



Annual Report 2018/19





About this document

This document has been prepared by the Shire of Waroona as a report of the Shire of Waroona activities during the period 1 July 2018 to 30 June 2019.

The Annual Report is the final component of the Shire's Integrated Planning & Reporting Framework, and is a mechanism of communicating with the community and key stakeholders in a transparent and accountable way.



Contents

Background	4
Shire President’s Report	6
Chief Executive Officer’s Report	7
Shire of Waroona – Sea to Scarp	8
Our Community.....	9
Our Council	10
Our Organisation.....	12
Five Year Key Summary of Statistics	13
This Year in Waroona	14
Awards & Accreditations	15
Strategic Community Plan Overview	16
Theme 1: Local Economy	17
Theme 2: Environment	20
Theme 3: Land Use.....	22
Theme 4: Society / Community Wellbeing	23
Theme 5: Assets, Resources, Financial Management & Sustainability.....	29
Theme 6: Good Governance	34
Future Major Projects	36
Statutory Reports.....	37
Grant Funding	40
Financial Statements & Auditor’s Report	41



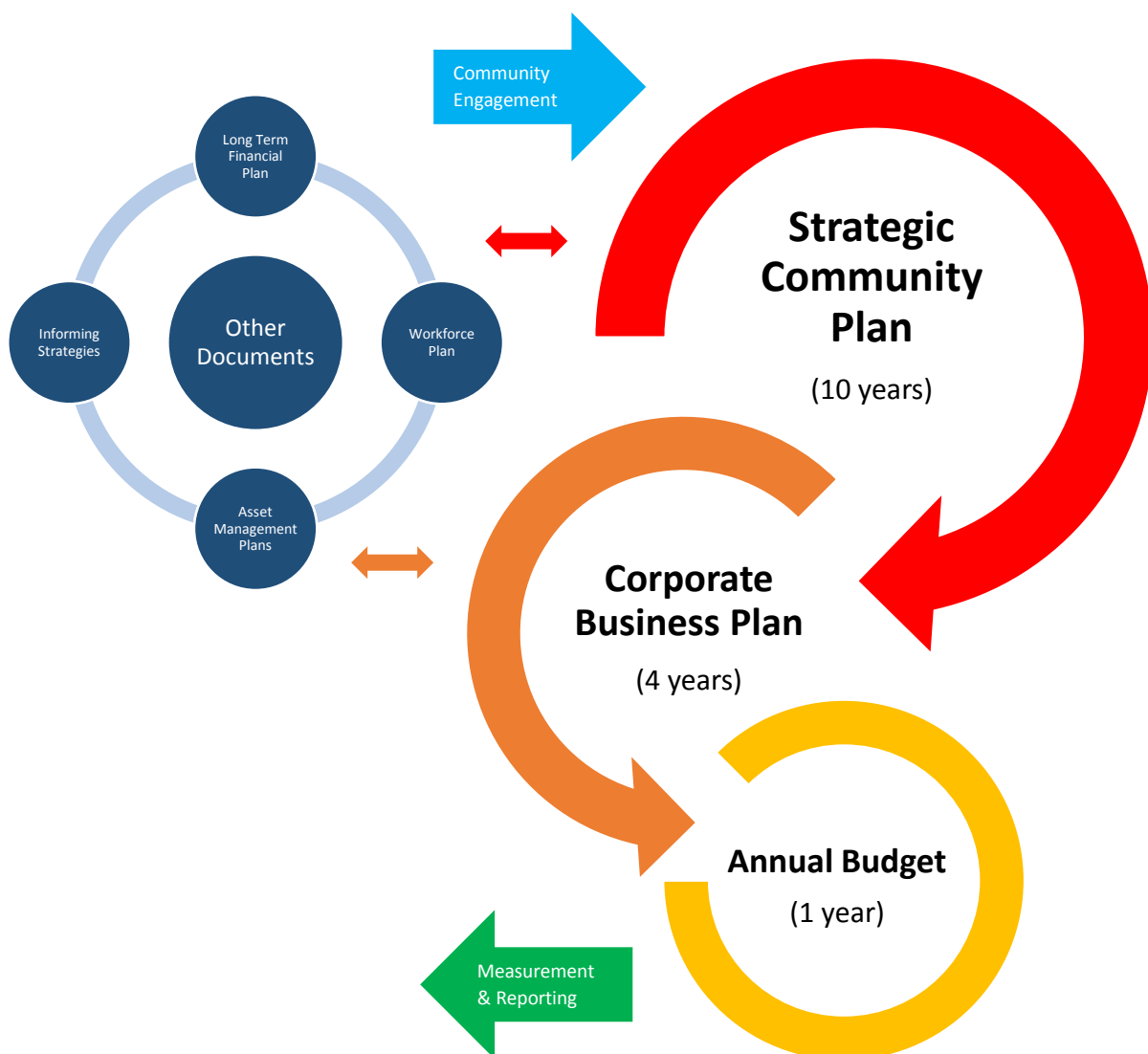
Background

State Government Requirements

The *Local Government Act 1995*, Part 5, Division 5, Section 5.56 requires all local governments to plan for the future of the district. The Corporate Business Plan together with the Strategic Community Plan, Long Term Financial Plan, Workforce Plan, Asset Management Plan and Informing Strategies forms the Shire's plan for the future, and has been prepared to achieve compliance with the *Local Government (Administration) Regulations 1996*. Development of the plan has also aligned with the Department of Local Government's Integrated Planning and Reporting Framework and Guidelines.

Integrated Planning & Reporting Framework

The framework, introduced by the State Government in 2012, requires each local government to have a Strategic Community Plan, a Corporate Business Plan and other informing strategies in place to ensure the future provision of services is sustainable. The elements of the framework are shown below:



The Strategic Community Plan expresses the long-term community aspirations that have been developed with extensive consultation. It is an overarching document that covers a period of 10 years.

Informing strategies are used to ensure adequate resourcing of the plans and include the Long Term Financial Plan, Workforce Plan, Asset Management Plans and other informing strategies.

A comprehensive report on the achievements of these plans is included in the Annual Report prepared each year.

The Corporate Business Plan is an integral part of this framework, activating the objectives of the Strategic Community Plan and informing the annual budget process to ensure the priorities of the community are achievable.

Integrated Planning & Reporting Review Cycle

Strategic Community Plan	<ul style="list-style-type: none">• Minor Review - Every 2 years• Major Review - Every 4 years
Corporate Business Plan	<ul style="list-style-type: none">• Minor Review - Annually• Major Review - Every 4 years
Long Term Financial Plan	<ul style="list-style-type: none">• Minor Review - Annually• Major review - Every 4 years
Workforce Plan	<ul style="list-style-type: none">• Minor Review - Annually• Major Review - Every 4 years
Asset Management Plans	<ul style="list-style-type: none">• Minor Review - Annually• Major Review - Every 4 years
Informing Strategies	<ul style="list-style-type: none">• Minor Review - Every 5 years• Major Review - Every 10 years
Annual Budget	<ul style="list-style-type: none">• Minor Review - 6 months• Major Review - Annually
Annual Report	<ul style="list-style-type: none">• Major Review - Annually



Shire President's Report

In writing this annual report on our Council's activities over the past 12 months, I am proud that many of the projects that were started were instigated by strong community groups who had a vision to provide facilities for a wide range of activities and services in our shire.

We had construction commencing on the Preston Beach Community Centre, improvements to the major road link to the Forrest Highway with an upgraded bridge and approaches to it on the western side on Coronation Road, and the completion of upgrades to the Memorial Hall.



Other community infrastructure commenced construction in our Shire by other associations, including nine new independent living units and social inclusion centre at Quambie Park and the Waroona Community Men's Shed. The completion of the St John Ambulance training centre and refurbishment of the existing building was a highlight in emergency services.

All these projects demonstrate that when people come together with a common goal to get a project off the ground, then it will happen, which is a sign of a healthy community and one that each group should be proud of.

We also had new initiatives in opening up other areas in our shire for overnight stays for self-contained recreational vehicles. We enjoyed another fantastic Agricultural Show and this was complemented by the annual All Australian Car Day and Waroona Vintage Machinery Rally. Visitors and locals also enjoyed the Troutfest and the inaugural Grapest 5K Run which all help in attracting people to enjoy this special part of the state.

The Shire has also seen an increased focus in some large scale horticultural pursuits which has been largely attributable to the Harvey Water piped irrigation asset. I feel we will see a resurgence in agriculture in this area going forward which as we know was one of the foundations of our shire.

We enjoyed the spillway on the Waroona Dam running for the first time in many years and it was refreshing to see the dam at capacity. Management issues around the dam were raised after a busy summer period and this is something the Council will focus on and advocate for in the coming future.

Local Government is increasingly challenging and continually scrutinised. To satisfy all the community needs and balance costs is always difficult but not impossible. It can be restrictive at times which can sometimes translate into indifference but please know we always try and make decisions based on fairness and the best information we have available at the time.

With this small snapshot of the previous year, I am pleased to submit my report for the 2018\19 period and sincerely thank all the Councillors and Staff for the great job they do in maintaining and managing our Shire.

Cr Mike Walmsley
Shire President



Chief Executive Officer's Report

As Mr. Ian Curley was Chief Executive Officer at 30 June 2019, I present this Chief Executive Officer's report generally on his behalf.

The financial year started off with a review of the Shire of Waroona Strategic Community Plan. Under the *Local Government Act 1995*, a Strategic Community Plan review must be undertaken every four years, with a minor review to be completed midway through that time. This minor review of the 2016 Strategic Community Plan was considered and endorsed at the August 2018 Council meeting.



In December, Council accepted a very generous offer from Mr. Irvine Muir, to receive land at 1631 Coronation Road for the purpose of construction of a new Waroona West Volunteer Bush Fire Brigade station. With this generous offering, Council called for tenders for this new building in June 2019.

As always, the Alcoa Waroona Sustainability Fund was a key driver in the development of community projects. In February, Council made the decision to fund the following projects:

- Creation of light installations throughout town by the Waroona Community Lights Committee;
- Completion of site works for the new Waroona West Volunteer Bush Fire Brigade station;
- Development of the Waroona Youth Precinct;
- Extension of the Waroona Agricultural Society clubroom;
- Installation of solar panels on the new residential units at Quambie Park;
- Installation of solar panels on the new Waroona Community Men's Shed;
- Upgrade of lighting and bar shutters at Waroona Bowling & Social Club; and
- Upgrade of playground equipment at Centennial Park.

A review of Local Planning Policies was undertaken and formally endorsed in March 2019. Amendments were endorsed for improved planning practices in Heritage, Ancillary Accommodation, Intensive Agriculture, Sea Containers, Outbuildings, Holiday Houses, Waroona East Hills Development and Bed & Breakfast establishments. Further review of all planning policies and practices will be undertaken to ensure there is less bureaucracy and a focus on positive development for the Shire into the future. Also in March, an amount of \$130,000 was allocated to re-line the Shire's pool.

In May, there was a very fitting presentation to former Shire President, Cr Noel Dew to recognise his 20 sterling years of service to the Council.

As I commence as the new Chief Executive Officer in a resource-sharing arrangement with the Shire of Murray, I wish to truly thank the Councillors, staff and community for the very warm welcome to the district. I am eagerly looking forward to working with all and working towards tangible and positive outcomes for all residents.

Dean Unsworth
Chief Executive Officer



Shire of Waroona – Sea to Scarp

Located in the south western corner of Western Australia’s Peel region, the Shire of Waroona is just over 100 kilometres from the state capital of Perth, less than 50 kilometres from the Peel regional city of Mandurah, and less than 100 kilometres from the South West regional centre of Bunbury.

The shire stretches from sea to scarp between the Indian Ocean and the Darling Scarp, featuring pristine beaches, coastal lakes, fertile farmlands and peaceful jarrah forests. Covering a total area of 835 km², the Shire includes the localities of Waroona, Hamel, Lake Clifton and Preston Beach.



Vision

“We care for our coast, our country, and our community. We will build on our foundations to be socially, environmentally and financially sound and sustainable.”

Mission

“The Council will provide leadership, and pursue actions and outcomes to enhance the quality of life for the people of the area by providing a wide variety of quality services, supported by adequate assets and infrastructure, as per our broad themes and key areas of emphasis.”

Values

- Leadership and excellence in management;
- Quality service provision;
- Integrity, ethics and honesty;
- Act in a fair and equitable manners;
- Trust and respect; and
- Professionalism, accountability and responsiveness.



Our Community

The snapshot below illustrates the comparison of trends in the Waroona shire to state and national trends. Generally, the shire is following trends in regards to increasing or decreasing, however in some elements, the level of change is vastly different.

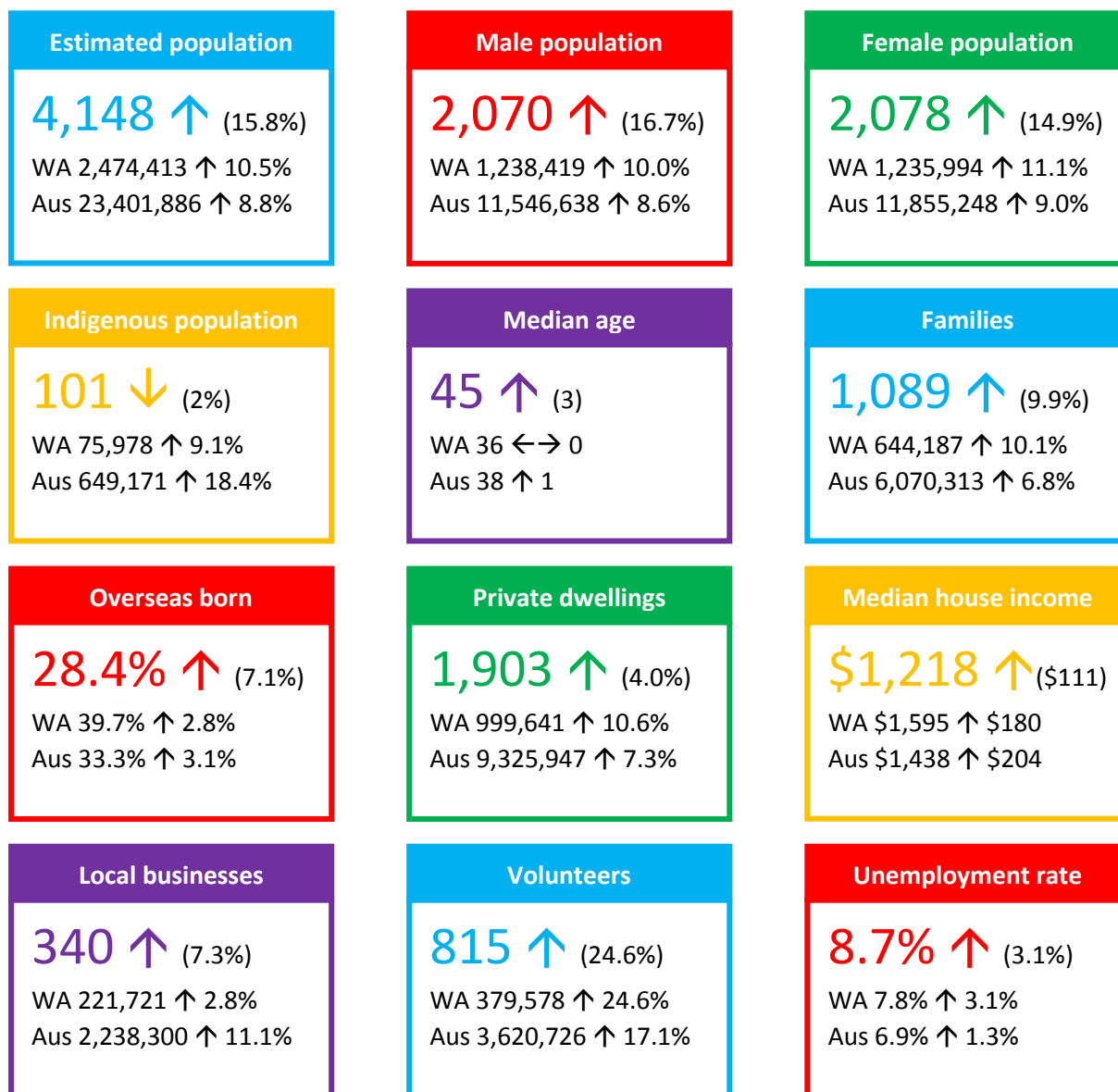


Figure 1 - Changes in statistics from 2011 to 2016. Source: ABS 2011 Census; ABS 2016 Census.

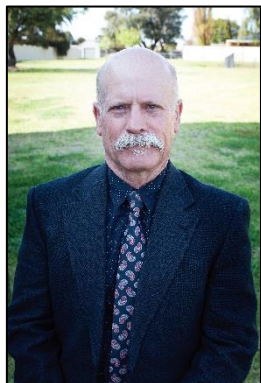


Our Council

The role of Council is to represent the community, provide leadership and guidance, facilitate communication between the community and the Shire, and set strategic direction and policy.



Cr Mike Walmsley
President



Cr Larry Scott
Deputy President



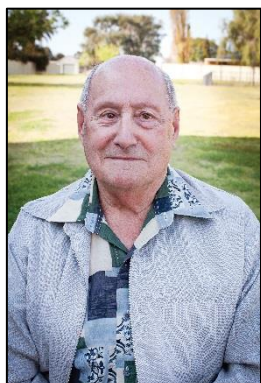
Cr Noel Dew



Cr John Mason



Cr Naomi Purcell



Cr John Salerian JP



Cr Laurie Snell



Cr Craig Wright

Ordinary / Special Council Meeting Attendance 2018/19

Councillor	# Meetings Held	# Meetings Attended
Cr Mike Walmsley	12	11
Cr Larry Scott	12	10
Cr Noel Dew	12	11
Cr John Mason	12	10
Cr Naomi Purcell	12	12
Cr John Salerian JP	12	11
Cr Laurie Snell	12	12
Cr Craig Wright	12	9



Roles & Responsibilities

Council

In fulfilling its role, Council sets the Shire of Waroona's strategic direction, oversees the Shire's finance and resources, determines its policies, and ensures that the Council's statutory and community responsibilities are performed effectively and efficiently. The Waroona Shire Council meets on the fourth Tuesday of each month in the Council Chambers, with all meetings open to the public. All meetings of Council and its committees are conducted in accordance with the Local Government Act. Meeting times and dates are published on Council's website.

President

The *Local Government Act 1995* states that the role of the President is to:

- Preside at meetings in accordance with the Act;
- Provide leadership and guidance to the community in the district;
- Carry out civic and ceremonial duties on behalf of the local government;
- Speak on behalf of the local government;
- Perform such other functions as are given to the Mayor or President by the Act or any other written law; and
- Liaise with the CEO on the local government's affairs and the performance of its functions.

Councillors

The *Local Government Act 1995* states that the role of a Councillor is to:

- Represent the interest of electors, ratepayers and residents of the district;
- Provide leadership and guidance to the community in the district;
- Facilitate communication between the community and the Council;
- Participate in the local government's decision making processes at Council and Committee meetings; and
- Perform such other functions as are given to a Councillor by the Local Government Act or any other written law.

Committees

To assist Council in performing its role, the Shire has a number of statutory and advisory committees. Because Council is responsible for such a large number and broad range of activities and functions, committees play an important role in focusing attention and expertise in specific areas. There are a number of different types of committees, each of which serves a particular purpose. There are also committees that make recommendations to Council on specific matters or projects. Councillors are also members of a number of external committees (statutory or otherwise) that assist other authorities and groups in performing their functions. To clarify the role and scope of each committee, there are usually a *Terms of Reference* in place to determine the committee's membership, responsibilities, extent of decision making and reporting requirements.



Our Organisation

Ian Curley
Chief Executive Officer



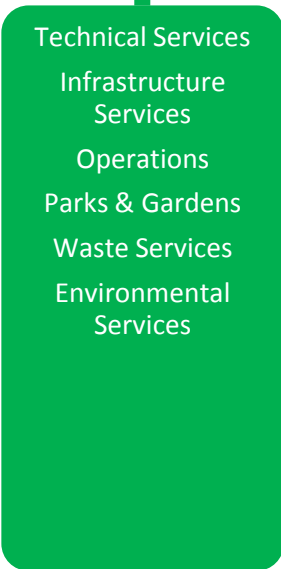
Laurie Tilbrook
Director Corporate Services



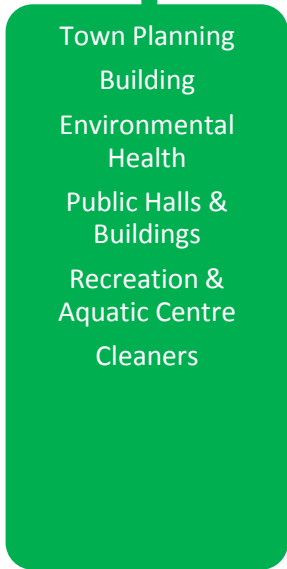
Louis Fouche
Director Strategic Development



Pat Steinbacher
Director Technical Services



Leonard Long
Executive Manager Planning & Building



Five Year Key Summary of Statistics

Statistic	2014/15	2015/16	2016/17	2017/18	2018/19
Operating Revenue	\$7,371,231	\$7,651,194	\$8,411,511	\$7,854,670	\$8,159,461
Operating Expenditure	\$9,092,955	\$11,026,802	\$10,468,288	\$10,957,304	\$10,420,833
Operating Grants, Contributions & Subsidies	\$2,042,001	\$2,044,031	\$2,383,260	\$1,492,570	\$1,638,205
Fees & Charges Revenue	\$1,314,698	\$1,288,418	\$1,447,516	\$1,481,077	\$1,433,532
Capital Grants Revenue	\$1,164,889	\$1,361,092	\$2,465,918	\$1,809,331	\$2,026,290
Capital Expenditure	\$1,588,599	\$2,443,726	\$2,609,765	\$2,492,559	\$3,522,894
Asset Valuation	\$127,361,229	\$126,982,138	\$130,732,461	\$129,949,168	\$129,749,817
Total Net Assets	\$129,587,336	\$127,747,422	\$133,018,290	\$132,134,387	\$134,247,914
Reserve Balance	\$2,076,704	\$1,647,516	\$2,508,330	\$2,317,381	\$2,397,934
# Rateable Properties	2,700	2,707	2,713	2,715	2,726
Minimum General Rate	\$880	\$940	\$1,010	\$1,065	\$1,115
Rates Levied	\$3,790,972	\$4,105,583	\$4,405,008	\$4,688,601	\$4,888,697
Planning Applications Received	100	108	103	74	53
Planning Applications Determined	99	117	101	67	55
Building Applications Received	134	164	109	119	115
Building Applications Determined	129	159	101	120	114
Library Items Loaned	11,401	10,272	10,054	14,518	12,343
Local Stock Resources	10,082	9,339	9,336	9,583	8,677



This Year in Waroona



July
NAIDOC Cultural Showcase



August
Science Café



September
Trout Fest



October
Waroona Agricultural Show



November
Remembrance Day



December
Community Christmas Gala



January
Australia Day Celebrations



February
WYLD Sports Panel



March
Movie Under The Stars



April
Youth Fest



May
Emergency Services Dinner



June
Preston Beach Tree Planting



Awards & Accreditations

Local Government Professionals Australia – National Federation Awards

These awards recognise the achievements of individuals and teams working to advance the profession of local government, and achieve great things for their communities on a national level. This year Community Development Officer Brad Vitale was the recipient of the National Emerging Leader Award.



Photo 1: Shire President Cr Mike Walmsley with CDO Brad Vitale, Local Government Professionals WA CEO Candy Choo & Acting CEO Laurie Tilbrook

Local Government Professionals WA – State Awards

These awards aim to formally recognise the significant contributions made by professionals working in the field of local government in Western Australia. This year Community Development Officer Brad Vitale was the recipient of the State Emerging Leader Award.



Photo 2: Local Government Professionals WA President Ian Cowie, CDO Brad Vitale & WA Super CEO Fabian Ross

Local Government Professionals WA – Community Development Awards

These awards aim to formally recognise the significant contributions made by Community Development professionals across a range of organisations working in the field of community development in Western Australia. This year the Shire was the recipient of two awards:

Innovative Partnership Award – Baldja Program

Young Leader Award – Brad Vitale

Public Health Advocacy Institute of WA Awards

These awards illustrate the important role that local government plays in promoting happy and healthy children and young people.

This year the Shire received the award for Aboriginal Child Health and Healthy & Safe Food, and a commendable for Nature Play. The Shire was announced the overall regional winner.



Photo 3: Shire President Cr Mike Walmsley, CEO Ian Curley, Minister for Local Government Hon. David Templeman, Cr Laurie Snell & Cr Naomi Purcell. Credit – Public Health Advocacy Institute of WA

Strategic Community Plan Overview

The overall aspirations and objectives of the Shire's future plans are to progress slowly and to control our future, to care for our environment and community, to manage our assets responsibly, and to pursue financial sustainability.

The Strategic Community Plan follows six key areas of emphasis which were developed in the original 2012 plans, and slightly amended in 2014, 2016 and 2018.

The six key areas of emphasis that the broad strategic priorities have been categorised into are:

1. **Local Economy:** Managing our future growth
2. **Environment:** Conserving our unique environment
3. **Land Use:** Responsible land use planning, and protecting rural land
4. **Society:** A strong sense of community addressing social issues and effective community wellbeing
5. **Asset Management & Financial Sustainability:** Provision of functional assets to support services, involving built/acquired assets and infrastructure; Financial proficiency and sustainability
6. **Good Governance:** Active and responsible civic leadership and excellence in management

Each of these areas of emphasis and themes guide the strategies and actions identified in the components of the Shire's Integrated Planning and Reporting Framework.



Theme 1: Local Economy

“Managing our future growth”

Local Business Support

There are 316 businesses in the shire, with 32 of these being registered as home-based businesses. The Shire supports the establishment, development and sustainability of local businesses. This year the Shire continued its status as a Small Business Friendly Local Government, supporting over 300 small business owners in the shire, particularly through:

- Working closely with the Waroona Business Support Group and Peel Chamber of Commerce and Industry;
- Promoting local purchasing and procurement;
- Co-hosting the annual Business Sundowner; and
- Maintaining the business support section on the Shire website that aligns a support pathway from local through to federal.



Photo 4: Business Sundowner held at Waroona Memorial Hall

Town Centre Masterplan

The Shire commenced the investigation into reviewing the 2003 Town Centre Masterplan. This reviewed masterplan will ensure that future developments to the town centre align

with strategic objectives and community expectations, further develop the town’s liveliness and activeness for current residents and visitors, and attract investment by future residents, visitors and industry. Funding to review the masterplan will be sought in 2019/20.

Extractive Industry

The Shire has been working with extractive industry (sand and limestone) operators to work towards improving the roads within the network that carry bulk haulage operations. There are agreements in place with several operators that see them contribute to the ‘up front’ road upgrade costs as well as an annual contribution that, in essence, pays the ratepayers back for the use of Shire roads. In return, these roads are gradually upgraded.

Waroona Mural

The Shire contributed funding towards the first major project for the Waroona Business Support Group, which was the development of the colourful mural that is located in the town centre on South Western Highway. The objective was to beautify the main street and encourage activity in the town centre.

The mural depicts some of the natural attractions that can be found in the shire when exploring from sea to scarp.



Photo 5: Brenton See art mural

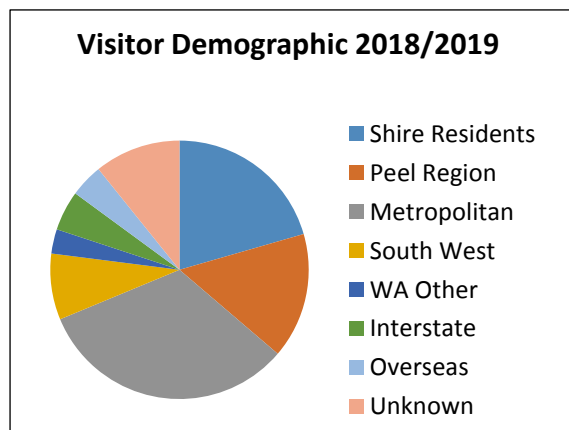
Visitor Centre

The Visitor Centre has 3 main functions:

- Visitor servicing and information;
- Area promotion; and
- Art and craft gallery.

Visitor Servicing & Information

This year, almost 7,200 visitors were welcomed to the Centre, and over 300 visitor related telephone and email enquiries were attended to. The visitor demographic is led by metropolitan travellers followed by local residents.



Around 200 different brochures, flyers and maps are available free to assist visitors and residents, and each year thousands are handed out. The range includes local, regional and Western Australian tourism services; local business, community and interest groups, events and history; and activities such as bushwalking and fishing. Visitors arriving outside normal operating hours take over 1,250 brochures and maps from the after-hours information stand annually.

Area Promotion

During the year a diverse range of promotional initiatives and opportunities provided local, regional and state-wide exposure for both the gallery and the Shire.

Annual, regular and one-off advertisements, editorial and articles are created for the print media and appear in newspapers, planners, newsletters, magazines and maps. A wider net is also cast when story outlines are sent to, and picked up, by the various media.

Art & Craft Gallery

The Centre maintains a quality gallery creating interesting and attractive displays with a focus on local produce, art and craft. This function provides a sales outlet for around 40 local and regional contributors with stock including artworks, craft items, fine woodwork, sculptures, preserves, textiles, soap, ceramics and cards. Local artists and artisans are given support as are the various organisations looking to strengthen culture and art in the community and region.



Photo 6: Waroona Visitor Centre

24 Hour Recreational Vehicle Free Stay Areas

A 24 Hour Recreational Vehicle Free Stay area was trialled at the Preston Beach carpark between May 1 and October 31 2018. Following the success of this trial, Council established the trial site as a permanent site for the period of May 1 to October 31 each year, and provided additional trial sites at Waroona Showgrounds and Drakesbrook Weir for the period May 1 to October 31 2019. Signage and brochures have been developed to promote these areas and conditions of use.



Education & Training

The Shire supports a range of educational training and recreational initiatives through the provision of premises at highly subsidised rents. These include Waroona Community Resource Centre, Arts & Crafts, Girl Guides, Playgroup, Pensioners' Social Club, Senior Citizens' Welfare and Youth Advisory Council.

The Shire also promotes opportunities for work experience and skills development through the organisation. This year the Shire was involved in return to work programmes, traineeships and student work experience with local schools.

This year the Shire supported Waroona Community Resource Centre to deliver a nationally accredited Certificate II in Hospitality to ten students through recognised training organisation REACH for Training.

Coronation / Peppermint Grove Roads

This important east-west route for the Shire of Waroona and, with the completion of the Dorsett Road project, increased attention was returned to these roads. As the busiest Shire controlled road, it will play a significant role in our transport network between our major centres as well as between our Shire and other regions. As such, we are focussing on getting the route up to a standard where it can be centre lined and speed limited so that it can efficiently and safely perform its role into the future as traffic volumes increase.

Land Development

The Shire continues to work with developers to ensure the provision of serviced land within the shire. This year the Shire recommended approval of an additional 4 lots which varied from road creation to additional residential lots.



Photo 7: Brenton See art mural



Theme 2: Environment

“Conserving our unique environment”

Environmental Awareness & Conservation

The Shire coordinates and supports activities that promote environmental awareness and conservation in the community. This year the Shire held the annual Preston Beach Dune Restoration Project which included hundreds of trees being planted, and a major litter collection along the coast. A similar initiative was held in Lake Clifton for the first time, with students from Waroona District High School Bushrangers working alongside Lake Clifton Landcare Group volunteers to revegetate around the historic lime kiln area.

The Shire supported the second Trout Fest, which was organised by Recfishwest and provided an opportunity for the community to learn about freshwater fishing, fly casting and tackle and rigging.



Photo 8: Tree planting at Lake Clifton

Preston Beach Bollards & Signage

This year the Shire replaced the historic tractor tyres with large bollards to define the no fishing area, and to restrict vehicle access to the main public swimming area. The Shire regularly installs and maintains signage to deliver public information, and also restrict vehicle access on specific beach areas and environmentally sensitive areas.

Beach Emergency Numbers

The Shire received funding from the State Government to install signage for the Beach Emergency Numbers (BEN) system, which aims to improve emergency response times. The BEN signs display unique codes based on a prefix followed by a one to four digit number, the official location name of the beach, the address, suburb, and nearest intersection. All this information along with the GPS coordinates for the sign has been sent to emergency services. By quoting the nearest BEN sign code, users will increase the capacity for first responders to accurately pinpoint the exact location of an emergency. BEN signs may also be referred to when reporting shark sightings.



Photo 9: Beach Emergency Numbers signs

Partnerships

The Shire actively supports and collaborates with a number of local and regional organisations to conserve the environment including Lake Clifton Landcare Group, Peel Biosecurity Group, Peel Harvey Catchment Council and Peron Naturaliste Partnership. This year the Shire strengthened its partnership with the Peel Harvey Biosecurity Group by providing office space and enhancing the group's presence within the community.

Recycling Services

The Shire of Waroona provides the following recycling services to the local community:

- Kerbside co-mingled recycling 240L bin pick-up once a fortnight;
- Cardboard recycling drop-off at the Buller Road Refuse Disposal Site; and
- Ink Cartridge, Battery and Mobile Phone recycling drop-off at the Shire Administration Office and Waroona Community Resource Centre.

Buller Road Transfer Station

Works continued this year to transform the Buller Road Waste Facility from its outdated modes of operation to a modern transfer station set up. This will immediately improve access and safety for the public as well as future proof the facility to both allow it to accept more waste volumes as the Shire grows and allow it to be converted to a standalone facility when, at some point in the future, the landfill is no longer operational and all waste is transported off site.

Peel Trails Strategy

The Shire continues as a member of the Peel Trails Group to further its understanding of current and future trails projects in the Peel region. Last year the Peel Regional Leaders

Forum contracted Common Ground consultants to complete a review and update of the Peel Regional Trails Strategy and Shire of Waroona Trails Masterplan. This project will be completed in 2019/20.

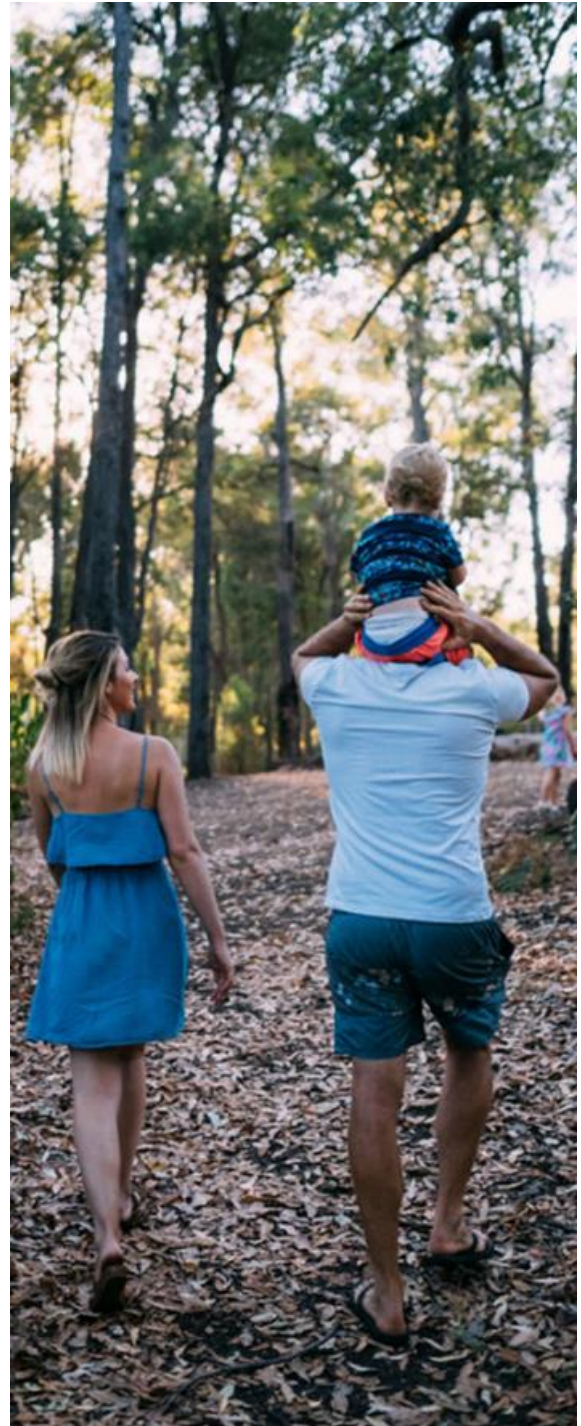


Photo 10: Informal trails at Lake Navarino. Credit - MAPTO and Russell Ord Photography



Theme 3: Land Use

“Responsible land use planning and protecting rural land”

Local Planning Policies Review

The addressing of the day to day operational issues of the Local Planning Policies forms part of the Shire’s ongoing improvement of its local planning framework. The regular review of Local Planning Policies plays an important role in ensuring that all policies are up to date with current legislation, best practice and are achieving their relevant objectives.

The following broad changes were made to the Shire’s Local Planning Policies this year:

Policies revoked:

- LPP1 – Community Consultation
- LPP3 – Commercial Vehicle Parking
- LPP5 – Setbacks and Building Envelopes
- LPP8 – Moyanup Heights and Lake Moyanup Estate - (Urban 5 - Special Residential Zone)
- LPP10 – Fencing
- LPP11 – Home Based Business
- LPP12 – Brooklyn Rise Special Residential Zone Building Standards
- LPP14 – Industrial / Commercial Development
- LPP15 – Extractive Industry
- LPP16 – Geographic Names
- LPP22 – Water Sensitive Urban Design
- LPP23 – Landscaping
- LPP24 – Vegetation Management

Policies modified:

- LPP4 – Heritage
- LPP6 – Signage
- LPP7 – Ancillary Accommodation
- LPP13 – Intensive Agriculture
- LPP18 – Sea Containers

- LPP25 – Outbuildings
- LPP26 – Holiday Homes
- LPP27 – Waroona East Hills Development
- LPP28 – Bed and Breakfast Accommodation

Overall the changes to the Local Planning Policies are considered to comply with current legislation and are expected to result in an increased level of efficiency and consistency.

Town Planning Scheme Amendments

The Shire dealt with 2 scheme amendments, of which 1 has been gazetted. Each scheme amendment takes into consideration the potential impact it would have on the environment.

Development Applications

A total of 53 Development Applications were received by the Shire this year. As part of the standard assessment of these applications, the impact on the environment is considered prior to any determinations being made.



Photo 11: Hay season in Hamel. Credit - MAPTO and Russell Ord Photography



Theme 4: Society / Community Wellbeing

“Maintain strong sense of community and effective community wellbeing”

Library

Library membership has increased by 82 new members this year to a total of 1,185 members. The Library has loaned 14,839 items to members, with local stock purchases and donations standing at 3,869 items. Library visits have increased since Wi-Fi has been made available. Using Sirsi is beneficial to our patrons, enabling them access to a huge catalogue of items throughout the South West Consortia.

This year the Library hosted Coral’s Charity Knitters with 12-15 Ladies attending each week. The Book Club is going strong with four new members and Lego Club continues to run on a Saturday morning. Private tutoring is held on Tuesday afternoons and Wednesday mornings in the school terms. Better Beginning Bags was successful again this year with both local schools receiving book bags for their Kindergarten aged children.

Recreation & Aquatic Centre

The Waroona Recreation & Aquatic Centre continues to provide an outstanding service to the community by facilitating a number of activities including badminton, basketball, group fitness, gym, netball, squash, swimming, tennis, and volleyball. Overall, the usage of the Centre has increased with 83 gym memberships, 81 group fitness memberships and 112 swimming memberships.

Two key events held this year were Raise It @ The WRAC (to support the CanTeen bike riding fundraisers) and the Halloween Party (in celebration of WA Children’s Week). Given the success of both of these events, the Shire will consider holding them annually.

Maintenance of Recreation Areas

The Shire’s Parks and Gardens team works hard to maintain and improve parks, sporting areas and general recreation areas by applying effective modern horticultural practices to not only manage existing vegetation and infrastructure but also to continuously improve the appearance and aesthetics of the areas.

Parks and Gardens tasks are shared between the Shire’s own employees and a contractor. Our Parks employees have participated in focussed horticultural training which further improves our response in this area. In addition to these, this year we have entered into an agreement with a third party training organisation who provided us with a young horticultural trainee which has proven to be a mutually beneficial arrangement and one we hope to continue into the future.

The Shire continues to work closely with the Department of Health by undertaking a strict water sampling schedule of the Drakesbrook Weir to ensure the water quality is safe for recreational users.



Photo 12: Drakesbrook Weir



A number of damaged playground items were replaced at the beach carpark at Preston Beach as well as the full replacement of a shelter in the same area. This replacement was necessary after the existing unit had rusted out.

Various footpath repairs were completed as well as the installation of a number of pram ramps to existing footpaths. The new ramps assist with access and mobility for all path users and ensure we are complying with modern accessibility standards.

Awards

The Shire presented the 2019 Australia Day Awards at this year's Australia Day Breakfast. The recipients were as follows.

Shire of Waroona Certificate of Appreciation:
Coral's Charity Knitters

Shire of Waroona Meritorious Community Service Award – 25 Years and Over: Jenny Rose and Judy Carroll

Australia Day Council of WA Citizen of the Year:
Greg Lewis

Australia Day Council of WA Award for Active Citizenship: Waroona Senior Citizens' Welfare Committee



Photo 13: Australia Day award recipients with Shire President

The Shire continued its sponsorship of the Community Group of the Year category for the Peel Volunteer of the Year Awards. This year the

award was presented by the Shire President to WA Mum's Cottage.

Citizenships

The Shire welcomed 8 new citizens, with 2 ceremonies conducted at the Australia Day Breakfast.

Alliance Against Depression Project

Due to the success of the Youth Mental Health Program in 2017/18, the Shire received further funding from WA Primary Health Alliance to deliver a 12 month program that trials the Alliance Against Depression Framework. The aim of the project was to enhance and better integrate health services at a local level, focusing on social and emotional wellbeing, suicide prevention, and alcohol and drug services, with a holistic whole of community approach. This program not only had positive outcomes in health and wellbeing, but provided opportunities in other areas including education and employment. Over 40 activities were delivered including after school programs, mental health first aid training, camps and the development of a community Postvention Plan.



Photo 14: Local youth at Camp Hero

Interagency

The Shire coordinates and chairs the Waroona Interagency Group. This group meets bi-monthly and provides a forum for agencies that deliver community services to share knowledge



and work collectively to address issues generally concerning community safety and wellbeing. The forum provides an opportunity for members to network and access collegial support.

This year saw a continuation of the change to the format and functioning of the Waroona Interagency Group to allow presentations and guest speakers to open the meeting, and greater opportunities for Waroona Interagency Group projects and initiatives. The Group now boasts a database of over 70 representatives from over 50 stakeholders including local governments, government agencies, health service providers and community organisations.

Closed Circuit Television

The Shire continues to maintain and seek opportunities to upgrade and expand the Closed Circuit Television system located throughout the shire.

ESTEAM - Peel Bright Minds

This year the Shire partnered with Peel Bright Minds to deliver a range of localised community programs to promote engineering, science, technology, entrepreneurship, arts and mathematics (ESTEAM). Three of the most popular events in the region were the science café, naked scientist show, and pop-up stall at Youth Fest. Peel Bright Minds aim to inspire a curious community and promote the importance of ESTEAM in the future development of education, training and employment.



Photo 15: Professor Lyn Beazley at the Science Cafe

Youth Advisory Council

The Shire facilitates the Waroona Youth Advisory Council (YAC) which provides a forum for young people to get together and discuss youth issues, initiatives and projects to advise the Shire. This year YAC reviewed its governance structures and objectives to align with Council and increase their strategic focus. Throughout the year, YAC organised a range of projects and activities including:

- Leadership day at Forest Edge;
- Movie Under The Stars;
- M8 the call can W8 road safety campaign;
- School holiday activities; and
- Youth Fest.



Photo 16: Movie Under The Stars

Arts & Culture

The Shire hosts and supports a number of events that celebrate local arts and culture including NAIDOC Week, Sea to Art Exhibition and Australia Day.

Community Organisations

The Shire aims to provide community organisations and sporting clubs with support and assistance through Club Development. This year the Shire assisted with the Department of Local Government, Sport and Cultural Industries' Regional Roadshow and Clubs Information session, supported the Peel Sports



Forum, engaged with state sporting associations at the Peel region's first 'SSA/LG Meeting' and facilitated the 'Hunting and Gathering' grant writing workshop.

The Shire assists local community organisations, particularly with supporting events with human, material and financial resources. This year, the Shire provided an estimated amount of \$120,000 towards community events including:

- NAIDOC Cultural Showcase;
- Vintage Machinery Rally;
- Waroona Agricultural Show;
- Remembrance Day;
- Business Sundowner;
- White Ribbon Sundowner;
- Thank A Volunteer Breakfast;
- Turning On The Lights Ceremony;
- Lions Christmas Gala;
- Carols By Candlelight;
- Carols on the Lawn;
- Just Cruizin Street Machiners' Christmas Light Tour;
- Pre-Australia Day Pool Party;
- Australia Day;
- Pam Corker Fete;
- Raise It @ The WRAC;
- Movie Under The Stars;
- Youth Fest;
- All Australian Car Day;
- ANZAC Day;
- South West Aboriginal Basketball Carnival;
- Emergency Services Dinner; and
- Various community markets.

The Shire continues to support over 40 local community organisations and sporting clubs.

Volunteers

The Shire supports all local volunteers whether they be individuals, in community organisations or part of sporting clubs. Volunteers and community organisations have access to assistance including the club development

manual, training and skills development, grant assistance, marketing and promotion and general advice.

The Shire recognises and values the local volunteers for their ongoing commitment and invaluable contribution to the community. Emergency services volunteers were acknowledged at the annual Emergency Services Dinner, and all volunteers in the shire had the opportunity to be recognised at the annual Volunteer Breakfast, with Councillors and Executive Staff working in the kitchen.



Photo 17: St John Ambulance officers at Emergency Services Dinner

School Partnerships

The Shire continues to strengthen its partnership with Waroona District High School and St Joseph's Primary School Waroona, assisting both schools with events, projects and grant applications, including:

- Community Development Grants;
- R U OK Day;
- M8 the call can W8 initiative;
- NAIDOC Week activities;
- 3 Tier Mental Health program;
- safeTALK accreditation;
- In Your Head Youth Mental Health forum; and
- Banners in the Terrace Competition.



Community Lights Project

Waroona Community Lights Committee is installing light features throughout the community to boost tourism and activate the nightlife. The project has already seen lights and decorations in the Town Christmas tree during the summer months, and recently the installation of projected LED lights at the information bay near the Visitor Centre. This year the Shire assisted the Community Lights Committee with grant applications and planning of a project to extend to Drakesbrook Place and Centennial Park. As a result, an additional four installations were displayed.



Photo 18: This year's additions to the Community Lights Project

Youth Precinct

The Shire commenced the development of a concept plan for the creation of a public open space accessible to the community and visitors providing equipment, facilities and infrastructure for people of all ages to connect and play – creating a youth precinct, family hub and recreational hotspot in the community. The Shire appointed CONVIC as the consultants for this project, and have completed an inception meeting, review of relevant information, plans and context, site assessment, pre-design consultation workshops and community surveys. This project will progress in 2019/20.

Memorial Link

The Shire commenced the development of a concept plan for the creation of a public open space accessible to the community and visitors in the town centre that links Waroona Memorial Hall with Waroona War Memorial, embracing an ANZAC and wartime theme. The Shire appointed Ecoscape as the consultants for this project, and have completed an inception meeting, site visit and review of relevant information, plans and context, and preliminary concept plan. This project will progress in 2019/20.

Community Parks

The Shire commenced the development of concept plans for the creation of public open spaces accessible to the community and visitors providing equipment, facilities and infrastructure for people of all ages to connect and play in the communities of Hamel, Lake Clifton and Preston Beach. The Shire appointed Ecoscape as the consultants for this project, and have completed an inception meeting, site visit, review of relevant information, plans and context, community surveys, and preliminary concept plan. This project will progress in 2019/20.

Community Development Grants

Each year funding of up to \$800 is available for local community organisations to assist with projects and activities that enhance the community in line with Community Development principles, and the Shire of Waroona Strategic Community Plan.

16 applications were submitted for this year's grant round, including three first time applicants. The successful applicants that received a share of the total allocated amount of \$7,500 were Family Support Service, Lions Club of Waroona, Preston Beach Volunteer Bushfire Brigade, Seniors' Recreation Council of



WA – Peel Branch, Waroona Agricultural Society, Waroona Bowling & Social Club, Waroona Community Men’s Shed, Waroona Community Resource Centre, Waroona Football and Netball Club, Waroona Hamel RSL, Waroona Junior Netball Association, Waroona Karate Club and Waroona Wagerup Yarloop Meals on Wheels.

Alcoa Waroona Sustainability Fund

The Alcoa Waroona Sustainability Fund provides financial assistance to facilities and projects with enduring value for the communities surrounding the Wagerup Refinery. Funds are allocated to community organisations, initiatives, processes and activities that contribute to the Waroona shire. Applications can be for a broad range of community development projects both large and small that make a positive contribution to the economic, social, recreational or environmental sustainability of the communities within the shire.

24 applications were submitted for this year’s grant round. The successful applicants that received a share of the total allocated amount of \$310,000 were:

- Quambie Park - \$40,000 towards solar panels on new residential units;
- Shire of Waroona - \$40,000 towards new playground equipment at Centennial Park;
- Shire of Waroona - \$50,000 towards development of youth precinct;
- Waroona Agricultural Society - \$50,000 towards extension of clubroom;
- Waroona Bowling and Social Club - \$30,000 towards lighting and bar shutters;
- Waroona Community Lights - \$30,000 towards light installations;
- Waroona Community Men’s Shed - \$20,000 towards solar panels on new shed; and
- Waroona West Volunteer Bushfire Brigade - \$50,000 towards site works for new station.

KidSport

The Shire continued the implementation of the KidSport Program managed by Department of Local Government, Sport and Cultural Industries. KidSport enables eligible children aged 5-18 years to participate in community sporting and recreation activities by offering financial assistance of \$150 per year towards their club fees.

This year, the Shire processed 103 applications to a total value of \$10,670.00. Since the inception of the program in 2012, 854 applications have been processed to a total amount of \$97,725.20, enabling 385 children to participate in sport and recreation in the shire.

Emergency Management

For the 2018/19 financial year, Council on behalf of the State Government, collected \$238,260 in property levies associated with the Emergency Services Levy (ESL). A portion of these funds (\$40,000) is returned to Council to assist in the operations of local fire brigades, Subject to acceptance of capital funding submissions, Council may also receive funding for equipment and/or building facilities. Recently Council was advised of a successful grant to construct a new fire brigade facility for the Waroona West Volunteer Bush Fire Brigade, with construction expected to commence in late 2019.

This year Council adopted an Emergency Risk Management Plan. The document sets out the risks to the shire across five specific hazards; Fire (Bushfire), Storm, Road Transport Emergency, Hazmat and Rail Crash. The document will be used to do further assessment on risk mitigation in the future.

Council also entered a Bushfire Risk Management Planning Program Grant Agreement with the State Government and the Shires of Harvey and Murray.



Theme 5: Assets, Resources, Financial Management & Sustainability

“Responsible stewardship of assets, effective resources supervision, and pursuit of best practice financial management and sustainability”

Asset Management

Asset management is a significant corporate function that requires an organisation wide approach, and is a component of the strategic planning process and preparation of the Annual Budget.

The effective management of assets is crucial to the sustainable delivery of local government services in order to prioritise asset maintenance, renewal and replacement over the life of an asset. The Asset Management Framework is illustrated below:

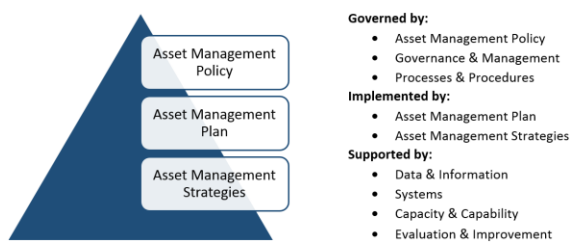


Figure 2: Asset Management Framework

Council has adopted policies in relation to its asset management practices and obligations. These policies are supported by an Asset Management Plan and the following Asset Management Strategies:

- Buildings;
- Drainage;
- Footpaths;
- Parks & Other Infrastructure;
- Furniture, Plant & Equipment; and
- Roads & Bridges.

These strategies will be reviewed with the Asset Management Plan next year, following an extensive consolidation of asset data and predictive financial modelling.

Buildings

The Shire’s Buildings assets have a total replacement value of \$35,476,700, with an annual depreciation expense of \$873,657.

Drainage

The Shire’s Drainage assets have a total replacement value of \$12,568,107, with an annual depreciation expense of \$178,334.

Footpaths

The Shire’s Footpaths assets have a total replacement value of \$1,288,780, with an annual depreciation expense of \$35,003.

Parks & Other Infrastructure

The Shire’s Parks & Other Infrastructure assets have a total replacement value of \$10,719,215, with an annual depreciation expense of \$28,238.

Furniture, Plant & Equipment

The Shire’s Furniture, Plant & Equipment assets have a total replacement value of \$3,048,064, with an annual depreciation expense of \$344,044.

Roads & Bridges

The Shire’s Roads & Bridges assets have a total replacement value of \$95,553,381, with an annual depreciation expense of \$1,614,037.

Capital Works Program

Figure 3 shows the Shire’s Capital Expenditure.



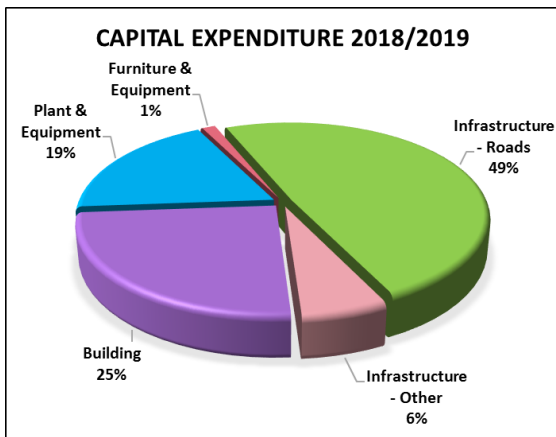


Figure 3: Capital expenditure

Roads Maintenance

The Shire continued its ongoing road network asset management strategies with a range of road related works activities ranging from bitumen reseals to full reconstruction of road sections.

Bitumen reseals maintain and prolong the life of roads and streets and are a vital regular maintenance activity. Streets and roads such as Brooks Avenue, Walmsley Street, Mitchell Avenue and Henning Street received reseals this year. Unfortunately these initially failed but will be rectified by the Shire's contractor at no additional cost.

Gravel re-sheeting is a similarly important maintenance activity for unsealed roads and Wealand Road was targeted this year.

Other major road reconstruction works included sections of Coronation and Johnston Roads which are all considered roads of regional significance and therefore eligible for funding under the Regional Road Group which attracts two thirds funding from the State Government via Main Roads WA. Dorsett Road had been the main focus of these funds, however with this road complete for now, attention has turned back to Coronation and Johnston as the main Regional Road Group funded projects.



Photo 19: Coronation Road reconstruction

The Commodity Route and State Black Spot programs are administered by the Regional Road Group as well and are also two thirds/one thirds funded.

The Commodity Route program targets roads that are not seen to be regionally significant but that still carry significant volumes of commodities. This year saw a section of Somers Road upgraded which completes the entire Somers/Buller Road route between Coronation Road and our refuse site, which offers much improved and safer access for both users of the refuse site as well as private operators in the area.



Photo 20: Somers Road reconstruction

The State Black Spot program is designed to treat and improve road sections that are over represented in terms of accidents. This year a section of Southern Estuary Road was reconstructed to improve one of the 'S' bends that was seeing an increased number of accidents.





Photo 21: Southern Estuary Road reconstruction

Bridges

With only two bridges in the Shire, bridge related matters were few, other than some works that were carried out to the Harvey River bridge on Lake Clifton Road. These were fully funded by Main Roads WA.



Photo 22: Repairs to Lake Clifton Road bridge

Public Facility Maintenance

The Shire continues to develop a comprehensive maintenance plan that is geared towards preventative maintenance and is closely linked to the annual budget. Manufacturer's service requirements are strictly adhered to, to ensure the best possible longevity of the plant and equipment.

All the Council owned buildings are inspected annually to ensure that the buildings comply with the relevant Public Buildings legislation. During the year only minor issues have been identified which could be rectified straight

away, resulting in a 100% approval rate of Council owned buildings.

This year major project included automated doors installed at the Visitor Centre and the refurbishment of the ablutions at the Recreation & Aquatic Centre, both to enhance a social environment that is accessible and inclusive of all ages and abilities.



Photo 23: Waroona Historical Society & Museum external painting



Photo 24: Waroona Recreation & Aquatic Centre ablution refurbishment

Plant

The main item of plant replacement was the changeover of the multi-tyred roller, replacing the existing unit which was very much out of date and no longer compliant with modern standards. In the last few years the Shire has been hiring in a multi-tyred roller during each construction season which has been costing in the order of \$30,000 per annum. Given this it was felt that it was more viable to purchase a new replacement which will pay for itself in savings in hire costs.

Other plant replacement tasks included the changeover of a Parks & Gardens tractor and a light truck as well as refurbishment of a slide on water cart unit.



Waste Management

A major development in the Waste Management area is the upgrading of the access and personnel workspace at the Buller Road Waste Facility. The existing entry kiosk had reached the end of its serviceable life and could not meet current Occupational Safety & Health requirements. Therefore the decision was made to purchase a second hand site office and the opportunity was also take to upgrade the access road into the site, as part of the larger program to work towards a transfer station in the next few years. The new entry kiosk and associated road works have been installed and completed.

Irrigation Network

The Shire has made sound progress towards the replacement of the main water supply line that runs from the Harvey Water supply near the rail line to the tanks at the football oval. To date the horizontal boring and installation of a sleeve under the highway has taken place and similar works are about to commence to install a sleeve under the rail line. Funds will be included in the draft 2019/20 annual budget to complete the installation of the new line.

Financial Performance

Council's auditor has reported a highly successful audit for the 2018/19 financial year, with no issues of non-compliance identified. Overall, debt levels remain well within manageable levels with no new loans taken out. The auditor also noted that Council did not meet the minimum standard for the Asset Sustainability Ratio and Operating Surplus Ratio. Although it is acknowledged that the inability to achieve the minimum standard is common for many local governments, Council has been able to project a progressive improvement when adopting its Long Term Financial Plan.

A full copy of the Annual Financial Statements & Auditor's Report is located at page 41 of this report.

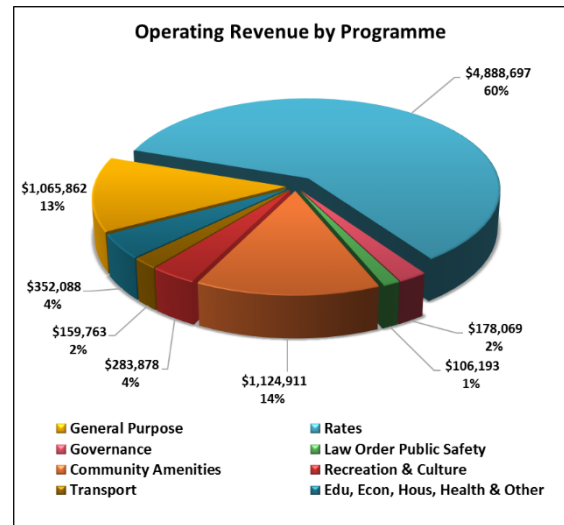


Figure 4: Operating revenue by programme

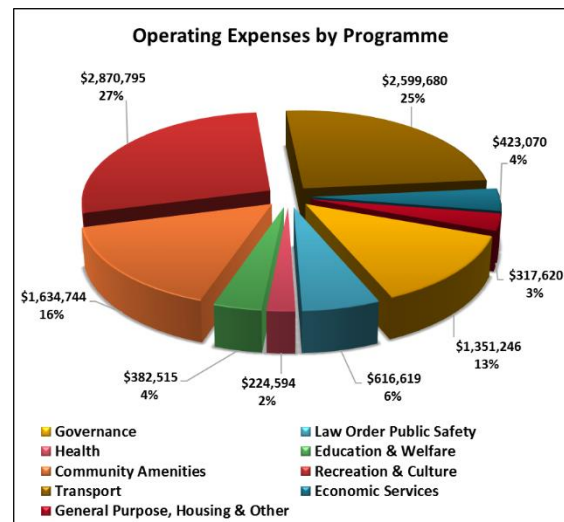


Figure 5: Operating expenses by programme

Rating

A general rate revenue increase of 3.95% applied for the 2018/19 financial year, with rate revenue totalling \$4,888,697. This increase was lower than forecast in the Long Term Financial Plan. Minimum rates for both Gross Rental Value (GRV) and Unimproved Value (UV) rated properties increased from \$1,065 to \$1,115.

A revaluation of unimproved values resulted in an overall increase of 0.0035% which



represented an insignificant change in the calculation of rates for 2018/19.

Unpaid rates at the 30th June 2019 totalled \$148,612. Detailed rating information is contained within the Financial Statements & Auditor's Report section of this report.

Corporate Management System

This year Council commenced a planning process to upgrade its computer software. The upgrade is likely to be implemented over a 4 year period, and will result in complete integration of internal processes including accounting, customer service requests, risk management, and digitised applications, to name a few.

It is expected that the system will use mobile computing technology and ultimately allow for increased interaction by members of the public.

Waroona Community Men's Shed

Construction of the Waroona Community Men's Shed occurred this year supported by funding from the Federal and State Governments, Alcoa Waroona Sustainability Fund, Shire of Waroona and the organisation itself. This facility will not only house the Men's Shed and their equipment, but also the Community Car.



Photo 25: Construction commences for Waroona Community Men's Shed

Preston Beach Community Centre

Demolition of the old Preston Beach Community Centre, and construction of the new facility was completed this year. This state of the art facility was supported by funding from the Federal and State Governments, Alcoa Waroona Sustainability Fund, Lotterywest, and Shire of Waroona.

The new Preston Beach Community Centre will service the community for years to come with offices, meeting rooms, social areas, kitchen and patio.



Photo 26: Preston Beach Community Centre

Waroona West Volunteer Bushfire Brigade Shed

A very generous donation of land saw the commencement of planning into the construction of the Waroona West Volunteer Bush Fire Brigade Shed. This project will continue into the next year.

Pool Lining Replacement

The Shire has committed funding in the 2019/20 annual budget to replace the pool lining at the Waroona Recreation & Aquatic Centre. This is a major project for the centre and will require the closing of the pool for several months, however will not be required again for 7-10 years.



Theme 6: Good Governance

“Active civil leadership and excellence in management”

Plans / Governance / Compliance

Council maintains several plans and strategies to ensure future provision of services is sustainable. These documents comprise the Integrated Planning & Reporting Framework illustrated on page 4. The aim of this framework is to ensure that Council’s activities reflect the aspirations of the community and demonstrates how these will be prioritised and funded.

Strategic Community Plan

This year Council adopted a minor review of the Strategic Community Plan, with slight amendments to the format but no changes to the strategies or actions. The next major review of this document will be completed in 2019/2020.

Corporate Business Plan

This year Council adopted an updated Corporate Business Plan containing forecasts for 2018/19 – 2021/22. A major review of this document will be completed next financial year.

Long Term Financial Plan

This year Council adopted an updated Long Term Financial Plan containing forecasts for 2018/19 – 2027/28. A major review of this document will be completed next financial year.

Asset Management Plan

A major update of the current Asset Management Plans has commenced and will be completed in 2019/20 for consideration by Council.

Workforce Plan

A major update of the current Workforce Plan has commenced and will be completed in 2019/20 for consideration by Council.



Photo 27: Shire of Waroona administration staff

Informing Strategies

This year Council adopted a new Community Safety & Crime Prevention Strategy to assist with addressing actions identified in major plans and corporate documents. The Strategy was prepared through a collaboration with WA Police Community Engagement, local Police, community groups, and health and wellbeing organisations.

Annual Budget

Council adopted the 2018/19 budget in August 2018, and will adopt the 2019/20 budget in August 2019. A review of the budget cycle will be completed next financial year to investigate bringing forward the adoption of the budget.

Annual Report

Council adopted the reformatted Annual Report in December 2017, with this new format to be continued.



Policies

This year, Council conducted an extensive review of its policy documentation. This process involved:

- Identification of new required policies;
- Significant, basic, or no amendments to existing policies; and
- Deletion of redundant policies.

The completed documentation is categorised as follows:

- Community;
- Corporate & Governance;
- Finance;
- Human Resources;
- Planning & Regulatory; and
- Works & Engineering.

Resource Sharing

The Shire continues to work in close collaboration with the Shire of Murray in an endeavour to maximise potential for the sharing of resources. Substantial efficiencies can be achieved including access to staff and expertise that may otherwise be unavailable or subject to consultancy. Currently the Shire has resourcing sharing arrangements with the Shire of Murray for:

- Emergency Management;
- Environmental Health;
- Information Technology; and
- Ranger Services.

Media Releases & Promotion

The Shire provides information concerning the community in a variety of sources including Drakesbrook Despatch, Harvey-Waroon Reporter, Mandurah Mail, Preston Beach Annual Newsletter, Western Councillor, Purely Peel, Peel Magazine, and Council's website and Facebook. The Shire also distributes

information through letters and electronic mail network. This year the Shire updated its website to improve accessibility and functionality, developed an official Council Facebook page, and continued to purchase street banners and signage to advertise commemoratives dates and community events.

Waroona Directory

At this year's Business Sundowner, Council launched the Waroona Directory – a new online community and business directory. This directory enables community organisations and businesses to create and maintain their own entries and link to social media accounts to ensure the most current details are available 24/7.

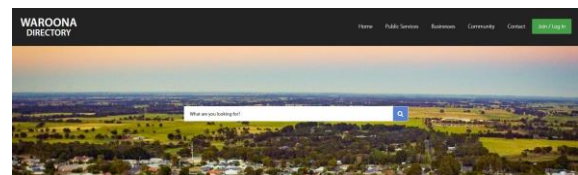


Photo 28: Waroona Directory homepage

Peel Digital Assets Library

The Shire partnered with Peel Development Commission, City of Mandurah, and the Shires of Boddington, Murray and Serpentine-Jarrahdale to create a fresh, innovative, state of the art digital library to position the Peel region as a diverse and vibrant destination in which to live, work, invest and visit. The goals of this project were to build a significant digital asset library consisting of convincing, creative, inspirational digital assets, including high quality still digital images, audio-visual and drone footage; and to help increase brand awareness, encourage investment and development, grow the community, drive revenue and employment, improve visitation and increase overall market share for the Peel region.

Future Major Projects

The following projects and initiatives are proposed to commence or continue in 2019/20:

- Memorial Link
- Preston Beach Foreshore Plan
- Town Centre Masterplan & Strategy
- Waroona West Volunteer Bush Fire Brigade Shed
- Waroona Youth Precinct

Statutory Reports

Complaints Register

In accordance with the *Local Government Act 1995*, local governments are required to maintain a register recording complaints and action taken in relation to complaints made to the Local Government Standards Panel about Council members breaching the rules of conduct or contravention of a local law under the Act.

No complaints have been entered into the register during this reporting period.

Disability Access Inclusion Plan

In accordance with the *Disability Services Act 1993*, local governments are required to develop and implement a Disability Access and Inclusion Plan to ensure people with disabilities have equal access to Council facilities and services. This Plan was reviewed in consultation with the Disabilities Services Commission, with amendments included in the adoption of a revised Plan in 2017/18.

Employee Information

The number of Shire employees entitled to an annual salary of \$100,000 or more is set out below in bands of \$10,000. The publishing of this information is in accordance with the *Local Government (Administration) Regulations 1996*.

Salary Range		This Reporting Period	
\$100,000	-	\$109,999	1
\$110,000	-	\$119,999	1
\$120,000	-	\$129,999	1
\$130,000	-	\$139,999	1
\$140,000	-	\$149,999	1
\$150,000	-	\$159,999	1
\$160,000	-	\$169,999	0
\$170,000	-	\$179,999	0
\$180,000	-	\$189,999	0
\$190,000	-	\$199,999	1

Freedom of Information

Council's Freedom of Information policy and guidelines are reviewed annually as part of the full policy manual review. No modifications were made to the statement in this reporting period. Four Freedom of Information applications were processed in this reporting period.



Legislative Review

Council is required to assess each of its local laws to ensure there are no negative impacts on competition and to determine how any restrictive practices might be overcome, or to propose amendments to existing local laws. Every 8 years Council is required to review all its local laws with the next full review due in 2021/22. This review is proposed to be brought forward to commence in 2019/20.

The following local laws are currently valid:

- Activities on Thoroughfares and Trading in Public Places 2001;
- Cemeteries 2001;
- Dogs 2001;
- Extractive Industries 2014;
- Fencing 2014;
- Health 2001;
- Local Government Property 2014;
- Repeal 2014; and
- Standing Orders 2001

Note: The Standing Orders 2001 local law is to be considered for repeal and to be replaced by an updated 'Meeting Procedures' local law.

National Competition Policy

National Competition Policy is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic reserves. There are a number of specific requirements for local governments in the areas of competition, neutrality, legislation review and structural reform. The Shire has no local laws or policies that contain anti-competitive provision and has had no complaints during this reporting period.

Competitive Neutrality

The Shire has not acquired any new entities in this reporting period that have required competitive neutrality testing.

State Records Act

The Shire is required to manage its records in accordance with the *State Records Act 2000* and the Shire's Record Keeping Plan. This Plan was submitted in accordance with the Act and is approved until 2022, at which time it will be reviewed. Council has adopted its own internal procedural policy with respect to the Plan:

- Efficiency and effectiveness of the Plan is monitored on an ongoing basis by the use of report tracking methods incorporating management software;



- New employees receive face-to-face induction from the Records Officer, covering an overview of the Plan, Record Keeping Procedure Manual, and staff responsibilities, including the capture of emails and procedures for forwarding records for capture into the corporate management system;
- Staff training is conducted on an ongoing basis by providing information services at staff meetings and one-on-one meetings with new staff;
- Software training in the Shire's record tracking system is conducted as required; and
- Offsite storage procedures have been introduced and subsequently reviewed.

Grant Funding

Funding Source	Project	Amount
Alcoa	Annual operating contribution	\$ 102,100
Alcoa	Community & Youth Precinct	\$ 7,500
Alcoa	Summer Event Series	\$ 5,500
Alcoa	Youth Activities Youth Leadership	\$ 10,000
Alcoa Waroona Sustainability Fund	Preston Beach Community Centre	\$ 50,000
Alcohol & Drug Foundation	Local Drug Action Team	\$ 22,000
Bunbury Dampier Pipeline	Ex-Gratia Rates	\$ 2,554
Department of Attorney General	CCTV and lighting	\$ 22,000
Department of Communities	Thank A Volunteer Day	\$ 1,000
Department of Communities	WA Youth Week	\$ 3,000
Department of Fire & Emergency Services	Emergency Services Levy	\$ 47,570
Department of Infrastructure	Preston Beach Community Centre	\$ 51,818
Department of Local Government, Sport & Cultural Industries	KidSport	\$ 10,225
Department of Local Government, Sport & Cultural Industries	Redevelopment of Waroona Recreation & Aquatic Centre ablutions	\$ 30,205
Department of Primary Industries & Regional Development	Protection of the environment	\$ 27,500
Department of Prime Minister & Cabinet	NAIDOC Week	\$ 2,000
Federal Government	Blackspot	\$ 140,000
Federal Government	Direct Grant	\$ 90,101
Federal Government	Federal Assistance Grant – Other	\$ 310,035
Federal Government	Federal Assistance Grant – Roads	\$ 905,906
Federal Government	Federal Assistance Grant – Untied	\$ 403,048
Federal Government	Roads to Recovery	\$ 174,697
Kingpoint Holdings	Contribution to volunteer rangers	\$ 11,138
Landcare	Contribution to Landcare	\$ 112,153
Lotterywest	Preston Beach Community Centre	\$ 234,565
Main Roads WA	Regional Road Group	\$ 600,000
Meerlinga Foundation	WA Children's Week	\$ 1,000
WA Police Force	Resources for Youth Fest	\$ 824
WA Primary Health Alliance	Alliance Against Depression Program	\$ 100,000
TOTAL		\$ 3,478,439



Financial Statements & Auditor's Report



SHIRE OF WAROONA
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	46

COMMUNITY VISION

We care for our Coast, our Country and for our Community
We build on our foundations to be socially, environmentally and financially sound & sustainable

Principal place of business:
Shire of Waroona
52 Hesse Street
Waroona, Western Australia 6215

**SHIRE OF WAROONA
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 Waroona 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 Waroona 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 6th day of November 2019



Chief Executive Officer

Mr Dean L Unsworth

Name of Chief Executive Officer

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	20(a)	4,888,697	4,873,802	4,688,602
Operating grants, subsidies and contributions	2(a)	1,638,205	1,041,802	1,492,570
Fees and charges	2(a)	1,433,532	1,557,349	1,481,077
Interest earnings	2(a)	102,267	90,810	94,116
Other revenue		96,759	97,100	98,305
		8,159,460	7,660,863	7,854,670
Expenses				
Employee costs		(3,385,161)	(3,344,509)	(3,653,096)
Materials and contracts		(2,740,417)	(3,260,495)	(2,990,056)
Utility charges		(412,529)	(386,385)	(399,090)
Depreciation on non-current assets	10(b)	(3,376,312)	(3,490,299)	(3,480,388)
Interest expenses	2(b)	(16,317)	(16,571)	(13,719)
Insurance expenses		(198,448)	(214,240)	(189,634)
Other expenditure		(308,271)	(242,924)	(231,321)
		(10,437,455)	(10,955,423)	(10,957,304)
		(2,277,995)	(3,294,560)	(3,102,634)
Non-operating grants, subsidies and contributions	2(a)	2,026,290	2,382,008	1,809,331
Profit on asset disposals	10(a)	14,388	4,165	7,177
(Loss) on asset disposals	10(a)	(34,863)	(24,496)	(20,015)
(Loss) on revaluation of Infrastructure - Footpaths	9(a)	0	0	(280,246)
Reversal of prior year loss on revaluation of Infrastructure - Other	9(a)	0	0	104,494
Reversal of prior year loss on revaluation of Infrastructure - Drainage	9(a)	0	0	1,973,235
		2,005,815	2,361,677	3,593,976
Net result for the period		(272,179)	(932,883)	491,342
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	(1,375,246)
Total other comprehensive income for the period		0	0	(1,375,246)
Total comprehensive income for the period		(272,179)	(932,883)	(883,903)

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

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue	2(a)			
Governance		178,069	161,516	158,619
General purpose funding		5,954,559	5,442,164	5,726,442
Law, order, public safety		106,193	80,843	109,809
Health		45,981	37,700	33,011
Education and welfare		175,350	125,410	150,989
Housing		19,116	17,680	17,081
Community amenities		1,124,911	1,230,883	1,121,899
Recreation and culture		283,878	360,537	319,139
Transport		159,763	73,550	96,535
Economic services		69,539	76,975	65,155
Other property and services		42,102	53,605	55,991
		<u>8,159,461</u>	<u>7,660,863</u>	<u>7,854,670</u>
Expenses	2(b)			
Governance		(1,351,246)	(1,451,291)	(1,392,469)
General purpose funding		(166,035)	(151,663)	(134,919)
Law, order, public safety		(616,619)	(618,652)	(872,597)
Health		(224,594)	(235,215)	(257,543)
Education and welfare		(382,515)	(385,187)	(312,721)
Housing		(15,687)	(12,086)	(8,515)
Community amenities		(1,634,744)	(1,579,541)	(1,565,642)
Recreation and culture		(2,870,795)	(2,730,687)	(2,797,744)
Transport		(2,599,680)	(3,180,446)	(3,052,234)
Economic services		(423,070)	(516,610)	(495,103)
Other property and services		(135,898)	(77,474)	(54,097)
		<u>(10,420,883)</u>	<u>(10,938,852)</u>	<u>(10,943,584)</u>
Finance Costs	2(b)			
Recreation and culture		(16,571)	(16,571)	(13,719)
		<u>(16,571)</u>	<u>(16,571)</u>	<u>(13,719)</u>
		<u>(2,277,993)</u>	<u>(3,294,560)</u>	<u>(3,102,633)</u>
Non-operating grants, subsidies and contributions	2(a)	2,026,290	2,382,008	1,809,331
Profit on disposal of assets	10(a)	14,388	4,165	7,178
(Loss) on disposal of assets	10(a)	(34,863)	(24,496)	(20,015)
(Loss) on revaluation of Infrastructure - Footpaths	9(a)	0	0	(280,246)
Reversal of prior year loss on revaluation of Infrastructure - Other	9(a)	0	0	104,494
Reversal of prior year loss on revaluation of Infrastructure - Drainage	9(a)	0	0	1,973,235
		<u>2,005,815</u>	<u>2,361,677</u>	<u>3,593,977</u>
Net result for the period		<u>(272,179)</u>	<u>(932,883)</u>	<u>491,344</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	(1,375,246)
Total other comprehensive income for the period		<u>0</u>	<u>0</u>	<u>(1,375,246)</u>
Total comprehensive income for the period		<u>(272,179)</u>	<u>(932,883)</u>	<u>(883,903)</u>

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

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

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,819,577	3,922,610
Trade receivables	5	609,609	201,103
Inventories	6	11,360	10,146
TOTAL CURRENT ASSETS		4,440,546	4,133,859
NON-CURRENT ASSETS			
Trade receivables	5	5,000	13,500
Financial assets at fair value through profit and loss	7(b)	52,551	0
Property, plant and equipment	8	38,190,926	38,104,130
Infrastructure	9	91,558,891	91,845,038
TOTAL NON-CURRENT ASSETS		129,807,368	129,962,668
TOTAL ASSETS		134,247,914	134,096,527
CURRENT LIABILITIES			
Trade and other payables	12	927,728	513,961
Borrowings	13(a)	61,483	59,033
Employee related provisions	14	976,605	966,748
TOTAL CURRENT LIABILITIES		1,965,816	1,539,742
NON-CURRENT LIABILITIES			
Borrowings	13(a)	303,949	365,431
Employee related provisions	14	63,387	56,966
TOTAL NON-CURRENT LIABILITIES		367,336	422,397
TOTAL LIABILITIES		2,333,152	1,962,139
NET ASSETS		131,914,761	132,134,387
EQUITY			
Retained surplus		10,586,960	10,887,143
Reserves - cash backed	4	2,397,936	2,317,381
Revaluation surplus	11	118,929,864	118,929,864
TOTAL EQUITY		131,914,761	132,134,387

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

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

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		10,204,850	2,508,330	120,305,110	133,018,290
Comprehensive income					
Net result for the period		491,343	0	0	491,343
Other comprehensive income	11	0	0	(1,375,246)	(1,375,246)
Total comprehensive income		491,343	0	(1,375,246)	(883,903)
Transfers from/(to) reserves		190,949	(190,949)	0	0
Balance as at 30 June 2018		10,887,143	2,317,381	118,929,864	132,134,387
Comprehensive income					
Net result for the period		(272,179)	0	0	(272,179)
Other comprehensive income	11	0	0	0	0
Total comprehensive income		(272,179)	0	0	(272,179)
Transfers from/(to) reserves		(80,555)	80,555	0	0
Balance as at 30 June 2019		10,534,409	2,397,936	118,929,864	131,862,208

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

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,755,003	4,909,042	4,649,903
Operating grants, subsidies and contributions		1,363,393	966,802	1,665,102
Fees and charges		1,433,532	1,557,349	1,481,077
Interest received		102,267	90,810	94,116
Other revenue		96,759	97,100	98,307
		<u>7,750,954</u>	<u>7,621,103</u>	<u>7,988,505</u>
Payments				
Employee costs		(3,375,868)	(3,275,461)	(3,498,801)
Materials and contracts		(2,318,707)	(3,322,359)	(2,830,869)
Utility charges		(412,529)	(386,385)	(399,090)
Interest expenses		(18,489)	(6,714)	(3,670)
Insurance paid		(198,448)	(214,240)	(189,634)
Other expenditure		(308,271)	(242,924)	(231,321)
		<u>(6,632,312)</u>	<u>(7,448,083)</u>	<u>(7,153,385)</u>
Net cash provided by (used in) operating activities	15	<u>1,118,642</u>	<u>173,020</u>	<u>835,120</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(1,581,891)	(2,121,800)	(843,916)
Payments for construction of infrastructure	9(a)	(1,941,003)	(1,959,316)	(1,648,643)
Non-operating grants, subsidies and contributions	2(a)	2,026,290	2,382,008	1,809,331
Disposal of assets from register		88,640		
Advances to community groups		0	0	0
Proceeds from self supporting loans		0	0	0
Proceeds from sale of property, plant & equipment	10(a)	236,818	239,500	204,864
Proceeds from sale of infrastructure		0	0	0
Net cash provided by (used in) investment activities		<u>(1,171,146)</u>	<u>(1,459,608)</u>	<u>(478,364)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(59,033)	(59,032)	(40,573)
Proceeds from low interest loans		8,500	8,500	0
Proceeds from new borrowings		0	0	200,000
Net cash provided by (used in) financing activities		<u>(50,533)</u>	<u>(50,532)</u>	<u>159,427</u>
Net increase (decrease) in cash held		<u>(103,037)</u>	<u>(1,337,120)</u>	<u>516,183</u>
Cash at beginning of year		3,922,610	3,922,610	3,406,427
Cash and cash equivalents at the end of the year	15	<u><u>3,819,577</u></u>	<u><u>2,585,490</u></u>	<u><u>3,922,610</u></u>

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

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

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	21 (b)	1,038,372	1,035,778	814,087
		1,038,372	1,035,778	814,087
Revenue from operating activities (excluding rates)				
Governance		178,069	161,516	160,428
General purpose funding		1,065,862	568,362	1,037,840
Law, order, public safety		106,193	80,843	109,809
Health		45,981	37,700	33,011
Education and welfare		175,350	125,410	150,989
Housing		19,116	17,680	17,081
Community amenities		1,130,483	1,230,883	1,121,899
Recreation and culture		283,878	360,537	319,139
Transport		168,579	77,715	101,904
Economic services		69,539	76,975	65,155
Other property and services		42,102	53,605	55,991
		3,285,152	2,791,226	3,173,246
Expenditure from operating activities				
Governance		(1,357,339)	(1,458,036)	(1,399,169)
General purpose funding		(166,035)	(151,663)	(134,919)
Law, order, public safety		(623,979)	(619,083)	(872,597)
Health		(224,594)	(235,215)	(257,543)
Education and welfare		(382,515)	(385,187)	(312,721)
Housing		(15,687)	(12,086)	(8,515)
Community amenities		(1,634,744)	(1,582,942)	(1,566,981)
Recreation and culture		(2,887,366)	(2,747,258)	(2,811,463)
Transport		(2,617,281)	(3,190,867)	(3,059,392)
Economic services		(426,879)	(520,108)	(499,921)
Other property and services		(135,898)	(77,474)	(54,097)
		(10,472,317)	(10,979,919)	(10,977,318)
Non-cash amounts excluded from operating activities	21(a)	3,501,706	3,536,485	3,635,658
Amount attributable to operating activities		(2,647,088)	(3,616,430)	(3,354,327)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,026,290	2,382,008	1,809,331
Proceeds from disposal of assets	10(a)	236,818	239,500	204,864
Purchase of property, plant and equipment	8(a)	(1,581,891)	(2,121,800)	(843,916)
Purchase and construction of infrastructure	9(a)	(1,941,003)	(1,959,316)	(1,648,643)
Amount attributable to investing activities		(1,259,786)	(1,459,608)	(478,364)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(59,033)	(59,032)	(40,573)
Proceeds from borrowings	13(c)		0	200,000
Proceeds from low interest loans		8,500	8,500	8,500
Unspent grants 1 July B/Fwd		255,645	0	79,229
Unspent grants 30 June C/Fwd		(48,681)	255,645	(255,645)
Transfers to reserves (restricted assets)	4	(406,530)	(287,240)	(392,583)
Transfers from reserves (restricted assets)	4	325,975	284,363	583,533
Amount attributable to financing activities		75,877	202,236	182,462
Surplus/(deficit) before imposition of general rates		(3,830,996)	(4,873,802)	(3,650,230)
Total amount raised from general rates	20	4,888,697	4,873,802	4,688,601
Surplus/(deficit) after imposition of general rates	21(b)	1,057,699	0	1,038,372

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

1. BASIS OF PREPARATION

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 23 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Operating grants, subsidies and contributions			
Governance	144,774	126,186	122,957
General purpose funding	908,460	424,332	876,019
Law, order, public safety	63,053	42,773	71,261
Health	1,240	2,800	2,498
Education and welfare	174,940	125,000	150,579
Housing	601	0	579
Community amenities	210,923	231,786	196,885
Recreation and culture	9,270	69,625	29,790
Transport	85,883	100	21,848
Economic services	0	400	0
Other property and services	39,063	18,800	20,154
	1,638,205	1,041,802	1,492,570
Non-operating grants, subsidies and contributions			
General purpose funding	403,048	171,509	399,282
Law, order, public safety	10,320	500,000	0
Community amenities	0	0	54,500
Recreation and culture	382,090	454,565	225,000
Transport	1,230,833	1,210,134	1,130,549
Economic services	0	45,800	0
	2,026,290	2,382,008	1,809,331
Total grants, subsidies and contributions	3,664,495	3,423,810	3,301,901

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 cont.

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

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Significant revenue			
Increase on revaluation of Infrastructure Assets	0	0	1,797,483
Fees and Charges			
Governance	29,295	31,330	31,662
General purpose funding	39,047	36,420	50,968
Law, order, public safety	43,140	38,070	38,548
Health	44,741	34,900	30,513
Education and welfare	410	410	410
Housing	18,515	17,680	16,502
Community amenities	910,988	996,097	922,014
Recreation and culture	274,608	290,912	289,349
Transport	210	150	150
Economic services	69,539	76,575	65,155
Other property and services	3,039	34,805	35,806
	1,433,532	1,557,349	1,481,077
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Reserve accounts interest	60,294	57,550	62,623
Other interest earnings	41,972	32,600	31,493
	102,267	90,150	94,116
Other interest revenue (refer note 19(b))	53,593	39,120	50,168

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		1,372,960	1,349,584
Restricted Cash		48,681	255,645
Restricted - Reserves		2,397,936	2,317,381
		<u>3,819,577</u>	<u>3,922,610</u>
Comprises:			
- Unrestricted cash and cash equivalents		1,372,960	1,349,584
- Restricted cash and cash equivalents		2,446,617	2,573,026
		<u>3,819,577</u>	<u>3,922,610</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Emergency Assistance Reserve	4	103,761	101,130
Sports Reserve	4	62,165	51,232
Staff Leave Reserve	4	253,765	179,105
Waste Management Reserve	4	800,660	682,894
Rec Centre Building Reserve	4	100,509	110,956
Hamel Hall Reserve	4	0	30,358
Plant Replacement Reserve	4	503,877	593,438
Depot Redevelopment Reserve	4	78,599	76,606
Council Building Maintenance Reserve	4	85,297	52,776
Strategic Planning Reserve	4	19,547	19,051
Council Building Construction Reserve	4	214,038	177,084
Preston Beach Volunteer Reserve	4	39,641	46,570
Information Technology Reserve	4	88,300	32,537
Footpath construction Reserve	4	31,198	30,407
Asset Management Reserve	4	0	117,645
History Book Reprint Reserve	4	7,555	6,796
Risk & Insurance Reserve	4	9,025	8,796
		<u>2,397,936</u>	<u>2,317,381</u>
Other restricted cash and cash equivalents			
Unspent grants/contributions	19	48,681	255,645
Unspent loans	13(c)	0	0
Total restricted cash and cash equivalents		<u>2,446,617</u>	<u>2,573,026</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

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

4. RESERVES - CASH BACKED	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2018	2018	2018	2018
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Transfer (Internal)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Transfer (Internal)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Emergency Assistance Reserve	101,130	2,631			103,761	101,130	0			101,130	36,925	72,205	(10,000)	101,130
(b) Sports Reserve	51,232	10,933			62,165	51,232	10,025			61,257	39,984	11,248		51,232
(c) Staff Leave Reserve	179,105	74,660			253,765	179,105	70,000			249,105	151,967	33,794	(6,656)	179,105
(d) Waste Management Reserve	682,894	117,766			800,660	682,894	100,000			782,894	549,185	133,709		682,894
(e) Rec Centre Building Reserve	110,956	52,887	(63,334)		100,509	110,956	0	(20,000)		90,956	95,570	22,386	(7,000)	110,956
(f) Hamel Hall Reserve	30,357	696		(31,054)	(1)	30,358	0		(30,358)	0	29,618	739		30,357
(g) Plant Replacement Reserve	593,438	65,439	(155,000)		503,877	593,438	50,000	(155,000)		488,438	564,350	79,088	(50,000)	593,438
(h) Depot Redevelopment Reserve	76,606	1,993			78,599	76,606	0			76,606	74,740	1,866		76,606
(i) Council Building Maintenance Reserve	52,776	1,467		31,054	85,297	52,776			30,358	52,776	51,490	1,285		52,776
(j) Strategic Planning Reserve	19,051	496			19,547	19,051	0			19,051	18,586	465		19,051
(k) Council Building Construction Reserve	177,084	4,974	(88,363)	120,343	214,038	177,084		(88,363)	117,645	88,721	228,853	5,713	(57,482)	177,084
(l) Preston Beach Volunteer Reserve	46,570	12,349	(19,278)		39,641	46,570	11,315	(21,000)		36,885	36,960	12,005	(2,395)	46,570
(m) Information Technology Reserve	32,537	55,763			88,300	32,537	45,000			77,537	19,125	13,412		32,537
(n) Footpath construction Reserve	30,407	791			31,198	30,407	0			30,407	29,666	741		30,407
(o) Asset Management Reserve	117,645	2,698		(120,343)	0	117,645	0		(117,645)	0	114,780	2,865		117,645
(p) History Book Reprint Reserve	6,796	759			7,555	6,796	900			7,696	5,852	844		6,796
(q) Risk & Insurance Reserve	8,795	229			9,024	8,796	0			8,796	8,579	216		8,795
(r) Fire Recovery Assistance Grant Reserve	0	0			0	0	0			0	450,000	0	(450,000)	0
	2,317,381	406,530	(325,975)	0	2,397,934	2,317,381	287,240	(284,363)	0	2,172,255	2,508,331	392,583	(583,533)	2,317,381

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
(a) Emergency Assistance Reserve	on going	To provide funds to assist in emergency situations e.g.: major fire
(b) Sports Reserve	on going	To provide funds for sporting facilities and equipment as determined by Council together with low interest loans applications
(c) Staff Leave Reserve	on going	To be used to fund annual and long service leave requirements
(d) Waste Management Reserve	on going	To be used to maintain operations at Bulter Road Refuse Site
(e) Rec Centre Building Reserve	on going	To be used for future building asset maintenance items at the Recreation Centre, particularly plant
(f) Hamel Hall Reserve	Closed	To provide funds for the upgrading of the Hamel Hall Amenities and surrounds.
(g) Plant Replacement Reserve	on going	To be used for the purchase and replacement of major plant
(h) Depot Redevelopment Reserve	on going	To provide funds for the provision of vehicle storage bays at Works Depot
(i) Council Building Maintenance Reserve	on going	To provide funds for future building maintenance
(j) Strategic Planning Reserve	on going	To provide funds for the future requirements of Council's Strategic Planning
(k) Council Building Construction Reserve	on going	To provide funds for future capital construction works in accordance with Council's Long Term Financial & Community Strategic Plans
(l) Preston Beach Volunteer Reserve	on going	To provide funds to assist in the operations of the volunteer ranger functions including replacement of equipment
(m) Information Technology Reserve	on going	To be used to ensure that the network computer system is maintained including external site connections
(n) Footpath construction Reserve	on going	To provide funds for future extension of dual use path network
(o) Asset Management Reserve	Closed	To provide funds to renew existing Council assets in accordance with the adopted Asset Management Plan
(p) History Book Reprint Reserve	on going	To be used to fund the update reprint of the 'Drakesbrook days and Waroona years' historical book
(q) Risk & Insurance Reserve	on going	To be used for expenses associated with risk assessments and insurance adjustments or unforeseen expenses
(r) Fire Recovery Assistance Grant Reserve	Closed	To be used in accordance with the grant agreement 'Assistance for the fire affected farming and rural communities of Shire of Harvey and Waroona

5. TRADE RECEIVABLES

Current

Rates receivable
 Sundry receivables
 Loans - Low Interest

Non-current

Loans - Low Interest

	2019	2018
	\$	\$
	284,339	150,645
	316,770	41,958
	8,500	8,500
	609,609	201,103
	5,000	13,500
	5,000	13,500

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

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

Fuel & Materials
 Kiosk Stock

	2019	2018
	\$	\$
	8,558	9,056
	2,802	1,090
	11,360	10,146

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

Carrying amount at 30 June

	10,146	8,181
	(104,517)	(108,693)
	105,731	110,658
	11,360	10,146

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

(a) Current assets

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

- *Unlisted equity investments*
- Units in Local Government House Trust

	2019	2018
	\$	\$
	0	0
	52,551	0
	52,551	0
	52,551	0
	52,551	0

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

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

Previous accounting policy: Loans and receivables

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	17,926,000	17,898,750	35,924,750	214,462	2,266,702	38,405,914
Additions	0	341,456	341,456	31,423	471,038	843,917
(Disposals)	0	0	0	(1,875)	(245,198)	(247,073)
Depreciation (expense)		(745,155)	(745,155)	(30,090)	(123,382)	(898,627)
Transfers			0			0
Carrying amount at 30 June 2018	17,926,000	17,595,050	35,521,050	213,920	2,369,159	38,104,129
Comprises:						
Gross carrying amount at 30 June 2018	17,926,000	18,340,206	36,266,206	277,928	2,649,195	39,193,329
Accumulated depreciation at 30 June 2018	0	(745,155)	(745,155)	(64,009)	(280,035)	(1,089,199)
Accumulated impairment loss at 30 June 2018	0	0	0	0	0	0
Carrying amount at 30 June 2018	17,926,000	17,595,051	35,521,050	213,920	2,369,159	38,104,129
Additions		878,650	878,650	44,773	658,468	1,581,891
(Disposals)	0	(91,950)	(91,950)	(87,098)	(364,715)	(543,763)
Depreciation (expense)		(742,313)	(742,313)	(1,414)	(207,604)	(951,331)
Transfers			0			0
Carrying amount at 30 June 2019	17,926,000	17,639,437	35,565,437	170,181	2,455,308	38,190,926
Comprises:						
Gross carrying amount at 30 June 2019	17,926,000	19,126,905	37,052,905	235,604	2,942,948	40,231,457
Accumulated depreciation at 30 June 2019	0	(1,487,468)	(1,487,468)	(65,423)	(487,640)	(2,040,531)
Accumulated impairment loss at 30 June 2019	0	0	0	0	0	0
Carrying amount at 30 June 2019	17,926,000	17,639,437	35,565,437	170,181	2,455,308	38,190,926

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
Land and buildings					
Land - freehold land	2/3	Valuations were made on the basis of observable open markets of similar assets, adjusted for condition and comparability at their highest and best use	Independent registered valuer	01 June 2017	Market Value
Buildings	2/3	Valuations were made on the basis of observable open markets of similar assets, adjusted for condition and comparability at their highest and best use/ Cost Approach using depreciated replacement cost	Independent registered valuer	01 June 2017	Market Value / Depreciated Replacement cost
Furniture and equipment	3	Valuation were made on the basis of open market values on similar assets adjusted for condition and comparability	Management valuation	01 June 2016	Depreciated Replacement Cost
Plant and equipment					
Independent Valuation 2016	2	Valuation were made on the basis of open market values on similar assets adjusted for condition and comparability		June 2016	Market Value
Management Valuation 2016	3	Valuation were made on the basis of open market values on similar assets adjusted for condition and comparability	Management Valuation	June 2016	Depreciated Replacement Costs

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

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

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Other	Infrastructure - Bridges	Infrastructure - Parks & Ovals	Infrastructure - Drainage	Infrastructure - Footpaths	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	83,784,541	977,489	754,162	2,177,139	3,120,826	1,512,590	92,326,547
Additions	1,523,635	21,458		9,147	55,281	39,121	1,648,642
(Disposals)	0	0	0	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	(8,449,201)	319,158	1,537,982	662,057	4,554,758		(1,375,246)
Revaluation (loss) / reversals transferred to profit or loss		104,494			1,973,235	(280,246)	1,797,483
Impairment (losses) / reversals							0
Depreciation (expense)	(2,037,163)	(78,222)	(66,074)	(213,186)	(83,487)	(74,256)	(2,552,388)
Transfers							0
Carrying amount at 30 June 2018	74,821,811	1,344,377	2,226,070	2,635,158	9,620,413	1,197,209	91,845,038
Comprises:							
Gross carrying amount at 30 June 2018	74,821,811	1,344,377	2,226,070	2,635,158	9,620,413	1,197,209	91,845,038
Accumulated depreciation at 30 June 2018	0	0	0	0	0	0	0
Accumulated impairment loss at 30 June 2018	0	0	0	0	0	0	0
Carrying amount at 30 June 2018	74,821,811	1,344,377	2,226,070	2,635,158	9,620,413	1,197,209	91,845,038
Additions	1,724,610	71,171	0	101,079	12,743	31,400	1,941,003
(Disposals)	0	(5,800)	0	(5,600)	0	(3,075)	(14,475)
Depreciation (expense)	(1,546,601)	(74,691)	(81,040)	(227,826)	(245,045)	(37,472)	(2,212,675)
Transfers				6,550		(6,550)	0
Carrying amount at 30 June 2019	74,999,821	1,335,057	2,145,030	2,509,361	9,388,111	1,181,512	91,558,891
Comprises:							
Gross carrying amount at 30 June 2019	76,546,422	1,409,748	2,226,070	2,737,187	9,633,156	1,218,984	93,771,567
Accumulated depreciation at 30 June 2019	(1,546,601)	(74,691)	(81,040)	(227,826)	(245,045)	(37,472)	(2,212,675)
Accumulated impairment loss at 30 June 2019	0	0	0	0	0	0	0
Carrying amount at 30 June 2019	74,999,821	1,335,057	2,145,030	2,509,361	9,388,111	1,181,512	91,558,891

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	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments
Infrastructure - Other	3	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments
Infrastructure - Bridges	3	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments
Infrastructure - Parks & Ovals	3	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments
Infrastructure - Drainage	3	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments
Infrastructure - Footpaths	3	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments

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 WAROONA
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	\$ 257,294	\$ 236,818	\$	\$ (20,476)	\$ 259,832	\$ 239,500	\$ 4,165	\$ (24,496)	\$ 217,701	\$ 204,864	\$ 7,177	\$ (20,015)
	257,294	236,818	0	(20,476)	259,832	239,500	4,165	(24,496)	217,701	204,864	7,177	(20,015)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and Equipment				
Governance	\$	\$	\$	\$
CEO Vehicle	35,657	32,727	0	(2,929)
DCEO Vehicle	30,590	27,727	0	(2,863)
MFS Vehicle	18,482	18,182	0	(300)
Law, order, public safety				
Ranger Vehicle	14,633	7,273	0	(7,360)
Community amenities				
DDS Vehicle	26,247	31,818	5,572	0
Transport				
DTS Vehicle	31,723	25,909	0	(5,814)
MWS Vehicle	26,972	24,545	0	(2,427)
Works Vehicle	17,051	13,636	0	(3,415)
Tip Truck	25,946	20,000	0	(5,946)
Multi Roller	6,184	15,000	8,816	0
Economic services				
MDS Vehicle	23,809	20,000	0	(3,809)
	257,294	236,818	14,388	(34,863)

(b) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings	827,775	748,838	745,155
Furniture and equipment	41,541	34,293	30,090
Plant and equipment	275,596	179,661	123,382
Infrastructure - Roads	1,546,601	2,016,740	2,037,163
Infrastructure - Other	93,416	84,172	107,595
Infrastructure - Bridges	81,040	65,145	66,074
Infrastructure - Parks & Ovals	227,826	203,000	213,186
Infrastructure - Drainage	245,045	83,450	83,487
Infrastructure - Footpaths	37,472	75,000	74,256
	3,376,312	3,490,299	3,480,388

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	25-60 Years
Furniture & Equipment	3-20 Years
Plant and equipment	5-10 Years
Seats & Benches	15-25 Years
Water Supply Piping	20-40 Years
Infrastructure Other	20-70 Years
Sealed Roads and Streets	
Construction	45-55 Years
Bituminous Seals	15-25 Years
Asphalt Seals	25-30 Years
Unformed Roads	
Formed	10-15 Years
Gravel	12-15 Years

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.

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

11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land & Building	28,656,391	0	0	0	28,656,391	28,656,391	0	0	0	28,656,391
Furniture & Equipment	37,322	0	0	0	37,322	37,322	0	0	0	37,322
Plant & Equipment	655,570	0	0	0	655,570	655,570	0	0	0	655,570
Infrastructure - Roads	80,054,881	0	0	0	80,054,881	88,504,082	0	(8,449,201)	(8,449,201)	80,054,881
Infrastructure - Other	2,598,830	0	0	0	2,598,830	2,279,672	319,158	0	319,158	2,598,830
Infrastructure - Bridges	1,540,482	0	0	0	1,540,482	2,500	1,537,982	0	1,537,982	1,540,482
Infrastructure - Parks & Ovals	831,629	0	0	0	831,629	169,572	662,057	0	662,057	831,629
Infrastructure - Drainage	4,554,758	0	0	0	4,554,758	0	4,554,758	0	4,554,758	4,554,758
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	0	0
	118,929,864	0	0	0	118,929,864	120,305,110	7,073,955	(8,449,201)	(1,375,246)	118,929,864

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

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued salaries & wages
Accrued interest on debentures
Accrued expenses
Bonds & Deposits Held
Rates Paid in Advance

	2019	2018
	\$	\$
	151,460	408,308
	81,596	83,768
	1,631	1,885
	13,269	20,000
	588,890	0
	90,882	0
	<u>927,728</u>	<u>513,961</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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

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

13. INFORMATION ON BORROWINGS

	2019	2018
(a) Borrowings	\$	\$
Current	61,483	58,033
Non-current	303,949	365,431
	365,432	424,464

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019				30 June 2018				30 June 2017					
				Actual Principal	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture																	
Loan - Aquatic Centre	105	NAB	6.90%	0	0	0	0	0	0	0	0	0	9,207		9,207	213	0
Loan - Basketball Stadium	117	WATC	6.53%	95,319	13,430	5,880	81,889	95,319	13,430	5,962	81,889	107,812		12,593	6,715	95,319	
Loan - Rec Centre Upgrade	120	WATC	3.91%	129,146	19,496	4,846	109,650	129,146	19,496	4,861	109,651	147,818		18,771	5,587	129,146	
Loan - Memorial Hall Upgrade	121	WATC	3.97%	200,000	26,108	5,580	173,892	200,000	26,107	5,748	173,893	0	200,000		1,204	200,000	
				424,465	59,033	16,317	365,431	424,465	59,032	16,571	365,433	265,037	200,000	40,572	13,719	424,465	

	2019	2018
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	0	0
Total amount of credit unused	520,000	520,000

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 when 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 21

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	405,434	561,314	966,748
Non-current provisions	0	56,966	56,966
	405,434	618,280	1,023,714
Additional provision	24,919	34,883	59,802
Amounts used	(6,819)	(36,705)	(43,524)
Balance at 30 June 2019	423,534	616,458	1,039,992
Comprises			
Current	423,534	553,071	976,605
Non-current	0	63,387	63,387
	423,534	616,458	1,039,992

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	3,819,577	2,585,490	3,922,610

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	(272,179)	(932,883)	491,342
Non-cash flows in Net result:			
Depreciation	3,376,312	3,490,299	3,480,388
(Profit)/loss on sale of asset	20,476	20,331	12,838
Reversal of loss on revaluation of fixed assets	0	0	(1,797,483)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(400,006)	(39,760)	133,833
(Increase)/decrease in other receivables	(8,500)		
(Increase)/decrease in inventories	(1,214)	2,656	(1,965)
Increase/(decrease) in payables	413,767	(54,663)	183,064
Increase/(decrease) in provisions	16,278	69,048	142,432
Grants contributions for the development of assets	(2,026,290)	(2,382,008)	(1,809,331)
Net cash from operating activities	1,118,642	173,020	835,120

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	2,938,093	2,960,804
General purpose funding	4,103,916	4,073,080
Law, order, public safety	1,989,979	1,392,929
Health	1,781,480	1,834,757
Education and welfare	349,578	359,666
Housing	180,000	180,391
Community amenities	10,939,936	11,087,224
Recreation and culture	29,289,091	31,309,651
Transport	79,766,263	77,924,545
Economic services	985,931	1,013,952
Other property and services	1,066,647	1,102,529
Unallocated	857,000	857,000
	<u>134,247,914</u>	<u>134,096,527</u>

17. 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
- later than five years

	2019	2018
	\$	\$
	62,558	78,582
	54,307	54,699
	0	0
	116,865	133,281

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

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

18. 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	73,600	73,600	73,600
President's allowance	9,700	9,700	9,700
Deputy President's allowance	2,300	2,300	2,300
Travelling expenses	385	3,000	1,278
Telecommunications allowance	6,800	6,800	6,800
IT Allowance	4,000	4,000	4,000
	<u>96,785</u>	<u>99,400</u>	<u>97,678</u>

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	1,161,801	1,037,628
Post-employment benefits	130,886	123,133
Other long-term benefits	8,010	39,230
	<u>1,300,697</u>	<u>1,199,991</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

18. 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 Actual	2018 Actual
	\$	\$
Purchase of goods and services	18,829	19,861

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.

19. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received	Expended	Closing	Received	Expended	Closing
	Balance ⁽¹⁾ 1/07/17	⁽²⁾ 2017/18	⁽³⁾ 2017/18	Balance ⁽¹⁾ 30/06/18	⁽²⁾ 2018/19	⁽³⁾ 2018/19	Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
Dept Fire & Emergency Services ESL Payments	0	10,153	0	10,153	43,045	(40,610)	12,587
AWARE Grant - Office of Emergency Management	0	4,000	0	4,000	0	(4,000)	0
AWARE Grant - SOW Reserve Transfer	0	10,000	0	10,000	0	(10,000)	0
WA State Govt - Fire Recovery Grant	0	450,000	(420,545)	29,455	0	(29,455)	0
Education and welfare							
Alcoa Youth Activities	5,000	5,000	(5,000)	5,000	10,000	(10,000)	5,000
DLGC Community Development Scholarship	6,297	0	(6,297)	0			0
Waroona Karate Club Grant	1,720	0	(1,720)	0			0
WA Primary Health Association Grant	10,000	90,000	(99,747)	253	100,000	(99,511)	742
Summer Events	0	10,500	(5,000)	5,500	5,500	(5,500)	5,500
Mental Health Commission Suicide Prevention Grant	0	5,618	0	5,618	0	(5,618)	0
Aloca Community Spaces Grant	0	7,500	0	7,500	7,500	(1,700)	13,300
WAPHA Community Consultation Grant	0	7,000	(2,000)	5,000	0	(5,000)	0
Australian Alcohol Drug Foundation Local Drug Action Team Grant	0	10,000	0	10,000	0	(10,000)	0
NAIDOC Week Grant	0	2,000	0	2,000	2,000	(2,000)	2,000
LDAT Grant - Alcohol and Drug foundation	0	0	0	0	22,000	(12,449)	9,551
Community amenities							
Landowner Support for Fire Recovery Grant	3,136	54,500	(57,570)	66	27,500	(27,566)	0
Coastwest funding - Dune Management 201820	0	13,356	(13,356)	0			0
Recreation and culture							
DLGC Youth Development Scholarship	3,076	(2,846)	0	230		(230)	0
Preston Beach Community Centre (PDC, R4R & SOW)	50,000	157,482	(46,611)	160,871	413,176	(574,047)	0
Total	79,229	834,262	(657,846)	255,645	630,720	(837,685)	48,681

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

20. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Back Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Interim Rate \$	2018/19 Budget Back Rate \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Waroona GRV	10.0863	1,423	22,958,762	2,315,690	4,745	0	2,320,434	2,315,667	0	0	2,315,667	2,195,410
Unimproved valuations												
Waroona UV	0.758	567	229,221,000	1,737,495	10,128		1,747,623	1,737,495	0	0	1,737,495	1,671,011
Sub-Total		1,990	252,179,762	4,053,185	14,873	0	4,068,057	4,053,162	0	0	4,053,162	3,866,421
Minimum payment												
Gross rental valuations												
Waroona GRV	1,115	645	4,382,246	719,175			719,175	719,175	0	0	719,175	724,200
Unimproved valuations												
Waroona UV	1,115	91	7,610,658	101,465			101,465	101,465	0	0	101,465	97,980
Sub-Total		736	11,992,904	820,640	0	0	820,640	820,640	0	0	820,640	822,180
Discounts/concessions (refer Note 20(b))							4,888,697	4,873,802	0	0	4,873,802	4,688,601
Total amount raised from general rate							0				0	0
							4,888,697				4,873,802	4,688,601
Totals			2,726	264,172,666	4,873,825	14,873	0	4,888,697			4,873,802	4,688,601

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

20. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	26 Sep 2018	0.00	5.50%	11.00%
Option Two				
First instalment	26 Sep 2018	0.00	5.50%	11.00%
Second instalment	29 Jan 2019	10.00	5.50%	11.00%
Option Three				
First instalment	26 Sep 2018	0.00	5.50%	11.00%
Second instalment	26 Nov 2018	10.00	5.50%	11.00%
Third instalment	29 Jan 2019	10.00	5.50%	11.00%
Fourth instalment	29 Mar 2019	10.00	5.50%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	37,589	23,220	34,728
Interest on instalment plan	16,004	15,900	15,441
Charges on instalment plan	19,100	19,980	20,670
	72,692	59,100	70,838

21. RATE SETTING STATEMENT INFORMATION

Note	2018/19	2018/19	2018/19	
	(30 June 2019 Carried Forward)	Budget (30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)	
	\$	\$	\$	
(a) Non-cash amounts excluded from operating activities				
<p>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>.</p>				
Adjustments to operating activities				
Less: Profit on asset disposals	10(a)	(14,388)	(4,165)	(7,177)
Movement in employee benefit provisions (non-current)		16,278	25,855	142,432
Add: Loss on disposal of assets	10(a)	34,863	24,496	20,015
Add: Disposal of assets as per regulation changes		88,640	0	0
Add: Depreciation on assets	10(b)	3,376,312	3,490,299	3,480,388
Non cash amounts excluded from operating activities		3,501,706	3,536,485	3,635,658
(b) Surplus/(deficit) after imposition of general rates				
<p>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.</p>				
Adjustments to net current assets				
Less: Reserves - restricted cash	3	(2,397,937)	(2,320,258)	(2,317,381)
Less: Restricted Cash		(48,681)	0	(255,645)
Total adjustments to net current assets		(2,446,618)	(2,320,258)	(2,573,026)
Net current assets used in the Rate Setting Statement				
Total current assets		3,752,271	2,835,833	4,125,360
Less: Total current liabilities		(247,956)	(515,575)	(513,962)
Less: Total adjustments to net current assets		(2,446,618)	(2,320,258)	(2,573,026)
Net current assets used in the Rate Setting Statement		1,057,699	0	1,038,372

22. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
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
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	2.008%	3,819,577	2,397,936	1,421,641	
2018					
Cash and cash equivalents	1.868%	3,922,610	2,317,380	1,605,230	

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*	38,196	39,226

* 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).

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

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

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

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

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

Upon adoption of AASB9 there has been no material change in the calculation of the loss allowances at 1 July 2018 and therefore no retrospective adjustments have been applied

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	4,648	112,186	49,178	15,808	181,820
Loss allowance	0	0	0	0	0

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
30 June 2019					
Sundry Receivables					
Expected credit loss	0.01%	0.01%	0.01%	0.01%	
Gross carrying amount	311,166	2,301	0	3,477	316,945
Loss allowance	31	0	0	0	32

The loss allowance is not material

22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 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
	\$	\$	\$	\$	\$
2019					
Payables	247,956	0	0	247,956	927,728
Borrowings	61,483	272,789	31,159	365,431	365,432
	309,439	272,789	31,159	613,387	1,293,160
2018					
Payables	513,961	0	0	513,961	513,961
Borrowings	59,033	261,794	103,638	424,465	424,464
	572,994	261,794	103,638	938,426	938,425

23. 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	Amounts Transferred to Muni	30 June 2019
	\$	\$	\$	\$	\$
BCITF Levy	0	10,740	(10,740)		0
Builders Registration Board	0	21,281	(21,040)	(242)	0
Hall Deposits	4,555	2,080	(2,075)	(4,560)	0
Landcare EOY Balance	69,786	75,515	(69,786)	(75,515)	0
Nomination Deposits	0	0	0		0
Retentions	5,938	0	0	(5,938)	0
Roadworks/Footpath Bonds	7,925	0	0	(7,925)	0
Subdivision Bonds	64,910	0	0	(64,910)	0
Sundry Items	244,478	21,581	(10,299)	(255,760)	0
Vehicle Licensing Plates	0	1,200	(1,200)	0	0
Extractive Industries	148,632	25,410	0	(174,042)	0
Public Open Space	50,022	0	0	0	50,022
Alcoa Waroona Sustainability	1,762,847	260,282	(70,265)	0	1,952,864
	2,359,092	418,088	(185,404)	(588,890)	2,002,886

24. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

AASB 9 Financial instruments

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

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

(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.

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

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

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

(a) Revenue from Contracts with Customers

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

		AASB 118 carrying amount		AASB 15 carrying amount
	Note	30 June 2019	Reclassification	01 July 2019
		\$	\$	\$
Contract liabilities - current				
Unspent grants, contributions and reimbursements	19	0	48,681	48,681
Adjustment to retained surplus from adoption of AASB 15	25(d)		(48,681)	

(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. The weighted average lessee's incremental borrowing rates applied to the lease liabilities on 1 July 2019 is 3.50%.

	Note	2019
		\$
Operating lease commitments disclosed as at 30 June 2019		116,865
Lease liability recognised as at 1 July 2019		
Discounted using the Shire's incremental borrowing rate of 3.50%	25(d)	112,766

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.

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

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in no changes in accounting policies as the Shire already recognises prepaid rates as a financial liability.

(d) Impact of changes to Retained Surplus

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

	<u>Note</u>	<u>Adjustments</u>	<u>2019</u>
			\$
Retained surplus - 30 June 2019			10,534,409
Adjustment to retained surplus from adoption of AASB 15	25(a)	(48,681)	
Adjustment to retained surplus from adoption of AASB 16	25(b)	112,766	
Retained surplus - 01 July 2019			<u>10,598,494</u>

26. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

27. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources	Includes 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 concern specific council services.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH 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.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centres. Provision and maintenance of home and community care programs and youth services
HOUSING To provide and maintain elderly residents housing.	Provision and maintenance of elderly residents housing.
COMMUNITY AMENITIES 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 and public conveniences.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
TRANSPORT To provide safe, effective and efficient transport services to the community	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES To help promote the shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.
OTHER PROPERTY AND SERVICES To monitor and control the Shire's overhead operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

28. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.1650	1.1470	1.1072
Asset consumption ratio	0.6850	0.8140	0.6972
Asset renewal funding ratio	1.2830	0.9020	0.9650
Asset sustainability ratio	0.7630	0.5320	0.5015
Debt service cover ratio	14.5210	6.9740	21.9759
Operating surplus ratio	(0.3570)	(0.4970)	(0.3524)
Own source revenue coverage ratio	0.6150	0.5710	0.5642

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

INDEPENDENT AUDITOR'S REPORT

To the Electors of the Shire of Waroona

Report on the Audit of the Financial Report

Opinion

We have audited the annual financial report of the Shire of Waroona 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 our opinion the annual financial report of the Shire of Waroona:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire of Waroona 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

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire of Waroona in accordance with 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 our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence We have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

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

In preparing the financial report, the CEO is responsible for assessing the Shire of Waroona'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 of Waroona.

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

We 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 we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- (i) In our opinion, the following matters indicate significant adverse trends in the financial position or the financial management practices of the Shire of Waroona:
 - a. Asset sustainability ratio as reported in Note 27 of the financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard of 0.8 for the last three years 2017: 0.5015, 2018: 0.5320 and 2019: 0.7630; and
 - b. Operating surplus ratio as reported in Note 27 of the financial report is below the below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard of zero for the last three years 2017: -0.3524, 2018: -0.4968 and 2019: - 0.3570.

- (ii) There were no instances of 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 identified during the course of our audit.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In our opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions, with exception of the asset renewal ratio only including nine years of data.

Matters Relating to the Electronic Publication of the Audited Financial Report

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

AMD Chartered Accountants



TIM PARTRIDGE
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 12th day of November 2019



52 Hesse Street, Waroona WA 6215
PO Box 20, Waroona WA 6215

t (08) 9733 7800
f (08) 9733 1883
warshire@waroona.wa.gov.au

www.waroona.wa.gov.au

