

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

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Principal place of business: 39 Bannister Road Boddington, WA 6390	

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

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 25th day of October 2018



Chris Littlemore
Chief Executive Officer

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

	NOTE	2018 \$	2018 Budget \$	2017 \$
Revenue				
Rates	22	4,371,375	4,386,000	4,083,127
Operating Grants, Subsidies and Contributions	28	818,611	710,559	762,839
Fees and Charges	27	1,024,498	1,133,338	1,008,454
Interest Earnings	2(a)	128,219	128,428	119,606
Other Revenue	2(a)	85,858	186,739	136,114
		<u>6,428,561</u>	<u>6,545,065</u>	<u>6,110,141</u>
Expenses				
Employee Costs		(2,421,382)	(2,423,047)	(2,278,177)
Materials and Contracts		(1,521,093)	(1,795,666)	(1,338,614)
Utility Charges		(304,663)	(325,238)	(300,879)
Depreciation on Non-Current Assets	2(a)	(1,936,682)	(1,889,629)	(1,565,058)
Interest Expenses	2(a)	(107,723)	(109,035)	(118,596)
Insurance Expenses		(193,806)	(202,422)	(196,068)
Other Expenditure		(138,476)	(180,851)	(157,456)
		<u>(6,623,823)</u>	<u>(6,925,890)</u>	<u>(5,954,849)</u>
		(195,262)	(380,825)	155,292
 Non-Operating Grants, Subsidies and Contributions	28	2,745,506	2,841,389	3,269,917
Profit on Asset Disposals	20	0	0	16,882
(Loss) on Asset Disposals	20	0	0	(127,628)
 NET RESULT		2,550,243	2,460,564	3,314,464
 Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	12	7,226,462	0	1,304,468
 Total Other Comprehensive Income		<u>7,226,462</u>	<u>0</u>	<u>1,304,468</u>
 Total Comprehensive Income		<u><u>9,776,705</u></u>	<u><u>2,460,564</u></u>	<u><u>4,618,932</u></u>

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

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

	NOTE	2018 \$	2018 Budget \$	2017 \$
Revenue				
Governance		58,579	106,484	78,896
General Purpose Funding		4,831,298	4,680,593	4,725,002
Law, Order, Public Safety		335,902	341,368	206,104
Health		25,593	26,429	26,390
Education and Welfare		368,842	450,648	438,130
Housing		12,348	20,402	20,664
Community Amenities		329,407	310,078	279,683
Recreation and Culture		133,108	173,290	111,409
Transport		119,567	140,887	118,411
Economic Services		199,276	249,045	69,639
Other Property and Services		14,639	45,840	35,813
	2(a)	<u>6,428,561</u>	<u>6,545,065</u>	<u>6,110,141</u>
Expenses				
Governance		36,434	(36,082)	40,236
General Purpose Funding		(11,217)	(25,684)	(25,900)
Law, Order, Public Safety		(640,347)	(674,250)	(558,852)
Health		(258,383)	(255,952)	(258,391)
Education and Welfare		(579,762)	(588,029)	(554,519)
Housing		32,883	17,729	35,111
Community Amenities		(646,820)	(677,663)	(666,369)
Recreation & Culture		(1,482,718)	(1,572,607)	(1,253,814)
Transport		(2,531,079)	(2,542,538)	(2,407,383)
Economic Services		(457,737)	(476,377)	(283,280)
Other Property and Services		22,646	13,286	96,909
	2(a)	<u>(6,516,100)</u>	<u>(6,818,167)</u>	<u>(5,836,252)</u>
Financial Costs				
Governance		(35,914)	(35,914)	(39,957)
Education and Welfare		(9,922)	(9,922)	(10,819)
Housing		(32,883)	(32,883)	(35,111)
Recreation & Culture		(29,003)	(29,003)	(31,729)
Transport		0	0	(979)
	2(a)	<u>(107,723)</u>	<u>(107,723)</u>	<u>(118,596)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		188,000	188,000	0
Law, Order, Public Safety		508,819	508,819	126,252
Education and Welfare		1,129,500	1,129,500	1,670,500
Recreation & Culture		70,000	270,469	787,688
Transport		793,411	688,601	605,217
Economic Services		55,775	56,000	80,260
	28	<u>2,745,506</u>	<u>2,841,389</u>	<u>3,269,917</u>
Profit/(Loss) on Disposal of Assets				
Governance		0	0	(2,464)
Law, Order, Public Safety		0	0	(9,303)
Health		0	0	(6,394)
Housing		0	0	(89,468)
Community Amenities		0	0	0
Recreation & Culture		0	0	0
Transport		0	0	(3,116)
Other Property and Services		0	0	0
	20	<u>0</u>	<u>0</u>	<u>(110,745)</u>
Net Result		<u>2,550,243</u>	<u>2,460,564</u>	<u>3,314,464</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	7,226,462	0	1,304,468
Total Other Comprehensive Income		<u>7,226,462</u>	<u>0</u>	<u>1,304,468</u>
Total Comprehensive Income		<u><u>9,776,705</u></u>	<u><u>2,460,564</u></u>	<u><u>4,618,932</u></u>

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

**SHIRE OF BODDINGTON
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,892,183	4,974,732
Trade and Other Receivables	4	386,328	338,977
Inventories	5	0	2,044
TOTAL CURRENT ASSETS		4,278,511	5,315,753
NON-CURRENT ASSETS			
Trade and Other Receivables	4	0	0
Inventories	5	272,538	272,538
Property, Plant and Equipment	6	30,442,554	27,432,220
Infrastructure	7	54,536,959	46,816,094
TOTAL NON-CURRENT ASSETS		85,252,051	74,520,852
TOTAL ASSETS	17	89,530,562	79,836,605
CURRENT LIABILITIES			
Trade and Other Payables	8	618,308	503,379
Current Portion of Long Term Borrowings	9	230,305	220,541
Provisions	10	312,619	308,448
TOTAL CURRENT LIABILITIES		1,161,232	1,032,368
NON-CURRENT LIABILITIES			
Trade and Other Payables	8	300,000	300,000
Long Term Borrowings	9	2,054,593	2,284,898
Provisions	10	66,065	47,369
TOTAL NON-CURRENT LIABILITIES		2,420,658	2,632,267
TOTAL LIABILITIES		3,581,890	3,664,635
NET ASSETS		85,948,675	76,171,970
EQUITY			
Retained Surplus		34,156,787	30,813,402
Reserves - Cash Backed	11	2,974,251	3,767,393
Revaluation Surplus	12	48,817,636	41,591,174
TOTAL EQUITY		85,948,675	76,171,970

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		24,466,178	6,800,153	40,286,706	71,553,036
Comprehensive Income					
Net Result		3,314,464	0	0	3,314,464
Changes on Revaluation of Non-Current Assets	12	0	0	1,304,468	1,304,468
Total Comprehensive Income		3,314,464	0	1,304,468	4,618,932
Transfers from/(to) Reserves		3,032,760	(3,032,760)	0	0
Balance as at 30 June 2017		30,813,402	3,767,393	41,591,174	76,171,970
Comprehensive Income					
Net Result		2,550,243	0	0	2,550,243
Changes on Revaluation of Non-Current Assets	12	0	0	7,226,462	7,226,462
Total Comprehensive Income		2,550,243	0	7,226,462	9,776,705
Transfers from/(to) Reserves		793,142	(793,142)	0	0
Balance as at 30 June 2018		34,156,787	2,974,251	48,817,636	85,948,675

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

	NOTE	2018 \$	2018 Budget \$	2017 \$
Cash Flows From Operating Activities				
Receipts				
Rates		4,334,174	4,386,000	4,104,153
Operating Grants, Subsidies and Contributions		818,611	710,559	762,839
Fees and Charges		955,946	1,133,338	1,057,482
Service Charges		0	0	0
Interest Earnings		129,930	128,428	119,606
Goods and Services Tax		48,236	0	0
Other Revenue		85,858	195,716	136,114
		<u>6,372,754</u>	<u>6,554,040</u>	<u>6,180,195</u>
Payments				
Employee Costs		(2,398,835)	(2,423,047)	(2,271,642)
Materials and Contracts		(1,386,938)	(2,275,449)	(1,119,909)
Utility Charges		(304,663)	(325,238)	(300,879)
Interest Expenses		(106,465)	(109,035)	(121,055)
Insurance Expenses		(193,806)	(202,422)	(196,068)
Goods and Services Tax		(9,667)		(99,402)
Other Expenditure		(138,476)	(165,867)	(157,456)
		<u>(4,538,848)</u>	<u>(5,501,058)</u>	<u>(4,266,411)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>1,833,906</u>	<u>1,052,982</u>	<u>1,913,784</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(3,720,160)	(3,635,985)	(5,839,743)
Payments for Construction of Infrastructure		(1,721,260)	(2,294,310)	(1,743,645)
Non-Operating Grants, Subsidies and Contributions		2,745,506	2,841,389	3,269,917
Proceeds from Sale of Fixed Assets		0	0	446,028
Net Cash Provided by (Used in) Investment Activities		<u>(2,695,914)</u>	<u>(3,088,906)</u>	<u>(3,867,443)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(220,541)	(220,541)	(301,130)
Proceeds from New Debentures		0	0	0
Net Cash Provided By (Used In) Financing Activities		<u>(220,541)</u>	<u>(220,541)</u>	<u>(301,130)</u>
Net Increase (Decrease) in Cash Held		<u>(1,082,549)</u>	<u>(2,256,465)</u>	<u>(2,254,787)</u>
Cash at Beginning of Year		<u>4,974,732</u>	<u>4,974,732</u>	<u>7,229,521</u>
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>3,892,183</u></u>	<u><u>2,718,264</u></u>	<u><u>4,974,732</u></u>

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

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Operating Grants, Subsidies & Contributions		818,611	710,559	762,839
Capital Grants/Contributions		2,745,506	2,841,389	3,269,917
Fees & Charges		1,024,498	1,133,338	1,008,454
Service Charges		0	0	0
Interest Earnings		128,219	128,428	119,606
Profit on Sale of Assets		0	0	16,882
Other Revenue		85,858	186,739	136,114
		<u>4,802,691</u>	<u>5,000,453</u>	<u>5,313,812</u>
Expenses				
Employee Costs		(2,421,382)	(2,423,047)	(2,278,177)
Materials and Contracts		(1,521,093)	(1,795,666)	(1,338,614)
Utility Charges		(304,663)	(325,238)	(300,879)
Depreciation on Non-Current Assets		(1,936,682)	(1,889,629)	(1,565,058)
Interest Expenses		(107,723)	(109,035)	(118,596)
Insurance Expenses		(193,806)	(202,422)	(196,068)
Loss on Sale of Assets		0	0	(127,628)
Other Expenditure		(138,476)	(180,851)	(157,456)
		<u>(6,623,823)</u>	<u>(6,925,888)</u>	<u>(6,082,476)</u>
Net Result Excluding Rates		(1,821,131)	(1,925,435)	(768,664)
Adjustments for Cash Budget Requirements:				
Non-cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	0	0	110,746
Depreciation on Assets	2(a)	1,936,682	1,889,629	1,565,058
Decrease in Revaluation of Assets		0	0	0
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings	6(b)	(3,007,156)	(2,907,166)	(5,045,548)
Purchase Furniture and Equipment	6(b)	(46,430)	(50,000)	(148,256)
Purchase Plant and Equipment	6(b)	(666,574)	(678,819)	(645,939)
Purchase Other Infrastructure	7(b)	(256,590)	(1,053,954)	(1,021,255)
Purchase Roads	7(b)	(985,136)	(861,500)	(609,342)
Purchase Footpaths	7(b)	(40,500)	(41,856)	(27,339)
Purchase Drainage	7(b)	0	0	(21,581)
Purchase Waste site Infrastructure	7(b)	0	(30,000)	(14,318)
Purchase Culverts & Bridges	7(b)	(282,000)	(282,000)	(31,853)
Purchase Foreshore Infrastructure	7(b)	0	0	0
Purchase Parks and Ovals	7(b)	(141,871)	(10,000)	0
Purchase Public Facilities	7(b)	(15,162)	(15,000)	(17,957)
Advances to Community Groups		0	0	0
Proceeds from Lease Loan	8	0	0	0
Proceeds from Disposal of Fixed Assets	20	0	0	446,028
Repayment of Debentures	21(a)	(220,541)	(220,541)	(301,130)
Proceeds from New Debentures	21(a)	0	0	0
Transfers to Reserves (Restricted Assets)	11	(1,139,313)	(760,900)	(4,311,195)
Transfers from Reserves (Restricted Assets)	11	1,932,455	2,135,027	7,343,954
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	751,517	751,517	166,976
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	369,622	325,000	751,517
Total Amount Raised from General Rate	22(a)	<u><u>(4,371,375)</u></u>	<u><u>(4,386,000)</u></u>	<u><u>(4,083,127)</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has also 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 Council 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 19. to these financial statements.

(b) 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land Held for Sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

(f) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the Council 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.

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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 Council 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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Buildings - external structure	100 years
Buildings - fit out	10 years
Buildings - mechanicals	12 years
Buildings - roof structure	25 years
Furniture and Equipment	1 to 12 years
Plant and Equipment	1 to 15 years

Sealed roads and streets	
formation	not depreciated
pavement	75 years
seal	10 to 30 years

Gravel roads	
formation	not depreciated
pavement	6 to 15 years

Footpaths and pathways	30 years
Sewerage pipes	75 years
Bridges	100 - 125 years
Water supply piping and drainage systems	75 years

Infrastructure other as categorised below (excluding land and buildings):

Caravan Park	10 to 50 years
Foreshore	15 to 50 years
Parks and ovals	5 to 25 years
Public use facilities	5 to 30 years
Waste site	12 to 25 years
Other infrastructure	3 to 50 years

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.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$3,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that 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. 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 (i.e. the market with the greatest volume and level of activity for the asset 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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

Cost approach

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

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 and 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

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

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

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

(v) Financial liabilities

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

Impairment

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

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

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Derecognition

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

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

(i) Impairment of Assets

In accordance with Australian Accounting Standards the Shire's 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 assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) 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 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.

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

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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 or service and employee departures and are discounted at 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits (Continued)

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.

(l) 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.

(m) 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.

(n) 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 amounts equal to 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.

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 in the periods in which they are incurred.

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

(o) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(q) Rates, Grants, Donations and Other Contributions

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

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

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 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 2(c). 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.

(r) 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.

(s) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(t) Rounding Off Figures

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

(u) 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 statement, 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.

(v) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

Title	Applicable ⁽¹⁾
(i) AASB 2014-15 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	On or after 1 January 2017
(ii) AASB 2015-8 <i>Amendments to Australian Accounting Standards - Effective Date of AASB 15</i>	On or after 1 January 2017
(iii) AASB 2016-1 <i>Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]</i>	On or after 1 January 2017
(iv) AASB 2016-2 <i>Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107</i>	On or after 1 January 2017
(v) AASB 2016-4 <i>Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets for Not-for-Profit Entities</i>	On or after 1 January 2017
(vi) AASB 2016-7 <i>Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities</i>	On or after 1 January 2017
(i) AASB 2017-2 <i>Amendments to Australian Accounting Standards - Further Annual Improvements 2014-16 Cycle</i>	On or after 13 February 2017
(i) AASB 2017-1 <i>Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments</i>	On or after 13 December 2017
(i) AASB 9 <i>Financial Instruments (December 2009)</i>	On or after 1 January 2018
(ii) AASB 15 <i>Revenue from Contracts with Customers</i>	On or after 1 January 2018
(iii) AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	On or after 1 January 2018
(iv) AASB 2014-1 <i>Amendments to Australian Accounting Standards (Part E)</i>	On or after 1 January 2018
(v) AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) AASB 1057 Application of Australian Accounting Standards</i>	On or after 1 January 2018
(vi) AASB 2016-3 <i>Amendments to Australian Accounting Standards - Clarifications to AASB 15</i>	On or after 1 January 2018

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

(vii) AASB 2016-5 <i>Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions</i>	On or after 1 January 2018
(viii) AASB 2016-6 <i>Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts</i>	On or after 1 January 2018
(i) AASB 16 <i>Leases</i>	On or after 1 January 2019
(ii) AASB 16 <i>Leases (Appendix D)</i>	On or after 1 January 2019
(iii) AASB 2016-8 <i>Amendments to Australian Accounting Standards - Australian Implementation</i>	On or after 1 January 2019
(iv) AASB 1058 <i>Income of Not-for-Profit Entities</i>	On or after 1 January 2019

Notes:

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

(x) Adoption of New and Revised Accounting Standards

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

The Shire of Boddington has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

Other amended Australian Accounting Standards and Interpretations which were issued at the date of authorisation of the financial report, but have future commencement dates are not likely to have a material impact on the financial statements.

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

2. REVENUE AND EXPENSES	2018	2017	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
- Audit of the annual financial report	22,049	18,295	
- Financial Management Review/Acquittals & Reg 17 review	4,741	13,285	
Depreciation			
Non-Specialised Buildings	57,603	26,514	
Specialised Buildings	369,483	222,522	
Furniture and Equipment	48,423	23,923	
Plant and Equipment	234,317	173,453	
Roads	854,301	832,448	
Bridges	132,059	53,323	
Footpaths	22,789	21,286	
Drainage	48,067	47,124	
Parks and Ovals	25,864	25,548	
Public Facilities	90,615	86,069	
Caravan Park	11,517	11,517	
Foreshore	12,622	12,622	
Waste	3,834	3,748	
Other infrastructure	25,188	24,961	
	<u>1,936,682</u>	<u>1,565,058</u>	
Interest Expenses (Finance Costs)			
Debentures (refer to Note 21(a))	106,465	121,055	
Accrued interest & other	1,258	(2,459)	
	<u>107,723</u>	<u>118,596</u>	
Rental Charges			
- Operating Leases	1,441	12,217	
	<u>1,441</u>	<u>12,217</u>	
(ii) Crediting as Revenue:			
Other Revenue			
Reimbursements and Recoveries	85,858	136,114	
Significant Revenue (Refer Above)	0	0	
	<u>85,858</u>	<u>136,114</u>	
	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
- Reserve Funds	30,900	16,754	4,918
- Other Funds	69,147	89,646	94,757
Other Interest Revenue (refer note 26)	28,172	22,028	19,931
	<u>128,219</u>	<u>128,428</u>	<u>119,606</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Boddington is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

Administration and operation of facilities and services to members of Council. Includes all costs associated with elected members along with the allocation of expenses for the Chief Executive Officer and staff in the administration of Shire.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue and expenditure.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, immunisation services, contracted health surveying, operation of a Health Centre and general public health administration.

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth.

Activities:

Operation of Senior Citizens centre and Independent Care Units. Assistance to playgroups and other voluntary services.

HOUSING

Objective:

To provide and maintain non administrative staff and rental housing

Activities:

Provision and maintenance of non-administrative staff and rental housing.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, administration of the Town Planning Scheme, maintenance of cemeteries and public conveniences.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Activities:

Maintenance of the Town Hall, Swimming Pool, Recreation reserve and associated facilities. Library operations and general maintenance of all parks and reserves.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community.

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning and lighting of the streets, and depot maintenance.

ECONOMIC SERVICES

Objective:

To help promote the Shire and its economic wellbeing.

Activities:

Tourism and area promotion including the maintenance and operation of a caravan park.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 01/07/16 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance ⁽¹⁾ 30/06/17 \$	Received ⁽²⁾ 2017/18 \$	Interest 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance 30/06/18 \$
CLGF - Asset Management Plan Funding	Governance	1,382	0	0	1,382	0	0	(1,382)	0
Financial Assistance Grant	Governance	0	74,586	0	74,586	121,835	0	(132,318)	64,103
Grants Commission - Roads	Transport	0	111,520	0	111,520	197,644	0	(194,597)	114,567
Bushfire Risk Management Planning BRMP)	Law, Order, Public Safety	94,804	69,884	(163,755)	933	159,971	0	(160,904)	0
BFB ESL Operating Grant	Law, Order, Public Safety	11,766	71,797	(64,243)	19,320	75,982	0	(75,369)	19,933
Drainage Contributions	Transport	4,000	0	0	4,000	0	0	0	4,000
Golden Opportunity	Economic Services	5,199	0	0	5,199	0	0	(5,199)	0
Hotham CLC Brag Project	Economic Services	2,810	0	0	2,810	0	0	(2,810)	0
Fire Mitigation Activity	Law, Order, Public Safety	0	0	0	0	35,475	0	(26,950)	8,525
Dam water to Oval	Recreation & Culture	0	0	0	0	50,000	0	(15,364)	34,636
Outdoor Exercise Equipmant	Recreation & Culture	0	0	0	0	20,000	0	0	20,000
Cemtery (donations)	Community Amenities	0	0	0	0	2,247	0	0	2,247
Office of Crime Prevention	Law, Order, Public Safety	227	0	0	227	0	0	0	227
Office Shared Services Asset Management	Governance	47,960	0	0	47,960	0	0	(47,960)	0
Office Shared Services Financial Planning	Governance	25,000	0	0	25,000	0	0	(25,000)	0
Office Shared Services Strategic Planning	Governance	2,207	0	0	2,207	0	0	(2,207)	0
Recreation Centre	Recreation & Culture	2,453,088	653,493	(3,106,581)	0	0	0	0	0
Roads to Recovery	Transport	0	302,582	(297,874)	4,708	183,300	0	(96,358)	91,650
Road Safety Alliance	Transport	182,336	63,990	(106,128)	140,198	62,000	0	(111,568)	90,630
Regional Roads Group	Transport	0	231,000	(223,143)	7,857	451,800	0	(459,657)	0
Independent Living	Health	0	1,670,500	(530,619)	1,139,881	1,129,500	13,546	(2,282,927)	0
South West Wheat belt Primary Health Service	Community Amenities	140	0	0	140	0	0	0	140
Super towns Funding Water to Ranford	Economic Services	1,262,273	15,652	(1,021,255)	256,670	0	1,912	(50,693)	207,889
Super towns Economic Development	Economic Services	76,644	663	(77,307)	0	0	0	0	0
Mainstreet "Ken Austic Square Grant"	Economic Services	0	71,635	0	71,635	0	0	(3,486)	68,149
Thank a Volunteer	Recreation & Culture	0	1,000	(1,000)	0	0	0	0	0
Kidsport	Recreation & Culture	0	10,000	(7,420)	2,580	2,580	0	(5,160)	0
Visitors Centre	Economic Services	42,342	80,260	(122,602)	0	0	0	0	0
Walking Trails - Peel Devt. Commission	Transport	13,232	182	0	13,414	0	0	0	13,414
Youth Centre Expo	Recreation & Culture	50	0	0	50	0	0	0	50
Argil Pty Ltd - water	Governance	150,000	0	(150,000)	0	0	0	0	0
Total		4,375,460	3,428,744	(5,871,927)	1,932,277	2,492,334	15,458	(3,699,909)	740,160

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.

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

	Note	2018 \$	2017 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		917,932	1,207,339
Restricted		<u>2,974,251</u>	<u>3,767,393</u>
		<u>3,892,183</u>	<u>4,974,732</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	11	282,930	277,596
Plant Reserve	11	601,943	350,021
Building Reserve	11	316,515	381,515
Local Organisation Assistance Fund Reserve	11	30,691	30,112
Refuse Site Reserve	11	38,314	37,592
Aged Housing Reserve	11	619,096	313,080
Boddington High School Resource Sharing Reserve	11	25,663	25,179
Swimming Pool Reserve	11	10,532	10,333
River Crossing Reserve	11	65,964	64,720
Recreation Centre Reserve	11	0	0
Public Open Space Reserve	11	242,441	122,441
Car Park Reserve	11	0	0
Unspent Grants	2(c)	740,160	1,932,277
Unspent Loans	21(c)	<u>0</u>	<u>222,526</u>
		<u>2,974,251</u>	<u>3,767,393</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		199,364	164,609
Sundry Debtors		125,402	65,055
GST Receivable		53,762	98,357
Accrued interest receivable		1,704	3,415
Prepaid Expenses		6,706	10,680
Fuel Tax Credit		0	7,268
Provision for doubtful debt		<u>(609)</u>	<u>(10,407)</u>
		<u>386,328</u>	<u>338,977</u>
Non-Current			
Rates Outstanding - Pensioners		<u>0</u>	<u>0</u>
		<u>0</u>	<u>0</u>
5. INVENTORIES			
Current			
Fuel and Materials		<u>0</u>	<u>2,044</u>
		<u>0</u>	<u>2,044</u>
Non-Current			
Land Held for Resale - Cost			
Cost of Acquisition		0	0
Development Costs		<u>272,538</u>	<u>272,538</u>
		<u>272,538</u>	<u>272,538</u>

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

	2018 \$	2017 \$
6. PROPERTY, PLANT AND EQUIPMENT		
(a) Land and Buildings		
Land		
Freehold Land at:		
- Independent Valuation	3,051,500	3,051,500
- Additions after valuation (Cost)	<u>331,710</u>	<u>331,710</u>
	3,383,210	3,383,210
Land Vested In and Under the Control of Council at:		
- Independent Valuation	157,617	157,617
- Additions after valuation (Cost)	<u>0</u>	<u>0</u>
	157,617	157,617
Total Land	<u>3,540,827</u>	<u>3,540,827</u>
Non-Specialised Buildings at:		
- Independent Valuation	1,355,000	1,355,000
- Additions after valuation (Cost)	299,490	0
Less: Accumulated Depreciation	<u>(57,603)</u>	<u>0</u>
	1,596,887	1,355,000
Specialised Buildings at:		
- Independent Valuation	15,146,477	15,146,477
- Additions after valuation (Cost)	7,457,678	0
Less: Accumulated Depreciation	<u>(370,522)</u>	<u>0</u>
	22,233,633	15,146,477
Works in Progress Buildings at:		
- Independent Valuation	0	0
- Additions after valuation (Cost)	0	4,750,011
Less: Accumulated Depreciation	<u>0</u>	<u>(1,039)</u>
	0	4,748,972
Total Buildings	<u>23,830,520</u>	<u>21,250,450</u>
Total Land and Buildings	<u>27,371,347</u>	<u>24,791,277</u>
Furniture and Equipment at:		
- Management Valuation	152,201	152,201
- Additions after valuation (Cost)	245,632	199,201
Less Accumulated Depreciation	<u>(211,255)</u>	<u>(162,832)</u>
	186,576	188,570
Plant and Equipment at:		
- Management Valuation	1,951,808	1,951,808
- Additions after valuation (Cost)	1,749,024	1,082,450
Less Accumulated Depreciation	<u>(816,203)</u>	<u>(581,886)</u>
	2,884,629	2,452,372
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u><u>30,442,554</u></u>	<u><u>27,432,220</u></u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

		Balance at the Beginning of the Year	Transfers	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Losses)/Reversals through to Profit or Loss	Depreciation on disposals	Depreciation (Expense)	Carrying Amount at the End of Year
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and Buildings										
Freehold Land	(Level 2)	972,210	0	0	0	0	0	0	0	972,210
Freehold Land	(Level 3)	2,411,000	0	0	0	0	0	0	0	2,411,000
Land Vested In and Under the Control of Council		157,617	0	0	0	0	0	0	0	157,617
Total Land		3,540,827	0	0	0	0	0	0	0	3,540,827
Non-Specialised Buildings	(Level 2)	1,355,000	0	299,490	0	0	0	0	(57,603)	1,596,887
Specialised Buildings	(Level 3)	15,146,477	4,748,973	2,707,666	0	0	0	0	(369,483)	22,233,633
Work In Progress		4,748,973	(4,748,973)	0	0	0	0	0	0	0
Total Buildings		21,250,450	0	3,007,156	0	0	0	0	(427,086)	23,830,520
Total Land and Buildings		24,791,277	0	3,007,156	0	0	0	0	(427,086)	27,371,347
Furniture and Equipment	(Level 3)	188,570	0	46,430	0	0	0	0	(48,423)	186,577
Total Furniture and Equipment		188,570	0	46,430	0	0	0	0	(48,423)	186,577
Plant and Equipment	(Level 2)	1,538,324	0	666,574	0	0	0	0	(159,799)	2,045,099
Plant and Equipment	(Level 3)	914,048	0	0	0	0	0	0	(74,518)	839,530
		2,452,372	0	666,574	0	0	0	0	(234,317)	2,884,629
Total Property, Plant and Equipment		27,432,220	0	3,720,160	0	0	0	0	(709,826)	30,442,554

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last valuation	Inputs used
Land and buildings					
Feehold land	2	Market approach using recent observable market data for similar properties	Independent Valuer	June 2017	Price per sq. mtr./market borrowing rate
Land vested under the control of Council	2	Market approach using recent observable market data for similar properties	Independent Valuer	June 2017	Price per sq. mtr./market borrowing rate
Non specialised buildings	2	Market approach using recent observable market data for similar properties	Independent Valuer	June 2017	Price per sq. mtr./market borrowing rate
Specialised buildings	2	Market approach using recent observable market data for similar properties	Independent Valuer	June 2017	Price per sq. mtr./market borrowing rate
Furniture and Equipment	3	Cost approach using recent observable market data/specific quotes	Management valuation	June 2016	Current condition/residual values
Plant and Equipment	3	Cost approach using recent observable market data/specific quotes	Management valuation	June 2016	Current condition/residual values

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 potential to result in a significantly higher or lower fair value measurement.

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

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

	2018 \$	2017 \$
7 (a). INFRASTRUCTURE		
Roads		
- Additions after Valuation - Cost	0	1,358,876
- Independent valuation	34,920,735	39,852,743
Less Accumulated Depreciation	0	(1,598,069)
	<u>34,920,735</u>	<u>39,613,550</u>
Bridges and Culverts		
- Additions after Valuation - Cost	0	44,679
- Independent valuation	9,629,243	1,358,231
Less Accumulated Depreciation	0	(99,275)
	<u>9,629,243</u>	<u>1,303,635</u>
Footpaths		
- Additions after Valuation - Cost	0	27,339
- Independent valuation	1,570,782	792,981
Less Accumulated Depreciation	0	(42,573)
	<u>1,570,782</u>	<u>777,747</u>
Drainage		
- Additions after Valuation - Cost	0	21,581
- Independent valuation	1,460,340	1,124,142
Less Accumulated Depreciation	0	(93,982)
	<u>1,460,340</u>	<u>1,051,741</u>
Parks and Ovals		
- Additions after Valuation - Cost	0	0
- Independent valuation	742,507	497,600
Less Accumulated Depreciation	0	(51,097)
	<u>742,507</u>	<u>446,503</u>
Public Facilities		
- Additions after Valuation - Cost	0	45,108
- Independent valuation	2,103,856	1,749,900
Less Accumulated Depreciation	0	(166,132)
	<u>2,103,856</u>	<u>1,628,876</u>
Other Infrastructure		
- Additions after Valuation - Cost	3,486	110,384
- Independent valuation	1,215,824	347,000
Less Accumulated Depreciation	0	(47,619)
	<u>1,219,310</u>	<u>409,765</u>
Foreshore Infrastructure		
- Additions after Valuation - Cost	0	0
- Independent valuation	292,674	230,000
Less Accumulated Depreciation	0	(25,245)
	<u>292,674</u>	<u>204,755</u>
Caravan Park Infrastructure		
- Additions after Valuation - Cost	0	0
- Independent valuation	125,625	271,000
Less Accumulated Depreciation	0	(23,035)
	<u>125,625</u>	<u>247,965</u>
Waste Site Infrastructure		
- Additions after Valuation - Cost	0	81,258
- Independent valuation	1,423,387	35,000
Less Accumulated Depreciation	0	(5,957)
	<u>1,423,387</u>	<u>110,301</u>
Works in Progress - water assets		
- Additions after Valuation - Cost	0	1,021,255
- Independent valuation	1,048,500	0
Less Accumulated Depreciation	0	0
	<u>1,048,500</u>	<u>1,021,255</u>
TOTAL INFRASTRUCTURE	<u><u>54,536,959</u></u>	<u><u>46,816,094</u></u>

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

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Transfers	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation impact from Accumulated Depreciation	Impairment (Losses)/ Reversals	Depreciation (Expense)	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Roads	39,613,550	0	985,136	0	(4,823,650)	0	0	(854,301)	34,920,735
Footpaths	777,747	0	40,500	0	775,324	0	0	(22,789)	1,570,782
Drainage, K & C	1,051,741	0	0	0	456,666	0	0	(48,067)	1,460,340
Bridges and culverts	1,303,634	0	282,000	0	8,175,668	0	0	(132,059)	9,629,243
Parks and ovals	446,503	0	141,871	0	179,997	0	0	(25,864)	742,507
Other infrastructure	409,765	0	205,897	0	628,836	0	0	(25,188)	1,219,310
Public facilities	1,628,876	0	15,162	0	550,433	0	0	(90,615)	2,103,856
Foreshore	204,756	0	0	0	100,540	0	0	(12,622)	292,674
Waste site	110,301	0	0	0	1,316,920	0	0	(3,834)	1,423,387
Works in Progress	1,021,255	0	50,693	0	(23,448)	0	0	0	1,048,500
Caravan park	247,966	0	0	0	(110,824)	0	0	(11,517)	125,625
Total	46,816,094	0	1,721,260	0	7,226,462	0	0	(1,226,856)	54,536,959

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

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last valuation	Inputs used
Roads	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Drainage	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Bridges and culverts	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Parks and ovals	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Other infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Public facilities	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Foreshore	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Waste site	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Caravan Park	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have 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 infrastructure using level 3 inputs.

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

	2018 \$	2017 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	444,113	276,700
Accrued Interest on Debentures	17,353	18,611
Accrued Salaries and Wages	96,697	86,958
ATO Liabilities	44,541	88,622
FBT Creditor	1,230	6,542
Rates Excess	14,375	25,945
	<u>618,308</u>	<u>503,379</u>
Non-Current		
Retirement Village - Lease Loan	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

9. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	230,305	220,541
	<u>230,305</u>	<u>220,541</u>
Non-Current		
Secured by Floating Charge Debentures	2,054,593	2,284,898
	<u>2,054,593</u>	<u>2,284,898</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2017			
Current provisions	176,390	132,058	308,448
Non-current provisions	0	47,369	47,369
	<u>176,390</u>	<u>179,427</u>	<u>355,817</u>
Additional provision	18,927	18,696	37,623
Amounts used	0	(14,756)	(14,756)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2018	<u>18,927</u>	<u>3,940</u>	<u>22,867</u>
Used amount reserved	0	0	0
Balance at 30 June 2018	<u>195,317</u>	<u>183,367</u>	<u>378,684</u>
Comprises			
Current	195,317	117,302	312,619
Non-current	0	66,065	66,065
	<u>195,317</u>	<u>183,367</u>	<u>378,684</u>

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

	2018 \$	2018 Budget \$	2017 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	277,595	277,595	272,153
Amount Set Aside / Transfer to Reserve	5,335	5,335	5,443
Amount Used / Transfer from Reserve	0	0	0
	<u>282,930</u>	<u>282,930</u>	<u>277,595</u>
(b) Plant Reserve			
Opening Balance	350,021	350,021	98,060
Amount Set Aside / Transfer to Reserve	301,922	301,922	251,961
Amount Used / Transfer from Reserve	(50,000)	(50,000)	0
	<u>601,943</u>	<u>601,943</u>	<u>350,021</u>
(c) Building Reserve			
Opening Balance	381,515	381,515	272,586
Amount Set Aside / Transfer to Reserve	0	0	386,967
Amount Used / Transfer from Reserve	(65,000)	(65,000)	(278,038)
	<u>316,515</u>	<u>316,515</u>	<u>381,515</u>
(d) Local Organisation Assistance Reserve			
Opening Balance	30,112	30,112	29,522
Amount Set Aside / Transfer to Reserve	579	579	590
Amount Used / Transfer from Reserve	0	0	0
	<u>30,691</u>	<u>30,691</u>	<u>30,112</u>
(e) Refuse Site Reserve			
Opening Balance	37,592	37,592	36,855
Amount Set Aside / Transfer to Reserve	722	722	737
Amount Used / Transfer from Reserve	0	0	0
	<u>38,314</u>	<u>38,314</u>	<u>37,592</u>
(f) Aged Housing Reserve			
Opening Balance	313,080	313,080	306,941
Amount Set Aside / Transfer to Reserve	306,016	306,016	6,139
Amount Used / Transfer from Reserve	0	0	0
	<u>619,096</u>	<u>619,096</u>	<u>313,080</u>
(g) High School Resource Sharing Reserve			
Opening Balance	25,179	25,179	24,685
Amount Set Aside / Transfer to Reserve	484	484	494
Amount Used / Transfer from Reserve	0	0	0
	<u>25,663</u>	<u>25,663</u>	<u>25,179</u>
(h) Swimming Pool Reserve			
Opening Balance	10,333	10,333	10,130
Amount Set Aside / Transfer to Reserve	199	199	203
Amount Used / Transfer from Reserve	0	0	0
	<u>10,532</u>	<u>10,532</u>	<u>10,333</u>

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

	2018 \$	2018 Budget \$	2017 \$
11. RESERVES - CASH BACKED			
(i) River Crossing Reserve			
Opening Balance	64,720	64,720	63,451
Amount Set Aside / Transfer to Reserve	1,244	1,244	1,269
Amount Used / Transfer from Reserve	0	0	0
	<u>65,964</u>	<u>65,964</u>	<u>64,720</u>
(j) Recreation Reserve			
Opening Balance	0	0	310,309
Amount Set Aside / Transfer to Reserve	0	0	6,206
Amount Used / Transfer from Reserve	0	0	(316,515)
	<u>0</u>	<u>0</u>	<u>0</u>
(k) Unspent Loans Reserve			
Opening Balance	222,526	222,526	1,000,000
Amount Set Aside / Transfer to Reserve	0	0	222,526
Amount Used / Transfer from Reserve	(222,526)	(222,526)	(1,000,000)
	<u>0</u>	<u>0</u>	<u>222,526</u>
(l) Prepaid Conditional Grants Reserve			
Opening Balance	211,106	211,106	25,000
Amount Set Aside / Transfer to Reserve	187,017	254	186,106
Amount Used / Transfer from Reserve	(186,106)	(186,106)	0
	<u>212,017</u>	<u>25,254</u>	<u>211,106</u>
(m) Unspent Conditional Grants Reserve			
Opening Balance	1,721,171	1,721,171	4,350,460
Amount Set Aside / Transfer to Reserve	205,795	14,145	3,120,112
Amount Used / Transfer from Reserve	(1,398,823)	(1,601,395)	(5,749,401)
	<u>528,143</u>	<u>133,921</u>	<u>1,721,171</u>
(n) Public Open Space Reserve			
Opening Balance	122,441	122,441	0
Amount Set Aside / Transfer to Reserve	130,000	130,000	122,441
Amount Used / Transfer from Reserve	(10,000)	(10,000)	0
	<u>242,441</u>	<u>242,441</u>	<u>122,441</u>
(o) Car Park Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL RESERVES	<u>2,974,251</u>	<u>2,393,264</u>	<u>3,767,393</u>
 Total Opening Balance	 3,767,392	 3,767,392	 6,800,153
Total Amount Set Aside / Transfer to Reserve	1,139,313	760,900	4,311,194
Total Amount Used / Transfer from Reserve	(1,932,455)	(2,135,027)	(7,343,954)
TOTAL RESERVES	<u>2,974,251</u>	<u>2,393,264</u>	<u>3,767,392</u>

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 funds are set aside are as follows:

SHIRE OF BODDINGTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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- (a) Leave Reserve**
- to be used to fund annual and long service leave requirements.
- (b) Plant Reserve**
- to be used to purchase new or second-hand plant and equipment.
- (c) Building Reserve**
- to be used for the construction of buildings.
- (d) Local Organisation Assistance Reserve**
- to be used for the funding of local organisations projects as per Council policy.
- (e) Refuse Site Reserve**
- to be used for the establishment and operation of the refuse site. All surplus income over expenditure for Sanitation at the end of each financial year is transferred to this reserve.
- (f) Aged Housing Reserve**
- to be used for future aged housing developments.
- (g) High School Resource Sharing Reserve**
- to be used for the ongoing maintenance and reconstruction of the resources shared.
Council has entered a resource sharing agreement with the Education Department in relation to the usage of Shire recreational facilities by the Boddington District High School (BDHS).
The agreement entails the transfer of a depreciation based calculation to reserve each year.
- (h) Swimming Pool Reserve**
- this Reserve was established to assist in funding the ongoing upgrading and maintaining of the swimming pool.
- (i) River Crossing Reserve**
- this Reserve accumulates funds to allow the ongoing upgrading and refurbishment of river crossings as decided by Council.
- (j) Recreation Reserve**
- to be used to assist in funding the building of a new Recreation Centre in the future.
- (k) Unspent Loans Reserve**
To provide a mechanism for restricting loan proceeds unspent for future expenditures, be it of an operating or capital nature. This forms part of restricted funds.
- (l) Prepaid Unconditional Grants Reserve**
To provide a mechanism for identifying prepaid grants where the expenditure associated will be incurred in the next financial year, these mainly consist of prepaid Financial Assistance Grants (FAG) and local road grants.
- (m) Unspent Conditional Grants Reserve**
To provide a mechanism for identifying conditional unspent grants where the expenditure associated will be undertaken in future years, be it operating or capital in nature.
- (n) Public Open Space Reserve**
This reserve is for the upgrade and rationalisation of Public Open Space and parklands within the Shire.
- (o) Car Park Reserve**
This reserve is for the construction of car parks at Shire buildings, parks and ovals.

SHIRE OF BODDINGTON
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FOR THE YEAR ENDED 30TH JUNE 2018

12. REVALUATION SURPLUS

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

	2018	2017
	\$	\$
(a) Land		
Opening Balance	2,271,125	2,552,128
Revaluation Increment	0	0
Revaluation Decrement	0	(281,003)
	<u>2,271,125</u>	<u>2,271,125</u>
(b) Buildings		
Opening Balance	3,826,651	2,241,180
Revaluation Increment	0	1,684,710
Revaluation Decrement	0	(99,239)
	<u>3,826,651</u>	<u>3,826,651</u>
(c) Plant & Equipment		
Opening Balance	381,196	381,196
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>381,196</u>	<u>381,196</u>
(d) Road Infrastructure		
Opening Balance	32,194,337	32,194,337
Revaluation Increment	0	0
Revaluation Decrement	(4,823,650)	0
	<u>27,370,687</u>	<u>32,194,337</u>
(e) Footpaths		
Opening Balance	318,470	318,470
Revaluation Increment	775,324	0
Revaluation Decrement	0	0
	<u>1,093,794</u>	<u>318,470</u>
(f) Drainage		
Opening Balance	113,658	113,658
Revaluation Increment	456,666	0
Revaluation Decrement	0	0
	<u>570,324</u>	<u>113,658</u>
(g) Bridges & Culverts		
Opening Balance	701,068	701,068
Revaluation Increment	8,175,668	0
Revaluation Decrement	0	0
	<u>8,876,736</u>	<u>701,068</u>
(h) Parks & Ovals		
Opening Balance	229,919	229,919
Revaluation Increment	179,997	0
Revaluation Decrement	0	0
	<u>409,916</u>	<u>229,919</u>

SHIRE OF BODDINGTON
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12. REVALUATION SURPLUS	2018	2017
	\$	\$
(i) Public Facilities		
Opening Balance	1,108,330	1,108,330
Revaluation Increment	550,433	0
Revaluation Decrement	0	0
	<u>1,658,763</u>	<u>1,108,330</u>
(j) Other Infrastructure		
Opening Balance	99,226	99,226
Revaluation Increment	628,836	0
Revaluation Decrement	(23,448)	0
	<u>704,614</u>	<u>99,226</u>
(k) Foreshore Infrastructure		
Opening Balance	160,709	160,709
Revaluation Increment	100,540	0
Revaluation Decrement	0	0
	<u>261,249</u>	<u>160,709</u>
(l) Waste site Infrastructure		
Opening Balance	31,790	31,790
Revaluation Increment	1,316,920	0
Revaluation Decrement	0	0
	<u>1,348,710</u>	<u>31,790</u>
(m) Caravan Park Infrastructure		
Opening Balance	154,695	154,695
Revaluation Increment	0	0
Revaluation Decrement	(110,824)	0
	<u>43,871</u>	<u>154,695</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>48,817,636</u></u>	<u><u>41,591,174</u></u>

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

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2018	2018 Budget	2017
	\$	\$	\$
Cash and Cash Equivalents	<u>3,892,183</u>	<u>2,718,264</u>	<u>4,974,732</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	2,550,243	2,460,564	3,314,464
Non-cash flows in Net Result:			
Depreciation	1,936,682	1,889,629	1,565,058
(Profit)/Loss on Sale of Asset	0	0	110,746
Changes in Assets and Liabilities:			
(Increase)/Decrease in Receivables	(65,643)	8,977	(29,349)
(Increase)/Decrease in Inventories	2,044	0	0
Increase/(Decrease) in Payables	133,217	(464,799)	243,536
Increase/(Decrease) in Employee Provisions	22,867	0	(20,758)
Grants Contributions for the Development of Assets	<u>(2,745,506)</u>	<u>(2,841,389)</u>	<u>(3,269,917)</u>
Net Cash from Operating Activities	<u>1,833,906</u>	<u>1,052,982</u>	<u>1,913,784</u>

	2018		2017
	\$		\$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	750,000	500,000	750,000
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	20,000	55,000	20,000
Credit Card Balance at Balance Date	<u>6,205</u>	<u>0</u>	<u>0</u>
Total Amount of Credit Unused	<u>763,795</u>	<u>555,000</u>	<u>770,000</u>
Loan Facilities			
Loan Facilities - Current	230,305	220,541	220,541
Loan Facilities - Non-Current	<u>2,054,593</u>	<u>2,284,898</u>	<u>2,284,898</u>
Total Facilities in Use at Balance Date	<u>2,284,898</u>	<u>2,505,439</u>	<u>2,505,439</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>	<u>222,526</u>

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

14. CONTINGENT LIABILITIES

There was a \$60,000 contingent liability as a consequence of a Council decision on 26 June 2018 to contribute an amount of \$66,000 including GST for the Boddington Community Resource Centre (BCRC). This contribution was dependant upon certain conditions being agreed by the then BCRC management committee.

15. CAPITAL AND LEASING COMMITMENTS	2018	2017
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	1,323	7,180
- later than one year but not later than five years	0	157
- later than five years	0	0
	<u>1,323</u>	<u>7,337</u>

(b) Capital Expenditure Commitments

The Shire had the following capital commitments at the end of the current reporting period.

- Building construction	138,000	2,332,926
- Other infrastructure	0	117,455
Total	<u>138,000</u>	<u>2,450,381</u>
Payable:		
- not later than one year	138,000	2,450,381

The Shire had \$138,000 committed towards the completion of the CEO's new residence.

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	15,116,392	12,723,439
General Purpose Funding	0	0
Law, Order, Public Safety	2,161,796	2,187,913
Health	1,834,268	3,379,441
Education and Welfare	1,625,438	2,868,278
Housing	1,596,886	2,556,481
Community Amenities	1,655,290	3,081,058
Recreation and Culture	15,121,925	6,709,478
Transport	48,479,200	44,993,086
Economic Services	716,206	1,225,372
Other Property and Services	1,223,161	112,059
	<u>89,530,562</u>	<u>79,836,605</u>

SHIRE OF BODDINGTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2018	2017	2016
18. FINANCIAL RATIOS			
Current Ratio	1.48	2.05	1.23
Asset Sustainability Ratio	1.02	1.00	0.86
Debt Service Cover Ratio	5.65	4.09	3.69
Operating Surplus Ratio	(0.03)	0.01	0.01
Own Source Revenue Coverage Ratio	0.85	0.88	0.89
Asset Consumption Ratio	77.1%	78.9%	67.7%
Asset Renewal Funding Ratio	78.0%	N/A	N/A

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 Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$
Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expense over 10 years}}$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information at Note 35 of this document.

The 2017/18 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2018/19 Financial Assistance Grant on 30 June 2018.

The early payment of the grant increased operating revenue in 2017/18 and will decrease operating revenue in 2018/19 by \$179,000.

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

19. TRUST FUNDS

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

	Balance 1-Jul-17 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-18 \$
Bonds - Sub-divisions & Buildings	24,227	5,520	(4,330)	25,417
Bonds - Standpipes	1,920	0	0	1,920
Bonds - Other	7,155	11,631	(9,761)	9,025
Bonds - Crossover	16,500	6,300	(3,300)	19,500
Bonds - IC Units	736	0	0	736
Bonds - Kerb Deposits	27,288	0	(5,288)	22,000
Boddington Development Group	502	0	0	502
Refuse Site Keys	200	0	0	200
Public Open Space	(0)	0	0	(0)
BCTIF Levy	281	2,097	(2,378)	0
BRB Levy	288	3,615	(3,903)	0
	<u>79,097</u>	<u>29,163</u>	<u>(28,960)</u>	<u>79,300</u>

20. DISPOSALS OF ASSETS - 2017/18 FINANCIAL YEAR

The following assets were disposed of during the year with the impact reflected in the Comprehensive Income Statement.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
Office Shredder	-	-	-	-	-	-
Toyota Corolla	-	-	-	-	-	-
General Purpose Funding						
Law, Order, Public Safety						
Toyota Landcruiser (DFES)	-	-	-	-	-	-
Ford Ranger Utility 2015	-	-	-	-	-	-
Community Amenities						
Education and Welfare						
Health						
Housing						
25 Johnston Street	-	-	-	-	-	-
Holden Commodore Sedan 2013	-	-	-	-	-	-
Holden Commodore Sports wagon 2014	-	-	-	-	-	-
Community Amenities						
Recreation and Culture						
Tractor	-	-	-	-	-	-
Transport						
Road Roller Pneumatic Tyre	-	-	-	-	-	-
Holden Ute Single Cab	-	-	-	-	-	-
Economic Services						
General Purpose Funding						
TOTAL	0	0	0	0	0	0
Profit					0	0
Loss					0	0
					<u>0</u>	<u>0</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2017 \$	New Loans \$	Principal Repayments		Principal 30-Jun-18		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance								
Loan 105 Administration Centre	925,594	0	117,011	117,011	808,583	808,583	35,873	35,955
Health								
Loan 83 Doctors Residence	57,100	0	9,993	9,993	47,107	47,107	2,938	3,590
Education and Welfare								
Loan 99 Retirement Village	0	0	0	0	0	0	0	0
Loan 100 Childcare Centre	162,580	0	13,845	13,845	148,735	148,735	9,625	10,219
Housing								
Loan 91 46 Johnstone Street	0	0	0	0	0	0	0	0
Loan 94 3 Pecan Street	231,584	0	11,835	11,835	219,749	219,749	14,689	14,749
Loan 97 34 Hill Street	234,858	0	12,002	12,002	222,856	222,856	14,897	14,958
Community Amenities								
Recreation and Culture								
Loan 103 Recreation Centre	0	0	0	0	0	0	0	0
Loan 106 Recreation Centre	893,721	0	55,855	55,855	837,866	837,866	28,443	29,564
Transport								
Loan 102 Grader	0	0	0	0	0	0	0	0
Economic Services								
Other Property and Services								
	2,505,437	0	220,541	220,541	2,284,898	2,284,898	106,465	109,035

(*) Self supporting loan financed by payments from third parties.
All loan repayments were financed by general purpose revenue.

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

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2017/18

The Shire did not take up any new debentures during the year ended 30 June 2018.

(c) Unspent Debentures

The Shire had no unspent debentures as at 30 June 2018.

(d) Overdraft

Council has established an overdraft facility of \$750,000 to assist with short term liquidity requirements.
The balance of the bank overdraft at 1 July 2017 was \$Nil and 30 June 2018 was \$Nil.

SHIRE OF BODDINGTON
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22. RATING INFORMATION - 2017/18 FINANCIAL YEAR

(a) Rates		Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
RATE TYPE												
General Rate												
UV - All other		0.006487	279	103,764,000	673,117	2,569	0	675,686	673,117	0	0	673,117
UV - Mining		0.031955	45	35,795,626	1,143,849			1,143,849	1,143,849	0	0	1,143,849
GRV - Townsites		0.084000	490	8,753,296	735,277			735,277	735,277	17,193	0	752,470
GRV - Mining		0.057500	2	25,745,000	1,480,338		0	1,480,338	1,480,338	0	0	1,480,338
Sub-Totals			816	174,057,922	4,032,581	2,569	0	4,035,150	4,032,581	17,193	0	4,049,774
Minimum Payment		Minimum \$										
UV - All other		899.00	196		176,204	0	0	176,204	176,204	0	0	176,204
UV - Mining		899.00	42		37,758			37,758	37,758	0	0	37,758
GRV - Townsites		899.00	135		121,365			121,365	121,365	0	0	121,365
GRV - Mining		899.00	1		899	0	0	899	899	0	0	899
Sub-Totals			374	0	336,226	0	0	336,226	336,226	0	0	336,226
Ex-Gratia Rates								4,371,375	4,368,807	17,193	0	4,386,000
Discounts (refer note 25.)								0	0			0
Total Amount Raised From General Rate			1,190	174,057,922	4,368,807	2,569	0	4,371,375	4,368,807	17,193	0	4,386,000

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

22. RATING INFORMATION - 2017/18 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward/Carried Forward.

	2018 (30 June 2018 Carried Forward) \$	2017 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus/(Deficit)	369,622	751,517	751,517
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	917,932	1,207,339	1,207,339
Restricted	2,974,251	3,767,393	3,767,393
Receivables			
Rates Outstanding	199,364	164,609	164,609
Sundry Debtors	131,499	65,328	65,328
GST Receivable	53,762	98,357	98,357
Accrued interest receivable	1,704	3,415	3,415
Fuel Tax Credit	0	7,268	7,268
Inventories			
Fuel and Materials	0	2,044	2,044
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(447,824)	(276,700)	(276,700)
Accrued Interest on Debentures	(17,353)	(18,611)	(18,611)
Accrued Salaries and Wages	(96,697)	(86,958)	(86,958)
ATO Liabilities	(44,541)	(88,622)	(88,622)
FBT Creditor	(1,230)	(6,542)	(6,542)
Excess Rates	(14,375)	(25,945)	(25,945)
Secured by Floating Charge debentures	(230,305)	(220,541)	(220,541)
Provisions			
Provision for Annual Leave	(195,317)	(176,390)	(176,390)
Provision for Long Service Leave	(117,302)	(117,076)	(117,076)
<u>Net Current Assets</u>	<u>3,113,568</u>	<u>4,298,368</u>	<u>4,298,368</u>
<u>Less:</u>			
Reserves - Restricted Cash	(2,974,251)	(3,767,393)	(3,767,393)
Secured by floating charge	230,305	220,541	220,541
Adjusted Net Current Assets - Surplus/(Deficit)	<u>369,622</u>	<u>751,517</u>	<u>751,517</u>

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

23. SPECIFIED AREA RATE - 2017/18 FINANCIAL YEAR

Council did not levy specified area rates for the 2017/18 financial year.

24. SERVICE CHARGES - 2017/18 FINANCIAL YEAR

Council did not levy any service charges for the 2017/18 financial year.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2017/18 FINANCIAL YEAR

No discount was offered in respect of rates in the 2017/18 financial year.

26. INTEREST CHARGES AND INSTALMENTS - 2017/18 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	N/A	22,384	15,806
Interest on Instalments Plan	5.50%	N/A	5,788	6,222
Charges on Instalment Plan		8.50	5,802	6,049
Pensioner Deferred Rate Interest				
			33,974	28,077

Ratepayers had the option of paying rates in four equal instalments, due on 25 September 2017, 5 December 2017, 14 February 2018 and 26 April 2018. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2018 \$	2017 \$
Governance	34,854	40,070
General Purpose Funding	14,716	15,030
Law, Order, Public Safety	34,198	32,474
Health	24,099	25,310
Education and Welfare	296,987	336,060
Housing	2,708	2,125
Community Amenities	327,160	278,341
Recreation and Culture	96,604	60,334
Transport	245	321
Economic Services	190,269	200,836
Other Property and Services	2,657	17,550
	1,024,498	1,008,454

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

28. GRANT REVENUE

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

	2018	2017
By Nature or Type:	\$	\$
Operating Grants, Subsidies and Contributions	818,611	762,839
Non-Operating Grants, Subsidies and Contributions	2,745,506	3,269,917
	<u>3,564,117</u>	<u>4,032,756</u>
By Program:		
Governance	0	0
General Purpose Funding	507,479	529,844
Law, Order, Public Safety	780,247	267,932
Health	0	0
Education and Welfare	1,201,355	1,765,819
Housing	0	0
Community Amenities	2,247	0
Recreation and Culture	104,230	816,888
Transport	912,732	723,307
Economic Services	55,826	(71,034)
Other Property and Services	0	0
	<u>3,564,117</u>	<u>4,032,756</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date.

<u>29</u>	<u>29</u>
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30. ELECTED MEMBERS REMUNERATION

- (a) The following fees, expenses and allowances were paid to council members and/or the president.

	2018	Budget	2017
	\$	\$	\$
Meeting Fees	41,507	43,560	41,890
President's Allowance	8,000	8,000	8,000
Deputy President's Allowance	2,060	2,000	2,060
Travelling Expenses	1,637	4,248	2,503
Telecommunications Allowance	3,332	3,709	3,601
	<u>56,536</u>	<u>61,517</u>	<u>58,054</u>

- (b) **KEY MANAGEMENT REMUNERATION**

Bands	2018	2017
\$120,000 - \$129,999	1	1
\$130,000 - \$139,999	2	1
\$140,000 - \$149,999	1	0
\$150,000 - \$159,999	0	1
\$180,000 - \$189,999	0	1
\$200,000 - \$209,999	0	1
\$210,000 - \$219,999	1	0

Disclosure in respect of key personnel the table above includes all short term remuneration, including, gross salary, superannuation, and other cash and non-cash benefits.

The Director of Corporate and Community Services left employment in May 2018 and was replaced in February 2018, and the key management remuneration applies to the former Director.

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2017/18 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

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

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	3,892,183	4,974,732	3,892,183	4,974,732
Receivables	386,328	338,977	386,938	349,384
	<u>4,278,511</u>	<u>5,313,709</u>	<u>4,279,121</u>	<u>5,324,116</u>
Financial Liabilities				
Payables	918,308	803,379	918,308	803,379
Borrowings	2,284,898	2,505,437	2,284,898	2,505,437
	<u>3,203,206</u>	<u>3,308,816</u>	<u>3,203,206</u>	<u>3,308,816</u>

Fair value is determined as follows :

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Borrowings - estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets - based on quoted market prices at the reporting date or independent valuation.

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-maturity investments

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2018	2017
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	38,922	49,747
- Statement of Comprehensive Income	38,922	49,747

Notes:

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

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid.

The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies.

It also encourages ratepayers to pay rates by the due date through incentives.

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

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

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

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

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

	2018	2017
Percentage of Rates and Annual Charges		
- Current (this year)	53%	36%
- Overdue	47%	64%
Percentage of Other Receivables		
- Current	50%	74%
- Overdue	50%	26%

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2018</u>					
Payables	618,308	300,000	0	918,308	918,308
Borrowings	230,305	1,014,657	1,039,935	2,284,898	2,284,898
	<u>848,613</u>	<u>1,314,657</u>	<u>1,039,935</u>	<u>3,203,206</u>	<u>3,203,206</u>
<u>2017</u>					
Payables	503,379	300,000	0	803,379	803,379
Borrowings	220,541	1,205,086	1,079,810	2,505,437	2,505,437
	<u>723,920</u>	<u>1,505,086</u>	<u>1,079,810</u>	<u>3,308,816</u>	<u>3,308,816</u>

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

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2018								
Borrowings								
Fixed Rate								
Debentures	0	0	0	0	47,107	2,237,791	2,284,898	4.45%
Weighted Average Effective Interest Rate					6.47%	4.41%		
Year Ended 30 June 2017								
Borrowings								
Fixed Rate								
Debentures	0	0	0	0	12,942	2,492,495	2,505,437	4.45%
Weighted Average Effective Interest Rate					6.57%	4.40%		

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

34. RELATED PARTIES DISCLOSURE

(a) Subsidiaries (i.e. Entities and Operations controlled by Council)

Council has no interest in any Subsidiaries.

(b) Associates

Council has no interest in any Associates.

(c) Joint Ventures

Council has not interest in any Joint Ventures.

(d) Key Management Personnel

Transactions with Key Management Personnel

Key management personnel include the Councillors, Chief Executive and other members of the senior management team.

Related parties include Council's key management personnel (KMP), their close family members, and any entities that they or any of their close family members control or jointly control.

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, use of Council facilities, etc).

The compensation paid to Key Management Personnel comprises:

	2018	2017
	\$	\$
Short-Term Employee Benefits	803,120	749,474
Post-Employment Benefits	79,998	118,956
Long-Term Benefits	105,952	119,214
Termination Benefits	0	0
Total	989,070	987,644

(e) Transactions with Related Parties

Council has assessed the materiality of disclosure of transactions with related parties on the following criteria:

- 1) The potential effect of the relationship on the financial statements;
- 2) Whether the transaction occurred as:
 - a) part of a public service provider relationship with a taxpayer on terms no different to that of a transaction with the general public or
 - b) part of an ordinary operational transaction within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that is reasonable to expect the Council would have adopted with the party at arm's length in the same circumstances.

Transactions with associated companies/individuals:

	2018	2017
	\$	\$
Purchase of goods and services	4,533	12,996

Council has determined that no other material transactions with related parties have occurred during the financial year 2017/18.

**SHIRE OF BODDINGTON
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2018**

35. RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2018	2017	2016
Asset Consumption Ratio	77.1%	78.9%	67.7%
Asset Renewal Funding Ratio	78.0%	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

Note - that the Asset Renewal funding ratio as outlined above could not be verified on data relating to all Asset management Plans, as some were still being developed and will be finalised until December 2018.

INDEPENDENT AUDITOR'S REPORT

TO THE COUNCILLORS OF THE SHIRE OF BODDINGTON REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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

In our opinion the annual financial report of the Shire of Boddington:

- (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 Boddington for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the 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 Boddington 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 the Shire of Boddington'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 Boddington 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 Boddington'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 Boddington.

The Council is responsible for overseeing the Shire of Boddington'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 Boddington'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 Boddington'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, there are no significant adverse trends in the financial statements of the Shire of Boddington.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of my audit:
 - a. The 2017 Annual Financial Report was not submitted to the Department of Local Government and Communities within 30 days of receiving the Audit Report as required by the Local Government (Financial Management) Regulations 1996 Section 50(2).
- (iii) All required information and explanations were obtained by us.
- (iv) All audit procedures were satisfactorily completed.
- (v) In our opinion, the asset consumption ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.
- (vi) In our opinion, the asset renewal funding ratio included in the annual financial report was not supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Boddington for the year ended 30 June 2018 included on the Shire of Boddington's website. The Shire of Boddington's management is responsible for the integrity of the Shire of Boddington's website. This audit does not provide assurance on the integrity of the Shire of Boddington'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



MARIA CAVALLO
Director

Bunbury, Western Australia

Dated this 25th day of October 2018