

ANNUAL REPORT

2017/18



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Acknowledgement: Treendale Bridge cover photo captured November, 2017 by drone photographer Paul Freeman. Crooked Brook Road photo on page 2 by Brian Bestwick.



ABOUT US

The seeds of our Shire were sown in its picturesque agricultural hinterland where traditional farming enterprises like beef and dairy production have been joined in recent times by a now thriving tourism industry.

Local drawcards, particularly in the Ferguson Valley, like Gnomesville, wineries, galleries, restaurants and boutique accommodation provide an enviable lifestyle for locals and an abundance of activities for tourists.

The name “Dardanup” is derived from that used by the original Aboriginal inhabitants, meaning low lying ground by the water. European settlement in Dardanup began with Thomas Little (1838). The townsite of Eaton is the Shire’s commercial and residential hub and is one of the fastest growing towns in the South West.

Stunning natural assets provide a multitude of outdoor activities to enjoy including freshwater fishing in quiet rock pools and pristine rivers, swimming, camping and heritage walk trails.

The rural towns of Dardanup and Burekup are set in lush green cattle country and as the gateway to the renowned Ferguson Valley, their rolling hills and picturesque valleys provide wonderful opportunities for scenic drives.

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---------------------------------------|---------|----------|---------|----------|
| Rateable properties | 5,597 | 5,708 | 5,828 | 5,840 |
| Ordinary Rates levied | \$9.41m | \$10.77m | 11.73m | \$12.07m |
| Operating revenue | \$20.1m | \$23.5m | 24.3m | \$21.8m |
| Total assets | \$168m | \$179m | 188m | \$187m |
| Full-time equivalent staff | 92.97 | 100.86 | 106.18 | |
| Planning applications received | 129 | 138 | 170 | 162 |
| Building applications received | 500 | 453 | 419 | 348 |
| Domestic refuse collected | 4,106t | 4,390t | 4,356t | 3,236t |
| Recyclable collected | 1,172t | 1,170t | 1,172t | 2,611t |
| Eaton Rec Centre Members | 849 | 836 | 842 | 857 |
| Library members | 760 | 2,809 | 2,844 | 3191 |

COUNCILLORS



Cr Michael Bennett
Shire President



Cr Peter Robinson
Deputy Shire President



Cr Patricia Perks



Cr James Lee



Cr Carmel Boyce



Cr Tyrrell Gardiner



Cr Danny Harris



Cr Luke Davies



Cr Janice Dow



SHIRE PRESIDENT MESSAGE

We thought the previous 12 months was a big year for the Shire of Dardanup in terms of significant projects coming to fruition and exciting developments appearing in the pipeline.

But when I now look across this 2017/18 Annual Report and also THINK Ahead to the next 12 months, I can see the pedal is still well and truly to the metal.

Early in 2018, we saw the much-anticipated opening of the \$15m Treendale Bridge – a joint project between Main Roads WA, the Shire of Dardanup and the Shire of Harvey.

The 224m bridge now provides a direct link between Millbridge in Eaton and Treendale in Australind and is having significant flow-on benefits for both communities.

Great progress is being made this year on our most significant planning projects – WA’s newest city Wanju and the Waterloo Industrial Park.

District Structure Plans for both the urban and industrial expansion projects will be finalised in partnership with the WA Department of Planning.

Council adopted its new 2018-2028 Strategic Community Plan which captures our vision, values, aspirations and objectives for the future of the Shire of Dardanup. It is the foundation for Council corporate planning and resource allocation.

Planning and development of new community facilities are a big focus now with designs expected to progress on the new Eaton Library and co-located Shire Administration Centre.

Plans will also be adopted for future community facilities in Dardanup and Burekup.

Drainage improvements at Glen Huon Reserve were completed along with works on the car park and fencing at Gnomesville.

On a broader front, we were pleased to see a positive outcome on lobbying efforts for Federal Government funding to progress the Bunbury Outer Ring Road with \$560 million allocated in the May Budget.

We work hard to keep our community in the loop on all the news and developments associated with our progress towards all these objectives so if you haven’t done so already, I would urge you to visit our website at www.dardanup.wa.gov.au or LIKE Shire of Dardanup on Facebook.



Mick Bennett

SHIRE PRESIDENT

CEO MESSAGE

It is with a mixture of sadness, pride and anticipation for the future that I present this 2017/18 Annual Report – my last after 22 years as the Shire of Dardanup CEO.

During my time here, our population has doubled to about 14,000 and I have been privileged to hold a front row seat and be deeply involved in the exciting pace of change and progress as it has occurred.

This Annual Report once again demonstrates there are always fantastic new projects on the horizon and improvements constantly being made to local infrastructure and facilities.

However, with some particularly large and interesting projects now entering a detailed planning stage, it seems the most appropriate time for me to step away. My successor Andre Schönfeldt will be involved now from the ground up in projects like the new community library and administration centre, the launch of Wanju plus the expansion of Eaton Fair and development of the Eaton Town Square.



For me personally, it is also wonderful to step away at a time just as other big, long-term projects have been completed such as the new Treendale Bridge, the new works depot and redevelopment of Glen Huon Reserve.

And with the new Strategic Community Plan 2018-2028 adopted by Council earlier this year, after a significant process of community consultation, guidance for the Shire's bright future is now in place.

I can move on satisfied that the Shire is in a sound financial position with plans for a sustainable environment, with community health and safety embedded in the plans for this wonderful community.

For over two decades I have enjoyed the challenges of a growing Shire and the ongoing search for solutions to make this a great place to live, work and invest. We that have chosen this region to live and work know the virtues and opportunities that are here and know more is coming.

I would like to thank the Shire Councillors for their support over these years, the Shire Presidents, the late John Gardiner, Brad Day; and in particular, Cr Mick Bennett who has been a great mentor and leader and a pleasure to work with. And finally I thank the staff who work hard for the community to keep people safe, to create a place with a lifestyle of great worth. Your support and commitment (with that of Council) has made Dardanup a leader in local government and developed a community that you can all be proud of. There is so much on the horizon that will grow the local population and economy and I look forward to seeing the people of the community realise their full potential.

Mark Chester

CHIEF EXECUTIVE OFFICER



FINANCIAL SNAPSHOT

The following provides a snapshot of the Council's Operating Income for 2017/18. More detailed information can be found in the Financial Statements at the end of this Annual Report.

Total Operating Revenue:

- **Rates:**
- **Operating Grants & Contributions:**
- **Fees & Charges:**
- **Interest Earnings:**
- **Other Revenue:**
- **Profit on Assets Disposals:**



COMPLETED GLEN HUON PLAYGROUND

2017/18 ACHIEVEMENTS

The Shire of Dardanup's Strategic Community Plan 2018-2028 sets out objectives in the following Key Performance Areas:

- LEADERSHIP
- ENVIRONMENT
- COMMUNITY
- PROSPERITY
- AMENITY



BUREKUP PRIMARY STUDENTS IN THEIR COMMUNITY



LEADERSHIP

SHIRE ADOPTS VISION FOR THE FUTURE

How it applies to the Strategic Community Plan Outcomes:

1.1 To provide good governance to the community

1.1.1 To be equitable, inclusive and transparent in decision-making

1.2 To provide quality leadership that is respected and accountable.

1.2.2 Promote programs which encourage elector participation and diversity in local government elections.

Following an extensive process of development and consultation, Council adopted its Strategic Community Plan 2018-2028 early in the year.

The document forms the pinnacle of Council’s corporate planning documents.

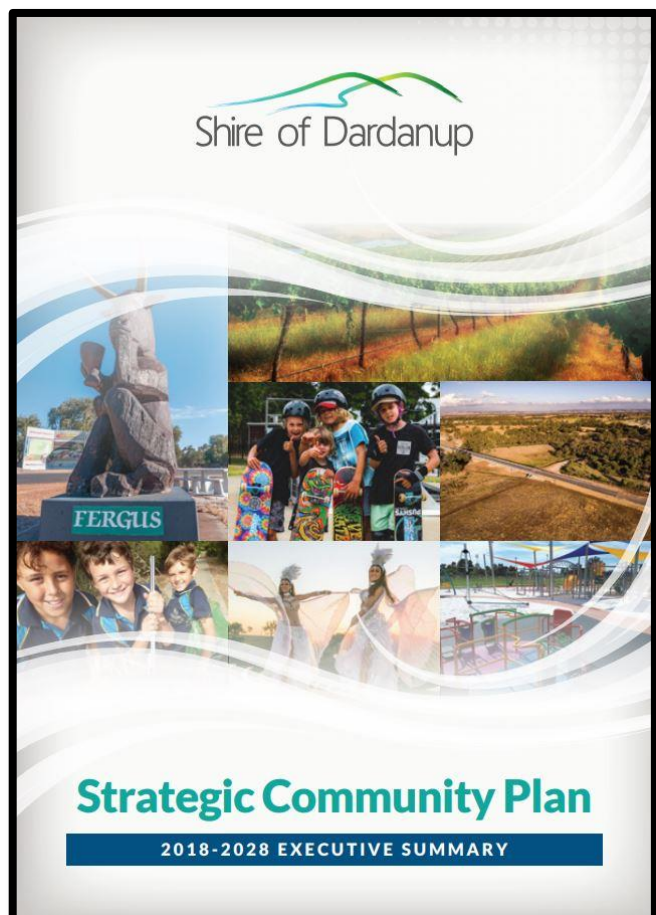
The Plan captures Council’s vision, values, aspirations and objectives for the future of the Shire of Dardanup. It is the foundation for Council corporate planning and resource allocation.

The plan also outlines how Council will work towards its vision and objectives over the next 10 years and focuses on how the community wants to grow into the future.

It reflects the updated standards outlined in the Department of Local Government, Sport & Cultural Industries Integrated Planning and Reporting Framework and Guidelines.

Copies of the plan are available to view via the Shire of Dardanup website, or in hard copy form at the Administration Centre, Eaton, Eaton Community Library and Dardanup Office.

Community members provided input on the plan during a six-week consultation process



last year tagged Get Your Think On.

During the consultation, information booths were set up at various locations throughout the Shire where community members could speak with staff and receive assistance with filling out an online survey.

Two workshops were then held with Shire Councillors and Council management, and these outcomes combined with community input saw development of the plan which was released for a three-week period of public comment during February 2018.

The plan identifies five key Strategic Objectives which represent the areas of significant community interest and values of the community.

These Objectives are:

- Leadership
- Environment
- Community
- Prosperity
- Amenity

Fifty-three strategies have been developed to achieve each of the desired outcomes for these Strategic Objectives and they in turn form the basis of the Corporate Business Plan Actions for the next four years.

COMMUNITY

OBJECTIVE 3:
A SAFE AND VIBRANT COMMUNITY WHICH IS INCLUSIVE AND WELCOMING FOR ALL AGES AND INTERESTS.

What the Community told us:

- More community events and public activities
- Increased promotion of events and activities
- Activities for Seniors and Aged
- Focus on activities and facilities for youth
- New and improved community facilities and infrastructure
- Family events and activities
- Cultural, arts events and activities
- Create town square

HOW WILL WE GET THERE?

The following strategies have been identified as contributing to the achievement of each outcome.

| Outcome | Description | Service Priority |
|--------------------|---|------------------|
| Outcome 3.1 | To be a creative community that fosters cultural and artistic activity and diversity. | Service Priority |
| 3.1.1 | To foster creativity in the community through our public spaces and urban environment. | High |
| 3.1.2 | To promote creative participation by supporting the development of opportunities for artists and creative minds. | High |
| 3.1.3 | To foster and recognise aboriginal culture and heritage in the region. | Moderate |
| 3.1.4 | To recognise and support the rich and varied heritage of the Shire. | Moderate |
| Outcome 3.2 | To be an inclusive community that promotes active involvement in community life and a strong sense of community pride. | Service Priority |
| 3.2.1 | To encourage social connectedness in our community through participation in positive social networks, interaction and events. | Very High |
| Outcome 3.3 | To be a community supported by a strong volunteer base where leadership, inclusiveness and supported independence is fostered. | Service Priority |
| 3.3.1 | To promote and encourage volunteering within the Shire of Dardanup. | High |
| 3.3.2 | Support volunteer groups within the Shire of Dardanup. | High |
| Outcome 3.4 | To continue to be a safe and secure community. | Service Priority |
| 3.4.1 | To enable community safety and a sense of security. | Very High |
| 3.4.2 | Maintain appropriate emergency services and planning. | Very High |
| Outcome 3.5 | Our community will be a healthy place to live. | Service Priority |
| 3.5.1 | To protect Public Health & Safety. | High |
| Outcome 3.6 | Our community will have access to adequate health, community and social services. | Service Priority |
| 3.6.1 | Facilitate and lobby for the provision of adequate health care and community services. | Moderate |



ENVIRONMENT

WATSON STREET RESERVE UPGRADES

How it applies to the Strategic Community Plan Outcomes:

2.1 To protect, enhance and responsibly manage our natural environment and public open spaces.

2.1.1 To protect and preserve open spaces, natural vegetation and bushland.

2.6 Be a place of diverse built form.

2.6.1 To provide a variety of places to live, work and play that meet the current and future needs of the community.

The Shire of Dardanup is planning on landscape upgrades to the area between the existing bridge near the carpark up to the Scout Camp on Leake Street.

Before the design process was embarked upon, a period of community consultation was undertaken with regular users of Watson Street Reserve.

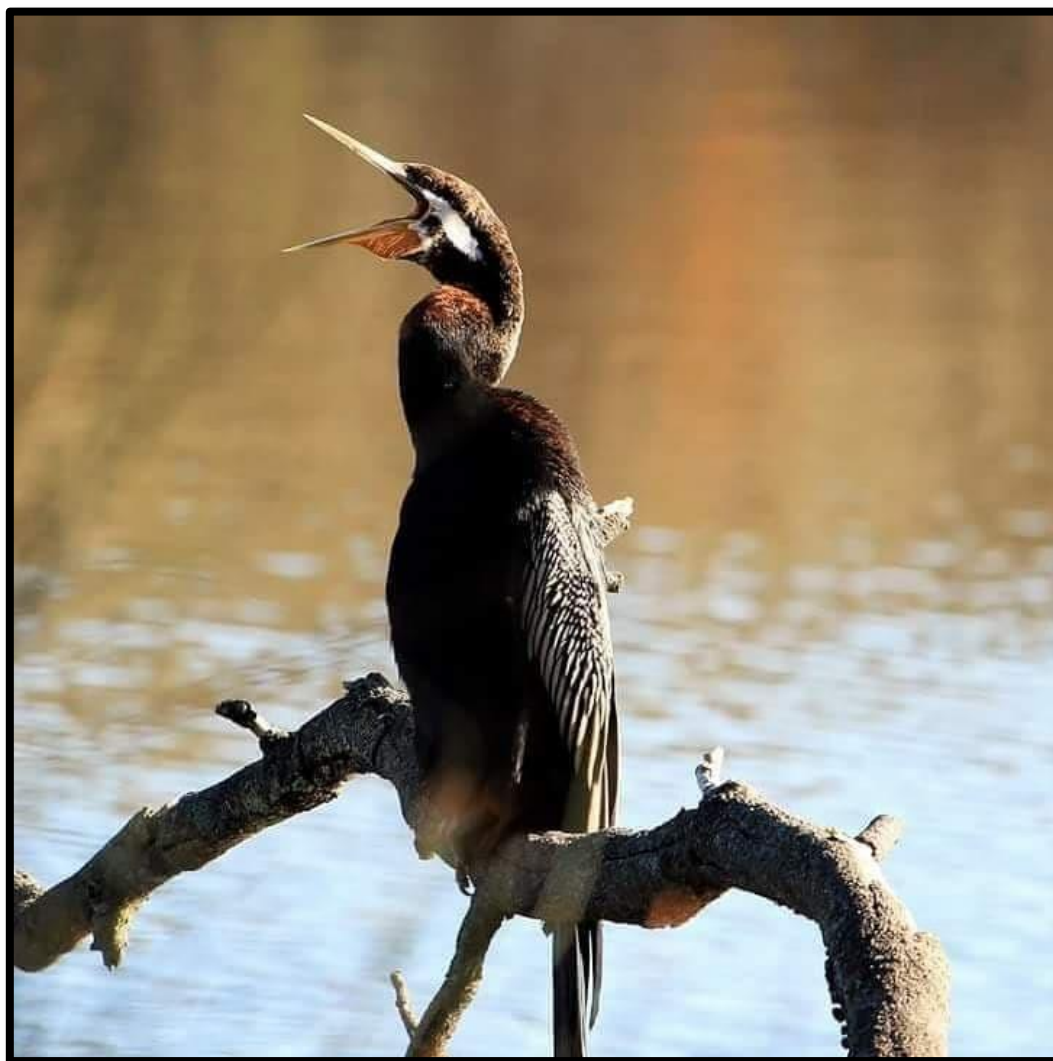
Questions posed included:

- What do you value most about the reserve?
- What do you think others visiting the reserve might value?
- What activities do you like to use the reserve for?
- How do you travel to the reserve? On foot? By car or bike?



During the consultation period, Council staff met with a group of residents who gather regularly at Watson Reserve to access the off-lead dog exercise area to gain their thoughts and insights on the project.

Enthusiastic feedback was received from the public about their thoughts on the future of Watson Street Reserve. That information has been collated and is now being used to guide the design phase of the project.





COMMUNITY

EVENTS PROGRAM

How it applies to the Strategic Community Plan Outcomes:

- 2.1 To protect, enhance and responsibly manage our natural environment and public open spaces.**
- 2.2 To be environmentally sustainable.**
- 3.1 To be a creative community that fosters cultural and artistic activity and diversity.**
 - 3.1.2 To encourage social connectedness in our community through participation in positive social networks, interaction and events.
- 3.2 To be an inclusive community that fosters cultural and artistic activity and diversity.**
 - 3.2.1 To encourage social connectedness in our community through participation in social networks, interaction and events.
- 5.2 To be a Liveable Community.**
- 5.3 To be a Healthy and Supportive Community.**

Events

"Loved the movie. Thank you for organising this night. The Shire of Dardanup has provided some great activities and events in the last few months. Give yourselves a pat on the back"

- Den Fal via Facebook

An estimated 3,000 people attended or were involved in the Shire of Dardanup’s annual program of free community events in 2017/18 which targeted a vast array of interests and demographics.

From animals, heritage and tai chi to international cooking, outdoor movies and spare parts play, there was absolutely something for everyone.

Some events were open attendance and attracted up to 1,000 people while others required limited numbers and a free booking confirmation but were fully booked out.

In total, 11 special events were held, with some – such as our Movies by Moonlight series in the summer months, incorporating several dates.

Under our Shire of Dardanup Library Services Community Programs banner, more than 500 workshops or activities were held across the year and were attended by approximately 7,000 people.



What an awesome night, so great for the community to be able to have fun free family entertainment. Thanks heaps!!

- Bianca Gilmour via Facebook

A very big thank you to the Shire of Dardanup and Tail Tap. The skills my kids learned in such a short space of time owes full credit to the guys who ran the clinic. My kids both had a ball. You guys were amazing with the kids.

Sincerely, thank you.

- Holly Cocking

PROSPERITY

PLANS PROGRESS FOR WATERLOO INDUSTRIAL PARK

How it applies to the Strategic Community Plan Outcomes:

4.1 Be supportive of business by encouraging the establishment and ongoing sustainability of diverse business and industries of all sizes.

4.1.4 To provide essential infrastructure: Facilitate the provision of essential services and infrastructure to support the growing community and local economy.

4.2 Be a destination of choice for visitors to the region.

4.2.2 Develop and grow the tourism potential of Gnomesville.

4.3 Support and facilitate investment in the region.

4.3.1 To attract and retain major investment in the region.

4.3.2 To provide adequate commercial and industrial land to meet the future needs of industry.

Plans for a 1285 hectare industrial park located in the Shire of Dardanup, east of Picton, took an important step towards development with the release in 2017 of the draft Waterloo District Structure Plan for a period of public comment.

The proposed Waterloo Industrial Park is a joint project between the Shire of Dardanup and West Australian Planning Commission.

The draft Plan sets out key planning aspirations, objectives and principles for the park and is available for viewing on the Department of Planning website.

Waterloo Industrial Park is a separate project to the adjacent planned area of urban expansion – or WA's newest city Wanju – but very much inter-related, as the park will provide an important economic driver for Wanju and the Bunbury Geographe area.

Waterloo will deliver land for commercial, light and general industrial uses and has been identified as a suitable agri-food processing precinct.

Development of both Waterloo and Wanju was identified in the Western Australian Planning Commission's Greater Bunbury Strategy (2013).

MAPPING THE FUTURE OF GNOMESVILLE

The future management of the Ferguson Valley's Gnomesville tourist attraction was the topic of a brainstorm by Council's new Gnomesville Master Plan Working Group.

The group was formed to develop a Master Plan for the ongoing management of Gnomesville and includes Shire Councillors, Council staff plus representatives from Ferguson Valley Marketing and Wellington Mill Residents Association.

The Master Plan will not only guide management of the now world-renowned tourist attraction but aim to retain its unique character while mitigating identified risks and protecting private property.



It is anticipated the Plan will include a range of proposed improvements and will then be used to source additional funding and provide consideration for the Council's forward capital works plans.

Following community feedback provided at a workshop in 2016, a temporary fence and an interim gravel carpark have been installed.

A detailed survey of the site has been conducted by Council staff to assist the Master Plan Working Group.

Community input will be sought on the Master Plan before it is adopted by Council.

Shire of Dardanup CEO Mark Chester said: "We received strong feedback from the community about its expectations for the future of Gnomesville through a previous consultation process.

"In response to that feedback we are working towards a future plan that balances local wishes while capitalising on the potential provided by the site as a nationally-recognised tourist location."



AMENITY

WORKING GROUP PROPOSES NEW EATON SKATEPARK LOCATION

How it applies to the Strategic Community Plan Outcomes:

5.2 To be a Liveable Community

- 5.2.1 To encourage Physical Activity by providing services and recreational facilities that encourage our community towards an active and healthy lifestyle.
- 5.2.2 To encourage the Sharing of Knowledge by encouraging active citizenship through engagement in shared lifelong learning activities.

A new Eaton Skatepark will be built at Glen Huon Reserve between the new playground and Football Pavilion based on the recommendation of a working group set up to investigate coordinated planning of new Eaton recreation facilities.

The working group has identified the reserve location as the most suitable location for the new skatepark due to the potential for creation of an activity zone encompassing the playground that caters for a range of ages in close proximity to the town centre.

Council staff have begun planning for the area which would also include a new car park to service the playground, the new skatepark and the oval.

A Public Comment period will form part of the planning process, enabling the community to have input on the plan.

Relocation of the skatepark has been proposed under a plan by Eaton Fair owner Citygate Properties to purchase land currently occupied by Council's Administration Centre and the skatepark for commercial expansion.



Under the proposal, Citygate has offered allocation of 3000sq m to the Shire within the boundary of Eaton Fair for a new two or three-storey building to house a new co-located administration centre and community library. The offered land would be owned by the Shire.

Council's working group is also investigating options for expanding the Eaton Recreation Centre with new indoor or outdoor courts plus additional parking.

Two years ago Council approved construction of two all-weather outdoor courts at the Recreation Centre with the \$624,180 construction project to commence in 2019/20. This approval is now under review as other options are considered.

In addition, a business case would be developed for two new indoor courts.

Now with the skatepark proposal also under consideration, the Working Group was formed to investigate both recreation projects as a whole.





RESPONSIVE

ADDRESSING DRAINAGE ISSUES AT GLEN HUON OVAL

Following the \$6.6 million renovation of Glen Huon Reserve last year, issues developed during the 2017 South West Football League season with water-logging and flooding of the playing field.

It was a disappointing outcome with one match having to be relocated as a result, despite the Council's Parks & Environment Team conducting regular soil treatments to assist permeability.

In the end, the ground was too heavily compacted by the prior construction project to cope with the heavy rainfall.

So in August 2017, Council agreed to allocate \$135,000 towards an interim measure to address the problem.

The redevelopment of the oval may be up to five years away and is dependent on funding availability, and will be subject to final plans for the Eaton Town Centre and Eaton Fair expansion.

Late in 2017, 25 100mm drains were installed below the surface at 6m spacings. The system can be expanded in the future as part of further redevelopment works.

Significant works were then undertaken to restore the turf prior to commencement of the 2018 football season – even soil CPR!



A cutting-edge piece of equipment called the Air2G2 was brought by a Shire Contractor to further enhance drainage, increase airflow below the surface and promote turf health.

It was set to work in the goal squares and other particularly compacted areas of the ground.

The machine uses three probes to laterally inject pressurized air up to 12-inches beneath the surface of the soil, in a diameter of up to 9 feet.

When applied, you can literally see the ground move as the air is injected – hence the similarity to CPR!

The injected air fractures compacted layers formed by daily wear and tear, enables airflow without surface disruption or without causing root damage.

In addition, an Earthquaker was used to fracture the surface layer or top 300mm and allowing surface water to percolate into the soil profile more efficiently.

As a result of the works, drainage at the oval was significantly improved this winter.

While there was minor flooding at times, it was not significant enough to impact game play and with no water logging, the oval will require less maintenance during the spring-time period of restoration.



INCLUSIVE

TRIAL CONDUCTED FOR RURAL BUS SERVICE

Community interest for a rural bus service into Eaton was listed among feedback received during last year's six-week community consultation process undertaken by the Shire of Dardanup.

Early in 2018, Council agreed to provide \$13,000 towards the trial in an attempt to gauge demand for an ongoing service.

The funding provided the trial with a subsidy to cover costs such as the cost of running the bus service when passenger numbers were low.

The Public Transport Authority was contracted to provide the trial service and with the aim of providing Council with a report on viability upon completion.

A Tuesday and Saturday public bus service providing a single return trip to Eaton for Dardanup and Burekup residents started on 1 April 2018 for a three-month trial period.



Passengers arrived in Eaton in the morning and were returned to Burekup and Dardanup in the afternoon.

CEO Mark Chester said funding the trial period was considered by Council as a worthwhile undertaking and possibly the best way of gauging the true level of community support for the service.

"We want to make all areas of the Shire accessible and inclusive to all as well desirable places to live," Mr Chester said.

"Regular public transport for people living in our more rural areas would go a long way towards achieving these objectives."

Times were adjusted half way through the trial in response to feedback from the community there was too long between the arrival and departure times.

Councillors and staff climbed on board for first trips and during the April school holidays to help promote the service, handing out vouchers for frozen yogurt and coffee and cake that could be redeemed at Eaton Fair.

Unfortunately, passenger numbers recorded throughout the three-month trial remained low suggesting an ongoing service would not be viable. As a result Council did not continue with the subsidised trial and the Public Transport Authority has not continued with the service.

TRANSPARENT

DARDANUP RESIDENTS CALLED ON TO SHAPE FUTURE OF THEIR TOWN

An extensive process of community consultation with Dardanup residents was launched in November to help with development of a new Community Facilities Plan to guide the town's future.

What kinds of new facilities would you like to see included in planning for the future of Dardanup?

How would you rate existing facilities? Are some under-used or need upgrading? Better located elsewhere?

It was the answers to questions like these that would assist the Shire of Dardanup in preparing its Dardanup Townsite Community Facilities Plan.

The Plan addresses infrastructure needs like sporting facilities, roads, buildings, carparks, public toilets, playgrounds, halls and fences.

Provision of community facilities help to maintain and develop strong and connected communities.

To help with gathering and collating valuable input from the residents of Dardanup about their town's infrastructure needs now and into the future, the Shire of Dardanup engaged independent consultant Bodhi Alliance.

They ran a series of community workshops and a survey (provided online and in hard copy format) on the Council's behalf.

A Dardanup Townsite Community Facilities Plan has now been prepared by Bodhi Alliance, guided by the community input collected.

It is presented as a collection of 4 evolving plans at current, 5, 10 and 20 year intervals.

The plans are supported by a report that:

- Details community and stakeholder expectations;
- Evaluates existing facilities;
- Identifies current and proposed Community Facilities and how these are best used and planned for;
- Takes into account planning and financial considerations.





CUTTING EDGE

SHIRE ADOPTS THINK AHEAD APPROACH TO TECHNOLOGY

Setting new benchmarks for local government in the application of technology to ensure continuous improvement in service delivery, has driven creation by the Shire of Dardanup of custom-designed computer software to manage work requests from the public.

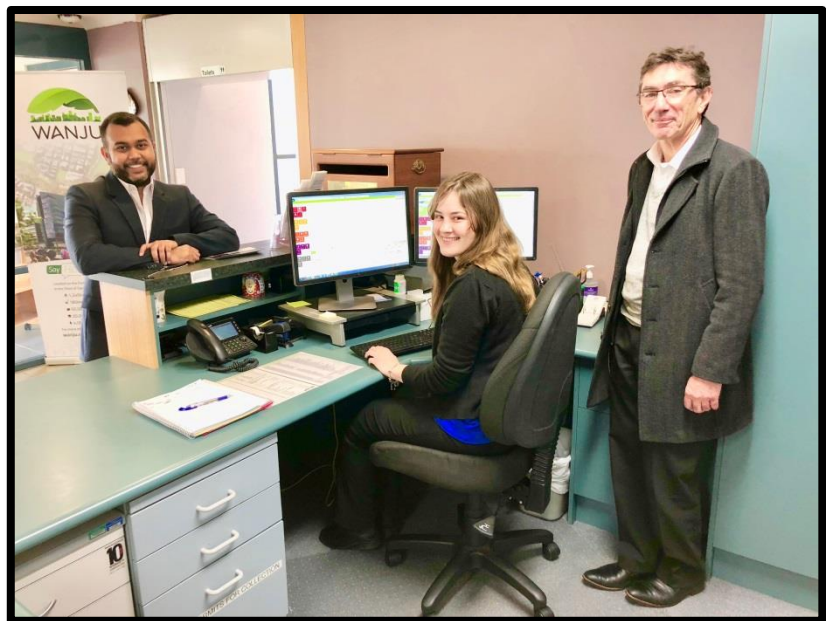
Fusion is a computer program used by staff to create and track works requests from the community more efficiently.

The new system allowed for the capture of data on requests more efficiently and the ability to track information and outcomes on those requests over time.

Fusion enables Council to ensure that as both the Shire population and the organisation grows, Council have the systems in place to manage the increased workload associated with that growth while maintaining the high level of customer service the community has come to expect.

The sophistication of this system goes well beyond similar programs or methods being used by most other local governments in WA to organise work requests.

Council had the foresight to invest in a technical framework or software platform some time ago which is now being used as the foundation for creating a variety of applications and solutions across the organisation



Council have built a team with the appropriate expertise and experience in developing business systems to ensure it gets the most out of the initial platform investment.

Fusion was created by customising a solution using the platform the Shire already had as a starting point.

A significant benefit of the new Fusion system is in its ability to track and analyse over time where the highest levels of demand for services are coming from. This provides a tremendous strategic advantage to Council in its future planning and resource allocation.

THINK Ahead: in the pipeline...

- **Library Upgrade**

A proposal to build a new co-located community library and Shire administration on land within the boundaries of Eaton Fair has been submitted for State Government approval. Once approval is received, the project will move into a design phase.

- **Eaton Foreshore Redevelopment Stage 3**

Detailed designs for Stage 3 of the Eaton Foreshore Master Plan are now being prepared. Listed for attention are landscaping, garden beds, lighting and irrigation, river walkway and a proposed dog exercise area.

- **Wanju & Waterloo Industrial Park**

The Shire of Dardanup in partnership with the WA Planning Commission is preparing District Level Structure Plans for areas of urban and industrial expansion to be located East of Eaton.

- **Road renewal and upgrades in 2018/19 worth \$6.27 million**

- New playground at Peninsula Lakes Estate in Eaton
- Upgrades to Colin Spragg Adventure Playground on Eaton Foreshore
- New Eaton skatepark





STATUTORY REPORTS

Disability Access & Inclusion Plan (DAIP)

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

Other legislation underpinning access and inclusion includes the Western Australia Equal Opportunity Act (1984) and the Commonwealth Disability Discrimination Act 1992, both of which make discrimination on the basis of a person's disability unlawful. The Shire of Dardanup is committed to facilitating the inclusion of people with disabilities through the improvement of access to its facilities and services.

During 2017/18, the Shire of Dardanup continued to implement strategies which have been outlined within its Disability Access and Inclusion Plan.

Of note were:

- Library services increased its stock of alternative formats (large print and audio Books) to support the demand for these items from our residents. A delivery service is also provided to residents who reside at Bethany Village.
- An all-abilities carousel was added to the new Glen Huon Playground
- Accessible barbecue installed at Colin Spragg Adventure Playground on Pratt Road, Eaton

On an ongoing basis, Council documents and forms are formatted clearly with appropriate font.

State Records Act

The State Records Act 2000 provides for the keeping of State records and related items. Section 19 of the Act requires each government organisation have a Record Keeping Plan (RKP) that has been approved by the State Records Commission.

The RKP dictates which records are created by an organisation, how they are stored and maintained, and whether they are ultimately destroyed. It is the primary means of providing evidence of compliance with the Act and that best practices have been implemented throughout the organisation. In accordance with Section 17 of the Act, the Shire of Dardanup and all its employees are legally required to comply with the contents of this Plan.

In April 2018, the State Records Office responded to the Royal Commission into Institutional Responses to Child Sexual Abuse by issuing a disposal freeze for government records relating to children. Any such records held by State or local government organisations or their outsourced agents must not be destroyed until further notice. Since identifying such records is extremely difficult, the Shire has adopted a policy of zero destruction until the freeze is lifted.

Recommendation 8.3 states that Australian public records authorities should provide organisations with guidance on identification and retention of relevant records. The State Records Office of WA is responsible for advising Western Australian government entities about the recordkeeping requirements presented in the Report. These requirements are expected to include significant changes in the documents which identify and control the management of local government records.

Information Document Services

Training, upskilling and providing record keeping support to staff continue to be a major focus for Information Document Services. Several different delivery techniques were trialled during the year, and more are being planned for the near future. Information Document Services has taken on responsibility for training external users of e-Lodgement, the program which allows businesses to lodge building applications online. A special record keeping refresher session was also delivered to the Elected Members during the year. The Information Document Services office is currently being redeveloped to deliver a more efficient training environment.

Register of Minor Complaints

Section 5.121 of the Local Government Act 1995 (Register of certain complaints of minor breaches) requires the complaints officer for each local government to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c) of the Act (Conduct of Certain Officials).

Section 5.53 (2)(hb) of the Local Government Act 1995 requires that details of entries made under section 5.121 during the financial year in the register of complaints, including —

- i) the number of complaints recorded in the register of complaints; and
- (ii) how the recorded complaints were dealt with;

be included in the Annual Report of Council.

Public Interest Disclosures

The Director Corporate & Community Services is appointed as Council's Public Interest Disclosures Officer under the Public Interest Disclosures Act 2003. This legislation is often referred to as the "whistleblower" Act and provides for the reporting of serious wrongdoing within the State public sector and local government as well as providing the mechanism for responding to reports.

The Shire of Dardanup Complaints Officer has received 4 Complaints and they have been referred to the Standards Panel for the Panels attention.



FINANCIAL REPORT

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

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COMMUNITY VISION

Provide effective leadership in encouraging balanced growth and development of the Shire while recognising the diverse needs of the community.

Principal place of business:
Shire of Dardanup Administration Centre
1 Council Drive
Eaton WA 6232

**SHIRE OF DARDANUP
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 Dardanup being the Annual Financial Report and supporting notes and other information 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 Dardanup 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 3rd day of December 2018



Mark L Chester
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 | 23(a) | 12,417,350 | 12,268,091 | 11,733,891 |
| Operating grants, subsidies and contributions | 2 | 1,818,777 | 1,971,292 | 2,735,252 |
| Fees and charges | 2 | 3,084,383 | 3,114,310 | 3,416,956 |
| Interest earnings | 2(a) | 453,070 | 492,000 | 429,916 |
| Other revenue | 2(a) | 21,158 | 27,001 | 29,847 |
| | | 17,794,738 | 17,872,694 | 18,345,862 |
| Expenses | | | | |
| Employee costs | | (9,408,701) | (9,393,985) | (8,828,353) |
| Materials and contracts | | (6,272,229) | (4,707,611) | (4,601,800) |
| Utility charges | | (532,473) | (501,600) | (490,407) |
| Depreciation on non-current assets | 9(b) | (4,903,188) | (4,851,900) | (4,696,271) |
| Interest expenses | 2(a) | (130,615) | (136,680) | (128,854) |
| Insurance expenses | | (263,957) | (263,341) | (244,132) |
| Other expenditure | | (414,935) | (366,853) | (327,938) |
| | | (21,926,098) | (20,221,970) | (19,317,755) |
| | | (4,131,360) | (2,349,276) | (971,893) |
| Non-operating grants, subsidies and contributions | 2 | 4,107,677 | 2,858,021 | 5,631,635 |
| Profit on asset disposals | 9(a) | 0 | 0 | 373,128 |
| (Loss) on asset disposals | 9(a) | (62,814) | 0 | (332,075) |
| Net result | | (86,497) | 508,745 | 4,700,795 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 10 | (676,032) | 0 | 3,460,125 |
| Total other comprehensive income | | (676,032) | 0 | 3,460,125 |
| Total comprehensive income | | (762,529) | 508,745 | 8,160,920 |

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

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

| | NOTE | 2018 Actual \$ | 2018 Budget \$ | 2017 Actual \$ |
|---|------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| | 2(a) | | | |
| Governance | | 1,196 | 1,550 | 2,010 |
| General purpose funding | | 14,380,792 | 14,284,553 | 14,404,633 |
| Law, order, public safety | | 255,471 | 206,300 | 242,679 |
| Health | | 19,176 | 6,150 | 7,173 |
| Education and welfare | | 38,050 | 0 | 6,834 |
| Community amenities | | 1,283,671 | 1,362,374 | 1,242,917 |
| Recreation and culture | | 1,495,626 | 1,650,615 | 1,701,229 |
| Transport | | 140,526 | 145,052 | 177,680 |
| Economic services | | 72,065 | 121,900 | 89,887 |
| Other property and services | | 108,165 | 94,200 | 470,820 |
| | | 17,794,738 | 17,872,694 | 18,345,862 |
| Expenses | | | | |
| | 2(a) | | | |
| Governance | | (1,099,659) | (1,215,411) | (1,008,367) |
| General purpose funding | | (347,168) | (533,164) | (455,573) |
| Law, order, public safety | | (1,240,618) | (1,273,367) | (1,113,490) |
| Health | | (494,287) | (522,546) | (507,958) |
| Education and welfare | | (867,186) | (877,978) | (824,608) |
| Community amenities | | (2,042,827) | (2,313,592) | (2,002,976) |
| Recreation and culture | | (7,006,917) | (6,949,275) | (6,590,028) |
| Transport | | (7,974,092) | (5,534,924) | (5,900,770) |
| Economic services | | (494,914) | (490,193) | (447,704) |
| Other property and services | | (227,815) | (374,840) | (337,427) |
| | | (21,795,483) | (20,085,290) | (19,188,901) |
| Finance Costs | | | | |
| | 2(a) | | | |
| Recreation and culture | | (76,330) | (79,216) | (64,248) |
| Transport | | (25,685) | (26,561) | (27,757) |
| Economic services | | (9,017) | (9,229) | (10,203) |
| Other property and services | | (19,583) | (21,674) | (26,646) |
| | | (130,615) | (136,680) | (128,854) |
| | | (4,131,360) | (2,349,276) | (971,893) |
| Non-operating grants, subsidies and contributions | 2 | 4,107,677 | 2,858,021 | 5,631,635 |
| Profit on disposal of assets | 9(a) | 0 | 0 | 373,128 |
| (Loss) on disposal of assets | 9(a) | (62,814) | 0 | (332,075) |
| | | 4,044,863 | 2,858,021 | 5,672,688 |
| | | (86,497) | 508,745 | 4,700,795 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes on revaluation of non-current assets | 10 | (676,032) | 0 | 3,460,125 |
| Total other comprehensive income | | (676,032) | 0 | 3,460,125 |
| Total comprehensive income | | (762,529) | 508,745 | 8,160,920 |

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 | 17,832,573 | 18,506,475 |
| Trade and other receivables | 5 | 872,166 | 1,493,219 |
| Inventories | 6 | 14,023 | 16,659 |
| TOTAL CURRENT ASSETS | | 18,718,762 | 20,016,353 |
| NON-CURRENT ASSETS | | | |
| Other receivables | 5 | 108,314 | 115,246 |
| Property, plant and equipment | 7 | 34,004,021 | 34,310,477 |
| Intangible Assets | 7(b) | 1,920,902 | 1,921,278 |
| Infrastructure | 8 | 132,636,708 | 131,853,915 |
| TOTAL NON-CURRENT ASSETS | | 168,669,945 | 168,200,916 |
| TOTAL ASSETS | | 187,388,707 | 188,217,269 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 1,448,582 | 1,404,498 |
| Current portion of long term borrowings | 12(a) | 362,288 | 418,802 |
| Provisions | 13 | 1,190,807 | 968,558 |
| TOTAL CURRENT LIABILITIES | | 3,001,677 | 2,791,858 |
| NON-CURRENT LIABILITIES | | | |
| Long term borrowings | 12(a) | 2,242,864 | 2,605,152 |
| Provisions | 13 | 427,149 | 340,713 |
| TOTAL NON-CURRENT LIABILITIES | | 2,670,013 | 2,945,865 |
| TOTAL LIABILITIES | | 5,671,690 | 5,737,723 |
| NET ASSETS | | 181,717,017 | 182,479,546 |
| EQUITY | | | |
| Retained surplus | | 53,081,004 | 51,766,830 |
| Reserves - cash backed | 4 | 15,742,984 | 17,143,656 |
| Revaluation surplus | 10 | 112,893,029 | 113,569,060 |
| TOTAL EQUITY | | 181,717,017 | 182,479,546 |

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 | | 44,168,310 | 20,086,504 | 110,114,855 | 174,369,669 |
| Comprehensive income | | | | | |
| Net result | | 4,700,795 | 0 | (5,920) | 4,694,875 |
| Changes on revaluation of assets | 10 | (45,123) | 0 | 3,460,125 | 3,415,002 |
| Total comprehensive income | | 4,655,672 | 0 | 3,454,205 | 8,109,877 |
| Transfers from/(to) reserves | | 2,942,848 | (2,942,848) | 0 | 0 |
| Balance as at 30 June 2017 | | 51,766,830 | 17,143,656 | 113,569,060 | 182,479,546 |
| Comprehensive income | | | | | |
| Net result | | (86,497) | 0 | 0 | (86,497) |
| Changes on revaluation of assets | 10 | 0 | 0 | (676,032) | (676,032) |
| Total comprehensive income | | (86,497) | 0 | (676,032) | (762,529) |
| Transfers from/(to) reserves | | 1,400,672 | (1,400,672) | 0 | 0 |
| Balance as at 30 June 2018 | | 53,081,004 | 15,742,984 | 112,893,029 | 181,717,017 |

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 | | 12,403,984 | 12,268,091 | 11,744,663 |
| Operating grants, subsidies and contributions | | 2,460,254 | 1,971,292 | 3,792,705 |
| Fees and charges | | 3,016,948 | 3,114,310 | 3,430,917 |
| Interest earnings | | 453,070 | 492,000 | 429,916 |
| Goods and services tax | | 1,647,550 | 1,782,600 | 2,441,400 |
| Other revenue | | 25,996 | 27,001 | 36,536 |
| | | 20,007,802 | 19,655,294 | 21,876,137 |
| Payments | | | | |
| Employee costs | | (9,114,267) | (9,393,985) | (9,062,163) |
| Materials and contracts | | (6,512,166) | (4,577,201) | (4,456,059) |
| Utility charges | | (532,473) | (501,600) | (503,398) |
| Interest expenses | | (136,679) | (136,680) | (114,161) |
| Insurance expenses | | (263,957) | (263,341) | (244,132) |
| Goods and services tax | | (1,342,497) | (1,735,600) | (2,626,720) |
| Other expenditure | | (414,935) | (366,853) | (327,938) |
| | | (18,316,974) | (16,975,260) | (17,334,571) |
| Net cash provided by (used in) operating activities | 14 | 1,690,828 | 2,680,034 | 4,541,566 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | | (1,215,394) | (10,279,754) | (9,459,517) |
| Payments for construction of infrastructure | | (5,024,464) | (5,710,264) | (4,330,804) |
| Non-operating grants, subsidies and contributions | | 4,107,677 | 2,858,021 | 4,222,910 |
| Proceeds from sale of fixed assets | | 121,863 | 20,930 | 777,662 |
| Net cash provided by (used in) investment activities | | (2,010,318) | (13,111,067) | (8,789,749) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of long term borrowings | | (418,802) | (418,802) | (363,296) |
| Proceeds from self supporting loans | | 64,390 | 62,464 | 62,464 |
| Proceeds from new long term borrowings | | 0 | 6,500,000 | 1,080,000 |
| Net cash provided by (used in) financing activities | | (354,412) | 6,143,662 | 779,168 |
| Net increase (decrease) in cash held | | (673,902) | (4,287,371) | (3,469,015) |
| Cash at beginning of year | | 18,506,475 | 17,388,481 | 21,975,490 |
| Cash and cash equivalents at the end of the year | 14 | 17,832,573 | 13,101,110 | 18,506,475 |

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) | | | | |
| | | 435,254 | 247,410 | 300,884 |
| | | 435,254 | 247,410 | 300,884 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 1,196 | 1,550 | 2,010 |
| General purpose funding | | 2,308,533 | 2,358,332 | 3,011,844 |
| Law, order, public safety | | 255,471 | 206,300 | 242,679 |
| Health | | 19,176 | 6,150 | 7,173 |
| Education and welfare | | 38,050 | 0 | 6,834 |
| Community amenities | | 1,283,671 | 1,362,374 | 1,242,917 |
| Recreation and culture | | 1,495,626 | 1,650,615 | 1,701,229 |
| Transport | | 140,526 | 145,052 | 178,082 |
| Economic services | | 72,065 | 121,900 | 89,887 |
| Other property and services | | 108,165 | 94,200 | 843,546 |
| | | 5,722,479 | 5,946,473 | 7,326,201 |
| Expenditure from operating activities | | | | |
| Governance | | (1,099,659) | (1,215,411) | (1,008,367) |
| General purpose funding | | (347,168) | (533,164) | (455,573) |
| Law, order, public safety | | (1,245,176) | (1,273,367) | (1,113,490) |
| Health | | (494,287) | (522,546) | (511,165) |
| Education and welfare | | (867,186) | (877,978) | (824,608) |
| Community amenities | | (2,059,288) | (2,313,592) | (2,036,556) |
| Recreation and culture | | (7,102,764) | (7,028,491) | (6,927,206) |
| Transport | | (7,999,777) | (5,561,485) | (5,928,527) |
| Economic services | | (503,931) | (499,422) | (457,907) |
| Other property and services | | (269,676) | (396,514) | (386,431) |
| | | (21,988,912) | (20,221,970) | (19,649,830) |
| Operating activities excluded | | | | |
| (Profit) on disposal of assets | 9(a) | 0 | 0 | (373,128) |
| Loss on disposal of assets | 9(a) | 62,814 | 0 | 332,075 |
| Movement in deferred pensioner rates (non-current) | | (26,004) | 0 | (5,014) |
| Movement in employee benefit provisions (non-current) | | 86,436 | 0 | 74,014 |
| Depreciation and amortisation on assets | 9(b) | 4,903,188 | 4,851,900 | 4,696,271 |
| Amount attributable to operating activities | | (10,804,745) | (9,176,187) | (7,298,527) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 4,107,677 | 2,858,021 | 5,631,635 |
| Proceeds from disposal of assets | 9(a) | 121,863 | 20,930 | 777,662 |
| Purchase of property, plant and equipment | 7(c) | (1,215,394) | (10,279,754) | (9,459,517) |
| Purchase and construction of infrastructure | 8(b) | (5,024,464) | (5,602,190) | (4,330,804) |
| Amount attributable to investing activities | | (2,010,318) | (13,002,993) | (7,381,024) |
| FINANCING ACTIVITIES | | | | |
| Repayment of long term borrowings | 12(a) | (418,802) | (418,802) | (363,296) |
| Proceeds from new long term borrowings | 12(b) | 0 | 6,500,000 | 1,080,000 |
| Proceeds from self supporting loans | 12(a) | 64,390 | 64,390 | 62,464 |
| Transfers to reserves (restricted assets) | 4 | (5,256,774) | (2,937,752) | (5,574,403) |
| Transfers from reserves (restricted assets) | 4 | 6,657,446 | 7,045,123 | 8,517,251 |
| Amount attributable to financing activities | | 1,046,260 | 10,252,959 | 3,722,016 |
| Surplus(deficiency) before general rates | | (11,768,803) | (11,926,221) | (10,957,535) |
| Total amount raised from general rates | 23 | 12,072,259 | 11,926,221 | 11,392,789 |
| Net current assets at June 30 c/fwd - surplus/(deficit) | 24 | 303,456 | 0 | 435,254 |

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 26 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 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| Fees and Charges | | |
| Governance | 278 | 1,122 |
| General purpose funding | 130,406 | 130,199 |
| Law, order, public safety | 105,932 | 122,824 |
| Health | 18,446 | 7,125 |
| Community amenities | 1,280,944 | 1,226,726 |
| Recreation and culture | 1,434,960 | 1,500,224 |
| Transport | 4,033 | 3,636 |
| Economic services | 71,520 | 89,875 |
| Other property and services | 37,864 | 335,225 |
| | 3,084,383 | 3,416,956 |

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

| | 2018 | 2017 |
|--|-----------|-----------|
| | \$ | \$ |
| Operating grants, subsidies and contributions | | |
| Governance | 917 | 888 |
| General purpose funding | 1,379,967 | 2,110,627 |
| Law, order, public safety | 149,539 | 119,855 |
| Health | 731 | 49 |
| Education and welfare | 38,050 | 6,834 |
| Community amenities | 2,727 | 16,191 |
| Recreation and culture | 60,666 | 201,004 |
| Transport | 115,334 | 144,197 |
| Economic services | 545 | 12 |
| Other property and services | 70,301 | 135,595 |
| | 1,818,777 | 2,735,252 |
| Non-operating grants, subsidies and contributions | | |
| Education and welfare | 50,000 | 0 |
| Recreation and culture | 1,182,295 | 2,857,195 |
| Transport | 2,875,382 | 2,774,440 |
| | 4,107,677 | 5,631,635 |
| Total grants, subsidies and contributions | 5,926,454 | 8,366,887 |

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 22. 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.

Interest earnings

- Loans receivable - clubs/institutions
- Reserve funds
- Municipal funds
- Other interest revenue
Other interest revenue (refer note 23(d))

| | 2018 | 2018 | 2017 |
|---|---------|---------|---------|
| | Actual | Budget | Actual |
| | \$ | \$ | \$ |
| - Loans receivable - clubs/institutions | 0 | 0 | 0 |
| - Reserve funds | 264,803 | 260,000 | 245,213 |
| - Municipal funds | 48,498 | 105,000 | 56,770 |
| - Other interest revenue | 2,006 | 2,000 | 1,817 |
| Other interest revenue (refer note 23(d)) | 137,763 | 125,000 | 126,116 |
| | 453,070 | 492,000 | 429,916 |

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Significant expense

Contribution to construction on the new Treendale bridge
over the Collie River

Auditors remuneration

- Audit of the Annual Financial Report
- Audit - Other Services

Interest expenses (finance costs)

Long term borrowings (refer Note 12(a))

| | 2018 | 2017 |
|--|-----------|---------|
| | \$ | \$ |
| | 2,292,000 | 0 |
| | 10,140 | 9,625 |
| | 1,600 | 5,330 |
| | 11,740 | 14,955 |
| | 130,615 | 128,854 |
| | 130,615 | 128,854 |

**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 | | 2,089,589 | 1,362,819 |
| Restricted | | 15,742,984 | 17,143,656 |
| | | 17,832,573 | 18,506,475 |
| The following restrictions have been imposed by regulations or other externally imposed requirements: | | | |
| Information Technology Reserve | 4 | 275,043 | 312,855 |
| Road Safety Programs Reserve | 4 | 4,106 | 1,691 |
| Tourism Reserve | 4 | 6,242 | 26,013 |
| Executive & Compliance Vehicle Reserve | 4 | 291,095 | 319,319 |
| Employee Relief Reserve | 4 | 207,110 | 157,110 |
| Employee Leave Entitlements Reserve | 4 | 0 | 0 |
| Refuse Site Environmental Works Reserve | 4 | 81,203 | 80,493 |
| Meat Inspection Reserve | 4 | 5,108 | 5,064 |
| Recycling Education Reserve | 4 | 80,590 | 79,886 |
| Eaton Recreation Centre - Equipment Reserve | 4 | 308,666 | 279,629 |
| Council Land Development Reserve | 4 | 5,715 | 18,478 |
| Sale of Land Reserve | 4 | 2,255,132 | 2,368,045 |
| Accrued Salaries Reserve | 4 | 328,500 | 328,500 |
| Carried Forward Projects Reserve | 4 | 2,968,544 | 3,284,958 |
| Strategic Planning Studies Reserve | 4 | 209,415 | 153,065 |
| Town Planning Consultancy Reserve | 4 | 84,903 | 59,380 |
| Parks & Reserves Upgrades Reserve | 4 | 339,392 | 158,360 |
| Election Expenses Reserve | 4 | 966 | 20,783 |
| Pathways Reserve | 4 | 112,292 | 57,692 |
| Asset / Rates Revaluation Reserve | 4 | 228,922 | 180,708 |
| Refuse & Recycling Bin Replacement Reserve | 4 | 52,930 | 52,468 |
| Emergency Services Reserve | 4 | 10,088 | 10,000 |
| Small Plant & Equipment Reserve | 4 | 10,044 | 5,000 |
| Storm Water Reserve | 4 | 50,000 | 0 |
| Fire Control Reserve | 4 | 1,086 | 1,076 |
| Collie River (Eaton Drive) Bridge Construction Reserve | 4 | 1,627,719 | 3,890,096 |
| Eaton Drive - Access Construction Reserve | 4 | 163,738 | 72,906 |
| Eaton Drive - Scheme Construction Reserve | 4 | 920,705 | 1,246,186 |
| Contribution to Works Reserve | 4 | 585,777 | 477,940 |
| Unspent Grants Reserve | 22 | 1,611,237 | 1,023,321 |
| Swimming Pool Inspection Reserve | 4 | 26,852 | 26,617 |
| Unspent Specified Area Rate - Bulk Waste Collection | 4 | 67,617 | 59,471 |
| Unspent Specified Area Rate - Eaton Landscaping | 4 | 0 | 0 |
| Dardanup Community Centre Design Reserve | 4 | 1,102 | 487 |
| Dardanup Public Library Reserve | 4 | 4,264 | 2,262 |
| Wells Park Hard Courts Reserve | 4 | 4,003 | 1,790 |
| Wells Park Clubroom Reserve | 4 | 9,520 | 4,858 |
| Wells Park Clubroom Design Reserve | 4 | 1,255 | 463 |
| Wells Park Car Park Reserve | 4 | 12,607 | 6,349 |
| Eaton Library Reserve | 4 | 0 | 0 |
| Wanju Developer Contribution Plan Reserve | 4 | 0 | 0 |
| Dardanup Community Centre Reserve | 4 | 7,162 | 3,462 |
| Plant Reserve | 4 | 768,934 | 623,887 |
| Road Construction & Major Maintenance Reserve | 4 | 649,498 | 434,509 |
| Unspent Royalties for Regions Grants | 4 | 0 | 0 |
| Building Maintenance Reserve | 4 | 1,363,902 | 1,308,479 |
| Unspent loans | 12(c) | 0 | 0 |
| | | 15,742,984 | 17,143,656 |

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.

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

4. RESERVES - CASH BACKED

| | 2018 Actual Opening Balance | 2018 Actual Transfer to | 2018 Actual Transfer (from) | 2018 Actual Reallocation to (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 Reallocation to (from) | 2017 Actual Closing Balance |
|--|--------------------------------------|----------------------------------|--------------------------------------|---|----------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|---|--------------------------------------|
| | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Information Technology Reserve | 312,855 | 122,757 | (100,568) | (60,000) | 275,044 | 245,794 | 123,063 | (350,156) | 18,701 | 284,458 | 180,565 | (152,168) | 0 | 312,855 |
| Road Safety Programs Reserve | 1,691 | 2,415 | 0 | 0 | 4,106 | 1,691 | 0 | 0 | 1,691 | 1,691 | 0 | 0 | 0 | 1,691 |
| Tourism Reserve | 26,013 | 229 | (20,000) | 0 | 6,242 | 20,000 | 0 | (20,000) | 0 | 20,000 | 16,013 | (10,000) | 0 | 26,013 |
| Executive & Compliance Vehicle Reserve | 319,319 | 82,814 | (111,038) | 0 | 291,095 | 195,331 | 82,431 | (62,659) | 215,103 | 297,889 | 134,731 | (113,301) | 0 | 319,319 |
| Employee Relief Reserve | 157,110 | 50,000 | 0 | 0 | 207,110 | 157,110 | 50,000 | 0 | 207,110 | 112,110 | 45,000 | 0 | 0 | 157,110 |
| Employee Leave Entitlements Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refuse Site Environmental Works Reserve | 80,493 | 709 | 0 | 0 | 81,202 | 80,493 | 0 | 0 | 80,493 | 80,493 | 0 | 0 | 0 | 80,493 |
| Meat Inspection Reserve | 5,064 | 44 | 0 | 0 | 5,108 | 5,064 | 0 | 0 | 5,064 | 5,064 | 0 | 0 | 0 | 5,064 |
| Recycling Education Reserve | 79,886 | 704 | 0 | 0 | 80,590 | 79,886 | 0 | 0 | 79,886 | 79,886 | 0 | 0 | 0 | 79,886 |
| Eaton Recreation Centre - Equipment Reserve | 279,629 | 42,464 | (13,428) | 0 | 308,665 | 278,500 | 43,485 | (13,428) | 308,557 | 265,447 | 35,193 | (21,011) | 0 | 279,629 |
| Council Land Development Reserve | 18,478 | 163 | (12,926) | 0 | 5,715 | 27,848 | 0 | (25,000) | 2,848 | 27,848 | 0 | (9,370) | 0 | 18,478 |
| Sale of Land Reserve | 2,368,045 | 20,869 | (133,781) | 0 | 2,255,133 | 4,196,199 | 53,958 | (2,960,760) | 1,289,397 | 6,273,778 | 541,777 | (4,793,032) | 345,522 | 2,368,045 |
| Accrued Salaries Reserve | 328,500 | | | | 328,500 | 7,200 | 0 | 0 | 7,200 | 328,500 | 0 | 0 | 0 | 328,500 |
| Carried Forward Projects Reserve | 3,284,958 | 839,552 | (1,461,335) | 305,369 | 2,968,544 | 2,730,924 | 0 | (977,342) | 1,753,582 | 2,917,531 | 1,021,015 | (1,169,402) | 515,814 | 3,284,958 |
| Strategic Planning Studies Reserve | 153,065 | 56,349 | 0 | 0 | 209,414 | 105,065 | 55,000 | (90,000) | 70,065 | 98,065 | 55,000 | 0 | 0 | 153,065 |
| Town Planning Consultancy Reserve | 59,380 | 25,523 | 0 | 0 | 84,903 | 36,359 | 25,000 | (30,000) | 31,359 | 51,359 | 25,000 | (16,979) | 0 | 59,380 |
| Parks & Reserves Upgrades Reserve | 158,360 | 346,954 | (76,491) | (89,431) | 339,392 | 21,953 | 200,280 | (195,499) | 26,734 | 219,346 | 194,291 | (249,942) | (5,335) | 158,360 |
| Election Expenses Reserve | 20,783 | 20,183 | (40,000) | 0 | 966 | 20,783 | 20,000 | (40,000) | 783 | 783 | 20,000 | 0 | 0 | 20,783 |
| Pathways Reserve | 57,692 | 145,508 | (90,908) | 0 | 112,292 | 254,198 | 148,106 | (106,670) | 295,634 | 233,975 | 190,873 | (229,501) | (137,655) | 57,692 |
| Asset / Rates Revaluation Reserve | 180,708 | 60,592 | (12,378) | 0 | 228,922 | 180,708 | 59,000 | (180,000) | 59,708 | 125,708 | 55,000 | 0 | 0 | 180,708 |
| Refuse & Recycling Bin Replacement Reserve | 52,468 | 462 | 0 | 0 | 52,930 | 52,468 | 0 | 0 | 52,468 | 52,468 | 0 | 0 | 0 | 52,468 |
| Emergency Services Reserve | 10,000 | 88 | 0 | 0 | 10,088 | 10,000 | 0 | 0 | 10,000 | 10,000 | 0 | 0 | 0 | 10,000 |
| Small Plant & Equipment Reserve | 5,000 | 5,044 | 0 | 0 | 10,044 | 5,000 | 5,000 | 0 | 10,000 | 0 | 5,000 | 0 | 0 | 5,000 |
| Storm Water Reserve | 0 | 50,000 | 0 | 0 | 50,000 | 0 | 50,000 | 0 | 50,000 | 0 | 0 | 0 | 0 | 0 |
| Fire Control Reserve | 1,076 | 9 | 0 | 0 | 1,085 | 1,076 | 0 | 0 | 1,076 | 1,076 | 0 | 0 | 0 | 1,076 |
| Collie River (Eaton Drive) Bridge Construction R | 3,890,096 | 34,282 | (2,296,659) | 0 | 1,627,719 | 3,885,952 | 49,555 | 0 | 3,935,507 | 4,059,702 | 199,672 | (369,278) | 0 | 3,890,096 |
| Eaton Drive - Access Construction Reserve | 72,906 | 644 | (73,548) | 163,737 | 163,739 | 32,022 | 408 | 0 | 32,430 | 190,576 | 45,890 | (163,560) | 0 | 72,906 |
| Eaton Drive - Scheme Construction Reserve | 1,246,186 | 10,982 | (172,726) | (163,737) | 920,705 | 1,245,207 | 15,879 | (225,304) | 1,035,782 | 1,177,185 | 71,972 | (2,971) | 0 | 1,246,186 |
| Contribution to Works Reserve | 477,940 | 107,838 | | | 585,778 | 525,153 | 0 | 0 | 525,153 | 519,623 | 5,530 | (47,213) | 0 | 477,940 |
| Unspent Grants Reserve | 1,023,321 | 1,421,057 | (833,141) | 0 | 1,611,237 | 171,784 | 0 | 0 | 171,784 | 187,071 | 851,537 | (15,287) | 0 | 1,023,321 |
| Swimming Pool Inspection Reserve | 26,617 | 235 | 0 | 0 | 26,852 | 26,617 | 0 | 0 | 26,617 | 26,617 | 0 | 0 | 0 | 26,617 |
| Unspent Specified Area Rate - Bulk Waste Colle | 59,471 | 8,146 | 0 | 0 | 67,617 | 52,861 | 0 | 0 | 52,861 | 52,861 | 6,610 | 0 | 0 | 59,471 |
| Unspent Specified Area Rate - Eaton Landscapi | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 106,753 | 0 | (106,753) | 0 | 0 |
| Dardanup Community Centre Design Reserve | 487 | 615 | 0 | 0 | 1,102 | 487 | 6 | 0 | 493 | 419 | 68 | 0 | 0 | 487 |
| Dardanup Public Library Reserve | 2,262 | 2,003 | 0 | 0 | 4,265 | 2,261 | 29 | 0 | 2,290 | 2,218 | 44 | 0 | 0 | 2,262 |
| Wells Park Hard Courts Reserve | 1,790 | 2,213 | 0 | 0 | 4,003 | 1,790 | 23 | 0 | 1,813 | 1,756 | 34 | 0 | 0 | 1,790 |
| Wells Park Clubroom Reserve | 4,858 | 4,662 | 0 | 0 | 9,520 | 4,858 | 62 | 0 | 4,920 | 4,765 | 93 | 0 | 0 | 4,858 |
| Wells Park Clubroom Design Reserve | 463 | 792 | 0 | 0 | 1,255 | 463 | 6 | 0 | 469 | 454 | 9 | 0 | 0 | 463 |
| Wells Park Car Park Reserve | 6,349 | 6,259 | 0 | 0 | 12,608 | 6,349 | 82 | 0 | 6,431 | 6,227 | 122 | 0 | 0 | 6,349 |
| Dardanup Community Centre Reserve | 3,462 | 3,700 | 0 | 0 | 7,162 | 3,462 | 44 | | 3,506 | 3,454 | 8 | 0 | 0 | 3,462 |
| Plant Reserve | 623,887 | 205,498 | (60,451) | 0 | 768,934 | 609,246 | 207,887 | (64,370) | 752,763 | 369,174 | 297,314 | (42,601) | 0 | 623,887 |
| Road Construction & Major Maintenance Reserv | 434,509 | 1,303,829 | (1,088,841) | 0 | 649,497 | 226,085 | 1,521,633 | (1,369,415) | 378,303 | 307,433 | 1,350,154 | (987,787) | (235,291) | 434,509 |
| Unspent Royalties for Regions Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 345,522 | 0 | 0 | (345,522) | 0 |
| Building Maintenance Reserve | 1,308,479 | 270,587 | (59,227) | (155,938) | 1,363,901 | 1,320,234 | 226,815 | (334,520) | 1,212,529 | 1,237,219 | 225,888 | (17,095) | (137,533) | 1,308,479 |
| | 17,143,656 | 5,256,774 | (6,657,446) | 0 | 15,742,984 | 16,828,481 | 2,937,752 | (7,045,123) | 12,721,110 | 20,086,504 | 5,574,403 | (8,517,251) | 0 | 17,143,656 |

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

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

| Name of Reserve | Anticipated date of use | Purpose of the reserve |
|--|---|---|
| Information Technology Reserve | As scheduled in Council's Asset Management Plan. | Established for the acquisition of software and computer equipment. |
| Road Safety Programs Reserve | As funds become available for suitable projects. | Established for general road safety programs in the Shire. |
| Tourism Reserve | As funds become available for suitable projects. | Established to fund the development of tourism projects. |
| Executive & Compliance Vehicle Reserve | As scheduled in Council's Asset Management Plan. | To fund the purchase or replacement of Council's executive and compliance vehicles. |
| Employee Relief Reserve | As required. | To provide funds for employee related entitlements and relief staff for prolonged employee leave. |
| Employee Leave Entitlements Reserve | As required. | To provide funds for employee purchased leave entitlements under Policy. |
| Refuse Site Environmental Works Reserve | As required. | Established to provide funds for environmental works at the Banksia Road Refuse Site. |
| Meat Inspection Reserve | As required. | To provide for equipment for Meat Inspection Services. |
| Recycling Education Reserve | As funds become available for suitable projects. | Unspent recycling education funds for use in special education programs. |
| Eaton Recreation Centre - Equipment Reserve | As scheduled in Council's Asset Management Plan. | Established for the acquisition and replacement of equipment at the Eaton Recreation Centre. |
| Council Land Development Reserve | As required. | Established for funding the development of Council land for resale. |
| Sale of Land Reserve | As suitable projects are identified. | Established to hold funds from the sale of Council land. |
| Accrued Salaries Reserve | As required. | This fund consists of cash backed salaries and wages allocation paid annually into this reserve over a period of 10 financial years to meet the additional cash flow in each eleventh year when 27 pay periods occur (all other years have 26 pay periods). |
| Carried Forward Projects Reserve | As projects are completed. | Established to hold unspent project funds to be carried forward into future financial years. |
| Strategic Planning Studies Reserve | As required. | Established for funding strategic studies. |
| Town Planning Consultancy Reserve | As funds become available for suitable projects. | Established for funding strategic Town Planning Studies. |
| Parks & Reserves Upgrades Reserve | As scheduled in Council's Asset Management Plan. | Established to fund the development of Parks and Reserves. |
| Election Expenses Reserve | Council election year. | Established to fund Council elections. |
| Pathways Reserve | As scheduled in Council's Asset Management Plan. | Established to provide funds for the upgrade and renewal of the Shire's pathway infrastructure. |
| Asset / Rates Revaluation Reserve | As required. | Established to provide funds for asset and rating revaluations. |
| Refuse & Recycling Bin Replacement Reserve | As required. | Established to provide funds for replacement of refuse and recycling bins. |
| Emergency Services Reserve | Funds are not expected to be used within a set period but on a budgetary needs basis. | Established to fund unforeseen over expenditure in the Emergency Services Levy Budget. |
| Small Plant & Equipment Reserve | As scheduled in Council's Asset Management Plan. | Established to fund the purchase or replacement of Council's small plant and equipment. |
| Storm Water Reserve | As scheduled in Council's Asset Management Plan. | Established to ensure preservation of Council's transport storm water infrastructure network independent of grants and contributions. |
| Fire Control Reserve | As funds become available for suitable projects. | For the purchase, construction and development of fire fighting equipment and buildings. |
| Collie River (Eaton Drive) Bridge Construction Reserve | As the necessary funds are raised. | Established for the future construction of a bridge over the Collie River and extend Eaton Drive. |
| Eaton Drive - Access Construction Reserve | As the growth in Eaton townsite necessitates development. | Established for the construction of Eaton Drive Access Road from developer contributions. |
| Eaton Drive - Scheme Construction Reserve | As the growth in Eaton townsite necessitates development. | Established for the future construction of Eaton Drive from developer contributions. |
| Contribution to Works Reserve | Year of budgeted works. | Established to account for contributions and donations received from external sources. |
| Unspent Grants Reserve | Year of budgeted works. | Established to identify unexpended grants and special projects funding. |
| Swimming Pool Inspection Reserve | On payment of swimming pool inspections every 3 years. | Established to account for unspent Swimming Pool Inspection Levy. |
| Unspent Specified Area Rate - Bulk Waste Collection | Next financial year. | Established to hold unspent specified area rates for bulk waste collection. |
| Unspent Specified Area Rate - Eaton Landscaping | Next financial year. | Established to hold unspent specified area rates for Eaton landscaping. |
| Dardanup Community Centre Design Reserve | As required. | Established to hold funds for the design of a future community centre and outdoor play area. |
| Dardanup Public Library Reserve | As required. | Established to hold funds for the future extension of Dardanup Public Library. |
| Wells Park Hard Courts Reserve | As required. | Established to hold funds for the future upgrade of the hard courts and lighting at Wells Park. |
| Wells Park Clubroom Reserve | As required. | Established to hold funds for the future extension of the club room facilities at Wells Park. |
| Wells Park Clubroom Design Reserve | As required. | Established to hold funds for the design and future extension of the club room facilities at Wells Park. |
| Wells Park Car Park Reserve | As required. | Established to hold funds for the future upgrade and construction of the car parking area at Wells Park. |
| Eaton Library Reserve | As required. | Established to hold funds for the future upgrade of the Eaton Public Library. |
| Wanju Developer Contribution Plan Reserve | As required. | Established to fund Wanju Developer Contribution Plan planning and development costs. |
| Dardanup Community Centre Reserve | As required. | Established to hold funds for the future construction of a community centre and outdoor play area. |
| Plant Reserve | As scheduled in Council's Asset Management Plan. | To fund the purchase or replacement of Council's vehicles, heavy plant and equipment. |
| Road Construction & Major Maintenance Reserve | Funds are not expected to be used within a set period but on a budgetary needs basis. | Established to provide funds for the upgrade and renewal of the Shire's transport infrastructure. |
| Unspent Royalties for Regions Grants | As required. | Established to identify unexpended Royalties for Regions grants. |
| Building Maintenance Reserve | As scheduled in Council's Asset Management Plan. | For the purchase, construction and maintenance of Council buildings. |

**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 |
| GST receivable |
| Loans receivable - clubs/institutions |
| Fuel Tax Credits |
| Insurance Claims |
| Prepaid Expenditure |
| Accrued Revenue |
| Pensioner Rates Rebate |

Non-current

| |
|---------------------------------------|
| Rates outstanding - pensioners |
| Loans receivable - clubs/institutions |

Information with respect to 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 |
|---------------------------|

| | 2018 | 2017 |
|--|---------|-----------|
| | \$ | \$ |
| | 324,805 | 0 |
| | 124,066 | 760,448 |
| | 306,110 | 611,163 |
| | 32,936 | 64,390 |
| | 5,715 | 10,810 |
| | 1,757 | 6,595 |
| | 5,708 | 28,365 |
| | 55,968 | 0 |
| | 15,101 | 11,448 |
| | 872,166 | 1,493,219 |
| | 108,314 | 82,310 |
| | 0 | 32,936 |
| | 108,314 | 115,246 |
| | 324,805 | 0 |
| | 29,018 | 35,201 |

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

Materials - Depot

Trading Stock - Eaton Recreation Centre

| | 2018 | 2017 |
|--|---------------|---------------|
| | \$ | \$ |
| | 2,166 | 2,637 |
| | 11,857 | 14,022 |
| | 14,023 | 16,659 |

SIGNIFICANT ACCOUNTING POLICIES

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 - freehold land at: | | |
| - Independent Valuation 2017 - Level 3 | 6,365,673 | 6,258,523 |
| | 6,365,673 | 6,258,523 |
| Total land | 6,365,673 | 6,258,523 |
| Buildings - non-specialised at: | | |
| - Independent Valuation 2017 - Level 3 | 39,968,361 | 39,386,982 |
| Less: accumulated depreciation | (16,789,023) | (15,994,249) |
| | 23,179,338 | 23,392,733 |
| Total buildings | 23,179,338 | 23,392,733 |
| Total land and buildings | 29,545,011 | 29,651,256 |
| Furniture and Equipment at: | | |
| - Management Valuation 2016 - Level 3 | 2,674,352 | 2,638,132 |
| Less: accumulated depreciation | (1,904,521) | (1,835,348) |
| | 769,831 | 802,784 |
| Plant and Equipment at: | | |
| - Management Valuation 2016 - Level 3 | 1,059,125 | 1,010,383 |
| Less: accumulated depreciation | (394,670) | (348,974) |
| | 664,455 | 661,409 |
| Motor Vehicles at: | | |
| - Management Valuation 2016 - Level 3 | 4,624,531 | 4,634,791 |
| Less: accumulated depreciation | (2,081,529) | (1,866,694) |
| | 2,543,002 | 2,768,097 |
| Work In Progress at: | | |
| - Work in Progress at Cost | 481,722 | 426,931 |
| Less: accumulated depreciation | 0 | 0 |
| | 481,722 | 426,931 |
| Total property, plant and equipment | 34,004,021 | 34,310,477 |

7 (b). INTANGIBLE ASSETS

| | 2018 | 2017 |
|---------------------------------------|------------------|------------------|
| | \$ | \$ |
| - Management Valuation 2018 - Level 3 | 1,920,902 | 1,921,278 |
| Less: accumulated depreciation | 0 | 0 |
| Total Intangible Assets | 1,920,902 | 1,921,278 |

Intangible Assets are easements on land owned by residents where the Shire has the right to use the land for drainage purposes. The easements have an indefinite useful life and is assessed for impairment annually.

| | |
|---|------------------|
| Carrying Amount as at 1 July 2016 | 1,921,278 |
| Carrying Amount as at 1 July 2017 | 1,921,278 |
| Additions | 0 |
| (Disposals) | 0 |
| Revaluation increments/ (decrements) transferred to revaluation surplus | (376) |
| Carrying Amount as at 1 July 2018 | 1,920,902 |

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Movements in Carrying Amounts

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

| | Land - freehold land | Total land | Buildings - non- specialised | Total buildings | Total land and buildings | Furniture and Equipment | Plant and Equipment | Motor Vehicles | Work In Progress | Total property, plant and equipment |
|---|-------------------------|------------|---------------------------------|--------------------|--------------------------------|-------------------------------|------------------------|-------------------|---------------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2016 | 4,021,149 | 4,021,149 | 15,991,648 | 15,991,648 | 20,012,797 | 809,081 | 652,807 | 2,937,527 | 1,237,846 | 25,650,058 |
| Additions | 0 | 0 | 8,732,263 | 8,732,263 | 8,732,263 | 180,451 | 56,890 | 347,372 | 142,541 | 9,459,517 |
| (Disposals) | (231,149) | (231,149) | (297,580) | (297,580) | (528,729) | (961) | (414) | (206,503) | 0 | (736,607) |
| Revaluation increments/ (decrements) transferred to revaluation surplus | 2,135,000 | 2,135,000 | (841,535) | (841,535) | 1,293,465 | 0 | 0 | 0 | 0 | 1,293,465 |
| Depreciation (expense) | 0 | 0 | (766,873) | (766,873) | (766,873) | (185,787) | (47,874) | (310,299) | 0 | (1,310,833) |
| Transfers | 333,523 | 333,523 | 574,810 | 574,810 | 908,333 | 0 | 0 | 0 | (953,456) | (45,123) |
| Carrying amount at 30 June 2017 | 6,258,523 | 6,258,523 | 23,392,733 | 23,392,733 | 29,651,256 | 802,784 | 661,409 | 2,768,097 | 426,931 | 34,310,477 |
| Additions | 100,000 | 100,000 | 581,380 | 581,380 | 681,380 | 155,479 | 53,334 | 263,260 | 61,941 | 1,215,394 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | (2,208) | (467) | (182,002) | 0 | (184,677) |
| Revaluation increments/ (decrements) transferred to revaluation surplus | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation (expense) | 0 | 0 | (794,775) | (794,775) | (794,775) | (186,224) | (49,821) | (306,353) | 0 | (1,337,173) |
| Transfers | 7,150 | 7,150 | 0 | 0 | 7,150 | 0 | 0 | 0 | (7,150) | 0 |
| Carrying amount at 30 June 2018 | 6,365,673 | 6,365,673 | 23,179,338 | 23,179,338 | 29,545,011 | 769,831 | 664,455 | 2,543,002 | 481,722 | 34,004,021 |

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|---|----------------------|--|-------------------------------|------------------------|--|
| Land and buildings | | | | | |
| Land - freehold land | 3 | Market approach using recent observable market data for similar properties | Independent registered valuer | June 2017 | Price per m2 |
| Land - vested in and under the control of Council | | | | | |
| Buildings - non-specialised | 3 | Market approach using recent observable market data for properties | Independent registered valuer | June 2017 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Buildings - specialised | | | | | |
| Furniture and Equipment | | | | | |
| | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2016 | Purchase costs and current condition, residual values and remaining useful life assessments |
| Plant and Equipment | | | | | |
| - Management Valuation 2016 | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2016 | Purchase costs and current condition, residual values and remaining useful life assessments |
| - Independent valuation 201X | | | | | |
| | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2016 | Purchase costs and current condition, residual values and remaining useful life assessments |
| Motor Vehicles | | | | | |
| Work In Progress | | | | | |
| | 3 | Market approach using recent Valuer General rating valuations | Management valuation | June 2018 | Valuer General rating valuations applied to easement land area |
| Intangible Assets | | | | | |

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

| | 2018 | 2017 |
|---------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Infrastructure - Roads | | |
| - Management Valuation 2018 - Level 3 | 127,209,804 | 128,282,840 |
| Less: accumulated depreciation | (36,827,648) | (36,194,380) |
| | 90,382,156 | 92,088,460 |
| Infrastructure - Footpaths | | |
| - Management Valuation 2018 - Level 3 | 10,133,662 | 9,604,010 |
| Less: accumulated depreciation | (2,948,157) | (2,763,657) |
| | 7,185,505 | 6,840,353 |
| Infrastructure - Drainage | | |
| - Management Valuation 2018 - Level 3 | 25,047,817 | 22,213,895 |
| Less: accumulated depreciation | (7,488,259) | (5,757,352) |
| | 17,559,558 | 16,456,543 |
| Parks and Ovals | | |
| - Management Valuation 2018 - Level 3 | 9,147,164 | 8,501,909 |
| Less: accumulated depreciation | (3,259,928) | (3,904,683) |
| | 5,887,236 | 4,597,226 |
| Infrastructure - Bridges | | |
| - Management Valuation 2018 - Level 3 | 28,945,459 | 28,715,000 |
| Less: accumulated depreciation | (17,323,206) | (16,843,667) |
| | 11,622,253 | 11,871,333 |
| Total infrastructure | 132,636,708 | 131,853,915 |

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 the current financial year.

| | Infrastructure - Roads | Infrastructure - Footpaths | Infrastructure - Drainage | Parks and Ovals | Infrastructure - Bridges | Total Infrastructure |
|---|---------------------------|-------------------------------|------------------------------|--------------------|-----------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2016 | 90,930,651 | 6,975,165 | 16,751,988 | 3,910,291 | 10,179,714 | 128,747,809 |
| Additions | 3,434,489 | 56,145 | | 840,170 | | 4,330,804 |
| Revaluation (loss)/ reversals transferred to profit or loss | | | | | 2,160,740 | 2,160,740 |
| Depreciation (expense) | (2,276,680) | (190,957) | (295,445) | (153,235) | (469,121) | (3,385,438) |
| Carrying amount at 30 June 2017 | 92,088,460 | 6,840,353 | 16,456,543 | 4,597,226 | 11,871,333 | 131,853,915 |
| Additions | 3,734,967 | 142,082 | | 916,956 | 230,459 | 5,024,464 |
| Revaluation increments/ (decrements) transferred to revaluation surplus | (3,012,358) | 395,150 | 1,398,460 | 543,092 | | (675,656) |
| Depreciation (expense) | (2,428,913) | (192,080) | (295,445) | (170,038) | (479,539) | (3,566,015) |
| Carrying amount at 30 June 2018 | 90,382,156 | 7,185,505 | 17,559,558 | 5,887,236 | 11,622,253 | 132,636,708 |

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|----------------------------|----------------------|--|-----------------------|------------------------|--|
| Infrastructure - Roads | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Footpaths | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Drainage | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Parks and Ovals | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Bridges | 3 | Cost approach using depreciated replacement cost | Independent valuation | June 2017 | 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.

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.

Intangible Assets

Easements

Council has express rights to use all (or part) of other persons land for a stated purpose. These are for access to underground municipal infrastructure. These easements have an indefinite life due to the permanent nature of the infrastructure.

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 |
|--------------------------------------|-----------------------------|----------------------------|------------------|----------------|-----------------------------|----------------------------|------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Property, Plant and Equipment | | | | | | | | |
| Law, order, public safety | | | | | | | | |
| Ranger Services vehicle | 20,467 | 15,909 | 0 | (4,558) | 0 | 0 | | |
| Community amenities | | | | | | | | |
| Town Planning vehicle | 19,006 | 12,727 | 0 | (6,279) | 0 | 0 | | |
| Town Planning vehicle | 17,000 | 6,818 | 0 | (10,182) | 0 | 0 | | |
| Recreation and culture | | | | | | | | |
| Eaton Recreation Centre vehicle | 15,786 | 10,909 | 0 | (4,877) | 0 | 0 | | |
| Parks and Reserves vehicle | 33,783 | 21,818 | 0 | (11,965) | | | | |
| Furniture and Equipment | 2,208 | 0 | 0 | (2,208) | | | | |
| Plant and Equipment | 468 | 0 | 0 | (468) | 513 | 513 | 0 | 0 |
| Transport | | | | | | | | |
| Water Tank - Truck Mounted | 0 | 0 | | | 6,663 | 6,663 | 0 | 0 |
| Other property and services | | | | | | | | |
| Information Technology vehicle | 24,340 | 20,000 | 0 | (4,340) | 0 | 0 | | |
| Engineering Technical vehicle | 18,334 | 11,864 | 0 | (6,470) | 13,754 | 13,754 | 0 | 0 |
| Governance/HR vehicle | 33,285 | 21,818 | 0 | (11,467) | 0 | 0 | | |
| | 184,677 | 121,863 | 0 | (62,814) | 20,930 | 20,930 | 0 | 0 |

(b) Depreciation

| | 2018 | 2017 |
|-----------------------------|-----------|-----------|
| | \$ | \$ |
| Buildings - non-specialised | 794,775 | 766,873 |
| Furniture and Equipment | 186,224 | 185,787 |
| Plant and Equipment | 49,821 | 47,874 |
| Motor Vehicles | 306,353 | 310,299 |
| Infrastructure - Roads | 2,428,913 | 2,276,680 |
| Infrastructure - Footpaths | 192,080 | 190,957 |
| Infrastructure - Drainage | 295,445 | 295,445 |
| Parks and Ovals | 170,038 | 153,235 |
| Infrastructure - Bridges | 479,539 | 469,121 |
| | 4,903,188 | 4,696,271 |

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 - non-specialised | 50 Years |
| Buildings - specialised | 50 Years |
| Furniture and equipment | 5 to 10 Years |
| Plant and equipment | 5 to 10 Years |
| Motor Vehicles | 10 Years |
| Works in Progress | Nil |
| Infrastructure Assets | |
| - Roads - Sealed | 30 Years |
| - Roads - Unsealed (formed) | 60 Years |
| - Roads - Gravel | 60 Years |
| - Infrastructure - Footpaths | 50 Years |
| - Infrastructure - Drainage | 75 Years |
| - Infrastructure - Parks and ovals | 20 Years |
| - Infrastructure - Other | 0 Years |
| - Infrastructure - Water supply | 0 Years |
| - Infrastructure - Bridges | 60 Years |
| - Infrastructure - Parks & Ovals | 20 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 | 2018 | 2018 | 2018 | 2018 | 2017 | 2017 | 2017 | 2017 | 2017 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Opening | Revaluation | Revaluation | Total | 2018 | Opening | Revaluation | Revaluation | Total | 2017 |
| | Balance | Increment | (Decrement) | Movement on | Closing | Balance | Increment | (Decrement) | Movement on | Closing |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus -Land - freehold land | 5,018,352 | 0 | 0 | 0 | 5,018,352 | 2,883,352 | 2,135,000 | 0 | 2,135,000 | 5,018,352 |
| Revaluation surplus -Buildings - non-specialised | 11,814,130 | 0 | 0 | 0 | 11,814,130 | 12,655,665 | 0 | (841,535) | (841,535) | 11,814,130 |
| Revaluation surplus -Furniture and Equipment | 193,477 | 0 | 0 | 0 | 193,477 | 193,477 | 0 | 0 | 0 | 193,477 |
| Revaluation surplus -Plant and Equipment | 531,986 | 0 | 0 | 0 | 531,986 | 531,986 | 0 | 0 | 0 | 531,986 |
| Revaluation surplus -Motor Vehicles | 312,711 | 0 | 0 | 0 | 312,711 | 312,711 | 0 | 0 | 0 | 312,711 |
| Revaluation surplus -Intangible Assets | 1,921,278 | 0 | 0 | 0 | 1,921,278 | 1,921,278 | 0 | 0 | 0 | 1,921,278 |
| Revaluation surplus - Infrastructure - Roads | 60,359,817 | 0 | (3,012,358) | (3,012,358) | 57,347,459 | 60,359,817 | 0 | 0 | 0 | 60,359,817 |
| Revaluation surplus - Infrastructure - Footpaths | 6,030,323 | 395,150 | 0 | 395,150 | 6,425,473 | 6,030,323 | 0 | 0 | 0 | 6,030,323 |
| Revaluation surplus - Infrastructure - Drainage | 17,743,469 | 1,398,460 | 0 | 1,398,460 | 19,141,929 | 17,743,469 | 0 | 0 | 0 | 17,743,469 |
| Revaluation surplus - Parks and Ovals | 1,673,372 | 543,092 | 0 | 543,092 | 2,216,465 | 1,673,372 | 0 | 0 | 0 | 1,673,372 |
| Revaluation surplus - Infrastructure - Bridges | 7,970,145 | 0 | 0 | 0 | 7,970,146 | 5,809,405 | 2,160,740 | 0 | 2,160,740 | 7,970,145 |
| | 113,569,060 | 2,336,702 | (3,012,358) | (675,656) | 112,893,405 | 110,114,855 | 4,295,740 | (841,535) | 3,454,205 | 113,569,060 |

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

| | |
|--|--|
| Sundry Creditors | |
| Accrued Interest on Long Term Borrowings | |
| Accrued Salaries & Wages | |
| ATO Liabilities | |
| Other Payables (ESL) | |
| Prepaid Revenue - Rates | |
| Prepaid Revenue - Other | |
| Accrued Expenses | |

| | 2018 | 2017 |
|--|------------------|------------------|
| | \$ | \$ |
| | 748,816 | 1,069,007 |
| | 42,740 | 48,804 |
| | 24,353 | 16,261 |
| | 134,354 | 156,697 |
| | 0 | 6,445 |
| | 436,913 | 95,817 |
| | 0 | 11,467 |
| | 61,406 | 0 |
| | 1,448,582 | 1,404,498 |

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.

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

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

| Particulars | Principal | New | Principal Repayments | | Principal 30 June 2018 | | Interest Repayments | | Budget |
|--------------------------------------|-------------|-------|----------------------|---------|------------------------|-----------|---------------------|---------|---------|
| | 1 July 2017 | Loans | Actual | Budget | Actual | Budget | (Accrued) | Actual | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Recreation and culture | | | | | | | | | |
| Loan 59 - Eaton Recreation Centre | 515,970 | 0 | 73,861 | 73,861 | 442,109 | 442,109 | 28,177 | 29,219 | 29,219 |
| Loan 63 - Eaton Recreation Centre I | 60,716 | 0 | 19,061 | 19,061 | 41,655 | 41,655 | 3,139 | 3,344 | 3,344 |
| Loan 68 - Fitness Equipment | 101,986 | 0 | 39,796 | 39,796 | 62,190 | 62,190 | 2,742 | 3,040 | 3,040 |
| Loan 69 - Glen Huon Oval Club Roc | 1,080,000 | 0 | 36,734 | 36,734 | 1,043,266 | 1,043,266 | 40,449 | 41,123 | 41,123 |
| Transport | | | | | | | | | |
| Loan 66 - Depot Land | 665,459 | 0 | 51,953 | 51,953 | 613,506 | 613,506 | 25,685 | 26,561 | 26,561 |
| Economic services | | | | | | | | | |
| Loan 61 - Gravel Pit Land, Panizza I | 153,979 | 0 | 19,848 | 19,848 | 134,131 | 134,131 | 9,017 | 9,229 | 9,229 |
| Other property and services | | | | | | | | | |
| Loan 49 - Administration Building | 124,997 | 0 | 82,032 | 82,032 | 42,965 | 42,965 | 4,978 | 6,498 | 6,498 |
| Loan 65 - Administration Building Ex | 223,522 | 0 | 31,127 | 31,127 | 192,395 | 192,395 | 14,605 | 15,176 | 15,176 |
| | 2,926,629 | 0 | 354,412 | 354,412 | 2,572,217 | 2,572,217 | 128,792 | 134,190 | 134,190 |

| Self Supporting Loans | Principal | New | Principal Repayments | | Principal 30 June 2018 | | Interest Repayments | | Budget |
|-------------------------------|-------------|-------|----------------------|---------|------------------------|-----------|---------------------|---------|---------|
| | 1 July 2017 | Loans | Actual | Budget | Actual | Budget | (Accrued) | Actual | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Recreation and culture | | | | | | | | | |
| Loan 67 - Eaton Bowling Club | 97,325 | 0 | 64,390 | 64,390 | 32,935 | 32,935 | 1,824 | 2,489 | 2,489 |
| | 97,325 | 0 | 64,390 | 64,390 | 32,935 | 32,935 | 1,824 | 2,489 | 2,489 |
| | 3,023,954 | 0 | 418,802 | 418,802 | 2,605,152 | 2,605,152 | 130,615 | 136,680 | 136,680 |

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

Borrowings

| | 2018 | 2017 |
|-------------|-----------|-----------|
| | \$ | \$ |
| Current | 362,288 | 418,802 |
| Non-current | 2,242,864 | 2,605,152 |
| | 2,605,152 | 3,023,954 |

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

12. INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2017/18

| Particulars/Purpose | Amount Borrowed | | Institution | Loan Type | Term Years | Total Interest & Charges | Interest Rate | Amount (Used) at | |
|---------------------|-----------------|--------|-------------|-----------|------------|--------------------------|---------------|------------------|------------|
| | Actual | Budget | | | | | | Actual | 30 June 18 |
| | \$ | \$ | | | | \$ | % | \$ | \$ |
| | 0 | 0 | | | | | | | |
| | 0 | 0 | | | | 0 | | 0 | |

(c) Unspent Borrowings

| Particulars | Date Borrowed | Unspent Balance 1 July 17 | Borrowed During Year | Expended During Year | Unspent Balance 30 June 18 |
|-------------|---------------|---------------------------|----------------------|----------------------|----------------------------|
| | | \$ | \$ | \$ | \$ |
| | | 0 | 0 | 0 | 0 |

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

| | 2018 | 2017 |
|--|------------------|------------------|
| | \$ | \$ |
| Bank overdraft limit | 250,000 | 250,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 20,000 | 10,000 |
| Credit card balance at balance date | 0 | 0 |
| Total amount of credit unused | 270,000 | 260,000 |
| Loan facilities | | |
| Loan facilities - current | 362,288 | 418,802 |
| Loan facilities - non-current | 2,242,864 | 2,605,152 |
| Total facilities in use at balance date | 2,605,152 | 3,023,954 |
| Unused loan facilities at balance date | NIL | NIL |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

13. PROVISIONS

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 Rostered Days Off | Provision for Long Service Leave | Total |
|--------------------------------|----------------------------------|---------------------------------------|--|------------------|
| | \$ | | \$ | \$ |
| Current provisions | 454,267 | 49,586 | 464,705 | 968,558 |
| Non-current provisions | 0 | 0 | 340,713 | 340,713 |
| | 454,267 | 49,586 | 805,418 | 1,309,271 |
| Additional provision | 226,498 | 16,256 | 65,931 | 308,685 |
| Balance at 30 June 2018 | 680,765 | 65,842 | 871,349 | 1,617,956 |
| Comprises | | | | |
| Current | 680,765 | 65,842 | 444,200 | 1,190,807 |
| Non-current | | | 427,149 | 427,149 |
| | 680,765 | 65,842 | 871,349 | 1,617,956 |

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 |
|--|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| Cash and cash equivalents | 17,832,573 | 13,101,110 | 18,506,475 |
| Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net result | (86,497) | 508,745 | 4,700,795 |
| Non-cash flows in Net result: | | | |
| Depreciation | 4,903,188 | 4,851,900 | 4,696,271 |
| (Profit)/loss on sale of asset | 62,814 | 0 | (41,053) |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in receivables | 563,595 | 40,000 | (543,964) |
| (Increase)/decrease in inventories | 2,636 | 5,000 | 8,228 |
| Increase/(decrease) in payables | 44,084 | 132,410 | (85,253) |
| Increase/(decrease) in provisions | 308,685 | 0 | 29,452 |
| Grants contributions for the development of assets | (4,107,677) | (2,858,021) | (4,222,910) |
| Net cash from operating activities | 1,690,828 | 2,680,034 | 4,541,566 |

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 | 63,334 | 8,573 |
| General purpose funding | 18,592,617 | 19,222,205 |
| Law, order, public safety | 1,326,447 | 1,438,974 |
| Health | 925,470 | 960,297 |
| Education and welfare | 784,263 | 790,822 |
| Community amenities | 1,220,337 | 1,363,198 |
| Recreation and culture | 25,527,134 | 24,426,978 |
| Transport | 134,772,321 | 135,707,436 |
| Economic services | 642,738 | 643,237 |
| Other property and services | 3,534,046 | 3,655,549 |
| | 187,388,707 | 188,217,269 |

16. CONTINGENT LIABILITIES

The Shire of Harvey and Shire of Dardanup Joint Town Planning Scheme No. 1

The Shires of Dardanup and Harvey operate a joint Town Planning Scheme to enable both Local Government Authorities to coordinate land developer contributions to a the bridge spanning the Collie River, linking Eaton and Treendale. Each Council administers the collecting of contributions from land development within their respective boundaries and accumulates their respective collected funds. All contributed funds to the Shire of Dardanup (less allowable administration expenses) are cash backed in Council's Reserve Fund.

The bridge was completed in early 2018 linking the townsites of Eaton and Treendale, with the official opening occurring on the 16 March 2018.

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

17. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

| | 2018 | 2017 |
|--|------|------|
| | \$ | \$ |
| | 0 | 0 |
| | 0 | 0 |
| | 0 | 0 |

Council has no capital lease commitments as at 30 June 2018.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but

Payable:

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

| | | |
|--|----------------|----------------|
| | 334,463 | 172,115 |
| | 144,034 | 430,795 |
| | 0 | 0 |
| | 478,497 | 602,910 |

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

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

18. JOINT ARRANGEMENTS

Council has no joint venture arrangements in place as at 30 June 2018.

The Shire of Dardanup together with the Shires of Harvey and Donnybrook-Balingup had a joint venture arrangement with regard to the employment of Information Technology Officers. The Officers were employed by the Shire of Dardanup with operating costs shared via a formal agreement. The joint venture arrangement expired on the 30 June 2017.

19. 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 | 107,000 | 107,000 | 107,000 |
| President's allowance | 16,000 | 16,000 | 16,000 |
| Deputy President's allowance | 4,000 | 4,000 | 4,000 |
| Travelling expenses | 8,355 | 11,000 | 8,928 |
| Telecommunications allowance | 9,000 | 9,000 | 9,000 |
| Reimbursements | 2,658 | 4,000 | 2,168 |
| | <u>147,013</u> | <u>151,000</u> | <u>147,096</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 | 1,332,450 | 1,353,979 |
| Post-employment benefits | 153,373 | 157,971 |
| Other long-term benefits | 40,608 | 29,573 |
| Termination benefits | 0 | 107,488 |
| | <u>1,526,431</u> | <u>1,649,011</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.

Termination benefits

These amounts represent termination benefits paid to KMP 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 | 0 | 0 |
| Purchase of goods and services | 0 | 0 |
| Joint venture entities: | | |
| Distributions received from joint venture entities | 0 | 279,567 |

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

iii. Joint venture entities accounted for under the proportionate consolidation method

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting.

20. MAJOR LAND TRANSACTIONS

Council did not undertake any Major Land Transactions during the 2017/18 financial year.

21. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2017/18 financial year.

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

22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

| Grant/Contribution | Opening | Received ⁽²⁾ | Expended ⁽³⁾ | Closing | Received ⁽²⁾ | Expended ⁽³⁾ | Closing |
|--|------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------|
| | Balance ⁽¹⁾ | | | Balance ⁽¹⁾ | | | Balance |
| | 1/07/16 | 2016/17 | 2016/17 | 30/06/17 | 2017/18 | 2017/18 | 30/06/18 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| General purpose funding | | | | | | | |
| Prepaid LGGC Financial Assistance | 0 | 460,621 | 0 | 460,621 | 456,553 | (460,621) | 456,553 |
| Prepaid LGGC Local Roads Grant | 0 | 262,089 | 0 | 262,089 | 270,449 | (262,089) | 270,449 |
| Law, order, public safety | | | | | | | |
| Prepaid Emergency Services Levy Grant | 0 | 28,568 | 0 | 28,568 | 33,684 | (28,568) | 33,684 |
| Emergency Management Grant | 16,265 | 0 | 0 | 16,265 | 0 | (2,391) | 13,874 |
| AWARE Funding | 0 | 0 | 0 | 0 | 4,000 | 0 | 4,000 |
| Unspent Bushfire Brigade Funding | 5,000 | 0 | (5,000) | 0 | 0 | 0 | 0 |
| Health | | | | | | | |
| FIMM WA Funding for Mosquito Control | 2,566 | 0 | (1,050) | 1,516 | 0 | (1,516) | 0 |
| Education and Welfare | | | | | | | |
| Unspent 2017 Leeuwin Scholarship Funding | 1,909 | 0 | (1,909) | 0 | 0 | 0 | 0 |
| Community Amenities | | | | | | | |
| Dept Treasury & Finance Grant - Restoration Ferguson River | 7,329 | 0 | (7,329) | 0 | 0 | 0 | 0 |
| Dept Agriculture & Food Grant - Dry Assistance Grant | 3,854 | 0 | 0 | 3,854 | 0 | 0 | 3,854 |
| Dept Agriculture & Food Grant - Land Conservation Balance of Funds | 2,827 | 0 | 0 | 2,827 | 0 | 0 | 2,827 |
| Recreation and culture | | | | | | | |
| DLGSCI Planning Grant Eaton Bowling Club | 0 | 0 | 0 | 0 | 50,000 | 0 | 50,000 |
| Carbon Pricing - Wells Recreation Park | 56,335 | 0 | 0 | 56,335 | 0 | 0 | 56,335 |
| Transport | | | | | | | |
| LGGC Bridge Funding - Bridge 4821 Martin Pelusey Road | 13,030 | 0 | 0 | 13,030 | 0 | 0 | 13,030 |
| Black Spot Funding - Moore Road | 77,956 | 0 | 0 | 77,956 | 0 | (77,956) | 0 |
| Roads to Recovery Grant - Depiazzi Road | 0 | 85,259 | 0 | 85,259 | 0 | 0 | 85,259 |
| Black Spot Funding - Crooked Brook Road | 0 | 0 | 0 | 0 | 100,371 | 0 | 100,371 |
| LGGC Bridge Funding - Bridge 3665A Recreation Road | 0 | 0 | 0 | 0 | 112,000 | 0 | 112,000 |
| LGGC Bridge Funding - Bridge 4821 Martin Pelusey Road | 0 | 0 | 0 | 0 | 136,000 | 0 | 136,000 |
| LGGC Bridge Funding - Bridge 4861 Ironstone Road | 0 | 0 | 0 | 0 | 258,000 | 0 | 258,000 |
| Economic services | | | | | | | |
| Regional Tourism Grant - Waste Dump Point | 0 | 15,000 | 0 | 15,000 | 0 | 0 | 15,000 |
| Other property and services | | | | | | | |
| Royalties for Regions Grant | 345,522 | 0 | (345,522) | 0 | 0 | 0 | 0 |
| Total | 532,593 | 851,537 | (360,809) | 1,023,321 | 1,421,057 | (833,141) | 1,611,237 |

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.

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

23. 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 Total Revenue \$ |
|---|---------------|----------------------------|-------------|-----------------------|------------------------|---------------------|------------------------|---------------------------------|---------------------------------|----------------------------------|
| Differential general rate / general rate | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | |
| Residential | 0.092622 | 2,964 | 53,635,700 | 4,967,845 | 30,217 | 1,295 | 4,999,357 | 4,967,652 | 140,000 | 5,107,652 |
| Commercial | 0.092622 | 53 | 13,515,720 | 1,251,853 | 4,015 | 467 | 1,256,335 | 1,251,867 | | 1,251,867 |
| Industrial | 0.092622 | 62 | 5,640,340 | 522,420 | 151,208 | 1,865 | 675,493 | 522,425 | | 522,425 |
| Small Holding | 0.092622 | 350 | 7,749,040 | 717,732 | 2,985 | (824) | 719,893 | 717,739 | | 717,739 |
| Unimproved valuations | | | | | | | | | | |
| Broad Acre Rural | 0.005760 | 481 | 27,483,000 | 1,578,718 | (5,950) | 1,066 | 1,573,834 | 1,578,718 | | 1,578,718 |
| Interim & Back Rating | 0.005760 | 0 | 0 | 0 | 0 | | 0 | | | 0 |
| Sub-Total | | 3,910 | 108,023,800 | 9,038,568 | 182,475 | 3,869 | 9,224,912 | 9,038,401 | 140,000 | 9,178,401 |
| Minimum payment | \$ | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | |
| Residential | 1,424 | 1,646 | 21,465,736 | 2,343,904 | 97,900 | 3,809 | 2,445,613 | 2,343,904 | | 2,343,904 |
| Commercial | 1,424 | 7 | 73,940 | 9,968 | | | 9,968 | 9,968 | | 9,968 |
| Industrial | 1,424 | 56 | 680,250 | 79,744 | | | 79,744 | 79,744 | | 79,744 |
| Small Holding | 1,424 | 75 | 640,010 | 106,800 | | | 106,800 | 106,800 | | 106,800 |
| Unimproved valuations | | | | | | | | | | |
| Broad Acre Rural | 1,424 | 122 | 18,029,900 | 173,728 | 2,384 | (240) | 175,872 | 173,728 | | 173,728 |
| Mining | 1,424 | 24 | 371,867 | 34,176 | (4,038) | 202 | 30,340 | 34,176 | | 34,176 |
| Sub-Total | | 1,930 | 41,261,703 | 2,748,320 | 96,246 | 3,771 | 2,848,337 | 2,748,320 | 0 | 2,748,320 |
| | | 5,840 | 149,285,503 | 11,786,888 | 278,721 | 7,640 | 12,073,249 | 11,786,721 | 140,000 | 11,926,721 |
| Discounts/concessions (refer note 23(c)) | | | | | | | (990) | | | (500) |
| Total amount raised from general rate | | | | | | | 12,072,259 | | | 11,926,221 |
| Specified Area Rate (refer note 23(b)) | | | | | | | 345,091 | | | 341,370 |
| Totals | | | | | | | 12,417,350 | | | 12,267,591 |

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.

23. RATING INFORMATION (Continued)

(b) Specified Area Rate

| Specified Area Rate | Basis of Valuation | Rate in \$ | Rateable Value | Revenue | Interim Rate Revenue | Back Rate Revenue | Total Specified Area Rate Revenue | Budget Rate Revenue | Budget Back Rate Revenue | Budget Interim Rate Revenue | Total Budget Revenue |
|-----------------------|--------------------|------------|----------------|---------|----------------------|-------------------|-----------------------------------|---------------------|--------------------------|-----------------------------|----------------------|
| | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Bulk Waste Collection | GRV | 0.001489 | 73,896,838 | 111,404 | 0 | 0 | 111,403 | 110,000 | 0 | 0 | 110,000 |
| Eaton Landscaping | GRV | 0.002826 | 81,878,978 | 233,688 | 0 | 0 | 233,687 | 231,370 | 0 | 0 | 231,370 |
| | | | | 345,092 | 0 | 0 | 345,091 | 341,370 | 0 | 0 | 341,370 |

| Specified Area Rate | Purpose of the rate | Area/properties Rate Imposed | Rate Applied to Costs | Rate Set Aside to Reserve | Reserve Applied to Costs | Budget Rate Applied to Costs | Budget Rate Set Aside to Reserve | Budget Reserve Applied to Costs |
|-----------------------|---------------------|------------------------------|-----------------------|---------------------------|--------------------------|------------------------------|----------------------------------|---------------------------------|
| | | | \$ | \$ | \$ | \$ | \$ | \$ |
| Bulk Waste Collection | | 4,471 | 103,782 | 7,622 | 0 | 110,000 | 0 | 0 |
| Eaton Landscaping | | 4,251 | 233,688 | 0 | 0 | 231,370 | 0 | 0 |
| | | | 337,470 | 7,622 | 0 | 341,370 | 0 | 0 |

23. RATING INFORMATION (Continued)

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

Rates Discounts

| Rate or Fee Discount Granted | Discount % | Discount \$ | Actual \$ | Budget \$ | Circumstances in which Discount is Granted |
|---------------------------------|---------------|----------------|--------------|--------------|--|
| Rates Written Off | | | 990 | 500 | |

(d) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------|-------------|--|--|---------------------------------------|
| Option One | | | | |
| Single full payment | 20-Sep-17 | 0 | 0.00% | 11.00% |
| Option Three | | | | |
| First instalment | 20-Sep-17 | 0 | 0.00% | 11.00% |
| Second instalment | 22-Nov-17 | 13 | 5.50% | 11.00% |
| Third instalment | 24-Jan-18 | 13 | 5.50% | 11.00% |
| Fourth instalment | 28-Mar-18 | 13 | 5.50% | 11.00% |

| | 2018 | |
|-----------------------------|----------------|----------------|
| | 2018 | Budget |
| | \$ | \$ |
| Interest on unpaid rates | 71,270 | 60,000 |
| Interest on instalment plan | 66,493 | 65,000 |
| Charges on instalment plan | 86,411 | 85,000 |
| | <u>224,174</u> | <u>210,000</u> |

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

24. 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 | 303,456 | 435,254 | 435,254 |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | | |
| Unrestricted | 2,089,589 | 1,362,819 | 1,362,819 |
| Restricted | 15,742,984 | 17,143,656 | 17,143,656 |
| Receivables | | | |
| Rates outstanding | 324,805 | 0 | 0 |
| Sundry debtors | 124,066 | 760,448 | 760,448 |
| GST receivable | 306,110 | 611,163 | 611,163 |
| Loans receivable - clubs/institutions | 32,936 | 64,390 | 64,390 |
| Fuel Tax Credits | 5,715 | 10,810 | 10,810 |
| Insurance Claims | 1,757 | 6,595 | 6,595 |
| Prepaid Expenditure | 5,708 | 28,365 | 28,365 |
| Accrued Revenue | 55,968 | 0 | 0 |
| Pensioner Rates Rebate | 15,101 | 11,448 | 11,448 |
| Inventories | | | |
| Materials - Depot | 2,166 | 2,637 | 2,637 |
| Trading Stock - Eaton Recreation Centre | 11,857 | 14,022 | 14,022 |
| LESS: CURRENT LIABILITIES | | | |
| Trade and other payables | | | |
| Sundry Creditors | (748,816) | (1,069,007) | (1,069,007) |
| Accrued Interest on Long Term Borrowings | (42,740) | (48,804) | (48,804) |
| Accrued Salaries & Wages | (24,353) | (16,261) | (16,261) |
| ATO Liabilities | (134,354) | (156,697) | (156,697) |
| Other Payables (ESL) | 0 | (6,445) | (6,445) |
| Prepaid Revenue - Rates | (436,913) | (95,817) | (95,817) |
| Prepaid Revenue - Other | 0 | (11,467) | (11,467) |
| Accrued Expenses | (61,406) | 0 | 0 |
| Current portion of long term borrowings | (362,288) | (418,802) | (418,802) |
| Provisions | | | |
| Provision for Annual Leave | (680,765) | (454,267) | (454,267) |
| Provision for RDO | (65,842) | (49,586) | (49,586) |
| Provision for Long Service Leave | (444,200) | (464,705) | (464,705) |
| Unadjusted net current assets | 15,717,088 | 17,224,498 | 17,224,498 |
| Adjustments | | | |
| Less: Reserves - restricted cash | (15,742,984) | (17,143,656) | (17,143,656) |
| Less: Loans receivable - clubs/institutions | (32,936) | (64,390) | (64,390) |
| Add: Current portion of long term borrowings | 362,288 | 418,802 | 418,802 |
| Adjusted net current assets - surplus/(deficit) | 303,456 | 435,254 | 435,254 |

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**

25. 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 | 17,832,573 | 18,506,475 | 17,832,573 | 18,506,475 |
| Receivables | 980,480 | 1,608,465 | 979,722 | 1,608,465 |
| | 18,813,053 | 20,114,940 | 18,812,295 | 20,114,940 |
| Financial liabilities | | | | |
| Payables | 1,448,582 | 1,404,498 | 1,448,582 | 1,404,498 |
| Borrowings | 2,605,152 | 3,023,954 | 2,605,152 | 3,023,954 |
| | 4,053,734 | 4,428,452 | 4,053,734 | 4,428,452 |

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.

25. 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 | 178,326 | 185,065 |
| - Statement of Comprehensive Income | 178,326 | 185,065 |

Notes:

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

25. 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 | 0.00% | 0.00% |
| - Overdue | 100.00% | 100.00% |
| Percentage of other receivables | | |
| - Current | 76.61% | 96.57% |
| - Overdue | 23.39% | 3.43% |

25. 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 | 1,448,582 | 0 | 0 | 1,448,582 | 1,448,582 |
| Borrowings | 362,288 | 1,071,711 | 1,171,153 | 2,605,152 | 2,605,152 |
| | 1,810,870 | 1,071,711 | 1,171,153 | 4,053,734 | 4,053,734 |
| 2017 | | | | | |
| Payables | 1,404,498 | 0 | 0 | 1,404,498 | 1,404,498 |
| Borrowings | 418,802 | 1,155,881 | 1,449,271 | 3,023,954 | 3,023,954 |
| | 1,823,300 | 1,155,881 | 1,449,271 | 4,428,452 | 4,428,452 |

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 | | 75,900 | 103,846 | | | 2,425,406 | 2,605,152 | 4.65% |
| Weighted average Effective interest rate | | 4.84% | 4.37% | | | 4.65% | | |
| Year ended 30 June 2017 | | | | | | | | |
| Borrowings | | | | | | | | |
| Fixed rate | | | | | | | | |
| Long term borrowings | | | 222,322 | 162,702 | | 2,638,929 | 3,023,954 | 4.69% |
| Weighted average Effective interest rate | | | 4.83% | 4.30% | | 4.70% | | |

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

26. 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 |
|---|--------------------|-------------------------|---------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Kids Sport | 5,404 | 17,500 | (22,904) | 0 |
| Unclaimed Monies | 1,176 | 475 | | 1,651 |
| Extractive Industries Bonds | 148,819 | 1,477 | | 150,296 |
| Retention Bonds | 289,806 | 73,913 | (12,785) | 350,934 |
| Election Nomination Deposits | 0 | 720 | (720) | 0 |
| Bunbury Wellington Group of Councils | 32,517 | 3,823 | | 36,340 |
| Hire Bonds | 350 | 7,470 | (6,990) | 830 |
| Key Bonds | 153 | 400 | (360) | 193 |
| Kerb Bonds | 121,274 | 630 | (30,171) | 91,733 |
| Eaton POS | 646,026 | 6,410 | (141,612) | 510,824 |
| Dardanup POS | 55,279 | 40,048 | 0 | 95,327 |
| Burekup POS | 251,778 | 2,498 | | 254,276 |
| Boyanup Capel Dardanup Football Club Inc | 272,079 | 3,014 | (275,093) | 0 |
| Specified Project - Dardanup Central BFB Beque | 91,118 | 905 | 0 | 92,023 |
| Specified Project - Wells Recreation Ground Bec | 51,634 | 512 | 0 | 52,146 |
| Specified Project - Eaton Foreshore Playground | 0 | 25,001 | | 25,001 |
| | <u>1,967,413</u> | | | <u>1,661,574</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 | <p>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.</p> <p>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.</p> |
| (iii) | AASB 16 Leases | February 2016 | 1 January 2019 | <p>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.</p> <p>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.</p> |

Notes:

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

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

| 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 |

28. 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.

29. ACTIVITIES/PROGRAMS

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

| PROGRAM NAME | OBJECTIVE | ACTIVITIES |
|--|---|--|
| GOVERNANCE | To provide a decision making process for the efficient allocation of scarce resources. | Includes the activities of members of Council and the administration support available to Council for the provision of governance of the District. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services. |
| GENERAL PURPOSE FUNDING LAW, ORDER, PUBLIC SAFETY | To collect revenue to allow for the provision of services. To provide services to help ensure a safer and environmentally conscious community. | Rates, general purpose government grants and interest revenue. Supervision and enforcement of various local-laws relating to the fire prevention, animal control and protection of the environment, and other aspects of public safety including emergency services. |
| HEALTH | To provide services to achieve community and environmental health. | Maternal and infant health facilities, immunisation, meat inspection services, inspection of food outlets, noise control and pest control services. |
| EDUCATION AND WELFARE | To provide services to children, youth, the elderly and disadvantaged persons. | Pre-school and other education services, child minding facilities, playgroups, senior citizens' centres, meals on wheels and home care services. |
| HOUSING | To provide and maintain staff housing and elderly residents' housing. | Provision and maintenance of staff housing and elderly residents' housing. |
| COMMUNITY AMENITIES | To provide services required by the community. | Rubbish collection services, operation of refuse site, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemeteries and public conveniences. |
| RECREATION AND CULTURE | To establish and effectively manage infrastructure and resources which help the social well being of the community. | Maintenance of halls, civic buildings, river banks, recreation centre and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities. |
| TRANSPORT | To promote safe, effective and efficient transport services to the community. | Construction and maintenance of streets, roads, bridges, footpaths, cycle ways, parking facilities, traffic control and depot. Cleaning of streets and maintenance of street trees, street lighting, etc. |
| ECONOMIC SERVICES | To help promote the shire and its economic wellbeing. | Tourism and area promotion, building control, provision of rural services including weed control and vermin control, standpipes. |
| OTHER PROPERTY AND SERVICES | To monitor and control Council's overheads operating accounts. | Private works operations, plant repairs and operations costs, engineering operation costs. |

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

30. FINANCIAL RATIOS

| | 2018 | 2017 | 2016 |
|-----------------------------------|--------|--------|--------|
| Current ratio | 0.991 | 1.029 | 1.000 |
| Asset consumption ratio | 0.652 | 0.663 | 0.636 |
| Asset renewal funding ratio | 1.029 | 1.144 | 1.008 |
| Asset sustainability ratio | 1.129 | 2.090 | 1.083 |
| Debt service cover ratio | 1.512 | 7.913 | 17.855 |
| Operating surplus ratio | -0.263 | -0.057 | 0.180 |
| Own source revenue coverage ratio | 0.727 | 0.832 | 1.129 |

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. In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

| | 2017/18 | 2016/17 | 2015/16 |
|--|---------|---------|---------|
| | \$ | \$ | \$ |
| Amount of Financial Assistance Grant received during the year relating to the subsequent year. | 727,002 | 722,710 | 0 |
| Amount of Financial Assistance Grant received in prior year relating to current year. | 722,710 | 0 | 691,714 |

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 | 0.993 | 0.770 | 1.241 |
| Debt service cover ratio | 1.504 | 6.444 | 19.318 |
| Operating surplus ratio | (0.269) | (0.101) | 0.215 |
| Own source revenue coverage ratio | 0.710 | 0.796 | 1.121 |

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

Report on the Financial Report

Opinion

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

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

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

Basis for Opinion

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

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

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

Other Information

The Councillors are 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.

Council's Responsibility for the Financial Report

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 Shire determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

As part of an audit in accordance with the Australian 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 Council'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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 30 of the financial report which describes certain ratio information relating to the financial report. Management's calculation of certain ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on the ratios that include 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

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

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

- a) Apart from the operating surplus ratio, current ratio and debt service cover ratio not meeting the minimum benchmark levels, 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: 3 December 2018