

# SHIRE OF WYALKATCHEM ANNUAL REPORT 2018 - 2019



[www.wyalkatchem.wa.gov.au](http://www.wyalkatchem.wa.gov.au)

## Shire of Wyalkatchem

The Shire of Wyalkatchem is located 194km north-east of Perth. The Shire covers an area of 1,595 square kilometers with the main resident centre being the town of Wyalkatchem.

The shire has an estimated resident population of 498.

Agriculture accounts for 60% of business in Wyalkatchem, which is reflected in the employment profile of the Shire, with 35% of all employed persons in the Shire working in this industry



Shire of Wyalkatchem Statistics	
Distance from Perth	194k
Area	1,595 sq km
Length of Roads	792.3 km
Population	498 (source ABS 2018)
Number of Electors	345
Number of Dwellings	314
Total Rates Levied	\$1,248,298
Total Revenue	\$3,801,764
Number of Employees	14 FTE

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# Contents

Shire of Wyalkatchem.....	1
Contents .....	2
President's Report .....	3
Chief Executive Officer's Report.....	4
Councillors .....	6
Executive Management Team .....	7
Organisational Structure .....	7
How the Strategic Community Plan will be used .....	9
Strategic Community Plan .....	10
10 Year Road Program .....	12
2018/2019 Year Road Program .....	14
National Competition Policy.....	14
Freedom of Information .....	15
State Records Act.....	15
Disability Access and Inclusion Plan .....	16
Employee Remuneration Disclosure .....	17
Public Interest Disclosures.....	17
Complaints Register .....	17
Annual Financial Report.....	18



## President's Report

I look forward to the year ahead and the continuing progress the Council and community will make as we evolve and adapt to future challenges and opportunities.

It is with honour that I present the Presidents report for the year ending 30 June 2019. During the year, there have been some exciting developments within the Shire.

Council's partnership with Central Eastern Aged Care Alliance (CEACA) has continued its commitment towards improving aged care services within the shire and district. A great deal of progress has been made with the construction of 71 independent living units throughout 11 local governments, which includes four units in Wyalkatchem adjacent to the existing units.

Our Shire is very fortunate to have fantastic health and medical services within town. The Shire continues to support Dr Emmanuel Awogun who provides outstanding GP services to the residents of Wyalkatchem and Koorda. The Wyalkatchem-Koorda Hospital has undergone a significant upgrade under the State Government commitment to invest in infrastructure to improve the delivery of health care for regional Western Australia. While the Shire is well positioned in the provision of health and allied health services, Council continues to lobby for improvements to ensure the health and wellbeing of its residents.

The Shire continues to work closely with neighbouring local governments through its membership with NEWROC. Together the six shires have worked to progress and deliver a number of projects to the benefit of the district. Through 2018-2019 the group has awarded Crisp Wireless the contract to deliver significant infrastructure and internet services to the district. In addition NEWROC is also progressing with renewable energy, waste management, health, childcare, information technology and regional subsidiaries.

Council has embarked on its review of its Community Strategic Plan. This review will include engagement with the community. It will strive towards achieving a shared vision for the future by incorporating combined aspirations for Wyalkatchem. Great opportunities lie within our Shire and when we unite and work together on initiatives and projects, it provides a benefit for the wider community. Council has taken this approach with the development of tennis facilities and has formed a working group with key stakeholders for the redevelopment. This group will work collectively to deliver the project and ensure that the outcomes meet the needs of the community now and into the future.

It is with sadness that this year saw the passing of an Honorary Freeman of the Shire, Mrs Mavis Bookham (nee Chatfield). Mrs Bookham was a well-respected resident of our district who will be remembered for her tireless effort and support of Wyalkatchem and our neighbours.

I would like to acknowledge the great team of Councillors and Staff who work on your behalf with dedication, commitment and passion.

I look forward to the year ahead and the continuing progress the Council and community will make as we evolve and adapt to future challenges and opportunities.

**Cr Quentin Davies**  
**President**



## Chief Executive Officer's Report

Over the past 12 months the Shire has had a focus of matters of governance, compliance and transparency for the Shire of Wyalkatchem.

It is with great pleasure that I present the 2018/2019 Annual Report to the residents and ratepayers of the Shire of Wyalkatchem.

The last 12 months there has been a focus on matters of compliance, ensuring the good governance of the district, this included conducting compliance health checks, review of the appropriateness and effectiveness of risk management, internal controls and legislative compliance. Management continue to ensure that council is meeting its legislative obligations, as well as meeting best practice and will continue to implement strategies to achieve this.

Council has committed to the review of its Community Strategic plan and has engaged Wheatbelt Business Network to assist in the development and review of the plan. This will include conducting an extensive community engagement program seeking the community's aspirations, visions and objectives for the future as well as obtaining feedback in relation to the Shire's services and facilities. Community engagement will occur throughout July to September with the outcomes being considered by Council while forming part of the updated Community Strategic Plan.

Council remains well position in regional collaboration and partnerships and entered into a new NEWROC Memorandum of Understanding with Shires of Koorda, Mt Marshal, Mukinbudin, Nungarin and Trayning. Council has been a leader in the strategic outcomes and priorities of NEWROC, which has seen progress on joint ventures programs such as telecommunications, waste management, renewable energy, and childcare, Information Technology, Regional Subsidiaries and Health.

Council continues its commitment in working towards improving aged care services, infrastructure and governance structures in Wyalkatchem and throughout the district. Through its membership of Central East Aged Care Alliance (CEACA), the group has made a great deal of progress in delivering of its priorities, with 71 independent living units being constructed in 11 localities. This included 4 units being constructed in Wyalkatchem.

The sector is undergoing significant changes, with the most significant and comprehensive reform of local government legislation conducted in more than two decade. The objective for Western Australia to have a new, modern Act that empowers local government to better delivery for the community and a vision for local governments to be agile, smart and inclusive.

In June 2019, The *Local Government Legislation Amendment Act 2019* was passed by Parliament, addressing a number of key areas included elected member training. While welcomed by Council, concerns are raised on the effects of the new requirements will have elected members, and Council's ability to attached new elected members.

With this in mind, Council has commence discussions on strategies that will ensure that Council is well represented, making being an elected member more attractive, yet still ensuring the good governance. Council will investigate the logistics in reducing the requirements of elected members with the reduction of meeting requirements. Council will look to finalise the review, with any meeting changes to be trailed in 2020.



During the past year there were a number of changes to the Shire's staff. Ella McDonald and Sarah Hammond have left to pursue other opportunities with Wyalkatchem. We welcomed Sheldon Cox and Stephaine Elvidge to the Administration team and Council's new Manager of Works Mr Darryn Watkins to the Shire. Unfortunately Mr Watkins will be leaving us in September, taking up a position closer to his property.

We congratulate Claire and Paul on the safe arrival of their daughter Zoe Merle. Claire is currently on parental leave until May 2020.

Council has continued its strong support for Shire Staff to achieve positive outcomes for the community. There has been a number of challenges over the last 12 months and I would like to extend a thank you to all staff and our Elected Members for the dedication, support and commitment to the Shire and the wider community.

**Taryn Dayman**  
**Chief Executive Officer**



## Councillors



**Cr Quentin Davies**  
**President**

**Term Expires 2019**

☎ **0408 346 519**

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**Cr Owen Garner**  
**Deputy President**

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**Cr Stephen Gamble**

**Term Expires 2019**

☎ **0427 815 031**

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**Cr Emma Holdsworth**

**Term Expires 2021**

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**Cr Heather Metcalfe**

**Term Expires 2021**

**Resigned December 2019**



**Cr Fred Butt**

**Term Expires 2021**

**Resigned August 2019**



# Executive Management Team



**Taryn Dayman**  
**Chief Executive Officer**



**Darryn Watkins**  
**Manager of Works**



**Claire Trenorden**  
**Manager Corporate Services**

# Organisational Structure





## Integrated Planning and Reporting Framework

All Western Australian local governments are required to prepare a Plan for the Future for their district under Section 5.56(1) of the Local Government Act 1995. The Plan for the Future comprises the following two key strategic documents<sup>1</sup>, which a local government is required to have regard for when forming its annual budget.

**Strategic Community Plan** – Council’s principal 10-year strategy and planning tool. It is the principal guiding document for the remainder of the Shire’s strategic planning as community engagement is central to this Strategic Community Plan.

**Corporate Business Plan** – Council’s 4-year planning document. The core components of this Corporate Business Plan include a 4-year delivery program, aligned to the Strategic Community Plan and accompanied by 4-year financial projections.

Development of the Strategic Community Plan and Corporate Business Plan is undertaken in accordance with the Integrated Planning and Reporting Framework and Guidelines. An essential element of the Integrated Planning and Reporting process is to enable community members and stakeholders to participate in shaping the future of the community and in identifying issues and solutions. It is designed to articulate the community’s vision, aspirations, outcomes and priorities for the future of the district.

Importantly, the Strategic Community Plan and Corporate Business Plan are informed by several other key plans and processes. The connection between the community and the Shire’s strategic plans, annual budget and corporate documents developed to guide the Shire in delivering services to the community are shown in the diagram below. The term of each key plan is shown in the blue circles.



**Diagram: Integrated Planning and Reporting Cycle<sup>2</sup>**

<sup>1</sup>Local Government (Administration) Regulations 1996, Paragraph 19BA.

<sup>2</sup> Department of Local Government and Communities, Integrated Planning and Reporting: Framework and Guidelines, September 2016

## How the Strategic Community Plan will be used

The Strategic Community Plan outlines how the Shire will, over the long term, work towards a brighter future for the Shire of Wyalkatchem community as it seeks to achieve its vision inspired by the community's aspirations. Looking to the future, the Strategic Community Plan will influence how the Shire uses its resources to deliver services to the community. The Strategic Community Plan forms the primary driver for all other planning undertaken by the Shire.

The Shire of Wyalkatchem intends to use the Strategic Community Plan in several ways, including:

- Guide Council priority setting and decision making;
- Be a mechanism for the ongoing integration of local planning initiatives;
- Inform the decision making of other agencies and organisations, including community and State Government;
- Provide a rationale to pursue grants and other resources by demonstrating how specific projects align with the aspirations of our community, within the strategic direction of the Shire;
- Inform potential investors and developers of our community's key priorities, and the way we intend to grow and develop;
- Engage local businesses, community groups and residents in various ways to contribute to the Shire's future; and
- Provide a framework for monitoring progress against our vision.

Importantly, plans are only effective if adequate resources are dedicated to ensure they can be delivered.

The strategies are prioritised and actions applied (after a further assessment of available resources) through the development of a Corporate Business Plan. Strategic performance indicators will be used to report back to the community on the Shire's performance in achieving the outcomes.

## Community Strategic Plan Review

Council has committed to the review of its Community Strategic plan and has engaged Wheatbelt Business Network to assist in the development and review of the plan, including conducting an extensive community engagement program seeking the community's aspirations, visions and objectives for the future as well as obtaining feedback in relation to the Shire's services and facilities. Community engagement will occur throughout July to September with the outcomes being considered by Council while forming part of the updated Community Strategic Plan.

In conjunction with the adoption of a reviewed Community Strategic Plan, council will also prepare a Corporate Business plan being a 4 year program on delivery of priorities within the Community Strategic plan. The Corporate Business plan will provide strategic direction on the actions required to achieve the Community Strategic Plan. This document will underpin Council's short to medium term direction.

Council will also be developing other informing strategies such as Long Term Financial Plans, Asset Management Plans and Workforce plans. These documents have a direct link in ensuring that Council has the resources available to achieve its strategic direction.



## Strategic Community Plan

Council's Strategic Community Plan was originally adopted on 16 May 2013. A revision of the plan was completed with a renewed framework of priorities, based on the six key priorities, was approved by Council in June 2016. This includes a planning framework with underlying outcomes. This revision by Council included vision, purpose and guiding principles, as follows:

### *Council's Vision*

That Wyalkatchem is an inclusive, dynamic community where all share in a thriving economy and a sustainable, safe and valued environment.

### *Our purpose*

The Council of Wyalkatchem works with the community to protect and enhance the quality of life for current and future generations.

### *Our Guiding Principles*

Respect for diverse community interests based on active listening and mutual understanding;  
Leaving a positive legacy for future generations and Councils;  
Balancing a flexible, can-do, innovative and professional approach with achieving outcomes efficiently;  
Responsible financial management;  
Informed, evidence-based and representative decision making; and,  
Effective communication and engagement.

### *Our Goals*

Healthy, strong and connected communities  
A prosperous and dynamic district  
A sustainable natural and built environment  
An effective voice  
A well-managed and effective organisation  
Facilities and assets that are well used and effectively managed

To comply with the statutory requirements, achieve best practice as well as ensuring that Council's strategic planning document is still a true reflection of the community's aspirations, Council is in the progress of reviewing its Strategic Community Plan. Community engagement has been planned in the later months of 2019. It is anticipated that an updated version of Council's Strategic Community Plan will be adopted early 2020.

## Corporate Business Plan

Council's Corporate Business Plan was last revised in September 2015. In order to comply with statutory requirements and to achieve best practice, Council will be reviewing its Corporate Business plan early in 2020. This review will occur in conjunction with finalising Council's Strategic Community Plan and will ensure that this planning document is aligned with the newly reviewed Strategic Community plan, as well as informing the upcoming budget.

## Other Planning Documents

In addition to reviewing Council's Strategic Community Plan and Corporate Business plan, Council will be reviewing and/or developing a number of informing strategies including, but not limited to: Long Term Financial Plan; Asset Management Plan and Workforce Plan. The development of these documents will occur in 2020 and will align to the reviewed plans.





## Tennis Relocation

The Shire was approached by the Wyalkatchem Tennis Club to consider relocation of the clubs facilities to the Wyalkatchem District Club. Council held informal discussions about the merits and agreed to proceed with investigating potential relocation options.

A working group, consisting of members from the Shire, Tennis Club, and Bowling Club and District club was formed to work collectively on the project. The purpose of the working group is to explore options relating to project objectives, site location, needs analysis, project planning, and project scope and funding.

A Needs Assessment and Feasibility study has been commissioned to analyse findings and provide recommendations. The outcomes of this study will ensure that the working group is able to make well informed decisions. This study will also form part of the planning document to be included in future submissions.

While in its early stages of planning, a concept plans has been considered, which includes the infrastructure needs of the Wyalkatchem Tennis Club as well as being aligned to the project outcomes including;

- A resurgence of social activity and recreational/competitive sporting opportunity.
- Improved sustainability of sporting clubs and venues in the community.
- A greater sense of community through increased opportunity for social interaction.

It is anticipated that the costs of this project will be in the vicinity of \$550,000 and will require an investment from Council, Clubs and external funding bodies.

The working group will continue to progress the planning of the project in the next few months, including identifying the preferred location and scope of works to be included in the project, with the aim of being in a good position to attract external funding.

A number of funding avenues have been identified. Council will make application to the Community Sport and Recreation Facility Fund and Tennis Australia's National Court Rebate in September, with the outcomes anticipated in early 2020.



## 10 Year Road Program

Council has adopted a long term planning approach for major work works and has adopted a 15 year program. The table below represents the first 10 years.

The program assumes that the Federal Roads to Recovery Funding allocation continues at the same level for the life of the program. The program has consideration to funding and available resources, both financial as well as capacity.

As indicated below, funding from both state and federal, are sources for the funding of the capital expenditure, with Council contribution, on average, approximately \$150,000 to \$200,000 per annum.

2019/20 – As per Budget				
Funding	Road	Description of Works	Length	Budget \$
State RRG	Tammin - Wyalkatchem Rd	Widen & reseal	2.75km	117,400
State RRG	Cunderdin - Wyalkatchem Rd	Shoulder reconditioning	10km	318,701
Federal R2R	Martin Rd	Reconstruct floodway		79,160
Federal R2R	Cunderdin- Wyalkatchem Rd	Culvert renewal to new pavement width		75,854
Federal R2R	Hobden Rd	Resheet	4km	126,223
Council	Depierres Rd	Resheet	3.5km	58,564
2020-2021				
Funding	Road	Description of Works	Length	Budget \$
State RRG	Tammin - Wyalkatchem Rd	Widen & reseal	2.2km	96,201
State RRG	Cunderdin - Wyalkatchem Rd	Shoulder widen and primerseal	2km	148,458
State RRG	Cunderdin - Wyalkatchem Rd	Shoulder reconditioning	6.3km	208,890
Federal R2R	Davies Rd	Resheet	6km	180,000
Federal R2R	Elsegood Road	Resheet	3km	105,000
2021-2022				
Funding	Road	Description of Works	Length	Budget \$
State RRG	Tammin- Wyalkatchem Rd	Widen & reseal	2.2km	100,899
State RRG	Wyalkatchem - Koorda Rd	Reconstruct and primerseal	1.5km	198,408
State RRG	Cunderdin - Wyalkatchem Rd	Shoulder reconditioning	5km	172,380
Federal R2R	McNee Rd	Resheet	7km	210,000
Federal R2R	Depierres Rd*	Resheet	3.5km	100,000
*Note: Depierres Road was brought forward to 2019/2020, program to be amended				
2022-2023				
Funding	Road	Description of Works	Length	Budget \$
State RRG	Tammin- Wyalkatchem Rd	Widen and reseal	3km	165,000
State RRG	Cunderdin - Wyalkatchem Rd	Shoulder reconditioning	8km	175,000
State RRG	Koorda - Wyalkatchem Rd	Reseal	3km	135,000
Federal R2R	McNee Rd	Resheet	6km	180,000
Federal R2R	Borgward Rd	Resheet	3.8km	100,000



<b>2023-2024</b>				
<b>Funding</b>	<b>Road</b>	<b>Description of Works</b>	<b>Length</b>	<b>Budget \$</b>
<b>State RRG</b>	Tammin- Wyalkatchem Rd	Widen and reseal	3km	165,000
<b>State RRG</b>	Cunderdin - Wyalkatchem Rd	Widen and reseal	3km	120,000
<b>State RRG</b>	Koorda - Wyalkatchem Rd	Reseal	3km	135,000
<b>Federal R2R</b>	Wallambin Rd	Resheet	5.5km	165,000
<b>Federal R2R</b>	Benji- Hindmarsh Rd	Resheet	4km	120,000
<b>2024-2025</b>				
<b>Funding</b>	<b>Road</b>	<b>Description of Works</b>	<b>Length</b>	<b>Budget \$</b>
<b>State RRG</b>	Tammin - Wyalkatchem Rd	Widen and reseal	3km	165,000
<b>State RRG</b>	Cunderdin - Wyalkatchem Rd	Widen and reseal	3km	120,000
<b>State RRG</b>	Koorda - Wyalkatchem Rd	Reseal	3km	120,000
<b>Federal R2R</b>	Wallambin Rd	Resheet	6km	180,000
<b>Federal R2R</b>	Amery – Benjabbering Rd	Resheet	5km	120,000
<b>2025-2026</b>				
<b>Funding</b>	<b>Road</b>	<b>Description of Works</b>	<b>Length</b>	<b>Budget \$</b>
<b>State RRG</b>	Tammin - Wyalkatchem Rd	Widen and reseal	3km	170,000
<b>State RRG</b>	Cunderdin - Wyalkatchem Rd	Widen and reseal	3km	120,000
<b>State RRG</b>	Koorda - Wyalkatchem Rd	Reseal	3km	120,000
<b>Federal R2R</b>	Davies South Rd	Resheet	7km	175,000
<b>Federal R2R</b>	Benji- Hindmarsh Rd	Resheet	4km	120,000
<b>2026-2027</b>				
<b>Funding</b>	<b>Road</b>	<b>Description of Works</b>	<b>Length</b>	<b>Budget \$</b>
<b>State RRG</b>	Tammin - Wyalkatchem Rd	Widen and reseal	3km	170,000
<b>State RRG</b>	Cunderdin - Wyalkatchem Rd	Widen and reseal	3km	130,000
<b>State RRG</b>	Koorda - Wyalkatchem Rd	Reseal	3km	130,000
<b>Federal R2R</b>	Davies South Rd	Resheet	7km	175,000
<b>Federal R2R</b>	Harrison Rd	Resheet	4km	120,000
<b>2027-2028</b>				
<b>Funding</b>	<b>Road</b>	<b>Description of Works</b>	<b>Length</b>	<b>Budget \$</b>
<b>State RRG</b>	Tammin - Wyalkatchem Rd	Widen and reseal	3km	175,000
<b>State RRG</b>	Cunderdin - Wyalkatchem Rd	Widen and reseal	3km	130,000
<b>State RRG</b>	Koorda - Wyalkatchem Rd	Reseal	3km	130,000
<b>Federal R2R</b>	Wallambin Rd	Resheet	5km	150,000
<b>Federal R2R</b>	Parsons Rd	Resheet	5km	140,000
<b>2028-2029</b>				
<b>Funding</b>	<b>Road</b>	<b>Description of Works</b>	<b>Length</b>	<b>Budget \$</b>
<b>State RRG</b>	Wyalkatchem North Rd	Widen and reseal	3km	180,000
<b>State RRG</b>	Cunderdin - Wyalkatchem Rd	Widen and reseal	3km	130,000
<b>State RRG</b>	Koorda - Wyalkatchem Rd	Reseal	3km	130,000
<b>Federal R2R</b>	Wallambin Rd	Resheet	5km	150,000
<b>Federal R2R</b>	Parsons Rd	Resheet	5km	140,000

Note: This program is indicative only and may be subject to change.



## 2018/2019 Year Road Program

Council undertook the following construction works as part of the works program for the 2018/19 financial year

2018/2019 Road Construction works			
Funding	Road	Description of Works	Actual \$
State RRG	Tammin Wyalkatchem Rd	Widen and reseal	114,591
State RRG	Cunderdin - Wyalkatchem Rd	Widen and reseal	241,481
State RRG	Cunderdin - Wyalkatchem Rd	Shoulder reconditioning	113,390
Federal R2R	Goldfield Rd	Reseal	25,173
Federal R2R	Lewis East Road	Reseal	21,467



## National Competition Policy

This policy was introduced by the Commonwealth Government in 1995 to promote competition for the benefit of business, consumers and the economy by removing what was considered to be unnecessary protection of monopolies of markets where competition can be enhanced. It effects local governments as factors such as exemption from company and income tax or possible local regulations and laws may give local government a potential advantage over private contractors.

In respect to Council's responsibilities under to the National Competition Policy, the Shire reports as follows:

- No business enterprise of the Shire of Corrigin has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or a Public Financial Enterprise.
- Competitive neutrality has not applied to any activities undertaken by the Shire in this reporting period.
- No allegations of non-compliance with the competitive neutrality principles have been made by any private entity.
- The principles of competitive neutrality will be implemented in respect of any relevant activity undertaken during the next financial reporting period.

A further requirement of the National Competition Policy is that all Council Local Laws are reviewed every eight years to determine whether they are in conflict with competitive neutrality and comply with the *Local Government Act 1995*. No local laws were amended during the period.

## Freedom of Information

Part 5 of the *Freedom of Information Act 1992* requires an agency such as a local government to prepare and publish an information statement.

The Shire of Wyalkatchem has developed an information statement which can be inspected on the Shire's website or by contracting the Shire Office.

The Shire of Wyalkatchem received no applications under the *Freedom of Information Act 1992* during the 2018-2019 financial year.

## State Records Act

The *State Records Act 2000* requires the Shire to maintain and dispose of all records in the prescribed manner.

Principle 6 – Compliance: Government Organisations ensure their employees comply with the record keeping plan.

Rationale:

An organisation and its employees must comply with the organisation's record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements:

The record keeping plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.



3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

The Shire has complied with items 2 to 4.

Item 1 – The Shires Record Keeping Plan review was due in June 2019. The Shire of Wyalkatchem is currently transitioning to an Electronic Records Keeping System. The implementation of the new system has a direct impact on Council's record keeping plan and the internal management of Council's records.

As a result, a request for extension to review Council's record keeping plan was applied for and granted, to allow for the full implementation of the new electronic record management system, procedures and guidance notes and update of Council's Record Keeping Plan with reference to new system and practices.

## Disability Access and Inclusion Plan

Under the *Disability Services Act 1993*, all Western Australian Local Governments are required to develop and implement a Disability Access and Inclusion Plan (DAIP), addressing seven desired outcomes, to be reviewed on an annual basis and reported on to the Disability Services Commission (DSC) by 31 July each year.

Council has an endorsed DAIP which was reviewed in December 2014. Council is required to report on our present activities as they relate to the seven desired DAIP outcomes.

The seven desired outcomes that provide a framework for strategies aimed at improving access and inclusion for people with disabilities. The following strategies are incorporated in Council's implementation plan, subsequent budget and other strategic planning documents.

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

The Shire of Wyalkatchem Disability Access and Inclusion Plan will be reviewed in 2019-2020.





## Employee Remuneration Disclosure

Regulation 19B of the *Local Government (Administration) Regulation 1996* requires the Shire to include the following information in its Annual Report:

- The number of employees of the Shire entitled to an annual salary of \$100,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more for 2018/2019:

### Salary Range

\$ From	\$ To	Number of Employees
110,000	119,999	1
120,000	129,999	1
130,000	139,999	
140,000	149,999	
Total		2

## Public Interest Disclosures

The *Public Interest Disclosures Act 2003* facilitates the disclosure of public interest information, and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

The Chief Executive Officer has complied with all obligations under the Act including:

- Appointing the Governance Executive Officer as the Public Interest Disclosure officer for the organisation and publishing an internal procedure relating to the Shire's obligation.
- Providing protection from detrimental action or the threat of detrimental action for an employee of the Shire who makes an appropriate disclosure of public interest information.

## Complaints Register

Section 5.121 of the *Local Government Act 1995* requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints made about elected members.

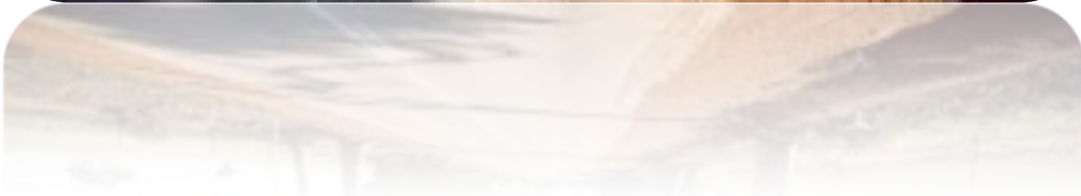
There were no complaints lodged against elected members in the year under review.

## Annual Financial Report

# **SHIRE OF WYALKATCHEM**

## **FINANCIAL REPORT**

### **FOR THE YEAR ENDED 30TH JUNE 2019**



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

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	52

**COMMUNITY VISION**

In 2023 Wyalkatchem will be sustainable with growth in population supporting businesses, services and infrastructure; residents will be healthy, save and caring, surround by welcoming public places and a valued natural and built environment.

Principal place of business:  
27 Flint Street  
Wyalkatchem WA 6485



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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed on the 12th day of February 2020



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Taryn Dayman  
Chief Executive Officer

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	23(a)	1,248,298	1,289,113	1,245,159
Operating grants, subsidies and contributions	2(a)	1,771,256	888,639	1,958,757
Fees and charges	2(a)	246,241	228,446	272,843
Interest earnings	2(a)	58,945	55,149	57,581
		3,324,740	2,461,347	3,534,340
<b>Expenses</b>				
Employee costs		(1,119,138)	(1,090,989)	(1,050,624)
Materials and contracts		(1,067,071)	(1,140,808)	(1,517,835)
Utility charges		(190,797)	(177,742)	(155,701)
Depreciation on non-current assets	10(b)	(1,299,177)	(1,237,985)	(1,226,170)
Interest expenses	2(b)	(15,389)	(15,623)	(17,220)
Insurance expenses		(135,553)	(129,614)	(114,362)
Other expenditure		634	0	0
		(3,826,491)	(3,792,761)	(4,081,912)
		(501,751)	(1,331,414)	(547,572)
Non-operating grants, subsidies and contributions	2(a)	477,024	495,566	777,426
Profit on asset disposals	10(a)	7,256	5,247	693
(Loss) on asset disposals	10(a)	(3,921)	(36,219)	(39,684)
(Loss) on revaluation of Infrastructure - Roads	9(a)	0	0	(913,096)
		480,359	464,594	(174,661)
<b>Net result for the period</b>		<b>(21,392)</b>	<b>(866,820)</b>	<b>(722,233)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	0	0	47,520
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>47,520</b>
<b>Total comprehensive income for the period</b>		<b>(21,392)</b>	<b>(866,820)</b>	<b>(674,713)</b>

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



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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>	2(a)			
Governance		10,516	2,000	27,235
General purpose funding		2,418,247	1,854,661	2,322,998
Law, order, public safety		41,173	39,486	58,325
Health		49,225	57,105	44,215
Housing		75,405	85,986	109,434
Community amenities		120,263	107,388	108,530
Recreation and culture		7,731	6,817	9,912
Transport		557,062	278,034	799,913
Economic services		23,785	14,870	23,215
Other property and services		21,331	15,000	30,563
		<b>3,324,738</b>	<b>2,461,347</b>	<b>3,534,340</b>
<b>Expenses</b>	2(b)			
Governance		(326,495)	(293,087)	(287,036)
General purpose funding		(62,768)	(67,929)	(69,608)
Law, order, public safety		(105,566)	(118,942)	(117,031)
Health		(289,624)	(317,241)	(279,506)
Education and welfare		(72,768)	(44,794)	(34,105)
Housing		(246,916)	(236,202)	(222,543)
Community amenities		(253,886)	(203,241)	(230,671)
Recreation and culture		(849,446)	(749,733)	(751,039)
Transport		(1,469,043)	(1,631,136)	(1,948,616)
Economic services		(124,917)	(111,990)	(118,031)
Other property and services		(9,671)	(2,843)	(6,506)
		<b>(3,811,100)</b>	<b>(3,777,138)</b>	<b>(4,064,692)</b>
<b>Finance Costs</b>	2(b)			
Housing		(9,828)	(9,828)	(10,714)
Transport		0	0	(307)
Economic services		(5,561)	(5,561)	(6,199)
Other property and services		0	(234)	0
		<b>(15,389)</b>	<b>(15,623)</b>	<b>(17,220)</b>
		<b>(501,751)</b>	<b>(1,331,414)</b>	<b>(547,572)</b>
Non-operating grants, subsidies and contributions	2(a)	477,024	495,566	777,426
Profit on disposal of assets	10(a)	7,256	5,247	693
(Loss) on disposal of assets	10(a)	(3,921)	(36,219)	(39,684)
(Loss) on revaluation of Infrastructure - Roads	9(a)	0	0	(913,096)
		<b>480,359</b>	<b>464,594</b>	<b>(174,661)</b>
<b>Net result for the period</b>		<b>(21,392)</b>	<b>(866,820)</b>	<b>(722,233)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	0	0	47,520
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>47,520</b>
<b>Total comprehensive income for the period</b>		<b>(21,392)</b>	<b>(866,820)</b>	<b>(674,713)</b>



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

SHIRE OF WYALKATCHEM  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,447,450	2,835,198
Trade receivables	5	60,269	216,484
Inventories	6	1,872	74,743
<b>TOTAL CURRENT ASSETS</b>		<b>3,509,591</b>	<b>3,126,425</b>
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	10,685	14,842
Other Financial assets	7	46,400	46,400
Property, plant and equipment	8	10,673,005	10,744,506
Infrastructure	9	50,463,833	50,773,872
<b>TOTAL NON-CURRENT ASSETS</b>		<b>61,193,923</b>	<b>61,579,620</b>
<b>TOTAL ASSETS</b>		<b>64,703,514</b>	<b>64,706,045</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	178,832	127,740
Borrowings	13(a)	42,365	56,084
Employee related provisions	14	90,155	65,952
<b>TOTAL CURRENT LIABILITIES</b>		<b>311,352</b>	<b>249,776</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13(a)	195,568	237,933
Employee related provisions	14	27,242	27,592
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>222,810</b>	<b>265,525</b>
<b>TOTAL LIABILITIES</b>		<b>534,162</b>	<b>515,301</b>
<b>NET ASSETS</b>		<b>64,169,352</b>	<b>64,190,744</b>
<b>EQUITY</b>			
Retained surplus		23,525,626	24,043,213
Reserves - cash backed	4	3,185,729	2,689,534
Revaluation surplus	10	37,457,997	37,457,997
<b>TOTAL EQUITY</b>		<b>64,169,352</b>	<b>64,190,744</b>

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





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

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2017</b>		<b>24,538,763</b>	<b>2,916,217</b>	<b>37,410,477</b>	<b>64,865,457</b>
Comprehensive income					
Net result for the period		(722,233)	0	0	(722,233)
Other comprehensive income	10	0	0	47,520	47,520
Total comprehensive income		(722,233)	0	47,520	(674,713)
Transfers from/(to) reserves		226,683	(226,683)	0	0
<b>Balance as at 30 June 2018</b>		<b>24,043,213</b>	<b>2,689,534</b>	<b>37,457,997</b>	<b>64,190,744</b>
Comprehensive income					
Net result for the period		(21,392)	0	0	(21,392)
Total comprehensive income		(21,392)	0	0	(21,392)
Transfers from/(to) reserves		(496,195)	496,195	0	0
<b>Balance as at 30 June 2019</b>		<b>23,525,626</b>	<b>3,185,729</b>	<b>37,457,997</b>	<b>64,169,352</b>

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

SHIRE OF WYALKATCHEM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,248,548	1,294,113	1,249,062
Operating grants, subsidies and contributions		1,937,420	888,639	1,977,927
Fees and charges		246,241	228,446	272,843
Interest received		58,945	55,149	57,581
Goods and services tax received		(12,950)	0	0
		3,478,204	2,466,347	3,557,413
<b>Payments</b>				
Employee costs		(1,064,943)	(1,090,989)	(1,034,885)
Materials and contracts		(1,007,180)	(1,163,145)	(1,743,064)
Utility charges		(190,797)	(177,742)	(155,701)
Interest expenses		18,341	(15,623)	(18,038)
Insurance paid		(135,553)	(129,614)	(114,362)
Other expenditure		634	0	0
		(2,379,498)	(2,577,113)	(3,066,050)
<b>Net cash provided by (used in) operating activities</b>	15	1,098,706	(110,766)	491,363
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(432,378)	(576,256)	(713,202)
Payments for construction of infrastructure		(547,495)	(555,080)	(1,156,498)
Non-operating grants, subsidies and contributions		477,024	495,566	777,426
Proceeds from self supporting loans		6,908	6,908	13,087
Proceeds from sale of property, plant & equipment		65,571	102,844	126,727
<b>Net cash provided by (used in) investment activities</b>		(430,370)	(526,018)	(952,460)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(56,084)	(56,086)	(53,669)
<b>Net cash provided by (used in) financing activities</b>		(56,084)	(56,086)	(53,669)
<b>Net increase (decrease) in cash held</b>		612,252	(692,870)	(514,766)
Cash at beginning of year		2,835,198	2,750,511	3,349,964
<b>Cash and cash equivalents at the end of the year</b>	15	3,447,450	2,057,641	2,835,198

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

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	24 (b)	236,291	122,000	336,864
		236,291	122,000	336,864
<b>Revenue from operating activities (excluding rates)</b>				
Governance		10,516	2,000	27,235
General purpose funding		1,134,772	573,973	1,090,132
Law, order, public safety		41,173	39,486	58,325
Health		49,225	57,105	44,215
Housing		75,405	85,986	109,434
Community amenities		120,263	107,388	108,530
Recreation and culture		7,731	6,817	9,912
Transport		557,062	278,034	799,913
Economic services		23,785	14,870	23,215
Other property and services		28,587	20,247	31,256
		2,048,519	1,185,906	2,302,167
<b>Expenditure from operating activities</b>				
Governance		(326,495)	(293,087)	(287,036)
General purpose funding		(62,768)	(67,929)	(69,608)
Law, order, public safety		(105,566)	(118,942)	(117,031)
Health		(289,624)	(317,241)	(279,506)
Education and welfare		(72,768)	(44,794)	(34,105)
Housing		(256,744)	(246,030)	(233,257)
Community amenities		(253,886)	(203,241)	(230,671)
Recreation and culture		(849,446)	(749,733)	(751,039)
Transport		(1,469,043)	(1,631,136)	(1,948,923)
Economic services		(130,478)	(117,551)	(124,230)
Other property and services		(13,592)	(39,295)	(959,286)
		(3,830,410)	(3,828,979)	(5,034,692)
Non-cash amounts excluded from operating activities	24(a)	1,299,649	1,268,957	2,178,533
<b>Amount attributable to operating activities</b>		(245,951)	(1,252,116)	(217,128)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		477,024	495,566	777,426
Proceeds from disposal of assets	10(a)	65,571	102,844	126,727
Proceeds from self supporting loans		6,908	6,908	13,087
Purchase of property, plant and equipment	8(a)	(432,378)	(576,256)	(713,202)
Purchase and construction of infrastructure	9(a)	(547,495)	(555,080)	(1,156,498)
<b>Amount attributable to investing activities</b>		(430,370)	(526,018)	(952,460)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	13(b)	(56,084)	(56,086)	(53,669)
Transfers to reserves (restricted assets)	4	(1,308,769)	(107,579)	(829,010)
Transfers from reserves (restricted assets)	4	812,574	741,042	1,055,693
<b>Amount attributable to financing activities</b>		(552,279)	577,377	173,014
<b>Surplus/(deficit) before imposition of general rates</b>		(1,228,600)	(1,200,757)	(996,574)
<b>Total amount raised from general rates</b>	23	1,283,475	1,280,688	1,232,866
<b>Surplus/(deficit) after imposition of general rates</b>	24(b)	<b>54,875</b>	<b>79,931</b>	<b>236,292</b>

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

## 1. BASIS OF PREPARATION

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 to these financial statements.



## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	10,447	2,000	27,233
General purpose funding	1,103,446	502,514	1,013,239
Law, order, public safety	35,201	33,986	51,552
Health	49,225	57,106	44,215
Recreation and culture	0	0	255
Transport	557,062	278,034	799,594
Other property and services	15,875	15,000	22,669
	1,771,256	888,640	1,958,757
<b>Non-operating grants, subsidies and contributions</b>			
Transport	477,024	495,566	777,426
	477,024	495,566	777,426
<b>Total grants, subsidies and contributions</b>	<b>2,248,280</b>	<b>1,384,206</b>	<b>2,736,183</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, donations and other contributions

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

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

##### Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 22. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

## 2. REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Other revenue</b>			
Reimbursements and recoveries	64,740	72,105	93,173
	64,740	72,105	93,173
<b>Fees and Charges</b>			
Governance	69	0	2
General purpose funding	7,560	7,885	7,018
Law, order, public safety	5,972	5,500	6,773
Housing	75,405	85,986	109,434
Community amenities	120,263	107,388	108,530
Recreation and culture	7,731	6,817	9,657
Transport	0	0	318
Economic services	23,785	14,870	23,215
Other property and services	5,456	0	7,896
	246,241	228,446	272,843
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
<b>Interest earnings</b>			
Reserve accounts interest	48,472	48,001	46,828
Rates instalment and penalty interest (refer Note 22(c))	4,063	6,000	5,148
Other interest earnings	6,410	1,148	5,605
	58,945	55,149	57,581

### SIGNIFICANT ACCOUNTING POLICIES

#### Interest earnings

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

#### Interest earnings (Continued)

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

## 2. REVENUE AND EXPENSES (Continued)

### (b) Expenses

#### Auditors remuneration

- Audit of the Annual Financial Report
- Other services

#### Interest expenses (finance costs)

Borrowings (refer Note 13(b))

	2019 Actual \$	2019 Budget \$	2018 Actual \$
	26,000	29,400	10,150
	140	1,500	0
	26,140	30,900	10,150
	15,389	15,623	17,220
	15,389	15,623	17,220

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		261,722	145,664
Term deposits		3,185,728	2,689,534
		<b>3,447,450</b>	<b>2,835,198</b>
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		253,967	145,264
- Restricted cash and cash equivalents		3,193,483	2,689,934
		<b>3,447,450</b>	<b>2,835,198</b>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Building Reserve	4	294,814	239,055
Waste Management Reserve	4	56,435	55,107
Plant and Equipment Reserve	4	195,636	134,288
Community Bus Reserve	4	81,003	79,097
Government Joint Venture Housing Reserve	4	18,147	16,744
Sport and Recreation Facilities Reserve	4	134,026	130,873
Community Development Reserve	4	255,208	150,450
Community Health Reserve	4	1,057,221	1,051,796
Airport Development Reserve	4	42,310	41,315
Depot Reserve	4	250,000	0
		<b>2,384,800</b>	<b>1,898,725</b>
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions	22	808,683	791,209
<b>Total restricted cash and cash equivalents</b>		<b>3,193,483</b>	<b>2,689,934</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Cash and cash equivalents

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

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

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



**SHIRE OF WYALKATCHEM**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

**4. RESERVES - CASH BACKED**

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(b) Unspent grants reserve	548,360	802,355	(549,786)	800,929	524,388	1,334	(503,313)	22,409	593,334	529,290	(574,264)	548,360
(e) Building Reserve	239,055	55,759	0	294,814	239,055	5,834	0	244,889	233,708	5,347	0	239,055
(f) Waste Management Reserve	55,107	1,328	0	56,435	55,107	9,923	0	65,030	44,073	11,034	0	55,107
(g) Plant and Equipment Reserve	134,288	61,348	0	195,636	134,288	3,277	0	137,565	364,578	4,710	(235,000)	134,288
(h) Community Bus Reserve	79,097	1,906	0	81,003	79,097	1,930	0	81,027	77,328	1,769	0	79,097
(i) Government Joint Venture Housing	16,744	1,403	0	18,147	16,744	1,409	0	18,153	24,055	3,337	(10,648)	16,744
(j) Sport and Recreation Facilities Reserve	130,873	3,153	0	134,026	130,873	3,194	0	134,067	127,946	2,927	0	130,873
(k) Community Development Reserve	150,450	104,758	0	255,208	150,449	53,672	0	204,121	147,084	3,366	0	150,450
(l) Community Health Reserve	1,051,796	25,425	(20,000)	1,057,221	1,051,796	25,668	(20,000)	1,057,464	1,028,268	23,528	0	1,051,796
(m) Airport Development Reserve	41,315	995	0	42,310	41,315	1,008	0	42,323	40,391	924	0	41,315
(n) Road Reserve	242,449	339	(242,788)	0	217,399	330	(217,729)	0	235,452	242,778	(235,781)	242,449
(o) Depot Reserve	0	250,000	0	250,000	0	0	0	0	0	0	0	0
	2,689,534	1,308,769	(812,574)	3,185,729	2,640,511	107,579	(741,042)	2,007,048	2,916,217	829,010	(1,055,693)	2,689,534

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
(b) Unspent grants reserve	30/06/2020	To be used for the purpose of containing funds that are derived from unspent or prepaid grants and contributions from external parties.
(e) Building Reserve	ongoing	To be used for the acquisition, disposal, maintenance and funding of Shire properties.
(f) Waste Management Reserve	ongoing	To be used for the acquisition, disposal, maintenance and funding of the community rubbish tip, waste management and education.
(g) Plant and Equipment Reserve	ongoing	To be used for the acquisition, disposal, maintenance and funding of shire plant and equipment.
(h) Community Bus Reserve	ongoing	To be used for the acquisition, disposal, maintenance and funding of the community bus.
(i) Government Joint Venture Housing	ongoing	To be used for the purpose of acquisitions, disposals, maintenance and funding of government joint venture housing.
(j) Sport and Recreation Facilities Reserve	30/06/2020	To be used for the acquisition, disposal, maintenance and funding of sports and recreation facilities.
(k) Community Development Reserve	ongoing	To be used for the acquisition, disposal, maintenance and funding of strategic community development projects.
(l) Community Health Reserve	ongoing	To be used for the purpose of acquisitions, disposals, maintenance and funding of health services.
(m) Airport Development Reserve	ongoing	To be used for the purpose of acquisitions, disposals, maintenance and funding of airport development.
(n) Road Reserve	ongoing	To be used for the purpose of quarantining unspent or prepaid road grants.
(o) Depot Reserve	30/06/2021	To be used for the purpose of the acquisition and construction of the Shire Depot

## 5. TRADE RECEIVABLES

### Current

Rates receivable
Sundry receivables
GST receivable
Loans - clubs/institutions

### Non-current

Pensioner's rates and ESL deferred
------------------------------------

2019	2018
\$	\$
18,796	14,889
28,523	194,687
12,950	0
0	6,908
60,269	216,484
10,685	14,842
10,685	14,842

## SIGNIFICANT ACCOUNTING POLICIES

### Trade and other receivables

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

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

### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

### Previous accounting policy: Impairment of trade receivables

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

### Classification and subsequent measurement

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

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

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

## 6. INVENTORIES

### Current

Fuels & Materials

2019	2018
\$	\$
1,872	74,743
1,872	74,743

## 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.

## 7. OTHER FINANCIAL ASSETS

Financial assets of FV through profit and loss  
Local Government House Trust

	2019	2018
	46,400	46,400
	46,400	46,400

### SIGNIFICANT ACCOUNTING POLICIES

#### Other financial assets at amortised cost

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

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

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

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

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

#### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Previous accounting policy: Available for sale financial assets

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

#### Previous accounting policy: Loans and receivables

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

Refer to Note 27 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.



## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	625,000	200,000	825,000	8,527,664	8,527,664	9,352,664	1,725	1,257,407	10,611,796
Additions	0	0	0	271,406	271,406	271,406	0	441,796	713,202
(Disposals)	0	0	0	0	0	0	0	(165,718)	(165,718)
Depreciation (expense)	0	0	0	(170,553)	(170,553)	(170,553)	(975)	(243,246)	(414,774)
<b>Carrying amount at 30 June 2018</b>	625,000	200,000	825,000	8,628,517	8,628,517	9,453,517	750	1,290,239	10,744,506
<b>Comprises:</b>									
Gross carrying amount at 30 June 2018	625,000	200,000	825,000	8,799,070	8,799,070	9,624,070	2,700	1,668,611	11,295,381
Accumulated depreciation at 30 June 2018	0	0	0	(170,553)	(170,553)	(170,553)	(1,950)	(378,372)	(550,875)
<b>Carrying amount at 30 June 2018</b>	625,000	200,000	825,000	8,628,517	8,628,517	9,453,517	750	1,290,239	10,744,506
Additions	0	0	0	96,971	96,971	96,971	36,873	298,534	432,378
(Disposals)	0	0	0	0	0	0	0	(62,236)	(62,236)
Depreciation (expense)	0	0	0	(175,981)	(175,981)	(175,981)	(225)	(265,437)	(441,643)
<b>Carrying amount at 30 June 2019</b>	625,000	200,000	825,000	8,549,507	8,549,507	9,374,507	37,398	1,261,100	10,673,005
<b>Comprises:</b>									
Gross carrying amount at 30 June 2019	625,000	200,000	825,000	8,896,042	8,896,042	9,721,042	39,573	1,858,145	11,618,760
Accumulated depreciation at 30 June 2019	0	0	0	(346,535)	(346,535)	(346,535)	(2,175)	(597,045)	(945,755)
<b>Carrying amount at 30 June 2019</b>	625,000	200,000	825,000	8,549,507	8,549,507	9,374,507	37,398	1,261,100	10,673,005

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

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	3	Market approach using recent observable market data for similar properties	Independent valuation	01 June 2017	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using current replacement cost	Independent valuation	01 June 2017	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	3	Market approach using recent observable market data for similar properties	Independent valuation	01 June 2017	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	3	Cost approach using current replacement cost	Management valuation	01 June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>	3	Cost approach using current replacement cost	Management valuation	01 June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

## 9. INFRASTRUCTURE

### (a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Footpaths	Drainage	Parks & Gardens	Other Infrastructure	Roads Kerbing	Airfields Runways	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	43,336,528	361,765	1,316,065	182,593	1,321,685	1,467,451	3,223,433	51,209,520
Additions	1,021,656	22,266	0	0	69,973	0	42,603	1,156,498
Revaluation increments / (decrements) transferred to revaluation surplus	(1,024,684)	39,447	1,079,653	256,038	623,297	(533,035)	0	440,716
Depreciation (expense)	(527,823)	(15,687)	(27,314)	(29,076)	(92,006)	(52,335)	(1,221,466)	(1,965,707)
<b>Carrying amount at 30 June 2018</b>	42,805,677	407,791	2,368,404	409,555	1,922,949	882,081	1,977,415	50,773,872
<b>Comprises:</b>								
Gross carrying amount at 30 June 2018	42,805,677	407,791	2,368,404	409,555	1,922,949	882,081	1,977,415	50,773,872
<b>Carrying amount at 30 June 2018</b>	42,805,677	407,791	2,368,404	409,555	1,922,949	882,081	1,977,415	50,773,872
Additions	525,403	0	0	8,745	0	0	13,347	547,495
Depreciation (expense)	(451,842)	(16,312)	(47,368)	(47,655)	(154,319)	(29,373)	(110,665)	(857,534)
<b>Carrying amount at 30 June 2019</b>	42,879,238	391,479	2,321,036	370,645	1,768,630	852,708	1,880,097	50,463,833
<b>Comprises:</b>								
Gross carrying amount at 30 June 2019	43,331,080	407,791	2,368,404	418,300	1,922,949	882,081	1,990,762	51,321,367
Accumulated depreciation at 30 June 2019	(451,842)	(16,312)	(47,368)	(47,655)	(154,319)	(29,373)	(110,665)	(857,534)
<b>Carrying amount at 30 June 2019</b>	42,879,238	391,479	2,321,036	370,645	1,768,630	852,708	1,880,097	50,463,833

## 9. INFRASTRUCTURE (Continued)

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using current replacement cost	Independent valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Footpaths	3	Cost approach using current replacement cost	Independent valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Drainage	3	Cost approach using current replacement cost	Independent valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Parks & Gardens	3	Cost approach using current replacement cost	Independent valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other Infrastructure	3	Cost approach using current replacement cost	Independent valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Roads Kerbing	3	Cost approach using current replacement cost	Independent valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Airfields Runways	2	Cost approach using current replacement cost	Independent valuation	01 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

## 9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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

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

#### Revaluation

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control

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

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

#### Land under roads

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

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

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

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

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



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

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

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	62,236	65,571	7,256	(3,921)	133,816	102,844	0	(30,972)	165,718	126,727	693	(39,684)
	62,236	65,571	7,256	(3,921)	133,816	102,844	0	(30,972)	165,718	126,727	693	(39,684)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
<b>Plant and Equipment</b>				
<b>Governance</b>	\$	\$	\$	\$
Toyota Camry	19,581	16,364	0	(3,217)
<b>Health</b>				
Land Rover Discovery	37,067	36,363	0	(704)
<b>Recreation and culture</b>				
Tower Mower	5,588	12,844	7,256	0
	62,236	65,571	7,256	(3,921)
	62,236	65,571	7,256	(3,921)

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

### (b) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - specialised	175,981	158,854	170,553
Furniture and equipment	225	975	975
Plant and equipment	265,437	214,634	243,246
Infrastructure - Roads	451,842	542,314	527,823
Footpaths	16,312	15,686	15,687
Drainage	47,368	24,813	27,314
Parks & Gardens	47,655	27,020	29,076
Other Infrastructure	154,319	134,199	92,006
Roads Kerbing	29,373	52,335	52,335
Airfields Runways	110,665	67,155	1,221,466
	1,299,177	1,237,985	2,380,481

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

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

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

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

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

#### Depreciation rates

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

Asset Class	Useful life
Buildings - non-specialised	50 years
Furniture and equipment	2 to 3 years
Plant and equipment	3 to 8 years
Infrastructure - Roads	15 to 50 years
Footpaths	25 years
Drainage	80 years
Parks & Ovals	10 to 60 years
Infrastructure - Airports	50 years
Infrastructure - Kerbing	30 years

#### Depreciation (Continued)

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

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

## 10. REVALUATION SURPLUS

	2019 Opening Balance	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings - specialised	4,003,914	4,003,914	4,003,914	0	0	0	4,003,914
Revaluation surplus - Furniture and equipment	1,825	1,825	1,825	0	0	0	1,825
Revaluation surplus - Plant and equipment	77,020	77,020	77,020	0	0	0	77,020
Revaluation surplus - Infrastructure - Roads	28,220,566	28,220,566	29,245,250	0	(1,024,684)	(1,024,684)	28,220,566
Revaluation surplus - Footpaths	233,186	233,186	193,739	39,447	0	39,447	233,186
Revaluation surplus - Drainage	2,272,116	2,272,116	1,192,463	1,079,653	0	1,079,653	2,272,116
Revaluation surplus - Parks & Gardens	344,501	344,501	88,463	256,038	0	256,038	344,501
Revaluation surplus - Other Infrastructure	1,416,893	1,416,893	793,596	623,297	0	623,297	1,416,893
Revaluation surplus - Roads Kerbing	887,976	887,976	1,421,011	0	(533,035)	(533,035)	887,976
Revaluation surplus - Airfields Runways	393,196	393,196	393,196	0	0	0	393,196
	37,851,193	37,851,193	37,410,477	1,998,435	(1,557,719)	440,716	37,851,193

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

## 11. TRADE AND OTHER PAYABLES

### Current

Sundry creditors
Rates paid in advance
Accrued salaries and wages
GST Receivable
Accrued interest on debentures
Accrued Expenses

2019	2018
\$	\$
684	69,555
33,730	4,184
14,763	0
15,574	(5)
4,286	5,152
109,795	48,854
178,832	127,740

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

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

#### Trade and other payables (Continued)

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

## 12. SHORT-TERM BORROWINGS

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

Unspent Grants

2019	2018
\$	\$
808,683	791,209
808,683	791,209

SHIRE OF WYALKATCHEM

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

13. INFORMATION ON BORROWINGS

(a) Borrowings	2019	2018
	\$	\$
Current	42,365	56,084
Non-current	195,568	237,933
	237,933	294,017

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019				30 June 2019				30 June 2018			
				Actual Principal	Actual Principal	Actual Interest	Actual Principal	Budget Principal	Budget Principal	Budget Interest	Budget Principal	Actual Principal	Actual Principal	Actual Interest	Actual Principal
				1 July 2018	repayments	repayments	outstanding	1 July 2018	repayments	repayments	outstanding	1 July 2017	repayments	repayments	outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>															
Loan 68 - 43 & 45 Wilson St	68	NAB	6.89%	147,657	20,636	9,828	127,021	147,658	20,636	9,828	127,022	166,941	19,284	10,714	147,657
<b>Transport</b>															
New Holland Tractor	74	NCH Industria	1.45%	16,037	16,037	0	0	16,037	16,037	234	0	31,842	15,805	307	16,037
<b>Economic services</b>															
CRC Building	73	WA Treasury	4.43%	130,323	19,411	5,561	110,912	130,323	19,413	5,561	110,910	148,903	18,580	6,199	130,323
				294,017	56,084	15,389	237,933	294,018	56,086	15,623	237,932	347,686	53,669	17,220	294,017
				294,017	56,084	15,389	237,933	294,018	56,086	15,623	237,932	347,686	53,669	17,220	294,017

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

All other loan repayments were financed by general purpose revenue.



### 13. INFORMATION ON BORROWINGS (Continued)

	2019	2018
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	250,000	250,000
Credit card limit	13,000	5,000
Credit card balance at balance date	(1,491)	(3,533)
<b>Total amount of credit unused</b>	<b>261,509</b>	<b>251,467</b>
<b>Loan facilities</b>		
Loan facilities - current	42,365	56,084
Loan facilities - non-current	195,568	237,933
<b>Total facilities in use at balance date</b>	<b>237,933</b>	<b>294,017</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Financial liabilities

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

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

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

##### Borrowing costs

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

##### Risk

Information regarding exposure to risk can be found at Note 25.

## 14. EMPLOYEE RELATED PROVISIONS

### Employee Related Provisions

#### Opening balance at 1 July 2018

Current provisions

Non-current provisions

Additional provision

Amounts used

#### Balance at 30 June 2019

#### Comprises

Current

Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	35,421	30,531	65,952
Non-current provisions	0	27,592	27,592
	35,421	58,123	93,544
Additional provision	64,954	24,695	89,649
Amounts used	(56,754)	(9,042)	(65,796)
Balance at 30 June 2019	43,621	73,776	117,397
Comprises			
Current	43,621	46,534	90,155
Non-current	0	27,242	27,242
	43,621	73,776	117,397

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

Less than 12 months after the reporting date

More than 12 months from reporting date

	2019	2018
	\$	\$
Less than 12 months after the reporting date	91,856	93,544
More than 12 months from reporting date	25,541	0
	117,397	93,544

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

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

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

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

##### Provisions

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

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

## 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	3,447,450	2,057,641	2,835,198
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(21,392)	(866,820)	(722,233)
Non-cash flows in Net result:			
Depreciation	1,299,177	1,237,985	2,380,481
(Profit)/loss on sale of asset	(3,335)	30,972	38,991
Loss on revaluation of fixed assets	0	0	913,096
Changes in assets and liabilities:			
(Increase)/decrease in receivables	153,464	5,000	23,073
(Increase)/decrease in inventories	72,871	10,000	536
Increase/(decrease) in payables	51,092	(32,337)	(226,583)
Increase/(decrease) in provisions	23,853	0	15,739
Grants contributions for the development of assets	(477,024)	(495,566)	(777,426)
Net cash from operating activities	1,098,706	(110,766)	1,645,674

## 16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	709,426	695,311
General purpose funding	968,329	571,430
Law, order, public safety	350,562	352,886
Health	1,602,695	1,608,560
Education and welfare	1,142,000	1,165,314
Housing	2,585,812	2,553,642
Community amenities	514,000	417,776
Recreation and culture	5,256,993	5,453,862
Transport	49,504,091	49,866,787
Economic services	850,914	853,968
Other property and services	1,060,076	1,020,844
Unallocated	158,616	145,665
	64,703,514	64,706,045

## 17 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

The Shire operates the Wyalkatchem Refuse Site under Category 89 Putrescible Landfill Site (PLS). A PLS is defined as "a premises (other than clean fill premises) on which waste of a type permitted for disposal for this category of prescribed premises, in accordance with the Landfill Waste Classification and Waste Definitions 1996, is accepted for burial".

*Environmental Protection (Rural Landfill) Regulations 2002 s17* requires the Shire to rehabilitate the Refuse Site after closure. Estimates based on the current rate of use suggest the remaining life of the site is between 25 and 30 years. The rehabilitation cost is yet to be determined, therefore, the contingent liability associated with the site was not known at reporting date. The liability will be determined once the post-closure rehabilitation plan is updated.

18. LEASING COMMITMENTS

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

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

2019	2018
\$	\$
3,458	3,458
9,511	12,969
12,969	16,427

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

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



## 19. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	29,214	33,551	30,837
President's allowance	6,090	6,090	6,090
Deputy President's allowance	1,523	1,523	1,523
Telecommunications allowance	3,264	3,808	3,293
	40,091	44,972	41,743

### Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	318,255	347,258
Post-employment benefits	28,069	30,880
Other long-term benefits	7,348	12,012
Termination benefits	0	869
	353,672	391,019

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

## 19. RELATED PARTY TRANSACTIONS (Continued)

### 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:	2019	2018
	Actual	Actual
	\$	\$
Purchase of goods and services	2,727	9,564

### Related Parties

#### The Shire's main related parties are as follows:

##### *i. Key management personnel*

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

##### *ii. Other Related Parties*

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

##### *iii. Entities subject to significant influence by the Shire*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

## 20. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2018/2019 financial year.

## 21. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2018/2019 financial year.

## 22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance <sup>(1)</sup> 30/06/18	Received <sup>(2)</sup> 2018/19	Expended <sup>(3)</sup> 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>							
FAGS - General	521,659	527,650	(522,388)	526,921	1,091,445	(1,065,947)	552,419
<b>Law, order, public safety</b>							
FESA BFB Grant	0	0	0	0	35,433	(29,780)	5,653
<b>Health</b>							
Senior Citizens	69,762	1,596	(51,621)	19,737	0	(19,737)	0
<b>Recreation and culture</b>							
Kidsports Grant	1,913	44	(255)	1,702	0	0	1,702
<b>Transport</b>							
FAGS - Roads	235,452	242,778	(235,781)	242,449	454,472	(448,412)	248,509
Roadwise	0	400	0	400	0	0	400
<b>Total</b>	<b>828,786</b>	<b>772,468</b>	<b>(810,045)</b>	<b>791,209</b>	<b>1,581,350</b>	<b>(1,563,876)</b>	<b>808,683</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.

## 23. RATING INFORMATION

### (a) Rates

#### RATE TYPE

#### Differential general rate / general rate

#### Gross rental valuations

GRV - Wyalkatchem

#### Unimproved valuations

UV - Rural

UV - Mining

#### Sub-Total

#### Minimum payment

#### Gross rental valuations

GRV - Wyalkatchem

#### Unimproved valuations

UV - Rural

UV - Mining

#### Sub-Total

Discounts/concessions (refer Note 23(b))

#### Total amount raised from general rate

Ex-gratia rates

Rates paid in advance

#### Totals

	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
<b>Gross rental valuations</b>									
GRV - Wyalkatchem	0.104	195	1,352,478	140,658	(15)	140,643	140,658	140,658	131,235
<b>Unimproved valuations</b>									
UV - Rural	0.01626	212	68,855,500	1,061,363	25,140	1,086,503	1,119,623	1,119,623	1,077,539
UV - Mining	0.01626	0	0	0	0	0	0	0	0
<b>Sub-Total</b>		407	70,207,978	1,202,021	25,125	1,227,146	1,260,281	1,260,281	1,208,774
<b>Minimum payment</b>									
<b>Gross rental valuations</b>									
GRV - Wyalkatchem	495	56	81,562	27,720	0	27,720	27,720	27,720	30,875
<b>Unimproved valuations</b>									
UV - Rural	550	16	325,100	66,583	(25,292)	41,291	8,250	8,250	7,420
UV - Mining	550	10	17,241	5,500	0	5,500	4,950	4,950	5,300
<b>Sub-Total</b>		82	423,903	99,803	(25,292)	74,511	40,920	40,920	43,595
		489	70,631,881	1,301,824	(167)	1,301,657	1,301,201	1,301,201	1,252,369
						(18,182)		(20,513)	(19,503)
<b>Total amount raised from general rate</b>						1,283,475	1,280,688	1,280,688	1,232,866
Ex-gratia rates						8,425	8,425	8,425	8,109
Rates paid in advance						(43,602)	0	0	4,184
<b>Totals</b>						1,248,298	1,289,113	1,289,113	1,245,159

## SIGNIFICANT ACCOUNTING POLICIES

### Rates

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



23. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee			2019	2019	2018	
Discount Granted	Discount	Discount	Actual	Budget	Actual	Circumstances in which Discount is Granted
	%	\$	\$	\$	\$	
General & Minimum rates	2.50%		17,653	19,518	18,813	Discount granted to rates paid by the discount due date
Write Offs			34	500	215	Outstanding Interest write offs, as per CEO delegation
			17,687	20,018	19,028	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount	Discount	2019	2019	2018
		%	\$	Actual	Budget	Actual
				\$	\$	\$
General Rates	Concession	100.00%		495	495	475
				495	495	475

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General Rates	Rate exemption under s.6.26(g) LG Act	Support Charitable organisations	Rate exemption for land used exclusively for charitable purposes, as defined within Council policy.

## 23. RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Single discount full payment	20 Jul 2019	0.00	0.00%	11.00%
Single Full payment	24 Aug 2019	0.00	0.00%	11.00%
First instalment	24 Aug 2019			11.00%
Second instalment	26 Oct 2019	5.00	5.50%	11.00%
Third instalment	11 Jan 2020	5.00	5.50%	11.00%
Fourth instalment	15 Mar 2020	5.00	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	3,916	1,000	3,936
Interest on instalment plan	147	700	1,026
Charges on instalment plan	4,944	4,300	3,765
ESL Interest	175	0	186
	9,182	6,000	8,913

## 24. RATE SETTING STATEMENT INFORMATION

		2018/19 Budget	2018/19
	2018/19 (30 June 2019 Carried Forward)	(30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(a)	(7,256)	(5,247)
Movement in pensioner deferred rates (non-current)		4,157	0
Movement in employee benefit provisions (non-current)		(350)	0
Movement in other provisions (non-current)		0	(321)
Add: Loss on disposal of assets	10(a)	3,921	36,219
Add: Loss on revaluation of fixed assets	9(a)	0	0
Add: Depreciation on assets	10(b)	1,299,177	1,237,985
<b>Non cash amounts excluded from operating activities</b>		<b>1,299,649</b>	<b>1,268,957</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
Less: Reserves - restricted cash	3	(3,185,728)	(2,007,048)
Less: Loans - clubs/institutions		0	(6,908)
Add: Borrowings	13(a)	42,365	42,365
<b>Total adjustments to net current assets</b>		<b>(3,143,363)</b>	<b>(1,971,591)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets		3,509,591	2,237,550
Less: Total current liabilities		(311,352)	(186,028)
Less: Total adjustments to net current assets		(3,143,363)	(1,971,591)
<b>Net current assets used in the Rate Setting Statement</b>		<b>54,876</b>	<b>79,931</b>

## 25. FINANCIAL RISK MANAGEMENT

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

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

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	1.25%	3,447,450	2,638,766	808,684	0
<b>2018</b>					
Cash and cash equivalents	1.62%	2,835,198	2,043,989	791,209	0

#### Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	34,475	28,352

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

## 25. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### Trade Receivables

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

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

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

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable					
Gross carrying amount	12,589	4,548	992	666	18,796

<b>01 July 2018</b>					
Rates receivable					
Gross carrying amount	5,749	3,879	1,506	3,755	14,889

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Gross carrying amount	12,950	26,294	55	2,174	41,473

<b>01 July 2018</b>					
Sundry Receivables					
Gross carrying amount	19,066	181,497	69	963	201,595

## 25. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	178,833	0	0	178,833	178,832
Borrowings	55,437	221,749	0	277,186	237,933
	234,270	221,749	0	456,019	416,765
<b>2018</b>					
Payables	127,739	0	0	127,739	127,740
Borrowings	71,707	221,749	55,437	348,893	294,017
	199,446	221,749	55,437	476,632	421,757



## 26. TRUST FUNDS

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

	1 July 2018	Amounts Received	Amounts Paid	30 June 2019
	\$	\$	\$	\$
Key Deposit	195	15	(15)	195
Facility Bonds	600	120	(120)	600
Staff Entitlement	2,810	0	0	2,810
Rose & Heritage funds	2,651	0	0	2,651
	6,256	135	(135)	6,256

## 27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

### AASB 9 Financial Instruments

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

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

The nature of these adjustments are described below:

#### (a) Classification and measurement

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

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

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

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

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

Class of Financial Instrument presented in the Statement of Financial Position	Original Measurement category under AASB 139	New measurement category under AASB 9	Carrying Amount under AASB 139 \$	Carrying Amount under AASB 9 \$
Receivables	Loans and Receivables	Financial Assets at amortised cost	209,576	209,576
Other Assets				
- Self-Supporting loans	Loans and Receivables	Financial Assets at amortised cost	6,908	6,908
- Term Deposits	Loans and Receivables	Financial Assets at amortised cost	2,689,534	2,689,534
- Investments in Unit Trusts	Loans and Receivables	Financial Assets through other comprehensive income	46,400	46,400

The change in classification has not resulted any measurement adjustment at 14 July 2019

### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

## 28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

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

### (a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

### (b) Leases

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

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

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

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

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

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Shire is in the process of assessing the impact of this standard.

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

### (c) Income For Not-For-Profit Entities

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

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

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

The shire is in the process of assessing the impact of this standard.

## 29 EVENTS AFTER THE REPORTING PERIOD

The Shire evaluated the event from 30 June 2019.

As the date the financial statements were issued.

No subsequent event were noted that required disclosure.

### **30. OTHER SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Goods and services tax (GST)**

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

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

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

#### **b) Current and non-current classification**

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

#### **c) Rounding off figures**

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

#### **d) Comparative figures**

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

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

#### **e) Budget comparative figures**

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

#### **f) Superannuation**

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

#### **g) Fair value of assets and liabilities**

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

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

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

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

#### **h) Fair value hierarchy**

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

##### **Level 1**

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

##### **Level 2**

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

##### **Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

#### **Valuation techniques**

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

##### **Market approach**

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

##### **Income approach**

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

##### **Cost approach**

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

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

#### **i) Impairment of assets**

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

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

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

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

### 31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<b>GOVERNANCE</b> To provide a decision making process for the efficient allocation of scarce resources	Include the activities of members of council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not specify the Shire 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 Acts, regulations and by-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	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance. Administration of the ReoROC health scheme and provision of various medical facilities.
<b>EDUCATION AND WELFARE</b> To provide services to the disadvantaged persons, the elderly, children and youth.	Maintenance and support of child minding and playgroup centres, senior citizen and aged care facilities. Provision and maintenance of home care programs and youth services.
<b>HOUSING</b> To provide and maintain staff and rental housing	Provision and maintenance of staff, community and joint venture housing.
<b>COMMUNITY AMENITIES</b> To provide services required by the community	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery, public conveniences and community bus.
<b>RECREATION AND CULTURE</b> To establish and effectively manage infrastructure and resource which will help the social well	Maintenance of public halls, aquatic centres, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens, reserves and playgrounds. Provision of library services (contract). Support of museum and other cultural facilities and services.
<b>TRANSPORT</b> To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, cycling ways, airstrip, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
<b>ECONOMIC SERVICES</b> To help promote the shire and its economic wellbeing.	Tourism and area promotion of the of the district. Provision of rural services including weed control, vermin control and standpipes. Building control.
<b>OTHER PROPERTY AND SERVICES</b> To monitor and control council's overhead operating accounts	Private works operation, plant repair and operation costs and engineering operating costs.



## 32. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.02	1.75	1.65
Asset consumption ratio	0.97	0.99	1.01*
Asset renewal funding ratio	0.88	0.90	0.46
Asset sustainability ratio	0.70	1.14	1.23
Debt service cover ratio	11.42	(3.62)*	13.71*
Operating surplus ratio	(0.31)	(0.90)	0.34
Own source revenue coverage ratio	0.42	0.41	0.47

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

\* The figure has been amended to reflect the correct application of the ratio calculation methodology



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

#### To the Councillors of the Shire of Wyalkatchem

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

##### **Opinion**

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

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

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

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

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

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

I draw attention to Note 1 to the 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 an annual financial report that is free from material misstatement, whether due to fraud or error.

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

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



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

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

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

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

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

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

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

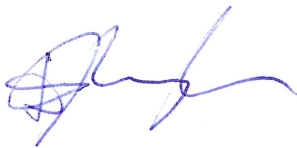
- (i) The following material matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law was identified during the course of my audit:
  - a. Accounting journal entries were posted by one employee, with no evidence of review by a second employee. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**Other Matter**

The financial ratios for 2017 in Note 32 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

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

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



DON CUNNINGHAME  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
14 February 2020