



ORDINARY COUNCIL MEETING

17 DECEMBER 2019

ATTACHMENT

8.2.2A

Draft Annual Report 2018-2019



Shire of
BODDINGTON

Flowing with Natural Beauty

ANNUAL REPORT
2018-2019



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The Shire of Boddington

Administration Centre
39 Bannister Road
(PO Box 4)
BODDINGTON WA 6390

Tel: 08 9883 4999
Fax: 08 9883 8347
Email: shire@boddington.wa.gov.au
Website: www.boddington.wa.gov.au

Statistics

Population	1833
Distance from Perth	123 km
Number of Elector Properties	1191
Number of Dwellings	811
Area	1,900 sq km
Length of Sealed Roads	114 km (excludes MRWA)
Length of Unsealed Roads	152 km (excludes MRWA)
Rates Levied 2017/18	\$4.5 Million
Total Operating Revenue 2017/18	\$6.8 Million
Total Capital Revenue 2017/18	\$0.5 Million
Council Employees	32 Full Time Equivalent

Facilities

Boddington Early Learning Centre
Boddington Medical Centre
Boddington District High School
Boddington Community Library & Cafe
Boddington Hospital
Boddington Police Station
Boddington Swimming Pool
Boddington Youth Centre
Boddington Sport & Recreation Centre
Boddington Caravan Park/Old Police station accommodation.
Boddington Independent Living Units
Boddington Retirement Units
Boddington Independent Care Units
Boddington Town Hall
Boddington Health Centre
Boddington Shire Administration Centre, including Licensing.
Boddington Community Arts & Crafts
Boddington Playground and Reserves
Boddington District High School
Boddington Playgroup
Boddington Pavilion
Boddington Rodeo Grounds
Boddington Visitor Information Centre/Interpretive Centre
Boddington Community Resource Centre
Boddington Cemeteries
Boddington Emergency Services
Boddington Council Depot
Boddington Outdoor Stage
Boddington Public Toilets
Boddington Refuse site
Boddington Housing for Staff
Boddington Tennis Courts
Boddington Basketball Courts
Boddington Sports & Community Club

Local Events / Tourist Attractions

Boddington Lions Rodeo Weekend – 1st Weekend in November annually

- Boddington Lions Rodeo
- Boddington Arts Council Open Day and Arts & Craft Competition
- Act Belong Commit Rodeo Street Parade
- Act Belong Commit Friday Night Festival

Act Belong Commit Boddington Music Festival – Mid to Late February annually

Boddington Arts Council Field of Quilts – Queens Birthday Long Weekend Annually

Quindanning Picnic Races – Easter Weekend Annually

Shire of Boddington Light the Tree Christmas Celebration – 1st December annually

Boddington Community Markets (First Sunday each month or as advertised)

Boddington Lions Club Big Australia Day Breakfast – 26 January annually

Boddington Medieval Fayre and Feast – May Annually

Boddington Open Gardens and Wildflower Trail– Queens Birthday Long Weekend Annually

Picturesque Hotham River

South32 Worsley Alumina Conveyor - Longest overland cable driven conveyor belt in Southern Hemisphere

Lion's Weir and Fish Ladder – Hotham River Foreshore

Tullis Bridge Walk and Rail Trail

Ranford Pool River Walk

Dilyans Grave

St Albans Church Marradong

Red Hill Reserve and Walk Trail

Boddington Visitor and Interpretive Centre

Go West Mine to Mint Tours

Marradong Country Self Drive Trails



Sporting Groups

Football – Soccer and AFL	Badminton	Basketball
Cricket	Cycling	Darts
Golf	Horse Riding	Lawn Bowls
Tennis	Swimming	Ride on Mower Racing
Netball	Rifle Club	Living Longer, Living Stronger
Stay on your feet exercise	Basketball	

Community Groups

Boddington Arts Council	Boddington Community Resource Centre
- Boddington Community Markets	
- Garden Group	
- Book Club	
- Mosaicking Group	
- Sewing Group	
Boddington Family Support Group	Nuts & Bolts Motor Club
- Toy Library	
Boddington Youth Centre	Boddington Community Markets
Church Services	Boddington Mens Shed Inc
Boddington Sports & Community Club	Boddington Country Women's Association
Golden Oldies	Home and Community Care
Ladies Hospital Auxiliary	Boddington Lions Club
Boddington District High School P & C	Boddington Playgroup
Returned Servicemans League	State Emergency Service
Friends of the Reserves	
Volunteer Fire Brigades:	
Boddington	
Crossman	
Marradong	
Quindanning	



Local Industries

Mining: Bauxite & Gold

Agriculture: Sheep, Cattle, Cereal Crops, Viticulture, Orchards, Olive Groves

Timber: Pine & Blue-gum Plantations

Tourism: Go West Mine to Mint Tours, Heritage Trails



Elected Members

R (RODNEY) MCSWAIN
Shire President

MOB: 0403 259 719
EMAIL: crrmcswain@boddington.wa.gov.au

Elected to office in 2017
Retiring 2021

G (GARRY) VENTRIS
Deputy Shire President

PH: 9883 9225
MOB: 0447 773 124
EMAIL: crgventris@boddington.wa.gov.au

Elected to office in 2017
Retiring 2021

M (MARTIN) GLYNN
Councillor

MOB: 0411 154 256
EMAIL: crmglynn@boddington.gov.au

Elected to office in 2015
Retiring 2019

E (EARL) SCHREIBER
Councillor

PH: 9883 9490
MOB: 0428 494 473
EMAIL: creschreiber@boddington.wa.gov.au

Elected to office in 2019
Retiring 2023

C (COERT) ERASMUS
Councillor

PH: 9883 9999
EMAIL: crcerasmus@boddington.wa.gov.au

Elected to office in 2019
Retiring 2023

W (WILLIAM) MCGRATH
Councillor

MOB: 0417 972 890
EMAIL: crwmcgrath@boddington.wa.gov.au

Elected to office in 2017
Retiring 2021

J (JASON) HOFFMAN
Councillor

PH: 9883 8943
MOB: 0432 920 921
EMAIL: crjhoffman@boddington.wa.gov.au

Elected to office in 2017
Retiring 2021

President's Report

2019 has seen some frustrating delays and some new beginnings. The key project to deliver **Hotham Park**, our riverside development of a nature playground, skate park, pump track and landscaped parklands with amphitheatre and water access, has sat like a runner in the starting blocks, waiting for the starter's gun to go off. In October, we were able to commence the scope of works, so the planning and vision will now become a reality. Tenders are expected to be finalised soon and work will commence early in 2020. This is an exciting and bold enhancement to the town and will attract numerous visitors, provide a wonderful community resource and create a strong sense of local pride, enriching Boddington and strengthening our connection to the river.

Our efforts to enhance the recreational value of our two main ovals have also been beset with delays. To our west is the dam that formerly serviced Boddington's water needs. Works to pipe this water into the dams beside the Rec Centre have been all but finalised this year. This project has likewise made good progress and will also reach fruition early next year.

New beginnings have been fostered this year with a commitment to the development of trails across our Shire. Walking, running, bike riding, horse riding, kayaking and motor bike and vehicle trails are all under consideration and land has been identified for development close to the Boddington town site. Funds have been secured for new planning and the new year will see this project start to unfold.

The Sculpture Town project has begun and is taking on a vibrant and upbeat feel of 'upcycled' and entertaining works. Both the Council and Shire have worked hard to bring sculpture to our part of the world with the help of professional local sculptor Len Zuks. Len's relationship with Boddington has developed over many years and he has now completed a year as our artist-in-residence. Sculptures have filled the town and many local artists have and still are working hard to create wonderful contributions to the collected works. The new year will see the addition of bold entry statements to Boddington, bringing strong identifying sculptural features of our landscape that will impress and build on our sense of place. Art is something that can enhance wellbeing and challenge us to think outside-the-box.

2019 also saw Council revisit the previous commitment to address global warming by looking at ways to reduce waste across the Shire and minimise our carbon footprint and the challenges of recycling. The Container Deposit Scheme commences next year.

The year has been a time of ongoing consolidation. The Shire has continued the trend of careful fiscal management, maintaining resilience, forward planning and sound asset management and compliance. The Shire has maintained good standing in local government finance indicators and rankings which is expected to continue in our forward estimates. The Shire has worked to consolidate the key annual events in the Boddington Lion's Rodeo, Friday Night Festival and Rodeo Street Parade with new toilet blocks constructed and event management support. This annual event has grown year-on-year into a major event on our State's calendar.

Looking to 2020, Boddington is likely to have an exciting and significant year, when residents will see the result of many years of hard work and planning of consecutive Councils.

This year's President's Report is jointly presented by outgoing President Cr Martin Glynn and newly elected President, Rod McSwain.

Cr Rod McSwain
Newly Elected Shire President
Shire of Boddington

Cr Martin Glynn
Outgoing Shire President
Shire of Boddington



Chief Executive Officer's Report

2018/19 was a year of consolidation. Council and staff spent considerable resources preparing for the foreshore redevelopment. Council officers also worked very hard to convince DPIRD (Department of Primary Industries and Regional Development) that the final trench of monies it was holding in relation to original Supertowns projects should be used for construction of the foreshore development.

Taking over the Financial and Human Resource operations of the BCRC (Boddington Community Resource Centre) consumed considerable resources and is in part responsible for the lateness of delivering this annual report.

PROJECTS

During the 2018/19 financial year, \$1.5M was spent on the capital projects that were undertaken, completed or progressed for completion. The main current year expenditures are shown below:

Project/Activity	Main Items	Status	\$
Building – CEO Residence	Construction	COMP	\$131,000
Community Club	Refurbishment	COMP	\$7,800
Fire Vehicle	Forward Command Vehicle	COMP	\$9,000
Footpath	Renewal	COMP	\$54,300
Foreshore Project	Architects fees	WIP	\$64,600
Main Street upgrade	Ken Austic Square Pavilion	COMP	\$131,600
Other Existing Buildings	Refurbishment	COMP	\$98,000
Plant Equipment	Computers, Heavy Plant & Minor Equipment	COMP	\$73,000
Public Art	Sculptures	COMP	\$30,000
Ranford Pool	Landscaping Works	COMP	\$20,000
Roads	Road Infrastructure	COMP	\$693,000
Water Pipeline	Reticulation to Old Boddington Dam	WIP	\$267,000

All the above projects were achieved with the use of grants, Council's own funds and no new borrowings.

CASH POSITION

Council's cash position improved from \$3.9 million at the end of 2018 to \$5,050,000 at 30 June 2019, whilst simultaneously achieving an acceptable current ratio of 0.94.

Council's Asset Sustainability Ratio was 0.51 against the Departmental guideline of between 0.9 to 1.1. This ratio should improve in the coming financial year with the commencement of the foreshore capital project.

Council has diminishing debt liability and a healthy debt service cover ratio of 4.87, compared to the Treasury guidelines of 2.

ENVIRONMENTAL HEALTH/BUILDING SERVICES

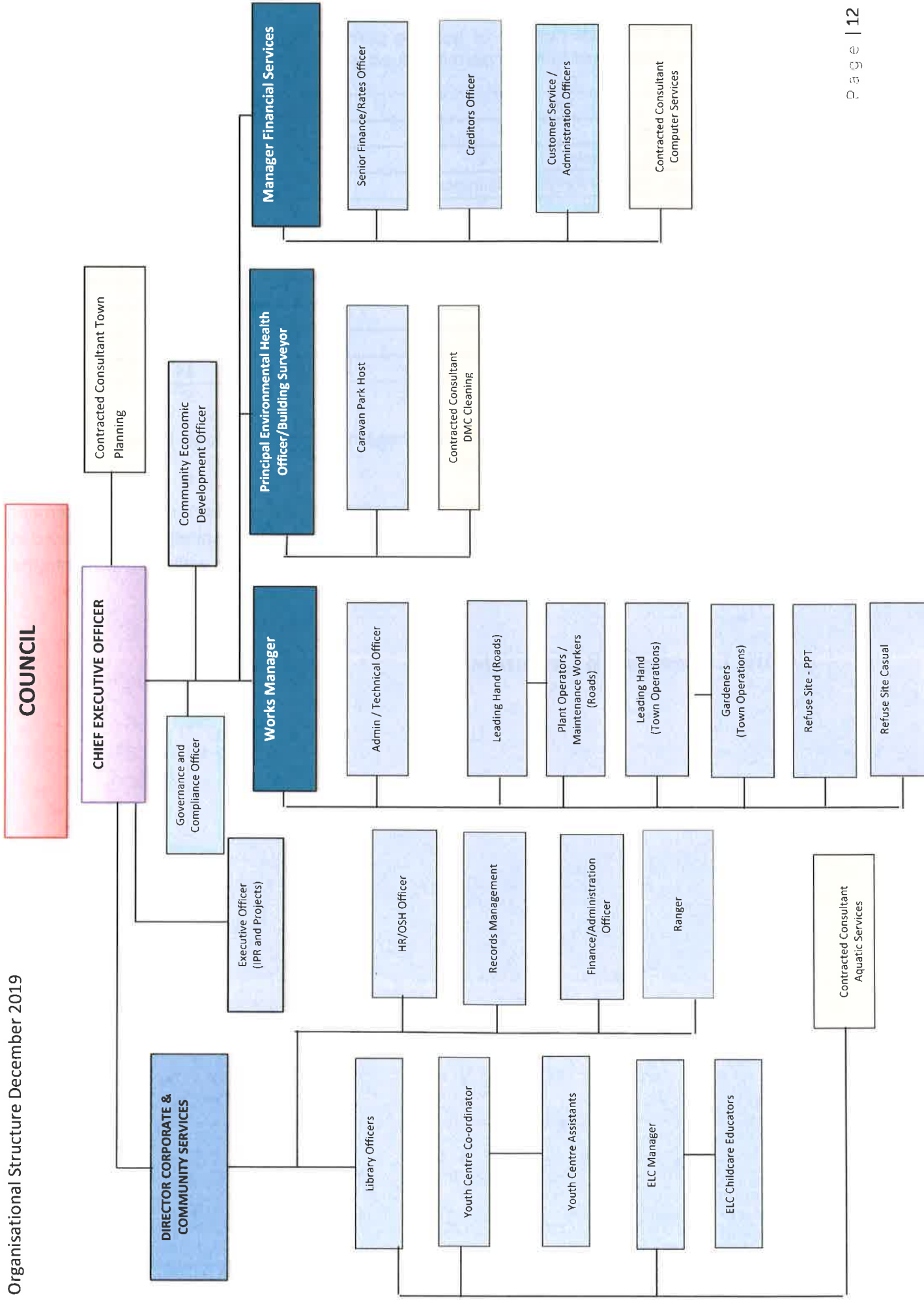
An increase in the total number of building permits issued by 11% was experienced in 2018/19. The breakup of building permits issued is as follows:

	2018/19	2017/18	2016/17
Dwellings	6	4	5
Dwelling Additions		0	1
Sheds / Patios / Pergolas / Garages	19	24	34
Swimming Pools	6	4	1
Commercial	4	0	4
Demolitions	1	1	0
Other	10	5	2
Building Approval Cert	1	2	2
Building Permit Extensions	2	4	3
Total	49	44	52

During the year, Council adopted Asset Management plans for Road Network, Footpath Network, Culverts and Building & Land.

Finally, I must thank the staff and the Councillors for their contribution to the advancement of the Shire and their continued work towards the community's aspirations, as outlined in the Community Strategic Plan. Council's long-term financial plan is well integrated into the normal business of Council and forms the basis for the Annual Budget.

Chris Littlemore B Comm MBA



Statutory Reports

National Competition Policy

The Shire of Boddington continues to meet its obligations to the competition policy and monitors the introduction of Council policies and local laws, which may be the subject of anti-competitive practices. Annual reviews are undertaken and no complaints were received in the 2018-2019 year.

Disability Access & Inclusion Plan: Revised for 2019-2024

Section 29 of the *Disability Services Act 1993* requires all public authorities to report on the implementation of their Disability Access & Inclusion Plans. Amendments to the Act in 1999 require that any Local Government that has a Disability Access & Inclusion Plan must include in its Annual Report, prepared under Section 5.53 of the *Local Government Act 1995*, a report about the implementation of its Plan.

As a result of the consultation process the following overarching strategies will guide tasks, reflected in the Implementation Plan, that the Shire of Boddington will undertake from 2019-2024 to improve access to its services, buildings and information. The six desired outcomes provide a framework for improving access and inclusion for people with disabilities in the Shire of Boddington.

The Shire of Boddington is committed to achieving the following desired outcomes of its DAIP.

Outcome 1

People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.

- Council endeavours to be adaptable in responding to the barriers experienced by people with various disabilities, including people with physical, sensory, cognitive and psychiatric disabilities.
- Council ensures that all policies and practices that govern the operation of Council facilities, functions and services are consistent with Council's Policy on access.

Outcome 2

People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.

- Council undertake to incorporate the priorities regarding access for people with disabilities, identified during the consultations, into its submission for its capital works improvement program. Modifications will commence as funds are made available.
- Council undertake to liaise with developers to increase their awareness of the access requirements of people with disabilities.

Outcome 3

People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.

- Council produce all of its information on Council facilities, functions and services using clear and concise language.
- Council advise the community that, upon request, information about Council function, facilities and services can be made available in alternative formats, such as large print.

Outcome 4

People with disabilities receive the same level and quality of service from the employees of a public authority as other people receive from the employees of that public authority.

- Council undertake to ensure that staff are aware of the key access needs of residents with disabilities and people with disabilities who visit the Local Government area in relation to the provision of all services.
- Where required, Council seek expert advice from the disability field on how to meet the access needs of people with disabilities.

Outcome 5

People with disabilities have the same opportunities as other people to make complaints to a public authority.

- Ensure that grievance mechanisms are accessible for people with disabilities and are acted upon.

Outcome 6

People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.

- Ensure that people with disabilities are actively consulted about the DAIP and any other significant planning processes.
- Ensure that people with disabilities are aware of and can access other established consultative processes.

Record Keeping

In accordance with the State Records Act 2000, the Shire of Boddington's Record Keeping Plan was reviewed and submitted to the State Archivist in June 2015.

A self- assessment evaluation to determine efficiency and effectiveness of the system was conducted in September 2015 and identified one item requiring attention. This is being addressed. The Shires' current record system is "Keywords for Council".

Record retention and subsequent destruction is completed in accordance with the General Disposal Authority for Local Governments. The Disposal Authority defines minimum

periods of retention and provides guidelines for destruction. The CEO signs all disposal requests prior to destruction.

Training in record keeping is completed in line with the plan. Initially introduced by the HR/OSH Officer at the time of inducting new staff, then with either the Records Officer or Executive Officer providing one to one training as required or requested by staff.

The opportunity to raise records matters (along with any other issues) exists at the weekly staff meetings. On occasions staff has used this forum to seek clarification, which is immediately provided to the entire group, by the Records Officer. We have now committed for the Records Officer to undertake refresher training/review with staff biannually. Administration now has 3 fully trained Record-keeping Officers.

Freedom of Information act 1992

The Shire of Boddington is subject to the provisions of the Freedom of Information Act 1992, which gives individuals and organisations a general right of access to information held by the Shire. The Act also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied for under the Act. The Shire received one (1) request for information during 2018/2019.

Public Interest Disclosures

The Public Interest Disclosure Act 2003 facilitates the disclosure of public interest information, and provides protection for those making such disclosure and those who are the subject of the disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken. The Chief Executive Officer reports that no Complaints have been received during the year under review and declares that all obligations under the Public Interest Act and the Local Government Act Section 5.121 have been complied with.

Register of Complaints

In accordance with Section 5.121 of the Local Government Act 1995 (as amended) and Section 5.53 (2), the Annual Report is required to disclose the number of complaints received each year.

No. of complaints 2018-19 Nil

Action taken during 2018-19 Nil

Employee Numbers

The number of full time employees at balance date:

	2019	2018
	32	29

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

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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 2019**

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

Signed as authorisation of issue on the *10th* day of December 2019



Chris Littlemore
Chief Executive Officer

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

	NOTE	Actual 2019 \$	2019 Budget \$	Actual 2018 \$
Revenue				
Rates	22(a)	4,513,324	4,501,927	4,371,375
Operating Grants, Subsidies and Contributions	28	833,493	702,595	818,611
Fees and Charges	27	1,195,134	1,174,175	1,024,498
Interest Earnings	2(a)	147,415	150,768	128,219
Other Revenue	2(a)	80,703	86,864	85,858
		<u>6,770,069</u>	<u>6,616,328</u>	<u>6,428,561</u>
Expenses				
Employee Costs		(2,683,401)	(2,630,729)	(2,421,382)
Materials and Contracts		(1,764,986)	(2,002,683)	(1,521,093)
Utility Charges		(347,629)	(341,324)	(304,663)
Depreciation on Non-Current Assets	2(a)	(2,087,079)	(2,021,188)	(1,936,682)
Interest Expenses	2(a)	(100,140)	(99,271)	(107,723)
Insurance Expenses		(235,075)	(238,155)	(193,806)
Other Expenditure		(123,879)	(149,284)	(138,476)
		<u>(7,342,188)</u>	<u>(7,482,634)</u>	<u>(6,623,823)</u>
		(572,119)	(866,306)	(195,262)
Non-Operating Grants, Subsidies and Contributions	28	532,555	759,983	2,745,506
Fair Value Adjustment to financial assets through P/L		30,934	-	-
Profit on Asset Disposals	20	6,750	-	-
(Loss) on Asset Disposals	20	(61,669)	-	-
		<u>(63,548)</u>	<u>(106,322)</u>	<u>2,550,243</u>
NET RESULT				
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in Asset Revaluation Surplus	13	(405,696)	-	7,226,462
		<u>(405,696)</u>	<u>-</u>	<u>7,226,462</u>
Total Other Comprehensive Income		<u>(405,696)</u>	<u>-</u>	<u>7,226,462</u>
Total Comprehensive Income		<u>(469,245)</u>	<u>(106,322)</u>	<u>9,776,705</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 2019

	NOTE	Actual 2019 \$	2019 Budget \$	Actual 2018 \$
Revenue				
Governance		58,139	52,543	58,579
General Purpose Funding		4,975,669	4,807,207	4,831,298
Law, Order, Public Safety		313,295	290,372	335,902
Health		26,996	27,408	25,593
Education and Welfare		519,398	574,890	368,842
Housing		10,304	6,812	12,348
Community Amenities		332,926	295,322	329,407
Recreation and Culture		68,687	77,560	133,108
Transport		130,745	119,500	119,567
Economic Services		305,036	298,015	199,276
Other Property and Services		59,807	66,700	14,639
	2(b)	<u>6,801,003</u>	<u>6,616,328</u>	<u>6,428,561</u>
Expenses				
Governance		(14,997)	174,555	36,434
General Purpose Funding		(31,454)	(10,484)	(11,217)
Law, Order, Public Safety		(584,697)	(666,196)	(640,347)
Health		(239,370)	(251,750)	(258,383)
Education and Welfare		(733,669)	(721,931)	(579,762)
Housing		31,022	29,962	32,883
Community Amenities		(714,669)	(714,046)	(646,820)
Recreation & Culture		(1,673,534)	(1,687,858)	(1,482,718)
Transport		(2,578,184)	(2,689,351)	(2,531,079)
Economic Services		(628,308)	(750,399)	(457,737)
Other Property and Services		(74,189)	(95,866)	22,646
	2(b)	<u>(7,242,048)</u>	<u>(7,383,364)</u>	<u>(6,516,100)</u>
Financial Costs				
Governance		(31,995)	(31,216)	(35,914)
Education and Welfare		(9,902)	(9,316)	(9,922)
Housing		(30,551)	(31,068)	(32,883)
Recreation & Culture		(27,691)	(27,671)	(29,003)
Transport		-	-	-
	2(a)	<u>(100,140)</u>	<u>(99,271)</u>	<u>(107,723)</u>
Non-Operating Grants, Subsidies and Contributions				
General Purpose Funding		97,943	98,000	188,000
Law, Order, Public Safety		-	-	508,819
Education and Welfare		-	-	1,129,500
Recreation & Culture		134,412	230,000	70,000
Transport		300,200	431,983	793,411
Economic Services		-	-	55,775
	28	<u>532,555</u>	<u>759,983</u>	<u>2,745,506</u>
(Loss) on Disposal of Assets				
Governance		(43,620)	-	-
Education & Welfare		(3,246)	-	-
Recreation & Culture		(2,073)	-	-
Transport		(1,664)	-	-
Economic Services		(4,315)	-	-
	20	<u>(54,919)</u>	<u>-</u>	<u>-</u>
Net Result		<u>(63,548)</u>	<u>(106,322)</u>	<u>2,550,243</u>
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in Asset Revaluation Surplus	13	(405,696)	-	7,226,462
Total Other Comprehensive Income		<u>(405,696)</u>	<u>-</u>	<u>7,226,462</u>
Total Comprehensive Income		<u>(469,245)</u>	<u>(106,322)</u>	<u>9,776,705</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 2019**

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	5,052,930	3,892,183
Trade and Other Receivables	4	559,135	386,328
TOTAL CURRENT ASSETS		<u>5,612,065</u>	<u>4,278,511</u>
NON-CURRENT ASSETS			
Other Financial Assets	5	30,934	-
Land Held for Sale	6	-	272,538
Property, Plant and Equipment	7	29,841,541	30,442,554
Infrastructure	8	53,384,328	54,536,959
TOTAL NON-CURRENT ASSETS		<u>83,256,803</u>	<u>85,252,051</u>
TOTAL ASSETS	18	<u>88,868,868</u>	<u>89,530,562</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	662,214	618,308
Borrowings	10	240,532	230,305
Provisions	11	323,626	312,619
TOTAL CURRENT LIABILITIES		<u>1,226,372</u>	<u>1,161,232</u>
NON-CURRENT LIABILITIES			
Trade and Other Payables	9	300,000	300,000
Borrowings	10	1,818,039	2,054,593
Provisions	11	45,024	66,065
TOTAL NON-CURRENT LIABILITIES		<u>2,163,063</u>	<u>2,420,658</u>
TOTAL LIABILITIES		<u>3,389,435</u>	<u>3,581,890</u>
NET ASSETS		<u>85,479,432</u>	<u>85,948,675</u>
EQUITY			
Retained Surplus		32,701,686	34,156,787
Reserves - Cash Backed	12	4,365,804	2,974,251
Revaluation Surplus	13	48,411,940	48,817,636
TOTAL EQUITY		<u>85,479,432</u>	<u>85,948,675</u>

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 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		30,813,402	3,767,393	41,591,174	76,171,968
Comprehensive Income		2,550,243	-	-	2,550,243
Net Result		<u>2,550,243</u>	<u>-</u>	<u>7,226,462</u>	<u>7,226,462</u>
Changes on Revaluation of Non-Current Assets	13	-	-	7,226,462	7,226,462
Total Comprehensive Income		<u>2,550,243</u>	<u>-</u>	<u>7,226,462</u>	<u>9,776,705</u>
Transfers from/(to) Reserves		793,142	(793,142)	-	-
Balance as at 30 June 2018		34,156,787	2,974,251	48,817,636	85,948,675
Comprehensive Income		(63,548)	-	-	(63,548)
Net Result		<u>(63,548)</u>	<u>-</u>	<u>(405,696)</u>	<u>(405,696)</u>
Changes on Asset Revaluation Surplus	13	-	-	(405,696)	(405,696)
Total Comprehensive Income		<u>(63,548)</u>	<u>-</u>	<u>(405,696)</u>	<u>(469,245)</u>
Transfers from/(to) Reserves		(1,391,553)	1,391,553	-	-
Balance as at 30 June 2019		32,701,686	4,365,804	48,411,940	85,479,430

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

	NOTE	Actual 2019 \$	2019 Budget \$	Actual 2018 \$
Cash Flows From Operating Activities				
Receipts				
Rates		4,429,777	4,501,927	4,334,174
Operating Grants, Subsidies and Contributions		833,493	702,595	818,611
Fees and Charges		1,087,071	1,174,175	955,946
Interest Earnings		143,760	150,768	129,930
Goods and Services Tax		4,518	-	48,236
Other Revenue		173,632	86,864	85,858
		<u>6,672,250</u>	<u>6,616,328</u>	<u>6,372,754</u>
Payments				
Employee Costs		(2,657,829)	(2,630,729)	(2,398,835)
Materials and Contracts		(1,833,460)	(2,002,683)	(1,386,938)
Utility Charges		(347,629)	(341,324)	(304,663)
Interest Expenses		(98,440)	(99,271)	(106,465)
Insurance Expenses		(235,075)	(238,155)	(193,806)
Goods and Services Tax		89	-	(9,667)
Other Expenditure		(123,879)	(149,284)	(138,476)
		<u>(5,296,223)</u>	<u>(5,461,446)</u>	<u>(4,538,848)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>1,376,027</u>	<u>1,154,883</u>	<u>1,833,906</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(315,812)	(744,958)	(3,720,160)
Payments for Construction of Infrastructure		(1,263,948)	(2,555,691)	(1,721,260)
Non-Operating Grants, Subsidies and Contributions		532,555	759,983	2,745,506
Proceeds from Sale of Fixed Assets		1,058,250	1,450,500	-
Net Cash Provided by (Used in) Investment Activities		<u>11,045</u>	<u>(1,090,166)</u>	<u>(2,695,914)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(226,327)	(230,305)	(220,541)
Proceeds from New Debentures		-	-	-
Net Cash Provided By (Used In) Financing Activities		<u>(226,327)</u>	<u>(230,305)</u>	<u>(220,541)</u>
Net Increase (Decrease) in Cash Held		1,160,745	(165,588)	(1,082,549)
Cash at Beginning of Year		3,892,183	3,892,183	4,974,732
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>5,052,930</u></u>	<u><u>3,726,594</u></u>	<u><u>3,892,183</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 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Operating Grants, Subsidies & Contributions		833,493	702,595	818,611
Capital Grants/Contributions		532,555	759,983	2,745,506
Fees & Charges		1,195,134	1,174,175	1,024,498
Interest Earnings		147,415	150,768	128,219
Profit on Sale of Assets	20	6,750	-	-
Fair value adjustments to financial assets at fair value through profit or loss		30,934	-	-
Other Revenue		80,703	86,864	85,858
		<u>2,826,984</u>	<u>2,874,385</u>	<u>4,802,691</u>
Expenses				
Employee Costs		(2,683,401)	(2,630,729)	(2,421,382)
Materials and Contracts		(1,764,986)	(2,002,683)	(1,521,093)
Utility Charges		(347,629)	(341,324)	(304,663)
Depreciation on Non-Current Assets	2(a)	(2,087,079)	(2,021,188)	(1,936,682)
Interest Expenses	2(a)	(100,140)	(99,271)	(107,723)
Insurance Expenses		(235,075)	(238,155)	(193,806)
Loss on Sale of Assets	20	(61,669)	-	-
Other Expenditure		(123,879)	(149,284)	(138,476)
		<u>(7,403,857)</u>	<u>(7,482,634)</u>	<u>(6,623,823)</u>
Net Result Excluding Rates		(4,576,873)	(4,608,249)	(1,821,131)
Adjustments for Cash Budget Requirements:				
Non-cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	20	54,919	-	-
Depreciation on Assets	2(a)	2,087,079	2,021,188	1,936,682
Capital Expenditure and Revenue				
Purchase Land and Buildings	7(b)	(233,812)	(331,552)	(3,007,156)
Purchase Furniture and Equipment	7(b)	(35,072)	(60,000)	(46,430)
Purchase Plant and Equipment	7(b)	(46,928)	(353,406)	(666,574)
Purchase Other Infrastructure	8(b)	(399,284)	(227,083)	(256,590)
Purchase Roads	8(b)	(669,381)	(722,000)	(985,136)
Purchase Footpaths	8(b)	(54,318)	(71,970)	(40,500)
Purchase Waste site Infrastructure	8(b)	-	(60,000)	-
Purchase Culverts & Bridges	8(b)	(23,766)	(196,470)	(282,000)
Purchase - New Initiatives	8(b)	(114,109)	(722,855)	-
Purchase Parks and Ovals	8(b)	(3,091)	(7,000)	(141,871)
Purchase Public Facilities	8(b)	-	-	(15,162)
Proceeds from Disposal of Fixed Assets	20	1,058,250	1,450,500	-
Repayment of Debentures	21(a)	(226,327)	(230,305)	(220,541)
Transfers to Reserves (Restricted Assets)	12	(2,865,960)	(1,569,070)	(1,139,313)
Transfers from Reserves (Restricted Assets)	12	1,474,407	1,054,138	1,932,455
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	369,622	369,622	751,517
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	(308,681)	(237,415)	(369,622)
Total Amount Raised from General Rate	22(a)	<u><u>(4,513,324)</u></u>	<u><u>(4,501,927)</u></u>	<u><u>(4,371,375)</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 2019

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) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies previously held in the Trust Fund are now included in the financial statements as deposits and bonds held. 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 2019

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.

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 34.

Classification and subsequent measurement

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

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

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

(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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land Under Control

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

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

Land Under Roads

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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.

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) Adjusted 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	40 to 75 years
Infrastructure other as categorised below (excluding land and buildings):	
Caravan Park	7.5 to 15 years
Foreshore	10 to 25 years
Parks and ovals	5 to 25 years
Public use facilities	5 to 30 years
Waste site	20 to 40 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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 \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

Valuation techniques that reflect the current replacement cost of 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.

(h) Other Financial Assets

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 34.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial liabilities

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

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

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

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

(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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

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 17.

(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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 2019

2. REVENUE AND EXPENSES

(a) Net Result

The Net Result includes:

(i) Charging as an Expense:

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Auditors Remuneration			
- Audit of the Annual Financial Report	28,000	23,484	22,049
- Other services	-	8,444	4,741
Depreciation			
Non-Specialised Buildings	48,840	49,775	57,603
Specialised Buildings	393,749	408,121	369,483
Furniture and Equipment	44,850	39,500	48,423
Plant and Equipment	231,561	244,499	234,317
Roads	745,955	679,566	854,301
Bridges	194,802	177,465	132,059
Footpaths	49,157	44,782	22,789
Drainage	29,582	26,947	48,067
Parks and Ovals	29,579	32,500	25,864
Public Facilities	128,828	129,049	90,615
Caravan Park	15,576	38,786	11,517
Foreshore	23,630	22,480	12,622
Waste	43,726	48,540	3,834
Other infrastructure	107,244	79,177	25,188
	<u>2,087,079</u>	<u>2,021,188</u>	<u>1,936,682</u>
Interest Expenses (Finance Costs)			
Debentures (refer to Note 21(a))	101,840	99,271	106,465
Accrued interest & other	(1,700)	-	1,258
	<u>100,140</u>	<u>99,271</u>	<u>107,723</u>
Rental Charges			
- Operating Leases	-	-	1,441
	<u>-</u>	<u>-</u>	<u>1,441</u>
(ii) Crediting as Revenue:			
Other Revenue			
Reimbursements and Recoveries	80,703	86,864	85,858
	<u>80,703</u>	<u>86,864</u>	<u>85,858</u>
	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest Earnings			
- Reserve Funds	30,900	29,069	30,900
- Other Funds	85,723	89,130	69,147
- Interest on unpaid rates (refer note 26)	30,793	32,569	28,172
	<u>147,415</u>	<u>150,768</u>	<u>128,219</u>

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

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.

COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

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

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 2019**

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 2019

2. REVENUE AND EXPENSES (Continued)

Grant/Contribution	Function/ Activity	Opening Balance (1) 01/07/18	Received (2) 2017/18	Expended (3) 2017/18	Closing Balance (1) 30/06/18	Received (2) 2018/19	Interest 2018/19	Expended (3) 2018/19	Closing Balance 30/06/19
CLGF - Asset Management Plan Funding	Governance	1,382	-	(1,382)	-	-	-	-	-
Financial Assistance Grant	Governance	74,586	121,835	(132,318)	64,103	50,165	-	(64,103)	50,165
Grants Commission - Roads	Transport	111,520	197,644	(194,597)	114,567	111,659	-	(114,567)	111,659
Bushfire Risk Management Planning BRMP)	Law, Order, Public Safety	933	159,971	(160,904)	-	173,556	-	(172,922)	634
BFB ESL Operating Grant	Law, Order, Public Safety	19,320	75,982	(75,369)	19,933	21,268	-	(19,933)	21,268
Drainage Contributions	Transport	4,000	-	-	4,000	-	-	-	4,000
Golden Opportunity	Economic Services	5,199	-	(5,199)	-	-	-	-	-
Hotham CLC Brag Project	Economic Services	2,810	-	(2,810)	-	-	-	-	-
Fire Mitigation Activity & Water Corp BFB	Law, Order, Public Safety	-	35,475	(26,950)	8,525	13,831	-	(17,616)	4,740
Dam water to Oval	Recreation & Culture	-	50,000	(15,364)	34,636	104,412	-	(139,048)	-
Outdoor Exercise Equipment	Recreation & Culture	-	20,000	-	20,000	-	-	(20,000)	-
Cemetery (donations)	Community Amenities	-	2,247	-	2,247	5,000	-	-	7,247
Office of Crime Prevention	Law, Order, Public Safety	227	-	-	227	-	-	-	227
Office Shared Services Asset Management	Governance	47,960	-	(47,960)	-	-	-	-	-
Office Shared Services Financial Planning	Governance	25,000	-	(25,000)	-	-	-	-	-
Office Shared Services Strategic Planning	Governance	2,207	-	(2,207)	-	-	-	-	-
Roads to Recovery	Transport	4,708	183,300	(96,358)	91,650	-	-	(91,650)	-
Road Safety Alliance	Transport	140,198	62,000	(111,568)	90,630	43,250	-	(94,232)	39,648
Regional Roads Group	Transport	7,857	451,800	(459,657)	-	290,200	-	(290,200)	-
Independent Living	Health	1,139,881	1,143,046	(2,282,927)	-	-	-	-	-
South West Wheat belt Primary Health Service	Community Amenities	140	-	-	140	-	-	-	140
Super towns Funding Water to Ranford	Economic Services	256,670	1,912	(50,693)	207,889	-	6,309	-	214,198
Seniors Living Stronger/Longer	Economic Services	-	-	-	-	3,000	-	(1,562)	1,438
Mainstreet "Ken Austic Square Grant"	Economic Services	71,635	-	(3,486)	68,149	-	-	(68,149)	-
MRWA/FAGS Bridge replacement	Transport	-	-	-	-	97,943	-	-	97,943
Kidsport	Recreation & Culture	2,580	2,580	(5,160)	-	-	-	-	-
Pump Track	Economic Services	-	-	-	-	50,000	-	-	50,000
Walking Trails - Peel Devt. Commission	Transport	13,414	-	-	13,414	-	-	-	-
Youth Centre Expo	Recreation & Culture	50	-	-	50	-	-	-	50
Total		1,932,277	2,507,792	(3,699,909)	740,160	964,284	6,309	(1,093,982)	616,771

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 2019

	Note	2019 \$	2018 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		594,198	917,932
Restricted		4,458,733	2,974,251
		<u>5,052,930</u>	<u>3,892,183</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve Accounts			
Leave Reserve	12	-	282,930
Plant Reserve	12	886,943	601,943
Building Reserve	12	321,077	316,515
Local Organisation Assistance Fund Reserve	12	31,133	30,691
Refuse Site Reserve	12	38,866	38,314
Aged Housing Reserve	12	628,019	619,096
Boddington High School Resource Sharing Reserve	12	-	25,663
Swimming Pool Reserve	12	20,684	10,532
River Crossing Reserve	12	46,915	65,964
Recreation Centre Reserve	12	-	-
Public Open Space Reserve	12	1,775,394	242,441
Car Park Reserve	12	-	-
Unspent Grants	2(c)	616,771	740,160
Unspent Loans	21(c)	-	-
		<u>4,365,804</u>	<u>2,974,251</u>
Other restricted cash and cash equivalents			
Bonds and Deposits Held	19	92,929	-
Total restricted cash and cash equivalents		<u>4,458,733</u>	<u>2,974,251</u>
4. TRADE AND OTHER RECEIVABLES			
Trade and Other Receivables			
Current			
Rates Outstanding	34(b)	268,368	199,364
Sundry Debtors	34(b)	232,794	125,402
GST Receivable		49,244	53,762
Accrued interest receivable		5,360	1,704
Prepaid Expenses		6,707	6,706
Fuel Tax Credit		-	-
Allowance for impairment of receivables		(3,337)	(609)
		<u>559,135</u>	<u>386,328</u>
5. OTHER FINANCIAL ASSETS			
Financial assets at fair value through profit and loss			
Non-Current			
Units in Local Government House Trust		30,934	-
		<u>30,934</u>	<u>-</u>
6. LAND HELD FOR SALE			
Non-Current			
Land Held for Resale - Cost		-	272,538
		<u>-</u>	<u>272,538</u>

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

	2019	2018
	\$	\$
7. PROPERTY, PLANT AND EQUIPMENT		
(a) Land and Buildings		
Land		
Freehold Land at:		
- Independent Valuation	3,181,500	3,051,500
- Additions after valuation (Cost)	331,710	331,710
	<u>3,513,210</u>	<u>3,383,210</u>
Land Vested In and Under the Control of Council at:		
- Independent Valuation	157,617	157,617
- Additions after valuation (Cost)	-	-
	<u>157,617</u>	<u>157,617</u>
Total Land	<u>3,670,827</u>	<u>3,540,827</u>
Non-Specialised Buildings at:		
- Independent Valuation	1,355,000	1,355,000
- Additions after valuation (Cost)	434,967	299,490
Less: Accumulated Depreciation	(106,443)	(57,603)
	<u>1,683,524</u>	<u>1,596,887</u>
Specialised Buildings at:		
- Independent Valuation	15,146,477	15,146,477
- Additions after valuation (Cost)	7,556,013	7,457,678
Less: Accumulated Depreciation	(764,271)	(370,522)
	<u>21,938,219</u>	<u>22,233,633</u>
Works in Progress Buildings at:		
- Independent Valuation	-	-
- Additions after valuation (Cost)	-	-
Less: Accumulated Depreciation	-	-
	<u>-</u>	<u>-</u>
Total Buildings	<u>23,621,743</u>	<u>23,830,520</u>
Total Land and Buildings	<u>27,292,570</u>	<u>27,371,347</u>
Furniture and Equipment at:		
- Management Valuation	152,201	152,201
- Additions after valuation (Cost)	150,385	245,632
Less Accumulated Depreciation	(186,356)	(211,255)
	<u>116,229</u>	<u>186,576</u>
Plant and Equipment at:		
- Management Valuation	2,570,634	1,951,808
- Additions after valuation (Cost)	46,928	1,749,024
Less Accumulated Depreciation	(184,822)	(816,203)
	<u>2,432,740</u>	<u>2,884,629</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>29,841,541</u>	<u>30,442,554</u>

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

7. 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 impact from Accumulated Depreciation	Depreciation on disposals	Depreciation (Expense)	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and Buildings									
Freehold Land	972,210	-	-	-	-	-	-	-	972,210
Freehold Land	2,411,000	130,000	-	-	-	-	-	-	2,541,000
Land Vested In and Under the Control of Council	157,617	-	-	-	-	-	-	-	157,617
Total Land	3,540,827	130,000	-	-	-	-	-	-	3,670,827
Non-Specialised Buildings	1,596,887	-	135,477	-	-	-	-	(48,840)	1,683,524
Specialised Buildings	22,233,633	-	98,335	-	-	-	-	(393,749)	21,938,219
Work In Progress	-	-	-	-	-	-	-	-	-
Total Buildings	23,830,520	-	233,812	-	-	-	-	(442,589)	23,621,743
Total Land and Buildings	27,371,347	130,000	233,812	-	-	-	-	(442,589)	27,292,570
Furniture and Equipment	186,577	-	35,072	(130,319)	-	-	69,749	(44,850)	116,229
Total Furniture and Equipment	186,577	-	35,072	(130,319)	-	-	69,749	(44,850)	116,229
Plant and Equipment	2,045,099	-	46,928	(1,117)	(921,194)	640,291	18	(153,399)	1,656,626
Plant and Equipment	839,530	-	-	(34,382)	(173,505)	191,251	31,382	(78,162)	776,114
Total Plant and Equipment	2,884,629	-	46,928	(35,499)	(1,094,699)	831,542	31,400	(231,561)	2,432,740
Total Property, Plant and Equipment	30,442,554	130,000	315,812	(165,818)	(1,094,699)	831,542	101,149	(719,000)	29,841,541

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

7. 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	(Level 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	(Level 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	(Level 2)	Market approach using recent observable market data for similar properties	Independent Valuer	June 2017	Price per sq. mtr./market borrowing rate
Specialised buildings	(Level 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	(Level 3)	Cost approach using recent observable market data/specific quotes	Management valuation	June 2016	Current condition/residual values
Plant and Equipment	(Level 3)	Cost approach using recent observable market data/specific quotes	Management valuation	June 2019	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 2019

	2019	2018
	\$	\$
8 (a). INFRASTRUCTURE		
Roads		
- Additions after Valuation - Cost	669,381	-
- Independent valuation	34,920,735	34,920,735
Less Accumulated Depreciation	<u>(745,955)</u>	<u>-</u>
	34,844,160	34,920,735
 Bridges and Culverts		
- Additions after Valuation - Cost	23,766	-
- Independent valuation	9,629,243	9,629,243
Less Accumulated Depreciation	<u>(194,802)</u>	<u>-</u>
	9,458,207	9,629,243
 Footpaths		
- Additions after Valuation - Cost	54,318	-
- Independent valuation	1,570,782	1,570,782
Less Accumulated Depreciation	<u>(49,157)</u>	<u>-</u>
	1,575,943	1,570,782
 Drainage		
- Additions after Valuation - Cost	-	-
- Independent valuation	1,460,340	1,460,340
Less Accumulated Depreciation	<u>(29,582)</u>	<u>-</u>
	1,430,758	1,460,340
 Parks and Ovals		
- Additions after Valuation - Cost	3,091	-
- Independent valuation	742,507	742,507
Less Accumulated Depreciation	<u>(29,579)</u>	<u>-</u>
	716,019	742,507
 Public Facilities		
- Additions after Valuation - Cost	-	-
- Independent valuation	2,103,856	2,103,856
Less Accumulated Depreciation	<u>(128,828)</u>	<u>-</u>
	1,975,028	2,103,856
 Other Infrastructure		
- Additions after Valuation - Cost	402,770	3,486
- Independent valuation	1,215,824	1,215,824
Less Accumulated Depreciation	<u>(107,244)</u>	<u>-</u>
	1,511,350	1,219,310
 Foreshore Infrastructure		
- Additions after Valuation - Cost	-	-
- Independent valuation	292,674	292,674
Less Accumulated Depreciation	<u>(23,630)</u>	<u>-</u>
	269,044	292,674
 Caravan Park Infrastructure		
- Additions after Valuation - Cost	-	-
- Independent valuation	125,625	125,625
Less Accumulated Depreciation	<u>(15,576)</u>	<u>-</u>
	110,049	125,625
 Waste Site Infrastructure		
- Additions after Valuation - Cost	-	-
- Independent valuation	1,423,387	1,423,387
Less Accumulated Depreciation	<u>(43,726)</u>	<u>-</u>
	1,379,661	1,423,387
 Works in Progress - water assets		
- Additions after Valuation - Cost	114,109	-
- Independent valuation	-	1,048,500
Less Accumulated Depreciation	<u>-</u>	<u>-</u>
	114,109	1,048,500
 TOTAL INFRASTRUCTURE	<u><u>53,384,328</u></u>	<u><u>54,536,959</u></u>

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

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	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	34,920,735	-	669,381	-	-	-	-	(745,955)	34,844,160
Footpaths	1,570,782	-	54,318	-	-	-	-	(49,157)	1,575,943
Drainage, K & C	1,460,340	-	-	-	-	-	-	(29,582)	1,430,758
Bridges and culverts	9,629,243	-	23,766	-	-	-	-	(194,802)	9,458,207
Parks and ovals	742,507	-	3,091	-	-	-	-	(29,579)	716,019
Other infrastructure	1,219,310	-	399,284	-	-	-	-	(107,244)	1,511,350
Public facilities	2,103,856	-	-	-	-	-	-	(128,828)	1,975,028
Foreshore	292,674	-	-	-	-	-	-	(23,630)	269,044
Waste site	1,423,387	-	-	-	-	-	-	(43,726)	1,379,661
Works in Progress	1,048,500	-	114,109	(1,048,500)	-	-	-	-	114,109
Caravan park	125,625	-	-	-	-	-	-	(15,576)	110,049
Total	54,536,959	-	1,263,948	(1,048,500)	-	-	-	(1,368,079)	53,384,328



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8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last valuation	Inputs used
Roads	(Level 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	(Level 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	(Level 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	(Level 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.
Parks and ovals	(Level 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	(Level 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	(Level 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	(Level 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	(Level 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	(Level 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
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	2019 \$	2018 \$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	373,962	444,113
Accrued Interest on Debentures	15,653	17,353
Accrued Salaries and Wages	107,074	96,697
ATO Liabilities	68,973	44,541
FBT Creditor	3,623	1,230
Bonds & Deposits Held (Note 19)	92,929	-
Rates Excess	-	14,375
	662,214	618,308
Non-Current		
Retirement Village - Lease Loan	300,000	300,000
	300,000	300,000

10. BORROWINGS

Current		
Secured by Floating Charge Debentures	240,532	230,305
	240,532	230,305
Non-Current		
Secured by Floating Charge Debentures	1,818,039	2,054,593
	1,818,039	2,054,593

Additional detail on borrowings is provided in Note 21.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2018			
Current provisions	195,317	117,302	312,619
Non-current provisions	-	66,065	66,065
	195,317	183,367	378,684
Additional provision	10,138	2,720	12,856
Amounts used	(22,891)	-	(22,891)
Balance at 30 June 2019	182,563	186,087	368,650
Used amount reserved	-	-	-
Balance at 30 June 2019	182,563	186,087	368,650
Comprises			
Current	182,563	141,063	323,626
Non-current	-	45,024	45,024
	182,563	186,087	368,650

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	2019 Actual \$	2019 Budget \$	2018 Actual \$
12. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	282,930	282,930	277,595
Amount Set Aside / Transfer to Reserve	4,078	4,078	5,335
Amount Used / Transfer from Reserve	(287,008)	-	-
	<u>-</u>	<u>287,008</u>	<u>282,930</u>
(b) Plant Reserve			
Opening Balance	601,943	601,943	350,021
Amount Set Aside / Transfer to Reserve	285,000	8,676	301,922
Amount Used / Transfer from Reserve	-	(250,000)	(50,000)
	<u>886,943</u>	<u>360,619</u>	<u>601,943</u>
(c) Building Reserve			
Opening Balance	316,515	316,515	381,515
Amount Set Aside / Transfer to Reserve	4,562	4,562	-
Amount Used / Transfer from Reserve	-	-	(65,000)
	<u>321,077</u>	<u>321,077</u>	<u>316,515</u>
(d) Local Organisation Assistance Reserve			
Opening Balance	30,691	30,691	30,112
Amount Set Aside / Transfer to Reserve	442	442	579
Amount Used / Transfer from Reserve	-	-	-
	<u>31,133</u>	<u>31,133</u>	<u>30,691</u>
(e) Refuse Site Reserve			
Opening Balance	38,314	38,314	37,592
Amount Set Aside / Transfer to Reserve	552	552	722
Amount Used / Transfer from Reserve	-	-	-
	<u>38,866</u>	<u>38,867</u>	<u>38,314</u>
(f) Aged Housing Reserve			
Opening Balance	619,096	619,096	313,080
Amount Set Aside / Transfer to Reserve	8,923	8,923	306,016
Amount Used / Transfer from Reserve	-	-	-
	<u>628,019</u>	<u>628,019</u>	<u>619,096</u>
(g) High School Resource Sharing Reserve			
Opening Balance	25,663	25,663	25,179
Amount Set Aside / Transfer to Reserve	370	370	484
Amount Used / Transfer from Reserve	(26,033)	(26,033)	-
	<u>-</u>	<u>-</u>	<u>25,663</u>
(h) Swimming Pool Reserve			
Opening Balance	10,532	10,532	10,333
Amount Set Aside / Transfer to Reserve	10,152	10,152	199
Amount Used / Transfer from Reserve	-	-	-
	<u>20,684</u>	<u>20,683</u>	<u>10,532</u>

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	2019 Actual \$	2019 Budget \$	2018 Actual \$
12. RESERVES - CASH BACKED			
(i) River Crossing Reserve			
Opening Balance	65,964	65,964	64,720
Amount Set Aside / Transfer to Reserve	951	951	1,244
Amount Used / Transfer from Reserve	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
	<u>46,915</u>	<u>46,914</u>	<u>65,964</u>
(j) Recreation Reserve			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
(k) Unspent Loans Reserve			
Opening Balance	-	-	222,526
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>(222,526)</u>
	<u>-</u>	<u>-</u>	<u>-</u>
(l) Prepaid Conditional Grants Reserve			
Opening Balance	212,017	212,017	211,106
Amount Set Aside / Transfer to Reserve	183,092	364	187,017
Amount Used / Transfer from Reserve	<u>(198,603)</u>	<u>(178,670)</u>	<u>(186,106)</u>
	<u>196,506</u>	<u>33,711</u>	<u>212,017</u>
(m) Unspent Conditional Grants Reserve			
Opening Balance	528,143	528,143	1,721,171
Amount Set Aside / Transfer to Reserve	769,885	-	205,795
Amount Used / Transfer from Reserve	<u>(877,763)</u>	<u>(304,435)</u>	<u>(1,398,823)</u>
	<u>420,265</u>	<u>223,708</u>	<u>528,143</u>
(n) Public Open Space Reserve			
Opening Balance	242,441	242,441	122,441
Amount Set Aside / Transfer to Reserve	1,597,953	1,530,000	130,000
Amount Used / Transfer from Reserve	<u>(65,000)</u>	<u>(275,000)</u>	<u>(10,000)</u>
	<u>1,775,394</u>	<u>1,497,441</u>	<u>242,441</u>
(o) Car Park Reserve			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	-	-	-
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL RESERVES	<u><u>4,365,804</u></u>	<u><u>3,489,179</u></u>	<u><u>2,974,251</u></u>
Total Opening Balance	2,974,251	2,974,250	3,767,392
Total Amount Set Aside / Transfer to Reserve	2,865,960	1,569,070	1,139,313
Total Amount Used / Transfer from Reserve	<u>(1,474,407)</u>	<u>(1,054,138)</u>	<u>(1,932,455)</u>
TOTAL RESERVES	<u><u>4,365,804</u></u>	<u><u>3,489,179</u></u>	<u><u>2,974,251</u></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:

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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.

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13. REVALUATION SURPLUS	2019	2018
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
(a) Land		
Opening Balance	2,271,125	2,271,125
Revaluation Increment	-	-
Revaluation Decrement	<u>(142,539)</u>	<u>-</u>
	<u>2,128,586</u>	<u>2,271,125</u>
(b) Buildings		
Opening Balance	3,826,651	3,826,651
Revaluation Increment	-	-
Revaluation Decrement	<u>-</u>	<u>-</u>
	<u>3,826,651</u>	<u>3,826,651</u>
(c) Plant & Equipment		
Opening Balance	381,196	381,196
Revaluation Increment	-	-
Revaluation Decrement	<u>(263,157)</u>	<u>-</u>
	<u>118,039</u>	<u>381,196</u>
(d) Road Infrastructure		
Opening Balance	27,370,687	32,194,337
Revaluation Increment	-	-
Revaluation Decrement	<u>-</u>	<u>(4,823,650)</u>
	<u>27,370,687</u>	<u>27,370,687</u>
(e) Footpaths		
Opening Balance	1,093,794	318,470
Revaluation Increment	-	775,324
Revaluation Decrement	<u>-</u>	<u>-</u>
	<u>1,093,794</u>	<u>1,093,794</u>
(f) Drainage		
Opening Balance	570,324	113,658
Revaluation Increment	-	456,666
Revaluation Decrement	<u>-</u>	<u>-</u>
	<u>570,324</u>	<u>570,324</u>
(g) Bridges & Culverts		
Opening Balance	8,876,736	701,068
Revaluation Increment	-	8,175,668
Revaluation Decrement	<u>-</u>	<u>-</u>
	<u>8,876,736</u>	<u>8,876,736</u>
(h) Parks & Ovals		
Opening Balance	409,916	229,919
Revaluation Increment	-	179,997
Revaluation Decrement	<u>-</u>	<u>-</u>
	<u>409,916</u>	<u>409,916</u>

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13. REVALUATION SURPLUS	2019	2018
	\$	\$
(i) Public Facilities		
Opening Balance	1,658,763	1,108,330
Revaluation Increment	-	550,433
Revaluation Decrement	-	-
	<u>1,658,763</u>	<u>1,658,763</u>
(j) Other Infrastructure		
Opening Balance	704,614	99,226
Revaluation Increment	-	628,836
Revaluation Decrement	-	(23,448)
	<u>704,614</u>	<u>704,614</u>
(k) Foreshore Infrastructure		
Opening Balance	261,249	160,709
Revaluation Increment	-	100,540
Revaluation Decrement	-	-
	<u>261,249</u>	<u>261,249</u>
(l) Waste site Infrastructure		
Opening Balance	1,348,710	31,790
Revaluation Increment	-	1,316,920
Revaluation Decrement	-	-
	<u>1,348,710</u>	<u>1,348,710</u>
(m) Caravan Park Infrastructure		
Opening Balance	43,871	154,695
Revaluation Increment	-	-
Revaluation Decrement	-	(110,824)
	<u>43,871</u>	<u>43,871</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>48,411,940</u></u>	<u><u>48,817,636</u></u>

SHIRE OF BODDINGTON
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14. 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:

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash and Cash Equivalents	<u>5,052,930</u>	<u>3,726,594</u>	<u>3,892,183</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	(63,548)	(106,322)	2,550,243
Non-cash flows in Net Result:			
Depreciation	2,087,079	2,021,188	1,936,682
(Profit)/Loss on Sale of Asset	54,919	-	-
Changes in Assets and Liabilities:			
(Increase)/Decrease in Receivables	(172,807)	-	(65,643)
(Increase)/Decrease in Other Financial Assets	(30,934)	-	0
(Increase)/Decrease in Inventories	-	-	2,044
Increase/(Decrease) in Payables	43,906	-	133,217
Increase/(Decrease) in Employee Provisions	(10,034)	-	22,867
Grants Contributions for the Development of Assets	<u>(532,555)</u>	<u>(759,983)</u>	<u>(2,745,506)</u>
Net Cash from Operating Activities	<u>1,376,027</u>	<u>1,154,883</u>	<u>1,833,906</u>
	2019 Actual \$	2019 Budget \$	2018 Actual \$
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	750,000	500,000	750,000
Bank Overdraft at Balance Date	-	-	-
Credit Card limit	20,000	20,000	20,000
Credit Card Balance at Balance Date	<u>(8,158)</u>	<u>-</u>	<u>(6,205)</u>
Total Amount of Credit Unused	<u>761,842</u>	<u>520,000</u>	<u>763,795</u>
Loan Facilities			
Loan Facilities - Current	240,532		230,305
Loan Facilities - Non-Current	1,818,039		2,054,593
Total Facilities in Use at Balance Date	<u>2,058,571</u>		<u>2,284,898</u>
Unused Loan Facilities at Balance Date	<u>-</u>		<u>-</u>

SHIRE OF BODDINGTON
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15. 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.

There are no contingent liabilities as at 30 June 2019.

16. CAPITAL AND LEASING COMMITMENTS	2019	2018
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	-	1,323
- later than one year but not later than five years	-	-
- later than five years	-	-
	<u>-</u>	<u>1,323</u>

(b) Capital Expenditure Commitments

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

- Building construction	130,537	138,000
- Other infrastructure	214,000	-
Total	<u>344,537</u>	<u>138,000</u>
Payable:		
- not later than one year	344,537	138,000

The Shire had \$130,537 committed towards the renewal of the Rodeo grounds toilet block and \$214,000 for the purchase of a new loader (on order).

17. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	15,010,623	15,116,392
General Purpose Funding	-	-
Law, Order, Public Safety	2,146,670	2,161,796
Health	1,821,434	1,834,268
Education and Welfare	1,614,065	1,625,438
Housing	1,585,713	1,596,886
Community Amenities	1,643,708	1,655,290
Recreation and Culture	15,016,117	15,121,925
Transport	48,139,992	48,479,200
Economic Services	711,195	716,206
Other Property and Services	1,179,352	1,223,161
	<u>88,868,868</u>	<u>89,530,562</u>

SHIRE OF BODDINGTON
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19. TRUST FUNDS

There are no funds held at the balance date which are required to be held in the trust fund.

In previous year, bonds and deposits were held as trust monies. They are now included in Restricted cash at Note 3 and shown as a current liability at Note 9.

	Balance 01-Jul-18	Amounts Received	Amounts Paid	Reclassification to Restricted Cash	30 June 2019
	\$	\$	\$	\$	\$
Bonds - Sub-divisions & Buildings	25,417	4,215	(2,926)	26,706	-
Bonds - Standpipes	1,920	-	-	1,920	-
Bonds - Other	9,025	6,155	(662)	14,518	-
Bonds - Crossover	19,500	7,100	(500)	26,100	-
Bonds - IC Units	736	-	-	736	-
Bonds - Kerb Deposits	22,000	2,300	(2,300)	22,000	-
Boddington Development Group	502	-	-	502	-
Refuse Site Keys	200	-	-	200	-
Public Open Space	-	-	-	-	-
BCTIF Levy	-	4,811	(4,811)	-	-
BRB Levy	-	6,031	(5,785)	246	-
	<u>79,300</u>	<u>30,612</u>	<u>(16,984)</u>	<u>92,929</u>	<u>-</u>

20. DISPOSALS OF ASSETS - 2018/19 FINANCIAL YEAR

(a) Disposals of assets

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 Equipment	14,939	-	-	-	(14,939)	-
* Furniture	870	-	-	-	(870)	-
* Computers	27,811	-	-	-	(27,811)	-
General Purpose Funding						
Law, Order, Public Safety						
Community Amenities						
Education and Welfare						
* Youth Centre electronic equipment	1,070	-	-	-	(1,070)	-
* Youth Centre furniture	2,176	-	-	-	(2,176)	-
Health						
Housing						
46 Johnston Street	-	350,000	-	350,000	-	-
Community Amenities						
Recreation and Culture						
* Community Club - Ice machine	948	-	-	-	(948)	-
* Sporting equipment	4,637	-	-	-	(4,637)	-
* Swimming Pool equipment	3,238	-	-	-	(3,238)	-
Mower	3,000	-	9,750	-	6,750	-
Transport						
Plant	-	52,000	-	52,000	-	-
* Minor gardening equipment	566	-	-	-	(566)	-
* Pump	1,099	-	-	-	(1,099)	-
Economic Services						
* Caravan Park - computers	891	-	-	-	(891)	-
* Standpipe - water controller	3,424	-	-	-	(3,424)	-
Sale to Water Corp - Water Assets	1,048,500	1,048,500	1,048,500	1,048,500	-	-
TOTAL	1,113,169	1,450,500	1,058,250	1,450,500	(54,919)	-
					Profit	6,750
					* Loss	(61,669)
						(54,919)

* Refer Change in accounting policy overleaf

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20. DISPOSALS OF ASSETS - 2018/19 FINANCIAL YEAR (continued)
(b) Change in accounting policy

On 1 July 2018 Paragraph (5) of Regulation 17A was inserted into the Local Government (Financial Management) Regulation 1996.

The regulation stated that an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000. The adoption of the regulation constitutes a change in accounting policy.

Due to the effect on the financial statements not being material, the Shire did not retrospectively apply the changes in accounting policy arising from the new regulations and has not restated comparative figures.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 1 July 18, amounting to \$61,669, have been excluded from the assets of the Shire and written off in the Statement of Comprehensive Income.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and equipment	\$	\$	\$	\$
Genuine disposal of assets	3,000	9,750	6,750	-
Disposal of assets under \$5,000 in value	58,623	-	-	(58,623)
	<u>61,623</u>	<u>9,750</u>	<u>6,750</u>	<u>(58,623)</u>
Furniture and equipment				
Genuine disposal of assets	-	-	-	-
Disposal of assets under \$5,000 in value	3,046	-	-	(3,046)
	<u>3,046</u>	<u>-</u>	<u>-</u>	<u>(3,046)</u>
Infrastructure				
Genuine disposal of assets	1,048,500	1,048,500	-	-
Disposal of assets under \$5,000 in value	-	-	-	-
	<u>1,048,500</u>	<u>1,048,500</u>	<u>-</u>	<u>-</u>
	<u>1,113,169</u>	<u>1,058,250</u>	<u>6,750</u>	<u>(61,669)</u>

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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2018 \$	New Loans \$	Principal Repayments		Principal 30-Jun-19		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance	808,583	-	120,565	121,750	688,018	686,833	32,400	31,216
Loan 105 Administration Centre								
Health	47,107	-	10,661	10,661	36,446	36,446	2,878	2,923
Loan 83 Doctors Residence								
Education and Welfare	-	-	-	-	-	-	-	-
Loan 99 Retirement Village								
Housing	148,735	-	13,845	14,748	134,890	133,988	10,219	9,316
Loan 91 46 Johnstone Street								
Loan 94 3 Pecan Street								
Loan 97 34 Hill Street								
Community Amenities	219,749	-	12,612	12,611	207,137	207,139	13,974	13,974
Recreation and Culture	222,856	-	12,789	12,789	210,067	210,067	14,170	14,171
Loan 103 Recreation Centre								
Loan 106 Recreation Centre								
Transport	837,866	-	55,855	57,748	782,011	780,119	28,199	27,671
Loan 102 Grader								
Economic Services	-	-	-	-	-	-	-	-
Other Property and Services	-	-	-	-	-	-	-	-
	2,284,898	-	226,327	230,305	2,058,571	2,054,593	101,840	99,271

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 2019

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2018/19

The Shire did not take up any new debentures during the year ended 30 June 2019.

(c) Unspent Debentures

The Shire had no unspent debentures as at 30 June 2019.

(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 2018 was \$Nil and 30 June 2019 was \$Nil.

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

22. RATING INFORMATION - 2018/19 FINANCIAL YEAR

(a) Rates	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Prepaid Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	
RATE TYPE												
General Rate												
UV - All other	0.006617	250	98,765,000	653,528	2,960	23,204	679,692	646,978			646,978	
UV - Mining	0.032594	44	35,629,725	1,161,315			1,161,315	1,172,495			1,172,495	
UV - Non-Rural	0.032594	1	662,000	21,577			21,577	21,381			21,381	
GRV - Townsites	0.085680	490	8,768,636	751,297			751,297	747,229	12,500		759,729	
GRV - Mining	0.058650	2	25,744,980	1,509,943			1,509,943	1,509,944			1,509,944	
Sub-Totals		787	169,570,341	4,097,660	2,960	23,204	4,123,824	4,098,027	12,500	-	4,110,527	
Minimum Payment												
UV - All other	950.00	232	27,054,000	220,400			220,400	219,450			219,450	
UV - Mining	950.00	42	165,901	39,900			39,900	39,900			39,900	
GRV - Townsites	950.00	135	564,774	128,250			128,250	131,100			131,100	
GRV - Mining	950.00	1	20	950			950	950			950	
Sub-Totals		410	27,784,695	389,500	-	-	389,500	391,400	-	-	391,400	
Ex-Gratia Rates												
Discounts (refer note 25.)												
Total Amount Raised From General Rate		1,197	197,355,036	4,487,160	2,960	23,204	4,513,324	4,489,427	12,500	-	4,501,927	

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

22. RATING INFORMATION - 2018/19 FINANCIAL YEAR (Continued)

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

	2019 (30 June 2019 Carried Forward) \$	2018 (1 July 2018 Brought Forward) \$	2018 (30 June 2018 Carried Forward) \$
Surplus/(Deficit)	<u>308,681</u>	<u>369,622</u>	<u>369,622</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	594,198	917,932	917,932
Restricted	4,458,733	2,974,251	2,974,251
Receivables			
Rates Outstanding	268,368	199,364	199,364
Sundry Debtors	253,492	131,499	131,499
GST Receivable	49,244	53,762	53,762
Accrued interest receivable	5,360	1,704	1,704
Unit Trust - Local Government House	30,934	-	-
Fuel Tax Credit	-	-	-
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(373,962)	(447,824)	(447,824)
Accrued Interest on Debentures	(15,653)	(17,353)	(17,353)
Accrued Salaries and Wages	(107,074)	(96,697)	(96,697)
ATO Liabilities	(68,973)	(44,541)	(44,541)
FBT Creditor	(3,623)	(1,230)	(1,230)
Excess Rates	-	(14,375)	(14,375)
Secured by Floating Charge debentures	(226,327)	(230,305)	(230,305)
Provisions			
Provision for Annual Leave	(182,563)	(195,317)	(195,317)
Provision for Long Service Leave	(141,063)	(117,302)	(117,302)
<u>Net Current Assets</u>	<u>4,541,088</u>	<u>3,113,568</u>	<u>3,113,568</u>
Less:			
Reserves - Restricted Cash	(4,458,733)	(2,974,251)	(2,974,251)
Secured by floating charge	226,327	230,305	230,305
Adjusted Net Current Assets - Surplus/(Deficit)	<u>308,681</u>	<u>369,622</u>	<u>369,622</u>

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

23. SPECIFIED AREA RATE - 2018/19 FINANCIAL YEAR

Council did not levy specified area rates for the 2018/19 financial year.

24. SERVICE CHARGES - 2018/19 FINANCIAL YEAR

Council did not levy any service charges for the 2018/19 financial year.

25. DISCOUNTS & INCENTIVES - 2018/19 FINANCIAL YEAR

No discount was offered in respect of rates in the 2018/19 financial year.

26. INTEREST CHARGES AND INSTALMENTS - 2018/19 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	N/A	30,793	32,569
Interest on Instalments Plan	5.50%	N/A	4,240	6,409
Charges on Instalment Plan		8.50	4,944	6,230
Pensioner Deferred Rate Interest				
			<u>39,977</u>	<u>45,208</u>

RATES PAYMENT OPTIONS (Three in total)

Full payment One Option

Rates to be paid in full by 11 September 2018.

Two Instalments Option

Rates to be paid in two instalments due 11 September 2018 and 31 January 2019. Administration charges and interest applied for the final instalment.

Four Instalments Option

Rates to be paid in four instalments due 11 September 2018, 21 November 2018, 31 January 2019 and 12 April 2019. Administration charges and interest applied for the last three instalments.

27. FEES & CHARGES	2019 \$	2018 \$
Governance	34,784	34,854
General Purpose Funding	15,403	14,716
Law, Order, Public Safety	26,055	34,198
Health	26,481	24,099
Education and Welfare	410,289	296,987
Housing	3,170	2,708
Community Amenities	327,926	327,160
Recreation and Culture	60,199	96,604
Transport	245	245
Economic Services	239,553	190,269
Other Property and Services	51,028	2,657
	<u>1,195,134</u>	<u>1,024,498</u>

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

28. GRANT REVENUE

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

	2019	2018
By Nature or Type:	\$	\$
Operating Grants, Subsidies and Contributions	833,493	818,611
Non-Operating Grants, Subsidies and Contributions	532,555	2,745,506
	<u>1,366,048</u>	<u>3,564,117</u>
By Program:		
Governance	-	-
General Purpose Funding	400,624	507,479
Law, Order, Public Safety	257,003	780,247
Health	-	-
Education and Welfare	109,109	1,201,355
Housing	-	-
Community Amenities	5,000	2,247
Recreation and Culture	137,862	104,230
Transport	430,700	912,732
Economic Services	25,750	55,826
Other Property and Services	-	-
	<u>1,366,048</u>	<u>3,564,117</u>

29. EMPLOYEE NUMBERS

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

<u>34</u>	<u>29</u>
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30. ELECTED MEMBERS REMUNERATION & EXPENSES

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

	2019	Budget	2018
	\$	\$	\$
Meeting Fees	41,940	44,412	41,507
President's Allowance	8,000	8,000	8,000
Deputy President's Allowance	2,060	2,060	2,060
Travelling & Training Expenses	5,225	6,667	1,637
Telecommunications Allowance	3,726	3,709	3,332
	<u>60,951</u>	<u>64,848</u>	<u>56,536</u>

31. KEY MANAGEMENT REMUNERATION

Bands	2019	2018
\$120,000 - \$129,999		1
\$130,000 - \$139,999		2
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999	1	
\$160,000 - \$169,999		
\$170,000 - \$179,999	1	
\$180,000 - \$189,999	1	
\$200,000 - \$209,999		
\$210,000 - \$219,999		1
\$220,000 - \$229,999	1	

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.

32. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2018/19 financial year.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2018/19 financial year.

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

34. 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	
	2019	2018	2019	2018
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	5,052,930	3,892,183	5,052,930	3,892,183
Receivables	562,472	386,328	559,135	386,938
	<u>5,615,402</u>	<u>4,278,511</u>	<u>5,612,065</u>	<u>4,279,121</u>
Financial Liabilities				
Payables	962,214	918,308	962,214	918,308
Borrowings	2,058,571	2,284,898	2,058,571	2,284,898
	<u>3,020,785</u>	<u>3,203,206</u>	<u>3,020,785</u>	<u>3,203,206</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 2019

34. FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

Financial risk management is carried out by the finance area under policies approved by the Council, specifically Council's investment policy.

(a) Interest rate risk
Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non- Interest- Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	0.0164	5,052,930	4,702,225	349,765	940
2018					
Cash and cash equivalents	0.0183	3,892,183	3,499,070	391,973	1,140

Sensitivity

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

	<u>2019</u>	<u>2018</u>
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	50,529	38,922

* Holding all other variables constant

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade receivables

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

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

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

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

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

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. There was only a minor expected credit loss that was forecast as at 30 June 2019 and 1 July 2018, mainly representing small interest write offs, other than that rates receivable is securitised by the application of penalty interest to unpaid rates, and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Gross carrying amount	16,686	136,058	59,737	55,887	268,368
1 July 2018					
Rates receivable					
Gross carrying amount	10,416	104,138	42,444	42,366	199,364

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry receivables					
Gross carrying amount	60,196	115,366	1,457	55,775	232,794
Loss allowance	-	-	23	3,315	3,337
Expected credit loss	0.00%	0.00%	1.55%	5.94%	
1 July 2018					
Sundry receivables					
Gross carrying amount	58,737	19,350	6,916	40,399	125,402
Loss allowance	115	350	4	139	609
Expected credit loss	0.20%	1.81%	0.05%	0.35%	

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

34. FINANCIAL RISK MANAGEMENT (Continued)
 (c) Liquidity risk
 Payables and Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 21.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2019</u>					
Payables	662,214	300,000	-	962,214	962,214
Borrowings	240,532	1,045,942	772,096	2,058,571	2,058,571
	<u>902,745</u>	<u>1,345,942</u>	<u>772,096</u>	<u>3,020,785</u>	<u>3,020,785</u>
<u>2018</u>					
Payables	618,308	300,000	-	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>



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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk
 Payables and 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 2019								
Borrowings								
Fixed Rate Debentures	-	-	36,446	-	686,833	1,335,291	2,058,571	4.33%
Weighted Average Effective Interest Rate			6.57%		4.01%	4.63%		
Year Ended 30 June 2018								
Borrowings								
Fixed Rate Debentures	-	-	-	-	47,107	2,237,791	2,284,898	4.45%
Weighted Average Effective Interest Rate					6.47%	4.41%		

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

35. 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:

	2019	2018
	\$	\$
Short-Term Employee Benefits	843,623	803,120
Post-Employment Benefits	83,180	79,998
Long-Term Benefits	60,655	105,952
Termination Benefits	-	-
Total	987,458	989,070

(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.

	2019	2018
	\$	\$
Associated companies / individuals		
Sales of goods and services	3,850	-
Purchase of goods and services	39,595	4,533
Amounts outstanding from related parties		
Trade and other receivables	1,450	-
Amounts payable to related parties		
Trade and other payables	2,570	-

Council has determined that no other material transactions with related parties have occurred during the financial year 2018/19.

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

36. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

AASB 9 Financial instruments

AASB9 Financial instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

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

There were no material adjustments as a result of adopting AASB 9.

(a) Classification and measurement

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

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

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

Trade receivables and loans and advances (ie. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

The Shire did not designate any financial assets as at fair value through profit and loss.

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

36. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (continued)

(b) Impairment

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

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

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*.

These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

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

The Shire holds the unspent and prepaid grants in a cash backed equity reserve and therefore there will be no impact on retained earnings as a consequence of the adoption of AASB 15.

Note	AASB 118 carrying amount 30 Jun 2019	Reclassification	AASB 15 carrying amount 01 July 2019
	\$	\$	\$
Contract assets	-	-	-
Contract liabilities - current			
Unspent grants, contributions and reimbursements	-	616,771	616,771
Developer contributions	-	-	-
Contract liabilities non-current			
Developer contributions	-	-	-
Cash in lieu of parking	-	-	-
Adjustment to retained surplus from adoption AASB 15		(616,771)	

(b) Leases

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

On adoption of AASB 16, the Shire does not have any lease liabilities so therefore there is no impact.

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

(c) Income For Not-For-Profit Entities

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

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

(d) Impact of changes to Retained Surplus

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

	Note	Adjustments \$	2019 \$
Retained Surplus - 30 June 2019			32,701,686
Adjustment to retained surplus from adoption AASB 15	37(a)	(616,771)	(616,771)
Adjustment to retained surplus from adoption AASB 16	37(b)	-	
Adjustment to retained surplus from adoption AASB 1058	37(c)	-	
Retained Surplus - 1 July 2019			32,084,915

SHIRE OF BODDINGTON
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FOR THE YEAR ENDED 30TH JUNE 2019

38. FINANCIAL RATIOS	2019	2018	2017
Current Ratio	0.94	1.48	2.05
Asset Sustainability Ratio	0.51	1.02	1.00
Debt Service Cover Ratio	4.87	5.65	4.09
Operating Surplus Ratio	(0.10)	(0.03)	0.01
Own Source Revenue Coverage Ratio	0.80	0.85	0.88
Asset Consumption Ratio	0.69	0.77	0.79
Asset Renewal Funding Ratio	0.82	0.78	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	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expense over 10 years}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Boddington

Report on the Audit of the Financial Report

Opinion

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

In my opinion the annual financial report of the Shire of 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 for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a. The Operating Surplus Ratio as reported in Note 38 of the annual financial report has progressively declined over the past three years and is below the Department of Local Government, Sport and Cultural Industries standard for the past two years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 38 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
11 December 2019

