63,190	0	0		0
	25,852,192	1,506,968	(7,445,420)	19,913,740	25,852,191	3,498,623	(14,637,221)	14,713,593	5,955,136	20,861,054	(963,998)	25,852,192

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 of June 2018, in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

	Anticipated	
Name of Reserve	date of use	Purpose of the reserve
Leave Reserve		To be utilised to fund staff leave as required.
Plant Replacement Reserve		To be utilised to fund future capital plant purchases.
Heritage Reserve		To be Closed in 2018/2019
Building Reserve		To be utilised to fund future building costruction and major maintenance within the Shire of Merredin.
Land & Development Reserve		To be utilised to fund major land development/purchases within the Shire of Merredin.
Recreation Reserve		To be utilised to fund future development and major renewals in relation to Recreation.
Disaster Relief Reserve		To be utilised to contribute to liabilities arising from a declared natural disaster that meets WAANDRA eligibility minimum spend.
Road Reinstatement Reserve		To be Closed in 2018/2019
Cummings Street Units Reserve		To be utilised to full maintenance and capital costs associated with Council owned units in Cummings Street Merredin.
Waste Management Reserve		To be utilised for the collection, transport, storage, treatment, processing, sorting, recycling or disposal of waste; or the provision of receptacles for the temporary deposit of waste; or the provision and management of waste facilities, machinery for the disposal of waste and processes for dealing with waste.
Environmental Initiatives Reserve		To be Closed in 2018/2019
Unspent Grants Reserve		To be utilised for the quaranting of Grant Monies awaiting completion of Works.

To be utilised to fund future ITC within the Shire of Merredin.

ITC Reserve

5. TRADE AND OTHER RECEIVABLES	2018	2017
	\$	\$
Current		
Rates outstanding	396,680	360,910
Sundry debtors	452,096	173,735
Loans receivable - clubs/institutions	28,859	27,485
Payments in Advance	(80,935)	(60,811)
	796,700	501,319
Non-current		
Rates outstanding - pensioners	88,426	101,133
Loans receivable - clubs/institutions	357,307	386,166
	445,733	487,299
Information with respect the impairment or otherwise		
of the totals of rates outstanding and sundry debtors		
is as follows:		
Rates outstanding		
Includes:		
Past due and not impaired	396,680	360,910
Sundry debtors		
Includes:		
Past due and not impaired	13,214	100,944

### SIGNIFICANT ACCOUNTING POLICIES

### Trade and other receivables

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

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

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

### Classification and subsequent measurement

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

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

6. INVENTORIES	2018	2017
	\$	\$
Current		
Fuels & Materials	142,981	193,376
	142,981	193,376
Non-current		
Land held for resale - cost		
Cost of acquisition	580,521	965,477
	580,521	965,477

# SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

### Land held for sale

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

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

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

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

# 7 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017
	\$	\$
Land - freehold land at:		
- Independent valuation 2017 - level 2 & 3	2,329,000	2,329,000
	2,329,000	2,329,000
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	760,000	760,000
	760,000	760,000
Total land	3,089,000	3,089,000
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	3,489,161	3,489,161
- Additions	72,193	0
Less: accumulated depreciation	(404,182)	(300,533)
	3,157,172	3,188,628
Buildings - specialised at:		
- Independent valuation 2017 - level 3	34,499,151	34,567,344
- Additions	2,301,557	0
- Disposals	(532,973)	0
Less: accumulated depreciation	(2,610,942)	(1,958,038)
	33,656,793	32,609,306
Total buildings	36,813,965	35,797,934
Total land and buildings	39,902,965	38,886,934
Furniture and equipment at:		
- Independent valuation 2016 - level 3	220,527	220,527
- Management valuation 2017 - level 3	66,642	66,642
- Additions	47,103	0
Less: accumulated depreciation	(46,504)	(27,339)
	287,768	259,830
Plant and equipment at:		
- Independent valuation 2016 - level 3	3,184,510	3,184,510
- Management valuation 2016 - level 3	1,121,375	1,188,158
- Additions	260,596	0
- Disposals	(159,284)	0
Less: accumulated depreciation	(999,329)	(656,399)
	3,407,868	3,716,269

7 (a). PROPERTY, PLANT AND EQUIPMENT (Continued)	2018	2017
	\$	\$
Land Freehold at:		
- Management valuation 2017 - level 2 & 3	224,500	224,500
Less: accumulated depreciation	0	0
	224,500	224,500
Total property, plant and equipment	43,823,101	43,087,533

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

#### (b) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Land Freehold	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	2,013,100	570,000	2,583,100	3,122,466	29,537,811	32,660,277	35,243,377	264,582	3,621,205	188,200	39,317,364
Additions			0	151,285	1,254,461	1,405,746	1,405,746	14,734	562,318		1,982,798
Revaluation increments/ (decrements) transferred to revaluation surplus	315,900	190,000	505,900	17,876	2,501,589	2,519,465	3,025,365			36,300	3,061,665
Depreciation (expense)	0	0	0	(102,999)	(684,555)	(787,554)	(787,554)	(19,486)	(467,254)		(1,274,294)
Carrying amount at 30 June 2017	2,329,000	760,000	3,089,000	3,188,628	32,609,306	35,797,934	38,886,934	259,830	3,716,269	224,500	43,087,533
Additions			0	72,194	2,301,558	2,373,752	2,373,752	47,103	260,596		2,681,451
(Disposals)			0		(532,973)	(532,973)	(532,973)		(159,284)		(692,257)
Depreciation (expense)			0	(103,650)	(721,098)	(824,748)	(824,748)	(19,165)	(409,713)		(1,253,626)
Carrying amount at 30 June 2018	2,329,000	760,000	3,089,000	3,157,172	33,656,793	36,813,965	39,902,965	287,768	3,407,868	224,500	43,823,101

#### 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	Observed open market valuations, adjusted for condition and comparability.	Independent Valuation	2017	Price per Hectare / Current Conditions
Land - vested in and under the control of Council	3	Market approach using recent market data/income approach using discounted cash flow methodology.	Independent Valuation	2017	Price per Hectare / Current Conditions / Market Discount Rate
Buildings - non-specialised	2	Observed open market valuations, adjusted for condition and comparability.	Independent Valuation	2017	Price per Hectare
Buildings - specialised	3	Cost approach using depreciated replacement cost.	Independent Valuation	2017	Improvements to land using construction costs and current conditions (Level 2) and remaining useful life assessments (Level 3)
Furniture and equipment	3	Cost approach using depreciated replacement cost.	Independent Valuation	2017	Purchase costs and current condition (Level 2) and remaining useful life assessments (Level 3)
Plant and equipment					
- Independent valuation 2016	3	Cost approach using depreciated replacement cost.	Independent Valuation	2016	Purchase costs and current condition (Level 2) and remaining useful life assessments (Level 3)
- Management valuation 2016	3	Cost approach using depreciated replacement cost.	Management Valuation	2016	Purchase costs and current condition (Level 2) and remaining useful life assessments (Level 3)

#### Land Freehold

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 2018 - level 3	168,342,669	0
- Management valuation 2017 - level 3	0	276,948,486
Less: accumulated depreciation	(35,184,634)	(3,573,618)
	133,158,035	273,374,868
Infrastructure - Footpaths		
- Management valuation 2018 - level 3	8,880,209	0
- Management valuation 2017 - level 3	0	6,231,812
Less: accumulated depreciation	(2,119,791)	(636,658)
	6,760,418	5,595,154
Infrastructure - Drainage		
- Management valuation 2018 - level 3	24,106,456	0
- Management valuation 2017 - level 3	0	4,393,889
Less: accumulated depreciation	(11,484,643)	(931,497)
	12,621,813	3,462,392
Infrastructure - Parks & Gardens	4 000 007	0
- Management valuation 2018 - level 3	4,829,997	0
- Management valuation 2017 - level 3	452,524	5,244,666
Less: accumulated depreciation	(87,924)	(58,865)
	5,194,597	5,185,801
Total infrastructure	157,734,863	287,618,215

# 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 - Footpaths	Infrastructure - Drainage	Infrastructure - Parks & Gardens	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2016	272,987,329	5,829,475	3,937,291	5,605,235	288,359,330
Additions	2,281,898	147,218	16,262	14,669	2,460,047
Depreciation (expense)	(1,894,359)	(381,539)	(491,161)	(34,103)	(2,801,162)
Transfers				(400,000)	(400,000)
Carrying amount at 30 June 2017	273,374,868	5,595,154	3,462,392	5,185,801	287,618,215
Additions	2,332,353	290,087	0	37,855	2,660,295
Revaluation increments/ (decrements) transferred to revaluation surplus	(140,591,164)	1,261,325	9,650,958		(129,678,881)
Depreciation (expense)	(1,958,022)	(386,148)	(491,537)	(29,059)	(2,864,766)
Carrying amount at 30 June 2018	133,158,035	6,760,418	12,621,813	5,194,597	157,734,863

#### 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	Cost approach using depreciated replacement cost.	Management Valuation	Jun 2018	Construction costs and current condition and remaining useful life assesment
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost.	Management Valuation	Jun 2018	Construction costs and current condition and remaining useful life assesment
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost.	Management Valuation	Jun 2018	Construction costs and current condition and remaining useful life assesment
Infrastructure - Parks & Gardens	3	Cost approach using depreciated replacement cost.	Management Valuation	Jun 2018	Construction costs and current condition and remaining useful life assesment

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.

	Actual Net Book	Actual Sale	Actual	Actual	Budget Net Book	Budget Sale	Budget	Budget
	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss
Plant and Equipment	\$	\$	\$	\$	\$	\$	\$	\$
Governance								
2016 Ford Falcon Sedan	22,413	17,273	0	(5,140)	26,298	18,000	0	(8,298)
2017 Holden Caprice Sedan					35,956	46,500	10,544	0
2016 Toyota Kruger Stn Sedan	31,685	35,455	3,770	0	36,154	24,000	0	(12,154)
2015 Mazda Stn Sedan	20,514	18,000	0	(2,514)	20,991	17,000	0	(3,991)
Law, order, public safety								
Rangers Utility	18,357	14,545	0	(3,812)	17,538	22,000	4,462	0
Health								
2016 Toyota Kruger Stn Sedan	31,684	34,545	2,861	0	36,154	24,000	0	(12,154)
Education and welfare								
Medical Centre	532,738	300,000	0	(232,738)				
Auto Control Doors	235	0	0	(235)				
Compactus	1,389		0	(1,389)				
Telephone System	1,900		0	(1,900)				
Transport								
2016 Isuzu D Max Utility					30,890	24,000	0	(6,890)
Contruction Supervisor Utility					30,224	17,000	0	(13,224)
Grader					82,115	55,000	0	(27,115)
Dual Cab Truck					34,641	30,000	0	(4,641)
Tractor	31,342	22,727	0	(8,615)	30,530	45,000	14,470	0
Sweeper				. ,	16,874	0	0	(16,874)
	692,257	442,545	6,631	(256,343)	398,365	322,500	29,476	(105,341)

### (b) Depreciation

2018	2017
\$	\$
103,650	102,999
721,098	684,555
19,165	19,486
409,713	467,254
1,958,022	1,894,359
386,148	381,539
491,537	491,161
29,059	34,103
4,118,392	4,075,456
	\$ 103,650 721,098 19,165 409,713 1,958,022 386,148 491,537 29,059

### 9. FIXED ASSETS (Continued)

#### (b) Depreciation (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

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

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

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

#### **Depreciation rates**

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

#### 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				2017	
	2018	2018	2018	Total	2018	2017	2017	Total	2017
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus -Land - freehold land	25,824,503	0	0	0	25,824,503	22,762,838	3,061,665	3,061,665	25,824,503
Revaluation surplus -Furniture and equipment	41,913	0	0	0	41,913	41,913		0	41,913
Revaluation surplus -Plant and equipment	1,199,772	0	0	0	1,199,772	1,199,772		0	1,199,772
Revaluation surplus - Infrastructure - Roads	206,555,668	0	(140,591,164)	(140,591,164)	65,964,504	206,155,668	400,000	400,000	206,555,668
Revaluation surplus - Infrastructure - Footpaths	10,356,495	1,261,325	0	1,261,325	11,617,820	10,356,495		0	10,356,495
Revaluation surplus - Infrastructure - Drainage	21,303,941	9,650,958	0	9,650,958	30,954,899	21,303,941		0	21,303,941
Revaluation surplus - Infrastructure - Parks & Gardens	2,098,980	0	0	0	2,098,980	2,098,980		0	2,098,980
	267,381,272	10,912,283	(140,591,164)	(129,678,881)	137,702,388	263,919,607	3,461,665	3,461,665	267,381,272

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**

	\$	\$
Current		
Sundry creditors	1,343,388	168,845
Accrued interest on long term borrowings	14,584	15,412
Accrued salaries and wages	88,309	84,945
ATO liabilities	0	(5,000)
Accrued Expenses	0	68,172
	1,446,281	332,374

# 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)

2018

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.

2017

#### **12. INFORMATION ON BORROWINGS**

# (a) Repayments - Borrowings

	Principal	New	Princi Repayn	•	Princi 30 June		Intere Repayn	
	1 July 2017	Loans	Actual	Budget	Actual	Budget	Actual	Budget
Particulars	\$	\$	\$	\$	\$	\$	\$	\$
Governance								
Loan 214 Amalgamated	528,987		140,002	140,002	388,985	388,985	33,628	29,577
Education and welfare								
Loan 217 CEACA Units	600,000		51,918	51,918	548,082	548,082	22,581	17,667
	1,128,987	0	191,920	191,920	937,067	937,067	56,209	47,244
			Princi	ipal	Principal		Interest	
			Repayments					
	Principal	New	Repayn	nents	30 June	2018	Repayn	nents
	Principal 1 July 2017	New Loans	Repayn Actual	nents Budget	30 June Actual	2018 Budget	Repayn Actual	Budget
Self Supporting Loans	•							
Self Supporting Loans Education and welfare	1 July 2017	Loans	Actual		Actual	Budget	Actual	
	1 July 2017	Loans	Actual		Actual	Budget	Actual	
Education and welfare	1 July 2017 \$	Loans \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Education and welfare	1 July 2017 \$ 413,710	Loans \$	Actual \$ 27,485	Budget \$ 27,485	Actual \$ 386,225	Budget \$ 386,225	Actual \$ 22,534	Budget \$ 19,763

Self supporting loans are financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

Borrowings	2018	2017
	\$	\$
Current	231,069	219,405
Non-current	1,092,224	1,323,293
	1,323,293	1,542,698

#### 12. INFORMATION ON BORROWINGS (Continued)

	2018	2017
	\$	\$
Loan facilities		
Loan facilities - current	231,069	219,405
Loan facilities - non-current	1,092,224	1,323,293
Total facilities in use at balance date	1,323,293	1,542,698
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 Long Service	
	Leave	Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	327,255	190,950	518,205
Non-current provisions		28,930	28,930
	327,255	219,880	547,135
Additional provision	(8,878)	24,897	16,019
Balance at 30 June 2018	318,377	244,777	563,154
Comprises			
Current	318,377	189,994	508,371
Non-current		54,783	54,783
	318,377	244,777	563,154

# SIGNIFICANT ACCOUNTING POLICIES

### Employee benefits

### Short-term employee benefits

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

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

### 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	23,942,051	14,909,341	28,940,062
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(5,558,972)	(1,263,773)	1,570,604
Non-cash flows in Net result:			
Depreciation	4,118,392	4,100,778	4,075,456
(Profit)/loss on sale of asset	249,712	75,864	112,560
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(281,300)	(22,811)	(97,690)
(Increase)/decrease in inventories	50,395	5,000	112,346
Increase/(decrease) in payables	1,113,907	(100,486)	(2,241,455)
Increase/(decrease) in provisions	16,019	(88,000)	(41,249)
Grants contributions for			
the development of assets	3,652,878	(1,754,741)	(1,531,634)
Net cash from operating activities	3,361,031	951,831	1,958,938

# **15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2018	2017
	\$	\$
Governance	34,448	34,954
Law, order, public safety	900,687	1,061,311
Health	472,293	1,247,648
Education and welfare	2,851,320	2,938,321
Housing	1,595,344	1,653,570
Community amenities	3,149,172	3,575,455
Recreation and culture	21,430,464	21,818,427
Transport	72,175,538	70,032,359
Economic services	830,406	817,910
Other property and services	5,413,711	5,368,466
Unallocated	118,612,567	253,244,860
	227,465,950	361,793,281

# **16. CONTINGENT LIABILITIES**

The Shire of Merredin has a contingent Liability for the Reinstatement/Revegetation of the Chandler Road Landfill Site.

The Current Waste Management Reserve Fund Account currently has a balance of \$118,725 and this is considered to be adequate for 2018/2019.

Additional funds will need to be transferred over future years to fulfil councils commitment, however it should be noted that some rehabilitation occurs on an annual basis and is funded from the operating budget.

17. LEASING COMMITMENTS	2018	2017
The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new recreation centre and purchase of a new truck (the prior year commitment was for the construction of the new recreation centre).	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable: - not later than one year - later than one year but not later than five years - later than five years	1,608	19,332
	1,608	19,332

# 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.

# **18. RELATED PARTY TRANSACTIONS**

# **Elected Members Remuneration**

	2018	2018	2017
The following fees, expenses and allowances were	Actual	Budget	Actual
paid to council members and/or the President.	\$	\$	\$
Meeting Fees	68,832	73,562	72,119
President'sallowance	13,494	13,628	13,360
Deputy President'sallowance	3,374	3,407	3,340
Councillor Wardrobe	4,968	5,000	4,968
	90,668	95,597	93,787

# Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the	2018	2017
Shire during the year are as follows:	\$	\$
Short-term employee benefits	799,553	643,893
Post-employment benefits	89,374	71,974
Other long-term benefits	76,076	61,265
	965,003	777,132

# Short-term employee benefits

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

### Post-employment benefits

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

# Other long-term benefits

These amounts represent long service benefits accruing during the year.

# **Transactions with related parties**

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

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

The following transactions occurred with related parties:	irred with related parties: 2018			
	\$	\$		
Purchase of goods and services				
Associated Companies/Individuals	55,241	92,269		

# **Related Parties**

# The Shire's main related parties are as follows:

### i. Key management personnel

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

# ii. Entities subject to significant influence by the Shire

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

# **19. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire of Merredin has no Trading Undertakings or Major Trading Undertakings

# 20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/16	Received <sup>(2)</sup> 2016/17	Expended <sup>(3)</sup> 2016/17	Closing Balance <sup>(1)</sup> 30/06/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
Youth Development	0	10,000	0	10,000	93	(10,093)	0
Community amenities							
Barriers to Baiting		12,955		12,955	211	(4,192)	8,974
Promoting Electric Vehicles Viability				0	13,981	(7,686)	6,295
Inspiring Saline Water				0	8,000	(7,178)	822
Combating Vegitation Decline				0	20,000		20,000
Recreation and culture							
Kids Sport		27,000	(21,449)	5,551	10,052	(15,603)	0
Audience Development (CT)		86,096	(71,436)	14,660	34,846	(18,316)	31,190
Lenihan Park		10,000		10,000	93	(10,093)	0
Variable Speed Drives				0	25,000	(25,000)	0
Raise the Roof				0	121,352		121,352
Dept of Culture (RVIF)	18,313	40,580	(30,253)	28,640	398	(29,038)	0
CT Participation Grant 18/19				0	40,000		40,000
CT Trainee				0	17,995		17,995
CT Cummins Kids				0	5,000		5,000
Transport							
Totagin Hall Rd (Blackspot)	91,017	1,758	0	92,775	88,632		181,407
CBD Upgrade		150,000	(62,057)	87,943	1,432	(89,375)	0
CBD Business Case		30,455	(2,615)	27,840	453	(5,750)	22,543
Economic services							
CWVC Destination Merredin	0	53,944	(39,094)	14,850	138	(14,988)	0
Community Development Projects				0	9,000		9,000
Other property and services							
CEACA Stage I	2,106,722	35,786	(223,484)	1,919,024	28,503	(35,461)	1,912,066
CEACA Stage II	19,986,439	288,141	(148,533)	20,126,047	245,534	(6,227,505)	14,144,076
Total	22,202,491	746,715	(598,921)	22,350,285	670,713	(6,500,278)	16,520,720

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.

#### **21. RATING INFORMATION**

#### (a) Rates

RATE TYPE	Data in	Number		<b>D</b> _44	Interview.	<b>D</b> I	<b>T</b> : ( - 1	Budget	Budget	Budget
	Rate in	of		Rate	Interim	Back	Total	Rate	Interim	Total
Differential general rate / general rate	\$	Properties	Value \$	Revenue \$	Rates \$	Rates \$	Revenue \$	Revenue \$	Rate \$	Revenue \$
Gross rental valuations			φ	φ	Ψ	Ψ	φ	Ŷ	φ	Ψ
Gross Rental Values	10.1703	1,211	17,554,812	1,785,377	8,206	1,522	1,795,105	1,785,754	6,000	1,791,754
Unimproved valuations		.,	,00.1,0.12	.,	0,200	.,022	1,100,100	.,	0,000	.,
UV1 Rural	1.9270	319	81,003,008	1,560,928	(3,959)	39	1,557,008	1,561,053		1,561,053
UV2 Urban Rural	2.9300		3,763,000	110,256	(-,)		110,256	110,256		110,256
UV3 Mining	3.5700	1	13,445	480	236	32	748	464		464
UV4 Special Use Wind farm	3.5700	14	3,885,000	138,695			138,695	138,695		138,695
UV5 Special Use Airstrip	3.5700		152,000	5,426			5,426	5,426		5,426
UV6 Merredin Power	3.5700	1	41,000	1,464			1,464	1,464		1,464
Sub-Total		1,591	106,412,265	3,602,626	4,483	1,593	3,608,702	3,603,112	6,000	3,609,112
	Minimum	,			,				,	
Minimum payment	\$									
Gross rental valuations										
Gross Rental Values	840	250	964,595	210,000			210,000	210,840		210,840
Unimproved valuations										
UV1 Rural	1,040	128	2,978,792	133,120			133,120	132,080		132,080
UV2 Urban Rural	1,040	39	707,900	40,560			40,560	40,560		40,560
UV3 Mining	200	4	11,147	800			800	600		600
UV4 Special Use Wind farm	1,040	0	0	0			0			0
UV5 Special Use Airstrip	1,040	0	0	0			0			0
UV6 Merredin Power	1,040	0	0	0			0			0
Sub-Total		421	4,662,434	384,480	0	0	384,480	384,080	0	384,080
		2,012	111,074,699	3,987,106	4,483	1,593	3,993,182	3,987,192	6,000	3,993,192
Discounts/concessions (refer note 21(b))							0			(2,500)
Total amount raised from general rate							3,993,182		-	3,990,692
Ex-gratia rates							50,042			50,041
Totals							4,043,223		-	4,040,733

### 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.

### 21 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	1-Sep-17	0	0.00%	11.00%
Option Two				
First instalment				
Second instalment				
Option Three				
First instalment	1-Sep-17	13	5.50%	11.00%
Second instalment	3-Nov-17	13	5.50%	11.00%
Third instalment	5-Jan-18	13	5.50%	11.00%
Fourth instalment	9-Mar-18	13	5.50%	11.00%
				2018
			2018	Budget
			\$	\$
Interest on unpaid rates			48,124	45,000
Interest on instalment plan			18,284	17,000
		-	66,408	62,000

# **22. NET CURRENT ASSETS**

Composition of net current assets for			
the purposes of the Rate Setting Statement	2018	2018	2017
	(30 June 2018	(1 July 2017	(30 June 2017
	Carried	Brought	Carried
	Forward)	Forward)	Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	2,904,504	2,904,504	2,904,501
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	4,028,310	3,087,869	3,087,869
Restricted	19,913,741	25,852,193	25,852,193
Receivables			
Rates outstanding	396,680	360,910	360,910
Sundry debtors	452,096	173,735	173,735
Loans receivable - clubs/institutions	28,859	27,485	27,485
Payments in Advance	(80,935)	(60,811)	(60,811)
Inventories			
Fuels & Materials	142,981	193,376	193,376
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,343,388)	(168,845)	(168,845)
Accrued interest on long term borrowings	(14,584)	(15,412)	(15,412)
Accrued salaries and wages	(88,309)	(84,945)	(84,945)
ATO liabilities	0	5,000	5,000
Accrued Expenses	0	(68,172)	(68,172)
Current portion of long term borrowings	(231,069)	(219,405)	(219,405)
Provisions			
Provision for annual leave	(318,377)	(327,255)	(327,255)
Provision for long service leave	(189,994)	(190,950)	(190,950)
Unadjusted net current assets	22,696,011	28,564,773	28,564,773
Adjustments			
Less: Reserves - restricted cash	(19,913,740)	(25,852,192)	(25,852,192)
Less: Loans receivable - clubs/institutions	(28,859)	(27,485)	(27,485)
Add: Current portion of long term borrowings	231,069	219,405	219,405
Adjusted net current assets - surplus/(deficit)	2,984,481	2,904,504	2,904,501

# 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.

# 23. 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	23,942,051	28,940,062	23,942,051	28,940,062
Receivables	1,242,433	988,618	1,242,433	988,618
	25,184,484	29,928,680	25,184,484	29,928,680
Financial liabilities				
Payables	1,446,281	332,374	1,446,281	332,374
Borrowings	1,323,293	1,542,698	1,323,293	1,542,698
	2,769,574	1,875,072	2,769,574	1,875,072

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.

# 23. FINANCIAL RISK MANAGEMENT (Continued)

## (a) Cash and Cash Equivalents

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

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

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

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

## Notes:

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

# 23. FINANCIAL RISK MANAGEMENT (Continued)

## (b) Receivables

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

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

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

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

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

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

	2018	2017
Percentage of rates and annual charges	%	%
	0.000/	0.000/
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
· · · · · · · · · · · · · · · · · · ·		
- Current	93.00%	42.00%
- Overdue	7.00%	58.00%

# 23. FINANCIAL RISK MANAGEMENT (Continued)

## (c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<u>2018</u>	\$	\$	\$	\$	\$
Payables Borrowings	1,419,153 231,069 1,650,222	702,236 702,236	389,988 389,988		1,446,281 1,323,293 2,769,574
<u>2017</u>					
Payables Borrowings	332,374 219,405 551,779	965,831 965,831	661,378 661,378		332,374 1,542,698 1,875,072

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

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:						Weighted Average Effective		
Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	231,069					1,092,224	1,323,293	5.00%
Weighted average	1							
Effective interest rate						4.63%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	219,405					1,323,293	1,542,698	5.00%
Weighted average Effective interest rate						4.63%		

# 24. 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
	\$	\$	\$	\$
BCTIF Levy	208	5,852	(6,060)	0
BRB Levy	982	7,687	(8,669)	0
Housing Bonds	8,172	1,750	(1,230)	8,692
Nomination Deposits	0	480	(480)	0
Community Bus Fund	1,312	0	0	1,312
SBS Transmitter	2,220	0	0	2,220
Other Bonds	0	450	(350)	100
Youth Advisory Council	154	0	0	154
Hall/Gym Bonds	2,240	4,820	(3,170)	3,890
Sundry	67,455	10,000	(77,455)	0
Retention Monies	8,974	0	0	8,974
CEACA	1,294,070	753,793	0	2,047,863
	1,385,787	784,832	(97,414)	2,073,205

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.
	Notes:			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.

(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 a	fter the given date.		
Adopti	on 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:

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

1 January 2017

1 January 2017

#### 26. 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.

# **27. ACTIVITIES/PROGRAMS**

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

PROGRAM NAME GOVERNANCE	OBJECTIVE	ACTIVITIES
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 centre. 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		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
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, 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. 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 and Building Control.
OTHER PROPERTY AND SERVICES	To monitor and control Shire's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

. FINANCIAL RATIOS		2018	2017	2016	
Current ratio		2.96	6.46	0.64	
Asset consumption ratio		0.79	0.73	0.73	
Asset renewal funding ratio		0.83	0.83	0.84	
Asset sustainability ratio		1.17	0.99	1.27	
Debt service cover ratio		7.68	18.27	0.49	
Operating surplus ratio		(0.32)	0.01	(0.45)	
Own source revenue coverage ratio		0.52	0.58	0.56	
The above ratios are calculated as follows:					
Current ratio current assets minus restricted assets					
		current liabilitie	es minus liabilit	ies associated	
		with	n restricted ass	ets	
Asset consumption ratio	depreciated replacement costs of depreciable assets				
	C	urrent replacen	nent cost of dep	preciable assets	
Asset renewal funding ratio	NPV of planned capital renewal over 10 years				
-	NP	V of required o	apital expendit	ure over 10 years	
Asset sustainability ratio	(	capital renewal	and replaceme	ent expenditure	
,		-	reciation expen		
Debt service cover ratio	annua	operating sur	olus before inte	rest and depreciation	
		principal and interest			
Operating surplus ratio	operating revenue minus operating expenses				
			irce operating r	<b>2</b> ·	
Own source revenue coverage ratio		own sou	irce operating r	evenue	
		ор	erating expens	es	

## Notes:

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

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year. Amount of Financial Assistance Grant received in prior year relating to current year. Amount of reimbursement for flood damage received Expenditure on flood damage re-instatement	1,223,125	1,223,125	1,112,939

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

	2018	2017	2016
Current ratio	2.23	4.37	1.20
Debt service cover ratio	3.58	12.93	9.36
Operating surplus ratio	(0.12)	0.20	(0.26)
Own source revenue coverage ratio	0.52	0.58	0.56



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF MERREDIN

## **Report on the Financial Report**

## Opinion

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

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

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

## **Basis for Opinion**

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

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

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

## **Other Information**

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

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

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Locked Bag 18 Subiaco WA 6904 Australia Proactive r Quality r Supportive

Butler Settineri (Audit) Pty Ltd RCA No. 289109 ABN 61 112 942 373 Liability limited by a scheme approved under Professional Standards Legislation In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

# Shire's Responsibility for the Financial Report

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

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

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

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

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

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

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

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

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

## **Emphasis of Matter**

Without modifying our opinion, we draw attention to page 52 and 53 of the financial report "Financial Ratios", which describes certain ratio information relating to the financial report. Management's calculation of certain of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

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

## **Reporting on Other Legal and Regulatory Requirements**

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

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

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

BUTLER SETTINERI (AUDIT) PTY LTD

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MARIUS VAN DER MERWE Director Perth Date: 17 September 2018

# 2. Closure

There being no further business, the President thanked those in attendance and declared the meeting closed at 4:43pm.

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