

# SHIRE OF NUNGARIN



## ANNUAL REPORT

2017/18

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## GENERAL INFORMATION

### Administration Office

Office hours: Monday to Friday 8:00am to 4:30pm

Office Address:

66 Railway Avenue  
NUNGARIN WA 6490

Postal Address:

PO Box 8  
NUNGARIN WA 6490

Telephone: (08) 9046 5006

Fax: (08) 9046 5007

### Economy

The Nungarin economy is based on broadacre farming producing various crops including wheat, barley, canola and other coarse grains and the breeding of sheep.

### Local Events

- Australia Day Celebrations
- Wheatbelt Country Markets
- ANZAC Day
- Seniors Week Luncheon
- Remembrance Day

### Local Attractions

- Nungarin Heritage Machinery and Army Museum
- Mangowine Homestead
- Mangowine Concert
- Eaglestone Rock
- Talgomine Rock
- Danberrin Rock
- Lake Brown
- Lake Champion
- Chandler Townsite
- Heritage Walks

## **COUNCIL**

The Shire of Nungarin is an elected body of seven (7) Councillors. The role of Council is to provide oversight and govern the affairs of the Shire including the allocation of resources and determine policy positions.

Council is committed to providing open and accountable government that meets the needs of the community and protects and improves the Shire's assets and resources.

The Chief Executive Officer has the responsibility for ensuring all decisions of Council comply with the Local Government Act, other relevant legislation and local laws. The Chief Executive Officer and staff undertake the tasks necessary to implement the decisions of the Council.

Elections for Councillors are conducted in October every second year with the term of office being four years. Approximately one half of Council's membership vacates each election.

The next election is to be held in October 2019. The President is elected by the members following each Local Government election, for a two year term.

### **President**

Cr Eileen O'Connell

### **Deputy President**

Cr Gary Coumbe

### **Elected Members**

Cr Bev Palmer

Cr James Taylor

Cr Kerry Dayman

Cr Pippa de Lacy

Cr Jason Davis

## SHIRE PRESIDENT'S REPORT

I present my Presidents Report for the 2017-2018 financial year with a great deal of pleasure.

### **2017 – 2018 BUDGET**

Council, at their 2017 July Budget meeting once again adopted a conservative budget based on a 4.95% increase on rate revenue. A good audit report was received.

We continued to offer a 5% discount on current rates paid within 35 days. The Lists of fees and charges incorporated a 5% increase.

It once again was to be a very difficult and challenging budget. The operational and capital sectors of the budget were trimmed to those items where Council had a safety, immediate or contractual need to carry out.

The continuing fair value process as part of the integrated planning strategy has continued to prove costly to Council. This has used funding which could have partly been used on community services.

The Budget enabled Council the continuation of our gravel re-sheeting program for secondary roads, and continued infrastructure improvements to both our buildings and roads. The Road program continues to have a good balance between new construction work and maintenance including school bus routes.

Council adopted the revised minimum payments for meeting attendance fees for Elected Members.

### **Projects and works during the 2017-2018 financial year included:**

- Regional Road Program - Nungarin North Road
- Roads to Recovery Program - Karomin and Military Roads
- Central East Aged Care Alliance Inc (CEACA) Housing Accommodation Project
- Swimming Pool Revitalisation Program
- Nungarin Aged Home Care Program
- Recreation Development Program (established for the purpose of promoting and improving recreation standards in our Community)

### **COUNCIL**

On behalf of the Ratepayers and Electors of the Shire of Nungarin I take this opportunity to thank Councillor's for their time spent during the past twelve months in serving and supporting the community.

I would like to thank all our partners for their support, which, without would make it more difficult for Councillors.

### **COUNCIL STAFF**

I would like to thank all staff members of the Shire of Nungarin for the way that they have carried out their duties.

I thank those Council staff who have become involved in our community, for their contributions to our Community, both in their jobs and other interests.

I acknowledge the service given by Mr Bill Fensome, as our Chief Executive Officer, to the community from April 2001 to April 2018. Many positive changes occurred during Bill's tenure particularly immediately after his arrival.

I welcome Adam Majid as our new Chief Executive Officer and acknowledge the advice and assistance given by Adam as our Chief Executive Officer, to myself, all Councillors and staff, and to the community.

### **GENERAL**

#### **Leadership and vision:**

Nungarin, along with ten other Local Governments (Bruce Rock, Kellerberrin, Koorda, Merredin, Mt Marshall, Mukinbudin, Trayning, Westonia, Wyalkatchem and Yilgarn) in our Region continue to be involved in the Central East Aged Care Alliance (CEACA).

This group has evolved to having just Local Government involvement. CEACA was formed to address the immediate and urgent needs for independent aged care and housing in the region, and to set a sustainable long term self-funding framework for the region's future aged housing needs. Funding has been received and the venture is progressing. Building has commenced at several sites.

#### **Documents for Local Government:**

- Council reviewed our Policy Manual. This is a 'living' document and can be updated at any time.
- Shire of Nungarin Official Website is still to be completed.

#### **Local Government Issues:**

Council has been active in being involved in different issues that affect our Community, having been involved supporting/putting submissions in for relevant reviews.

**Australia Day Awards:**

Council continues to have the Shire of Nungarin Citizen of the Year Awards with three categories after the changes with the Premier's Australia Day Awards,

**Functions/Workshops attended:**

President has attended various presentations/forums over the past year.

LG Training - President and Councillors Dayman and Palmer have been involved in attending Webinars. Cr deLacy attended training at Kellerberrin.

**Three Tier Rail-line:**

Nungarin is a member of the Wheatbelt Railway Retention Alliance. We are still actively arguing against the continued/permanent closure of rail services. It is not hopeful that our line will function again.

**Local Government Reform:**

Our Council continues to ensure that the Shire of Nungarin will be in the best position to gain the most advantages for our Community when changes occur.

**North Eastern Wheatbelt Regional Organisation of Councils (NEWROC):**

The Shire of Nungarin continues to be a member of NEWROC. NEWROC continues to be used as an example for the co-operation and projects that occur in this organisation.

The NEWROC Telecommunication Upgrade program is supported by all Councils and is now working. Nungarin held the office of Chair and CEO of NEWROC until after the Local Government elections in 2017. Wyalkatchem now have the Chair.

**Health:**

The four Shires of Nungarin, Mukinbudin, Trayning and Mt Marshall continue to own the Kununoppin Medical Practise. A new MOU will be due by the 30<sup>th</sup> June, 2019.

**Telecommunications:**

We need to continue to encourage Telstra to maintain the tower on Mt Gray (Shire of Mukinbudin) as farmers and others from four Shires will not be able to receive a signal from their town towers.

**Policing:**

Continues to be a concern in our Community and region, and Council and our Chief Executive Officer have contact on a needs basis.

**Natural Resource Management:**

Nungarin now have a NRM Contractor who is used on a needs basis.

### **Other Groups with Council / Community Representation:**

- Rural Water Council Inc.: President and Deputy President
- Kununoppin Local Health Advisory Group: President, Cr Taylor (Chair) and CEO
- Wheatbelt Workforce Development Alliance: President (appointed by Minister)
- Regional Road Group: President (SRRG Delegate)
- CEACA: President (Representative) and Cr Dayman (Deputy)
- Great Eastern Country Zone: President and Cr Taylor
- Local Action Group – Skeleton Weed: Cr Coumbe (elected Chair of Group) [involves the Shires of Nungarin, Trayning, Mt Marshall and Mukinbudin]
- NEWTRAVEL and Pioneer Pathways: Cr Palmer and Ms Kim Holland
- Wheatbelt Natural Resource Management: Cr Davis
- LG Development Assessment Panel members: President, Deputy President. Deputies: Cr Dayman and Cr Taylor

### **Council Involvement and Support towards:**

- Australia Day celebration
- Remembrance Day ceremony
- Seniors Melbourne Cup Luncheon
- Celebrating Proclamation Day: (with Nungarin C.W.A.)
- All Community Groups and relevant projects:
  - Nungarin Primary School: Annual Book prizes and assistance when asked.
  - Nungarin Heritage and Army Museum:
  - Nungarin Community Resource Centre:
  - Council's continued support to Nungarin & Towns Football Club, Nungarin Golf Club and Museum - self-supporting loan.

As a Council, we are here to maintain and improve the quality of the services to the residents of the Shire of Nungarin.

We aim to:     maintain and expand the economic base of Nungarin  
                  provide quality local government services to the community  
                  provide an effective and efficient local government administration

Councillors and staff take the opportunity to promote Nungarin in a positive manner. In my various positions, I have had the opportunity to talk to representatives of all political parties and many regional groups, bringing the concerns of our community to their attention.

Please do not hesitate in contacting our Chief Executive Officer and Councillors. Any suggestions for the benefit of the community will be appreciated.



I would encourage you to approach our staff at the office. Quite often they are able to deal with your enquiry immediately.

There continues to be a wide range of subjects that Councillors need to be informed to be able to confidently debate and vote on.

**For Nungarin to go forward, communication and co-operation amongst all in our Community is essential.**

In closing, I would like to thank Councillors, Council staff and the Community for their continued support in the last twelve months.

*R E O'Connell*

Cr. Eileen O'Connell

**President**

## **CHIEF EXECUTIVE OFFICER'S REPORT**

Having only commenced with the Shire in April 2018, it is difficult for me to comment on all the activities undertaken by the Shire prior to my arrival. Nonetheless, it is still a privilege to be able to present this report as my first for the Shire of Nungarin. I would also like to start with thanking Council for putting their faith in me to undertake this role.

One of the first tasks completed after my commencement was having a governance audit undertaken to understand areas within the governance of the Shire that needed improvement. This information was supported by a review of previous audits and it highlighted the need to review a number of key documents of the Shire. This is an ongoing body of work to ensure best practice by the Shire and I thank Council for their enthusiasm in this process.

Another key area of focus in my initial months was the finances of the Shire and how these are presented to Council. Accordingly, it was necessary to seek new quotations for a financial consultant to assist in the area of oversight and reporting thereby freeing up time and resources in the office to focus on service delivery.

There have also been some significant staff changes with the retirement of Steve Graham as Works Supervisor and his wife Fon from the cleaning position. I was lucky enough to secure the services of Mr Alex Richardson as Manager Works and Services on a contract basis to help steady the ship until such time we could advertise for the permanent role.

With the assistance of Alex, we have been able to elevate the standard of work and I thank all staff on the outside crew for their dedication and enthusiasm during the changes. I would also like to express my thanks to the office staff for their dedication and determination in improving our service delivery and all those everyday jobs which go unnoticed.

Finally I would like to thank the community for welcoming me to Nungarin and I look forward to working with each and every one of you.

Adam Majid

**Chief Executive Officer**

## **FREEDOM OF INFORMATION STATEMENT**

The Shire of Nungarin will provide people with all necessary information held by the Council; however if we are unable to supply this information by less formal means, a Freedom of Information request can be made.

## **EMPLOYEE REMUNERATION**

As per Section 19B of the Local Government (Administration) Regulations 1996, the annual report must contain information on the number of employees entitled to an annual salary of \$100,000 or more. It also must be reported the number of employees in each band of \$10,000 over \$100,000.

<b>Salary Range</b>	<b>Number of Employees</b>
\$120,000 - \$130,000	1*
\$130,000 - \$140,000	1

\* employee that left prior to end of year

## **COMPLAINTS REGISTER**

As per Section 5.53(2)(hb) of the Local Government Act 1995, the annual report must contain 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.

During the year ended 30 June 2018, no complaints were recorded in the register of complaints.

## **NATIONAL COMPETITION POLICY**

National Competition Policy (NCP) is designed to enhance the effectiveness of public sector agencies and lead to more efficient use of all economic resources. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

### **1. Competitive Neutrality**

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Measures should be introduced to effectively neutralise any net competitive advantage flowing from government ownership. Competitive neutrality should apply to all business activities, which generate a user-pays income of over \$200,000 unless it can be shown it is not in the public interest. Public benefit tests are used to determine if competitive neutrality is in the public interest. The Shire of Nungarin does not operate a business activity, which generates a user-pays income over \$200,000 per annum. Consequently, the Shire of Nungarin is not required to implement competitive neutrality.

### **2. Legislation Review**

All local governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. Where necessary Clause 7 legislation review principles will be complied with and the Shire of Nungarin remains committed to reviewing its existing local laws, as well as proposed local laws.

### **3. Structural Reform**

Before local governments privatise a monopoly business or introduce competition into a sector dominated by a monopoly or near monopoly, the regulatory and commercial activities must be separated and a review undertaken.

The Shire of Nungarin did not privatise any activities in 2017/18, consequently there were no obligations for structural reform. Nevertheless, the Shire of Nungarin is committed to the principles of structural reform under National Competition Policy.

## OVERVIEW – PLAN FOR THE FUTURE

The Shire’s Strategic Community Plan was developed in 2013 and is designed as a guide for the future direction of the Shire including initiatives to be completed for the benefit of the district and its residents.

The Strategic Community Plan informs the Corporate Business Plan which in turn informs the Annual Budget to ensure that the Council allocates sufficient resources to undertake the initiatives contained within the Strategic Community Plan.

The following table identifies those initiatives which saw results during the 2017/18 year.

Focus Areas	Outcomes	Results
<p style="text-align: center;"><b>Social</b></p>	<ul style="list-style-type: none"> <li>• Provide and maintain adequate community services and facilities</li> <li>• Plan and deliver sport and recreation, public space and community events</li> <li>• Maintain community safety and accessibility to services and facilities</li> <li>• Deliver safe and efficient road, rail and air connections</li> <li>• Culture, heritage and place are value, shared and celebrated</li> </ul>	<ul style="list-style-type: none"> <li>• The Shire continues to fund community facilities to a high standard to enable accessibility for all demographics to encourage optimal use</li> <li>• The Shire continued to improve major roads to enable safe passage of all road vehicles including tourist traffic</li> <li>• The Shire continues to support all sport and recreation clubs by maintaining all playing surfaces to as high a standard as possible</li> <li>• Cultural acknowledgements are now provided at every Council meeting</li> </ul>
<p style="text-align: center;"><b>Economic</b></p>	<ul style="list-style-type: none"> <li>• Assist in providing housing affordability and choice</li> <li>• Promote and develop thriving tourism sector</li> <li>• Improve telecommunications</li> </ul>	<ul style="list-style-type: none"> <li>• The Shire has continued to support CEACA to develop housing diversity within the region</li> <li>• Through NEWROC, the Shire has enabled access to an alternative internet service that improves accessibility for towns and farms within NEWROC</li> <li>• The Shire continues to promote the Nungarin Caravan park through advertising throughout the Central Wheatbelt Visitors</li> </ul>

		Centre
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Protect and enhance natural environment</li> <li>• Deliver best practice refuse management</li> </ul>	<ul style="list-style-type: none"> <li>• The Shire received grant funding for NRM projects including revegetation</li> <li>• The Shire continues to be the host Shire for the skeleton weed Local Action Group including employment of personnel for the program</li> <li>• The Shire continues to provide a recycling point which is collected on a regular basis</li> </ul>
<b>Civic Leadership</b>	<ul style="list-style-type: none"> <li>• A Shire that prospers through partnerships and good governance</li> </ul>	<ul style="list-style-type: none"> <li>• The Shire remains an active member of NEWROC which is working to deliver positive outcomes for the Shire and greater region</li> <li>• CEACA remains a priority with continued participation in the housing development program in the region</li> </ul>

## DISABILITY ACCESS AND INCLUSION PLAN

The Shire of Nungarin Disability Services Plan has been in place since 1996 and was fully reviewed in May 2015. A further review is expected to be completed during the 2018/19 year.

The Shire of Nungarin is committed to ensuring that the community is an accessible community for people with disabilities, their families and carers.

The Shire of Nungarin believes that people with disabilities, their families and carers who live in country areas should be supported to remain in the community of their choice.

The Shire of Nungarin aims to ensure that all new constructions are designed incorporating disability access.

The Shire of Nungarin is committed to achieving the following outcomes:

- Outcome 1 People with disabilities have same opportunities as other people to access the services of, and any events organised by, the Shire of Nungarin.
- Outcome 2 People with disabilities have same opportunities as other people to access buildings and other facilities of the Nungarin Shire.
- Outcome 3 People with disabilities receive information for the Shire of Nungarin in a format that will enable them to access the information as readily available as other people are able to access it.
- Outcome 4 People with disabilities receive the same level of service from the employees of a public authority as other people receive from the employees of the Shire of Nungarin.
- Outcome 5 People with disabilities have the same opportunities as other people to make complaints to the Shire of Nungarin
- Outcome 6 People with disabilities have the same opportunities as the other people to participate in any public consultation by the Shire of Nungarin.
- Outcome 7 People with disabilities have the same opportunities as other people to obtain and maintain employment with a public authority.

## **ATTACHMENTS**

1. Annual Financial Report
2. Auditors Report



# ATTACHMENT 1

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

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**COMMUNITY VISION**

The Shire of Nungarin is committed to serving its constituents and to maintain and improve community services to the highest degree.

Principal place of business:  
21 Railway Avenue  
Nungarin WA 6490


SHIRE OF NUNGARIN  
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 Nungarin 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 Nungarin 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 31<sup>st</sup> day of JANUARY 2019

  
\_\_\_\_\_  
Chief Executive Officer

Adam Majid  
\_\_\_\_\_  
Name of Chief Executive Officer



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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	19(a)	510,342	514,808	486,199
Operating grants, subsidies and contributions	2(a)	1,374,395	903,346	1,972,850
Fees and charges	2(a)	105,720	112,984	134,612
Interest earnings	2(a)	33,325	24,244	28,487
Other revenue	2(a)	238,855	17,900	205,702
		<u>2,262,637</u>	<u>1,573,282</u>	<u>2,827,850</u>
<b>Expenses</b>				
Employee costs		(946,106)	(959,319)	(753,171)
Materials and contracts		(1,596,411)	(779,857)	(576,091)
Utility charges		(126,504)	(107,157)	(92,722)
Depreciation on non-current assets	10(b)	(916,419)	(1,068,800)	(916,820)
Interest expenses	2(b)	(32,020)	(32,433)	(31,169)
Insurance expenses		(91,689)	(106,900)	(103,927)
Other expenditure		(205,468)	(100,605)	(192,018)
		<u>(3,914,617)</u>	<u>(3,155,071)</u>	<u>(2,665,918)</u>
		<u>(1,651,980)</u>	<u>(1,581,789)</u>	<u>161,932</u>
Non-operating grants, subsidies and contributions	2(a)	1,343,301	561,822	525,259
(Loss) on asset disposals	10(a)	(6,035)	(2,570)	(25,858)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	0
(Loss) on revaluation of Infrastructure - Parks & ovals	9(b)	0	0	5,826
(Loss) on revaluation of Infrastructure - Refuse	9(b)	0	0	68
<b>Net result</b>		<u>(314,714)</u>	<u>(1,022,537)</u>	<u>667,227</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	30,934	0	(1,950,893)
<b>Total other comprehensive income</b>		<u>30,934</u>	<u>0</u>	<u>(1,950,893)</u>
<b>Total comprehensive income</b>		<u>(283,780)</u>	<u>(1,022,537)</u>	<u>(1,283,666)</u>

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



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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		1,447,914	16,230	54,186
General purpose funding		14,225	1,016,488	1,907,146
Law, order, public safety		9,383	7,200	12,800
Education and welfare		147,314	138,045	138,225
Housing		54,516	50,724	49,997
Community amenities		83,204	62,300	58,992
Recreation and culture		62,591	35,604	32,606
Transport		349,610	235,231	521,875
Economic services		4,497	2,000	9,134
Other property and services		89,383	9,460	42,889
		<u>2,262,637</u>	<u>1,573,282</u>	<u>2,827,850</u>
<b>Expenses</b>				
	2(b)			
Governance		(63,680)	(471,377)	(436,768)
General purpose funding		(835,784)	(13,175)	(17,761)
Law, order, public safety		(51,009)	(42,420)	(40,199)
Health		(62,201)	(60,129)	(64,208)
Education and welfare		(151,635)	(139,241)	(135,552)
Housing		(191,815)	(187,100)	(221,724)
Community amenities		(163,558)	(120,922)	(121,811)
Recreation and culture		(758,652)	(753,348)	(589,960)
Transport		(1,016,011)	(1,244,546)	(901,051)
Economic services		(59,085)	(44,483)	(52,927)
Other property and services		(529,167)	(45,897)	(52,788)
		<u>(3,882,597)</u>	<u>(3,122,638)</u>	<u>(2,634,749)</u>
<b>Finance Costs</b>				
	2(b)			
Governance		(4,056)	(4,249)	(4,247)
Recreation and culture		(17,354)	(17,417)	(16,946)
Transport		(10,610)	(10,767)	(9,976)
		<u>(32,020)</u>	<u>(32,433)</u>	<u>(31,169)</u>
		<u>(1,651,980)</u>	<u>(1,581,789)</u>	<u>161,932</u>
Non-operating grants, subsidies and contributions	2(a)	1,343,301	561,822	525,259
(Loss) on disposal of assets	10(a)	(6,035)	(2,570)	(25,858)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	0
(Loss) on revaluation of Infrastructure - Parks & ovals	9(b)	0	0	5,826
(Loss) on revaluation of Infrastructure - Refuse	9(b)	0	0	68
		<u>1,337,266</u>	<u>559,252</u>	<u>505,295</u>
		<u>(314,714)</u>	<u>(1,022,537)</u>	<u>667,227</u>
<b>Net result</b>				
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	30,934	0	(1,950,893)
		<u>30,934</u>	<u>0</u>	<u>(1,950,893)</u>
<b>Total other comprehensive income</b>		<b>30,934</b>	<b>0</b>	<b>(1,950,893)</b>
<b>Total comprehensive income</b>		<b>(283,780)</b>	<b>(1,022,537)</b>	<b>(1,283,666)</b>

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



SHIRE OF NUNGARIN  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018

	NOTE	2018	2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,444,645	1,357,986
Trade and other receivables	6	222,545	163,371
Inventories	7	26,078	27,445
<b>TOTAL CURRENT ASSETS</b>		<b>1,693,268</b>	<b>1,548,802</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	6	26,097	36,630
Investments	4	30,934	0
Inventories	7	52,655	52,655
Property, plant and equipment	8	7,583,966	7,817,674
Infrastructure	9	36,392,901	36,620,263
<b>TOTAL NON-CURRENT ASSETS</b>		<b>44,086,553</b>	<b>44,527,222</b>
<b>TOTAL ASSETS</b>		<b>45,779,821</b>	<b>46,076,024</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	190,072	45,514
Current portion of long term borrowings	13(a)	44,355	42,055
Provisions	14	84,502	213,675
<b>TOTAL CURRENT LIABILITIES</b>		<b>318,929</b>	<b>301,244</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	13(a)	533,605	577,960
Provisions	14	16,381	2,134
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>549,986</b>	<b>580,094</b>
<b>TOTAL LIABILITIES</b>		<b>868,915</b>	<b>881,338</b>
<b>NET ASSETS</b>		<b>44,910,906</b>	<b>45,194,686</b>
<b>EQUITY</b>			
Retained surplus		13,187,842	13,567,081
Reserves - cash backed	5	498,438	433,913
Revaluation surplus	11	31,224,626	31,193,692
<b>TOTAL EQUITY</b>		<b>44,910,906</b>	<b>45,194,686</b>

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



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

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH/INVESTMENT BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>		12,998,323	335,444	33,144,585	46,478,352
Comprehensive income					
Net result		667,227	0	0	667,227
Other comprehensive income					
Changes on revaluation of assets	11	0	0	(1,950,893)	(1,950,893)
Total comprehensive income		667,227	0	(1,950,893)	(1,283,666)
Transfers from/(to) reserves	5	(98,469)	98,469	0	0
<b>Balance as at 30 June 2017</b>		13,567,081	433,913	31,193,692	45,194,686
Comprehensive income					
Net result		(314,714)	0	0	(314,714)
Changes on revaluation of assets	11	0	0	30,934	30,934
Total comprehensive income		(314,714)	0	30,934	(283,780)
Transfers from/(to) reserves	5	(64,525)	64,525	0	0
<b>Balance as at 30 June 2018</b>		13,187,842	498,438	31,224,626	44,910,906

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

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

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		528,133	520,008	470,534
Operating grants, subsidies and contributions		1,374,395	923,346	2,026,388
Fees and charges		29,048	112,984	134,612
Interest earnings		37,236	24,244	28,487
Goods and services tax		117,554	0	134,046
Other revenue		238,855	17,900	205,702
		<u>2,325,221</u>	<u>1,598,482</u>	<u>2,999,769</u>
<b>Payments</b>				
Employee costs		(1,012,845)	(959,319)	(762,587)
Materials and contracts		(1,498,261)	(753,357)	(713,201)
Utility charges		(126,504)	(107,157)	(92,722)
Interest expenses		(32,432)	(32,433)	(31,569)
Insurance expenses		(91,689)	(106,900)	(103,927)
Goods and services tax		(139,450)	0	(139,320)
Other expenditure		(191,003)	(100,605)	(192,018)
		<u>(3,092,184)</u>	<u>(2,059,771)</u>	<u>(2,035,344)</u>
<b>Net cash provided by (used in) operating activities</b>	15	<u>(766,963)</u>	<u>(461,289)</u>	<u>964,425</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(b)	(78,456)	(104,900)	(166,564)
Payments for construction of infrastructure	9(b)	(412,019)	(817,389)	(520,959)
Advances to community groups		0	0	(4,000)
Non-operating grants, subsidies and contributions	2(a)	1,343,301	561,822	525,259
Proceeds from sale of fixed assets	10(a)	29,091	35,000	56,818
<b>Net cash provided by (used in) investing activities</b>		<u>881,917</u>	<u>(325,467)</u>	<u>(109,446)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	13(a)	(42,055)	(42,056)	(39,887)
Proceeds from self supporting loans	13(a)	10,160	10,160	10,201
Proceeds from loan advances		3,600	0	0
<b>Net cash provided by (used in) financing activities</b>		<u>(28,295)</u>	<u>(31,896)</u>	<u>(29,686)</u>
<b>Net increase (decrease) in cash held</b>		<u>86,659</u>	<u>(818,652)</u>	<u>825,293</u>
Cash at beginning of year		1,357,986	1,359,333	532,693
<b>Cash and cash equivalents at the end of the year</b>	3	<u><u>1,444,645</u></u>	<u><u>540,681</u></u>	<u><u>1,357,986</u></u>

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

SHIRE OF NUNGARIN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>				
		948,259	951,877	94,407
		948,259	951,877	94,407
<b>Revenue from operating activities (excluding rates)</b>				
Governance		1,447,914	16,230	54,186
General purpose funding		(497,684)	501,680	1,418,505
Law, order, public safety		9,383	7,200	12,800
Education and welfare		147,314	138,045	138,225
Housing		54,516	50,724	49,997
Community amenities		83,204	62,300	58,992
Recreation and culture		62,591	35,604	32,606
Transport		349,610	235,231	521,875
Economic services		4,497	2,000	9,134
Other property and services		89,383	9,460	42,889
		1,750,728	1,058,474	2,339,209
<b>Expenditure from operating activities</b>				
Governance		(73,771)	(478,196)	(450,362)
General purpose funding		(835,784)	(13,175)	(17,761)
Law, order, public safety		(51,009)	(42,420)	(40,199)
Health		(62,201)	(60,129)	(64,208)
Education and welfare		(151,635)	(139,241)	(145,617)
Housing		(191,815)	(187,100)	(221,724)
Community amenities		(163,558)	(120,922)	(121,811)
Recreation and culture		(776,006)	(770,765)	(606,906)
Transport		(1,026,621)	(1,255,313)	(917,473)
Economic services		(59,085)	(44,483)	(52,927)
Other property and services		(529,167)	(45,897)	(46,894)
		(3,920,652)	(3,157,641)	(2,685,882)
<b>Operating activities excluded</b>				
Loss on disposal of assets	10(a)	6,035	2,570	25,858
Loss on revaluation of infrastructure assets	9(b)	0	0	(5,894)
Movement in deferred pensioner rates (non-current)		0	0	(242)
Movement in employee benefit provisions (non-current)		14,247	0	(20,676)
Movement in cash backed leave reserve		(3,328)	0	33,619
Depreciation and amortisation on assets	10(b)	916,419	1,068,800	916,820
<b>Amount attributable to operating activities</b>		(288,292)	(75,920)	697,219
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,343,301	561,822	525,259
Proceeds from disposal of assets	10(a)	29,091	35,000	56,818
Purchase of property, plant and equipment	8(b)	(78,456)	0	(166,564)
Purchase and construction of infrastructure	9(b)	(412,019)	0	(520,959)
<b>Amount attributable to investing activities</b>		881,917	596,822	(105,446)
<b>FINANCING ACTIVITIES</b>				
Advances to community groups		0	0	(4,000)
Repayment of long term borrowings	13(a)	(42,055)	(42,056)	(39,887)
Proceeds from self supporting loans	13(a)	10,160	10,160	10,201
Proceeds from loan advances		3,600	0	0
Transfers to reserves (restricted assets)	5	(298,525)	(296,700)	(98,469)
Transfers from reserves (restricted assets)	5	234,000	219,000	0
<b>Amount attributable to financing activities</b>		(92,820)	(109,596)	(132,155)
<b>Surplus(deficiency) before general rates</b>		500,805	411,306	459,618
<b>Total amount raised from general rates</b>	19(a)	511,909	514,808	488,641
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	20	<b>1,012,714</b>	<b>926,114</b>	<b>948,259</b>

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



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

**1. BASIS OF PREPARATION**

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

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

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 22 to these financial statements.

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

**2. REVENUE AND EXPENSES**

<b>(a) Revenue</b>	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Other revenue</b>		
Reimbursements and recoveries	159,193	185,141
Other	79,662	20,561
	<u>238,855</u>	<u>205,702</u>
<b>Fees and Charges</b>		
Governance	5,216	4,526
General purpose funding	630	385
Law, order, public safety	1,585	912
Housing	52,692	48,052
Community amenities	2,479	13,527
Recreation and culture	29,115	31,225
Economic services	4,497	9,134
Other property and services	9,506	26,851
	<u>105,720</u>	<u>134,612</u>

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

**Grant Revenue**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	905,093	1,393,186
Law, order, public safety	7,798	11,888
Education and welfare	2,280	
Community amenities	80,725	45,465
Recreation and culture	32,000	
Transport	346,499	518,261
Other property and services		4,050
	<u>1,374,395</u>	<u>1,972,850</u>
<b>Non-operating grants, subsidies and contributions</b>		
Governance	827,853	0
Community amenities	7,127	0
Recreation and culture	40,000	32,000
Transport	468,321	493,259
	<u>1,343,301</u>	<u>525,259</u>
<b>Total grants, subsidies and contributions</b>	<u>2,717,696</u>	<u>2,498,109</u>

**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 18. 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.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
<b>Interest earnings</b>			
- Loans receivable - clubs/institutions	1,476	1,494	1,110
- Reserve funds	6,825	5,000	7,469
- Other funds	9,386	5,000	6,246
Other interest revenue (refer note 19(c))	15,638	12,750	13,662
	33,325	24,244	28,487

(b) Expenses

	2018	2017
	\$	\$
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report*	33,892	4,500
- Other services (Roads to Recovery audit)	800	1,850
	34,692	6,350
<b>Interest expenses (finance costs)</b>		
Long term borrowings (refer Note 13(a))	32,020	31,169
	32,020	31,169

\* - Audit of the Annual Financial Report

The fee for auditing the 2017-18 financial statements is \$23,400

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

	NOTE	2018	2017
		\$	\$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		941,480	919,346
Restricted		503,165	438,640
		<u>1,444,645</u>	<u>1,357,986</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave	5	102,992	106,319
Plant	5	152,465	2,427
Office Building	5	37,590	37,008
Swimming Pool	5	44,802	134,978
Land Development	5	2,066	2,035
Building	5	21,126	20,798
Community Bus	5	110,277	108,570
Computer Equipment/Software	5	27,120	21,778
Unspent grants	18	4,727	4,727
		<u>503,165</u>	<u>438,640</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Cash and cash equivalents (Continued)**

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

#### 4. INVESTMENTS

##### Non-current

Financial assets held for resale -

WA Local Government House Trust\*

	2018	2017
	\$	\$
WA Local Government House Trust*	30,934	0

##### \* Investment in WALGA Local Government House Trust

This note discloses the Equity the Shire has in the Local Government House Trust as a consequence of a contribution towards the cost of purchasing Local Government House.

The total contribution by all Councils towards the cost of the WALGA building was \$582,000. There are 620 units in the Local Government House Unit Trust, 2 of which are held by the Shire of Nungarin.

#### SIGNIFICANT ACCOUNTING POLICIES

##### Classification and subsequent measurement

###### (i) Available-for-sale financial assets

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

##### Impairment

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

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

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

##### Initial recognition and measurement

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

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

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

##### Derecognition

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

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

5. RESERVES - CASH BACKED

	2018		2018		2018		2018		2018		2018		2017		2017	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Actual Closing Balance
Leave Plant	106,319	101,672	(105,000)	102,991	106,319	101,225	(105,000)	102,544	72,700	33,619	0	106,319	0	0	106,319	0
Office Building	2,427	150,038	0	152,465	2,427	150,028	0	152,455	2,374	53	0	2,427	0	0	2,427	0
Swimming Pool	37,008	582	0	37,590	37,008	426	0	37,434	36,202	806	0	37,008	0	0	37,008	0
Land Development	134,978	38,823	(129,000)	44,801	134,979	38,255	(114,000)	59,234	79,215	55,763	0	134,978	0	0	134,978	0
Building	2,035	32	0	2,067	2,034	23	0	2,057	1,990	45	0	2,035	0	0	2,035	0
Community Bus	20,798	327	0	21,125	20,798	240	0	21,038	20,345	453	0	20,798	0	0	20,798	0
Computer Equipment/Software	108,570	1,708	0	110,278	109,526	1,263	0	110,789	107,140	1,430	0	108,570	0	0	108,570	0
	21,778	5,343	0	27,121	20,822	5,240	0	26,062	15,478	6,300	0	21,778	0	0	21,778	0
	433,913	298,525	(234,000)	498,438	433,913	296,700	(219,000)	511,613	335,444	98,469	0	433,913	0	0	433,913	0

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
Leave	Ongoing	- to be used to fund annual and long service leave requirements
Plant	Ongoing	- to be used for the purchase of major plant
Office Building	Ongoing	- to be used for the construction of a new administration centre
Swimming Pool	Ongoing	- to be used for the refurbishment of the swimming pool.
Land Development	Ongoing	- to be used for the development of a light industrial area.
Building	Ongoing	- a reserve created to be used for the future building needs of the Shire.
Community Bus	Ongoing	- a reserve created to quarantine excess funds to replace the community bus when required.
Computer Equipment/Software	Ongoing	- to be used for the major upgrades of Council's computer system.

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

**6. TRADE AND OTHER RECEIVABLES**

**Current**

	2018	2017
	\$	\$
Rates outstanding	157,890	175,681
Sundry debtors	139,844	63,172
GST receivable	54,387	32,491
Loans receivable - clubs/institutions	10,533	10,160
Loans receivable - employees	0	3,600
Provision for doubtful debts	(150,833)	(136,368)
Accrued income	10,724	14,635
	<u>222,545</u>	<u>163,371</u>

**Non-current**

Rates outstanding - pensioners	2,186	2,186
Loans receivable - clubs/institutions	23,911	34,444
	<u>26,097</u>	<u>36,630</u>

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

**Rates outstanding**

Includes:

Past due and not impaired	38,681	70,937
Impaired	119,209	104,744

**Sundry debtors**

Includes:

Past due and not impaired	108,220	18,819
Impaired	31,624	31,624

**Reconciliation of the allowance for doubtful debts**

The following tables provide a reconciliation of the movement in the provision for doubtful debts:

Opening Balance 1 July	136,368	92,257
Plus amounts added	14,465	44,111
<b>Closing balance 30 June</b>	<u>150,833</u>	<u>136,368</u>

**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.

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

**7. INVENTORIES**

**Current**

Fuel  
 History books

**Non-current**

Land held for resale - cost  
     Cost of acquisition  
     Development costs

	2018	2017
	\$	\$
	2,818	3,954
	23,260	23,491
	<u>26,078</u>	<u>27,445</u>
	23,435	23,435
	29,220	29,220
	<u>52,655</u>	<u>52,655</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**Land held for resale**

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

**Land held for sale (Continued)**

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

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

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



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

8 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017
	\$	\$
Land - freehold land at:		
- Independent valuation 2017 - level 2	465,500	465,500
- Independent valuation 2017 - level 3	261,000	261,000
	<u>726,500</u>	<u>726,500</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	11,000	11,000
	<u>11,000</u>	<u>11,000</u>
Total land	<u>737,500</u>	<u>737,500</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	1,882,000	1,882,000
- Additions at cost	15,000	0
Less: accumulated depreciation	(82,063)	0
	<u>1,814,937</u>	<u>1,882,000</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	4,477,800	4,477,800
- Additions at cost	10,000	0
Less: accumulated depreciation	(114,685)	0
	<u>4,373,115</u>	<u>4,477,800</u>
Total buildings	<u>6,188,052</u>	<u>6,359,800</u>
Total land and buildings	<u>6,925,552</u>	<u>7,097,300</u>
Furniture and equipment at:		
- Independent valuation 2016 - level 3	29,719	29,719
Less: accumulated depreciation	(7,121)	(3,560)
	<u>22,598</u>	<u>26,159</u>
Plant and equipment at:		
- Independent valuation 2016 - level 2	549,249	591,000
- Independent valuation 2016 - level 3	77,700	77,700
- Additions at cost	151,517	98,060
Less: accumulated depreciation	(142,650)	(72,545)
	<u>635,816</u>	<u>694,215</u>
<b>Total property, plant and equipment</b>	<u>7,583,966</u>	<u>7,817,674</u>

SHIRE OF NUNGARIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Works in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	496,225	160,884	657,109	0	8,331,325	8,331,325	8,331,325	8,988,434	29,719	756,700	761,251	10,536,104
Additions	0	0	0	0	68,504	68,504	68,504	68,504	0	98,060	0	166,564
(Disposals)	0	0	0	0	0	0	0	0	0	(82,676)	0	(82,676)
Revaluation increments/ (decrements) transferred to revaluation surplus	230,275	(149,884)	80,391	(2,244,023)	(351,942)	(2,595,965)	(2,515,574)	(2,515,574)	0	0	0	(2,515,574)
Depreciation (expense)	0	0	0	0	(205,315)	(205,315)	(205,315)	(205,315)	(3,560)	(77,869)	0	(286,744)
Transfers	0	0	0	4,126,023	(3,364,772)	761,251	761,251	761,251	(761,251)	(761,251)	0	0
Carrying amount at 30 June 2017	726,500	11,000	737,500	1,882,000	4,477,800	6,359,800	7,097,300	7,097,300	26,159	694,215	0	7,817,674
Additions	0	0	0	15,000	10,000	25,000	25,000	25,000	0	53,456	0	78,456
(Disposals)	0	0	0	0	0	0	0	0	0	(35,126)	0	(35,126)
Depreciation (expense)	0	0	0	(82,063)	(114,685)	(196,748)	(196,748)	(196,748)	(3,561)	(76,729)	0	(277,038)
Carrying amount at 30 June 2018	726,500	11,000	737,500	1,814,937	4,373,115	6,188,052	6,925,552	6,925,552	22,598	635,816	0	7,583,966

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

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

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Price per hectare
Land - vested in and under the control of Council	3	Income approach	Independent registered valuers	June 2017	Comparative income and expense data
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Purchase costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>					
- Independent valuation 2016	2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2016	Market price per item
- Independent valuation 2016	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Purchase costs (Level 2), current condition, 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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF NUNGARIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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9 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2015 - level 3	45,228,871	45,228,871
- Additions after valuation - cost	1,316,984	1,114,531
Less: accumulated depreciation	(12,637,793)	(12,176,377)
	<u>33,908,062</u>	<u>34,167,025</u>
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	452,516	452,516
Less: accumulated depreciation	(334,791)	(328,781)
	<u>117,725</u>	<u>123,735</u>
Infrastructure - Drainage		
- Management valuation 2017 - level 3	298,000	298,000
Less: accumulated depreciation	(163,705)	(157,000)
	<u>134,295</u>	<u>141,000</u>
Infrastructure - Parks & ovals		
- Management valuation 2017 - level 3	256,000	256,000
Less: accumulated depreciation	(171,211)	(159,000)
	<u>84,789</u>	<u>97,000</u>
Infrastructure - Dams		
- Management valuation 2017 - level 3	737,000	737,000
Less: accumulated depreciation	(333,803)	(317,000)
	<u>403,197</u>	<u>420,000</u>
Infrastructure - Refuse		
- Management valuation 2017 - level 3	33,000	33,000
Less: accumulated depreciation	(22,787)	(21,500)
	<u>10,213</u>	<u>11,500</u>
Infrastructure - Other		
- Management valuation 2017 - level 3	3,841,000	3,841,000
- Additions after valuation - cost	209,566	0
Less: accumulated depreciation	(2,315,946)	(2,180,997)
	<u>1,734,620</u>	<u>1,660,003</u>
<b>Total infrastructure</b>	<u>36,392,901</u>	<u>36,620,263</u>

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

9. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks & ovals	Infrastructure - Dams	Infrastructure - Refuse	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	34,103,517	129,745	141,235	104,191	421,270	11,200	1,247,647	36,158,805
Additions	517,409	0	0	0	0	0	3,550	520,959
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	6,529	0	15,460	1,532	541,160	564,681
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	5,826	0	68	0	5,894
Depreciation (expense)	(453,901)	(6,010)	(6,764)	(13,017)	(16,730)	(1,300)	(132,354)	(630,076)
Carrying amount at 30 June 2017	34,167,025	123,735	141,000	97,000	420,000	11,500	1,660,003	36,620,263
Additions	202,453	0	0	0	0	0	209,566	412,019
Depreciation (expense)	(461,416)	(6,010)	(6,705)	(12,211)	(16,803)	(1,287)	(134,949)	(639,381)
Carrying amount at 30 June 2018	33,908,062	117,725	134,295	84,789	403,197	10,213	1,734,620	36,392,901

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

9. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks & ovals	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Dams	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Refuse	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs (Level 2), current condition, residual values and remaining useful life assessments (Level 3) inputs

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

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

## 10. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement between mandatory revaluation dates

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

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

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

#### Revaluation

The fair value of fixed assets is determined at least 3 years but not more than 5 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.

### 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.

## 10. 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
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
<b>Governance</b>								
Holden Caprice Sedan	35,126	29,091	0	(6,035)	37,570	35,000	0	(2,570)
	35,126	29,091	0	(6,035)	37,570	35,000	0	(2,570)

### (b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	82,063	0
Buildings - specialised	114,685	205,315
Furniture and equipment	3,561	3,560
Plant and equipment	76,729	77,869
Infrastructure - Roads	461,416	453,901
Infrastructure - Footpaths	6,010	6,010
Infrastructure - Drainage	6,705	6,764
Infrastructure - Parks & ovals	12,211	13,017
Infrastructure - Dams	16,803	16,730
Infrastructure - Refuse	1,287	1,300
Infrastructure - Other	134,949	132,354
	916,419	916,820



## 10. 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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

When an item of infrastructure is revalued, 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.

##### Depreciation rates

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

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 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.

11. REVALUATION SURPLUS

	2018			2018			2017		
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	2017 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus -Buildings - specialised	2,736,859	0	0	0	2,736,859	5,252,433	0	(2,515,574)	(2,515,574)
Revaluation surplus -Furniture and equipment	5,898	0	0	0	5,898	5,898	0	0	0
Revaluation surplus -Plant and equipment	554,050	0	0	0	554,050	554,050	0	0	0
Revaluation surplus - Local Government House Unit Trust	0	30,934	0	30,934	30,934	0	0	0	0
Revaluation surplus - Infrastructure - Roads	26,266,913	0	0	0	26,266,913	26,266,913	0	0	0
Revaluation surplus - Infrastructure - Drainage	78,795	0	0	0	78,795	72,266	6,529	0	6,529
Revaluation surplus - Infrastructure - Dams	420,686	0	0	0	420,686	405,226	15,460	0	15,460
Revaluation surplus - Infrastructure - Refuse	1,532	0	0	0	1,532	0	1,532	0	1,532
Revaluation surplus - Infrastructure - Other	1,128,959	0	0	0	1,128,959	587,799	541,160	0	541,160
	31,193,692	30,934	0	30,934	31,224,626	33,144,585	564,681	(2,515,574)	(1,950,893)
									31,193,692

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

SHIRE OF NUNGARIN  
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**12. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
 Accrued interest on long term borrowings  
 Accrued salaries and wages  
 ATO liabilities  
 Accrued expenditure  
 ESL Liability

	2018	2017
	\$	\$
	93,859	22,226
	6,033	6,445
	5,553	6,330
	62,475	13,511
	26,142	2,274
	(3,990)	(5,272)
	190,072	45,514

**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.

SHIRE OF NUNGARIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**13. INFORMATION ON BORROWINGS**

**(a) Repayments - Borrowings**

Particulars	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>								
Loan 63 - Lot 191 Staff House	68,306		7,356	7,357	60,950	60,949	4,056	4,249
<b>Recreation and culture</b>								
Loan 65 - Community Recreation Centre	222,592		13,716	13,716	208,876	208,876	15,901	15,923
<b>Transport</b>								
Loan 68 - Shire Depot	284,514		10,823	10,823	273,691	273,691	10,610	10,767
	575,412	0	31,895	31,896	543,517	543,516	30,567	30,939
<b>Self Supporting Loans</b>								
<b>Recreation and culture</b>								
Loan 66 - Nungarin Golf Club	6,228	0	2,375	2,375	3,853	3,853	337	359
Loan 67 - Museum	14,015	0	1,894	1,894	12,121	12,121	614	629
Loan 69 - Football Club	24,360	0	5,891	5,891	18,469	18,469	502	506
	44,603	0	10,160	10,160	34,443	34,443	1,453	1,494
	620,015	0	42,055	42,056	577,960	577,959	32,020	32,433

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

**Borrowings**

	2018	2017
	\$	\$
Current	44,355	42,055
Non-current	533,605	577,960
	<u>577,960</u>	<u>620,015</u>

SHIRE OF NUNGARIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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13. INFORMATION ON BORROWINGS (Continued)

(b) Undrawn Borrowing Facilities  
 Credit Standby Arrangements

Bank overdraft limit	200,000	20,000
Bank overdraft at balance date	0	0
Credit card limit	0	0
Credit card balance at balance date	0	0
<b>Total amount of credit unused</b>	<b>200,000</b>	<b>20,000</b>

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

	44,355	42,055
	533,605	577,960
	<b>577,960</b>	<b>620,015</b>

**Unused loan facilities at balance date**

	NIL	NIL
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**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.

SHIRE OF NUNGARIN  
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14. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	96,185	117,490	213,675
Non-current provisions	0	2,134	2,134
	96,185	119,624	215,809
Additional provision	30,179	16,411	46,590
Amounts used	(77,860)	(83,656)	(161,516)
<b>Balance at 30 June 2018</b>	<b>48,504</b>	<b>52,379</b>	<b>100,883</b>
<b>Comprises</b>			
Current	48,504	35,998	84,502
Non-current	0	16,381	16,381
	48,504	52,379	100,883

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
(a) Annual leave liabilities		
Within 12 months of the end of the reporting period	30,856	47,221
More than 12 months after the end of the reporting period	17,648	48,964
	48,504	96,185
(b) Long service leave liabilities		
Within 12 months of the end of the reporting period	26,570	82,952
More than 12 months after the end of the reporting period	25,809	36,672
	52,379	119,624

**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.

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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15. 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	1,444,645	540,681	1,357,986

Reconciliation of Net Cash Provided By  
Operating Activities to Net Result

Net result	(314,714)	(1,022,537)	667,227
Non-cash flows in Net result:			
Depreciation	916,419	1,068,800	916,820
(Profit)/loss on sale of asset	6,035	2,570	25,858
Fair value adjustments to fixed assets at fair value through profit or loss	0		
Loss on revaluation of fixed assets	0		
Reversal of loss on revaluation of fixed assets	0		(5,894)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(62,401)	25,200	32,599
(Increase)/decrease in inventories	1,367	1,500	(2,120)
Increase/(decrease) in payables	144,558	25,000	(134,866)
Increase/(decrease) in provisions	(114,926)		(9,940)
Grants contributions for the development of assets	(1,343,301)	(561,822)	(525,259)
Net cash from operating activities	(766,963)	(461,289)	964,425

SHIRE OF NUNGARIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2018	2017
	\$	\$
Governance	535,597	1,470,661
General purpose funding	160,076	177,867
Law, order, public safety	51,090	78,871
Health	32,679	50,000
Education and welfare	16,592	19,318
Housing	1,843,166	1,655,724
Community amenities	595,551	381,770
Recreation and culture	5,349,713	5,329,885
Transport	35,894,762	18,387,464
Economic services	6,417	10,035
Other property and services	113,935	547,203
Unallocated	1,180,243	17,967,226
	<u>45,779,821</u>	<u>46,076,024</u>



SHIRE OF NUNGARIN  
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**17. RELATED PARTY TRANSACTIONS**

**Elected Members Remuneration**

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Meeting Fees	7,128	8,700	6,754
President's allowance	3,900	4,000	3,800
Travelling expenses	6,574	5,460	8,777
	<u>17,602</u>	<u>18,160</u>	<u>19,331</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	142,600	127,520
Post-employment benefits	12,972	23,591
Other long-term benefits	3,511	14,470
	<u>159,083</u>	<u>165,581</u>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

**Transactions with related parties**

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

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

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Purchase of newspapers, prepared food, general hardware goods and property rental - Key Management Personnel	23,524	19,160

**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.

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**18. CONDITIONS OVER GRANTS/CONTRIBUTIONS**

Grant/Contribution	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
	Balance <sup>(1)</sup> 1/07/16	2016/17	2016/17	Balance <sup>(1)</sup> 30/06/17	2017/18	2017/18	Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
CBH Contribution - Fire Brigades	2,727	0	0	2,727	0	0	2,727
<b>Recreation and culture</b>							
Dept of Sport & Recreation - Swimming Pool Grant	32,000	32,000	0	64,000	0	(64,000)	0
Dept of Sport & Recreation - Kidsports Grant	2,000	0	0	2,000	0	0	2,000
<b>Total</b>	<b>36,727</b>	<b>32,000</b>	<b>0</b>	<b>68,727</b>	<b>0</b>	<b>(64,000)</b>	<b>4,727</b>

**Notes:**

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

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**19. RATING INFORMATION**

**(a) Rates**

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	2018		2017	
						Total Revenue \$	Budget Rate Revenue \$	Total Revenue \$	Total Revenue \$
<b>Differential general rate / general rate</b>									
<b>Gross rental valuations</b>									
Urban	0.1077	48	319,228	34,387	(330)	34,057	34,387	34,387	31,635
<b>Unimproved valuations</b>									
Rural	0.0201	114	24,277,000	487,482	(938)	486,544	487,482	487,482	466,774
Mining	0.0201	2	55,687	1,118	344	1,462	1,118	1,118	1,193
<b>Sub-Total</b>		164	24,651,915	522,987	(924)	522,063	522,987	522,987	499,602
<b>Minimum payment</b>									
	Minimum \$								
<b>Gross rental valuations</b>									
Urban	400	29	16,310	11,600	0	11,600	11,600	11,600	10,500
<b>Unimproved valuations</b>									
Rural	400	13	110,200	5,200	0	5,200	5,200	5,200	4,200
Mining	400	5	7,964	2,000	0	2,000	2,000	2,000	1,750
<b>Sub-Total</b>		47	134,474	18,800	0	18,800	18,800	18,800	16,450
<b>Discounts/concessions (refer note 19(b))</b>									
		211	24,786,389	541,787	(924)	540,863	541,787	541,787	516,052
<b>Total amount raised from general rate</b>								(26,979)	(27,411)
<b>Rates write-offs</b>								514,808	488,641
<b>Totals</b>								0	(2,442)
						510,342		514,808	486,199

**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.

SHIRE OF NUNGARIN  
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19. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee	Discount %	Discount \$	Actual \$	Budget \$	2017 \$	Circumstances in which Discount is Granted
Rates discount	5.00%		28,954	26,979	27,411	A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan		Unpaid Rates Interest Rate		
		Admin Charge \$	Interest Rate %	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %	
<b>Option One</b>						
Single full payment	22-Sep-17	0	0.00%	0.00%	10.00%	
<b>Option Two</b>						
First instalment	22-Sep-17	0	0.00%	0.00%	10.00%	
Second instalment	24-Nov-17	5	5.50%	5.50%	10.00%	
<b>Option Three</b>						
First instalment	22-Sep-17	0	0.00%	0.00%	10.00%	
Second instalment	24-Nov-17	5	5.50%	5.50%	10.00%	
Third instalment	25-Jan-18	5	5.50%	5.50%	10.00%	
Fourth instalment	22-Mar-18	5	5.50%	5.50%	10.00%	
<b>2018</b>						
				<b>2018</b>	<b>Budget</b>	<b>2017</b>
				\$	\$	\$
Interest on unpaid rates				14,620	12,000	12,921
Interest on instalment plan				1,018	750	741
Charges on instalment plan				255	160	150
				15,893	12,910	13,812

SHIRE OF NUNGARIN  
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**20. NET CURRENT ASSETS**

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

	2018 (30 June 2018 Carried Forward) \$	2017 (30 June 2017 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 17 brought forward</b>	1,012,714	948,259
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Unrestricted	941,480	919,346
Restricted	503,165	438,640
Receivables		
Rates outstanding	157,890	175,681
Sundry debtors	139,844	63,172
GST receivable	54,387	32,491
Loans receivable - clubs/institutions	10,533	10,160
Loans receivable - employees	0	3,600
Provision for doubtful debts	(150,833)	(136,368)
Accrued income	10,724	14,635
Inventories		
Fuel	2,818	3,954
History books	23,260	23,491
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables		
Sundry creditors	(93,859)	(22,226)
Accrued interest on long term borrowings	(6,033)	(6,445)
Accrued salaries and wages	(5,553)	(6,330)
ATO liabilities	(62,475)	(13,511)
Accrued expenditure	(26,142)	(2,274)
ESL Liability	3,990	5,272
Current portion of long term borrowings	(44,355)	(42,055)
Provisions		
Provision for annual leave	(48,504)	(96,185)
Provision for long service leave	(35,998)	(117,490)
<b>Unadjusted net current assets</b>	<b>1,374,339</b>	<b>1,247,558</b>
<b>Adjustments</b>		
Less: Reserves - restricted cash	(498,438)	(433,913)
Less: Loans receivable - clubs/institutions	(10,533)	(10,160)
Less: Loans receivable - employees	0	(3,600)
Add: Current portion of long term borrowings	44,355	42,055
Add: Leave liability component not required to be funded	102,991	106,319
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>1,012,714</b>	<b>948,259</b>

**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.

**SHIRE OF NUNGARIN**  
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**21. 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
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,444,645	1,357,986	1,444,645	1,357,986
Investments	30,934	0	30,934	0
Receivables	248,642	200,001	248,642	200,001
	<u>1,724,221</u>	<u>1,557,987</u>	<u>1,724,221</u>	<u>1,557,987</u>
<b>Financial liabilities</b>				
Payables	190,072	45,514	190,072	45,514
Borrowings	577,960	620,015	646,039	733,907
	<u>768,032</u>	<u>665,529</u>	<u>836,111</u>	<u>779,421</u>

Fair value is determined as follows:

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

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

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21. 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.

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

Cash 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.

	2018	2017
	\$	\$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	14,446	7,677
- Statement of Comprehensive Income	14,446	7,677

Notes:

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

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21. 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:

	<b>2018</b>	<b>2017</b>
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	80.00%	100.00%
- Overdue	20.00%	0.00%



## 21. 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
	\$	\$	\$	\$	\$
<b>2018</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	1,444,645	0	0	0	1,444,645
Investments	30,934	0	0	0	30,934
Receivables	248,642	0	0	0	248,642
	<u>1,724,221</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,724,221</u>
<b>Finance liabilities</b>					
Payables	190,072	0	0	190,072	190,072
Borrowings	74,486	284,714	436,724	795,924	577,960
	<u>264,558</u>	<u>284,714</u>	<u>436,724</u>	<u>985,996</u>	<u>768,032</u>
<b>2017</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	1,357,986	0	0	0	1,357,986
Receivables	200,001	0	0	0	200,001
	<u>1,557,987</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,557,987</u>
<b>Finance liabilities</b>					
Payables	45,514	0	0	45,514	45,514
Borrowings	74,975	281,362	507,149	863,486	620,015
	<u>120,489</u>	<u>281,362</u>	<u>507,149</u>	<u>909,000</u>	<u>665,529</u>

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
	\$	\$	\$	\$	\$	\$	\$	
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	44,355	45,430	46,524	42,661	45,247	353,743	577,960	5.34%
Weighted average Effective interest rate	5.40%	5.41%	5.41%	5.94%	5.96%	5.16%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	42,055	44,355	45,430	46,524	42,661	398,990	620,015	5.30%
Weighted average Effective interest rate	5.37%	4.83%	5.41%	5.41%	5.94%	5.25%		

SHIRE OF NUNGARIN  
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22. 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
	\$	\$	\$	\$
Landcare	49	0	0	49
Housing Bonds	4,926	3	0	4,929
Building Fees/BRB Levy	908	0	0	908
Councillor Nomination Fees	(86)	326	(240)	0
Nungarin Central Bush Fire Brigade	4,700	3	0	4,703
Nungarin Club	41,684	51,065	(54,514)	38,235
Deposits Other	400		0	400
Autumn Art Collection	86	0	(86)	0
	<u>52,667</u>			<u>49,224</u>

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**23. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS**

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

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

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

Notes:

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

SHIRE OF NUNGARIN  
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**23. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS**

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Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul>

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.

Notes:

(1) Applicable to reporting periods commencing on or 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

## 24. 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.

### 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.

**24. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Impairment of assets**

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.

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

**25. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of Council, and other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	Food quality and pest control, assistance with operation of maternal and infant health clinic.
<b>EDUCATION AND WELFARE</b>	To provide services to disadvantaged persons, the elderly, children and youth.	Operation of Home and Community Care program, and financial and family counselling programs.
<b>HOUSING</b>	To provide and maintain staff and elderly residents housing.	Control and maintenance of staff and other rental housing, including aged accommodation units.
<b>COMMUNITY AMENITIES</b>	To provide services required by the community.	Rubbish collection services, operation of tips, landcare programs, administration of the town planning scheme and other community amenities.
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Control and maintenance of public halls, swimming pool, recreation facilities and the library, Operation of the television rebroadcasting service.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of streets, roads and bridges; cleaning and lighting of streets; depot maintenance.
<b>ECONOMIC SERVICES</b>	To help promote the shire and its economic wellbeing.	Tourism and area promotion, and regulation of buildings.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control council's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

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

26. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	5.08	5.70	0.97
Asset consumption ratio	0.72	0.74	0.78
Asset renewal funding ratio	0.65	0.70	N/A*
Asset sustainability ratio	0.49	0.75	2.52
Debt service cover ratio	(9.58)	15.34	(5.39)
Operating surplus ratio	(2.05)	0.17	(1.75)
Own source revenue coverage ratio	0.21	0.31	0.27

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:**

\* The Asset Renewal Funding Ratio has been left blank in 2016 as the Shire did not have an updated long term financial plan in place to enable this ratio to be calculated





## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Council of the Shire of Nungarin

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

##### **Opinion**

I have audited the annual financial report of the Shire of Nungarin which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Nungarin:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

- (i) In my opinion, the following matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Asset Sustainability ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past two years.

- b. The Own Source Revenue Coverage ratio has been below the DLGSCI standard for the past 3 years.

The financial ratios are reported in Note 26.

- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of my audit:
  - a. The Shire has not developed key policies and procedures, such as purchasing and risk management policies.
  - b. A review in relation to the appropriateness and effectiveness of the Council's systems and procedures in relation to risk management, internal controls and legislative compliance was not completed at least once every two calendar years as required by Regulation 17 of the *Local Government (Audit) Regulations 1996*.
  - c. The Shire has not reported the Asset Renewal Funding Ratio for 2016, as planned capital renewals and required capital expenditure were not estimated in a long term financial plan or asset management plan, as required by the *Local Government (Financial Management) Regulations 1996*.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

#### **Other Matter**

The financial report of the Shire for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 26 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

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

This auditor's report relates to the annual financial report of the Shire of Nungarin for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



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

3 | January 2019