



ANNUAL REPORT



2017 / 2018



Shire of Wagin

2 Arthur Road (PO Box 200) Wagin WA 6315

E-mail: shire@wagin.wa.gov.au Website: www.wagin.wa.gov.au

Tel: (08) 9861 1177 Fax: (08) 9861 1204

Shire Statistics

Population	1,988
Number of Electors	1,295
Number of Dwellings	952
Distance from Perth (km)	228
Area (sq km)	1,956
Suburbs and Localities	Piesseville, Wagin
Length of Sealed Roads (km)	169
Length of Unsealed Roads (km)	628
Rates Income	\$2,222,880
Total Revenue	\$5,444,045
Council Employees	35

Tourist Attractions

Giant Ram and Wetlands Park, Wagin Historical Village & Museum, Noring Lake, Heritage Walk Trail, Puntapin Rock and Mount Latham.

Local Industries

Sheep, Wool, Grains, Hay, Seed Working/Oat Milling, Engineering, Manufacturing and Extractive Industries.

Significant Local Events

Wagin Woolorama – Incorporates the State Sheep Show and Rodeo, Australia Day Breakfast – in Wetlands Park, WA Day Celebration – at Wagin Historical Village including the Vintage Car Club Rally, Christmas Street Carnival, Two Wheels to Wagin, Gymkhanarama and the Wagin Burnouts.



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GENERAL INFORMATION

Council's Community Strategic Vision

To have a community where individuals, families and businesses can invest and prosper, preserving the safe, affordable and inclusive country lifestyle and ensuring that Wagin is a place people like to live in and visit.

Council's Mission and Philosophy

To be a focused Local Government providing progressive and innovative leadership that builds a sustainable future while supporting a vibrant and caring community.

Council's Guiding Values

- Governance and Leadership
- Honesty and Integrity
- Innovation and Creativity
- Community Focused
- Environmentally Aware

Your Elected Members



Wagin Shire Council

The Shire of Wagin is a corporate body consisting of eleven elected Councillors. The Council members elect the Shire President and Deputy Shire President every two years.

The Shire of Wagin elected members as at 30 June 2018 are -

Cr P J (Phillip) Blight – Shire President

Elected to office in 1992, Retiring 2019

- Finance & General Purposes Committee
- WALGA Central Zone Committee
- Roadwise/LEMC & Safer WA Committee
- Land Conservation District Committee
- Economic Development Advisory
- Bushfire Advisory Committee
- Civic Awards Committee
- Audit Committee
- CEO Review Committee
- Airport Development Committee
- 4WDL Committee

Cr G (Gregory) Ball – Deputy Shire President

Elected to office in 2017, Retiring 2021

- Finance & General Purposes Committee
- Works and Services Committee
- Audit Committee
- CEO Review Committee
- WALGA Central Zone Committee
- Lakes Sub-Regional Road Group
- Development Assessment Panels (Proxy)

Cr J L C (Lachlan) Ballantyne

Elected to office in 2005, Retiring 2021

- Finance & General Purposes Committee
- Asset Management Committee
- Airport Development Committee
- Audit Committee
- Reconciliation Action Plan Committee
- Waste Management & Recycling Committee
- CEO Review Committee
- Civic Awards Committee
- Development Assessment Panels (Proxy)

Cr S M (Sherryl) Chilcott

Elected to office in 2017, Retiring 2019

- Airport Development Committee
- Sportsground Advisory Community Centre Management Committee
- Tourism and Promotion Committee
- Townscape Enhancement Committee
- Waratah / Frail Aged Homes Historical Village Committee
- Woolorama Committee (Proxy)

Cr B (Bryan) Kilpatrick

Elected to office in 2017, Retiring 2021

- Works and Service Committee
- Community Centre Committee
- Wagin/Woodanilling Landcare Zone

Cr L (Lynette) Lucas

Elected to office in 2017, Retiring 2021

- Airport Development Committee
- Waste Management & Recycling Committee
- Bushfire Advisory Committee
- Roadwise, LEMC & Safer WA Committee

Cr D (Denise) Patterson

Elected to office in 2017, Retiring 2019

- Asset Management Committee
- Waste Management & Recycling Committee
- Townscape Enhancement Committee
- Cottage Homes Committee (Proxy)

Cr D (David) Reed

Elected to office in 2017, Retiring 2021

- Asset Management Committee
- Townscape Enhancement Committee
- Sportsground Advisory Community Centre Management Committee
- Community Resource Centre

Cr J P (Jason) Reed

Elected to office in 2017, Retiring 2021

- Works and Services Committee
- Historical Village Committee
- Finance & General Purposes Committee
- Cottage Homes Committee
- Audit Committee
- Waratah / Frail Aged Homes
- Wagin/Woodanilling Landcare Zone
- Waste Management & Recycling
- Economic Development Advisory
- Lakes Sub – Regional Road Group

Cr R C (Ron) Walker

Elected to office in 2011, Retiring 2019

- Works and Services Committee
- Lakes Sub – Regional Road Group
- Finance & General Purposes Committee
- Economic Development Advisory Committee
- Audit Committee
- WALGA Central Zone Committee (Proxy)
- Development Assessment Panels
- 4WDL
- Sportsground Advisory Community Centre Management Committee
- Great Southern Regional Waste Group
- Waste Management & Recycling
- School Bus Committee
- Woolorama Committee
- Asset Management Committee

Cr G K B (Geoff) West

Elected to office in 2009, Retiring 2019

- Works and Services Committee
- Community Bus Committee
- Tourism and Promotion Committee
- Asset Management Committee
- Development Assessment Panel
- Townscape Enhancement Committee
- Airport Development Committee
- Cottage Homes Committee
- Sportsground Advisory Community Centre Management Committee

Elections are held biannually on the second Saturday in October and are subject to electoral procedures as governed by the Local Government Act. Voting at Council elections is not compulsory, however participation by residents in elections is vital to the effectiveness of Local Government. Residents not included in the State Electoral Roll should contact the Western Australian Electoral Commission.

Council Meetings are generally held on the third Tuesday of each month except in January where no meeting is planned. All ordinary Council meetings commence at 7.00pm. Minutes of the meetings are available at the Council offices in Wagin, or by visiting our website www.wagin.wa.gov.au.

Management

Chief Executive Officer
Deputy Chief Executive Officer
Manager of Finance
Manager of Works
Environmental Health Officer
& Building Surveyor

Peter Webster
Brian Roderick
Tegan Hall
Allen Hicks

Gordon Tester

Auditor

Butler Settineri
Unit 16, First Floor
Spectrum Offices
100 Railway Road (Cnr Hay Street)
Subiaco WA 6008

Bank

National Australia Bank
Tudor St
Wagin WA 6315

SHIRE PRESIDENT'S REPORT

It is with great pleasure that I present to you, the Shire of Wagin's Annual Report for the year 2017/2018.

In the reporting year there was a significant change in Council members with Council elections held in October 2017. Councillors Ian Cumming, Gerard Hegarty, Cliff Brockwell and Amanda Howell chose not to re-nominate and Dale Lloyd resigned during the year. I would like to personally thank these members for their dedicated service to the community of Wagin, particularly Councillor Cumming who served on Council for twenty seven years.



The October elections saw new Councillors Bryan Kilpatrick, Sherryl Chilcott, Lyn Lucas, David Reed and Denise Patterson elected to Council, we also welcomed back Councillor Greg Ball who was elected as the Deputy President. I would like to congratulate and thank all the new members for coming on board and I look forward to working with them to serve this wonderful community.

Councillors and staff have worked diligently throughout the year to provide for the needs of the community whilst continuing to plan for the long-term future of the Shire. During the year Councillors and Management undertook a thorough review of the Shire's Community Strategic Plan and Corporate Business Plan. The review included an extensive community consultation process that comprised a community survey and public forums. The feedback from the community was invaluable and underpins this blue print for the future of the Shire.

Council continues to work with its neighbouring local government authorities; the 4WDL partnership with the Shires of Williams, West Arthur, Woodanilling, Dumbleyung and Lake Grace continues to provide results.

Council again has been active over the last year to accommodate our community. Our aim is to maintain and improve its facilities both in the town site and rural areas.

Significant projects and achievements during 2017/2018 were:

- Undertaking and completion of an extensive capital road works program
- Undertaking and completion of an extensive footpath and kerbing program
- WANDRRA flood damage repairs to the Shire's road network
- Ballaying Bridge replacement
- Completion of the Airstrip Hangar for aircraft maintenance facility/business
- Upgrades to major plant items
- Establishment of a Community Gymnasium
- Major Townscape Upgrades
- Noring Lake Infrastructure Upgrades
- Information Technology and Server Upgrades at the Administration office

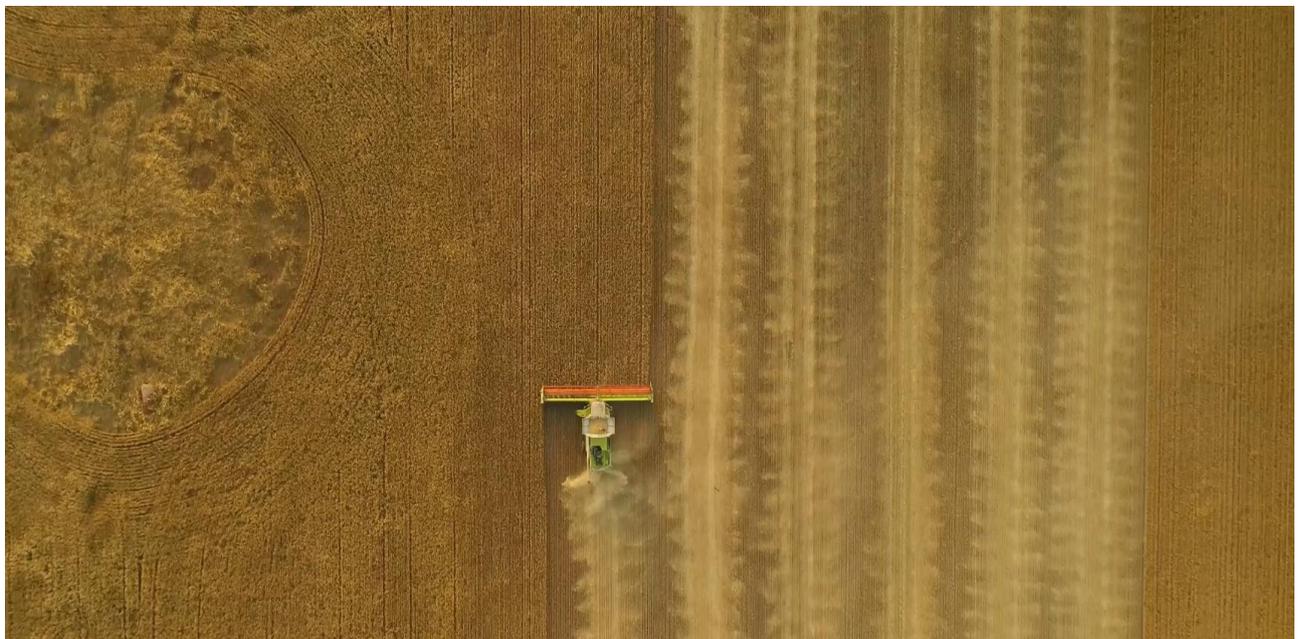
Council assisted the Wagin Agricultural Society hold another very successful Woolorama and we also provided assistance to many community and sporting club events throughout the year. This included Anzac Day, Australia Day breakfast, Gymkhanarama, Two Wheels to Wagin and Model Jets National Championships.

The Shire held a BBQ at the Wagin Swimming Pool for all community and club volunteers, it was very appropriate that the Shire acknowledged the many volunteers in the Wagin Shire that give up an enormous amount of time for the community.

The Shire of Wagin remains in a sound financial position with good reserve levels and low debt levels, however we will continue to undertake extensive financial planning to maintain community service levels and Council's extensive infrastructure and asset network.

I would like to take this opportunity to thank my fellow Councillors, Senior Management, Staff and Volunteers for their hard work and dedication to the Shire of Wagin.

Cr Phillip Blight
Shire President



CHIEF EXECUTIVE OFFICER'S REPORT

It is with pleasure that I present the 2017/2018 Annual report for the Shire of Wagin.

The 2017/2018 Annual Budget was adopted by Council at a special meeting in August 2017. This incorporated an overall increase in rates of 4%. Council retained the option offering a 5% discount for rates paid in full within 35 days of being issued and this again proved popular.



ECONOMIC DEVELOPMENT

During the year under review a number of significant developments occurred in Wagin. These included:

- Airport – Council has been approached by a Licenced Aircraft Mechanical Engineer (LAME) about setting up in Wagin. Council have constructed a hanger for this LAME and he has signed a lease for the building. We also received Regional Airport Development Scheme (RADS) funding for cones and gables which has improved the appearance of the airfield.
- Town Centre Land – Council has purchased the land on the corner of Tudhoe St and Trench St for development of a town park / parking area. There is still one small block to negotiate on and once obtained, planning for the area will begin.
- Sports Precinct – Several meetings were held seeking community and sporting club input into the upgrade of sporting facilities in Wagin. Good numbers attended these workshops.
- Bridge works – Council undertook the upgrade of the bridge on Ballaying South Rd. This project was funded by Main Roads of WA using both Council and contract workers.

WASTE MANAGEMENT

Council continues to work on this issue with a number of changes occurring during the year under review. Great Southern Waste has the waste tender for a further 5 years with an option of a further 5 years. They have also taken over the management of the Waste Site. The new contract also involved the introduction of a third, green waste, bin.

FUTURE

There are many issues that the Council will need to consider/address over the coming years. Some of these include:

- Heavy Vehicle movements within and around the Shire of Wagin.
- Development of a Rural Planning Strategy.
- Continued upgrade and expansion of Airport facilities.
- Recreation Sportsground Precinct Plan.
- Further bridge upgrades using Main Roads of WA funding.

Any community comment on these issues or any other issue that residents wish to raise would be welcomed.

SHIRE STAFF

The turnover of Council staff, both inside and outside, has been minimal during the year under review with only 2 people leaving the Shire's employment. Both of these former employees went on to other jobs one in mining and the other to another local government in the area. We also welcomed Hannah George as the Shire's 2018 Administration Trainee.

CONCLUSION

Council has received a good Audit Report again, however, caution is needed as the situation could change quickly if not monitored carefully.

I believe that there is a real challenge for all residents of the Shire to progress the area. We have seen some of this progress over the past few years with Gilmac coming to town, Unigrain expanding and improving their facilities, Wagin Duck & Game increasing production and CHB continuing to expand. I see enormous potential for the community, Shire, and local business to work hand in hand to ensure the long-term future of this area.

I would like to take this opportunity to thank Council for their dedication and work that they have put in during the period under review and specially acknowledge the work throughout the year by Shire President, Cr Phillip Blight. I would also like to thank Senior Staff - Brian Roderick, Allen Hicks and Tegan Hall for their work effort and input into helping to manage this Shire.

I would also like to acknowledge the other staff both inside and outside whose hard work and dedication also needs special mention.

Peter Webster
Chief Executive Officer



Wagin Historical Village

CORPORATE SERVICES REPORT**ANNUAL FINANCIALS AND AUDIT REPORT**

Council's Annual Financial Report for 30 June 2018 was audited by Marius van der Merwe of Butler Settineri. A copy of the Annual Financial Report and Audit Report is tabled later in this report.

FREEDOM OF INFORMATION ACT

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2017/2018 no applications were received for information under the terms of this legislation.

EMPLOYEE REMUNERATION

Set out below is, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more –

	2017/2018	2016/2017
Salary Range \$100,000 - \$110,000	1	1
Salary Range \$140,000 - \$149,999	1	1

OTHER STAFF SALARIES AND NUMBERS

Salary Range	Number
\$ 10,000 - \$ 50,000	18
\$ 50,001 - \$ 75,000	18
\$ 75,001 - \$100,000	2

Staff numbers are as follows:-

Inside / Pool / Rec	11 full time 4 permanent - part time 1 trainee 2 casual
Outside Staff/Cleaner	14 full time 3 permanent – part time 2 casual
HACC	3 permanent - part time 14 casual

NATIONAL COMPETITON POLICY

Local Governments are required to report their progress in implementing National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership. Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest. A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

In accordance with Council's responsibilities under the Clause 7 statement relating to competitive neutrality, the Shire of Wagin has reviewed its activities in line with advice from the Local Government Department Circular No 806 and has found that none of its activities have been found to fit the "Significant Business Activity" category for competitive neutrality requirements.

Legislative Review

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The Annual Report is to include a statement of which local laws have been reviewed; the conclusions of those reviews and a forward strategy for all local laws are still to be reviewed.

No new Local Laws were created in 2017/2018 or any existing Local Laws reviewed.

The Shire of Wagin did not privatise any activities in 2017/2018 consequently there were no obligations to report in this area.

State Records Act 2000

State Records Commission Standard 2 (Record Keeping Plan), Principle 6 (Compliance) states that the government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Record Keeping Plan.

Council is required to report progress with complying with this Principle in its Annual Report.

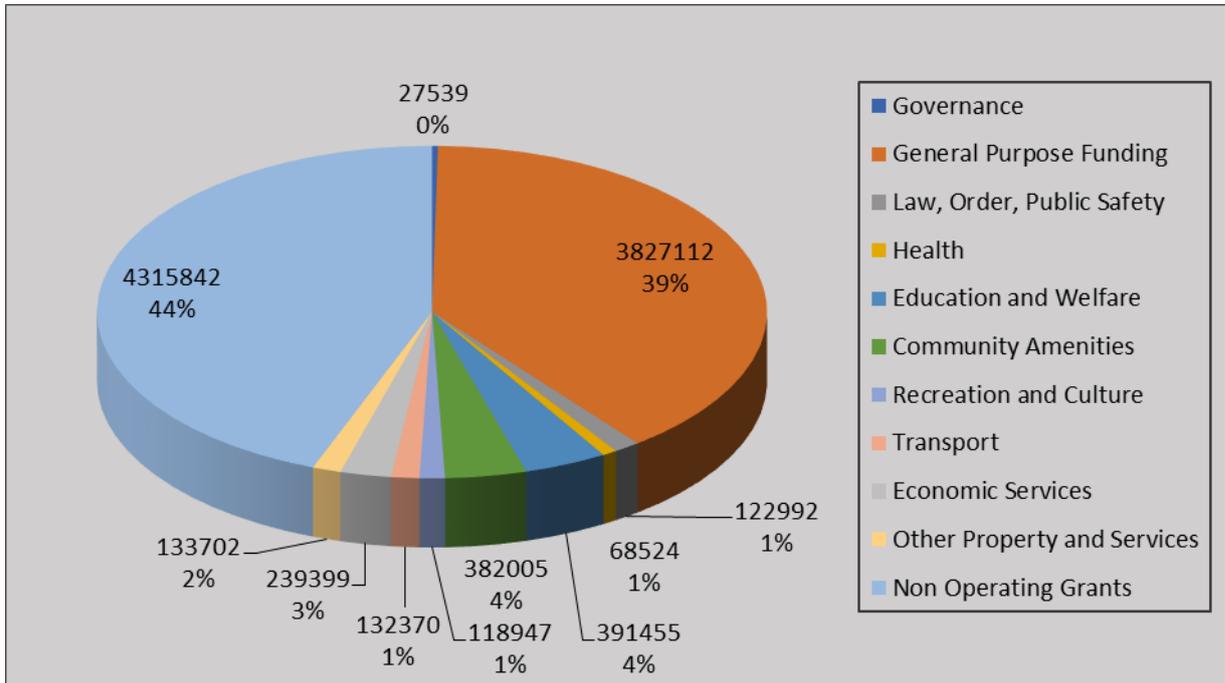
The Shire of Wagin Record Keeping Plan was endorsed by the Commission during 2003/2004. Staff are continually working on implementing the strategies outlined in this plan. As part of the refurbishment of the Administration Centre a dedicated archives area was established in 2008/2009. In 2014/2015 a further area off site was established to hold records in an effort to keep the Administration Centre clear of storage.

Council's Administration Officer – Records and Executive Assistant is delegated the task of maintaining the filing and record system of the shire and attend appropriate training courses and seminars to help build skills and knowledge of this function. Council is also guided by its Record Keeping Plan to maintain compliance with the State Records Commission. This plan was comprehensively reviewed and updated in the 2017/2018 financial year, the next review will now take place in 5 years.

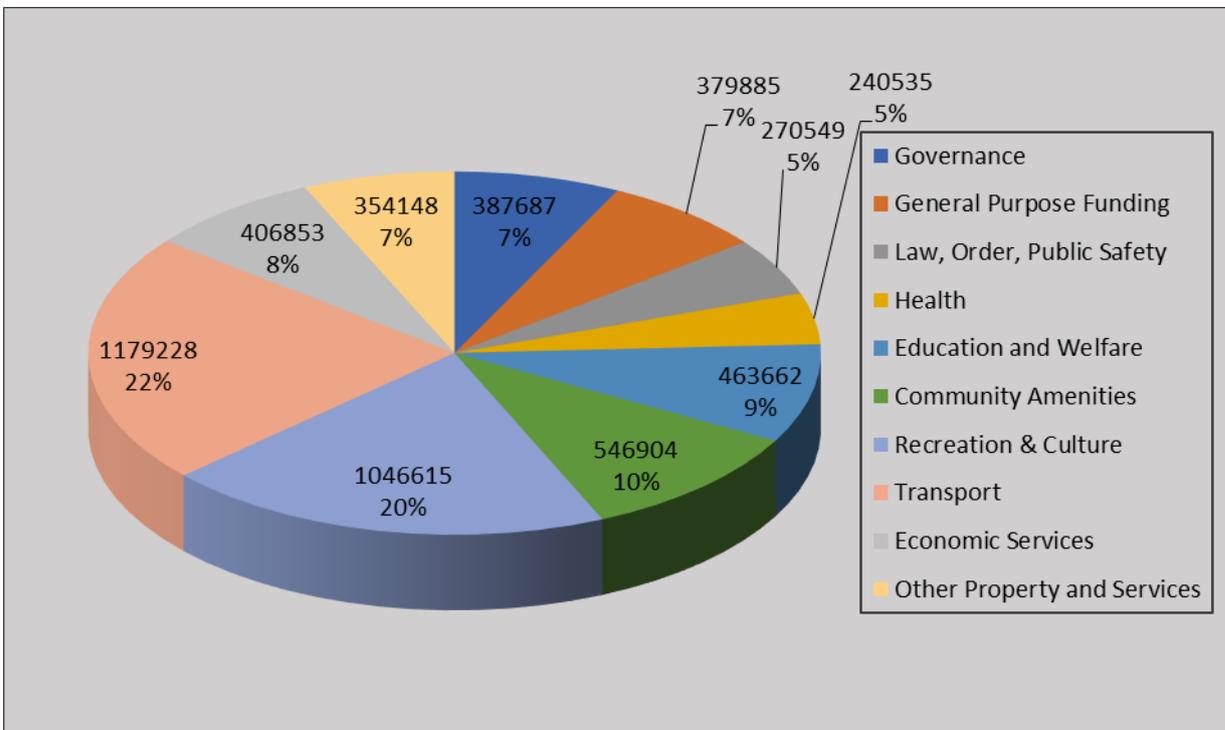
Equal Opportunity

The Shire of Wagin is committed to providing a workplace where every individual is treated with respect in an environment free of discrimination. In 2013/2014 the Shire adopted a Staff Equity and Diversity Framework outlining its obligations and expectations under the Western Australian Equal Opportunity Act 1984.

TOTAL OPERATING INCOME BY PROGRAM



TOTAL OPERATING EXPENDITURE BY PROGRAM



INTEGRATED PLANNING AND REPORTING FRAMEWORK

Community Strategic Plan and Corporate Business Plan

Council adopted its Community Strategic Plan and Corporate Business Plan in July 2013, in the reporting year 2017/2018 there was a major review carried out of the plans.

The review included an extensive period of community engagement and consultation, the following 5 key areas of importance, concern and aspiration were re-enforced from community feedback:

- Economic Development
- Buildings and Infrastructure
- Community Services and Social Environment
- Town and Natural Environment
- Council Leadership

These key areas will guide Council's decision making and service development as Council plans for the future.

A number of other plans were also reviewed support the Community Strategic Plan and are an integral part of the Integrated Planning and Reporting Framework. These include

- A 15 Year Long Term Financial Plan
- A Building and Structures Asset Management Plan
- A Roads and Bridges Asset Management Plan

Community Strategic Vision

To have a community where individuals, families and businesses can invest and prosper, preserving the safe, affordable and inclusive country lifestyle and ensuring that Wagin is a place people like to live in and visit.

Council's Mission and Philosophy

To be a focused Local Government providing progressive and innovative leadership that builds a sustainable future while supporting a vibrant and caring community.

Council's Guiding Values

- Governance and Leadership
- Honesty and Integrity
- Innovation and Creativity
- Community Focused Environmentally Aware

Key Results Areas

These areas were originally derived from engagement with the Wagin Community and other key stakeholders to guide the strategies and activities that will guide delivery of the vision for the future. They are built on the results of the Community engagement strategies carried out in 2012 /13 and are consistent with responses with a greater emphasis on heritage, town presentation and economic development. The key results areas below were reviewed by Council in early 2018 and amended accordingly. Over the ten years of this plan we will endeavour to address these issues in the most affordable and sustainable manner where we have the ability and mandate, and to lobby or support initiatives where we do not have jurisdiction.

1. Economic Development	2. Buildings and Infrastructure	3. Community Services and Social Environment	4. Town and Natural Environment	5. Council Leadership
1.1 Increase in the number and diversity of businesses in the town and district.	2.1 Improve road conditions on all Shire and State roads.	3.1 Keep the family-friendly country lifestyle, community spirit, safe community with low crime rate.	4.1 Improve main street appearance to encourage travellers and tourists to stop.	5.1 Support and provide incentives for more businesses and retail opportunities.
1.2 Support more job/ training opportunities, especially for young people.	2.2 Explore heavy vehicle movements through the townsite.	3.2 Retain the school & hospital and grow health, Doctor services, allied health & aged care services.	4.2 Improve town entry statements.	5.2 Foster communication with the community.
1.3 Increase tourism and promotion of town and heritage.	2.3 Improvement in condition and appearance of the main streets of the town with improved signage.	3.3 Housing, job and training especially for young people.	4.3 Maintain & improve natural environment and recreation areas.	5.3 Plan services and activities based on sustainability, affordability and resources.
1.4 Broadband and other associated electronic media infrastructure.	2.4 Continue to upgrade Footpaths in town.	3.4 Wagin Community Recreational Hub.	4.4 Improved waste management in town and Shire.	5.4 Encourage more volunteering.
1.5 Make available low cost industrial and business land and accommodation.	2.5 Refine Infrastructure to support arts, culture and entertainment.	3.5. Youth focus on services and recreation development including coordination of effort across the Shire/Region.	4.5 Look at increasing the number of suitable trees within the townsite to enhance the tree canopy in particular the CBD.	5.5 Be responsive to community aspirations.
1.6 Aid retention and encourage more Government Services in Wagin.	2.6 Greater care and restoration or preservation of heritage buildings.	3.6 Foster and support Woolorama and other events, cultural and other entertainment opportunities.		
1.7 Support and promote Wagin as a business opportunity.	2.7 A safe fenced playground for children in a park environment.	3.7 Provide and support more community resources and facilities as required.		
1.8 Investigate and Facilitate alternative waste management services.	2.8 Secure identified key land in the town.	3.8 Investigate to establish WiFi Hotspots.		
	2.9 Investigate planning and development of sporting facilities.	3.9 Promote and Enhance the Wagin caravan and camping experience.		

COMMUNITY SERVICES REPORT

TOWNSCAPE

The Townscape Committee has again been active during the reporting year with a number of townscape initiatives and projects completed.

The final directional sign panels were installed, and the Shire erected new boundary signs.

The Tavistock Street upgrade was a significant project undertaken in the year, with six new rock planter boxes planted in the new medium strip. The Committee and Council engaged a Narrogin horticulturist to carry out tree planting and street upgrades in the new financial year.

The Shire acquired key vacant land in the main street CBD and have had plans drawn up for future development.



Tavistock Street



RAC Road Safety Mural

The Shire was fortunate to receive a RAC grant to paint a road safety mural on the Bankwest western wall. Artist, Mason Roberts, was engaged to create a mural with the road safety message around mobile phone use whilst driving.

HEALTH AND AGED CARE

Home and Community Care (HACC) services for the financial year 2017/2018 saw 70 plus clients from Wagin and West Arthur receive services.

HACC held a very successful Seniors Christmas Lunch, this proved very popular with the elderly in Wagin with some 100 plus people in attendance.

Centre Based Daycare was again well attended throughout the year, held Monday fortnightly, many clients enjoyed activities, refreshments and a chance to interact.

The Shire of Wagin was lucky to secure Sabrina Hahn to travel to Wagin to present a workshop on Water Wise Gardens. We had received some funding from the Dept of communities to run a group of workshops focused on the issue raised by the more senior members of our community. The event was extremely well attended, with 65 people present and a large group requesting a repeat next year – on a different gardening topic.

The Shire received funding to hold a number of workshops aimed at seniors and HACC clients, the workshops included gopher maintenance and road rules, wills and power of attorneys, phone scams and being water wise.



Sabrina Hahn

The HACC staff and volunteers need to be acknowledged for the outstanding work they do with aged people here in Wagin.

ASSET MANAGEMENT

Staff continued to carry out essential maintenance and upgrades on Council's asset base, this maintenance work is essential to ensure the asset continues to service the community well into the future. Council employees a building maintenance officer who carries out preventative, routine and emergency maintenance work on all Shire building assets.

As part of the Integrated Planning and Reporting the Shire's Asset Management Plan was reviewed and updated.

COMMUNITY EVENTS

Christmas Street Carnival

The 2017 Christmas Street Carnival was a great success – due to added financial support from Lotterywest and Wagin Action Group.



Wagin Christmas Street Carnival

The crowd was very engaged and happy with the carnival; all verbal reports have been favourable towards the extra entertainment on the night, particularly with families. The atmosphere was very lively for the evening with a large percentage of the crowd staying on to enjoy the last moments of an enchanting evening.

Two Wheels to Wagin

Council again supported the Two Wheels to Wagin Motorcycle Dice Run from Perth to Wagin. The event fundraises and supports suicide prevention and awareness, it was a terrific event and congratulations must go again to organisers Ferret, Locko and their committee.



Two Wheels to Wagin

Model Jets – Wesjets Great Southern Rally

As the smell of Jet fumes drifts away from Wagin Airfield the weekend will be remembered as the most enjoyable Jet Flying event in WA history. Record numbers of pilots were treated to non-stop Jet flying action from Friday 1200 through to late Sunday afternoon with perfect weather conditions throughout.

It was great to see the skill level of all pilots improve during the weekend, taking full advantage of the wide-open space that Wagin has to offer. A wide variety of aircraft were put through their paces from small scale EDF, Sport Jets to large scale aircraft with well over 40 models flown over the weekend. During this general fun fly weekend huge crowds of the local communities visited and were treated to a great show of the hobby.

Light aircraft flew in to spectate the Jets which also allowed interested parties to have a close look at full size aircraft. This added to the enjoyment of the weekend and cooperation between the full-size aircraft pilots and the RC pilots allowed the weekend to go off with-out a hitch. Children visiting the airfield were gifted with a free chuck glider kindly donated by Ace Radio Control Models. It was great to see large groups of children during the weekend, having fun with these models and also enjoying Aviation in general. Some children also being fortunate enough to have their first flight in a light aircraft. Wesjet comradery was at an all-time high throughout the weekend and I am sure all agree that there was only positive comments heard by all. The Wesjet event was well supported by the all its members, the Shire of Wagin, The Wagin Aero Club and Wagin Aero Services.



Model Jets

Thank a Volunteer BBQ Function

The Thank a Volunteer Function was held on Friday 16th February at the Wagin Memorial Swimming Pool. It was another great evening with some 40 plus volunteers and community members attending. The Shire received \$1,000 in funding from the Department of Local Government and Communities to hold the event and acknowledge the wonderful and dedicated volunteers in our community.



Australia Day Award Recipients

Australia Day Awards

The service clubs of Wagin in conjunction with the Shire held the 2018 Australia Day breakfast and awards. A glorious morning enabled the community to come together and celebrate our national day. We were all privileged to hear from our 2018 Australia Day ambassador in Professor Ralph Martins.



Council would like to acknowledge this year's award recipients - Howard Ward in the category of Citizen of the Year and Warren & Emily Holt in the category of Sportspersons of the Year. Congratulations to the winners.

Scale Aerobatics National Championships

Some of Australia's best radio-control pilots and three world-class competitors gathered at Wagin Airfield for three days for the Australian Scale Aerobatics Association National Championships in September.

Fantastic crowds watched breathtaking freestyle routines pulled off by some of the best radio-control pilots showing off the extremes of aerobatic maneuvers.

The Shire of Wagin was thrilled and proud that Wagin had been chosen to host this the national championships and they were please they could support the event

TOURISM, PROMOTION AND ECONOMIC DEVELOPMENT

The Tourism and Promotion Committee was again active during the reporting year. The Committee again manned a Shire of Wagin Tourism stand at the Perth Caravan and Camping Show, this was again successful with the Shire's new tourism video on display.

The Shire and Committee established a new tourism alliance with the Shire's of Dumbleyung and Lake Grace. This alliance is seen as a great opportunity to promote each other's Shire and combine resources, promotions and advertising. This new union will be actively progressed next reporting year.

Again, we had a number of model jets events at the Wagin Airstrip and RV / Caravan Clubs staying in the RV park, all these events and visitors leads to valuable dollars spent in the town.

The Wagin Agricultural Society held another very successful Woolorama and again Council supporting the event with its work force before, during and after the event.



Woolorama 2018

Jurek Leon – Customer Service Workshop

Customer Service workshops were sponsored by the Shire of Wagin and the Wagin Chamber of in September last year and were hosted by Jurek Leon. This included a sundowner for the local businesses, it was a successful program with thirteen business owners attending and seventeen employees.

Norring Lake Development

The Shire oversaw a \$40,000 upgrade to both the Ski and public areas of Norring Lake. This included erection of new shelters, toilets, picnic tables and seating, signage and a general clean-up of the areas. This was made possible through a Lotterywest grant of \$25,000 and a very generous \$10,000 contribution form the Wagin Action Group.



Norring Lake Upgrades

WAGIN LIBRARY AND GALLERY

Shire of Wagin Librarian, Stephanie Dimmock and her staff of Tina and Graeme continues to promote and grow library services for the benefit of the community. The Library held numerous events throughout the reporting period, this included:

Community Engage Program Sessions, National Science Week display and activities, Children's Book week and National Numeracy and Literacy Week and the Great Book Swap to name a few.

Rhyme Time and Story Time sessions for pre-school children continued through the year, Stephanie continues to provide valuable library services to Waratah Lodge residents including this year a Collated Book Writing project. Members of the Wagin Book Club continue to regularly meet, and the Friends of the Wagin Library and Gallery were very active in supporting the Library throughout the year. This included the creation of the "Little Community Garden" in the grounds of the library.

Library Statistics for the Year

- 4,406 patron visits;
- 40 new borrowers joined the library;
- 432 inter-library loan requests from Wagin Library & Gallery patrons.
- 101 requests for information searches undertaken for Wagin library patrons by library staff;
- 35 public access computer users;
- 205 community members enjoyed free tea or coffee in the library;
- 96 community members and library patrons reading and relaxing in the library.

SPORT AND RECREATION

Wagin Swimming Pool

Pool Manager, Jen Bannerman, presided over another very successful pool season with a total of 10,589 entries for the year. This was down from the previous year, due to various reasons.

Jen should be congratulated for her efforts and dedication this year and her report is below:



Wagin Memorial Swimming Pool

Swimming Events

Great Southern Swim Trials, Twilight Swim meet, Wagin School carnival, Wagin High School sport classes and year end swim in December, Swim lessons (Vacswim and School) Dolphin swim club and the Narrogin Accessibility group brought clients down for a day.

Pool Events

Open season sausage sizzle, Fun night with inflatable obstacle course and sausage sizzle, Thank A Volunteer barbeque, Narrogin Little Athletics season windup BBQ and swim, Dolphins season windup BBQ and swim and last day of season sausage sizzle.

Swim Teachers/ Community Room

First Aid Course geared towards motorbike Riders, held by St John Ambulance, Netball AGM held, Kids birthday party and the Community Gym opened on the 1st of March.

Facebook page

The most popular post was of the morning lap swimmer's accomplishments and the Pangler's winning the lap trophy. The page was opened late October and has a total of 236 followers. It has proven to be a good instrument for the community to contact the pool whether through messaging, or just obtaining the pool number, or keeping up to date with events going on.

Other

A very quiet season this year in regard to pool bans. Only a few temporary bans for disobeying rules and not leaving when asked. The longest this season was 3 weeks due to disruptive behaviour and then mouthing off when repeatedly asked to vacate the premises. Let's hope this continues getting lower and lower each season.

There a lot of items that needs to be repaired and looked at before the next season with both pools, plant, the building, shade sails, pavers, blanket buddy etc. A full list of maintenance items has been provided to management by the pool manager.

Overall it was another great season, people come from all over and mention how great a facility we have and that "it is worth driving to". What a great compliment.

Wagin Recreation Centre and Sportsground

The Wagin Recreation Centre again had another solid year with Recreation Centre Manager Kim Hough continuing to provide a range of sports for the community.

Sports and activities included both senior and junior netball, indoor soccer, AFL, cricket, badminton, volleyball, tennis, indoor and outdoor hockey, School sports, fitness programs, yoga and the Noongar sports program. Netball is going from strength to strength with an increase in Wagin Netball games fixtured at the Rec Centre and the re-emergence of mixed netball.



Wagin Gymkhanarama

The Wagin District High School held a very successful Inter-School athletics carnival at the Wagin sportsground, the Shire assisted in the preparation and set up of the oval.

The Wagin Pony and Riding Club held another successful Gymkhanarama equestrian event at the Wagin Showgrounds. The equestrian event again attracted many riders from all over the state. Congratulations to the Wagin Pony Club on holding the event, Council supported the event with in-kind support from our Shire works staff.

Wagin Community Gymnasium

The Wagin Community Gym officially opened on the 1st of March 2018, located at the Wagin Swimming Pool community room, staff spent many months planning the facility and were delighted with the end product.

The community have embraced the gym with some one hundred plus members joining, the community gym is a great success story and it is provided as part of Council's on-going objectives to provide the community with health and well-being options and facilities.



New Community Gymnasium

EMERGENCY MANAGEMENT

The Shire continues to be active with Emergency Management matters.

Bushfire Brigades

Wagin Bushfire Brigade Annual General Meeting was held at the Wagin Shire office on the 28th of March – with a good turnout of 18 people attending. The elections resulted in a near full capacity of members, with the only vacant seat being Deputy number 3 – all other positions rolled over as of last year.

The General meeting was held straight after the above – with all members remaining for the follow up. The general meeting discussed many items – including an overview of the table top training exercise which was held in October last year – which highlighted several tips useful for the locals. The Shire was also successful in obtaining an additional amount of funding for PPE which had previously not been financially affordable – boots – and we now have a good supply for any brigade members who require them.

The Shire – with financial assistance from DFES – have created a Bushfire Risk Management plan for the shire – which identifies locations which are a greater risk of bushfire – and puts in place a plan to reduce this risk.

Because of the Risk Management Plan the Shire has applied for and received funding of \$220,000 for mitigation work to be carried out at Mt Latham, Piesseville and the reserve which contains the Go-Kart track. The clearing work at Piesseville will be carried out by the local brigade as an exercise – date to yet be set. The clearing work at Mt Latham – we are checking on some local fauna issues we may need to work around – date to be set. The clearing at the reserve can be done at a suitable and safe time.

A very worthwhile and successful bushfire brigade training afternoon and pre-season BBQ was held on Friday 27th October. The table top exercise was conducted by DFES and enabled all that attended to engage and participate in the exercise. The training session was attended by nearly 30 volunteers, BBQ and refreshments were enjoyed by all after the session



Local Emergency Management Committee

The Local Emergency Management Committee met in April 2018 and again in October 2018 – with a good turnout to both meetings.

The April meeting highlighted concerns with several issues – with St Johns being concerned about the 2 large planned events in town (Woolorama and the National and State Go-Kart titles) and the availability of a local doctor with hospital access.

Wagin Shire applied for – and received funding – to create 6 risk management plans for hazards which may affect the community – after discussion with the group, the agreed hazards for Wagin are:

- Earthquake
- Flood
- Storm
- Bushfire
- Animal and Plant Biosecurity
- HAZMAT – chemical

There will be a meeting in March 2019 to go over the 6 PowerPoints and work out the specifics of the presented scenario – and the plan to deal with the hazard, laying out the steps to be taken and who takes which steps.

The current Local Emergency Management Arrangements are due for an update – this is currently in the process of being completed.

DISABILITY ACCESS AND INCLUSION PLAN (DAIP)

The new DAIP yearly review was completed in accordance with legislation. Staff and Council continue to adhere and monitor actions outlined in Council's DAIP that was completely reviewed in 2016.

Council again completed an extensive footpath upgrade works within the townsite as per the Shire's Footpath program and the 2017/2018 budget.



New Footpath

WORKS AND SERVICES REPORT

The Works and Services Division covers a diverse range of functions and service provision and is responsible for the management of the Towns infrastructure assets including roads, footpaths, parks, reserves, stormwater drainage, street trees and cemetery.

CAPITAL WORKS

Capital Roadwork's form a major portion of the Council's annual budget expenditure. Council has in recent years followed a stringent program of resealing works which is aimed at preserving Council's existing sealed road assets. A Ten Year Road and Plant Replacement Program has been developed for future works. Major works that were completed for this year included:

- Reseals on Bullocks Hills, Bockaring, Dongolocking and Beaufort Roads.
- Gravel Sheeting of Becker, Cails, Flagstaff and Heights Roads.
- Other road construction work to Dongolocking, Piesseville Tarwonga, Jaloran, Beaufort, and Airfield Roads, Tudor, Sirdar, Tavistock Streets, Usil Lane and Rifle Street North.
- The upgrade and expansion to the town's footpath network continued with new footpaths on Traverse and Trimdon Street and Usil lane.
- Council works crew also undertook drainage work around the town site and the new Ballaying Bridge was completed well within budget.



Ballaying Bridge

ROAD MAINTENANCE

Grading, rolling, cleaning of drainage and culverts on Council's roads are performed throughout the Shire as part of the Councils maintenance program. Tar patching roads and replacing white posts were also a high priority as was street tree maintenance and weed spraying in both the town site and rural areas.

STORM DAMAGE – SHIRE ROAD NETWORK

The Shire continued work on repairing the road network as a result of the major flood damage event in February 2017.

Works commenced in June 2017 and has continued throughout the whole reporting period, the majority of the work has been carried out by contractors under the guidance of Core Business Australia, however Council works staff have also carried out repair work.

The costs of the extensive repair works will be reimbursed under the federal governments WANDRRA program, however Council picked up the first \$154,000. The total repair costs will be in excess of \$4,000,000.



Road Repairs

RANGER SERVICES

The ranger has maintained a high level of service to the district. Regular patrols for stray animals, unregistered off-road vehicles, litter control and damage to nature reserves. WA Contract Ranger Services continued to assist our part-time Ranger with dog control, compliance and issues, this has resulted in an increase in community compliance.

PLANT / MACHINERY

It was a relatively busy year with Council's fleet of plant and machinery. There were a few minor break downs, this can be attributed to the ongoing regular servicing and maintenance of Council's plant and equipment. Major plant purchases included a new Komatsu Loader and works utility, the budgeted 13 tonne tipper truck was deferred to the 2018/2019 financial year.



Komatsu Loader

PARKS, GARDENS AND OVALS

A significant amount of resources and staff time goes into the up-keep and maintenance of the Shire's parks, gardens and sports oval/facilities. Our Town crew have done a fantastic job ensuring these very important recreational areas look their best.



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

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COMMUNITY VISION

To have a community where individuals, families and businesses can invest and prosper. preserving the safe, affordable and inclusive country lifestyle and ensuring that Wagin is a place people like to live in and visit.

Principal place of business:
2 Arthur Road
WAGIN WA 6315

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 9th day of November 2018.



Peter Webster
Chief Executive Officer

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	18(a)	2,222,880	2,233,884	2,138,200
Operating grants, subsidies and contributions	2(a)	1,918,260	1,196,071	3,667,996
Fees and charges	2(a)	727,954	760,826	649,216
Interest earnings	2(a)	44,738	48,432	57,452
Other revenue	2(a)	530,213	350,503	449,813
		5,444,045	4,589,716	6,962,677
Expenses				
Employee costs		(2,493,108)	(2,385,932)	(2,300,546)
Materials and contracts		(998,151)	(1,087,002)	(2,019,347)
Utility charges		(346,799)	(358,745)	(345,621)
Depreciation on non-current assets	9(b)	(1,073,088)	(982,610)	(1,067,821)
Interest expenses	2(b)	(40,587)	(40,853)	(41,541)
Insurance expenses		(174,756)	(178,039)	(179,743)
Other expenditure		(190,164)	(166,753)	(214,682)
		(5,316,653)	(5,199,934)	(6,169,301)
		127,392	(610,218)	793,376
Non-operating grants, subsidies and contributions	2	4,315,842	4,312,374	1,081,022
Profit on asset disposals	9(a)	3,851	3,000	16,047
(Loss) on asset disposals	9(a)	(35,619)	(73,063)	(55,733)
Net result		4,411,466	3,632,093	1,834,712
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	57,167,194	0	595,268
Total other comprehensive income		57,167,194	0	595,268
Total comprehensive income		61,578,660	3,632,093	2,429,980

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

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Governance		27,539	6,000	19,003
General purpose funding		3,827,112	3,110,362	5,453,969
Law, order, public safety		122,992	98,260	76,263
Health		68,524	64,704	92,550
Education and welfare		391,455	399,432	394,379
Community amenities		382,005	390,184	368,735
Recreation and culture		118,947	140,384	162,127
Transport		132,370	124,970	200,900
Economic services		239,399	86,700	82,395
Other property and services		133,702	168,720	112,356
		5,444,045	4,589,716	6,962,677
Expenses				
Governance		(387,687)	(389,200)	(333,531)
General purpose funding		(379,885)	(387,029)	(405,260)
Law, order, public safety		(270,549)	(240,370)	(263,174)
Health		(240,535)	(241,888)	(229,503)
Education and welfare		(463,662)	(482,777)	(400,786)
Community amenities		(546,904)	(551,409)	(577,353)
Recreation and culture		(1,046,615)	(1,023,288)	(1,101,984)
Transport		(1,179,228)	(1,191,892)	(1,241,954)
Economic services		(406,853)	(241,778)	(284,746)
Other property and services		(354,148)	(409,450)	(1,289,469)
		(5,276,066)	(5,159,081)	(6,127,760)
Finance Costs				
Recreation and culture	2(b)	(22,911)	(23,083)	(21,878)
Economic services		0	0	(586)
Other property and services		(17,676)	(17,770)	(19,077)
		(40,587)	(40,853)	(41,541)
		127,392	(610,218)	793,376
Non-operating grants, subsidies and contributions	2(a)	4,315,842	4,312,374	1,081,022
Profit on disposal of assets	9(a)	3,851	3,000	16,047
(Loss) on disposal of assets	9(a)	(35,619)	(73,063)	(55,733)
		4,284,074	4,242,311	1,041,336
		4,411,466	3,632,093	1,834,712
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	57,167,194	0	595,268
Total other comprehensive income		57,167,194	0	595,268
Total comprehensive income		61,578,660	3,632,093	2,429,980

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

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

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	1,672,502	2,428,840
Trade and other receivables	5	1,244,033	326,780
Inventories	6	40,543	27,135
TOTAL CURRENT ASSETS		2,957,078	2,782,755
NON-CURRENT ASSETS			
Other receivables	5	198,487	219,458
Property, plant and equipment	7	20,299,212	20,416,391
Infrastructure	8	99,668,745	38,146,441
TOTAL NON-CURRENT ASSETS		120,166,444	58,782,290
TOTAL ASSETS		123,123,521	61,565,045
CURRENT LIABILITIES			
Trade and other payables	11	414,696	361,587
Current portion of long term borrowings	12(a)	60,969	66,478
Provisions	13	329,114	360,229
TOTAL CURRENT LIABILITIES		804,779	788,294
NON-CURRENT LIABILITIES			
Long term borrowings	12(a)	697,732	758,701
Provisions	13	42,254	17,953
TOTAL NON-CURRENT LIABILITIES		739,986	776,654
TOTAL LIABILITIES		1,544,765	1,564,948
NET ASSETS		121,578,757	60,000,097
EQUITY			
Retained surplus		34,793,675	30,342,324
Reserves - cash backed	4	1,177,376	1,217,261
Revaluation surplus	10	85,607,706	28,440,512
TOTAL EQUITY		121,578,757	60,000,097

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

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

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		28,647,268	1,077,606	27,845,244	57,570,118
Comprehensive income					
Net result		1,834,712	0	0	1,834,712
Changes on revaluation of assets	10	0	0	595,268	595,268
Total comprehensive income		1,834,712	0	595,268	2,429,980
Transfers from/(to) reserves		(139,656)	139,656	0	0
Balance as at 30 June 2017		30,342,324	1,217,262	28,440,512	60,000,098
Comprehensive income					
Net result		4,411,466	0	0	4,411,466
Changes on revaluation of assets	10	0	0	57,167,194	57,167,194
Total comprehensive income		4,411,466	0	57,167,194	61,578,660
Transfers from/(to) reserves		39,885	(39,885)	0	0
Balance as at 30 June 2018		34,793,675	1,177,376	85,607,706	121,578,758

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

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

	NOTE	2018 Actual	2018 Budget	2017 Actual
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,201,917	2,233,884	2,150,371
Operating grants, subsidies and contributions		1,016,805	1,376,612	3,817,669
Fees and charges		727,954	760,826	649,216
Interest earnings		44,738	48,432	57,451
Other revenue		530,215	220,835	449,813
		4,521,629	4,640,589	7,124,519
Payments				
Employee costs		(2,507,422)	(2,385,932)	(2,283,182)
Materials and contracts		(950,684)	(1,186,387)	(2,097,909)
Utility charges		(346,799)	(358,745)	(345,621)
Interest expenses		(40,853)	(40,853)	(41,455)
Insurance expenses		(174,756)	(178,039)	(179,743)
Other expenditure		(190,165)	(166,753)	(214,682)
		(4,210,679)	(4,316,709)	(5,162,592)
Net cash provided by (used in) operating activities	14	310,950	323,880	1,961,927
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(647,960)	(705,000)	(656,755)
Payments for construction of infrastructure		(4,814,935)	(5,212,521)	(1,407,935)
Advances to community groups		0	0	(200,000)
Non-operating grants, subsidies and contributions		4,315,842	4,312,374	1,081,022
Proceeds from sale of fixed assets		120,107	146,000	158,653
Net cash provided by (used in) investment activities		(1,026,946)	(1,459,147)	(1,025,015)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(66,478)	(66,478)	(85,069)
Proceeds from self supporting loans		26,136	26,136	25,273
Proceeds from new long term borrowings		0	0	200,000
Net cash provided by (used in) financing activities		(40,342)	(40,342)	140,204
Net increase (decrease) in cash held		(756,338)	(1,175,609)	1,077,116
Cash at beginning of year		2,428,840	2,428,840	1,351,725
Cash and cash equivalents at the end of the year	14	1,672,502	1,253,230	2,428,840

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

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

NOTE	2018 Actual	2018 Budget	2017 Actual	
	\$	\$	\$	
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
	1,163,994	1,113,067	341,685	
	1,163,994	1,113,067	341,685	
Revenue from operating activities (excluding rates)				
Governance	27,539	6,000	25,756	
General purpose funding	1,604,232	876,478	3,326,358	
Law, order, public safety	122,992	98,260	76,263	
Health	68,524	64,704	92,550	
Education and welfare	395,306	399,432	394,379	
Community amenities	382,005	390,184	371,778	
Recreation and culture	118,947	140,384	162,127	
Transport	132,370	127,970	207,151	
Economic services	239,399	86,700	82,395	
Other property and services	133,702	168,720	112,355	
	3,225,016	2,358,832	4,851,112	
Expenditure from operating activities				
Governance	(387,687)	(389,200)	(336,831)	
General purpose funding	(379,885)	(387,029)	(405,260)	
Law, order, public safety	(270,549)	(240,370)	(263,174)	
Health	(242,195)	(241,888)	(229,503)	
Education and welfare	(463,963)	(482,777)	(400,786)	
Community amenities	(546,904)	(551,409)	(577,353)	
Recreation and culture	(1,069,526)	(1,046,371)	(1,123,862)	
Transport	(1,212,886)	(1,264,955)	(1,294,386)	
Economic services	(406,853)	(241,778)	(285,332)	
Other property and services	(371,824)	(427,220)	(1,308,546)	
	(5,352,272)	(5,272,997)	(6,225,033)	
Operating activities excluded				
(Profit) on disposal of assets	9(a)	(3,851)	(3,000)	(16,047)
Loss on disposal of assets	9(a)	35,619	73,063	55,733
Movement in deferred pensioner rates (non-current)		2,770	0	3,130
Movement in employee benefit provisions (non-current)		24,301	0	(17,551)
Depreciation and amortisation on assets	9(b)	1,073,088	982,610	1,067,821
Amount attributable to operating activities		168,665	(748,425)	60,850
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		4,315,842	4,312,374	1,081,022
Proceeds from disposal of assets	9(a)	120,107	146,000	158,653
Purchase of property, plant and equipment	7(b)	(647,960)	(705,000)	(656,755)
Purchase and construction of infrastructure	8(b)	(4,814,935)	(5,212,521)	(1,407,935)
Amount attributable to investing activities		(1,026,946)	(1,459,147)	(825,015)
FINANCING ACTIVITIES				
Advances to community groups		0	0	(200,000)
Repayment of long term borrowings	12(a)	(66,478)	(66,478)	(85,069)
Proceeds from new long term borrowings	12(b)	0	0	200,000
Proceeds from self supporting loans	12(a)	26,136	26,136	25,273
Transfers to reserves (restricted assets)	4	(302,116)	(603,932)	(321,662)
Transfers from reserves (restricted assets)	4	342,002	617,963	182,006
Amount attributable to financing activities		(456)	(26,311)	(199,452)
Surplus(deficiency) before general rates		(858,737)	(2,233,884)	(963,617)
Total amount raised from general rates	18	2,222,880	2,233,884	2,127,611
Net current assets at June 30 c/fwd - surplus/(deficit)	19	1,364,143	0	1,163,994

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

1. BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads

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

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

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

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

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

2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2017 Actual
	\$	\$
Other revenue		
Other	530,213	449,813
	530,213	449,813
Fees and Charges		
General purpose funding	60,080	54,650
Law, order, public safety	21,883	12,566
Health	6,868	6,440
Education and welfare	61,493	56,635
Community amenities	357,798	346,639
Recreation and culture	65,017	57,793
Transport	5,818	1,291
Economic services	81,102	80,770
Other property and services	67,895	32,432
	727,954	649,216

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
Governance	20,172	17,000
General purpose funding	1,387,686	3,104,059
Law, order, public safety	71,800	59,420
Education and welfare	317,972	326,717
Recreation and culture	40,435	47,300
Transport	80,195	113,500
	1,918,260	3,667,996
Non-operating grants, subsidies and contributions		
Community amenities	0	8,000
Recreation and culture	10,000	18,000
Transport	4,305,842	1,055,022
	4,315,842	1,081,022
Total grants, subsidies and contributions	6,234,102	4,749,018

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 17. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Interest earnings			
- Loans receivable - clubs/institutions			
- Reserve funds	30,074	30,432	30,662
- Other funds	5,465	10,000	18,446
Other interest revenue (refer note 18(c))	9,199	8,000	8,344
	44,738	48,432	57,452

(b) Expenses

	2018	2017
	\$	\$
Auditors remuneration		
- Audit of the Annual Financial Report	11,888	10,574
	11,888	10,574
Interest expenses (finance costs)		
Long term borrowings (refer Note 12(a))	40,587	41,541
	40,587	41,541

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

3. CASH AND CASH EQUIVALENTS	NOTE	2018 \$	2017 \$
Unrestricted		406,742	1,146,391
Restricted		1,265,760	1,282,449
		1,672,502	2,428,840
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	4	152,499	109,787
Plant Reserve	4	273,536	202,959
Recreation Centre Equipment Reserve	4	13,389	11,310
Aerodrome Maintenance & Development Reserve	4	7,988	7,500
Municipal Buildings Reserve	4	116,210	108,529
Administration Centre Furniture, Equipment & IT Re:	4	494	20,000
Land Development Reserve	4	49,515	126,392
Community Bus Reserve	4	14,075	12,205
Home and Community Care Reserve	4	81,013	235,426
Recreation Development Reserve	4	187,019	119,077
Refuse Site / Waste Management Reserve	4	112,034	109,333
Refuse Site Rehabilitation Reserve	4	74,885	53,562
Wagin Water Management Reserve	4	84,718	100,242
Town Drainage Reserve	4	0	940
Electronic Sign Reserve	4	10,000	0
Unspent grants	17	88,385	65,187
		1,265,760	1,282,449

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	109,787	42,712	0	152,499	109,786	42,745	0	152,531	67,856	41,930	0	109,786
Plant Reserve	202,959	90,577	(20,000)	273,536	202,959	5,074	(170,000)	38,033	152,059	50,900	0	202,959
Recreation Centre Equipment Reserve	11,310	2,079	0	13,389	11,310	2,083	0	13,393	13,147	2,174	(4,011)	11,310
Aerodrome Maintenance & Development Reser	7,500	12,886	(12,398)	7,988	7,500	12,888	0	20,388	0	7,500	0	7,500
Municipal Buildings Reserve	108,529	22,681	(15,000)	116,210	108,529	22,713	(75,000)	56,242	120,755	53,436	(65,662)	108,529
Administration Centre Furniture, Equipment & IT	20,000	494	(20,000)	494	20,000	500	(20,000)	500	0	20,000	0	20,000
Land Development Reserve	126,392	3,123	(80,000)	49,515	126,392	3,160	0	129,552	122,895	3,497	0	126,392
Community Bus Reserve	12,205	1,870	0	14,075	12,205	4,305	0	16,510	84,202	11,396	(83,393)	12,205
Home and Community Care Reserve	235,426	21,227	(175,640)	81,013	235,426	5,886	(117,000)	124,312	214,388	36,100	(15,062)	235,426
Recreation Development Reserve	119,077	67,942	0	187,019	119,077	67,977	(115,000)	72,054	52,581	66,496	0	119,077
Refuse Site / Waste Management Reserve	109,333	2,701	0	112,034	109,333	2,733	(20,000)	92,066	110,928	4,283	(5,878)	109,333
Refuse Site Rehabilitation Reserve	53,562	21,323	0	74,885	53,562	21,339	0	74,901	32,633	20,929	0	53,562
Wagin Water Management Reserve	100,242	2,477	(18,000)	84,719	100,242	2,506	(100,000)	2,748	105,247	2,995	(8,000)	100,242
Town Drainage Reserve	940	24	(964)	0	940	23	(963)	0	914	26	0	940
Electronic Sign Reserve	0	10,000	0	10,000	0	10,000	0	10,000	0	0	0	0
Storm Damage Reserve	0	0	0	0	0	400,000	0	400,000	0	0	0	0
	1,217,262	302,116	(342,002)	1,177,376	1,217,261	603,932	(617,963)	1,203,230	1,077,605	321,662	(182,006)	1,217,261

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	Purpose of the reserve
Leave Reserve	The purpose of Council's Leave Reserve Account is to provide provisions to meet Council's Long Service Leave and Accrued Annual Leave liabilities so as to minimise the effect on Council's budget from year to year.
Plant Reserve	The purpose of the Plant reserve account is to provide funds for the ongoing replacement and upgrading of motor vehicles, heavy machinery, light machinery and other equipment necessary in the performance of Council's core functions.
Recreation Centre Equipment Reserve	The purpose of the Recreation Centre Equipment Reserve is to provide funds for the purchase of additional or replacement equipment utilised at the Wagin Community Recreation Centre including the upgrading or replacing fixtures or fittings.
Aerodrome Maintenance & Development Reserve	The purpose of this Reserve is to provide for major maintenance type works (eg resealing of runway area, replacing lights etc) and development type work (such as reconstruction runways, sealing roadways, buildings, fences etc) at the Wagin Airstrip.
Municipal Buildings Reserve	The purpose of the Municipal Buildings Reserve is to provide funds for the upgrading, renovating or restoration of existing Council owned buildings and the construction of new Council owned buildings, including fences and Council houses.
Administration Centre Furniture, Equipment & IT Reserve	The purpose of this Reserve is to provide for the purchase of furniture, fittings, equipment and Information Technology requirements in relation to the Council Administration Building.
Land Development Reserve	The purpose of this Reserve is to provide funds for the development of land within the Wagin Shire for the benefit of residents and the good Government of the local authority, as determined by Council. This includes the purchase, subdivision and development of land for industrial, residential, commercial and other purposes, as the need arises as Council sees fit.
Community Bus Reserve	The purpose of this Reserve is to provide funds to allow for the maintenance, upgrade and changeover of the Wagin Community Bus as required from time to time.

4. RESERVES - CASH BACKED (continued)

Home and Community Care Reserve	The purpose of this Reserve is to provide provisions to meet the HACC long service leave and accrued annual leave liabilities so as to minimise the effect on the HACC budget from year to year and to provide for the replacement of vehicles, should grant monies not be provided or are insufficient to meet requirements.
Recreation Development Reserve	The purpose of the Recreation Development Reserve is to provide funds for the expansion, upgrading and development of Council's Recreation facilities. This includes the upgrading of water supplies and the like for recreation areas within the Shire of Wagin.
Refuse Site / Waste Management Reserve	The purpose of the Refuse Site / Waste Management Reserve is to provide funds for a new regional refuse site, build a new Waste Transfer Station, future costs for waste management, recycling and working towards zero waste.
Refuse Site Rehabilitation Reserve	The purpose of the Refuse Site Rehabilitation Reserve is to provide funds to rehabilitate the existing refuse site at Brockman Road once the site has been decommissioned and replaced with a Waste transfer Station.
Wagin Water Management Reserve	The purpose of the Wagin Water management Plan is to ensure Council spends the surplus Rural Towns grant and Council funds on measures and projects in line with the water management plan.
Town Drainage Reserve	The purpose of the Town Drainage Reserve is to provide funds to maintain and upgrade the existing drainage network within the Wagin Town site.
Electronic Sign Reserve	The purpose of the Electronic Sign Reserve is to provide funds for the installation of an electronic sign in the Wagin townsite in the near future.
Storm Damage Reserve	The purpose of the Storm Damage Reserve is to provide funds during unexpected times of extreme storm damage recovery.

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

5. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding
Sundry debtors
Loans receivable - clubs/institutions

Non-current

Rates outstanding - pensioners
Loans receivable - clubs/institutions

Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding

Includes:

Past due and not impaired

Sundry debtors

Includes:

Past due and not impaired

Sundry debtors includes a bad debt provision of \$10,234

	2018	2017
	\$	\$
Rates outstanding	67,044	43,311
Sundry debtors	1,158,788	257,333
Loans receivable - clubs/institutions	18,201	26,136
	1,244,033	326,780
Rates outstanding - pensioners	42,980	45,750
Loans receivable - clubs/institutions	155,507	173,708
	198,487	219,458
Past due and not impaired (Rates outstanding)	67,044	43,311
Past due and not impaired (Sundry debtors)	17,375	73,136

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

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

Classification and subsequent measurement

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

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

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

6. INVENTORIES

Current

Fuel and Materials

2018	2017
\$	\$
40,543	27,135
40,543	27,135

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.

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

7 (a). PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land at:		
- Independent valuation 2017 - level 2	3,182,000	3,182,000
- Additions after valuation - cost	80,000	0
	3,262,000	3,182,000
Total land	3,262,000	3,182,000
Buildings at:		
- Independent valuation 2017 - level 2	15,273,940	15,273,940
- Additions after valuation - cost	41,407	0
Less: accumulated depreciation	(357,173)	0
	14,958,174	15,273,940
Total buildings	14,958,174	15,273,940
Total land and buildings	18,220,174	18,455,940
Furniture and equipment at:		
- Management valuation 2015 - level 3	1,391,861	1,391,861
- Additions after valuation - cost	76,648	0
Less: accumulated depreciation	(1,095,890)	(1,043,986)
	372,619	347,875
Plant and equipment at:		
- Management valuation 2016 - level 3	1,504,800	1,504,800
- Additions after valuation - cost	513,362	478,557
- Disposals after valuation - cost	0	(228,300)
Less: accumulated depreciation	(311,743)	(142,481)
	1,706,419	1,612,576
Total property, plant and equipment	20,299,212	20,416,391

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land	Total land	Buildings	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	1,684,600	1,684,600	15,393,717	15,393,717	17,078,317	393,280	1,504,800	18,976,397
Additions		0	163,028	163,028	163,028	15,170	478,557	656,755
(Disposals)		0		0	0		(198,339)	(198,339)
Revaluation increments/ (decrements) transferred to revaluation surplus	1,497,400	1,497,400	101,035	101,035	1,598,435			1,598,435
Depreciation (expense)		0	(383,840)	(383,840)	(383,840)	(60,575)	(172,442)	(616,857)
Carrying amount at 30 June 2017	3,182,000	3,182,000	15,273,940	15,273,940	18,455,940	347,875	1,612,576	20,416,391
Additions	80,000	80,000	41,407	41,407	121,407	76,648	449,905	647,960
(Disposals)		0		0	0		(151,876)	(151,876)
Depreciation (expense)		0	(357,173)	(357,173)	(357,173)	(51,904)	(204,186)	(613,263)
Carrying amount at 30 June 2018	3,262,000	3,262,000	14,958,174	14,958,174	18,220,174	372,619	1,706,419	20,299,212

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Independent registered Valuers	June 2017	Price per hectare/market borrowing rate
Land - vested in and under the control of Council					
Buildings	2	Market approach using recent observable market data for similar properties	Independent registered Valuers	June 2017	Price per hectare/market borrowing rate
Buildings - specialised					
Furniture and equipment	3	Market approach	Management Valuation	June 2015	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment					
- Management valuation 2016	3	Market approach	Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
- Independent valuation 201X					

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

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

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

8 (a). INFRASTRUCTURE

Infrastructure - Roads

- Independent valuation 2015 - level 3

- Independent valuation 2018 - level 3

Less: accumulated depreciation

Infrastructure - Other

- Management valuation 2014 - level 3

- Independent valuation 2018 - level 3

Less: accumulated depreciation

Total infrastructure

	2018	2017
	\$	\$
	0	37,184,480
	88,111,085	0
	0	(759,570)
	<u>88,111,085</u>	<u>36,424,910</u>
	0	2,078,141
	11,557,660	0
	0	(356,610)
	<u>11,557,660</u>	<u>1,721,531</u>
	<u>99,668,745</u>	<u>38,146,441</u>

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

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of

	Infrastructure - Roads	Infrastructure - Other	Total Infrastructure
	\$	\$	\$
Balance at 1 July 2016	36,529,887	1,662,750	38,192,637
Additions	1,290,042	117,893	1,407,935
Impairment (losses)/reversals	(1,003,167)		(1,003,167)
Depreciation (expense)	(391,852)	(59,112)	(450,964)
Carrying amount at 30 June 2017	36,424,910	1,721,531	38,146,441
Additions	4,667,869	147,066	4,814,935
Revaluation increments/ (decrements) transferred to revaluation surplus	47,415,896	9,751,298	57,167,194
Depreciation (expense)	(397,590)	(62,235)	(459,825)
Carrying amount at 30 June 2018	88,111,085	11,557,660	99,668,745

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost Approach using depreciated replacement cost	Independent registered Valuers	June 2018	Construction 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	Independent registered Valuers	June 2018	Construction 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.

9. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

The Shire has determined that the cost and fair value of culverts, pipes and headwalls are not considered to be material and therefore these assets are not recognised by the Shire.

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

Revaluation

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

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

Land under control

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

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

9. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Health								
Doctor's Vehicle	18,479	16,818	0	(1,661)				
Education and welfare								
HACC Bus	5,240	9,091	3,851	0	5,000	5,000	0	0
HACC Darkan Vehicle	14,498	14,198	0	(300)				
Transport								
Komatsu Loader (P11)	113,658	80,000	0	(33,658)	123,943	60,000	0	(63,943)
Isuzu 13t Truck (P40)	0	0			72,000	75,000	3,000	0
Toyota Hilux Ute (P85)	0	0			15,120	6,000	0	(9,120)
	151,875	120,107	3,851	(35,619)	216,063	146,000	3,000	(73,063)

(b) Depreciation

	2018	2017
	\$	\$
Buildings	357,173	383,840
Furniture and equipment	51,904	60,575
Plant and equipment	204,186	172,442
Infrastructure - Roads	397,590	391,852
Infrastructure - Other	62,235	59,112
	1,073,088	1,067,821

9. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

Depreciation rates

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

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	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Infrastructure Other	2 to 10 years

Depreciation (Continued)

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

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

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

10. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus -Land	2,938,241	0	0	2,938,241	1,440,841	1,497,400	1,497,400	2,938,241
Revaluation surplus -Buildings	8,321,746	0	0	8,321,746	8,220,711	101,035	101,035	8,321,746
Revaluation surplus -Plant and equipment	(478,112)	0	0	(478,112)	(478,112)	0	0	(478,112)
Revaluation surplus - Infrastructure - Roads	17,658,637	47,415,896	47,415,896	65,074,533	18,661,804	(1,003,167)	(1,003,167)	17,658,637
Revaluation surplus - Infrastructure - Other	0	9,751,298	9,751,298	9,751,298	0	0	0	0
	28,440,512	57,167,194	57,167,194	85,607,706	27,845,244	595,268	595,268	28,440,512

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

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

11. TRADE AND OTHER PAYABLES

Current

	2018	2017
	\$	\$
Sundry creditors	337,964	247,109
Accrued interest on long term borrowings	3,426	3,692
Accrued salaries and wages	10,035	9,876
ATO liabilities	0	7,659
Regional Refuse Group Accrued Funds	63,001	93,001
Trust Liability	270	250
	414,696	361,587

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal	New	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017	Loans	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture								
Loan 131 - Recreation Centre	76,188		8,205	8,205	67,983	67,983	4,739	4,739
Loan 139 - Swimming Pool Redevelc	250,758		11,439	11,439	239,319	239,319	12,482	12,597
Other property and services								
Loan 137 - 5 Arnett Street	192,503		11,623	11,623	180,880	180,880	11,290	11,271
Loan 138 - Doctors Residence	105,887		9,075	9,075	96,812	96,812	6,386	6,499
	625,336	0	40,342	40,342	584,994	584,994	34,897	35,106

Particulars	Principal	New	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017	Loans	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Self Supporting Loans								
Recreation and culture								
Loan 133 - Wagin Bowling Club SSL	8,476	0	8,476	8,476	0	0	50	62
Loan 141 - Wagin Ag Society SSL *	191,368	0	17,660	17,660	173,708	173,708	5,640	5,685
	199,844	0	26,136	26,136	173,708	173,708	5,690	5,747
	825,180	0	66,478	66,478	758,702	758,702	40,587	40,853

Self supporting loans are financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

Borrowings

	2018	2017
	\$	\$
Current	60,969	66,478
Non-current	697,732	758,701
	758,701	825,179

12. INFORMATION ON BORROWINGS (Continued)

(b) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit

Bank overdraft at balance date

Credit card limit

Credit card balance at balance date

Total amount of credit unused

Loan facilities

Loan facilities - current

Loan facilities - non-current

Total facilities in use at balance date

Unused loan facilities at balance date

2018	2017
\$	\$
19,000	19,000
(1,876)	(947)
17,124	18,053
60,969	66,478
697,733	758,701
758,702	825,179
NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

13. PROVISIONS

Opening balance at 1 July 2017

Current provisions
Non-current provisions

Additional provision
Balance at 30 June 2018

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
	142,446	217,783	360,229
		17,953	17,953
	142,446	235,736	378,182
	(19,783)	12,969	(6,814)
	122,663	248,705	371,368
	122,663	206,451	329,114
		42,254	42,254
	122,663	248,705	371,368

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.

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	4,411,466	3,632,093	1,834,712
Non-cash flows in Net result:			
Depreciation	1,073,088	982,610	1,067,821
(Profit)/loss on sale of asset	31,768	70,063	39,686
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(922,418)	50,873	161,842
(Increase)/decrease in inventories	(13,408)	2,135	2,586
Increase/(decrease) in payables	53,109	(101,520)	(65,307)
Increase/(decrease) in provisions	(6,814)		1,609
Grants contributions for the development of assets	(4,315,842)	(4,312,374)	(1,081,022)
Net cash from operating activities	310,951	323,880	1,961,927

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

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	4,410,570	4,350,858
General purpose funding	546,033	1,138,822
Law, order, public safety	570,120	584,549
Health	826,656	834,503
Education and welfare	552,657	557,160
Community amenities	860,837	820,985
Recreation and culture	15,193,251	11,738,206
Transport	98,194,031	39,312,580
Economic services	461,497	387,392
Other property and services	1,486,128	1,693,600
Unallocated	21,741	146,390
	123,123,521	61,565,045

16. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Meeting Fees	19,713	18,750	14,250
President's allowance	12,000	12,000	12,000
Deputy President's allowance	2,570	3,000	3,000
Travelling expenses	499	2,000	757
Telecommunications allowance	6,472	5,000	5,104
	<u>41,253</u>	<u>40,750</u>	<u>35,111</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2018	2017
	\$	\$
Short-term employee benefits	733,265	658,102
Post-employment benefits	70,636	61,110
Other long-term benefits	16,311	14,103
	<u>820,212</u>	<u>733,315</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Sale of goods and services	5,332	777
Purchase of goods and services	36,082	10,929
	<u>19,673</u>	<u>12,465</u>

Amounts payable to related parties:

Trade and other payables	19,673	12,465
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Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

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

17. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received	Expended	Closing	Received	Expended	Closing
	Balance ⁽¹⁾ 1/07/16	2016/17	2016/17	Balance ⁽¹⁾ 30/06/17	2017/18	2017/18	Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
General purpose funding							
Integrated Planning - Strategic Community I	21,259	0	(17,699)	3,560	0	(3,560)	0
Law, order, public safety							
Dept Fire & Emergency - BFB Funding	7,860	31,830	(31,440)	8,250	39,500	(33,000)	14,750
Dept Fire & Emergency - SES Funding	6,625	27,590	(26,500)	7,715	29,837	(30,860)	6,692
Western Power - Bushfire Water Tank	0	0	0	0	2,464	0	2,464
Education and welfare							
HACC Growth Funding	0	0	0	0	22,500	0	22,500
Community Aged Care Packages	46,440	0	(3,278)	43,162	0	(3,683)	39,479
Dept of Local Govt - Thank A Volunteer Gra	0	1,000	(1,000)	0	0	0	0
Recreation and culture							
Community Pool Revitalisation Program	0	32,000	(32,000)	0	0	0	0
Dept Sport and Rec - Kidsport Grant	3,485	3,000	(6,485)	0	0	0	0
Healthways Can You See My Mind Grant	8,800	6,000	(14,800)	0	0	0	0
Dept of Local Govt - Age Friendly Communi	0	2,500	0	2,500	0	0	2,500
Transport							
Roads to Recovery	0	517,394	(517,394)	0			0
Other property and services							
R4R CLGF - Well Aged Housing Project	0	1,009,205	(1,009,205)	0			0
Total	94,469	1,630,519	(1,659,801)	65,187	94,301	(71,103)	88,385

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.

18. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
Gross rental valuations	10.4002	739	7,874,373	818,950	4,380	449	823,779	818,950	4,000	1,500	824,450
Unimproved valuations											
Unimproved valuations	0.7733	333	175,380,000	1,356,214	(85)	0	1,356,129	1,356,214	3,000	0	1,359,214
Sub-Total		1,072	183,254,373	2,175,164	4,295	449	2,179,908	2,175,164	7,000	1,500	2,183,664
Minimum payment											
Gross rental valuations											
Gross rental valuations	560	157	312,675	87,920	0	0	87,920	87,920	0	0	87,920
Unimproved valuations											
Unimproved valuations	560	51	2,430,500	28,560	0	0	28,560	28,560	0	0	28,560
Sub-Total		208	2,743,175	116,480	0	0	116,480	116,480	0	0	116,480
		1,280	185,997,548	2,291,644	4,295	449	2,296,388	2,291,644	7,000	1,500	2,300,144
Discounts/concessions (refer note 18(b))							(85,248)				(78,000)
Total amount raised from general rate							2,211,140				2,222,144
Ex-gratia rates							11,740				11,740
Totals							2,222,880				2,233,884

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.

18. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Early Payment			85,248	78,000	Paid in full by 6 October 2017
			85,248	78,000	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Betty Terry Theatre	Rates/Rubbish	50.00%		542	563			
St John Ambulance	Rubbish	100.00%		330	330			
Wagin Care & Share	Rubbish	100.00%		330	330			
Wagin CWA	Rates/Rubbish	100.00%		1,292	1,295			
Waratah Lodge	Rubbish	100.00%		330	330			
				2,824	2,848			

18. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	6-Oct-17	Nil	Nil	11.00%
Option Two				
First instalment	6-Oct-17	5	5.50%	11.00%
Second instalment	6-Feb-18	5	5.50%	11.00%
Option Three				
First instalment	6-Oct-17	5	5.50%	11.00%
Second instalment	6-Dec-17	5	5.50%	11.00%
Third instalment	6-Feb-18	5	5.50%	11.00%
Fourth instalment	6-Apr-18	5	5.50%	11.00%
		2018		
		Budget		
		\$	\$	
Interest on unpaid rates		9,199	8,000	
Charges on instalment plan		9,617	7,800	
		18,816	15,800	

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

19. NET CURRENT ASSETS

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

	2018 (30 June 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	1,364,143	1,163,994	1,163,994
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	406,742	1,146,391	1,146,391
Restricted	1,265,760	1,282,449	1,282,449
Receivables			
Rates outstanding	67,044	43,311	43,311
Sundry debtors	1,158,788	257,333	257,333
Loans receivable - clubs/institutions	18,201	26,136	26,136
Inventories			
Fuel and Materials	40,543	27,135	27,135
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(337,964)	(247,109)	(247,109)
Accrued interest on long term borrowings	(3,426)	(3,692)	(3,692)
Accrued salaries and wages	(10,035)	(9,876)	(9,876)
ATO liabilities	0	(7,659)	(7,659)
Regional Refuse Group Accrued Funds	(63,001)	(93,001)	(93,001)
Trust Liability	(270)	(250)	(250)
Current portion of long term borrowings	(60,969)	(66,478)	(66,478)
Provisions			
Provision for annual leave	(122,663)	(142,446)	(142,446)
Provision for long service leave	(206,451)	(217,783)	(217,783)
Unadjusted net current assets	2,152,299	1,994,461	1,994,461
Adjustments			
Less: Reserves - restricted cash	(1,177,376)	(1,217,261)	(1,217,261)
Less: Loans receivable - clubs/institutions	(18,201)	(26,136)	(26,136)
Add: Current portion of long term borrowings	60,969	66,478	66,478
Add: Provision for annual leave	152,435	142,446	142,446
Add: Provision for long service leave		43,505	43,505
Add: Cash Back Leave Reserve	152,499	109,787	109,787
Add: Cash Back HACC Reserve	41,518	50,714	50,714
Adjusted net current assets - surplus/(deficit)	1,364,143	1,163,994	1,163,994

Difference

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

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

20. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,672,502	2,428,840	1,672,502	2,428,840
Receivables	1,442,520	546,238	1,442,520	546,238
	3,115,022	2,975,078	3,115,022	2,975,078
Financial liabilities				
Payables	414,696	361,587	414,696	361,587
Borrowings	758,701	825,179	758,701	825,179
	1,173,397	1,186,766	1,173,397	1,186,766

Fair value is determined as follows:

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

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

20. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Impact of a 1% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	16,725	24,288
- Statement of Comprehensive Income	16,725	24,288

Notes:

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

20. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	94%	82%
- Overdue	6%	18%

20. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	414,696	0	0	414,696	414,696
Borrowings	60,969	276,959	420,772	758,701	758,701
	475,665	276,959	420,772	1,173,397	1,173,397
2017					
Payables	361,587	0	0	361,587	361,587
Borrowings	66,478	263,360	495,341	825,179	825,179
	428,065	263,360	495,341	1,186,766	1,186,766

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

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	(60,969)	(64,099)	(67,403)	(70,889)	(74,569)	(420,772)	(758,701)	5.12%
Weighted average Effective interest rate	5.04%	5.06%	5.08%	5.10%	5.12%	5.14%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	(66,478)	(60,969)	(64,099)	(67,403)	(70,889)	(495,341)	(825,179)	5.08%
Weighted average Effective interest rate	4.70%	5.04%	5.06%	5.08%	5.10%	5.14%		

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

21. TRUST FUNDS

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

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Deposits - Town Hall	800	950	(950)	800
Deposits - Community Bus	1,200	2,700	(3,000)	900
Deposits - Rec Ctr & EFP	4,862	6,000	(7,900)	2,962
BCITF	0	1,887	(1,887)	0
Deposit - Community Gym Key	0	2,220	(30)	2,190
Building Services Levy	0	3,742	(3,742)	0
Nomination Deposits	160	720	(720)	160
Other Deposits	3,819	420	(560)	3,679
Unclaimed Monies	1,733	0	0	1,733
Transport Licensing	10,531	4,331	0	14,862
Deposit - Refuse Site Key	20	0	0	20
In Lieu of Public Open Space	8,200	0	0	8,200
Staff Christmas Fund	4,885	15,075	(10,930)	9,030
Trust Accounts Recievable	(440)	0	(20)	(460)
Cemetery Shelter Contributions	8,000	0	0	8,000
	<u>43,770</u>			<u>52,076</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

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

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Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

Adoption of New and Revised Accounting Standards

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

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

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

23. 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.

24. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of resources.	Includes costs associated with elected members, the running costs of the Administration building and associated clerical staff, records management and computer operation costs.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services and facilities for the community.	Includes rate revenue and associated costs, general purpose government grants, costs associated with the repayment of Council loans, including reimbursement from government bodies and community organisations, as well as interest earned on Council investments.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Includes costs associated with fire prevention and control, control of dogs, cats and other animals, abandoned vehicles, enforcement of associated local laws and other aspects of public safety including emergency services.
HEALTH	To provide an operational framework for environmental and community health.	Includes costs associated with providing doctor, maternal and infant health services, analytical expenses ie water sampling, and the running of the Regional Health Scheme together with the Shire of Williams.
EDUCATION AND WELFARE	To provide services and facilities to the elderly, disadvantaged, children and youth of the community.	Includes costs associated with providing a building for daycare, administering and running of the Wagin Home and Community Care Program, including Community Aged Care Packages and some assistance to Wagin Frail Aged Lodge.
HOUSING COMMUNITY AMENITIES	To provide required essential services for the community.	Includes provision for the collection and disposal of residential, commercial and industrial refuse, provide an effective waste recycling service, ongoing maintenance of the Wagin Cemetery and running costs associated with providing public conveniences.
RECREATION AND CULTURE	To establish and effectively manage infrastructure, resources and provide opportunities which will help the social well-being of the community.	Includes costs associated with public halls, the Wagin Memorial Swimming Centre, Wagin Recreation Centre, sportsground maintenance and sportsground buildings/ facility maintenance, the provision of recreational services and programs, library services together with a contribution towards the costs associated with the running of the Wagin Woolorama.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Includes construction and maintenance of Council's Infrastructure assets including roads, bridges footpaths, parking facilities, townscape, street trees and street lighting. Also, improvements to Council's plant and the provision of aircraft landing facilities and their associated costs.
ECONOMIC SERVICES	To help promote the Shire and its economic wellbeing	Includes area promotion, tourism, economic and community development, control of declared flora and fauna, the Rural Town's programme, Landcare, LCDC projects, ongoing maintenance of the Wagin Caravan Park, building control and the provision of standpipes.
OTHER PROPERTY AND SERVICES	To monitor and control Council's overhead operating accounts and other miscellaneous items.	Includes private works, town planning schemes and the provision for new residential developments, materials in store, costs associated with employment of the outside works crew, costs associated with the running of all Council plant and other unclassified revenue and expenses.

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

25. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	2.73	2.21	0.88
Asset consumption ratio	0.99	0.96	0.95
Asset renewal funding ratio	1.16	0.40	0.41
Asset sustainability ratio	4.94	1.63	1.43
Debt service cover ratio	11.30	14.72	1.56
Operating surplus ratio	0.03	0.26	(0.34)
Own source revenue coverage ratio	0.66	0.46	0.51

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

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

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	730,704	728,152	0
Amount of Financial Assistance Grant received in prior year relating to current year.	728,152	0	705,053

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

	2018	2017	2016
Current ratio	2.73	1.14	1.79
Debt service cover ratio	11.27	8.96	5.59
Operating surplus ratio	0.03	0.01	(0.09)

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

26. PRIOR PERIOD ERROR

The Shire owns 9 bridges which has not been previously recognised as assets. At 30 June 2018, management's independent expert has valued the bridges at \$4,614,000 and the Shire has recognised the assets in the financial report for the current year.

The Shire has determined that it is impracticable to restate comparatives due to lack of historical data available as the Shire would not be able to accurately estimate the assumptions required in calculating the fair value of the bridges in prior years.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF WAGIN

Report on the Financial Report

Qualified Opinion

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

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial report of the Shire of Wagin is in accordance with the underlying records of the Shire, including:

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

Basis for Qualified Opinion

In accordance with the Local Government (Financial Management) Regulation 1996 (as amended) Section 17A paragraphs 3 and 4, the Shire has performed a valuation of infrastructure assets to recognise the assets at fair value at 30 June 2018. However as described in note 9, the Shire has not obtained a valuation for certain drainage infrastructure assets. As a result we are not able to determine the impact on the fair value of infrastructure assets at 30 June 2018.

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

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

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

Other Information

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

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

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

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

Shire's Responsibility for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Emphasis of Matter

Without modifying our opinion, we draw attention to page 49 of the financial report, which describes ratio information relating to the financial report. Management's calculation of certain of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on the ratios with these assumptions.

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

Reporting on Other Legal and Regulatory Requirements

As described in the Basis of Qualified Opinion section of our report, the Shire has not complied with Local Government (Financial Management) Regulation 1996 (as amended) Section 17A paragraphs 3 and 4 as the Shire has not obtained the fair value of all the infrastructure assets.

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

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.

- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth
Date: 13 November 2018