

SHIRE OF MERREDIN
ANNUAL REPORT
2016/2017



SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT

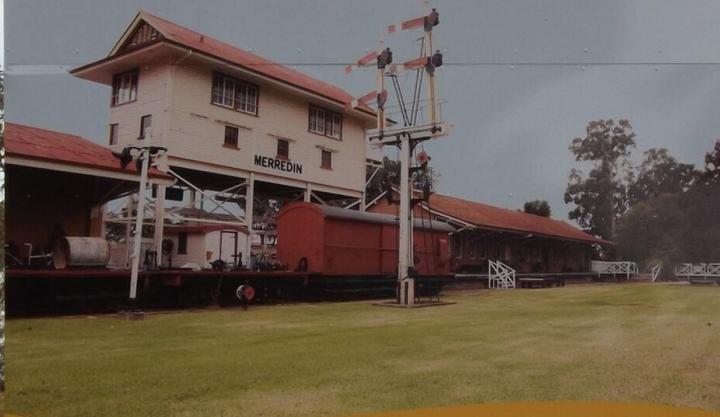
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Experience... Our History



Welcome to Merredin

ABOUT US

The Shire of Merredin covers an area of 3,372sq kms and incorporates the townsites of Burracoppin, Hines Hill and Muntadgin and the localities of Goomarin, Korbel, Nangeenan, Nokanning, Norpa, Nukarni, South Burracoppin and Tandegin.

Merredin was gazetted as a townsite on 16 March 1891, with the first Merredin Road Board being established in 1911-12 and the area was renamed the Shire of Merredin on 1 July 1961.

Merredin is the regional centre for the Central East Wheatbelt and services a hinterland of approximately 15,000 people.

The Shire is bounded by the Shires of Bruce Rock, Kellerberrin, Narembeen, Nungarin, Westonia and Yilgarn.

Our Council strives to encourage a vibrant community that offers a comprehensive range of local and regional services. Its aim is to work with all communities in the Central Wheatbelt to support quality of life as well as economic and social development within the region.

OUR VALUES



INTEGRITY

Act in an honest, open and accountable manner in all of our activities ensuring they are equitable and socially just.



PARTICIPATION

Provide genuine opportunities for informed community participation in decision making in a framework of local democracy.



SERVICE

Be sensitive and responsive to the needs and aspirations of our community and focusing on customer satisfaction and value for money.



LEARNING

Continue learning from training, our actions and experiences, and continually seeking better and more innovative ways of doing things.



VALUING PEOPLE

Value the contribution the people inside and outside the organisation make to the achievement of the Shire's vision.



COMMITMENT

Ensure our actions serve the people of Merredin and their long-term interests.



SUSTAINABILITY

Have a global perspective and ensure our actions minimise the impact on the environment and the resources available for future generations.

OUR VISION

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

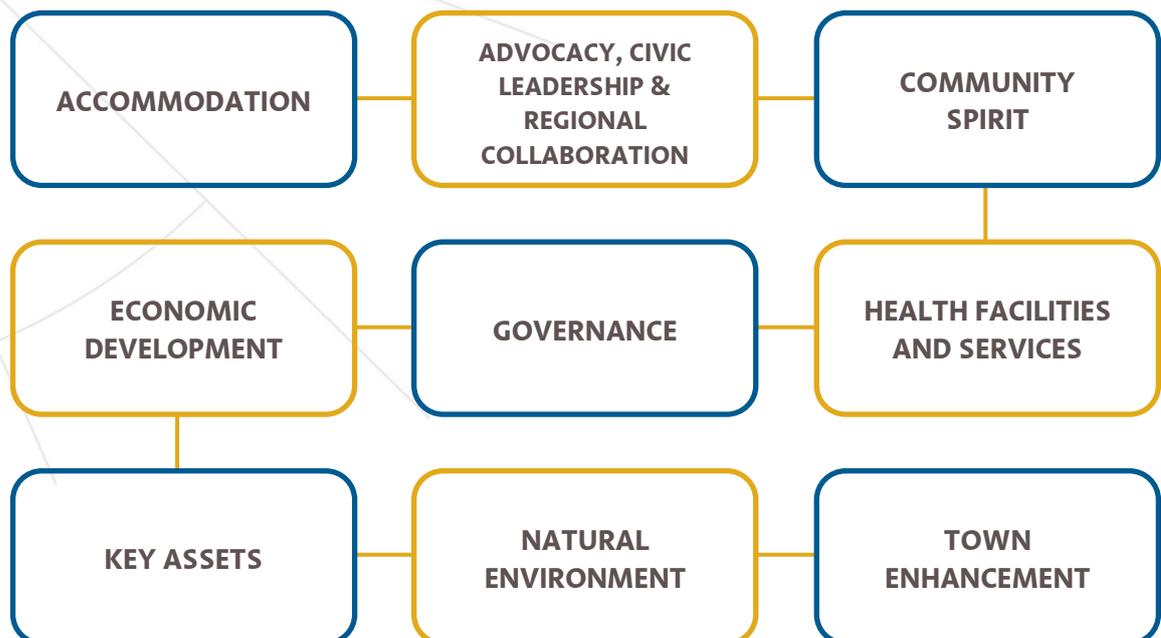
OUR MISSION

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

OUR COMMUNITY VISION



OUR STRATEGIC PRIORITIES



FAST FACTS



Total Area
3,372km²



Population
3,350



Dwellings
1,635



Rates Revenue
\$3,896,129



Shire Employees
45



Sealed Roads
565km



Unsealed Roads
816km



Parks & Gardens
21 ha



Schools
2



Libraries
1



Child Care
2



Sporting Clubs
23

Where did my rates go? For every \$100 the Shire of Merredin spends:

\$37.22	\$6.14	\$2.36	\$1.24	\$2.33
On roads	On Law, Order and Public Safety	On Health	On Education and Welfare	On Housing
\$9.08	\$26.62	\$4.51	\$8.18	\$1.22
On Community Amenities	On Recreation and Culture	On Governance	On Economic Services	Other

PRESIDENT'S MESSAGE



“It’s been a year of more important developments for Merredin, and the Wheatbelt community as a whole”

CEACA Inc.

I’m very pleased to report that the application made to the Royalties for Regions Growing our South Initiative for \$19,986,439 as Stage 2 of the CEACA Inc Seniors Housing project was successful, with the funds received in July 2017. This will enable a further 21 lots being prepared across the CEACA region (including 12 in Merredin) and the construction of 75 independent living units (including 28 in Merredin).

At its May 2017 meeting Council approved the development application for the CEACA Inc units on the old North Merredin Primary School site. The tender for construction of the units is expected to be advertised in July 2017 and it is hoped construction can commence before the end of the calendar year.

FESTA ITALIANA

In October 2016 Merredin turned green, white and red when it paid homage to our resident Italian families with the inaugural celebration weekend which was Festa Italiana.

The weekend incorporated the Elders Golden Sausage, Merredin Fine Arts Society Art Exhibition, cooking demonstrations, sports, family histories and a wonderful evening of food, wine and entertainment at Cummins Theatre. The weekend finished with church services, tours of the town and lunch.

Feedback from the event was fantastic with many family members returning to Merredin to reminisce and catch up with old friends. Festa Italiana returns again in 2018.

MERREDIN’S GREEN CREDENTIALS

Merredin is growing its reputation as a renewable energy hotspot with plans for a \$160 million 120MW solar farm located on Robartson Road approved at Council’s March 2017 meeting. The proposal then received Joint Development Assessment Panel approval in June 2017.

The development will be the largest in the state once built. Construction is expected to commence in mid-2018 and be ready for commissioning in early 2019 when it can start producing enough electricity for 42,000 homes.

LOOKING FORWARD

The next local government elections will be held on Saturday 21 October 2017. At its December 2016 meeting Council resolved that the WA Electoral Commission (WAEC) would again be responsible for the election by way of postal vote.

By making the WAEC responsible for the election, Council can ensure that the election is conducted independently and with impartiality. Additionally, postal elections are generally more convenient for many electors and typically result in a higher rate of voter participation than in-person ballots.

4 positions on Council will be available and while voting in local government elections is voluntary, I would encourage the community to have their say in voting on who represents them.

If you're passionate about your community why not stand for one of those 4 positions on Council and make a real difference? As a local government councillor you will be responsible for representing the long-term interests of our community on a range of matters, including community wellbeing and development, sport and recreation, public health and safety, essential community infrastructure and future planning.

CLOSING ACKNOWLEDGEMENTS

On behalf of Council, and the community, I would like to thank all the staff at the Shire of Merredin for the ongoing service and commitment they provide to our Shire. I would also like to thank my fellow Councillors for your efforts in moving Merredin forward this past year. And, of course to the residents, ratepayers, business owners and all other stakeholders within the Shire, thank you for your continued support and I look forward to working with you all over the coming year.

Cr Ken Hooper
Shire President

CHIEF EXECUTIVE OFFICER'S MESSAGE



“It has been a year of change for the Shire of Merredin, with some welcome opportunities”

BELGRAVIA LEISURE AND THE MERREDIN REGIONAL COMMUNITY & LEISURE CENTRE

The Merredin Regional Community and Leisure Centre (MRCLC) commenced operations in 2007. From its opening operational challenges have been experienced and managing operations to ensure consistent and sustainable service delivery has been difficult. This has resulted in missed opportunities to increase its usage.

Throughout 2015/16, operations were closely analysed to include the review of service delivery, business plan, management plan and financial performance. Upon completion of the review it was determined that an alternative method of management and operation could be a viable option.

Following a tender process, Belgravia Leisure was appointed to take over the management of MRCLC from 1 October 2016. Belgravia Leisure is an aquatic, fitness and recreation management specialist. Belgravia was selected because the company is able to bring benefits to Merredin and the regional community with its broad variety of skills and experience in sporting and leisure aspects of community life.

Both Council and staff look forward to working with Belgravia Leisure to increase the usage and range of activities available at the MRCLC.

MERREDIN REGIONAL LIBRARY RELOCATION AND OFFICIAL OPENING

Following a full refurbishment, the Merredin Regional Library was very busy on Thursday 7 July when 76 locals and ex-locals helped officially open the library in the old North Merredin Primary School.

Past and present librarians were joined by members of Parliament, the Wheatbelt Development Commission, the State Library WA, Shire Councillors and staff during the event which included entertaining recollections from Ms Esther Robartson as a past student and later as a teacher.

The library relocated to its new home from its Queen Street address as the new building is more suitable. Further plans include a memorabilia room and general meeting space.

CBD UPGRADE – STAGE 1

Through the Wheatbelt Development Commission's Wheatbelt Regional Grants Scheme an application for funding of \$300,000 was made to commence works on Stage 1 of the Merredin CBD upgrade.

The CBD redevelopment project is a staged plan that aims to improve the appearance and functionality of the Barrack and Bates Street shopping and business precinct. While only partially funded (\$150,000 was approved) the project, which commenced in April 2017, included resealing/resurfacing of the roads and car parks, re-curbing and re-lining of parking spaces.

Barrack Street, Bates Street, Mitchell Street, and Fifth Avenue were some of the roads to be resurfaced, and the Barrack Street car park also received some attention. With high vehicle, foot and trolley traffic in the vicinity of Merredin IGA, the adjacent car park has been reinforced to ensure it can cope with greater usage.

Feedback on the works has been positive and it has pleasingly enhanced the visual amenity of the CBD area.

SALE OF LAND – WHITFIELD WAY STAGE 2

In March 2017 Council advertised Tender T2017086 for the sale of vacant residential land in Whitfield Way Stage 2 and Caridi Close.

As a result, 3 lots in Whitfield Way Stage 2 were subsequently sold, which provided a welcome revenue boost for Council.

Council will continue to market the remaining lots and looks forward to further development in the subdivision.

CLOSING ACKNOWLEDGMENTS

It has again been a pleasure to be part of the Shire, to work with Councillors and staff in pursuing a vibrant and bright future for the Shire and I would like to thank all Councillors and staff for their dedication during the last financial year.

Greg Powell
Chief Executive Officer



OUR COUNCIL



Cr Ken Hooper
President
Expiry of Term:
19 October 2019



Cr Mark Crees
Deputy President
Expiry of Term:
19 October 2019



Cr Brad Anderson
Expiry of Term:
19 October 2019



Cr Caroline Blakers
Expiry of Term:
21 October 2017



Cr Leah Boehme
Expiry of Term:
19 October 2019



Cr Matt Crisafio
Expiry of Term:
19 October 2019



Cr John Flockart
Expiry of Term:
21 October 2017



Cr Mal Willis
Expiry of Term:
21 October 2017

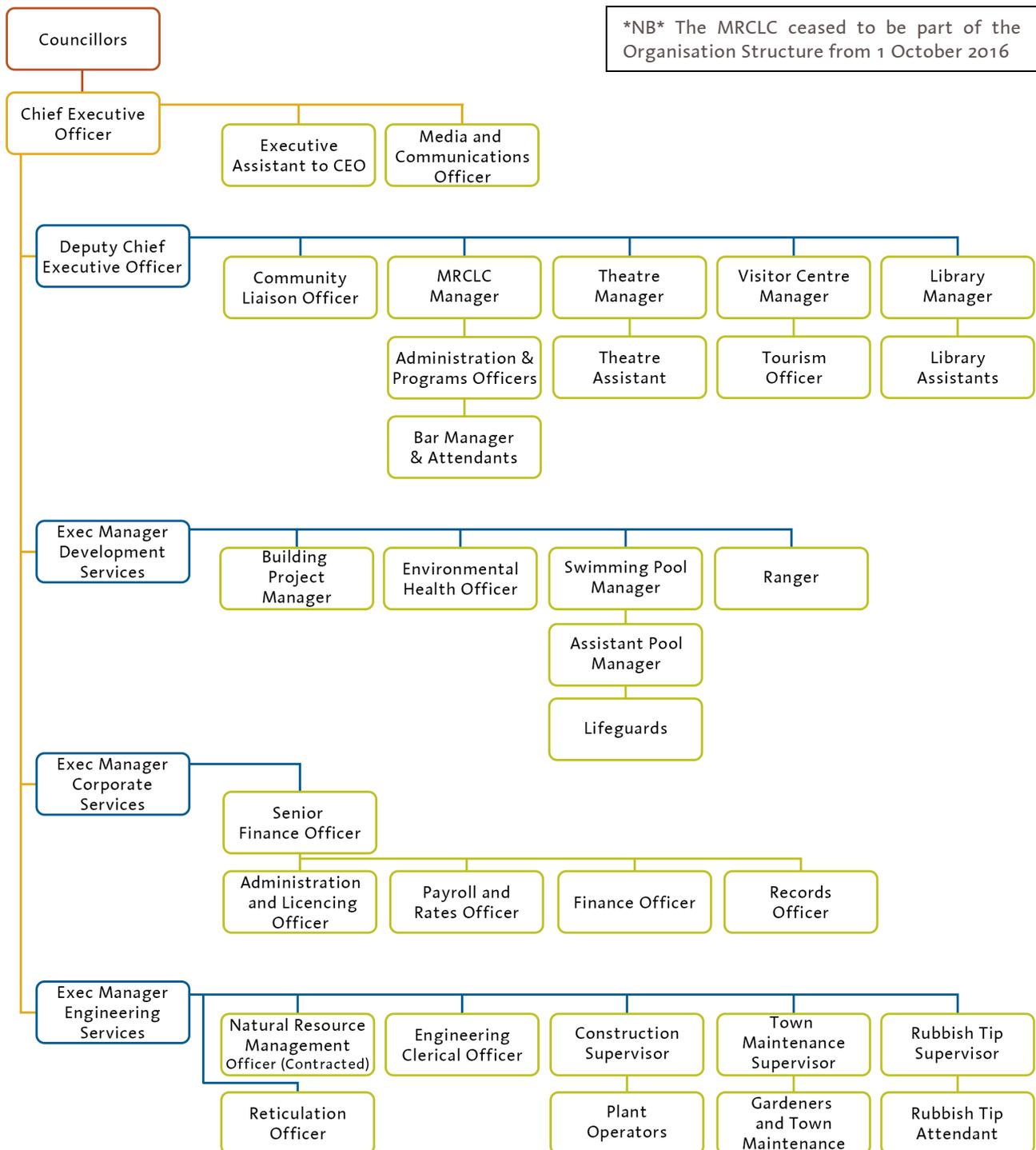


Cr Maria Young
Expiry of Term:
21 October 2017



ORGANISATIONAL STRUCTURE

NB The MRCLC ceased to be part of the Organisation Structure from 1 October 2016





COMPLIANCE

ACCESS AND INCLUSION PLAN

The *Disabilities Services Act 1993* requires Council to report on its Access and Inclusion Plan (AIP) achievements within its Annual Report. Works conducted during the year include the redevelopment of the public parking areas adjacent to the Central Wheatbelt Visitor Centre which allows for easier access from the parking area to the adjacent shops by people with a disability.

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 outgoing correspondence via email but most outgoing hardcopy letters are captured onto the electronic system.

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.

COUNCILLOR REMUNERATION

In 2016/17 the following allowances were paid to Councillors:

RECIPIENT	AMOUNT
President (including the President's Allowance)	\$21,373
Deputy President (including the Deputy President's Allowance)	\$11,353
Other Councillors	\$8,013

COMPLIANCE AUDIT RETURN

All local governments are required to carry out an annual Compliance Audit Return (CAR) for the period 1 January to 31 December as specified by the *Local Government Act 1995*. The CAR includes a range of compliance categories to be met.

The completed CAR was considered by the Audit Committee and received by Council at its February 2017 meeting (CMRef 81921) and was subsequently submitted to the Department of Local Government prior to 31 March 2017 in accordance with Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*.

COMPLETION OF PRIMARY AND ANNUAL RETURNS

In accordance with Sections 5.75 and 5.76 of the *Local Government Act 1995* all relevant persons lodged an Annual Return by the due date of 31 August 2016 and a primary return within 3 months of their start date.

All returns are managed through the Attain system and are available for viewing by members of the public upon request.

LOCAL LAW REVIEW

The Shire commenced the 8 year review of its Local Laws in 2014, with a Discussion Paper developed and discussed at Council's January 2015 meeting. At that meeting, in accordance with Section 3.16(2) of the *Local Government Act 1995*, Council subsequently resolved to proceed with and advertise the review of the Local Laws (CMRef 81507).

Following the statutory process, at its March 2017 meeting Council adopted the following Local Laws and amendment Local Laws (CMRef 81949 - 81950):

- Activities in Thoroughfares and Public Places and Trading Amendment Local Law;
- Bush Fire Brigades Amendment Local Law;
- Cemeteries Amendment Local Law;
- Fencing Amendment Local Law;
- Local Government Property Amendment Local Law; and
- Standing Orders Local Law.

The amendments were published in a Special Gazette on 26 April 2017 and came into effect on 11 May 2017.

Work continues on the review of the Health Local Law, Dogs Local Law and the Animals Environment and Nuisance Local Law.

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 2016/17.

FREEDOM OF INFORMATION AND PUBLIC INTEREST DISCLOSURE

The Western Australian *Freedom of Information Act 1992* provides the public the right to apply for access to documents held by the Shire. An applicant's right to access cannot be affected by their reason for wishing to obtain the information, nor is there a need for an applicant to provide a reason as to why access is being sought. Schedule 1 of the *Freedom of Information Act 1992* provides what information is exempt from the requirement to release documents to the public.

The Shire received 2 applications in the current reporting period.

HUMAN RESOURCES

During 2016/17 the number of staff employed with the Shire was 45 full time equivalents.

NATIONAL COMPETITION POLICY

Local governments are required to apply the principle of competitive neutrality to all business activities generating user-pays income in excess of \$200,000.

The principle of competitive neutrality is that Government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Annual Reports must show that a public benefit test has been conducted for all significant businesses activities to determine if competitive neutrality is in the public interest.

As the principles only apply to business activities that receive more than \$200,000 in annual income, of which the Shire has none, this therefore does not apply.

DELEGATIONS REVIEW

In accordance with Section 5.46 of the *Local Government Act 1995* a review was undertaken of the Shire's Delegation Register during this period, with Council adopting the review at its December 2016 meeting (CMRef 81893). The Register was added to at Council's February 2017 meeting (CMRef 81935).

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 3 employees entitled to an annual salary more than \$100,000:

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

TRAFFIC AND DRIVER'S LICENSING

The Shire provides licensing services on behalf of the Department of Transport. This is an invaluable core service provided to the residents of the Shire. Over 2016/17 the Licensing Centre processed a considerable number of transactions, with Council commissions totalling approximately \$75,070.



INTEGRATED STRATEGIC PLANNING AND REPORTING FRAMEWORK

In accordance with the *Local Government Act 1995*, the Shire has developed an Integrated Planning Framework that will allow us to sustainably and strategically meet the needs of our community.

The objective of the framework is to continue to improve the efficiency and effectiveness of its operations with an increased level of community engagement.

The Strategic Community Plan 2015-2026 is the plan to guide Council over the next 10 years. The Plan is broad with a long-term focus and strong emphasis on the community's aspirations, priorities and vision for the future. The Strategic Community Plan 2015-2026 informs our Strategic Resource Plan 2016-2031.

At the core of this planning framework is the Corporate Business Plan 2015-2019 which outlines in detail the projects, services, operations and performance measures required to deliver on the priorities identified in the Strategic Community Plan 2015-2026.

Shire of Merredin's Integrated Planning Framework:



OUR PROGRESS OF STRATEGIC PRIORITIES

The following tables report on the key directions of the Strategic Community Plan 2015-2026.

STATUS

✓ Completed

▶ Commenced

✘ No current opportunities

↻ Ongoing

Strategic Priority 1

ECONOMIC DEVELOPMENT

INITIATIVE	STATUS	COMMENTS
Strategy SP.D1.1 Implement recommendations identified in the "Growing Our Community" An Economic Development and Implementation Strategy and Central East Regional Economic Strategy	↻	Actioned investigations and plans to progress: <ul style="list-style-type: none"> • CBD Upgrade – Stage 1 • Formation of steering committee to promote Merredin as a hub for horticulture • Desalination Plant
Strategy SP.D1.2 Proactively promote Merredin as a place to live, work and invest, within and outside the community	↻	Some initiatives actioned included: <ul style="list-style-type: none"> • Cross Regional Promotion • Entry Attraction Signage • WA Weekender Campaign
Strategy 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	↻	Town Planning Scheme No. 6 current
Strategy SP.D1.4 Pursue opportunities with NBN in partnerships with other regional organisations	↻	Current information available on NBN website
Strategy SP.D1.5 Facilitate further development of local and regional tourism	↻	Initiatives developed include: <ul style="list-style-type: none"> • Renewal of Signage • Shade Shelter & Interpretative Signage at Visitor Centre precinct • Implementation of local tourism famils • Local Strategic Tourism Plan • Eastern Wheatbelt Tourism Plan

Strategic Priority 2

ACCOMMODATION

INITIATIVE	STATUS	COMMENTS
Strategy SP.D2.1 Actively facilitate and develop alternative housing for professionals and workers	✘	No opportunities to pursue during the reporting period

Strategy SP.D2.2 Collaborate and facilitate the development of aged accommodation	↻	Actioned: <ul style="list-style-type: none"> • Verso Report • Architectural drawings for 28 independent living units
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Strategy SP.D2.3 Facilitate the improvement of housing conditions through: advocacy in relation to the condition of public housing, as a housing developer and in encouraging community pride	✘	No opportunities to pursue during the reporting period
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Strategic Priority 3

CIVIC LEADERSHIP, ADVOCACY AND REGIONAL COLLABORATION

INITIATIVE	STATUS	COMMENTS
Strategy SP.D3.1 Collaborate with neighbouring Shires (and beyond) for the benefit of the region as a whole	↻	WEROC Tourism App developed
Strategy SP.D3.2 Seek external recognition, support and funding for Merredin's ongoing development, including as a regional centre	↻	External recognition, support and funding secured for identified projects
Strategy SP.D3.3 Advocate for State infrastructure and service investments to enhance the functioning of the Eastern Wheatbelt	↻	Advocacy undertaken when required

Strategic Priority 4

GOVERNANCE

INITIATIVE	STATUS	COMMENTS
Strategy SP.D4.1 Implement accountable and good governance	↻	Policies and procedures implemented Compliance requirements met
Strategy SP.D4.2 Enhance interactive communication between the Shire and the community	↻	Communications and Engagement Framework implemented
Strategy SP.D4.3 Practice prudent management of financial services	↻	Policies and procedures implemented Compliance requirements met
Strategy SP.D4.4 Develop an innovative, empowered and responsible organisation culture	↻	Implementation of identified strategies within the Workforce Plan

Strategic Priority 5

HEALTH FACILITIES AND SERVICES

INITIATIVE	STATUS	COMMENTS
Strategy 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	↻	Provision of accommodation for health professionals (lease arrangement)
Strategy SP.L1.2 Continue to assist with the facilitation of aged care services	↻	Facilitation continuing
Strategy SP.L1.2 Assist with raising local awareness of what health services are available to the community	↻	Health services publicised in community introduction packs

Strategic Priority 6

KEY ASSETS

INITIATIVE	STATUS	COMMENTS
Strategy SP.L2.1 Maintain an efficient, safe and quality transport network	↻	2016/17 road and footpath program completed
Strategy SP.L2.2 Investigate opportunities to consolidate Shire owned facilities and collocate services	↻	Community facilities review – community consultation completed
Strategy SP.L2.3 Develop, maintain and support appropriate recreational facilities and services through the Shire	↻	Identified projects completed Maintenance of facilities and services continued
Strategy 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

Strategic Priority 7

BUILT HERITAGE

INITIATIVE	STATUS	COMMENTS
Strategy SP.L3.1 Protect and promote the Shire's diverse culture and heritage	↻	Railway Rolling Stock Cover project commenced Cabinets for Library Memorabilia Room purchased

Strategic Priority 8

TOWN ENHANCEMENT

INITIATIVE	STATUS	COMMENTS
Strategy SP.L4.1 Enhance the public amenity and functionality of Merredin	🔄	Planning and implementation of projects to include: <ul style="list-style-type: none">• CBD Upgrade – Stage 1• Signage renewal• Installation of Attraction Signage

Strategic Priority 9

COMMUNITY SPIRIT

INITIATIVE	STATUS	COMMENTS
Strategy SP.I1.1 Maintain a community that is well informed, creating opportunities for community involvement and supporting a caring and health community	🔄	Various communication mediums utilised to ensure community is well informed on a regular basis
Strategy SP.I1.2 Provide services and processes to enhance public safety	🔄	CCTV system maintained
Strategy SP.I1.3 Support provision of facilities and services for arts and cultural programs	🔄	A variety of arts and cultural programs planned and implemented

Strategic Priority 10

COMMUNITY SPIRIT

INITIATIVE	STATUS	COMMENTS
Strategy SP.E1.1 Minimise waste production	🔄	Continued investigation with ongoing public awareness and education to manage compliant waste disposal
Strategy SP.E1.2 Work with relevant agencies to actively encourage the adoption of efficient energy and water usage	🔄	Secured funding for independent water project to provide scope to extend the reticulation system



COMMUNITY FUNDING AND SUPPORT

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 2016/17, the Merredin Community Resource Centre received \$3,000 in cash and \$550 in-kind support towards hosting the following events for the Merredin community:

Australia Day breakfast

Seniors Luncheon

Thank a Volunteer

2x Upskilling Volunteers workshops



SUPPORT FOR COMMUNITY EVENTS, ORGANISATIONS AND RESIDENTS

The Shire provided financial support towards a number of community events including:

RECIPIENT	AMOUNT
Mangowine Concert	\$200
Fine Arts Society Art Acquisition Prize	\$1,200
Merredin Show	\$11,680

The Shire also provided financial support for the following organisations:

RECIPIENT	AMOUNT
Merredin College Scholarship	\$1,000
Eastern Districts Display at Perth Royal Show	\$550
John Curtin University Student Volunteer Weekend	\$600
Merredin College Chaplain Program	\$3,000

GRANTS AND FUNDING

The Shire was successful in obtaining a range of grant funds over 2016/17 including:

FUNDING BODY	PROJECT	AMOUNT
Royalties for Regions	Growing our South Initiative - CEACA Inc Seniors Housing	\$19,686,439
	Regional Visitor Centre Sustainability Program Round 2	\$13,725
Wheatbelt Development Commission	Upgrade of CBD	\$150,000
	Merredin Railway Museum – Cover of Rolling Stock	\$20,000
	Water Reuse Retic Upgrade	\$25,000
Department of Sport & Recreation	Kidsport Sport for All 2016/17	\$27,000
	Community Pool Revitalisation Program	\$32,000
Department of Culture & the Arts	Community Engagement – Cummins Kids	\$18,313
	Regional Venues Improvement Fund Round 2 Cummins Theatre	\$40,580
WA Mental Health Commission	Suicide Prevention Grants – CY O'Connor Mental Health First Aid	\$20,000
Lotterywest	Merredin Railway Museum Rolling Stock Cover	\$163,637
	Audience Development Regional Performing Arts – Cummins Theatre	\$75,085
	Furniture & Equipment Merredin Library	\$10,893
	2017/18 Community Events	\$14,850
	Community Outdoor Spaces	\$10,000
Department of Infrastructure & Regional Development	Shaded seating structures on way to CBD	\$7,500
Country Arts WA	Senior's Week Concert	\$1,500
	Small Voices Project – Cummins Theatre	\$10,700
Department of Transport State NRM Office	WA Bicycle Network – Dual Use Paths	\$40,000
	Overcoming barriers to baiting in the Eastern Wheatbelt	\$12,954
Main Roads WA	Regional Roads Group	\$456,607
	Roads to Recovery	\$875,743
Collgar Community Fund	Dogs Day Out	\$2,000
	Merredin Railway Museum Rolling Stock Cover	\$20,000
	Festa Italiana	\$2,500
	2017/18 Community Events & Nature Playground	\$44,000
Federal Assistance Grants	Commonwealth general funding allocation and roads funding	\$2,297,575
Department of Local Government & Communities	Youth Development Scholarship Program	\$10,000
Department of Environment & Energy	Goldfields Water Supply Scheme – National Trust – No. 4 Pump Station	\$45,800



DIRECTORATE REPORTS

DEVELOPMENT SERVICES

PLANNING SERVICES

The Shire of Merredin issued 31 planning approvals for the 2016/17 financial year.

A review was conducted on the Shire's Local Planning Scheme No. 6 – Local Planning Policies.

Council and the Midwest/Wheatbelt Joint Development Assessment Panel granted development approval of the \$160 million Stellata Energy Solar Farm proposal

BUILDING SERVICES

The Shire of Merredin issued 49 building permits for the 2016/17 financial year.

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;
- Resurfacing of the external basketball courts at the MRCLC;
- Upgrades/repairs to the Burracoppin Hall;
- Resurfacing of the water slide at the Merredin District Olympic Swimming Pool;
- Construction of the shade structure outside the Central Wheatbelt Visitor Centre;
- Release of tender for the Merredin Railway Museum Rolling Stock Cover project;

- Demolition of outbuildings at the North Merredin Primary School site for the CEACA Inc project;
- Alterations to the Cummins Theatre backstage area to allow a higher occupancy number for the stage; and
- Completion of the Hockey/Tennis captains room at the MRCLC.

RANGER SERVICES

The Shire Ranger has become more visible within the community and having a more proactive role in relation to laws enforcement, dog related issues, illegal dumping and bush fire regulation enforcement.

In the 2016/17 bush fire period 23 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 Firebreak Order.

A number of infringements were 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 2 occurrences of illegal dumping of waste materials but both 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 or face being deregistered as BFB volunteers.

The BFB vehicles have been fitted with automatic vehicle location systems.

ENVIRONMENTAL HEALTH

The Shire utilises an in-house Environmental Health Officer to provide services to the Shire.

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 have now been 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;

- 2x Building Orders under the *Building Act 2011* were issued;
- 2x infringements issued for breaches of the Extractive Industries Local Law;
- *Health Act 1911* nuisance provision notices issued relating to a failing septic system;
- 2x 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;
- 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;
- The Executive Manager of Development Services is involved with a number of departmental working groups and has had input in to the development of Public Health Act 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.



ENGINEERING SERVICES

Council has continued with the 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

TOWN MAINTENANCE

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

ROAD CONSTRUCTION AND MAINTENANCE

OWN RESOURCES

Footpath Construction

Haig Road	New dual use path
Harling Street	New dual use path
Snell Street	New dual use path

Road Construction

Bicks Road	Gravel sheeting
Neening Road	Gravel sheeting
Collgar South Road	Gravel sheeting
Depot Dam Road	Gravel sheeting
Arnold Road	Gravel sheeting
Burracoppin Campion Road	Gravel sheeting
Collgar West Road	Gravel sheeting
Crees Street	Gravel sheeting

The Shire of Merredin retained its Waterwise Council endorsement for 2017 and the Merredin District Olympic Swimming Pool remained endorsed under the Waterwise Aquatic Centre program.

Monitoring and treatment of known Skeleton Weed infestation sites on roadsides throughout the Shire was undertaken during 2016/17.





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 2016/17 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 delivered 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 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 250 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 four 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 four theatre productions brought to the Cummins Theatre specifically for school audiences; *Shadowboxing* by Black Swan State Theatre Company, *Odyssey* by Sensorium Theatre, *Awesome Festival Roadshow*, and *In A Dark Dark Wood* by Barking Gekko Theatre Company. 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 five local schools attended the performances with over 1200 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 has increased by 50% on previous financial year.

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:

- 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

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 2016/17 this was expanded 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.

New funding opportunities continue to arise especially through the Regional Venues Improvement Fund, and the Department of Culture and the Arts. Projects which have gained support in 2016/17 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 90th 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 co-ordinate 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:

- Playdate for the 0 to 4 year olds, their parents, carers, grandparents and friends;
- Youth Activities - park art on the current Merredin Skate Park, in conjunction with Avon Youth and Cummins Theatre;
- Attending senior's meetings at the Merredin Senior Citizen Centre;
- Provision of activities for NAIDOC Week in conjunction with Merredin College;
- 2016 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;
- Destination Merredin, in conjunction with the Churches' Fraternal, community 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);
- Banners in the Terrace in conjunction with Merredin College; and
- Research into the possibility/feasibility of a Dog Park.



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 State Library of Western Australia (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;
- hosting the 100 year centenary display from the RSL;
- hosting the Great Eastern Highway Road Alliance meetings;
- hosting a meeting on the future of the No. 4 Pump Station;
- hosting authors Linda Bettenay and Ros Worthington;
- again hosting a Pink Morning Tea raising money for Cancer Research; and
- school holiday programs run in July, October, January and April.

Library staff have worked tirelessly to ensure that all visitors to the library have a positive experience, including continually changing shelving and stock around as they work to provide the best fit for the new library. This has included creating new 'collections', such as the "Australiana" collection, enabling readers to easily find those books written about Australia by Australian authors.

Funding was acquired from LotteryWest to create a memorabilia area / reading area in the library. This will, when opened in the near future, showcase local history information and memorabilia for people to view and study in a comfortable area.

The library continues to offer free access for library members to eBooks, eAudiobooks and eMagazines through the WA Public Library Digital Media Collection and the SLWA. New digital platforms such as Kanopy are being investigated.

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.

The library's catalogue continues to be available online for members to search or renew their borrowed items. The catalogue can be accessed via www.merredin.wa.gov.au/library-services.aspx.

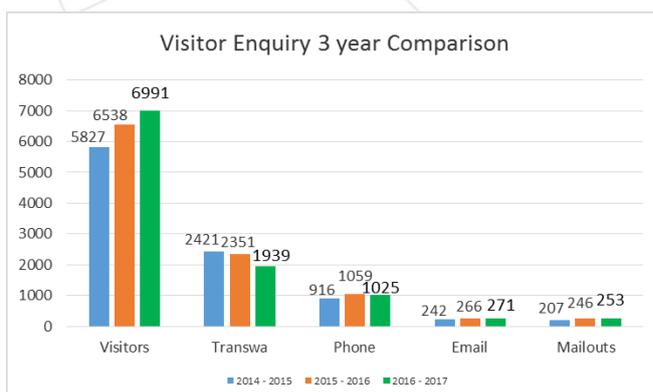


VISITOR SERVICES

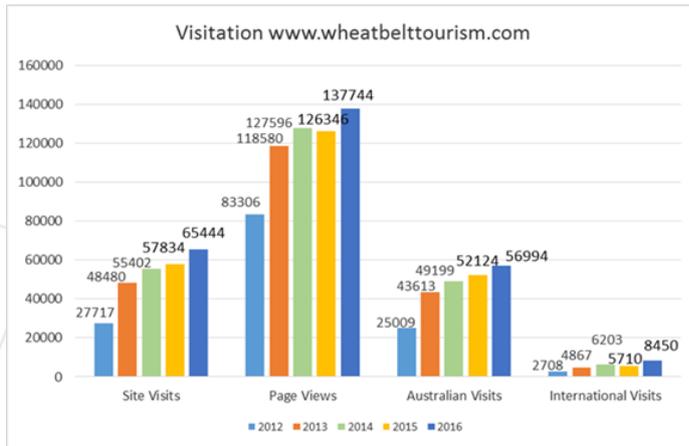
The Central Wheatbelt Visitors Centre (CWVC) continues to be the dominant hub visitor centre and professional servicing point for Merredin and the Eastern Wheatbelt. Staff provide a professional level of visitor servicing and call to action for Australia's Golden Outback (AGO) and Wheatbelt cooperative marketing campaigns. The centre is currently open Monday to Friday 8:30am to 4:30pm and during Sept/Oct 2016 open weekends.



Graph indicates comparison of the visitor servicing enquiries



Graph indicates a 3 year comparison of the visitor servicing enquiries



Graph indicates a steady increase of website visitation over a 5 year period

Annual Licence and 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 awarded.

- ASIC Australian Business Name – Renewal due April 2019
- Tourism Council WA Ltd– Renewed June 2017
 - 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 2017
- Digital Monopoly - Annual Website Hosting – renewed July 2017
- Forum Advocating Cultural & Eco-Tourism Inc (FACET) Membership August 2017

AGO/Wheatbelt Cooperative Marketing and Trade Shows

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

- 2017 Perth Caravan and Camping Show – Staff coordinated and attended this important trade show supported by regional tourism professionals.
- The CWVC Manager remains the current Wheatbelt Representative on the AGO Board with the two year term expiring at the October 2017 AGM in Kalgoorlie.

AGO Cooperative Advertising - Weekend West Australian and Sunday Times Travel Section

- 3 x Wheatbelt Self Drive Trail – Pioneers’ Pathway and Golden Pipeline
- 3 x Wheatbelt Wildflowers – Pioneers’ Pathway and Golden Pipeline

Event Packages

- Merredin Festa Italiana October 2016– Laguna Bocce Club’s accommodation, tours and transfers

Other Advertising – Annual Holiday Planners, Tourism and Community Publications

CWVC continues to support annual marketing tools for the promotion of Merredin including:

- AGO Holiday Planner 2017
 - Self-drives Pioneers' Pathway and Golden Pipeline Heritage Trail
 - Shire of Merredin full page town and attraction information
- Cooks Tours 'Beautiful South' 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 - Produced and printed for 20 Eastern Wheatbelt (EW) Shires. 25,000 copies distributed state wide by TMP and throughout the Eastern Wheatbelt by the CWVC, reprinted March 2017.
- The WEROC Shires and Shires of Cunderdin and Tammin continued the agreement and signed the CWVC MoU 2017-2018 for a further annual contribution towards regional promotion.
- Under the banner of the Eastern Wheatbelt Tourism Group, NewTravel, Roe Tourism, WEROC and member Shires of Cunderdin and Tammin continue to hold quarterly meetings developing regional tourism initiatives that benefit all EW regions and strengthening the Eastern Wheatbelt tourism.

WEROC App

The CWVC Tourism Officer along with the DCEO have project managed the WEROC App with data collection for businesses and tourism attraction provided to the WEROC App designers for a 25 August 2017 launch.

Central Wheatbelt Visitor Centre Membership

Working towards a more sustainable future the CWVC took the initiative for the first time in 2016 to provide a membership prospectus to all businesses in the Eastern Wheatbelt currently listed on wheatbelttourism.com. Three levels of membership were offered and an affiliate/not-for-profit level 4.

Central Wheatbelt Tourism Website

www.wheatbelttourism.com had a refresh which was project managed in-house with the CWVC Tourism Officer and Media Officer preparing and populating a brand new template with easier navigation. Since the completion of the upgrade in February 2017 there has been an increase in and increased visitation to the site indicating the improvements have been beneficial.

Retail and Consignment Stock

- Continue to increase consignment stock from local and regional arts and crafts suppliers building up a range of unique handmade items.
- Increasing our historical and Wheatbelt themed publications, many of which are sold from the list of publications on our website.

Training, Conferences and Familiarisations

- Manager attended St John First Aid Course April 2017
- Staff completed Tourism Council e-Tourism Coaching in February 2016
- Tourism Officer completed the first of three scheduled Leadership Workshops for 2017
- Staff participated in all LGIS Wellness Workshops and Shire health challenges.

Local Initiatives

- **A Merredin Brochure** including town and regional map was produced by CWVC Staff and printed for the first time in May 2017 and distributed by the CWVC to the Eastern Wheatbelt and state VC's. This has proved a valuable marketing tool for the Shire of Merredin.
- **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.

Regional Visitor Centre Sustainability Grant Application

Round 1 – Application approved 6 projects to be completed before December 2016:

- Two e-tricycles to hire
- Two Town Entry Statements on east & west entry on Great Eastern Highway
- Two CCTV camera and data recording equipment inside the visitor centre
- Historical images window decal for the CWVC
- Eight Highway Attraction signs depicting key attractions
- Shade shelter in the visitor centre precinct

Round 2 – Application approved 3 projects to be completed before July 2017:

- Merredin Time line signage and seating for the Round 1 funded Shade Shelter
- Information Bays upgrade, renewal and relocation to Pioneer Park
- Visitor centre staff's work station upgrade and additional glass display case

Round 3 – Application for 4 Projects submitted June 2017

Project 1 - Improving Image & Appearance

- a. Custom Book Shelves, Counter & Public Notice Board + Seating
- b. Additional Window Decal with historical images
- c. Story Panels
- d. CWVC branded sign

Project 2 - WIFI hotspot for CWVC

Project 3 - Staff Training: Tourism Workshops, Certificate III Tourism

Project 4 – External Bike Rail for e-Tricycles



RECREATIONAL SERVICES

As mentioned in the [CEO's Report](#), the operational management of the MRCLC was contracted to Belgravia Leisure from 1 October 2016. Therefore, the report below covers the period from July to September 2017.

Sporting Events and Fixtures

All winter sports had successful fixtures and final games. We hosted the grand final of the EDFL in September and women's hockey.

Aquafit classes and infant swimming/water safety classes were delivered by trained instructors and all were well supported.

A 0-4 program was facilitated by staff on a fortnightly basis with very small numbers attending. The program focussed on social and creative activity and physical exercise.

The winter sports carnival for the Wheatbelt region was held on the weekend of 13-14 August. Over 60 children attended this one day carnival of netball, football and hockey. A well run event by a community committee.

Other Events Held

- Fun Run event – September supporting Diabetes WA
- Dogs Day Out – September on the old hocket ground
- July School Holiday program – multi-sport days, movie days and in collaboration with Avon Youth we co-hosted the Rock Star Challenge
- 3x birthday parties
- Golf tournament
- EWEYN events for 0-4 years including Baby Boot Camp and Spring Day in the Community Garden were hosted and supported by staff
- 3x supervised parent child meetings
- Funeral service
- Quiz Night for Give Me Five for Kids
- Numerous Corporate/Private functions and meetings

Staffing

Two fulltime program and administration staff, a part time bar manager and the centre manager were employed during the three month period.

Facility Maintenance

Maintenance of the building including leaking roof spots over the stadium, and a full deep clean of the kitchen and bar area were completed along with all carpets and chairs steam cleaned.

Antisocial behaviour caused damage and added to cleaning costs and repairs over the winter sports season. A lack of respect and sense of ownership for the facilities is disappointing. New measures of control in all change rooms and event management have been put in place. All security cameras and data recording devices will be updated.

Numerous breaches of security occurred during the reporting period. A more accurate key register is being established and it is planned to change all security codes by the end of the year.

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 all for the whole community.

FINANCIAL STATEMENTS

SHIRE OF MERREDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
Address
Crn Barrack & King Streets
Merredin WA 6415

**SHIRE OF MERREDIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the Twelfth day of September 2017



Greg Powell
Chief Executive Officer

SHIRE OF MERREDIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	23	3,896,130	3,905,300	3,718,811
Operating grants, subsidies and contributions	30	4,094,823	3,011,320	1,595,537
Fees and charges	29	1,614,638	1,580,420	1,869,566
Interest earnings	2(a)	564,130	494,237	284,293
Other revenue	2(a)	422,643	285,766	362,444
		<u>10,592,364</u>	<u>9,277,043</u>	<u>7,830,651</u>
Expenses				
Employee costs		(2,978,717)	(3,023,628)	(3,088,438)
Materials and contracts		(2,345,020)	(3,135,379)	(2,672,749)
Utility charges		(458,878)	(380,116)	(448,656)
Depreciation on non-current assets	2(a)	(4,075,456)	(3,921,441)	(3,618,214)
Interest expenses	2(a)	(71,098)	(58,831)	(76,176)
Insurance expenses		(189,773)	(179,390)	(289,832)
Other expenditure		(321,892)	(125,203)	(343,146)
		<u>(10,440,834)</u>	<u>(10,823,988)</u>	<u>(10,537,211)</u>
		151,530	(1,546,945)	(2,706,560)
Non-operating grants, subsidies and contributions	30	1,531,634	1,709,516	24,817,664
Profit on asset disposals	21	0	150,446	57,490
(Loss) on asset disposals	21	(112,560)	(25,672)	(28,045)
Net result		1,570,604	287,345	22,140,549
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	3,461,665	0	1,187,901
Total other comprehensive income		3,461,665	0	1,187,901
Total comprehensive income		5,032,269	287,345	23,328,450

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

SHIRE OF MERREDIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		49,561	45,000	76,110
General purpose funding		8,001,927	6,703,928	5,121,463
Law, order, public safety		251,855	223,570	258,818
Health		52,863	50,650	61,409
Education and welfare		21,411	21,411	22,933
Housing		165,188	172,330	159,705
Community amenities		778,202	601,696	543,941
Recreation and culture		629,904	803,693	943,531
Transport		316,566	318,625	270,425
Economic services		227,570	234,790	227,066
Other property and services		97,316	101,350	145,248
		<u>10,592,363</u>	<u>9,277,043</u>	<u>7,830,649</u>
Expenses	2(a)			
Governance		(475,937)	(533,633)	(629,562)
General purpose funding		(115,878)	(87,884)	(136,703)
Law, order, public safety		(647,941)	(588,621)	(537,907)
Health		(246,521)	(268,227)	(246,469)
Education and welfare		(100,326)	(98,245)	(161,893)
Housing		(245,709)	(215,093)	(231,758)
Community amenities		(958,313)	(947,380)	(891,955)
Recreation and culture		(2,802,678)	(2,933,497)	(2,842,726)
Transport		(3,872,822)	(3,718,973)	(3,514,536)
Economic services		(863,227)	(908,461)	(799,338)
Other property and services		(40,384)	(465,143)	(468,189)
		<u>(10,369,736)</u>	<u>(10,765,157)</u>	<u>(10,461,036)</u>
Finance costs	2(a)			
Education and welfare		(31,012)	(21,088)	(25,506)
Recreation and culture		0	0	(25)
Other property and services		(40,086)	(37,743)	(50,645)
		<u>(71,098)</u>	<u>(58,831)</u>	<u>(76,176)</u>
		151,529	(1,546,945)	(2,706,563)
Non-operating grants, subsidies and contributions	30	1,531,634	1,709,516	24,817,664
Profit on disposal of assets	21	0	150,446	57,490
(Loss) on disposal of assets	21	(112,560)	(25,672)	(28,045)
Net result		<u>1,570,603</u>	<u>287,345</u>	<u>22,140,546</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	3,461,665	0	1,187,901
Total other comprehensive income		<u>3,461,665</u>	<u>0</u>	<u>1,187,901</u>
Total comprehensive income		<u><u>5,032,268</u></u>	<u><u>287,345</u></u>	<u><u>23,328,447</u></u>

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

SHIRE OF MERREDIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	28,940,062	29,114,242
Trade and other receivables	5	501,319	406,429
Inventories	6	193,376	305,722
TOTAL CURRENT ASSETS		<u>29,634,757</u>	<u>29,826,393</u>
NON-CURRENT ASSETS			
Other receivables	5	487,299	511,984
Inventories	6	965,477	1,021,330
Property, plant and equipment	7	43,087,533	39,682,719
Infrastructure	8	287,618,215	287,559,330
TOTAL NON-CURRENT ASSETS		<u>332,158,524</u>	<u>328,775,363</u>
TOTAL ASSETS		<u>361,793,281</u>	<u>358,601,756</u>
CURRENT LIABILITIES			
Trade and other payables	9	332,374	2,573,829
Current portion of long term borrowings	10	219,405	158,038
Provisions	11	518,205	481,447
TOTAL CURRENT LIABILITIES		<u>1,069,984</u>	<u>3,213,314</u>
NON-CURRENT LIABILITIES			
Long term borrowings	10	1,323,293	942,698
Provisions	11	28,930	106,937
TOTAL NON-CURRENT LIABILITIES		<u>1,352,223</u>	<u>1,049,635</u>
TOTAL LIABILITIES		<u>2,422,207</u>	<u>4,262,949</u>
NET ASSETS		<u>359,371,074</u>	<u>354,338,807</u>
EQUITY			
Retained surplus		66,137,613	84,464,066
Reserves - cash backed	12	25,852,192	5,955,136
Revaluation surplus	13	267,381,272	263,919,607
TOTAL EQUITY		<u>359,371,077</u>	<u>354,338,809</u>

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

**SHIRE OF MERREDIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017**

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH/INVESTMENT BACKED	REVALUATION SURPLUS	
		\$	\$	\$	
				TOTAL EQUITY	
				\$	
Balance as at 1 July 2015		65,131,730	3,146,926	262,731,706	331,010,362
Comprehensive income					
Net result		22,140,546	0	0	22,140,546
Changes on revaluation of assets	13	0	0	1,187,901	1,187,901
Total comprehensive income		22,140,546	0	1,187,901	23,328,447
Transfers from/(to) reserves		(2,808,210)	2,808,210	0	0
Balance as at 30 June 2016		84,464,066	5,955,136	263,919,607	354,338,809
Comprehensive income					
Net result		1,570,603	0	0	1,570,603
Changes on revaluation of assets	13	0	0	3,461,665	3,461,665
Total comprehensive income		1,570,603	0	3,461,665	5,032,268
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

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

SHIRE OF MERREDIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,902,236	3,922,800	3,685,496
Operating grants, subsidies and contributions		3,991,011	2,857,000	1,837,470
Fees and charges		1,614,639	1,878,679	1,869,566
Interest earnings		564,131	264,237	284,293
Goods and services tax		0	110,000	0
Other revenue		422,643	313,450	362,444
		<u>10,494,660</u>	<u>9,346,166</u>	<u>8,039,269</u>
Payments				
Employee costs		(3,026,453)	(3,175,480)	(3,195,510)
Materials and contracts		(4,475,325)	(5,268,122)	(403,534)
Utility charges		(458,878)	(407,561)	(448,656)
Interest expenses		(63,415)	(58,831)	(77,032)
Insurance expenses		(189,773)	(227,340)	(289,832)
Goods and services tax		14	0	2,353
Other expenditure		(321,892)	(197,000)	(343,146)
		<u>(8,535,722)</u>	<u>(9,334,334)</u>	<u>(4,755,357)</u>
Net cash provided by (used in) operating activities	14(b)	<u>1,958,938</u>	<u>11,832</u>	<u>3,283,912</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		55,853	0	0
Payments for purchase of property, plant & equipment		(1,982,798)	(2,099,294)	(2,085,818)
Payments for construction of infrastructure		(2,460,047)	(4,070,128)	(2,864,065)
Non-operating grants, subsidies and contributions		1,531,634	1,901,824	24,817,664
Proceeds from sale of fixed assets		252,794	438,000	364,404
Net cash provided by (used in) investment activities		<u>(2,602,564)</u>	<u>(3,829,598)</u>	<u>20,232,185</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(158,039)	(158,038)	(150,410)
Proceeds from self supporting loans		27,485	26,176	24,964
Proceeds from new debentures		600,000	2,600,000	0
Net cash provided by (used in) financing activities		<u>469,446</u>	<u>2,468,138</u>	<u>(125,446)</u>
Net increase (decrease) in cash held		(174,180)	(1,349,628)	23,390,651
Cash at beginning of year		29,114,242	29,114,402	5,723,591
Cash and cash equivalents at the end of the year	14(a)	<u><u>28,940,062</u></u>	<u><u>27,764,774</u></u>	<u><u>29,114,242</u></u>

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

**SHIRE OF MERREDIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)		20,788,501	20,788,501	2,577,896
		<u>20,788,501</u>	<u>20,788,501</u>	<u>2,577,896</u>
Revenue from operating activities (excluding rates)				
Governance		49,561	67,717	87,334
General purpose funding		4,145,826	2,837,628	140,265
Law, order, public safety		251,855	225,255	258,818
Health		52,863	50,650	61,409
Education and welfare		21,411	21,411	22,933
Housing		165,188	172,330	159,705
Community amenities		778,202	601,696	543,941
Recreation and culture		629,904	811,799	943,531
Transport		316,566	436,563	316,691
Economic services		227,570	234,790	227,066
Other property and services		97,316	101,350	145,248
		<u>6,736,262</u>	<u>5,561,189</u>	<u>4,169,328</u>
Expenditure from operating activities				
Governance		(475,937)	(533,633)	(629,562)
General purpose funding		(115,878)	(87,884)	(136,703)
Law, order, public safety		(647,941)	(588,621)	(545,835)
Health		(249,180)	(270,974)	(248,414)
Education and welfare		(131,338)	(119,333)	(187,399)
Housing		(245,709)	(215,093)	(231,758)
Community amenities		(958,313)	(947,380)	(891,955)
Recreation and culture		(2,809,244)	(2,933,497)	(2,842,751)
Transport		(3,928,030)	(3,730,128)	(3,523,750)
Economic services		(863,227)	(908,461)	(799,338)
Other property and services		(128,598)	(514,656)	(527,791)
		<u>(10,553,395)</u>	<u>(10,849,660)</u>	<u>(10,565,256)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	21	0	(150,446)	(57,490)
Loss on disposal of assets	21	112,560	25,672	28,045
Movement in deferred pensioner rates (non-current)		(2,800)	0	(1,785)
Movement in employee benefit provisions (non-current)		(78,007)	0	2,209
Depreciation and amortisation on assets	2(a)	4,075,456	3,921,441	3,618,214
Amount attributable to operating activities		<u>21,078,577</u>	<u>19,296,697</u>	<u>(228,839)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,531,634	1,709,516	24,817,664
Proceeds from disposal of assets	21	252,794	438,000	364,404
Purchase of land held for resale		55,853	0	0
Purchase of property, plant and equipment	7(b)	(1,982,798)	0	(2,085,818)
Purchase and construction of infrastructure	8(b)	(2,460,047)	0	(2,864,065)
Amount attributable to investing activities		<u>(2,602,564)</u>	<u>2,147,516</u>	<u>20,232,185</u>
FINANCING ACTIVITIES				
Repayment of debentures	22(a)	(158,039)	(158,038)	(150,410)
Proceeds from new debentures	22(a)	600,000	2,600,000	0
Proceeds from self supporting loans		27,485	26,176	24,964
Transfers to reserves (restricted assets)	12	(20,861,054)	(20,594,862)	(3,515,633)
Transfers from reserves (restricted assets)	12	963,998	9,327,953	707,423
Amount attributable to financing activities		<u>(19,427,610)</u>	<u>(8,798,771)</u>	<u>(2,933,656)</u>
Surplus(deficiency) before general rates		<u>(951,597)</u>	<u>12,645,442</u>	<u>17,069,690</u>
Total amount raised from general rates	23	<u>3,856,101</u>	<u>3,866,300</u>	<u>3,718,811</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	24	<u><u>2,904,504</u></u>	<u><u>16,511,742</u></u>	<u><u>20,788,501</u></u>

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

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

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 20 to these financial statements.

(b) 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.

All figures in this report are presented in Australian Dollars

(c) 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 of changes in value and bank overdrafts.

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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.

(e) Inventories

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. 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.

(f) 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.

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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.

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 detailed above.

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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Land under 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.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

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

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

Buildings
Furniture and equipment
Plant and equipment
Sealed roads and streets
formation
pavement
seal
- bituminous seals
- asphalt surfaces
Gravel roads
formation
pavement
Formed roads (unsealed)
formation
pavement
Footpaths - slab
Sewerage piping
Water supply piping and drainage systems

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.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

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.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

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.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

(i) Impairment of Assets

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.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) 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 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.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

(l) 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.

(m) 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.

(n) 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 amounts equal to 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.

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 in the periods in which they are incurred.

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(p) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

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

(q) Rates, Grants, Donations and Other Contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). 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 reporting period.

(r) 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.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Current and Non-Current Classification

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

(t) Rounding Off Figures

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

(u) Comparative Figures

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

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

(v) 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.

**SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

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

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon 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	January 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 onto their 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 once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating

leases held by the Shire, the impact is not expected to be significant.

Notes:

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - 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. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

(x) Adoption of New and Revised Accounting Standards

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

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

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES	2017	2016	
	\$	\$	
(a) Net Result			
The Net result includes:			
(i) Charging as an expense:			
Auditors remuneration			
- Audit of the Annual Financial Report	10,457	12,122	
Additional Costs Annuals & FM Review	1,600	840	
Disbursements	1,784	1,102	
Depreciation			
Buildings - non-specialised	102,999	0	
Buildings - specialised	684,555	722,204	
Furniture and equipment	19,486	24,481	
Plant and equipment	467,254	472,052	
Infrastructure - Roads	1,894,359	1,679,260	
Infrastructure - Footpaths	381,539	255,119	
Infrastructure - Drainage	491,161	440,336	
Infrastructure - Parks and Ovals	34,103	24,762	
	<u>4,075,456</u>	<u>3,618,214</u>	
Interest expenses (finance costs)			
Debentures (refer Note 22 (a))	71,098	76,176	
	<u>71,098</u>	<u>76,176</u>	
Rental charges			
- Operating leases	55,618	55,618	
	<u>55,618</u>	<u>55,618</u>	
(ii) Crediting as revenue:			
Other revenue			
Other	422,643	362,444	
	<u>422,643</u>	<u>362,444</u>	
	<u>422,643</u>	<u>362,444</u>	
	2017	2017	
	Actual	Budget	
	\$	\$	
Interest earnings			
- Loans receivable - clubs/institutions	21,411	21,411	22,921
- Reserve funds	408,428	365,826	121,264
- Other funds	65,980	50,000	75,032
Other interest revenue (refer note 28)	68,311	57,000	65,076
	<u>564,130</u>	<u>494,237</u>	<u>284,293</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy lifestyle.

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

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth

Activities:

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

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision and maintenance of elderly residents housing.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being of

Activities:

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

Objective:

To provide safe, effective and efficient transport services to the community

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

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

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
General purpose funding							
WALGGC				0	1,493,271	(1,493,271)	0
WALGGC				0	800,831	(800,831)	0
Law, order, public safety							
FESA BFB Operating Grant				0	34,500	(34,500)	0
FESA SES Operating Grant				0	7,868	(7,868)	0
FESA Admin Grant				0	4,000	(4,000)	0
Youth Development Grant				0	10,000		10,000
Education and welfare							
Aged Friendly	35,423		(35,423)	0			0
Aged Friendly	10,000		(10,000)	0			0
Housing							
CLGF WEROC Housing	0	198,986	(198,986)	0			0
Community amenities							
Barriers To Baiting				0	12,955		12,955
Recreation and culture							
Crime Prevention CCTV	25,000		(25,000)	0			0
WALGA Auto Doors		9,964	(9,964)	0			0
WALGA Auto Doors		9,964	(9,964)	0			0
Dept Of Culture (RVIF)		48,180	(29,867)	18,313	40,580	(30,253)	28,640
Lotteries Comm Rolling Stock				0	18,182	(18,182)	0
CPRL Pool Grant		32,000	(32,000)	0	32,000	(32,000)	0

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/15 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30/06/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 30/06/17 \$
P&G Grant				0	16,500	(16,500)	0
Merredin Netball & Basketball				0	19,059	(19,059)	0
KidSports Grant		18,000	(18,000)	0	27,000	(21,449)	5,551
WA Library Board				0	19,515	(19,515)	0
Cummins Theatre (Aud Dev)				0	86,096	(71,436)	14,660
Leh Nature Park				0	10,000		10,000
Transport							
Black Spot Totagin Rd		91,017		91,017	1,758		92,775
Roads To Recovery		1,111,629	(1,111,629)	0	875,743	(875,743)	0
MRDWA RRG				0	456,607	(456,607)	0
MRDWA Direct Grant				0	192,625	(192,625)	0
CBD Upgrade				0	150,000	(62,057)	87,943
CBD Upgrade B				0	30,455	(2,615)	27,840
Economic services							
Tourism WA		33,924	(33,924)	0			0
Community Development				0	2,386	(2,386)	0
CWVC Dest Merredin				0	53,944	(39,094)	14,850
CWVC Public Open Space				0	13,725	(13,725)	0
Other property and services							
CEACA Housing Stage I		2,106,722		2,106,722	35,786	(223,484)	1,919,024
CEACA Housing Stage II		19,986,439		19,986,439	288,141	(148,533)	20,126,047
Total	70,423	23,646,825	(1,514,757)	22,202,491	4,733,528	(4,585,732)	22,350,286

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

	Opening Balance ⁽¹⁾ 1/07/15	Received ⁽²⁾ 2015/16	Expended ⁽³⁾ 2015/16	Closing Balance ⁽¹⁾ 30/06/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance 30/06/17
Grant/Contribution	\$	\$	\$	\$	\$	\$	\$

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.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		3,087,869	3,154,354
Restricted		<u>25,852,193</u>	<u>25,959,888</u>
		<u><u>28,940,062</u></u>	<u><u>29,114,242</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves cash backed - Leave Reserve	12	484,416	473,424
Reserves cash backed - Plant Replacement Reserve	12	874,657	1,015,625
Reserves cash backed - Heritage Reserve	12	7,430	7,242
Reserves cash backed - Building Reserve	12	713,033	694,961
Reserves cash backed - Land & Development Reserve	12	983,598	1,113,600
Reserves cash backed - Recreation Reserve	12	259,674	272,029
Reserves cash backed - Disaster Relief Reserve	12	7,907	7,706
Reserves cash backed - Road Reinstatement Reserve	12	25,850	25,195
Reserves cash backed - Cummings Street Units Rese	12	51,252	49,953
Reserves cash backed - Waste Management Reserve	12	43,235	42,139
Reserves cash backed - Environmental Initiatives Res	12	50,854	49,489
CEACA Grant Funding	12	0	(2,106,722)
Reserves cash backed - Capital Works	12	0	2,203,773
Unspent grants	2(c)	<u>22,350,286</u>	<u>22,111,474</u>
		<u><u>25,852,192</u></u>	<u><u>25,959,888</u></u>

4. INVESTMENTS

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

CEACA Grant Funding	12	<u>0</u>	<u>2,106,122</u>
		<u><u>0</u></u>	<u><u>2,106,122</u></u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	360,910	369,817
Sundry debtors	173,735	63,825
GST receivable	0	14
Loans receivable - clubs/institutions	27,485	27,485
Payments in Advance	(60,811)	(54,712)
	<u>501,319</u>	<u>406,429</u>
Non-current		
Rates outstanding - pensioners	101,133	98,333
Loans receivable - clubs/institutions	386,166	413,651
	<u>487,299</u>	<u>511,984</u>
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:		
Rates outstanding	<u>360,910</u>	<u>369,817</u>
Includes:		
Past due and not impaired	360,910	369,817
Impaired	<u> </u>	<u> </u>
Sundry debtors	<u>173,735</u>	<u>63,825</u>
Includes:		
Past due and not impaired	100,944	0
Impaired	<u> </u>	<u> </u>
6. INVENTORIES		
Current		
Fuels & Materials	193,376	305,722
	<u>193,376</u>	<u>305,722</u>
Non-current		
Cost of acquisition	965,477	1,021,330
	<u>965,477</u>	<u>1,021,330</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
- Independent valuation 2014 - level 2 & 3	0	2,013,100
- Independent valuation 2017 - level 2 & 3	<u>2,329,000</u>	<u>0</u>
	2,329,000	2,013,100
 Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	<u>760,000</u>	<u>570,000</u>
	760,000	570,000
	<u>3,089,000</u>	<u>2,583,100</u>
 Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	0	3,320,000
- Independent valuation 2017 - level 2	3,489,161	0
Buildings - non-specialised - Less: accumulated depreciation	<u>(300,533)</u>	<u>(197,533)</u>
	3,188,628	3,122,467
 Buildings - specialised at:		
- Independent valuation 2014 - level 3	0	29,471,785
- Independent valuation 2017 - level 3	34,567,344	0
- Additions after valuation - cost	0	1,339,509
Buildings - specialised - Less: accumulated depreciation	<u>(1,958,038)</u>	<u>(1,273,484)</u>
	32,609,306	29,537,810
	<u>35,797,934</u>	<u>32,660,277</u>
 Total land and buildings	<u>38,886,934</u>	<u>35,243,377</u>
 Furniture and equipment at:		
- Independent valuation 2016 - level 3	220,527	250,727
- Management valuation 2016 - level 3	51,909	51,909
- Additions after Valuations - Cost	14,733	0
Furniture and equipment - Less: accumulated depreciation	<u>(27,339)</u>	<u>(34,274)</u>
	259,830	268,362
 Plant and equipment at:		
- Independent valuation 2016 - level 3	3,184,510	3,607,064
- Management valuation 2016 - level 3	625,840	625,840
- Additions after valuation - cost	562,318	0
Plant and equipment - Less: accumulated depreciation	<u>(656,399)</u>	<u>(250,124)</u>
	3,716,269	3,982,780

Land - freehold land Level 3 at:

- Independent valuation 2014 - level 2 & 3	0	188,200
- Independent valuation 2017 - level 2 & 3	224,500	0
User defined 1 - Less: accumulated depreciation	<u>0</u>	<u>0</u>
	224,500	188,200
	<u><u>43,087,533</u></u>	<u><u>39,682,719</u></u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land Level 2	2,013,100			315,900					2,329,000
Land - freehold land Level 3	188,200			36,300					224,500
Land - vested in and under the control of Council	570,000			190,000					760,000
Total land	2,771,300	0	0	542,200	0	0	0	0	3,313,500
Buildings - non-specialised	3,122,467	151,285		17,876			(102,999)	94,533	3,188,628
Buildings - specialised	29,537,810	1,254,461		2,501,589			(684,555)	(94,533)	32,609,306
Total buildings	32,660,277	1,405,746	0	2,519,465	0	0	(787,554)	0	35,797,934
Total land and buildings	35,431,577	1,405,746	0	3,061,665	0	0	(787,554)	0	39,111,434
Furniture and equipment	268,362	14,734	(3,779)				(19,486)		259,830
Plant and equipment	3,982,780	562,318	(361,575)				(467,254)		3,716,269
Total property, plant and equipment	39,682,719	1,982,798	(365,354)	3,061,665	0	0	(1,274,294)	0	43,087,533

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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	2 & 3	Observed open market valuations, adjusted for condition and compareability	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 conditions and compareability.	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 usefull life assesments (Level 3)
Furniture and equipment	3	Cost approach using depreciated replacement cost.	Independent Valuation	2016	Purchase costs and current condition (Level 2) and remaining usefull 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 usefull 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 usefull life assessments (Level 3)

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.

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.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
8 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level 3	272,269,640	272,269,640
- Additions after valuation - cost	4,678,846	2,396,948
Infrastructure - Roads - Less: accumulated depreciation	<u>(3,573,618)</u>	<u>(1,679,259)</u>
	273,374,868	272,987,329
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	5,806,349	5,806,349
- Additions after valuation - cost	425,463	278,245
Infrastructure - User defined 2 - Less: accumulated depreciation	<u>(636,658)</u>	<u>(255,119)</u>
	5,595,154	5,829,475
Infrastructure - Drainage		
- Management valuation 2015 - level 3	4,377,627	4,377,627
- Additions after valuation - cost	16,262	0
Infrastructure - User defined 3 - Less: accumulated depreciation	<u>(931,497)</u>	<u>(440,336)</u>
	3,462,392	3,937,291
Infrastructure - Parks and Ovals		
- Management valuation 2015 - level 3	4,829,997	4,479,467
- Management valuation 2017 - level 3	400,000	0
- Additions after valuation - cost	14,669	350,530
Infrastructure - User defined 4 - Less: accumulated depreciation	<u>(58,865)</u>	<u>(24,762)</u>
	5,185,801	4,805,235
	<u>287,618,215</u>	<u>287,559,330</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	272,987,329	2,281,898					(1,894,359)		273,374,868
Infrastructure - Footpaths	5,829,475	147,218					(381,539)		5,595,154
Infrastructure - Drainage	3,937,291	16,262					(491,161)		3,462,392
Infrastructure - Parks and Ovals	4,805,235	14,669		400,000			(34,103)		5,185,801
Total infrastructure	<u>287,559,330</u>	<u>2,460,047</u>	<u>0</u>	<u>400,000</u>	<u>0</u>	<u>0</u>	<u>(2,801,162)</u>	<u>0</u>	<u>287,618,215</u>

**SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

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	June 2015	Construction costs and current condition and remaining usefull life assessment
Infrastructure - footpaths	3	Cost Approach using depreciated replacement cost.	Management valuation	June 2015	Construction costs and current condition and remaining usefull life assessment
Infrastructure - drainage	3	Cost Approach using depreciated replacement cost.	Management valuation	June 2015	Construction costs and current condition and remaining usefull life assessment
Infrastructure - parks and ovals	3	Cost Approach using depreciated replacement cost.	Management valuation	June 2015	Construction costs and current condition and remaining usefull life assessment
Infrastructure - other					

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.

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.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	168,845	2,412,944
Accrued interest on debentures	15,412	7,729
Accrued salaries and wages	84,945	86,157
ATO liabilities	(5,000)	275
Accrued Expenditure	68,172	66,724
	<u>332,374</u>	<u>2,573,829</u>

10. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	219,405	158,038
	<u>219,405</u>	<u>158,038</u>
Non-current		
Secured by floating charge		
Debentures	1,323,293	942,698
	<u>1,323,293</u>	<u>942,698</u>

Additional detail on borrowings is provided in Note 22.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016			
Current provisions	392,291	89,156	481,447
Non-current provisions	0	106,937	106,937
	<u>392,291</u>	<u>196,093</u>	<u>588,384</u>
Additional provision	(65,036)	23,787	(41,249)
Balance at 30 June 2017	<u>327,255</u>	<u>219,880</u>	<u>547,135</u>
Comprises			
Current	327,255	190,950	518,205
Non-current	0	28,930	28,930
	<u>327,255</u>	<u>219,880</u>	<u>547,135</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Reserves cash backed - Leave Reserve	473,424	10,992		484,416	473,424	12,937		486,361	262,710	210,714		473,424
Reserves cash backed - Plant Replacement Rese	1,015,625	124,667	(265,636)	874,656	1,015,625	124,742	(338,991)	801,376	731,191	323,922	(39,488)	1,015,625
Reserves cash backed - Heritage Reserve	7,242	188		7,430	7,242	198		7,440	7,015	227		7,242
Reserves cash backed - Building Reserve	694,961	18,072		713,033	694,960	50,975		745,935	673,186	21,775		694,961
Reserves cash backed - Land & Development Re	1,113,600	177,283	(307,285)	983,598	1,113,600	134,980	(348,885)	899,695	426,146	687,454		1,113,600
Reserves cash backed - Recreation Reserve	272,029	6,705	(19,060)	259,674	272,029	7,438	(19,060)	260,407	210,096	61,933		272,029
Reserves cash backed - Disaster Relief Reserve	7,706	200		7,906	7,706	210		7,916	7,465	241		7,706
Reserves cash backed - Road Reinstatement Re:	25,195	655		25,850	25,195	688		25,883	24,406	789		25,195
Reserves cash backed - Cummings Street Units I	49,953	1,299		51,252	49,953	1,364		51,317	48,388	1,565		49,953
Reserves cash backed - Waste Management Res	42,139	1,096		43,235	42,139	1,151		43,290	40,819	1,320		42,139
Reserves cash backed - Environmental Initiatives	49,489	1,366		50,855	49,489	1,673	(30,000)	21,162	59,345	1,920	(11,776)	49,489
Reserves cash backed - Unspent Grants Reserve	2,203,773	20,518,531	(372,017)	22,350,287	2,203,773	20,258,506	(8,591,017)	13,871,262	656,159	2,203,773	(656,159)	2,203,773
	<u>5,955,136</u>	<u>20,861,054</u>	<u>(963,998)</u>	<u>25,852,192</u>	<u>5,955,135</u>	<u>20,594,862</u>	<u>(9,327,953)</u>	<u>17,222,044</u>	<u>3,146,926</u>	<u>3,515,633</u>	<u>(707,423)</u>	<u>5,955,136</u>

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.

12. RESERVES - CASH BACKED

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Reserves cash backed - Leave Reserve		To be utilised to fund staff leave as required.
Reserves cash backed - Plant Replacement Reserve		To be utilised to fund future capital plant purchases.
Reserves cash backed - Heritage Reserve		To be utilised to fund future extensions of work at Cummis Theatre
Reserves cash backed - Building Reserve		To be utilised to fund future building construction within the Shire of Merredin
Reserves cash backed - Land & Development Reserve		To be utilised to fund major land development/purchase within the Shire of Merredin
Reserves cash backed - Recreation Reserve		To be utilised to fund future extensions at the Recreation Ground
Reserves cash backed - Disaster Relief Reserve		To be utilised to contribute to liabilities arising from a natural disaster
Reserves cash backed - Road Reinstatement Reserve		To be utilised for emergency repairs to roads infrastructure

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

12. RESERVES - CASH BACKED (Con't)

Reserves cash backed - Cummings Street Units Reserve	To be utilised to fund Maintenance and Capital costs associated with the cummings street units
Reserves cash backed - Waste Management Reserve	For the temporary deposit of waste; or the provision and management of waste facilities, machinery used in the processing of waste.
Reserves cash backed - Environmental Initiatives Reserve	To be utilised for the reasearc and development into initiatives designed to use the saline water below Merredin or similar type environmental projects
Reserves cash backed - Unspent Grants Reserve	To be utilised for the quaranting og Grant Monies not fully expended.

13. REVALUATION SURPLUS

	30/06/2017				29/06/2017					
	30/06/2017 Opening Balance \$	30/06/2017 Revaluation Increment \$	30/06/2017 Revaluation (Decrement) \$	30/06/2017 Total Movement on Revaluation \$	30/06/2017 Closing Balance \$	29/06/2017 Opening Balance \$	29/06/2017 Revaluation Increment \$	29/06/2017 Revaluation (Decrement) \$	29/06/2017 Total Movement on Revaluation \$	29/06/2017 Closing Balance \$
Revaluation surplus - Land and buildings	22,762,838	3,061,665	0	3,061,665	25,824,503	22,762,838			0	22,762,838
Revaluation surplus - Furniture and equipment	41,913	0	0	0	41,913		41,913		41,913	41,913
Revaluation surplus - Plant and equipment	1,199,772	0	0	0	1,199,772	53,784	1,145,988		1,145,988	1,199,772
Revaluation surplus - Infrastructure - Roads	206,155,668	400,000	0	400,000	206,555,668	206,155,668			0	206,155,668
Revaluation surplus - Infrastructure - Footpaths	10,356,495	0	0	0	10,356,495	10,356,495			0	10,356,495
Revaluation surplus - Infrastructure - Drainage	21,303,941	0	0	0	21,303,941	21,303,941			0	21,303,941
Revaluation surplus - Infrastructure - Parks & Ovals	2,098,980	0	0	0	2,098,980	2,098,980			0	2,098,980
	<u>263,919,607</u>	<u>3,461,665</u>	<u>0</u>	<u>3,461,665</u>	<u>267,381,272</u>	<u>262,731,706</u>	<u>1,187,901</u>	<u>0</u>	<u>1,187,901</u>	<u>263,919,607</u>

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.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) 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:

	2017	2017	2016
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>28,940,062</u>	<u>27,764,774</u>	<u>29,114,242</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	1,570,604	287,345	22,140,549
Non-cash flows in Net result:			
Depreciation	4,075,456		3,618,214
(Profit)/Loss on sale of asset	112,560		(29,445)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(97,690)		210,971
(Increase)/Decrease in inventories	112,346		(82,415)
Increase/(Decrease) in payables	(2,241,455)		2,400,298
Increase/(Decrease) in provisions	(41,249)		(156,596)
Grants contributions for the development of assets	<u>(1,531,634)</u>		<u>(24,817,664)</u>
Net cash from operating activities	<u>1,958,938</u>	<u>287,345</u>	<u>3,283,912</u>

	2017	2016
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit		143,000
Bank overdraft at balance date		
Credit card limit		20,000
Credit card balance at balance date		
Total amount of credit unused	<u>0</u>	<u>163,000</u>
Loan facilities		
Loan facilities - current	219,405	158,038
Loan facilities - non-current	<u>1,323,293</u>	<u>942,698</u>
Total facilities in use at balance date	<u>1,542,698</u>	<u>1,100,736</u>
Unused loan facilities at balance date	<u>NIL</u>	<u>NIL</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

15. CONTINGENT LIABILITIES

A claim for damages for faulty road construction resulting in a motor vehicle injury has been brought against the Council. The action is being defended and advice provided by the Council's solicitor indicates the likelihood of a judgement against Council is remote. The amount of the claim is \$500,000 excluding legal costs. Council's insurers would cover all except the first \$10,000 of any claim.

	2017	2016
16. CAPITAL AND LEASING COMMITMENTS	\$	\$

(a) Operating Lease Commitments

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure 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).

The Shire did not have any future capital expenditure commitments at the reporting date.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

17. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any Joint Venture arrangements

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	34,954	3,609,964
Law, order, public safety	1,061,311	557,729
Health	1,247,648	1,305,440
Education and welfare	2,938,321	2,985,060
Housing	1,653,570	1,718,758
Community amenities	3,575,455	3,003,684
Recreation and culture	21,818,427	20,209,260
Transport	70,032,359	67,676,945
Economic services	817,910	897,112
Other property and services	5,368,466	2,219,176
Unallocated	253,244,860	254,418,628
	<u>361,793,281</u>	<u>358,601,756</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2017	2016	2015
19. FINANCIAL RATIOS			
Current ratio	6.46	0.64	4.77
Asset sustainability ratio	0.99	1.27	1.28
Debt service cover ratio	18.27	0.49	23.12
Operating surplus ratio	0.01	(0.45)	0.36
Own source revenue coverage ratio	0.58	0.56	0.61

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 63 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$1,223,125.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,112,939.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	4.37	1.20	3.19
Debt service cover ratio	12.93	9.36	9.94
Operating surplus ratio	(0.20)	(0.26)	0.03

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. 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 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
BCTIF Levy	0	6,654	(6,446)	208
BRB Levy	0	14,396	(13,414)	982
Housing Bonds	9,212	1,840	(2,880)	8,172
Community Bus Fund	1,312	0	0	1,312
SBS Transmitter	2,220	0	0	2,220
Other Bonds	0	50	(50)	0
Youth Advisory Council	154	0	0	154
Hall/Gym Bonds	1,690	4,950	(4,400)	2,240
Sundry	3,300	87,455	(23,300)	67,455
Retention Monies	8,974	0	0	8,974
CEACA	0	1,294,070	0	1,294,070
	<u>26,862</u>	<u>1,409,415</u>	<u>(50,490)</u>	<u>1,385,787</u>

SHIRE OF MERREDIN
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FOR THE YEAR ENDED 30TH JUNE 2017

21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Plant and Equipment								
Governance								
PCAR02	29,437	18,248	0	(11,189)	24,447	20,000	0	(4,447)
PCAR06	0	0			21,576	17,000	0	(4,576)
PCAR03	49,172	39,848	0	(9,324)	33,739	46,500	12,761	0
PCAR03	0	0			36,544	46,500	9,956	0
PCAR04	30,387	27,728	0	(2,659)	26,747	24,000	0	(2,747)
SWITCHBOARD(PABX)	200		0	(200)				
PA SYSTEM~ADMIN/CHAMBERS	369		0	(369)				
TELEPHONE SYSTEM	325		0	(325)				
TELEPHONE SYSTEM	1,147		0	(1,147)				
SOFTWARE-IT LGS MICROSOFT OF	703		0	(703)				
Admin servers x 2.	236		0	(236)				
Law, order, public safety								
PUTE71	0	0			20,315	22,000	1,685	0
Health								
PCAR05	33,236	27,728	0	(5,508)	26,747	24,000	0	(2,747)
Education and welfare								
DOCTORS SURGERY EQUIP	100		0	(100)				
COMPUTER EQUIPMENT MEDICAL	883		0	(883)				
Recreation and culture								
PUTE67	16,147	12,439	0	(3,708)	10,947	15,000	4,053	0
PUTE69	15,298	12,439	0	(2,859)	10,947	15,000	4,053	0
LAWN MOWER-ALROH	14		0	(14)				
SLASHER-12'TRAILING	171		0	(171)				
MOWER-SCOTT BONNAR	200		0	(200)				
TRAILER - JOHN PAPAS TANDEM	1,084		0	(1,084)				
Magelan Swimming Pool Vacuum	11,250		0	(11,250)				
WILSON PARKLAND MOWER	3,055		0	(3,055)				
Transport								
PCAR01	30,387	26,818	0	(3,569)	26,747	24,000	0	(2,747)
PUTE68	16,997	13,182	0	(3,815)	10,947	15,000	4,053	0
PUTE70	32,295	26,364	0	(5,931)	27,408	19,000	0	(8,408)
PLDR380	89,893	48,000	0	(41,893)	36,115	150,000	113,885	0
ROADCOUNTER	54		0	(54)				
ROADCOUNTER	54		0	(54)				
PORTABLE EMULSION SPRAY	553		0	(553)				
Other property and services								
Rostra Storage Dolly Wool Shirting	142		0	(142)				
AIR.CON.SERVICE MACHINE'ROBIN	307		0	(307)				
CARDIO LINE DELTA 60	449		0	(449)				
BACKEASE HOIST 600-100	809		0	(809)				
	365,354	252,794	0	(112,560)	313,226	438,000	150,446	(25,672)

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	30 June 2017	Repayments	Repayments
	2016		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Governance								
Loan 214 Amalgamated	660,850		131,863	131,863	528,987	528,987	40,086	37,743
Education and welfare								
Loan 215 Merretville	439,886		26,176	26,176	413,710	413,710	22,545	21,088
Loan 217 CEACA		600,000	0		600,000	0	8,467	0
	<u>660,850</u>	<u>600,000</u>	<u>131,863</u>	<u>131,863</u>	<u>1,128,987</u>	<u>528,987</u>	<u>48,553</u>	<u>37,743</u>
Self Supporting Loans								
Education and welfare								
Loan 215 Merretville	439,886	0	26,176	26,176	413,710	413,710	22,545	21,088
	<u>439,886</u>	<u>0</u>	<u>26,176</u>	<u>26,176</u>	<u>413,710</u>	<u>413,710</u>	<u>22,545</u>	<u>21,088</u>
	<u>1,100,736</u>	<u>600,000</u>	<u>158,039</u>	<u>158,039</u>	<u>1,542,697</u>	<u>942,697</u>	<u>71,098</u>	<u>58,831</u>

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total	Interest Rate %	Amount Used		Balance
	Actual \$	Budget \$				Interest & Charges \$		Actual \$	Budget \$	Unspent \$
Loan 217 CEACA	600,000	600,000	WATC	P&I	10			600,000	600,000	0
	<u>600,000</u>	<u>600,000</u>				<u>0</u>		<u>600,000</u>	<u>600,000</u>	<u>0</u>

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft
 Nil

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
Gross Rental Value	9.8741	1,209	17,542,226	1,732,137	(273)	153	1,732,017	1,730,627			1,730,627
Unimproved value valuations											
UV1 Rural	1.9871	321	75,627,064	1,502,785	1,450	3,679	1,507,914	1,500,363	6,000		1,506,363
UV2 Urban Rural	2.8300	44	3,763,000	106,493	0	0	106,493	108,898			108,898
UV3 Mining	3.9583	2	21,433	848	(235)	0	613	848			848
UV4 Special Use Wind farm	3.9583	14	3,664,500	145,052	0	0	145,052	145,052			145,052
UV5 Special Use Airstrip	3.9583	1	144,000	5,700	0	0	5,700	5,700			5,700
UV6 Merredin Power	3.9583	1	47,000	1,860	0	0	1,860	1,860			1,860
Sub-Total		1,592	100,809,223	3,494,875	942	3,832	3,499,649	3,493,348	6,000	0	3,499,348
Minimum payment	Minimum \$										
Gross rental value valuations											
Gross Rental Value	814	253	970,931	205,942			205,942	205,942			205,942
Unimproved value valuations											
UV1 Rural	1,010	122	3,065,600	123,220			123,220	123,220			123,220
UV2 Urban Rural	1,010	39	707,900	39,390			39,390	39,390			39,390
UV3 Mining	200	2	3,630	400			400	400			400
UV4 Special Use Wind farm	1,010	0	0	0			0	0			0
UV5 Special Use Airstrip	1,010	0	0	0			0	0			0
UV6 Merredin Power	1,010	0	0	0			0	0			0
Sub-Total		416	4,748,061	368,952	0	0	368,952	368,952	0	0	368,952
		2,008	105,557,284	3,863,827	942	3,832	3,868,601	3,862,300	6,000	0	3,868,300
Discounts/concessions (refer note 27)							(12,500)				(2,000)
Total amount raised from general rate							3,856,101				3,866,300
Ex-gratia rates							40,029				39,000
Totals							3,896,130				3,905,300

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	<u>2,904,499</u>	<u>20,788,501</u>	<u>20,788,501</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	3,087,869	3,154,354	3,154,354
Restricted	25,852,193	25,959,888	25,959,888
Receivables			
Rates outstanding	360,910	369,817	369,817
Sundry debtors	173,735	63,825	63,825
GST receivable	0	14	14
Loans receivable - clubs/institutions	27,485	27,485	27,485
Payments in Advance	(60,811)	(54,712)	(54,712)
Inventories			
Fuels & Materials	193,376	305,722	305,722
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(168,845)	(2,412,944)	(2,412,944)
Accrued interest on debentures	(15,412)	(7,729)	(7,729)
Accrued salaries and wages	(84,945)	(86,157)	(86,157)
ATO liabilities	5,000	(275)	(275)
Accrued Expenditure	(68,172)	(66,724)	(66,724)
Current portion of long term borrowings			
Secured by floating charge	(219,405)	(158,038)	(158,038)
Provisions			
Provision for annual leave	(327,255)	(392,291)	(392,291)
Provision for long service leave	(190,950)	(89,156)	(89,156)
Unadjusted net current assets	<u>28,564,773</u>	<u>26,613,079</u>	<u>26,613,079</u>
Adjustments			
Less: Reserves - restricted cash	(25,852,192)	(5,955,136)	(5,955,136)
Less: Loans receivable - clubs/institutions	(27,485)	(27,485)	(27,485)
Add: Secured by floating charge	219,403	158,043	158,043
Adjusted net current assets - surplus/(deficit)	<u>2,904,499</u>	<u>20,788,501</u>	<u>20,788,501</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

**SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAF

No specified area rates were imposed by the Shire during the year ended 2017.

26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

**SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2016/17 FINANCIAL YEAR**

Waivers or Concessions

**Rate or Fee and
Charge to which
the Waiver or
Concession is Granted**
Waiver/Write Off

Type	Discount %	Discount \$	Actual \$	Budget \$
			12,500	2,000
			<u>12,500</u>	<u>2,000</u>

**Rate or Fee and
Charge to which
the Waiver or
Concession is Granted**

**Circumstances in which
the Waiver or Concession is
Granted and to whom it was
available**

**Objects of the Waiver
or Concession**

**Reasons for the Waiver
or Concession**

**SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAF

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %	Budgeted	
					Revenue \$	Revenue \$
Interest on unpaid rates					51,000	40,000
Interest on instalment plan					17,311	17,000
					<u>68,311</u>	<u>57,000</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

29. FEES & CHARGES	2017	2016
	\$	\$
Governance	11,924	13,031
General purpose funding	19,916	19,198
Law, order, public safety	187,062	206,431
Health	52,863	61,011
Education and welfare	0	131
Housing	163,829	154,868
Community amenities	714,970	541,068
Recreation and culture	306,718	650,322
Transport	16,817	17,648
Economic services	125,422	169,365
Other property and services	15,117	36,493
	<u>1,614,638</u>	<u>1,869,566</u>

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

30. GRANT REVENUE

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

By Nature or Type:	2017	2016
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	3,517,227	1,112,939
Law, order, public safety	61,359	48,138
Community amenities	12,955	
Recreation and culture	223,372	200,359
Transport	223,580	176,400
Economic services	56,330	57,701
	<u>4,094,823</u>	<u>1,595,537</u>
Non-operating grants, subsidies and contributions		
Housing	0	198,986
Recreation and culture	35,559	864,155
Transport	1,482,350	1,658,360
Economic services	13,725	33,924
Other property and services	0	22,062,239
	<u>1,531,634</u>	<u>24,817,664</u>
	<u>5,626,457</u>	<u>26,413,201</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

51	53
<u>51</u>	<u>53</u>

32. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	72,119	72,120	67,792
President's allowance	13,360	13,360	13,158
Deputy President's allowance	3,340	3,340	3,290
Councillor's Wardrobe	4,968	5,000	1,995
	<u>93,787</u>	<u>93,820</u>	<u>86,235</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2017
	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:	777,132
	777,132

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.

- iii. Joint venture entities accounted for under the equity method*
The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 17.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:

	2017
	\$
Associated companies/individuals:	92,269
Joint venture entities:	0
Amounts outstanding from related parties:	0
Amounts payable to related parties:	

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

34. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2015/16 financial year

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

If the Shire did participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. 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	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	28,940,062	29,114,242	28,940,062	29,114,242
Receivables	988,618	918,413	988,618	918,413
	<u>29,928,680</u>	<u>30,032,655</u>	<u>29,928,680</u>	<u>30,032,655</u>
Financial liabilities				
Payables	332,374	2,573,829	332,374	2,573,829
Borrowings	1,542,698	1,100,736	1,542,698	1,100,736
	<u>1,875,072</u>	<u>3,674,565</u>	<u>1,875,072</u>	<u>3,674,565</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

Cash and investments are also 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*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	289,401	291,142
- Statement of Comprehensive Income	289,401	291,142

Notes:

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

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. 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:

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	42%	39%
- Overdue	58%	61%

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017</u>					
Payables	332,374			332,374	332,374
Borrowings	219,405	965,831	661,378	1,846,614	1,542,698
	<u>551,779</u>	<u>965,831</u>	<u>661,378</u>	<u>2,178,988</u>	<u>1,875,072</u>
<u>2016</u>					
Payables	2,573,829	0	0	2,573,829	2,573,829
Borrowings	218,667	789,273	359,068	1,367,008	1,100,736
	<u>2,792,496</u>	<u>789,273</u>	<u>359,068</u>	<u>3,940,837</u>	<u>3,674,565</u>

SHIRE OF MERREDIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2017</u>								
Borrowings								
Fixed rate								
Debentures						(1,542,698)	(1,542,698)	5%
Weighted average								
Effective interest rate						4.63%		
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures						(1,100,736)	(1,100,736)	5.62%
Weighted average								
Effective interest rate						5.62%		

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 2017, 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 2017 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 2017 but does not include the financial report and the auditor's report thereon.

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

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

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

Shire's Responsibility for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Emphasis of Matter

Without modifying our opinion, we draw attention to page 63 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

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

Reporting on Other Legal and Regulatory Requirements

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

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

- a) 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: 12 September 2017

**SHIRE OF MERREDIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2017	2016	2015
Asset consumption ratio	0.98	0.73	0.73
Asset renewal funding ratio	0.83	0.84	0.82

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$