



# Annual Report 2018-2019





## ACKNOWLEDGEMENT OF COUNTRY

The Shire of West Arthur respectfully acknowledges that the land upon which we work and live, is the traditional land of the Noongar people. We recognise their cultural heritage, beliefs and continuing relationship with the land. We honour Elders past, present and emerging and we support the principles of a reconciled Australia for all its people.





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## 2. ABOUT OUR ANNUAL REPORT

The Shire of West Arthur presents this document, our Annual Report, which showcases our activities and achievements throughout the 2018/19 financial year.

It is organised to align with our Strategic Community Plan 2017–2027 based on the themes of

**Community Well Being** – A safe and enabling place to live with a strong sense of identity and thriving, active culture.

**Local Economy** – A vibrant sustainable and growing community with active business and agriculture sectors.

**Built Environment** – Well maintained infrastructure that supports the community and the economy.

**Natural Environment** – Natural biodiversity maintained and responsible land and water use to preserve the environment for future generations.

**Governance and Organisation** – Strong local leadership; responsible, ethical management; and efficient service delivery.

Copies of the Strategic Community Plan and Corporate Business Plan are available from our web site [www.westarthur.wa.gov.au](http://www.westarthur.wa.gov.au) and the Shire Office.

Our Annual Financial Statements are included at the rear of the Annual Report and are shown separately on the web site.

They have been independently audited and certified by the Auditor General for Western Australia.





### 3. SHIRE PRESIDENT'S REPORT

This is my first report as Shire President of the Shire of West Arthur having been elected to the role in October 2019. I am honoured to introduce the Shire of West Arthur's Annual Report for the 2018/19 financial year.

I would like to acknowledge my predecessor, Ray Harrington, for his contributions to the Shire during eleven years on Council, including eight as Shire President. Ray has been a strong advocate for the Shire and region and will be missed. During the year under review, I held the position of Deputy Shire President

Maintaining and improving our road network to ensure the safety of all road users continues to be a priority for Council. This year the Shire expended \$1.17m on capital road works and close to \$800,000 on road maintenance, excluding major bridge works externally funded. It was pleasing to see that the Federal Government extended the Roads to Recovery Program to support ongoing improvements. We also look forward to Main Roads completion of the Coalfields Road realignment at Bowelling.

We were disappointed to see the closure of our local NAB agency in August. Council met with the Collie Community Bendigo Bank to strongly support the retention of their local full time agency in our Community Resource Centre. The Shire has moved its banking to the Collie Community Bendigo Bank in support of the service that they provide to our community.

#### Awards and Achievements

The West Arthur Cultural Day included a photography project, Faces of West Arthur, which was proudly showcased on the large screen in Yagan Square in Perth. West Arthur was a finalist in two categories and the overall state award in the 2018 Tidy Towns Awards.

The second Darkan Sheepfest was held in February 2019 and was once again a credit to all involved and the Darkan Sheepfest Committee were very worthy winners of the Australia Day Community Group of the Year award. Heather Cook was recognised for her many years of selfless contribution to the West Arthur community, winning the Citizen of the Year award, and Amy Lubcke was honoured as our Young Citizen of the Year, recognising her fundraising and volunteer work assisting the children in the Maasai area of Kenya, Africa.

In September 2018, the West Arthur Health and Resource Centre extension was officially opened. The expanded Centre has become a vibrant community hub, providing additional meeting space, larger library and more offices. We acknowledge the funding provided by the Walter Hawthorn estate, Lotterywest and Royalties for Regions (Country Local Government Fund WA CRC Network

Building and Infrastructure Fund and Regional Collocation Scheme).

#### Looking Forward

The Shire finished the year in a strong financial position with \$1,789,165 in reserve funds. These funds will assist with a number of planned projects including the Betty Brown Historical Centre, a new chalet at the caravan park, Darkan Railway Reserve redevelopment, plant replacement, and housing upgrades in the 2019/20 financial year and construction of a new house, refurbishment of a jetty at the Lake, ongoing plant replacement, sporting upgrades, and economic development opportunities in the future to assist us to meet the objectives of our Community Strategic Plan.

In early 2020, the Shire will be undertaking a complete review of our Community Strategic Plan and I urge all residents and ratepayers to contribute to the community consultation. This Plan will guide Council's decision making for the next four years and will have an impact on the future of the Shire.

The Betty Brown Historical Centre will be a special place acknowledging the history of our community and we look forward to the opening in 2020. We are excited about the opportunities that our involvement in the Astrotowns project will bring and look forward to raising awareness of night skies to our own community and welcoming visitors.

On behalf of Council, I thank our Shire staff for the work they have undertaken throughout the year.

Cr Kevin King  
Shire President



## 4. CHIEF EXECUTIVE OFFICER'S REPORT

The 2018/19 financial year has been another positive year for the Shire of West Arthur with the highlights being the completion of the Health and Resource Centre, community events and activities, and ongoing improvements to the overall standard of Shire roads.

### Financial

In July 2018, the budget was adopted with an increase in rates of 4%. The Shire finished the 2018/19 financial year with a surplus of \$1,162,096 which included financial assistance grants paid in advance of \$527,110.

### Community and Capital Projects

There were a number of successful capital projects during the 2018/19 financial year, the largest being the completion of the Health and Resource Centre expansion. Other projects included solar power to the Health and Resource Centre and Darkan Sport and Community Centre and improvements to the Darkan oval changerooms, which were both Federally funded. New gates to control the release of water for flushing Lake Towerrinning were installed with the support of funding from the State NRM program.

The strong community spirit of the Shire was once again evident with support for many community events and projects including the Armistice silhouettes and Remembrance Day Ceremony, the biennial Cultural Day, the Faces of West Arthur project, Sheepfest, A Boy Named Cash, and The Purple People Show.

The senior's meals project is assisting older people to stay in our community with the supply of hot home cooked meals on a weekly basis. The volunteers involved with the project are part of its success.

Congratulations to the members of the Arthur River community, who donated cash and volunteered many hours to renovate the 1950s section of the Arthur River Hall.

Further information about the achievements of 2018/19 are included in this Annual Report.

In 2019/20 our childcare service, Kids Central, will transfer to a regionally managed model. This will assist to ensure the sustainability of the centre into the future.

Thank you to the Shire's staff who all go above and beyond what is expected of them, to meet the challenges in their roles and to deliver services to our community. I would also like to acknowledge our elected members and community, with whom work alongside with the common goal of ensuring that West Arthur remains a wonderful place to live.

Nicole Wasmann

**Chief Executive Officer**





## 5. ELECTED MEMBERS

### Portfolios and Roles

As at 30 June, our elected members represented Council as per the following:

| Councillors  | Roles  |
|--|--|
| <b>Cr Raymond Harrington OAM (President)</b><br>Elected to Office in 2007<br>Retiring 2019 | Audit Committee, Executive Appraisal Committee, Local Emergency Management, Development Assessment Panel, chair meetings of the Lake Towerrinning Strategic Plan Reference meetings, Central Country Zone of WALGA and 4WDL VROC. Plant and equipment portfolio. |
| <b>Cr Kevin King (Deputy President)</b><br>Elected to Office in 2005 Retiring 2021         | Audit Committee, Executive Appraisal Committee, Tidy Towns Committee, Pool Committee, and Regional Road Group and a proxy to the Development Assessment Panel.   |
| <b>Cr Alan Blencowe</b><br>Elected to Office 2017<br>Retiring 2019                         | Museum Reference Group, and Local Emergency Management.  |
| <b>Cr Julie McFall</b><br>Elected to Office 2017<br>Retiring 2021                          | Audit Committee, West Arthur Cottage Homes Committee, and proxy to 4WDL VROC   |
| <b>Cr Marie Lloyd</b><br>Elected to Office 2017<br>Retiring 2021                           | West Arthur Community Resource Centre Committee and a proxy to the Development Assessment Panel.   |
| <b>Cr Michael Meredith</b><br>Elected to Office in 2003 Retiring 2019                      | Executive Appraisal Committee, Development Assessment Panel and Shire of West Arthur Bush Fire Advisory Committee. Plant and equipment portfolio.  |
| <b>Cr Neil Manuel</b><br>Elected to Office in 2009 Retiring 2021                           | Arthur River Development Group   |

### Meeting Attendance

| COUNCILLOR            | ORDINARY MEETING | ANNUAL ELECTORS |
|-----------------------|------------------|-----------------|
| Cr Raymond Harrington | 11               | 1               |
| Cr Kevin King         | 11               | 1               |
| Cr Neil Manuel        | 9                | 0               |
| Cr Michael Meredith   | 8                | 0               |
| Cr Julie McFall       | 10               | 1               |
| Cr Marie Lloyd        | 10               | 0               |
| Cr Alan Blencowe      | 11               | 1               |

## 6. QUICK FACTS

Area: 283,182.7ha

Roads length: 208 km sealed roads and 652 km unsealed roads.

Population: 798 ABS Statistics 2018

Number of electors: 624

When shire established: 1896

Localities – Darkan, Bokal, Arthur River, Duranillin, Trigwell, Bowelling, Mokup and Moodiarrup.

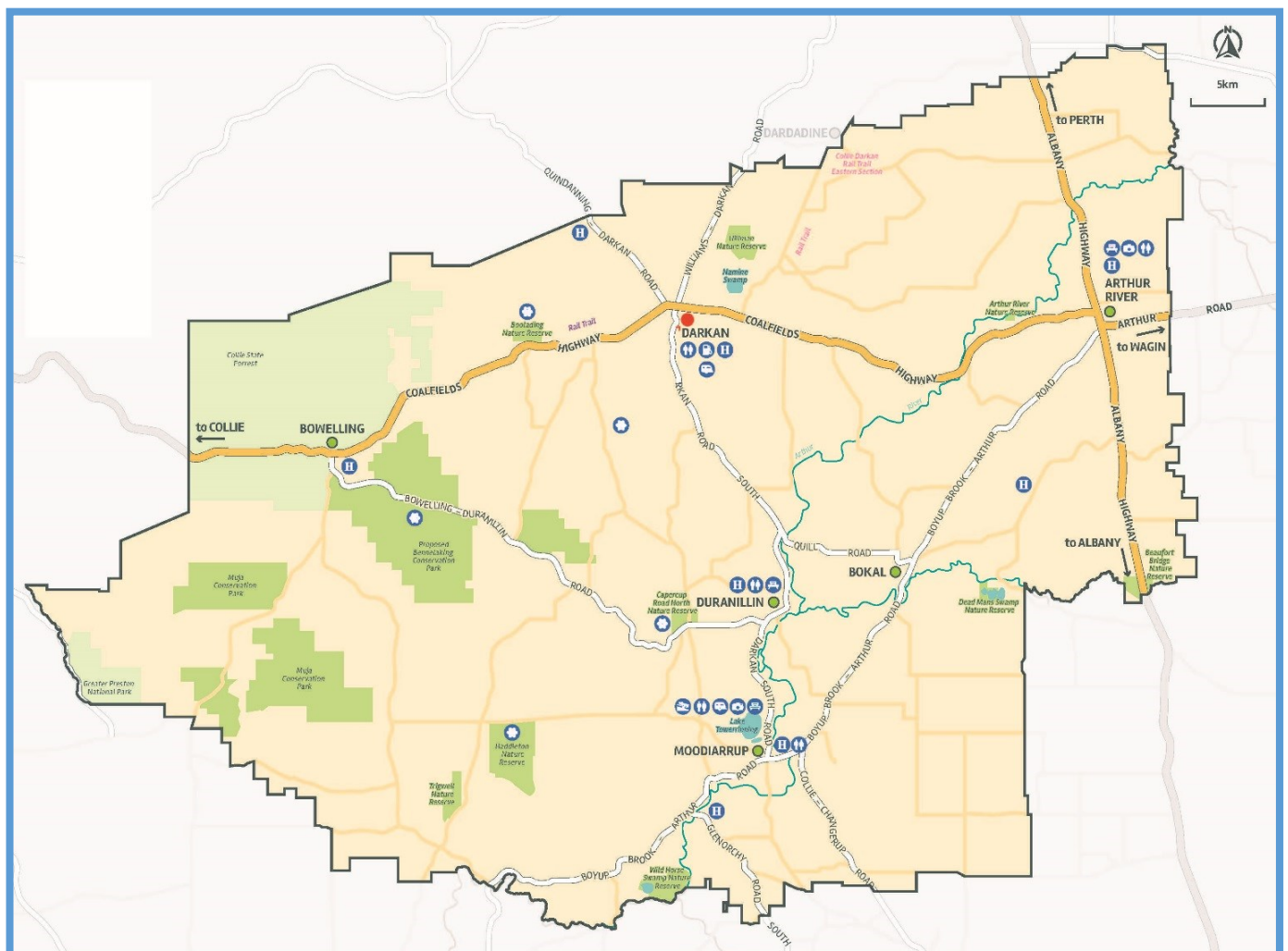
Sporting Facilities – Darkan and Districts Sports & Community Club, Arthur River Country Club, Moodiarrup Sports Club.

Total capital works value for 2018/19\_ \$1,760,398

Total operating revenue in 2018/19 \$3,579,406

Total non-operating revenue in 2018/19 \$834,583

Total income from rates in 2018/19 \$1,674,054





## 7. PRINCIPAL OFFICERS AND ORGANISATION STRUCTURE

**Chief Executive Officer**

Nicole Wasmann

**Manager Works:**

Bill Owen

**Manager Financial Reporting:**

Melinda King

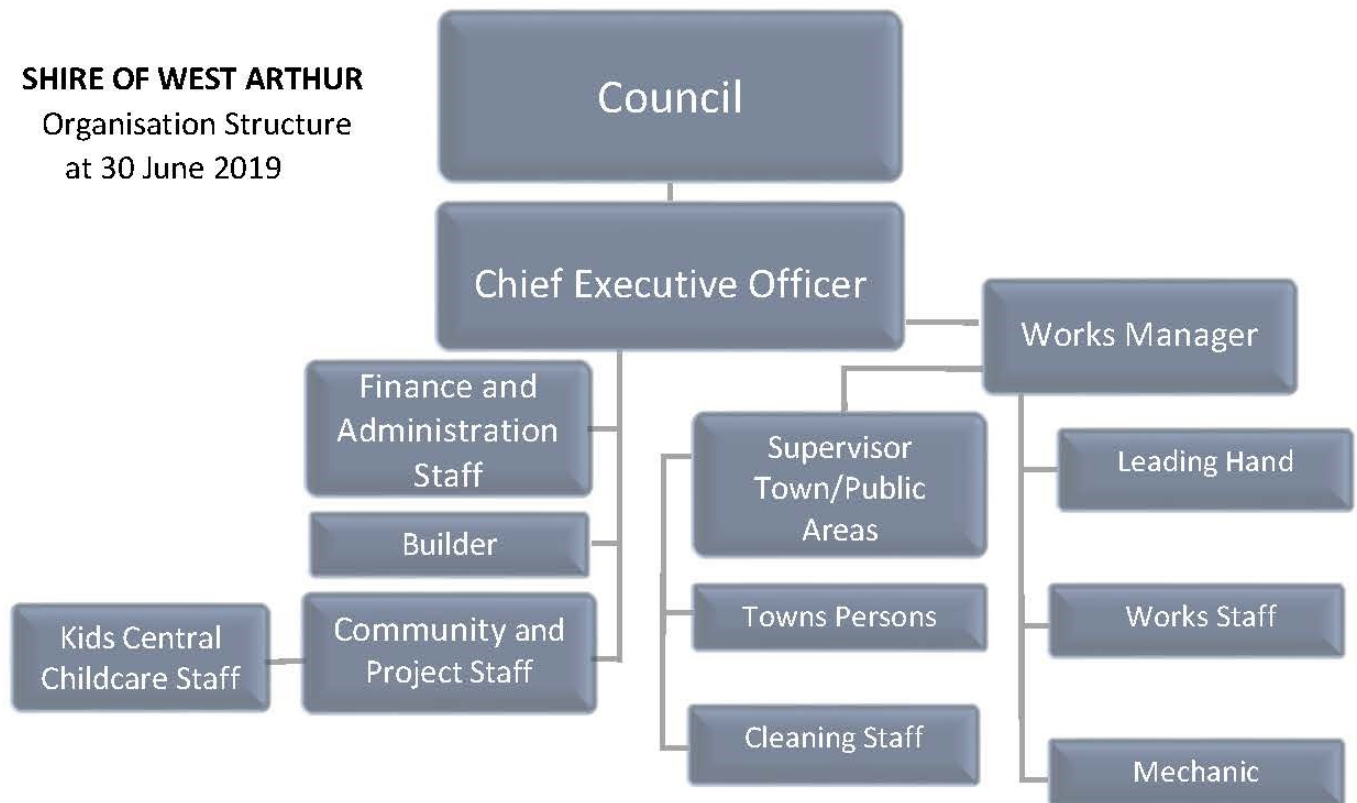
**Manager Financial Operations:**

Maxine McKenzie

**Manager Community Services:**

Kym Gibbs

**SHIRE OF WEST ARTHUR**  
Organisation Structure  
at 30 June 2019



## 8. THE YEAR IN REVIEW

The Shire of West Arthur completed a desktop review of the Strategic Community Plan 2017–2027 in June 2018. The Corporate Business Plan was also reviewed at this time and again in June 2019.

Our Corporate Vision is

“In 2027 the Shire of West Arthur will be a sustainable local government supporting a vibrant community”.

Our Corporate Mission is

“To value and enhance our community lifestyle and environment through strong local leadership, community involvement and effective service delivery”.

The plans are broken down into five key themes of community well-being, local economy, built environment, natural environment, and government and organisation.

The Strategic Community Plan identifies the community desired goals and outcomes for each theme, along with performance measures. It is the Shire’s long-term strategic planning document outlining the Shire’s commitment to achieving the vision and aspirations of the community. It is subject to a minor review every two years and a major review every four years. The next major review will be in 2019/20 after the 2019 ordinary elections.

The Corporate Business Plan expands on the outcomes identified in the Community Plan with strategies and actions. It translates the strategic direction of the Shire into specific priorities and actions as well as drawing together actions from the Shire’s informing strategies. It informs the annual planning and budgeting process.

The following pages summarise our progress during the 2018/19 financial year towards achieving the actions and priorities identified in our Corporate Plan.





## 8.1 Community Well Being

A safe and enabling place to live with a strong sense of identity and a thriving, active culture.

*Outcome 1.1: The Shire is a safe place to live, strives to reduce risks and is prepared for emergencies.*

Supporting our volunteer bushfire brigades to protect the Shire from bushfires is a high priority and includes raising community awareness of harvest and vehicle movement bans and fire risks, hazard reduction, and managing emergency services levy funds. Annually the Shire reviews Local Emergency Management Arrangements and Local Recovery Plans and liaises with other agencies, including Darkan Primary School and Darkan St John's Ambulance, and coordinates meetings of Local Emergency Management Committee.

We had a number of bushfires late in the season from lightning and escaped private controlled burns. The Shire is extremely fortunate to have many dedicated volunteers and we acknowledge their support, especially that of the Chief Fire Control Officer Duncan South and the Deputy Chief Fire Control Officer Chris Cochrane.

During the year the Shire received funding through the AWARE program to review Identifying risk factors for the Shire's five identified major community risks; Fire, Flood, Storm, Hazmat and Biosecurity. Funding for bush fire mitigation works around bridges and the Bowelling townsite was received.

*Outcome 1.2: People of all ages have the support they require to live and participate in the community.*

Funding was received from the Department of Communities to trial a senior's meals service. This service proved beneficial to our community and, with the support of volunteers, the service has continued beyond the completion of the trial. Meals are cooked in the Darkan Town Hall kitchen each Thursday and collected or delivered to seniors within the Shire.

The Shire subsidises the cost of providing an occasional bus service to Bunbury and also agreed to contribute towards the Shire of Narrogin's Patient Assisted Travel Service (PATS) in the 2019/20 year.

Support for Southern Agcare, Wagin Home and Community Care, and Westcare was continued, recognising the important services they provide in our community.

Kids Central continued to provide three day per week childcare at the Darkan Sport and Community Centre. Discussions continued with REED for the transfer of the of this service to the regional based model.

Other ongoing activities included the provision of six community housing units specifically for employees of local industry and people on low incomes and two homes leased to Government Regional Officers Housing for Education Department staff.



*Outcome 1.3: Physical and mental well being will be enhanced through a variety of sport and recreational opportunities located throughout the Shire.*

The extension to the West Arthur Health and Resource Centre was officially opened in September 2018. This expanded centre includes additional meeting rooms, more offices and expanded medical precinct and was made possible with the support of Lotterywest, West Arthur Community Resource Centre, Shire of West Arthur, Royalties for Regions and the Estate of Walter Bevan Hawthorn. The CRC and a number of medical services have free use of the centre which assists for the provision of regular services including weekly Stay on Your Feet and yoga sessions.

A new Memorandum of Understanding was signed with the West Arthur Community Resource for the management of the Health and Resource Centre with the Shire continuing to heavily subsidise the operational costs of the building. The Shire supports and subsidises the delivery of local health services from the Centre.

The installation of gates for the outlet at Lake Towerrinning were completed in 2018/19 with the assistance of funding from State National Resource Management. Children from Darkan Primary School assisted Shire staff and volunteers to plant seedlings on the banks of the Lake. The annual speed boat event was held at the Lake in November and the Department of Transport approved the installation of a slalom course for skiers. The Shire installed a cel-fi mobile booster at the Lake to improve mobile coverage to Lake users.

Funding through the Federal Government's Stronger Regions program was received for the installation of solar power to the Darkan Sport and Community Centre and the West Arthur Health and Resource Centre.

Federal funding was also received for improvements to the Darkan oval change rooms. In the 2018/19 financial year, a patio was installed on the northern side of the building, a ceiling was installed in the change rooms, and improvements were made to the steps for access to the oval. The remainder of the works will be completed in 2019/20. The Shire also refurbished the old toilets to cater for large events at the precinct.

The Shire supported the community led Football oval lighting project, with the installation of LED light fittings and run by generator. The lighting now meets the standard for training and match play.

The Shire's community financial assistance program continued with funding and support provided to the second Darkan Sheepfest.

The Shire provides and maintains a number of sport and community facilities including the Darkan Swimming Pool, Darkan Town Hall, Lake Towerrinning, Darkan oval, and playgrounds and public open space. Junior swim and baby swim classes were held at the Darkan Swimming Pool.

The Darkan Town Hall has had a resurgence in use with Junior Tae Kwon Do, adult fitness classes and badminton utilising the space.

In conjunction with the CRC the Shire offered subsidised entertainment events at the Darkan Hall; A Boy Named Cash and The Purple People Show were both well patronised.





*Outcome 1.4: Pride in our community and a strong sense of identity is forged from our cultural heritage and past and present achievements.*

Development of the Betty Brown Historical Centre, to be located in the West Arthur Health and Resource Centre, continued.

The Shire continued to support our community to look after our historical assets including 6 Mile Cottage, Duranillin School, Glenorchy School, Arthur River precinct, and Bowelling and Darkan railway precincts.

Organising and/or supporting community events including the annual Australia Day breakfast, ANZAC service, Cultural Day.

The biennial Cultural Day was held in September, with the various free activities including Traditional Welcome to Country; Dance Performance and storytelling with didgeridoo; Toy making and rock painting workshops; Professional artist painting poles with the theme of Six Indigenous Seasons; Russian Faberge egg making; Chinese paper craft; Traditional Mauri Tiaha and weaponry workshop; and the Faces of West Arthur Photography.

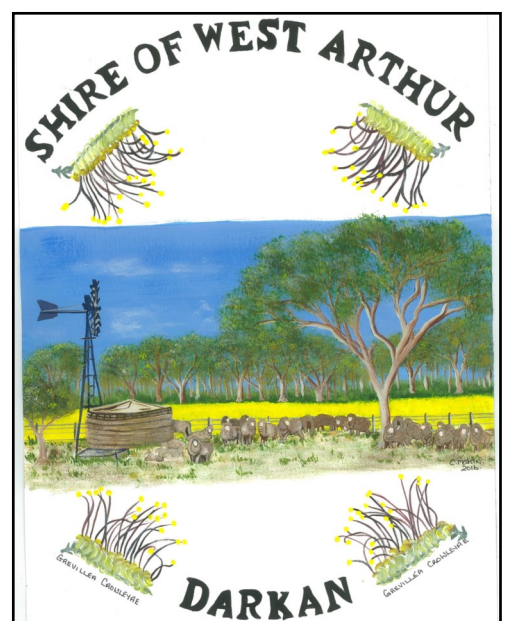
On Sunday 11 November 2018, community members came together to celebrate peace, remember the fallen and acknowledge the sacrifice of those who fought in the First World War 1914–1918. This was the inaugural Remembrance Day Ceremony held in the Shire of West Arthur. It was at this ceremony that the Shire's new Armistice silhouettes were unveiled.

The Shire received funding through the Armistice Centenary Grants to create an Armistice Remembrance avenue through the installation of a series of steel silhouettes sculptures placed on either side of the pathway linking the Shire office to the Darkan War Memorial. The silhouettes have been specifically designed for their individual meaning to create a collective story.

Funding from the Shire of West Arthur and the Departments of Local Government, Sport and Primary Industries and Regional Development, and Country Arts WA enabled the Darkan Photography Club to undertake a photography project called The Faces of West Arthur. The photographers documented portraits of 90 members of the West Arthur community. The resultant photographs were displayed at an exhibition at the West Arthur CRC and then were shown for six weeks on the Yagan Square digital tower in Perth.

Local artist, Mrs Makin painted the final non-digital banner for the Shire's Banners in the Terrace competition. Banners are now in digital form displayed on the Yagan Square Tower. Mrs Makin's interpretation of West Arthur included a rural setting with sheep, bushland and canola with a nod to the locally discovered and named Grevillea Crowlea. Another local artist, Denis Blake donated a painted picture of the Six Mile Cottage.

A report regarding the future of the 1950s section of the Arthur River Hall was prepared and a community meeting held. The community voted to retain the building and donated time and funds to complete renovations.





## 8.2 LOCAL ECONOMY

The Shire of West Arthur will be a vibrant, sustainable and growing community with active business and agriculture sectors.

*Outcome 2.1: The business community will be dynamic, growing and diverse, providing employment and economic benefits to the Shire.*

Following the completion of the Darkan Light Industrial Area, Council promoted the opportunity for the Shire to develop and lease a site to attract or retain a local business. Whilst no businesses have taken up the opportunity at this stage, there have been enquiries and the Shire will continue to promote.

The extension of Growden Place to improve access to the industrial lots in Coalfields Road was commenced during the year and will be completed in 2019/20.

The Shire maintained their local purchasing policy, supporting local businesses.

A mobile phone tower under Round 4 of the Mobile Blackspot project was announced for Darkan.

Following the closure of the NAB branch in Darkan, meetings were held with Bendigo Bank Collie to ensure the sustainability of their branch in Darkan. Whilst the Shire had held investments with the Bendigo Collie Community Bank, Council agreed to move the Shire's operational accounts in support of the continuation of the local service.

In partnership with the 4WDL VROC, the Shire undertook a digital census of the Shire. The outcomes of the census will assist staff with investigations into communications and technology improvements for the Shire.

*Outcome 2.2: Agricultural businesses will be viable and sustainable, providing employment and economic benefits to the Shire.*

The Shire continued to partner with Blackwood Basin Group for delivery of landcare services in the Shire.

Staff and elected members met with Wheatbelt Development Commission staff and Wheatbelt RDA representatives to discuss economic development opportunities around agriculture diversification.

*Outcome 2.3: The community will have a growing population which will support new business development.*

The Shire of Lake Grace was successful in receiving Federal funding for an Astro Tourism project which will include the Shire of West Arthur. This project will commence in 2019/20.

The Shire continued to manage the Darkan Caravan Park and Chalet which is popular with travellers and visiting trades and professionals.

Planning approval was given for Holiday Accommodation in Arthur Street Marrahbella Cottage.

The Shire continued to maintain and promote the Collie Darkan Rail Trail and maintained the appearances of the townsites and Arthur River.

New tourism brochures were developed for distribution in printed and electronic form.

The Shire leased the old Arthur River Post Office to enable the sale of crafts.



## 8.3 BUILT ENVIRONMENT

The Shire of West Arthur will have well maintained infrastructure that supports the community and the economy.

### *Outcome 3.1: A well maintained road system.*

The total amount expended on bridge maintenance was \$866,030, including \$30,030 Shire funded preventative maintenance and \$830,000 Federal funded works contracted by Main Roads.

The total road construction program was \$1,168,051 including

| Road Name                  | Description of Works                         | Total Cost | Funding Received |
|----------------------------|--|------------|------------------|
| State Regional Road Group  |  |            |                  |
| Moodiarrup Changerup Road  | Widen and reseal                             | \$323,947  | \$202,999        |
| Bowellling-Duranillin Road | Reconstruct and widen shoulders, reseal.     | \$245,388  | \$152,001        |
| Federal Roads to Recovery  |  |            |                  |
| Bokal North Road           | Gravel Sheet                                 | \$67,297   | \$65,743         |
| Darkan Moodiarrup Road     | Reconstruct and widen                        | \$181,089  | \$180,640        |
| Boyup Brook Arthur         | Cement stabilisation various failures        | \$59,493   | \$59,493         |
| Boyup Brook Arthur         | Full construction and super elevation        | \$86,503   | \$86,495         |
| Farrell Road               | Replace culverts and reinstate floodway      | \$18,837   | \$18,329         |
| Growden Place              | Partial extension of road to Coalfields Road | \$90,105   | \$90,105         |
| Other                      |  |            |                  |
| Bokal South Road           | Gravel sheet                                 | \$68,934   | \$68,934         |
| Gorn Road                  | Gravel Sheet                                 | \$26,455   | \$18,087         |

Laneways at the rear of the businesses in Burrowes Street and the car park opposite the Darkan Town Hall were sealed along with the car park at the rear of the extended Health and Resource Centre.

An application was submitted for funding under the Commodity Route program to seal 5kms of Trigwell Bridge Road in the 2019/20 financial year.

The Shire liaised with school bus operators, tree planation companies and other road users to ensure maintenance needs identified were addressed as quickly as possible.

Three trucks were purchased including a small gardeners truck, six wheel tip truck, and prime mover as part of the Shire's plant replacement program.

### *Outcome 3.2: Sustainable well maintained quality facilities that support long term community needs.*

The expansion of the Health and Resource Centre was completed during the year under review.

A report was prepared and a meeting was held with the Arthur River community to determine the future of the 1950s section of the hall.

Building inspections were carried out to all Shire buildings.

The old toilets at the Darkan Town Oval were refurbished to enable use at large events.

### *Outcome 3.3: Attractive townscapes and public facilities for locals and visitors to enjoy*

The new parks and gardens at the expanded Health and Resource Centre were completed during the 2018/19 financial year. The gardens at the Darkan Williams Road and Coalfields Road intersection were updated along with many of the other gardens through Darkan.

Maintenance of public areas to a high standard continued throughout the Shire.

The Shire entered negotiations with Main Roads for the acquisition of the previous Arthur River Store site with a view to creating an attractive parking and picnic area adjacent to the Arthur River Hall for travellers and the community.

### *Outcome 3.4: Appropriate planning and development*

The Shire administered the Town Planning Scheme granting nine development approvals in the 2018/19 financial year.



## 8.4 NATURAL ENVIRONMENT

### *Outcome 4.1: Sustainable management of water resources*

Waterwise plants were chosen for new gardens planted in the Darkan townsite.

The Shire applied for funding for improvements to the Kylie railway dam and storage.

The partnership with Water Corporation for reuse of scoured water continued. A review of standpipes connected to the scheme was undertaken and an agreement reached with Water Corporation for changes in the 2019/20 financial year due to changes to their pricing.

Shower heads in public facilities were replaced with low water use fixtures.

### *Outcome 4.2: Waste is minimised and managed sustainably*

The Shire lobbied the State Government to ensure that a container collection deposit refund site would be located in the Shire.

Ongoing waste programs included management of the Darkan and Duranillin refuse sites, refuse and recycling collections services and drummuster collection.

### *Outcome 4.3: Natural biodiversity of the Shire will be maintained and valued*

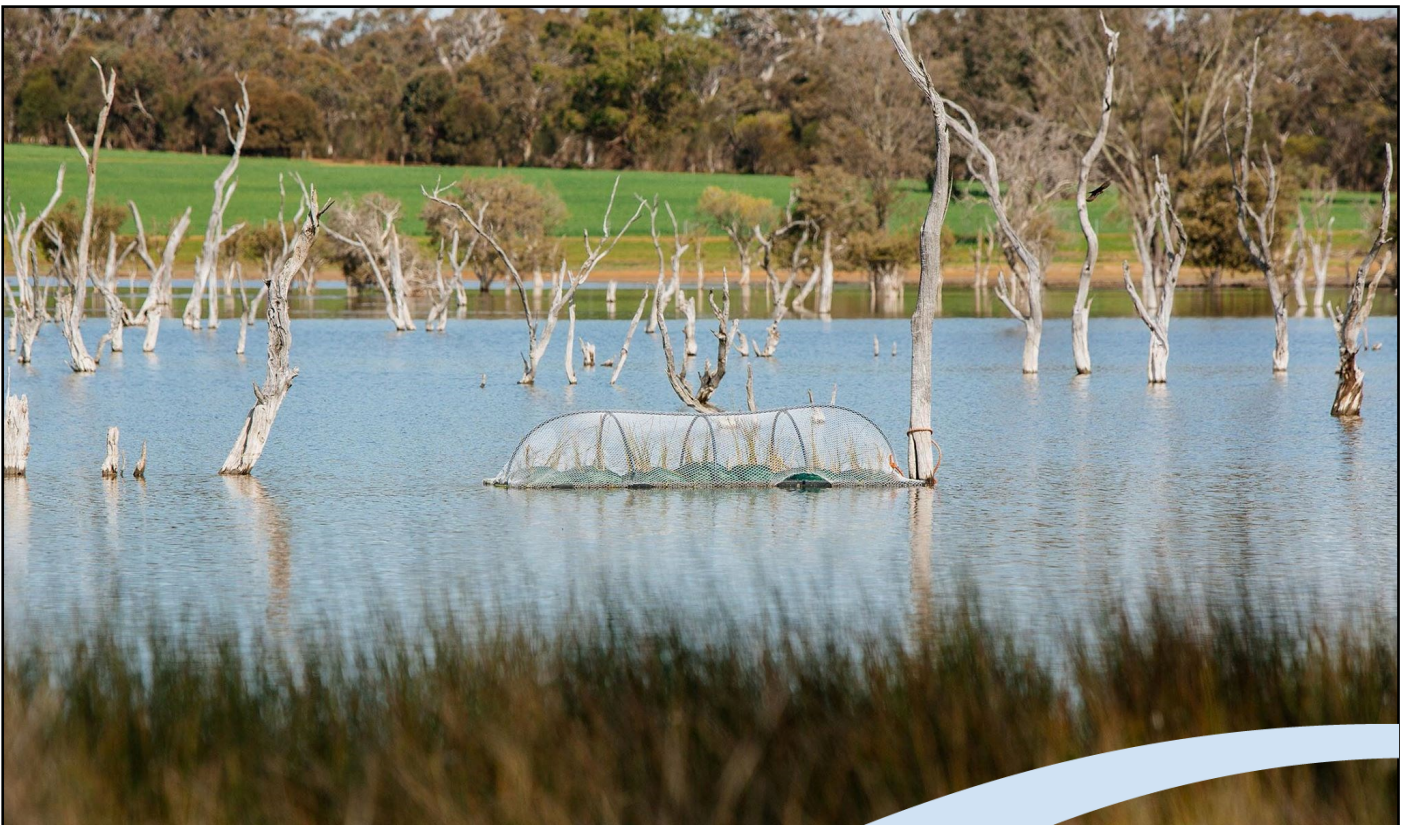
In partnership with the Blackwood Basin Group, the Shire employees a part time landcare officer. The Blackwood Basin Group facilitated access to State National Resource Management funding for local landholders, supported a landholder adjoining Lake Towerrinning to access funding for reed banks and revegetation, and supported the Darkan Primary School to access funding through a Landcare South32 grant. Education programs were held throughout the year.

Following the completion of the Health and Resource Centre extension, the herbarium has been reinstated in the Darkan library.

New seedlings were planted at the Lake with plants endemic to the area selected.

### *Outcome 4.4: Responsible land use planning will be undertaken with viability, sustainability, and the environment considered in all decision making.*

Initial investigation and discussions were held with relevant industry bodies and agencies into opportunities for agricultural diversification and use of palaeochannel water from the Hillman region.





## 8.5 GOVERNANCE AND ORGANISATION

Through strong leadership and responsible, ethical management the best outcomes will be achieved in partnership with the people of the Shire

*Outcome 5.1: Representation by skilled councillors to achieve the best outcome for the Shire*

Two elected members undertook WALGA training modules. Elected members and the CEO attended a forum in relation to the review of the Local Government Act.

*Outcome 5.2: Accountable service delivery by Council and well trained, motivated, customer focused staff.*

Flexible hours, housing and training were provided to assist the Shire to attract and retain quality staff.

The Shire's Corporate Plan was reviewed and the Shire received an audit report with no issues identified for the year from the Office of Auditor General and Lincolns. This is the second year that the Shire has been involved with the Office of Auditor General overseeing audits.

Local Government Youth Scholarships for TAFE courses were completed by two staff members extending their knowledge and skills.

*Outcome 5.3: Strong leadership in advocacy and planning to ensure the sustainability of the Shire.*

Elected members and staff continued to represent the Shire through involvement with the 4WDL Voluntary Regional Organisation of Councils, Regional Road Group, and the Central Zone of WALGA.

A public hearing was held in March 2019 with the Western Australian Grants Commission. A number of Shire elected members and staff attended.

*Outcome 5.4: Active engagement with the community to optimise input into planning and decision making*

Engagement with the community was undertaken through the Bleat community newspaper, social media and the Shire's web site. Members of the public attended Council meetings as invited guests or to make a deputation to Council on specific matters of concern. Members of Council represented the Shire on external community committees including West Arthur Cottage Homes and West Arthur Community Resource Centre.



## 9. STATUTORY REPORTING REQUIREMENTS

### 9.1 National Competition Policy

The application of national competition policy in Western Australian local governments is guided by the Clause 7 Statement which requires annual reporting of the implementation, application and effects of NCP principles as well as structural reform of public monopolies and legislative review.

#### **(a) Competitive Neutrality**

The objective of competitive neutrality involves the introduction of measures effectively to remove any **net** competitive advantages arising simply as a result of local government ownership of business entity. Local government is only required to implement the principles of competitive neutrality to the extent that the benefits to be realised from implementation outweigh the costs in respect of individual business activities exceeding \$500,000 annual income.

The Shire did not undertake any activities or functions in 2018/19 year that met the financial benchmark.

#### **(b) Structural Reform of Public Monopolies**

The Shire does not have any activities or functions that are considered to be public monopolies and did not privatise any of its activities or functions in 2018/19.

#### **(c) Legislative Review**

All local laws have been reviewed for compliance with NCP and all amendments to existing and all future local laws are monitored to ensure no anti-competitive practices are included.

### 9.2 Disability Access and Inclusion Plan (DAIP)

In 2017, the Shire undertook a review of its Disability Access and Inclusion Plan (DAIP) including consultation with key stakeholders and updating the DAIP to guide further improvements to access and inclusion.

The process included:

- examination of the initial DAIP and subsequent progress reports to see what has been achieved and what still needs work;
- consultation with key staff;
- consultation with the community reference to the Age-Friendly Communities study conducted in 2010

information from the 2015 Age Friendly Communities in Small Towns project and consultation with HACC, St John's Ambulance, Seniors Coordinator, Shire staff, seniors and community members.

The 2017–2022 DAIP has been completed and endorsed by Council and the Disability Services Commission.

Some specific outcomes achieved or currently being implemented in planning:

- Ensure new parking lots comply (eg Health and Resource Centre expansion) and ensure the bays are marked and the kerb on to the road is easily manoeuvred.
- Continue the implementation of the program of footpath upgrades including access ramps.
- Remove trees that create hazards from tree roots and replace damaged sections.

In addition to this, access at the sports oval and clubrooms and is under review to improve access from the buildings to the grounds and at the Lake Towerrinning to improve access from the grassed area to the beach.

### 9.3 Complaints Register

Section 5.121 of the Local Government Act 1995 requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints about elected members. There were no complaints recorded in the register of complaints in the year under review.

### 9.4 State Records Act

The Shire of West Arthur record keeping plan has been prepared to ensure compliance with Section 19 of the State Records Act 2000. A review of the Shire of West Arthur's Recordkeeping Plan was undertaken in 2016.

### 9.5 Freedom of Information Statement

In complying with the Freedom of Information Act 1992, the Shire of West Arthur is required to prepare and publish an information statement. The Shire's Information Statement was updated in June 2019 and a copy is available from the Shire Office and Shire website. The Shire had no Freedom of Information requests in the 2018/19 year.

### 9.6 Employee Remuneration

Section 5.53(2)(g) of the Local Government Act 1995 requires the Annual Report to contain details of the number of employees of the Shire entitled to an annual salary of \$100,000 or more and within each \$10,000 band over \$100,000. The following salaries include wages, superannuation, personal benefit value of vehicle, and other allowances.

\$120,000–\$130,000 one employee

\$140,000–\$150,000 one employee

## 10. THE YEAR AHEAD 2019/20

In the 2019/20 year, we look forward to the completion and opening of the Betty Brown Historical Centre in the West Arthur Health and Resource Centre. The project has unearthed old photographs, many objects from old families from the district and has resulted in reconnections with past members of the community (all who are keen to return for the opening of the museum).

The project also has resulted in an oral history project to record the history of those older members of the community that are able to tell us about the early settlers in the area and to provide us with an account of life in the early part of the 20<sup>th</sup> century.

The development of the Betty Brown Historical Centre has also allowed the Shire to reconnect with members of the indigenous community who grew up in the area. These connections have continued with the development of the 2020 Cultural Day program. Opportunities to discover local indigenous history and allow ex-residents to connect with country and share knowledge are becoming more prevalent, encouraging staff to form partnerships with organisations and Elders to continue to explore and celebrate this history.

In February 2020 the Shire will be launching its Astrotoursim Project that is being developed in conjunction with Astrotoursim WA (<https://astrotourismwa.com.au/>).

The project plan for the completion to redevelopment of the Darkan Railway Reserve will be completed and funding sort to enable the works to be completed during 2019/20 and 2020/21.

The works at the Darkan oval change rooms will be completed in time for the Darkan Sheepfest 2020, a toilet will be constructed at the Darkan Cemetery, and a new chalet will be commenced at the Darkan Caravan Park. Continuing to strive towards aged and dementia friendly communities in the form of a refreshed partnership with HACC and training for staff and families to assist with keeping residents in the community for longer with meaning, purpose and value will be a focus in 2019/20. Funding for a series of training workshops, awareness kits music workshops and drumming therapy has been applied for through the WA Department of Communities.

The Pioneer Memorial in the Darkan Railway Reserve will be completed with the addition of plaques acknowledging our pioneers.

The management of our waste refuse sites will be reviewed and planning put in place for their future management. The Shire will prepare for the introduction of the refund from container deposits.

Subject to funding and approvals, the Kylie Dam catchment will be restored and a tank for water storage installed for use for fire fighting and stock.

Our 2019/20 road program includes the sealing of 5kms of Trigwell Bridge Road with the support of State Government's Commodity Route funding, recognising the cartage on the road by the timber industry. Other works planned include the tie in of the extension of Growden Place to Coalfields Road

Our Community Strategic and Corporate plans will be fully reviewed in early 2020 which will guide Council's decision making into the future.

Councillors elected in 2019 will be required to undertake compulsory training following changes to the Local Government Act by the State Government.

We look forward to reporting on the implementation of the 2019/20 program and achievements.





**SHIRE OF WEST ARTHUR**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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Principal place of business:  
31 Burrowes Street  
Darkan WA 6392

**SHIRE OF WEST ARTHUR  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of West Arthur for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of West Arthur at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the     5                             day of     December                             2019



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Chief Executive Officer

Nicole Wasmann

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Name of Chief Executive Officer

SHIRE OF WEST ARTHUR  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2019

|   | NOTE  | 2019<br>Actual<br>\$ | 2019<br>Budget<br>\$ | 2018<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  |       |                      |                      |                      |
| Rates   | 20(a) | 1,674,054            | 1,674,813            | 1,608,538            |
| Operating grants, subsidies and contributions                             | 2(a)  | 1,354,599            | 629,350              | 1,905,188            |
| Fees and charges  | 2(a)  | 370,039              | 297,090              | 316,734              |
| Interest earnings   | 2(a)  | 109,813              | 81,197               | 107,460              |
| Other revenue   | 2(a)  | 45,898               | 16,001               | 42,041               |
|   |       | 3,554,403            | 2,698,451            | 3,979,961            |
| <b>Expenses</b>   |       |                      |                      |                      |
| Employee costs  |       | (1,468,342)          | (1,743,217)          | (1,546,028)          |
| Materials and contracts   |       | (1,407,159)          | (1,465,858)          | (681,044)            |
| Utility charges   |       | (75,442)             | (75,000)             | (68,558)             |
| Depreciation on non-current assets  | 10(b) | (2,075,389)          | (1,837,046)          | (1,857,684)          |
| Interest expenses   | 2(b)  | (40,043)             | (40,044)             | (44,438)             |
| Insurance expenses  |       | (89,961)             | (85,694)             | (81,576)             |
| Other expenditure   |       | (24,012)             | (16,425)             | (24,711)             |
|   |       | (5,180,348)          | (5,263,284)          | (4,304,039)          |
|   |       | (1,625,945)          | (2,564,833)          | (324,078)            |
| Non-operating grants, subsidies and contributions                         | 2(a)  | 834,583              | 835,026              | 907,801              |
| Profit on asset disposals   | 10(a) | 25,083               | 4,205                | 29,794               |
| (Loss) on asset disposals   | 10(a) | (15,222)             | (16,978)             | (6,029)              |
|   |       | 844,444              | 822,253              | 931,566              |
| <b>Net result for the period</b>  |       | <b>(781,501)</b>     | <b>(1,742,580)</b>   | <b>607,488</b>       |
| <b>Other comprehensive income</b>   |       |                      |                      |                      |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |       |                      |                      |                      |
| Changes in asset revaluation surplus                                      | 11    | 0                    | 0                    | (11,535,521)         |
| <b>Total other comprehensive income for the period</b>                    |       | <b>0</b>             | <b>0</b>             | <b>(11,535,521)</b>  |
| <b>Total comprehensive income for the period</b>                          |       | <b>(781,501)</b>     | <b>(1,742,580)</b>   | <b>(10,928,033)</b>  |

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



**SHIRE OF WEST ARTHUR**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

|   | NOTE  | 2019<br>Actual<br>\$ | 2019<br>Budget<br>\$ | 2018<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  | 2(a)  |                      |                      |                      |
| Governance  |       | 250                  | 300                  | 100                  |
| General purpose funding   |       | 2,775,188            | 2,176,952            | 3,175,512            |
| Law, order, public safety   |       | 79,212               | 35,698               | 55,216               |
| Health  |       | 7,235                | 2,786                | 5,522                |
| Education and welfare   |       | 150,807              | 101,841              | 85,328               |
| Housing   |       | 146,341              | 111,931              | 122,257              |
| Community amenities   |       | 49,840               | 46,200               | 181,169              |
| Recreation and culture  |       | 72,161               | 37,890               | 56,574               |
| Transport   |       | 117,996              | 70,958               | 126,929              |
| Economic services   |       | 40,735               | 29,980               | 35,028               |
| Other property and services   |       | 114,638              | 83,915               | 136,326              |
|   |       | 3,554,403            | 2,698,451            | 3,979,961            |
| <b>Expenses</b>   |       |                      |                      |                      |
| Governance  |       | (262,029)            | (324,586)            | (248,134)            |
| General purpose funding   |       | (82,781)             | (78,277)             | (70,235)             |
| Law, order, public safety   |       | (178,976)            | (136,985)            | (141,512)            |
| Health  |       | (137,765)            | (148,297)            | (112,862)            |
| Education and welfare   |       | (159,336)            | (202,939)            | (178,401)            |
| Housing   |       | (69,107)             | (83,439)             | (133,197)            |
| Community amenities   |       | (219,601)            | (248,645)            | (324,117)            |
| Recreation and culture  |       | (614,554)            | (730,385)            | (590,180)            |
| Transport   |       | (3,184,202)          | (3,038,650)          | (2,214,049)          |
| Economic services   |       | (101,033)            | (138,747)            | (96,224)             |
| Other property and services   |       | (130,921)            | (92,290)             | (150,690)            |
|   |       | (5,140,305)          | (5,223,240)          | (4,259,601)          |
| <b>Finance Costs</b>  |       |                      |                      |                      |
| Housing   |       | (34,350)             | (34,350)             | (37,614)             |
| Economic services   |       | (2,429)              | (2,430)              | (2,728)              |
| Other property and services   |       | (3,264)              | (3,264)              | (4,096)              |
|   | 2(b)  | (40,043)             | (40,044)             | (44,438)             |
|   |       | (1,625,945)          | (2,564,833)          | (324,078)            |
| Contributions   | 2(a)  | 834,583              | 835,026              | 907,801              |
| Profit on disposal of assets  | 10(a) | 25,083               | 4,205                | 29,794               |
| (Loss) on disposal of assets  | 10(a) | (15,222)             | (16,978)             | (6,029)              |
|   |       | 844,444              | 822,253              | 931,566              |
| <b>Net result for the period</b>  |       | <b>(781,501)</b>     | <b>(1,742,580)</b>   | <b>607,488</b>       |
| <b>Other comprehensive income</b>   |       |                      |                      |                      |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |       |                      |                      |                      |
| Changes in asset revaluation surplus                                      | 11    | 0                    | 0                    | (11,535,521)         |
| <b>Total other comprehensive income for the period</b>                    |       | <b>0</b>             | <b>0</b>             | <b>(11,535,521)</b>  |
| <b>Total comprehensive income for the period</b>                          |       | <b>(781,501)</b>     | <b>(1,742,580)</b>   | <b>(10,928,033)</b>  |

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

SHIRE OF WEST ARTHUR  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019

|  | NOTE  | 2019<br>\$         | 2018<br>\$         |
|--|-------|--------------------|--------------------|
| <b>CURRENT ASSETS</b>                                  |       |                    |                    |
| Cash and cash equivalents                              | 3     | 2,964,922          | 3,277,121          |
| Trade receivables                                      | 5     | 185,839            | 282,021            |
| Other loans and receivables                            | 7(a)  | 26,290             | 25,435             |
| Inventories  | 6     | 21,550             | 20,871             |
| <b>TOTAL CURRENT ASSETS</b>                            |       | <b>3,198,601</b>   | <b>3,605,448</b>   |
| <b>NON-CURRENT ASSETS</b>                              |       |                    |                    |
| Financial assets at fair value through profit and loss | 7(b)  | 52,551             | 46,400             |
| Other loans and receivables                            | 7(b)  | 393,667            | 419,957            |
| Property, plant and equipment                          | 8(a)  | 16,803,645         | 16,887,051         |
| Infrastructure   | 9(a)  | 85,183,922         | 85,465,576         |
| <b>TOTAL NON-CURRENT ASSETS</b>                        |       | <b>102,433,785</b> | <b>102,818,984</b> |
| <b>TOTAL ASSETS</b>                                    |       | <b>105,632,386</b> | <b>106,424,432</b> |
| <b>CURRENT LIABILITIES</b>                             |       |                    |                    |
| Trade and other payables                               | 12    | 263,481            | 192,791            |
| Borrowings   | 14(a) | 90,698             | 86,043             |
| Employee related provisions                            | 15    | 405,820            | 411,947            |
| <b>TOTAL CURRENT LIABILITIES</b>                       |       | <b>759,999</b>     | <b>690,781</b>     |
| <b>NON-CURRENT LIABILITIES</b>                         |       |                    |                    |
| Borrowings   | 14(a) | 715,837            | 806,535            |
| Employee related provisions                            | 15    | 35,578             | 24,643             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                   |       | <b>751,415</b>     | <b>831,178</b>     |
| <b>TOTAL LIABILITIES</b>                               |       | <b>1,511,414</b>   | <b>1,521,959</b>   |
| <b>NET ASSETS</b>                                      |       | <b>104,120,972</b> | <b>104,902,473</b> |
| <b>EQUITY</b>  |       |                    |                    |
| Retained surplus                                       |       | 11,584,681         | 12,652,966         |
| Reserves - cash backed                                 | 4     | 1,756,241          | 1,469,457          |
| Revaluation surplus                                    | 11    | 90,780,050         | 90,780,050         |
| <b>TOTAL EQUITY</b>                                    |       | <b>104,120,972</b> | <b>104,902,473</b> |

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

SHIRE OF WEST ARTHUR  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2019

|   | NOTE | RETAINED<br>SURPLUS | RESERVES<br>CASH<br>BACKED | REVALUATION<br>SURPLUS | TOTAL<br>EQUITY    |
|---|------|---------------------|----------------------------|------------------------|--------------------|
|   |      | \$                  | \$                         | \$                     | \$                 |
| <b>Balance as at 1 July 2017</b>  |      | <b>11,505,839</b>   | <b>2,009,096</b>           | <b>102,315,571</b>     | <b>115,830,506</b> |
| Comprehensive income  |      |                     |                            |                        |                    |
| Net result for the period   |      | 607,488             | 0                          | 0                      | 607,488            |
| Other comprehensive income  | 11   | 0                   | 0                          | (11,535,521)           | (11,535,521)       |
| Total comprehensive income  |      | 607,488             | 0                          | (11,535,521)           | (10,928,033)       |
| Transfers from/(to) reserves  |      | 539,639             | (539,639)                  | 0                      | 0                  |
| <b>Balance as at 30 June 2018</b>                                       |      | <b>12,652,966</b>   | <b>1,469,457</b>           | <b>90,780,050</b>      | <b>104,902,473</b> |
| <b>Restated total equity at the beginning<br/>of the financial year</b> |      | <b>12,652,966</b>   | <b>1,469,457</b>           | <b>90,780,050</b>      | <b>104,902,473</b> |
| Comprehensive income  |      |                     |                            |                        |                    |
| Net result for the period   |      | (781,501)           | 0                          | 0                      | (781,501)          |
| Total comprehensive income  |      | (781,501)           | 0                          | 0                      | (781,501)          |
| Transfers from/(to) reserves  |      | (286,784)           | 286,784                    | 0                      | 0                  |
| <b>Balance as at 30 June 2019</b>                                       |      | <b>11,584,681</b>   | <b>1,756,241</b>           | <b>90,780,050</b>      | <b>104,120,972</b> |

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

**SHIRE OF WEST ARTHUR**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

|   | NOTE | 2019<br>Actual<br>\$ | 2019<br>Budget<br>\$ | 2018<br>Actual<br>\$ |
|---|------|----------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |      |                      |                      |                      |
| <b>Receipts</b>   |      |                      |                      |                      |
| Rates   |      | 1,657,228            | 1,690,292            | 1,588,505            |
| Operating grants, subsidies and contributions                       |      | 1,485,303            | 694,350              | 1,930,475            |
| Fees and charges  |      | 370,039              | 297,090              | 316,734              |
| Interest received   |      | 109,813              | 81,197               | 107,460              |
| Goods and services tax received                                     |      | 251,872              | 276,000              | 308,158              |
| Other revenue   |      | 45,898               | 16,001               | 42,041               |
|   |      | 3,920,153            | 3,054,930            | 4,293,373            |
| <b>Payments</b>   |      |                      |                      |                      |
| Employee costs  |      | (1,462,957)          | (1,743,217)          | (1,557,114)          |
| Materials and contracts   |      | (1,337,725)          | (1,350,807)          | (1,004,008)          |
| Utility charges   |      | (75,442)             | (75,000)             | (68,558)             |
| Interest expenses   |      | (40,043)             | (40,044)             | (44,438)             |
| Insurance paid  |      | (89,961)             | (85,694)             | (81,576)             |
| Goods and services tax paid   |      | (269,568)            | (276,000)            | (276,842)            |
| Other expenditure   |      | (24,012)             | (16,425)             | (24,711)             |
|   |      | (3,299,708)          | (3,587,187)          | (3,057,247)          |
| <b>Net cash provided by (used in) operating activities</b>          | 16   | 620,445              | (532,257)            | 1,236,126            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |      |                      |                      |                      |
| Payments for purchase of property, plant & equipment                |      | (473,823)            | (537,559)            | (1,744,731)          |
| Payments for construction of infrastructure                         |      | (1,286,575)          | (1,409,721)          | (1,191,749)          |
| Payments for financial assets at fair value through profit and loss |      | (6,151)              | 0                    | 0                    |
| Non-operating grants, subsidies and contributions                   |      | 834,583              | 835,026              | 907,801              |
| Proceeds from self supporting loans                                 |      | 25,435               | 25,435               | 24,608               |
| Proceeds from sale of property, plant & equipment                   |      | 59,930               | 263,000              | 164,442              |
| <b>Net cash provided by (used in) investment activities</b>         |      | (846,601)            | (823,819)            | (1,839,629)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |      |                      |                      |                      |
| Repayment of borrowings   |      | (86,043)             | (86,043)             | (81,649)             |
| <b>Net cash provided by (used in) financing activities</b>          |      | (86,043)             | (86,043)             | (81,649)             |
| <b>Net increase (decrease) in cash held</b>                         |      | (312,199)            | (1,442,119)          | (685,152)            |
| Cash at beginning of year   |      | 3,277,121            | 3,277,121            | 3,962,273            |
| <b>Cash and cash equivalents at the end of the year</b>             | 16   | 2,964,922            | 1,835,002            | 3,277,121            |

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



**SHIRE OF WEST ARTHUR**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

|  | NOTE   | 2019<br>Actual<br>\$ | 2019<br>Budget<br>\$ | 2018<br>Actual<br>\$ |
|--|--------|----------------------|----------------------|----------------------|
| <b>OPERATING ACTIVITIES</b>  |        |                      |                      |                      |
| <b>Net current assets at start of financial year - surplus/(deficit)</b> | 21 (b) | 1,926,694            | 1,926,694            | 1,785,813            |
|  |        | 1,926,694            | 1,926,694            | 1,785,813            |
| <b>Revenue from operating activities (excluding rates)</b>               |        |                      |                      |                      |
| Governance   |        | 250                  | 300                  | 100                  |
| General purpose funding  |        | 1,104,528            | 505,533              | 1,570,368            |
| Law, order, public safety  |        | 79,212               | 35,698               | 58,114               |
| Health   |        | 7,235                | 2,786                | 5,522                |
| Education and welfare  |        | 150,807              | 101,841              | 85,328               |
| Housing  |        | 146,341              | 116,136              | 122,257              |
| Community amenities  |        | 49,840               | 46,200               | 181,169              |
| Recreation and culture   |        | 72,161               | 37,890               | 56,574               |
| Transport  |        | 143,079              | 70,958               | 153,825              |
| Economic services  |        | 40,735               | 29,980               | 35,028               |
| Other property and services  |        | 114,638              | 83,915               | 136,326              |
|  |        | 1,908,826            | 1,031,237            | 2,404,611            |
| <b>Expenditure from operating activities</b>                             |        |                      |                      |                      |
| Governance   |        | (262,029)            | (324,586)            | (248,134)            |
| General purpose funding  |        | (82,781)             | (78,277)             | (70,235)             |
| Law, order, public safety  |        | (178,976)            | (136,985)            | (141,512)            |
| Health   |        | (138,808)            | (148,297)            | (112,862)            |
| Education and welfare  |        | (159,336)            | (202,939)            | (178,401)            |
| Housing  |        | (103,457)            | (117,789)            | (170,811)            |
| Community amenities  |        | (221,610)            | (248,645)            | (324,117)            |
| Recreation and culture   |        | (625,570)            | (730,385)            | (590,180)            |
| Transport  |        | (3,184,202)          | (3,055,628)          | (2,220,078)          |
| Economic services  |        | (103,462)            | (141,177)            | (98,952)             |
| Other property and services  |        | (135,339)            | (95,554)             | (154,786)            |
|  |        | (5,195,570)          | (5,280,262)          | (4,310,068)          |
| Non-cash amounts excluded from operating activities                      | 21(a)  | 2,064,763            | 1,849,819            | 1,822,833            |
| <b>Amount attributable to operating activities</b>                       |        | 704,713              | (472,512)            | 1,703,189            |
| <b>INVESTING ACTIVITIES</b>  |        |                      |                      |                      |
| Non-operating grants, subsidies and contributions                        |        | 834,583              | 835,026              | 907,801              |
| Proceeds from disposal of assets   | 10(a)  | 59,930               | 263,000              | 164,442              |
| Proceeds from self supporting loans                                      | 14(b)  | 25,435               | 25,435               | 24,608               |
| Purchase of property, plant and equipment                                | 8(a)   | (473,823)            | (537,559)            | (1,744,731)          |
| Purchase and construction of infrastructure                              | 9(a)   | (1,286,575)          | (1,409,721)          | (1,191,749)          |
| <b>Amount attributable to investing activities</b>                       |        | (840,450)            | (823,819)            | (1,839,629)          |
| <b>FINANCING ACTIVITIES</b>  |        |                      |                      |                      |
| Repayment of borrowings  | 14(b)  | (86,043)             | (86,043)             | (81,649)             |
| Transfers to reserves (restricted assets)                                | 4      | (627,549)            | (740,363)            | (815,040)            |
| Transfers from reserves (restricted assets)                              | 4      | 340,765              | 451,318              | 1,354,679            |
| <b>Amount attributable to financing activities</b>                       |        | (372,827)            | (375,088)            | 457,990              |
| <b>Surplus/(deficit) before imposition of general rates</b>              |        | (508,564)            | (1,671,419)          | 321,550              |
| <b>Total amount raised from general rates</b>                            | 20     | 1,670,660            | 1,671,419            | 1,605,144            |
| <b>Surplus/(deficit) after imposition of general rates</b>               | 21(b)  | <b>1,162,096</b>     | <b>0</b>             | <b>1,926,694</b>     |

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

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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 23 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

|   | 2019<br>Actual | 2019<br>Budget | 2018<br>Actual |
|---|----------------|----------------|----------------|
|   | \$             | \$             | \$             |
| Operating grants, subsidies and contributions     |                |                |                |
| Governance  | 250            | 300            | 100            |
| General purpose funding                           | 1,003,259      | 433,215        | 1,472,004      |
| Law, order, public safety                         | 78,650         | 31,098         | 54,251         |
| Health  | 0              | 0              | 300            |
| Education and welfare                             | 48,981         | 41,141         | 33,037         |
| Housing   | 3,050          | 3,118          | 9,845          |
| Community amenities                               | 0              | 0              | 125,425        |
| Recreation and culture                            | 45,726         | 20,340         | 37,501         |
| Transport   | 117,997        | 70,958         | 126,929        |
| Economic services                                 | 3,180          | 3,180          | 2,626          |
| Other property and services                       | 53,506         | 26,000         | 43,170         |
|   | 1,354,599      | 629,350        | 1,905,188      |
| Non-operating grants, subsidies and contributions |                |                |                |
| Law, order, public safety                         | 0              | 4,000          | 0              |
| Health  | 5,069          | 0              | 1,316          |
| Recreation and culture                            | 49,962         | 0              | 6,000          |
| Transport   | 779,552        | 777,115        | 897,485        |
| Economic services                                 | 0              | 53,911         | 3,000          |
|   | 834,583        | 835,026        | 907,801        |
| Total grants, subsidies and contributions         | 2,189,182      | 1,464,376      | 2,812,989      |

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

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

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 19. 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.



2. REVENUE AND EXPENSES (Continued)

| (a) Revenue (Continued)   | 2019    | 2019    | 2018    |
|---|---------|---------|---------|
|   | Actual  | Budget  | Actual  |
|   | \$      | \$      | \$      |
| <b>Other revenue</b>  |         |         |         |
| Reimbursements and recoveries   | 45,898  | 16,001  | 42,041  |
|   | 45,898  | 16,001  | 42,041  |
| <b>Fees and Charges</b>   |         |         |         |
| General purpose funding   | 2,534   | 2,200   | 2,809   |
| Law, order, public safety   | 562     | 600     | 965     |
| Health  | 197     | 400     | 499     |
| Education and welfare   | 101,826 | 60,700  | 52,291  |
| Housing   | 124,432 | 94,340  | 90,815  |
| Community amenities   | 47,145  | 46,200  | 53,265  |
| Recreation and culture  | 15,637  | 13,050  | 12,313  |
| Economic services   | 37,555  | 26,800  | 32,315  |
| Other property and services   | 40,151  | 52,800  | 71,462  |
|   | 370,039 | 297,090 | 316,734 |
| Additional fees were adopted by Council for Darkan Junior Swim Club, Community Gym election catering fundraising and for ticket sales for the Purple People Show. |         |         |         |
| <b>Interest earnings</b>  |         |         |         |
| Loans receivable - clubs/institutions   | 14,473  | 14,473  | 15,300  |
| Reserve accounts interest   | 36,282  | 33,724  | 40,147  |
| Rates instalment and penalty interest (refer Note 20(c))  | 23,299  | 11,000  | 25,300  |
| Other interest earnings   | 35,759  | 22,000  | 26,713  |
|   | 109,813 | 81,197  | 107,460 |

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (Continued)**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

|  | 2019<br>Actual | 2019<br>Budget | 2018<br>Actual |
|--|----------------|----------------|----------------|
|  | \$             | \$             | \$             |
| <b>Auditors remuneration</b>   |                |                |                |
| - Audit of the Annual Financial Report   | 28,600         | 30,000         | 11,459         |
| - Other services   | 1,800          | 0              | 990            |
|  | 30,400         | 30,000         | 12,449         |
|  |                |                |                |
| Audit expense is recognised when audit is complete hence the fee shown is representative of the audit for the previous financial year. The indicative audit fees are \$29,300 for 2019 and \$28,600 for 2018 respectively. |                |                |                |
|  |                |                |                |
| <b>Interest expenses (finance costs)</b>   |                |                |                |
| Borrowings (refer Note 14(b))  | 40,043         | 40,044         | 44,438         |
|  | 40,043         | 40,044         | 44,438         |

### 3. CASH AND CASH EQUIVALENTS

|   | NOTE | 2019<br>\$ | 2018<br>\$ |
|---|------|------------|------------|
| Cash at bank and on hand  |      | 2,964,922  | 3,277,121  |
|   |      | 2,964,922  | 3,277,121  |
| <b>Comprises:</b>   |      |            |            |
| - Unrestricted cash and cash equivalents  |      | 1,175,057  | 714,067    |
| - Restricted cash and cash equivalents  |      | 1,789,865  | 2,563,054  |
|   |      | 2,964,922  | 3,277,121  |
| The following restrictions have been imposed by regulations or other externally imposed requirements: |      |            |            |
| <b>Reserve accounts</b>   |      |            |            |
| Leave Reserve   | 4    | 156,202    | 132,921    |
| Plant Reserve   | 4    | 94,159     | 83,567     |
| Building Reserve  | 4    | 631,562    | 560,718    |
| Town Development Reserve  | 4    | 69,595     | 61,225     |
| Recreation Reserve  | 4    | 31,202     | 30,450     |
| Heritage Reserve  | 4    | 5,128      | 4,783      |
| Community Housing Reserve   | 4    | 109,024    | 92,734     |
| Waste Management Reserve  | 4    | 80,044     | 78,115     |
| Darkan Swimming Pool Reserve  | 4    | 33,219     | 32,419     |
| Information Technology Reserve  | 4    | 57,988     | 56,591     |
| Darkan Sport and Community Centre Reserve   | 4    | 223,747    | 192,880    |
| Arthur River Country Club Reserve   | 4    | 25,049     | 21,243     |
| Museum Reserve  | 4    | 127,858    | 56,269     |
| Moodiarrup Sports Club Reserve  | 4    | 7,879      | 6,069      |
| Landcare Reserve  | 4    | 46,885     | 59,473     |
| Corporate Planning and Valuation Reserve  | 4    | 34,000     | 0          |
| Kids Central Reserve  | 4    | 429        | 0          |
| The Shed Reserve  | 4    | 11,019     | 0          |
| Recreation Trails Reserve   | 4    | 1,185      | 0          |
| Community Gym Reserve   | 4    | 6,887      | 0          |
| Economic Development Reserve  | 4    | 3,180      | 0          |
| Bonds - Other   |      | 8,478      | 0          |
| Kids Central Members Funds  |      | 5,704      | 0          |
| West Arthur Tourism Committee Funds   |      | 3,229      | 0          |
| Rural Towns Program Funds   |      | 4,946      | 0          |
| Tidy Towns Funds  |      | 3,681      | 0          |
| West Arthur Trials Group Funds  |      | 7,586      | 0          |
|   |      | 1,789,865  | 1,469,457  |
| <b>Other restricted cash and cash equivalents</b>   |      |            |            |
| Unspent grants/contributions  | 19   | 0          | 1,093,597  |
| <b>Total restricted cash and cash equivalents</b>   |      | 1,789,865  | 2,563,054  |

#### SIGNIFICANT ACCOUNTING POLICIES

##### Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

##### Cash and cash equivalents (Continued)

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 WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

4. RESERVES - CASH BACKED

|   | 2019<br>Actual<br>Opening<br>Balance | 2019<br>Actual<br>Transfer<br>to | 2019<br>Actual<br>Transfer<br>(from) | 2019<br>Actual<br>Closing<br>Balance | 2019<br>Budget<br>Opening<br>Balance | 2019<br>Budget<br>Transfer<br>to | 2019<br>Budget<br>Transfer<br>(from) | 2019<br>Budget<br>Closing<br>Balance | 2018<br>Actual<br>Opening<br>Balance | 2018<br>Actual<br>Transfer<br>to | 2018<br>Actual<br>Transfer<br>(from) | 2018<br>Actual<br>Closing<br>Balance |
|---|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
|   | \$                                   | \$                               | \$                                   | \$                                   | \$                                   | \$                               | \$                                   | \$                                   | \$                                   | \$                               | \$                                   | \$                                   |
| (a) Leave Reserve                             | 132,921                              | 23,282                           | 0                                    | 156,203                              | 132,920                              | 22,930                           | 0                                    | 155,850                              | 129,925                              | 2,996                            | 0                                    | 132,921                              |
| (b) Plant Reserve                             | 83,567                               | 304,741                          | (294,150)                            | 94,158                               | 83,568                               | 304,471                          | (360,000)                            | 28,039                               | 85,403                               | 362,252                          | (364,088)                            | 83,567                               |
| (c) Building Reserve                          | 560,718                              | 95,844                           | (25,000)                             | 631,562                              | 560,718                              | 325,876                          | (50,000)                             | 836,594                              | 419,344                              | 325,729                          | (184,355)                            | 560,718                              |
| (d) Town Development Reserve                  | 61,225                               | 8,370                            | 0                                    | 69,595                               | 61,225                               | 1,346                            | 0                                    | 62,571                               | 59,845                               | 1,380                            | 0                                    | 61,225                               |
| (e) Recreation Reserve                        | 30,450                               | 752                              | 0                                    | 31,202                               | 30,450                               | 669                              | 0                                    | 31,119                               | 52,659                               | 1,214                            | (23,423)                             | 30,450                               |
| (f) Heritage Reserve                          | 4,783                                | 345                              | 0                                    | 5,128                                | 4,783                                | 404                              | 0                                    | 5,187                                | 4,320                                | 463                              | 0                                    | 4,783                                |
| (g) Community Housing Reserve                 | 92,734                               | 16,290                           | 0                                    | 109,024                              | 92,734                               | 2,038                            | 0                                    | 94,772                               | 108,238                              | 2,496                            | (18,000)                             | 92,734                               |
| (h) Waste Management Reserve                  | 78,115                               | 1,929                            | 0                                    | 80,044                               | 78,115                               | 1,725                            | 0                                    | 79,840                               | 76,734                               | 1,381                            | 0                                    | 78,115                               |
| (i) Darkan Swimming Pool Reserve              | 32,419                               | 800                              | 0                                    | 33,219                               | 32,419                               | 704                              | 0                                    | 33,123                               | 31,309                               | 1,110                            | 0                                    | 32,419                               |
| (j) Information Technology Reserve            | 56,591                               | 1,397                            | 0                                    | 57,988                               | 56,591                               | 1,244                            | 0                                    | 57,835                               | 55,315                               | 1,276                            | 0                                    | 56,591                               |
| (k) Darkan Sport and Community Centre Reserve | 192,880                              | 34,762                           | (3,895)                              | 223,747                              | 192,880                              | 34,239                           | (15,000)                             | 212,119                              | 159,208                              | 33,672                           | 0                                    | 192,880                              |
| (l) Health and Resource Centre Reserve        | 0                                    | 0                                | 0                                    | 0                                    | 0                                    | 0                                | 0                                    | 0                                    | 753,897                              | 10,916                           | (764,813)                            | 0                                    |
| (m) Arthur River Country Club Reserve         | 21,243                               | 6,526                            | (2,720)                              | 25,049                               | 21,243                               | 6,467                            | 0                                    | 27,710                               | 14,900                               | 6,343                            | 0                                    | 21,243                               |
| (n) Museum Reserve                            | 56,269                               | 71,589                           | 0                                    | 127,858                              | 56,269                               | 1,237                            | 0                                    | 57,506                               | 54,999                               | 1,270                            | 0                                    | 56,269                               |
| (o) Moodiarrup Sports Club Reserve            | 6,069                                | 1,810                            | 0                                    | 7,879                                | 6,069                                | 1,793                            | 0                                    | 7,862                                | 3,000                                | 3,069                            | 0                                    | 6,069                                |
| (p) Landcare Reserve                          | 59,473                               | 2,412                            | (15,000)                             | 46,885                               | 59,473                               | 1,220                            | (26,318)                             | 34,375                               | 0                                    | 59,473                           | 0                                    | 59,473                               |
| (q) Corporate Planning and Valuation Reserve  | 0                                    | 34,000                           | 0                                    | 34,000                               | 0                                    | 34,000                           | 0                                    | 34,000                               | 0                                    | 0                                | 0                                    | 0                                    |
| (r) Kids Central Reserve                      | 0                                    | 429                              | 0                                    | 429                                  | 0                                    | 0                                | 0                                    | 0                                    | 0                                    | 0                                | 0                                    | 0                                    |
| (s) The Shed Reserve                          | 0                                    | 11,019                           | 0                                    | 11,019                               | 0                                    | 0                                | 0                                    | 0                                    | 0                                    | 0                                | 0                                    | 0                                    |
| (t) Recreation Trails Reserve                 | 0                                    | 1,185                            | 0                                    | 1,185                                | 0                                    | 0                                | 0                                    | 0                                    | 0                                    | 0                                | 0                                    | 0                                    |
| (u) Community Gym Reserve                     | 0                                    | 6,887                            | 0                                    | 6,887                                | 0                                    | 0                                | 0                                    | 0                                    | 0                                    | 0                                | 0                                    | 0                                    |
| (v) Economic Development Reserve              | 0                                    | 3,180                            | 0                                    | 3,180                                | 0                                    | 0                                | 0                                    | 0                                    | 0                                    | 0                                | 0                                    | 0                                    |
|   | 1,469,457                            | 627,549                          | (340,765)                            | 1,756,241                            | 1,469,457                            | 740,363                          | (451,318)                            | 1,758,502                            | 2,009,096                            | 815,040                          | (1,354,679)                          | 1,469,457                            |

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

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

| Name of Reserve                               | Anticipated<br>date of use | Purpose of the reserve  |
|---|----------------------------|---|
| (a) Leave Reserve                             | Ongoing                    | To be used to fund long service leave and annual leave requirements                       |
| (b) Plant Reserve                             | Ongoing                    | To be used for the purchase of major plant  |
| (c) Building Reserve                          | Ongoing                    | To be used for the construction and maintenance of Council buildings                      |
| (d) Town Development Reserve                  | Ongoing                    | To be used to enhance town infrastructure   |
| (e) Recreation Reserve                        | Ongoing                    | To be used to enhance recreation infrastructure   |
| (f) Heritage Reserve                          | Ongoing                    | To be used to maintain and improve the heritage buildings of the Shire                    |
| (g) Community Housing Reserve                 | Ongoing                    | To be used for the maintance and provision of housing within the Shire                    |
| (h) Waste Management Reserve                  | Ongoing                    | To be used to assist with funding future infrastructure requirements for waste management |
| (i) Darkan Swimming Pool Reserve              | Ongoing                    | To be used to assist with funding works at the Darkan swimming pool                       |
| (j) Information Technology Reserve            | Ongoing                    | To be used for upgrades to computers and office equipment                                 |
| (k) Darkan Sport and Community Centre Reserve | Ongoing                    | To be used to maintain and improve the Darkan Sport and Community Centre                  |
| (l) Health and Resource Centre Reserve        | Ongoing                    | To be used for extension and refurbishment of the Health and Resource Centre              |
| (m) Arthur River Country Club Reserve         | Ongoing                    | To be used to maintain and improve the Arthur River Country Club                          |
| (n) Museum Reserve                            | Ongoing                    | To be used to maintain and to provide new displays in the Museum                          |
| (o) Moodiarrup Sports Club Reserve            | Ongoing                    | To be used to maintain and improve the Moodiarrup Sports Club Reserve                     |
| (p) Landcare Reserve                          | Ongoing                    | To be used to fund the landcare expenditure of the Shire                                  |
| (q) Corporate Planning and Valuation Reserve  | Ongoing                    | To be used to fund the corporate planning and valuation expenditure of the Shire          |
| (r) Kids Central Reserve                      | Ongoing                    | To be used to fund the renewal of equipment and infrastructure                            |
| (s) The Shed Reserve                          | Ongoing                    | To be used to fund the renewal of equipment and infrastructure                            |
| (t) Recreation Trails Reserve                 | Ongoing                    | To be used for the construction and maintenance of recreation trails                      |
| (u) Community Gym Reserve                     | Ongoing                    | To be used for the renewal of gym equipment and activities                                |
| (v) Economic Development Reserve              | Ongoing                    | To be used for economic development initiatives that benefit the Shire                    |

## 5. TRADE RECEIVABLES

### Current

|                                     |  |
|-------------------------------------|--|
| Rates receivable                    |  |
| (Less provision for doubtful debts) |  |
| Sundry receivables                  |  |
| GST receivable                      |  |

| 2019     | 2018     |
|----------|----------|
| \$       | \$       |
| 181,873  | 165,047  |
| (74,143) | (65,400) |
| 41,817   | 163,778  |
| 36,292   | 18,596   |
| 185,839  | 282,021  |

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

#### Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

#### Classification and subsequent measurement

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.

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

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

## 6. INVENTORIES

### Current

Fuels and Materials

|                                      | 2019      | 2018      |
|--------------------------------------|-----------|-----------|
|                                      | \$        | \$        |
|                                      | 21,550    | 20,871    |
|                                      | 21,550    | 20,871    |
|                                      |           |           |
|                                      | 20,871    | 13,293    |
| Inventories expensed during the year | (205,812) | (167,122) |
| Additions to inventory               | 206,491   | 174,700   |
|                                      | 21,550    | 20,871    |

The following movements in inventories occurred during the year:

### Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

### Carrying amount at 30 June

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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



SHIRE OF WEST ARTHUR  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2019  
 7. OTHER FINANCIAL ASSETS

(a) Current assets

Other loans and receivables

Financial assets previously classified as loans and receivables

- Loans receivable - clubs/institutions

(b) Non-current assets

Financial assets at fair value through profit and loss

Other loans and receivables

Financial assets at fair value through profit and loss

- Unlisted equity investments

Financial assets at fair value through profit and loss - Local Government Trust

Financial assets previously classified as loans and receivables

- Loans receivable - clubs/institutions

|  | 2019    | 2018    |
|--|---------|---------|
|  | \$      | \$      |
|  | 26,290  | 25,435  |
|  | 26,290  | 25,435  |
|  | 26,290  | 25,435  |
|  | 26,290  | 25,435  |
|  | 52,551  | 46,400  |
|  | 393,667 | 419,957 |
|  | 446,218 | 466,357 |
|  | 52,551  | 46,400  |
|  | 52,551  | 46,400  |
|  | 393,667 | 419,957 |
|  | 393,667 | 419,957 |

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

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

**Financial assets at fair value through profit and loss**

The Shire classifies the following financial assets at fair value through profit and loss:

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 22.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

**Previous accounting policy: Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 24 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

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

|  | Land -<br>freehold<br>land | Land -<br>vested in<br>and under<br>the control<br>of Council | Total land | Buildings -<br>non-<br>specialised | Buildings -<br>specialised | Total<br>buildings | Total land<br>and<br>buildings | Furniture<br>and<br>equipment | Plant and<br>equipment | Total<br>property,<br>plant and<br>equipment |
|--|----------------------------|---|------------|------------------------------------|----------------------------|--------------------|--------------------------------|-------------------------------|------------------------|--|
|  | \$                         | \$  | \$         | \$                                 | \$                         | \$                 | \$                             | \$                            | \$                     | \$   |
| <b>Balance at 1 July 2017</b>            | 957,016                    | 406,000   | 1,363,016  | 2,254,068                          | 9,460,000                  | 11,714,068         | 13,077,084                     | 18,027                        | 2,635,075              | 15,730,186                                   |
| Additions                                | 0                          | 0   | 0          | 0                                  | 1,219,448                  | 1,219,448          | 1,219,448                      | 0                             | 525,283                | 1,744,731                                    |
| (Disposals)                              | 0                          | 0   | 0          | 0                                  | 0                          | 0                  | 0                              | 0                             | (140,677)              | (140,677)                                    |
| Depreciation (expense)                   | 0                          | 0   | 0          | (43,681)                           | (142,421)                  | (186,102)          | (186,102)                      | (4,024)                       | (292,944)              | (483,070)                                    |
| Transfers                                | 0                          | 0   | 0          | 0                                  | 0                          | 0                  | 0                              | 0                             | 35,881                 | 35,881                                       |
| <b>Carrying amount at 30 June 2018</b>   | 957,016                    | 406,000   | 1,363,016  | 2,210,387                          | 10,537,027                 | 12,747,414         | 14,110,430                     | 14,003                        | 2,762,618              | 16,887,051                                   |
| <b>Comprises:</b>                        |                            |   |            |                                    |                            |                    |                                |                               |                        |  |
| Gross carrying amount at 30 June 2018    | 957,016                    | 406,000   | 1,363,016  | 2,254,068                          | 10,679,448                 | 12,933,516         | 14,296,532                     | 22,050                        | 3,287,560              | 17,606,142                                   |
| Accumulated depreciation at 30 June 2018 | 0                          | 0   | 0          | (43,681)                           | (142,421)                  | (186,102)          | (186,102)                      | (8,047)                       | (524,942)              | (719,091)                                    |
| <b>Carrying amount at 30 June 2018</b>   | 957,016                    | 406,000   | 1,363,016  | 2,210,387                          | 10,537,027                 | 12,747,414         | 14,110,430                     | 14,003                        | 2,762,618              | 16,887,051                                   |
| Additions                                | 0                          | 0   | 0          | 5,600                              | 114,143                    | 119,743            | 119,743                        | 0                             | 354,080                | 473,823                                      |
| (Disposals)                              | 0                          | 0   | 0          | 0                                  | 0                          | 0                  | 0                              | (2,796)                       | (45,264)               | (48,060)                                     |
| Depreciation (expense)                   | 0                          | 0   | 0          | (43,746)                           | (154,927)                  | (198,673)          | (198,673)                      | (4,023)                       | (306,473)              | (509,169)                                    |
| <b>Carrying amount at 30 June 2019</b>   | 957,016                    | 406,000   | 1,363,016  | 2,172,241                          | 10,496,243                 | 12,668,484         | 14,031,500                     | 7,184                         | 2,764,961              | 16,803,645                                   |
| <b>Comprises:</b>                        |                            |   |            |                                    |                            |                    |                                |                               |                        |  |
| Gross carrying amount at 30 June 2019    | 957,016                    | 406,000   | 1,363,016  | 2,259,668                          | 10,793,591                 | 13,053,259         | 14,416,275                     | 15,059                        | 3,530,417              | 17,961,751                                   |
| Accumulated depreciation at 30 June 2019 | 0                          | 0   | 0          | (87,427)                           | (297,348)                  | (384,775)          | (384,775)                      | (7,875)                       | (765,456)              | (1,158,106)                                  |
| <b>Carrying amount at 30 June 2019</b>   | 957,016                    | 406,000   | 1,363,016  | 2,172,241                          | 10,496,243                 | 12,668,484         | 14,031,500                     | 7,184                         | 2,764,961              | 16,803,645                                   |

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

### (b) Fair Value Measurements

| Asset Class                                       | Fair Value Hierarchy | Valuation Technique  | Basis of Valuation   | Date of Last Valuation | Inputs Used   |
|---|----------------------|--|----------------------|------------------------|---|
| <b>Land and buildings</b>                         |                      |  |                      |                        |   |
| Land - freehold land                              | 2                    | Market approach using recent observable market data for similar properties | Management Valuation | 30 June 2017           | Price per hectare or m2   |
| Land - vested in and under the control of Council | 2                    | Market approach using recent observable market data for similar properties | Management Valuation | 30 June 2017           | Price per hectare   |
| Buildings - non-specialised                       | 2                    | Market approach using recent observable market data for similar properties | Management Valuation | 30 June 2017           | Market data/improvements to land using construction costs and current market conditions (Level 2)   |
| Buildings - specialised                           | 3                    | Cost approach using depreciated replacement cost                           | Management Valuation | 30 June 2017           | Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Furniture and equipment</b>                    | 3                    | Cost approach using depreciated replacement cost                           | Management Valuation | 30 June 2016           | Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs   |
| <b>Plant and equipment</b>                        | 2                    | Market approach using recent observable market data for similar properties | Management Valuation | 30 June 2016           | Market data   |

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.



## 9. INFRASTRUCTURE

### (a) Movements in Carrying Amounts

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

|  | Infrastructure -<br>Roads | Infrastructure -<br>Other | Infrastructure -<br>Bridges | Total Infrastructure |
|--|---------------------------|---------------------------|-----------------------------|----------------------|
|  | \$                        | \$                        | \$                          | \$                   |
| <b>Balance at 1 July 2017</b>  | 62,728,324                | 3,505,996                 | 30,985,521                  | 97,219,841           |
| Additions  | 1,020,553                 | 171,196                   | 0                           | 1,191,749            |
| Revaluation increments / (decrements) transferred to revaluation surplus | 0                         | 0                         | (11,535,521)                | (11,535,521)         |
| Depreciation (expense)   | (896,000)                 | (126,612)                 | (352,000)                   | (1,374,612)          |
| Transfers  |                           | (35,881)                  |                             | (35,881)             |
| <b>Carrying amount at 30 June 2018</b>                                   | 62,852,877                | 3,514,699                 | 19,098,000                  | 85,465,576           |
| <b>Comprises:</b>  |                           |                           |                             |                      |
| Gross carrying amount at 30 June 2018                                    | 63,748,877                | 3,641,311                 | 19,098,000                  | 86,488,188           |
| Accumulated depreciation at 30 June 2018                                 | (896,000)                 | (126,612)                 | 0                           | (1,022,612)          |
| <b>Carrying amount at 30 June 2018</b>                                   | 62,852,877                | 3,514,699                 | 19,098,000                  | 85,465,576           |
| Additions  | 1,168,050                 | 118,525                   | 0                           | 1,286,575            |
| (Disposals)  | 0                         | (2,009)                   | 0                           | (2,009)              |
| Depreciation (expense)   | (928,830)                 | (137,549)                 | (499,841)                   | (1,566,220)          |
| <b>Carrying amount at 30 June 2019</b>                                   | 63,092,097                | 3,493,666                 | 18,598,159                  | 85,183,922           |
| <b>Comprises:</b>  |                           |                           |                             |                      |
| Gross carrying amount at 30 June 2019                                    | 64,916,927                | 3,757,706                 | 19,098,000                  | 87,772,633           |
| Accumulated depreciation at 30 June 2019                                 | (1,824,830)               | (264,040)                 | (499,841)                   | (2,588,711)          |
| <b>Carrying amount at 30 June 2019</b>                                   | 63,092,097                | 3,493,666                 | 18,598,159                  | 85,183,922           |

9. INFRASTRUCTURE (Continued)

(b) 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 | 30 June 2017           | Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Other   | 3                    | Cost approach using depreciated replacement cost | Management Valuation | 30 June 2017           | Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Bridges | 3                    | Cost approach using depreciated replacement cost | Management Valuation | 30 June 2018           | Costs and current condition (Level 2), residual values and remaining useful life assessments (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.

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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

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

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY  
Land under control

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

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

Land under roads

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

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

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

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

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

SHIRE OF WEST ARTHUR

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

|                             | 2019<br>Actual<br>Net Book<br>Value | 2019<br>Actual<br>Sale<br>Proceeds | 2019<br>Actual<br>Profit | 2019<br>Actual<br>Loss | 2019<br>Budget<br>Net Book<br>Value | 2019<br>Budget<br>Sale<br>Proceeds | 2019<br>Budget<br>Profit | 2019<br>Budget<br>Loss | 2018<br>Actual<br>Net Book<br>Value | 2018<br>Actual<br>Sale<br>Proceeds | 2018<br>Actual<br>Profit | 2018<br>Actual<br>Loss |
|-----------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
|                             | \$                                  | \$                                 | \$                       | \$                     | \$                                  | \$                                 | \$                       | \$                     | \$                                  | \$                                 | \$                       | \$                     |
| Buildings - non-specialised | 0                                   | 0                                  | 0                        | 0                      | 225,795                             | 230,000                            | 4,205                    | 0                      | 0                                   | 0                                  | 0                        | 0                      |
| Furniture and equipment     | 2,796                               | 0                                  |                          | (2,796)                | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      |
| Plant and equipment         | 45,264                              | 59,930                             | 25,083                   | (10,417)               | 49,978                              | 33,000                             | 0                        | (16,978)               | 140,677                             | 164,442                            | 29,794                   | (6,029)                |
| Infrastructure - Other      | 2,009                               | 0                                  |                          | (2,009)                | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      |
|                             | 50,069                              | 59,930                             | 25,083                   | (15,222)               | 275,773                             | 263,000                            | 4,205                    | (16,978)               | 140,677                             | 164,442                            | 29,794                   | (6,029)                |

The following assets were disposed of during the year.

|   | 2019<br>Actual<br>Net Book<br>Value | 2019<br>Actual<br>Sale<br>Proceeds | 2019<br>Actual<br>Profit | 2019<br>Actual<br>Loss |
|---|-------------------------------------|------------------------------------|--------------------------|------------------------|
| <b>Plant and Equipment</b>                  |                                     |                                    |                          |                        |
| <b>Health</b>                               |                                     |                                    |                          |                        |
| Medical Equipment below \$5,000             | 1,043                               | 0                                  | 0                        | (1,043)                |
| <b>Recreation and culture</b>               |                                     |                                    |                          |                        |
| Playground and hall equipment below \$5,000 | 11,016                              | 0                                  | 0                        | (11,016)               |
| <b>Transport</b>                            |                                     |                                    |                          |                        |
| DAF Truck                                   | 21,609                              | 38,776                             | 17,167                   | 0                      |
| Mack Truck                                  | 0                                   | 4,593                              | 4,593                    | 0                      |
| Mack Prime Mover                            | 13,238                              | 16,560                             | 3,322                    | 0                      |
| <b>Other property and services</b>          |                                     |                                    |                          |                        |
| Computer and tools under \$5,000            | 1,154                               | 0                                  | 0                        | (1,154)                |
|   | 48,060                              | 59,929                             | 25,082                   | (13,213)               |
| <b>Other Asset class</b>                    |                                     |                                    |                          |                        |
| <b>Infrastructure</b>                       |                                     |                                    |                          |                        |
| Depot fencing below \$5,000                 | 2,009                               | 0                                  | 0                        | (2,009)                |
|   | 2,009                               | 0                                  | 0                        | (2,009)                |
|   | 50,069                              | 59,929                             | 25,082                   | (15,222)               |



10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation

|                             | 2019<br>Actual | 2019<br>Budget | 2018<br>Actual |
|-----------------------------|----------------|----------------|----------------|
|                             | \$             | \$             | \$             |
| Buildings - non-specialised | 43,746         | 43,682         | 43,681         |
| Buildings - specialised     | 154,927        | 154,546        | 142,421        |
| Furniture and equipment     | 4,023          | 4,023          | 4,024          |
| Plant and equipment         | 306,473        | 306,686        | 292,944        |
| Infrastructure - Roads      | 928,830        | 854,513        | 896,000        |
| Infrastructure - Other      | 137,549        | 124,095        | 126,612        |
| Infrastructure - Bridges    | 499,841        | 349,501        | 352,002        |
|                             | 2,075,389      | 1,837,046      | 1,857,684      |

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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.

Depreciation rates

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

| Asset Class                              | Useful life     |
|--|-----------------|
| Buildings                                | 30 to 50 years  |
| Furniture and equipment                  | 4 to 10 years   |
| Plant and equipment                      | 5 to 15 years   |
| Sealed roads and streets                 |                 |
| formation                                | not depreciated |
| pavement                                 | 70 years        |
| seal                                     |                 |
| - bituminous seals                       | 15 to 25 years  |
| - asphalt surfaces                       | 15 to 25 years  |
| Gravel roads                             |                 |
| formation                                | not depreciated |
| pavement                                 | 50 years        |
| gravel sheeting                          | 10 years        |
| Formed roads (unsealed)                  |                 |
| formation                                | not depreciated |
| pavement                                 | 50 years        |
| Footpaths - slab                         | 20 years        |
| Sewerage piping                          | 100 years       |
| Water supply piping and drainage systems | 75 years        |
| Bridges                                  | 60 to 90 years  |

Depreciation (Continued)

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

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

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

## 11. REVALUATION SURPLUS

|  | 2019<br>Opening<br>Balance | 2019<br>Closing<br>Balance | 2018<br>Opening<br>Balance | 2018<br>Revaluation<br>(Decrement) | Total<br>Movement on<br>Revaluation | 2018<br>Closing<br>Balance |
|--|----------------------------|----------------------------|----------------------------|------------------------------------|-------------------------------------|----------------------------|
|  | \$                         | \$                         | \$                         | \$                                 | \$                                  | \$                         |
| Revaluation surplus - Land - freehold land     | 613,871                    | 613,871                    | 613,871                    | 0                                  | 0                                   | 613,871                    |
| Revaluation surplus - Buildings                | 6,960,184                  | 6,960,184                  | 6,960,184                  | 0                                  | 0                                   | 6,960,184                  |
| Revaluation surplus - Furniture and equipment  | 10,206                     | 10,206                     | 10,206                     | 0                                  | 0                                   | 10,206                     |
| Revaluation surplus - Infrastructure - Roads   | 61,648,086                 | 61,648,086                 | 61,648,086                 | 0                                  | 0                                   | 61,648,086                 |
| Revaluation surplus - Infrastructure - Other   | 1,703,099                  | 1,703,099                  | 1,703,099                  | 0                                  | 0                                   | 1,703,099                  |
| Revaluation surplus - Infrastructure - Bridges | 19,844,604                 | 19,844,604                 | 31,380,125                 | (11,535,521)                       | (11,535,521)                        | 19,844,604                 |
|  | 90,780,050                 | 90,780,050                 | 102,315,571                | (11,535,521)                       | (11,535,521)                        | 90,780,050                 |

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors  
Accrued salaries and wages  
Other payables

| 2019    | 2018    |
|---------|---------|
| \$      | \$      |
| 220,351 | 183,862 |
| 9,506   | 8,929   |
| 33,624  | 0       |
| 263,481 | 192,791 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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

13. SHORT-TERM BORROWINGS

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

Unspent Grants

| 2019 | 2018      |
|------|-----------|
| \$   | \$        |
| 0    | 1,093,597 |
| 0    | 1,093,597 |

SHIRE OF WEST ARTHUR

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

14. INFORMATION ON BORROWINGS

| (a) Borrowings | 2019    | 2018    |
|----------------|---------|---------|
|                | \$      | \$      |
| Current        | 90,698  | 86,043  |
| Non-current    | 715,837 | 806,535 |
|                | 806,535 | 892,578 |

(b) Repayments - Borrowings

| Particulars                           | Loan Number | Institution | Interest Rate | Actual Principal | 30 June 2019                | 30 June 2019               | 30 June 2019                 | Budget Principal | 30 June 2019                | 30 June 2019               | 30 June 2019                 | Actual Principal | 30 June 2018                | 30 June 2018               | 30 June 2018                 |
|---------------------------------------|-------------|-------------|---------------|------------------|-----------------------------|----------------------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|
|                                       |             |             |               | 1 July 2018      | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding |                  | Budget Principal repayments | Budget Interest repayments | Budget Principal outstanding |                  | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding |
|                                       |             |             |               | \$               | \$                          | \$                         | \$                           | \$               | \$                          | \$                         | \$                           | \$               | \$                          | \$                         | \$                           |
| <b>Housing</b>                        |             |             |               |                  |                             |                            |                              |                  |                             |                            |                              |                  |                             |                            |                              |
| GROH Housing                          | 70          | WA Treasury | 6.56%         | 317,316          | 38,684                      | 19,877                     | 278,632                      | 317,316          | 38,684                      | 19,877                     | 278,632                      | 353,563          | 36,247                      | 22,314                     | 317,316                      |
| <b>Economic services</b>              |             |             |               |                  |                             |                            |                              |                  |                             |                            |                              |                  |                             |                            |                              |
| Industrial Land                       | 72          | WA Treasury | 3.27%         | 77,764           | 9,304                       | 2,429                      | 68,460                       | 77,764           | 9,304                       | 2,430                      | 68,460                       | 86,770           | 9,006                       | 2,728                      | 77,764                       |
| <b>Other property and services</b>    |             |             |               |                  |                             |                            |                              |                  |                             |                            |                              |                  |                             |                            |                              |
| Staff Housing - Lot 30 Hillman Street | 69          | WA Treasury | 6.88%         | 52,106           | 12,620                      | 3,264                      | 39,486                       | 52,107           | 12,620                      | 3,264                      | 39,487                       | 63,894           | 11,788                      | 4,096                      | 52,106                       |
|                                       |             |             |               | 447,186          | 60,608                      | 25,570                     | 386,578                      | 447,187          | 60,608                      | 25,571                     | 386,579                      | 504,227          | 57,041                      | 29,138                     | 447,186                      |
| <b>Self Supporting Loans</b>          |             |             |               |                  |                             |                            |                              |                  |                             |                            |                              |                  |                             |                            |                              |
| <b>Housing</b>                        |             |             |               |                  |                             |                            |                              |                  |                             |                            |                              |                  |                             |                            |                              |
| WA Cottage Homes                      |             |             | 3.32%         | 445,392          | 25,435                      | 14,473                     | 419,957                      | 445,392          | 25,435                      | 14,473                     | 419,957                      | 470,000          | 24,608                      | 15,300                     | 445,392                      |
|                                       |             |             |               | 445,392          | 25,435                      | 14,473                     | 419,957                      | 445,392          | 25,435                      | 14,473                     | 419,957                      | 470,000          | 24,608                      | 15,300                     | 445,392                      |
|                                       |             |             |               | 892,578          | 86,043                      | 40,043                     | 806,535                      | 892,579          | 86,043                      | 40,044                     | 806,536                      | 974,227          | 81,649                      | 44,438                     | 892,578                      |

Self supporting loans are financed by payments from third parties. These are shown in Note 7 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.



14. INFORMATION ON BORROWINGS (Continued)

|   | 2019    | 2018    |
|---|---------|---------|
| (c) Undrawn Borrowing Facilities        | \$      | \$      |
| Credit Standby Arrangements             |         |         |
| Bank overdraft limit                    | 150,000 | 150,000 |
| Total amount of credit unused           | 150,000 | 150,000 |
| Loan facilities                         |         |         |
| Loan facilities - current               | 90,698  | 86,043  |
| Loan facilities - non-current           | 715,837 | 806,535 |
| Total facilities in use at balance date | 806,535 | 892,578 |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 22.

## 15. EMPLOYEE RELATED PROVISIONS

### Employee Related Provisions

#### Opening balance at 1 July 2018

Current provisions  
Non-current provisions

|  | Provision for<br>Annual<br>Leave | Provision for<br>Long Service<br>Leave | Total   |
|--|----------------------------------|--|---------|
|  | \$                               | \$                                     | \$      |
|  | 158,907                          | 253,040                                | 411,947 |
|  | 0                                | 24,643                                 | 24,643  |
|  | 158,907                          | 277,683                                | 436,590 |

Additional provision  
Amounts used  
Increase in the discounted amount arising  
because of time and the effect of any  
change in the discounted rate

#### Balance at 30 June 2019

|  |           |          |           |
|--|-----------|----------|-----------|
|  | 110,558   | 13,212   | 123,770   |
|  | (107,238) | (13,608) | (120,846) |
|  | 693       | 1,191    | 1,884     |
|  | 162,920   | 278,478  | 441,398   |
|  | 162,920   | 242,900  | 405,820   |
|  | 0         | 35,578   | 35,578    |
|  | 162,920   | 278,478  | 441,398   |

#### Comprises

Current  
Non-current

|  | 2019    | 2018    |
|--|---------|---------|
|  | \$      | \$      |
|  | 171,931 | 107,764 |
|  | 269,467 | 328,826 |
|  | 441,398 | 436,590 |

#### Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date  
More than 12 months from reporting date

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

##### Other long-term employee benefits (Continued)

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

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

##### Provisions

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

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

## 16. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

|  | 2019<br>Actual | 2019<br>Budget | 2018<br>Actual |
|--|----------------|----------------|----------------|
|  | \$             | \$             | \$             |
| Cash and cash equivalents  | 2,964,922      | 1,835,002      | 3,277,121      |
| <b>Reconciliation of Net Cash Provided By<br/>Operating Activities to Net Result</b> |                |                |                |
| Net result   | (781,501)      | (1,742,580)    | 607,488        |
| Non-cash flows in Net result:  |                |                |                |
| Depreciation   | 2,075,389      | 1,837,046      | 1,857,684      |
| (Profit)/loss on sale of asset   | (9,861)        | 12,773         | (23,765)       |
| Changes in assets and liabilities:   |                |                |                |
| (Increase)/decrease in receivables   | 96,182         | 80,479         | 36,570         |
| (Increase)/decrease in inventories   | (679)          | 7,700          | (7,578)        |
| Increase/(decrease) in payables  | 70,690         | 107,351        | (316,826)      |
| Increase/(decrease) in provisions  | 4,808          | 0              | (9,646)        |
| Grants contributions for<br>the development of assets                                | (834,583)      | (835,026)      | (907,801)      |
| Net cash from operating activities   | 620,445        | (532,257)      | 1,236,126      |

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

|                             | 2019        | 2018        |
|-----------------------------|-------------|-------------|
|                             | \$          | \$          |
| Governance                  | 34,383      | 500         |
| General purpose funding     | 220,883     | 1,543,805   |
| Law, order, public safety   | 462,241     | 490,600     |
| Health                      | 2,926,601   | 2,709,814   |
| Education and welfare       | 11,155      | 10,581      |
| Housing                     | 2,267,871   | 2,189,392   |
| Community amenities         | 893,385     | 1,001,054   |
| Recreation and culture      | 9,579,923   | 9,586,937   |
| Transport                   | 83,678,625  | 83,422,243  |
| Economic services           | 853,559     | 846,507     |
| Other property and services | 4,703,760   | 4,622,999   |
|                             | 105,632,386 | 106,424,432 |



## 18. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

|                              | 2019<br>Actual | 2019<br>Budget | 2018<br>Actual |
|------------------------------|----------------|----------------|----------------|
|                              | \$             | \$             | \$             |
| Meeting fees                 | 6,930          | 7,000          | 7,110          |
| President's allowance        | 2,980          | 2,980          | 2,980          |
| Deputy President's allowance | 745            | 745            | 745            |
| Travelling expenses          | 1,507          | 2,200          | 1,344          |
| Telecommunications allowance | 3,007          | 3,500          | 3,104          |
|                              | 15,169         | 16,425         | 15,283         |

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

|                              | 2019<br>Actual | 2018<br>Actual |
|------------------------------|----------------|----------------|
|                              | \$             | \$             |
| Short-term employee benefits | 231,093        | 231,474        |
| Post-employment benefits     | 25,267         | 25,407         |
| Other long-term benefits     | 4,617          | 7,166          |
|                              | 260,977        | 264,047        |

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

## 19. CONDITIONS OVER GRANTS/CONTRIBUTIONS

| Grant/Contribution                      | Opening<br>Balance <sup>(1)</sup><br>1/07/17<br>\$ | Received <sup>(2)</sup><br>2017/18<br>\$ | Expended <sup>(3)</sup><br>2017/18<br>\$ | Closing<br>Balance <sup>(1)</sup><br>30/06/18<br>\$ | Received <sup>(2)</sup><br>2018/19<br>\$ | Expended <sup>(3)</sup><br>2018/19<br>\$ | Closing<br>Balance<br>30/06/19<br>\$ |
|---|--|--|--|---|--|--|--------------------------------------|
| <b>General purpose funding</b>          |  |  |  |   |  |  |                                      |
| WA Grants Commission - Bridges          | 320,000  | 516,000                                  | 0  | 836,000   | 0  | (836,000)                                | 0                                    |
| <b>Law, order, public safety</b>        |  |  |  |   |  |  |                                      |
| FESA Operating Grant                    | 0  | 31,501                                   | (30,930)                                 | 571   | 31,670                                   | (32,241)                                 | 0                                    |
| Bushfire Mitigation                     | 0  | 22,750                                   | (19,120)                                 | 3,630   | 42,980                                   | (46,610)                                 | 0                                    |
| AWARE                                   | 0  | 0  | 0  | 0   | 4,000                                    | (4,000)                                  | 0                                    |
| <b>Health</b>                           |  |  |  |   |  |  |                                      |
| Solar Grant - HRC                       | 0  | 0  | 0  | 0   | 5,069                                    | (5,069)                                  | 0                                    |
| <b>Education and welfare</b>            |  |  |  |   |  |  |                                      |
| Kids Central                            | 0  | 0  | 0  | 0   | 42,743                                   | (42,743)                                 | 0                                    |
| Seniors Meal Service                    | 0  | 0  | 0  | 0   | 6,156                                    | (6,156)                                  | 0                                    |
| <b>Community amenities</b>              |  |  |  |   |  |  |                                      |
| Strategic Groundworks                   | 45,366   | 50,000                                   | (93,249)                                 | 2,117   | 0  | (2,117)                                  | 0                                    |
| <b>Recreation and culture</b>           |  |  |  |   |  |  |                                      |
| Estate of E Brown - Museum              | 70,000   | 0  | 0  | 70,000  | 0  | (70,000)                                 | 0                                    |
| Lake Towerrinning Improvement Project   | 0  | 14,543                                   | (4,673)                                  | 9,870   | 0  | (9,870)                                  | 0                                    |
| Cultural Day                            | 0  | 2,008                                    | 0  | 2,008   | 0  | (2,008)                                  | 0                                    |
| Connect to Creative Grid                | 0  | 1,850                                    | 0  | 1,850   | 0  | (1,850)                                  | 0                                    |
| War Memorial Project                    | 0  | 0  | 0  | 0   | 3,070                                    | (3,070)                                  | 0                                    |
| Solar Grant - Darkan Sports Complex     | 0  | 0  | 0  | 0   | 4,076                                    | (4,076)                                  | 0                                    |
| Changeroom Grant - Darkan Football Oval | 0  | 0  | 0  | 0   | 45,886                                   | (45,886)                                 | 0                                    |
| <b>Transport</b>                        |  |  |  |   |  |  |                                      |
| Roads to Recovery                       | 54,145   | 598,041                                  | (486,345)                                | 165,841   | 422,104                                  | (587,945)                                | 0                                    |
| RRG                                     | 0  | 0  | 0  | 0   | 357,448                                  | (357,448)                                | 0                                    |
| <b>Other property and services</b>      |  |  |  |   |  |  |                                      |
| DLG - Youth Development                 | 8,000  | 2,061                                    | (8,351)                                  | 1,710   | 0  | (1,710)                                  | 0                                    |
| <b>Total</b>                            | <b>497,511</b>                                     | <b>1,238,754</b>                         | <b>(642,668)</b>                         | <b>1,093,597</b>                                    | <b>965,202</b>                           | <b>(2,058,799)</b>                       | <b>0</b>                             |

**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.

## 20. RATING INFORMATION

### (a) Rates

| RATE TYPE                                    | Rate in<br>\$ | Number<br>of<br>Properties | 2018/19<br>Actual<br>Rateable<br>Value<br>\$ | 2018/19<br>Actual<br>Rate<br>Revenue<br>\$ | 2018/19<br>Actual<br>Interim<br>Rates<br>\$ | 2018/19<br>Actual<br>Total<br>Revenue<br>\$ | 2018/19<br>Budget<br>Rate<br>Revenue<br>\$ | 2018/19<br>Budget<br>Total<br>Revenue<br>\$ | 2017/18<br>Actual<br>Total<br>Revenue<br>\$ |
|--|---------------|----------------------------|--|--|---|---|--|---|---|
| Differential general rate / general rate     |               |                            |  |  |   |   |  |   |   |
| <b>Gross rental valuations</b>               |               |                            |  |  |   |   |  |   |   |
| GRV Townsite                                 | 0.8385        | 65                         | 480,874                                      | 40,321                                     | 173   | 40,494                                      | 40,321                                     | 40,321                                      | 53,413                                      |
| GRV Commercial                               | 0.8385        | 13                         | 239,772                                      | 20,105                                     | (1,003)                                     | 19,102                                      | 20,105                                     | 20,105                                      | 21,997                                      |
| GRV Industrial                               | 0.8385        | 5                          | 68,068                                       | 5,708                                      | 0   | 5,708                                       | 5,708                                      | 5,708                                       | 6,301                                       |
| GRV Other Townsite                           | 0.8385        | 13                         | 63,832                                       | 5,352                                      | 0   | 5,352                                       | 5,352                                      | 5,352                                       | 6,166                                       |
| <b>Unimproved valuations</b>                 |               |                            |  |  |   |   |  |   |   |
| UV Rural                                     | 0.006082      | 396                        | 252,373,000                                  | 1,534,933                                  | (155)                                       | 1,534,778                                   | 1,534,933                                  | 1,534,933                                   | 1,546,209                                   |
| <b>Sub-Total</b>                             |               | 492                        | 253,225,546                                  | 1,606,419                                  | (985)                                       | 1,605,434                                   | 1,606,419                                  | 1,606,419                                   | 1,634,086                                   |
| <b>Minimum payment</b>                       |               |                            |  |  |   |   |  |   |   |
| <b>Gross rental valuations</b>               |               |                            |  |  |   |   |  |   |   |
| GRV Townsite                                 | 500           | 55                         | 258,970                                      | 27,500                                     | 0   | 27,500                                      | 27,500                                     | 27,500                                      | 13,740                                      |
| GRV Commercial                               | 500           | 10                         | 36,840                                       | 5,000                                      | 0   | 5,000                                       | 5,000                                      | 5,000                                       | 3,206                                       |
| GRV Industrial                               | 500           | 5                          | 18,520                                       | 2,500                                      | 0   | 2,500                                       | 2,500                                      | 2,500                                       | 1,832                                       |
| GRV Other Townsite                           | 350           | 20                         | 22,209                                       | 7,000                                      | 0   | 7,000                                       | 7,000                                      | 7,000                                       | 5,706                                       |
| <b>Unimproved valuations</b>                 |               |                            |  |  |   |   |  |   |   |
| UV Rural                                     | 500           | 46                         | 1,951,706                                    | 23,000                                     | 226   | 23,226                                      | 23,000                                     | 23,000                                      | 15,582                                      |
| <b>Sub-Total</b>                             |               | 136                        | 2,288,245                                    | 65,000                                     | 226   | 65,226                                      | 65,000                                     | 65,000                                      | 40,066                                      |
|  |               | 628                        | 255,513,791                                  | 1,671,419                                  | (759)                                       | 1,670,660                                   | 1,671,419                                  | 1,671,419                                   | 1,674,152                                   |
| Discounts/concessions (refer Note 20(b))     |               |                            |  |  |   | 0   |  | 0   | (69,008)                                    |
| <b>Total amount raised from general rate</b> |               |                            |  |  |   | 1,670,660                                   |  | 1,671,419                                   | 1,605,144                                   |
| Ex-gratia rates                              |               |                            |  |  |   | 3,394                                       |  | 3,394                                       | 3,394                                       |
| <b>Totals</b>                                |               |                            |  |  |   | 1,674,054                                   |  | 1,674,813                                   | 1,608,538                                   |

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

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

20. RATING INFORMATION (Continued)

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

Rates Discounts

| Rate or Fee            |          |          | 2019   | 2019   | 2018   |  |
|------------------------|----------|----------|--------|--------|--------|--|
| Discount Granted       | Discount | Discount | Actual | Budget | Actual | Circumstances in which Discount is Granted |
|                        | %        | \$       | \$     | \$     | \$     |  |
| Early payment discount |          |          | 0      | 0      | 69,008 | Paid in full on or prior to due date       |
|                        |          |          | 0      | 0      | 69,008 |  |



## 20. RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

| Instalment Options | Date Due    | Instalment Plan Admin Charge | Instalment Plan Interest Rate | Unpaid Rates Interest Rate |
|--------------------|-------------|------------------------------|-------------------------------|----------------------------|
|                    |             | \$                           | %                             | %                          |
| Full payment       | 21 Sep 2018 | 0.00                         | 5.50%                         | 11.00%                     |
| Two instalments    | 21 Sep 2018 | 5.00                         | 5.50%                         | 11.00%                     |
|                    | 23 Nov 2018 |                              |                               |                            |
| Four instalments   | 21 Sep 2018 | 15.00                        | 5.50%                         | 11.00%                     |
|                    | 23 Nov 2018 |                              |                               |                            |
|                    | 25 Jan 2019 |                              |                               |                            |
|                    | 29 Mar 2019 |                              |                               |                            |

|                             | 2019 Actual | 2019 Budget | 2018 Actual |
|-----------------------------|-------------|-------------|-------------|
|                             | \$          | \$          | \$          |
| Interest on unpaid rates    | 20,742      | 9,200       | 23,630      |
| Interest on instalment plan | 2,557       | 1,800       | 1,670       |
| Charges on instalment plan  | 810         | 600         | 705         |
|                             | 24,109      | 11,600      | 26,005      |

## 21. RATE SETTING STATEMENT INFORMATION

|  |       | 2018/19<br>2018/19<br>Budget<br>(30 June 2019<br>Carried<br>Forward) | 2018/19<br>2018/19<br>Brought<br>Forward) |
|--|-------|--|---|
| Note   |       | \$   | \$  |
| <b>(a) Non-cash amounts excluded from operating activities</b>   |       |  |   |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .   |       |  |   |
| <b>Adjustments to operating activities</b>   |       |  |   |
| Less: Profit on asset disposals  | 10(a) | (25,083)   | (4,205)                                   |
| Less: Fair value adjustments to financial assets at amortised cost   |       | (6,151)  | 0   |
| Movement in employee benefit provisions (non-current)  |       | 4,808  | 0   |
| Movement in accrued wages  |       | 578  | 0   |
| Add: Loss on disposal of assets  | 10(a) | 15,222   | 16,978                                    |
| Add: Depreciation on assets  | 10(b) | 2,075,389  | 1,837,046                                 |
| <b>Non cash amounts excluded from operating activities</b>   |       | <b>2,064,763</b>   | <b>1,849,819</b>                          |
| <b>(b) Surplus/(deficit) after imposition of general rates</b>   |       |  |   |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. |       |  |   |
| <b>Adjustments to net current assets</b>   |       |  |   |
| Less: Reserves - restricted cash   | 3     | (1,756,241)  | (1,758,502)                               |
| Less: - Financial assets at amortised cost - self supporting loans   | 7(a)  | (26,290)   | (26,290)                                  |
| Less: Provision for annual and long service leave  |       | 415,327  | 411,949                                   |
| Add: Borrowings  | 14(a) | 90,698   | 90,698                                    |
| <b>Total adjustments to net current assets</b>   |       | <b>(1,276,506)</b>   | <b>(1,282,145)</b>                        |
| <b>Net current assets used in the Rate Setting Statement</b>   |       |  |   |
| Total current assets   |       | 3,198,601  | 2,069,233                                 |
| Less: Total current liabilities  |       | (759,999)  | (787,088)                                 |
| Less: Total adjustments to net current assets  |       | (1,276,506)  | (1,282,145)                               |
| <b>Net current assets used in the Rate Setting Statement</b>   |       | <b>1,162,096</b>   | <b>0</b>                                  |

## 22. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

| Risk                               | Exposure arising from   | Measurement                       | Management   |
|------------------------------------|---|-----------------------------------|--|
| <b>Market risk - interest rate</b> | Long term borrowings at variable rates  | Sensitivity analysis              | Utilise fixed interest rate borrowings                             |
| <b>Credit risk</b>                 | Cash and cash equivalents, trade receivables, financial assets and debt investments | Aging analysis<br>Credit analysis | Diversification of bank deposits, credit limits. Investment policy |
| <b>Liquidity risk</b>              | Borrowings and other liabilities  | Rolling cash flow forecasts       | Availability of committed credit lines and borrowing facilities    |

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

### (a) Interest rate risk

#### Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

|                           | Weighted<br>Average<br>Interest Rate<br>% | Carrying<br>Amounts<br>\$ | Fixed<br>Interest Rate<br>\$ | Variable<br>Interest Rate<br>\$ | Non Interest<br>Bearing<br>\$ |
|---------------------------|---|---------------------------|------------------------------|---------------------------------|-------------------------------|
| <b>2019</b>               |   |                           |                              |                                 |                               |
| Cash and cash equivalents |   | 2,964,922                 |                              | 2,964,922                       |                               |
| <b>2018</b>               |   |                           |                              |                                 |                               |
| Cash and cash equivalents |   | 3,277,121                 |                              | 3,277,121                       |                               |

#### Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

|  | 2019<br>\$ | 2018<br>\$ |
|--|------------|------------|
| Impact of a 1% movement in interest rates on profit and loss and equity* | 29,649     | 32,771     |

\* Holding all other variables constant

#### Borrowings

Borrowings are 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 Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

|                       | Current | More than 1<br>year past due | More than 2<br>years past due | More than 3<br>years past due | Total   |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|---------|
| <b>30 June 2019</b>   |         |                              |                               |                               |         |
| Rates receivable      |         |                              |                               |                               |         |
| Gross carrying amount | 36,723  | 23,380                       | 14,972                        | 32,655                        | 107,730 |
| <b>01 July 2018</b>   |         |                              |                               |                               |         |
| Rates receivable      |         |                              |                               |                               |         |
| Gross carrying amount | 34,629  | 23,780                       | 10,584                        | 30,654                        | 99,647  |

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

|                       | Current | More than 30<br>days past due | More than 60<br>days past due | More than 90<br>days past due | Total   |
|-----------------------|---------|-------------------------------|-------------------------------|-------------------------------|---------|
| <b>30 June 2019</b>   |         |                               |                               |                               |         |
| Sundry Receivables    |         |                               |                               |                               |         |
| Expected credit loss  | 0.0%    | 0.0%                          | 0.0%                          | 0.0%                          | 0.0%    |
| Gross carrying amount | 39,702  | 64                            | 656                           | 1,395                         | 41,817  |
| Loss allowance        | 0       | 0                             | 0                             | 0                             | 0       |
| <b>01 July 2018</b>   |         |                               |                               |                               |         |
| Sundry Receivables    |         |                               |                               |                               |         |
| Expected credit loss  | 0.0%    | 0.0%                          | 0.0%                          | 0.0%                          | 0.0%    |
| Gross carrying amount | 160,406 | 1,986                         | 0                             | 1,386                         | 163,778 |
| Loss allowance        | 0       | 0                             | 0                             | 0                             | 0       |

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 14(c).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

|             | Due<br>within<br>1 year | Due<br>between<br>1 & 5 years | Due<br>after<br>5 years | Total<br>contractual<br>cash flows | Carrying<br>values |
|-------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
|             | \$                      | \$                            | \$                      | \$                                 | \$                 |
| <b>2019</b> |                         |                               |                         |                                    |                    |
| Payables    | 229,857                 | 0                             | 0                       | 229,857                            | 263,481            |
| Borrowings  | 126,172                 | 468,758                       | 380,781                 | 975,711                            | 806,535            |
|             | 356,029                 | 468,758                       | 380,781                 | 1,205,568                          | 1,070,016          |
| <b>2018</b> |                         |                               |                         |                                    |                    |
| Payables    | 192,791                 | 0                             | 0                       | 192,791                            | 192,791            |
| Borrowings  | 126,086                 | 484,490                       | 490,985                 | 1,101,561                          | 892,578            |
|             | 318,877                 | 484,490                       | 490,985                 | 1,294,352                          | 1,085,369          |



## 23. TRUST FUNDS

In previous years, bonds and deposits were held as trust monies. They are now included in Restricted cash at Note 3 and shown as a current liability at Note 12.

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

|                                | 1 July 2018 | Amounts Received | Amounts Paid | Reclassification to Restricted Cash | 30 June 2019 |
|--------------------------------|-------------|------------------|--------------|-------------------------------------|--------------|
|                                | \$          | \$               | \$           | \$                                  | \$           |
| Bonds Other                    | 8,298       | 180              | 0            | (8,478)                             | 0            |
| Westcare                       | 45,286      | 985              | (2,185)      | 0                                   | 44,086       |
| Youth Advisory Council         | 6,712       | 146              | (6,858)      | 0                                   | 0            |
| Tourist Committee              | 3,160       | 69               | 0            | (3,229)                             | 0            |
| Seniors Luncheon               | 1,230       | 127              | (397)        | 0                                   | 960          |
| Kids Central                   | 11,232      | 1,299            | (6,827)      | (5,704)                             | 5,704        |
| The Shed                       | 10,318      | 700              | (11,018)     | 0                                   | 0            |
| Rural Towns Program            | 5,007       | 109              | (170)        | (4,946)                             | 0            |
| Tidy Towns                     | 4,453       | 98               | (870)        | (3,681)                             | 0            |
| Collie Darkan Rail Trail Maint | 1,159       | 25               | (1,184)      | 0                                   | 0            |
| Arthur River Development       | 4,241       | 10,100           | (7,000)      | 0                                   | 7,341        |
| RSL Trust Fund                 | 4,836       | 105              | (595)        | 0                                   | 4,346        |
| Community Gym                  | 9,363       | 1,570            | (10,933)     | 0                                   | 0            |
| West Arthur Trials Group       | 7,425       | 161              | 0            | (7,586)                             | 0            |
| Darkan Arts Council            | 8,282       | 180              | (200)        | 0                                   | 8,262        |
|                                | 131,002     | 15,854           | (48,237)     | (33,624)                            | 70,699       |

## 24. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

### AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

## 24. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

| AASB 139 category                   | AASB 139 value | AASB 9 category<br>amortised<br>cost | Fair value<br>through<br>OCI | Fair value<br>through<br>P/L |
|-------------------------------------|----------------|--------------------------------------|------------------------------|------------------------------|
|                                     | \$             | \$                                   | \$                           | \$                           |
| <b>Loans and receivables</b>        |                |                                      |                              |                              |
| Trade receivables*                  | 263,425        | 263,425                              |                              |                              |
| Loans and advances                  | 445,392        | 445,392                              |                              |                              |
| Available for sale financial assets | 46,400         |                                      |                              | 46,400                       |
|                                     | 755,217        | 708,817                              | 0                            | 46,400                       |

\* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire recognised an additional impairment on the Shire's Trade receivables of \$ which resulted in a decrease in accumulated surplus/(deficit) of \$ as at 1 July 2018.

25. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the Statement of Financial Position at the date of initial application (1 July 2019):

(b) Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rates applied to the lease liabilities on 1 July 2019 is 3.50%.

|   | Note | 2019 |
|---|------|------|
|   |      | \$   |
| Right-of-use asset recognised at at 1 July 2019 |      | 0    |

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019. Property, plant and equipment increases by \$20,000 on 1 July 2019 resulting in no impact on retained earnings on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

25. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS  
(Continued)

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

|                          | AASB 1004<br>carrying amount |                  | AASB 1058<br>carrying amount |
|--------------------------|------------------------------|------------------|------------------------------|
| Note                     | 30 June 2019                 | Reclassification | 01 July 2019                 |
|                          | \$                           | \$               | \$                           |
| Trade and other payables | 192,791                      | 0                | 192,791                      |

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Fire Services will be recognised in budgeted revenue and expenditure as the fair value of the services can be reliably estimated and the services would have been purchased if they had not been donated.

(d) Impact of changes to Retained Surplus

The impact on the Shire of the changes as at 1 July 2019 is as follows:

|                                 | Note | Adjustments | 2019       |
|---------------------------------|------|-------------|------------|
|                                 |      |             | \$         |
| Retained surplus - 30 June 2019 | 0    |             | 11,584,681 |
| Retained surplus - 01 July 2019 | 0    |             | 11,584,681 |



26. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

27. ACTIVITIES/PROGRAMS

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

| PROGRAM NAME AND OBJECTIVES   | ACTIVITIES  |
|---|---|
| <b>GOVERNANCE</b><br>To set and achieve Council's goals and objectives for the ratepayers by providing high level direction, co-ordination and management policy              | Cost associated with meetings, elections, preparing annual reports and other statutory reporting requirements, public relations and policy development and review.            |
| <b>GENERAL PURPOSE FUNDING</b><br>To collect revenue to allow for the provision of services.  | Costs associated with raising and collecting rates, rate enquiries, preparing general purpose grant returns and investing the Shire's surplus funds.                          |
| <b>LAW, ORDER, PUBLIC SAFETY</b><br>To provide services to help ensure a safer and environmentally consious community.  | Fire control and prevention, and animal control.  |
| <b>HEALTH</b><br>To provide an operational framework for environmental and community health.  | Provision and maintenance of medical buildings and subsidies to health services, services of an Environmental Health Officer including food control.                          |
| <b>EDUCATION AND WELFARE</b><br>To provide services to disadvantaged persons, the elderly, children and youth.  | School bus routes, provision of a child care service, support to families and childrens services including schools, support for seniors and welfare services.                 |
| <b>HOUSING</b><br>To provide housing for employees of local industry and government departments.  | Maintenance and provision of GROH and community housing.  |
| <b>COMMUNITY AMENITIES</b><br>To provide services required by the community.  | Rubbish collection services, operation of refuse site, administration of the town planning scheme, storm water drainage, protection of the environment, cemetery mainteannce. |
| <b>RECREATION AND CULTURE</b><br>To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.                      | Maintenance of halls, provision of library services, maintenance of historical buildings and maintenance of reserves and recreation facilities.                               |
| <b>TRANSPORT</b><br>To provide a smooth, safe, efficient and clearly defined road network that is environmentally acceptable and which enhances travels throughout the Shire. | Maintenance of roads, drainage works, footpaths, street lighting, median strips, traffic management, parking facilities and roadworks program.                                |
| <b>ECONOMIC SERVICES</b><br>To help promote the local government and its economic wellbeing.  | Tourism and area promotion, caravan park, standpipes, pest control services and implementation of building controls.  |
| <b>OTHER PROPERTY AND SERVICES</b><br>To monitor and control operating accounts.  | Public works overheads, plant/vehicle operations, stock and materials, depot operations and private works.  |

## 28. FINANCIAL RATIOS

|                                   | 2019<br>Actual | 2018<br>Actual | 2017<br>Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio                     | 2.47           | 1.87           | 1.82           |
| Asset consumption ratio           | 0.59           | 0.60           | 0.64           |
| Asset renewal funding ratio       | 0.91           | 0.94           | 1.06           |
| Asset sustainability ratio        | 0.74           | 0.84           | 1.09           |
| Debt service cover ratio          | 3.96           | 12.70          | 23.31          |
| Operating surplus ratio           | (0.73)         | (0.14)         | 0.06           |
| Own source revenue coverage ratio | 0.43           | 0.49           | 0.40           |

The above ratios are calculated as follows:

|                                   |  |
|-----------------------------------|--|
| Current ratio                     | $\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$ |
| Asset consumption ratio           | $\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$             |
| Asset renewal funding ratio       | $\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$                 |
| Asset sustainability ratio        | $\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$   |
| 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 | $\frac{\text{own source operating revenue}}{\text{operating expense}}$   |



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

#### To the Councillors of the Shire of West Arthur

#### Report on the Audit of the Financial Report

##### **Opinion**

I have audited the annual financial report of the Shire of West Arthur which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of West Arthur:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

##### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Emphasis of Matter – Basis of Accounting**

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

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

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



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

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

***Auditor's Responsibility for the Audit of the Financial Report***

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

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

- Identify and assess the risks of material misstatement of the annual 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 my 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 CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



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

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the past two years.  
The financial ratios are reported in Note 28 of the annual financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

### **Other Matter**

The financial ratios for 2017 in Note 28 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

### **Matters Relating to the Electronic Publication of the Audited Financial Report**

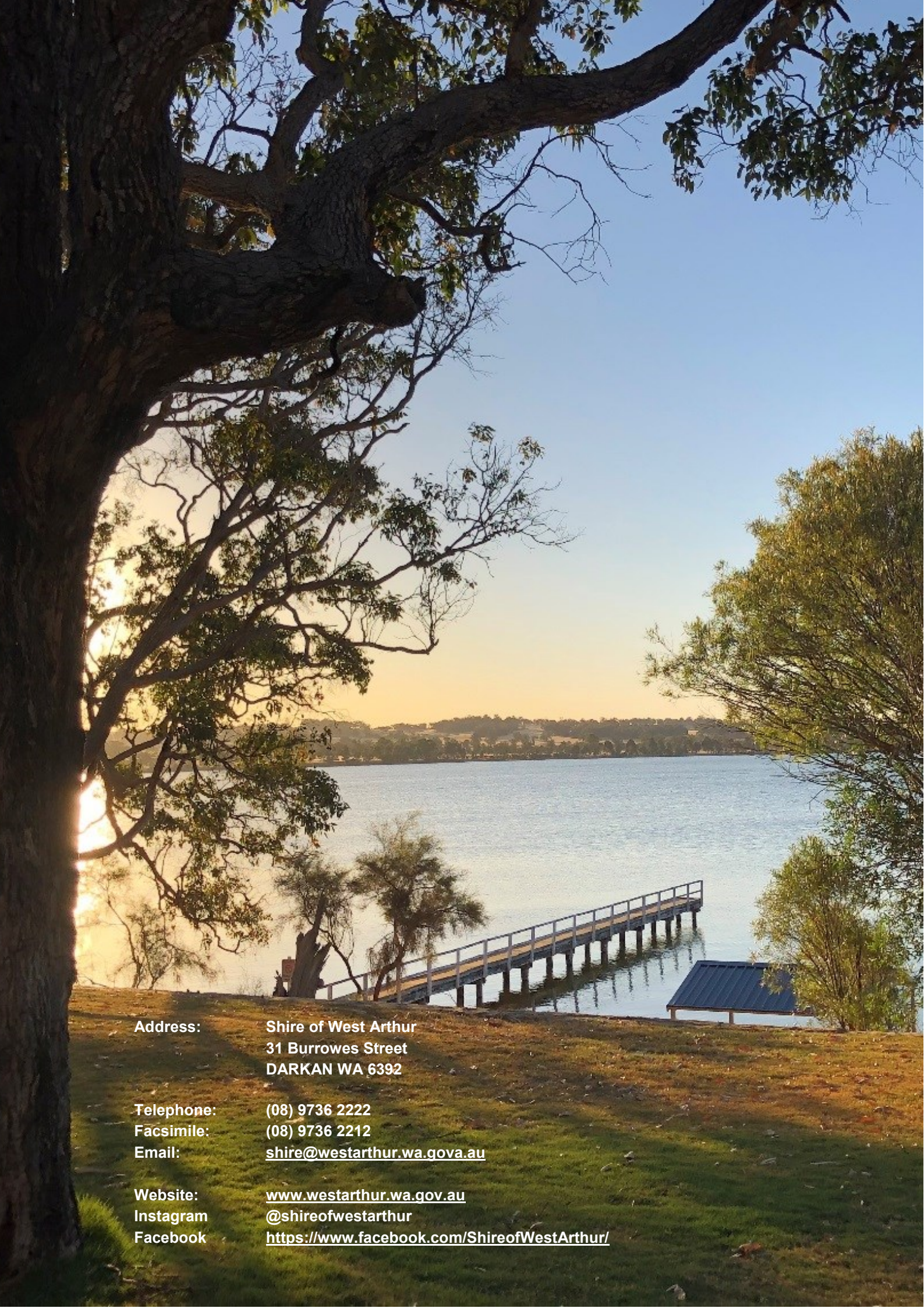
This auditor's report relates to the annual financial report of the Shire of West Arthur for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



DON CUNNINGHAME  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
5 December 2019







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