



SHIRE OF BEVERLEY

ANNUAL REPORT 2017-18



YOUR COUNCIL



Elected Council 2017-2019 Standing L to R: Cr Peter Gogol, Cr Lew Shaw, Cr David White, Cr Darryl Brown and Cr Don Davis. Sitting L to R: Cr Susan Martin, Cr Chris Pepper (Deputy President), Cr Dee Ridgway (President), Mr Stephen Gollan (CEO) and Cr Tim Seed. Absent: Mr Simon Marshall (Deputy CEO)

COUNCIL MEETINGS

An Ordinary meeting of Council is held on the fourth Tuesday of each month excluding January (11 in total). There were three Special Meetings of Council in 2017/18.

Council has four active Committees:

The **Audit and Risk Committee** met twice during the financial year. All Council members are members of the Audit and Risk Committee. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to Financial Reporting, Internal Control & Risk Management Systems, Annual Business Plans, Internal Audits, External Audits and Other Investigations.

The **Corporate Strategy Committee** met four times during the financial year. All Council members are members of the Corporate Strategy Committee. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to Strategic Planning, Budget, Asset Management, Policies and Integrated Planning.

The **Economic and Community Strategy Committee** met four times during the financial year. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to Community Development, Economic Development, Industrial Development, Land Use Planning and Tourism.

The **Cropping Committee** met once during the financial year. Crs Ridgway, Murray#, Shaw, White and Seed are members of the Cropping Committee. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to the Community Cropping Program.



2017/18 COUNCIL MEETING ATTENDANCE

COUNCILLOR	ORDINARY MEETINGS	SPECIAL MEETINGS	COMMITTEE MEETINGS
Cr Jim Alexander*	2	0	1
Cr Darryl Brown	10	3	8
Cr Tom Buckland*	2	1	4
Cr Don Davis	11	3	9
Cr Peter Gogol	10	2	9
Cr Susan Martin*	8	2	6
Cr Keith Murray* (Deputy President to October 17)	3	1	4
Cr Chris Pepper (Deputy President from October 17)	6	2	5
Cr Dee Ridgway (President)	11	2	9
Cr Tim Seed*	8	2	5
Cr Lew Shaw	9	3	7
Cr David White	9	3	8

*Councillors who retired or were not re-elected in October 2017.

*Councillors who were newly elected in October 2017.

2017/18 COUNCILLOR REMUNERATION

POSITION	SITTING FEES	IT ALLOWANCE	TRAVEL ALLOWANCE	CONFERENCE ALLOWANCE***
President*	17,600	1,420	2,807	7,026
Deputy President**	4,975	1,420	0	0
Councillor	3,600	1,420	0	2,522

*Sitting Fees include Presidential Allowance of \$5,500 per annum.

** Sitting Fees include Deputy Presidential Allowance of \$1,375 per annum.

***Crs Ridgway, Davis and Gogol attended the 2017 WALGA State Conference. Cr Ridgway attended the 2018 ALGA conference in Canberra.

In addition, all Councillors are supplied with a fully maintained Electronic Tablet to manage Council meeting documents and Council related email correspondence.

2017 ELECTION

Cr Alexander, Cr Buckland, Cr Davis and Cr White were due for re-election in October 2017. Crs Alexander and Murray retired from Council. Crs Davis and White were re-elected. Cr Buckland was unsuccessful in re-election. Crs Martin, Seed and Pepper were elected to Council.



STRATEGIC COMMUNITY PLAN

Our Strategic Community Plan 2017-2027 is a Council visionary document for the next ten years, based on community feedback, our current position and desired position.

OUR VISION:

A vibrant and progressive community which values its history in a welcoming and friendly place to live, work and visit. Beverley is the place to BE!

WE VALUE:

- The contributions made by our community towards an inclusive, active, diverse and friendly community
- Our natural resources and our place in the natural environment
- Economic diversity and opportunistic growth
- Forward thinking leadership and good governance

COUNCIL PRIORITIES:

1. Our investments support or facilitate employment and local business growth.
2. Our people, the community and quality of life are important to our success.
3. Our relationships bring financial, social, health and environmental benefits to the organisation and residents



ACHIEVEMENTS

During the 2017/18 Financial Year Council achieved the following:

STRATEGIC ACTIVITIES	OUTCOME
1. Maintain moderate Rate Increases	<p>Council increased rates by 2.5%, well below the forecast 6% as presented in the 2014-24 Long Term Financial Plan.</p> <p>Council also maintained its 10% discount for Rates paid on time. The Shire of Beverley is the only Local Government Authority that offers such a reward in the State.</p>
2. Beverley Cornerstone	<p>The construction of a multi-purpose community building that will service the Beverley community for the next 40 years.</p> <p>The Cornerstone will house the Community Resource Centre (CRC), Visitor Centre, Library, Commercial Office tenancies and a Childcare facility.</p> <p>The Cornerstone was achieved through the contribution of several funding partners including the Department of Industry, Innovation and Science Building Better Regions Fund, LotteryWest, the Wheatbelt Development Commission through Royalties for Regions and the Beverley CRC.</p> <p>The official opening of the Cornerstone is scheduled for March 2019.</p>
3. Fixed Asset Renewal	<p>Council invested funds into the renewal of the Beverley Pioneer Memorial Swimming Pool with a \$67,000 investment to complete the renewal of failing expansion joints to rectify water loss and a bowl repaint.</p> <p>A Needs Assessment and Feasibility Study relating to the future of the Swimming Pool will be completed in 2018/19.</p>
4. Plant Replacement	<p>Council continued its successful Plant Asset renewal program in 2017/18 including the replacement of a Grader.</p> <p>Investment in replacement plant for the 2017/18 financial year totalled \$525,000.</p>
5. Road Construction	<p>Upgrade and renewal of Roads throughout the Beverley District continued with an investment of \$4.1M, funded from Federal, State and Local revenue streams.</p>
6. Closing Surplus Position	<p>Council achieved a closing Surplus position for the 2017/18 financial year of \$870,000.</p> <p>This includes an advanced grant payment of \$681,000 from the State Government.</p>
7. Maintain acceptable debt levels	<p>Council raised a new loan of \$800,000 with interest terms of 3.5% per annum over 20 years to partially fund the construction of the Cornerstone Community Hub.</p> <p>Council's overall debt as at 30 June 2018 was \$1.8M.</p> <p>Council's debt servicing ratio, which compares operating surplus to principal and interest expenses, is a very respectable 21.58.</p> <p>Council's internal ratio of Rates to Debt, which expresses Rates raised as a multiple of debt levels is also respectable at 1.47.</p>



KEY STRATEGIC ACTIVITIES FOR 2018/19

The following are the key activities funded in the 2018/19 Annual Budget and these will contribute in achieving the strategic vision, goals and outcomes detailed in the Shire's Strategic Community Plan.

STRATEGIC ACTIVITIES	PLANNED WORKS	TIMELINE
Beverley Cornerstone	Official Opening	March 2019
Vincent St Bridge Upgrade and Secondary Crossing	Widening of the Vincent Street bridge including replacement of the footbridge and the construction of a secondary crossing at Taylor Street.	Complete by April 2019
Caravan Park Power Supply Upgrade	Upgrade of the Caravan Park power supply to keep up with the power demand of modern Caravans.	Complete by September 2018
Westdale Fire Shed	Construction of a purpose built Fire Shed to house the Westdale Tender and service the Dale area.	Complete by December 2018
Town Hall Kitchen Refurbishment	Refurbishment of the Town Hall kitchen.	Complete by April 2019
Vampire Jet/Flying Through History Attraction	Further upgrade of the Flying Through History attraction on Hunt Road with lighting, concrete and retaining walls to be added to the current display.	Complete by December 2018
Plant Replacement	Ongoing replacement of Plant as per Councils 10 Year Program. 2018/19 replacements include a Tractor and Skid Steer Loader.	Complete by February 2019
Footpath Renewal	Year 3 of a 10 Year Footpath Renewal program to enhance the service level of the current path network.	Complete by March 2019
Road Construction	Ongoing upgrade and renewal works across the Shire including West Dale, Mawson and Top Beverley Roads and a continued gravel resheeting roadside spraying and tree lopping program.	Complete by June 2019



STATEMENT BY THE SHIRE PRESIDENT

2017/2018 has been a busy period for the Shire of Beverley. Councillors and staff continued to plan, manage and implement initiatives, investing in the sustainable future of Beverley on behalf of our valued community.

Rate levels increased overall by a modest 2.5%. Council is mindful of economic challenges for constituents, aiming to use sound planning and access to external funding where possible to support responsible financial management for the district. The rate increase has again been retained below the 10 year financial plan projection.

The Strategic Community Plan 2017-2027 was completed following a whole of community review. This vital, user friendly document will guide planning, direction and grant funding applications for the requirements and ongoing advancement of our community.

Early in 2017/2018 advice was received that Federal grant funding for the new Cornerstone had been successful. This year has been particularly busy for staff as the project was progressed in what is arguably the most significant undertaken by the Shire of Beverley since the Beverley Function and Recreation Centre in 2013. The multipurpose Beverley Cornerstone will house the Beverley CRC, Library, Meeting Rooms, Visitors Centre, Museum and rentable office space and will open for use early in the 18/19 financial year.

Unfortunately a second application made to Royalties for the Regions for funding to progress Aged Care Housing within Beverley to assist over 55's to "Age in Place" in their own communities was not successful. Pending suitable funding this is a project the Shire hopes to progress at a future time.

The Shire of Beverley was one of the first Councils to receive funding to engage external assistance for assessment of Bush Fire Risk in the district and subsequent development of a Bush Fire Risk Management Plan. This has now been completed and has been an enabler for the Shire to access funding for hazard reduction works along the river within the town boundary.

It has been very pleasing to see ongoing activity in the DeLisle Street industrial precinct with several of the blocks developed by Landcorp now fenced and being constructed upon.

Strategic activity over the year has included ongoing planning to support construction of an alternative river crossing at Taylor Street and a role co-funded with the National Trust for a strategic officer to investigate sustainable initiatives for the future of Avondale. A review of the Beverley Aquatic Centre has been initiated and implementation of the Beverley Tourism Framework continues.

Amid an environment of decreasing State Government grants to local government the Shire's ongoing renewal of Council's assets has included an ongoing robust road capital and maintenance investment programme, footpath construction, refurbishment of units at Hund Road Village, and painting of the Swimming Pool Bowl.

The responsible and positive relationship that exists between Council, Administration and Staff at the Shire of Beverley is notable. Councils' appreciation is extended to our dedicated team for their productive endeavours under the capable stewardship of CEO Steve Gollan and senior staff in which great outcomes are being achieved for the community of Beverley.

I would like to extend thanks to Deputy President Cr Chris Pepper and fellow Councillors for time and commitment in their elected member roles on behalf of our community.



Cr Dee Ridgway
Shire President



STATEMENT BY THE CHIEF EXECUTIVE OFFICER

I am pleased to present the 2017/18 Annual Report to elected members, residents and rate payers.

The Shire of Beverley completed a full review of the Community Strategic Plan. It outlines the priorities and aspirations identified by the community through public consultation and Council workshops. The Shire will continue to work towards the implementation of strategies outlined in the new 2017 - 2027 Plan.

Swimming Pool

Council began future planning for the Beverley Memorial Swimming Pool by completing a full Strategic Review of the pool through Community surveys, interviews and a public workshop. The Community indicated should work be required to the pool, the retention of a 50 metre pool is preferred. Forward future planning will continue with the development of a feasibility study to see if the strategic review can be supported.

Community Grants

Council commits an annual budget allocation of \$20,000.00 every financial year to assist community groups to complete a project or hold an event. Throughout the 2017/18 financial year 11 different community groups were awarded \$19,912.90 in grants. The different groups covered various activities including sport, education, tourism, veterans and the natural environment. In 17/18 the Community Grants supported projects that benefited all ages ranging from children as young as four, right up to our valued seniors. The Community Grants program is a successful asset to our town.

Bridgeworks

Road infrastructure is an important asset to the Community. Council has made provision for a second river crossing off Lukin Street to assist with the upgrades planned for the Vincent Street Bridge. Council has purchased land and making budget allocations assist Mainroads WA to complete the project. The second river crossing will allow for wide loads to cross the Avon River while work is undertaken on the Vincent Street Bridge. Two other bridges on Bremner Road had upgrades undertaken on them and these were completed in 2017/18.

Cornerstone

After a successful Building Better Regions Fund grant application was received, work on the Multipurpose Cornerstone building began in October 2017. The building was awarded practical completion in June 2018. The Cornerstone is located on Vincent Street and will house the Beverley CRC, a new library, a visitor centre, crèche and office space for lease. The building highlights the different architecture styles in Beverley and it is hoped will bring visitors and economic renewal to town.

Thanks

I would like to thank the President, Cr Dee Ridgway and Elected Members for their ongoing support to all Shire Staff and the Beverley Community.

The dedication of the Shire staff has continued throughout 2017/18, and I would like to note the hard work and commitment by Deputy CEO, Simon Marshall and Shire Planner, Stefan de Beer to progress and complete the Cornerstone Project.



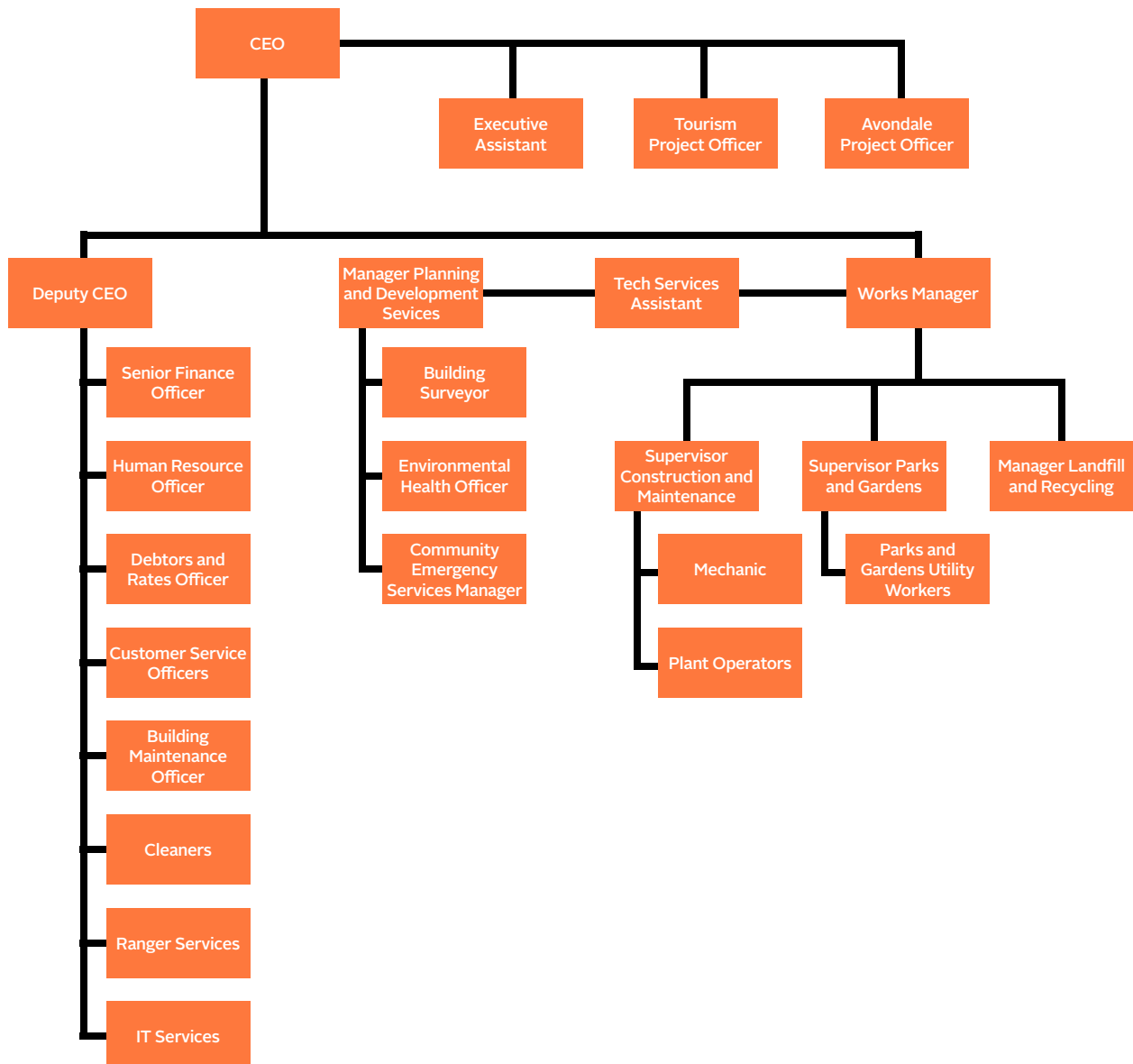
Mr Stephen Gollan
Chief Executive Officer



ORGANISATIONAL STRUCTURE

The Shire of Beverley staff members are part of the corporate structure headed by the Chief Executive Officer. This corporate approach ensures that staff members work towards achieving common goals.

The Shire's staff are organised across four Divisions, Community Services, Corporate Services, Infrastructure Services and Technical Services. Whilst the Chief Executive Officer is responsible for the overall management of the organisation, each Division has its own Senior Officer who oversees the functioning of their respective Division. The Corporate Management Team implements and administers the policies of the Elected Members.



LEGISLATIVE COMPLIANCE

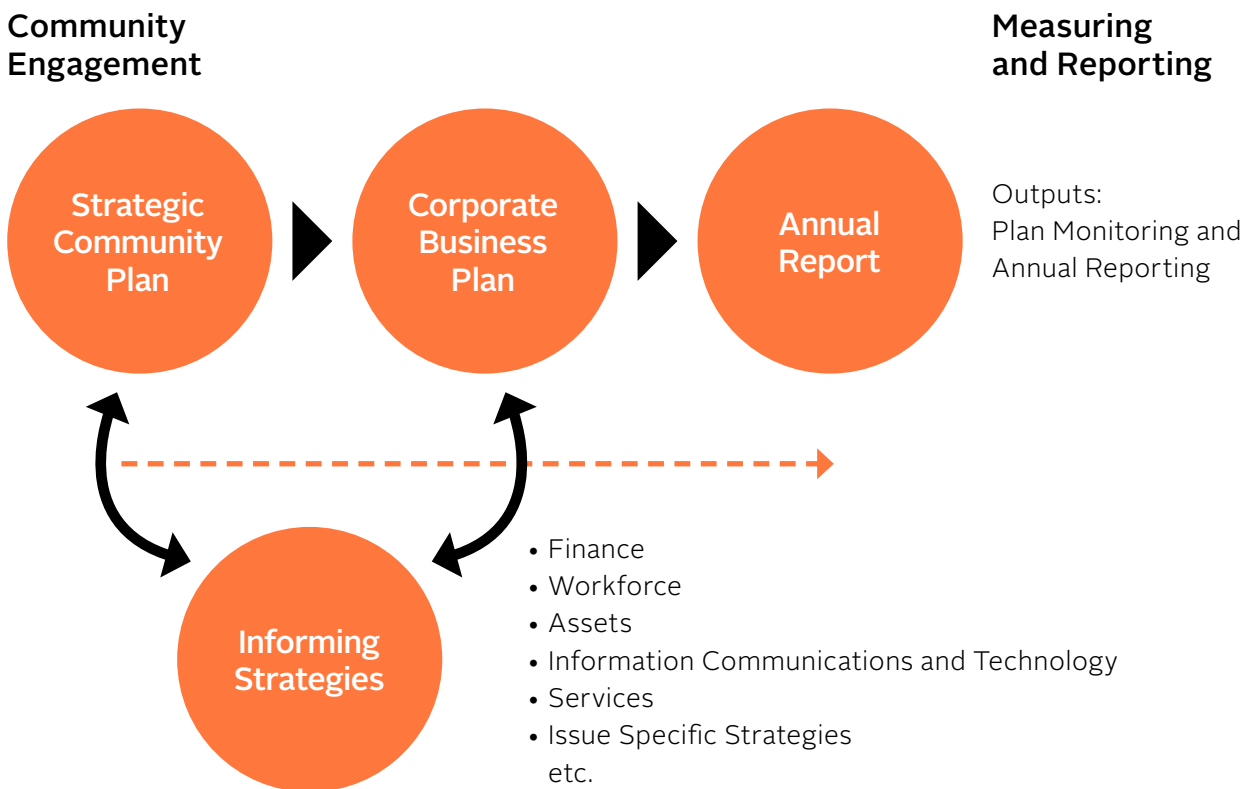
INTEGRATED PLANNING AND REPORTING (IPR) FRAMEWORK

The IPR framework is designed to establish community priorities and linking this information into different parts of a local government’s functions.

The IPR framework requirements are outlined in the Local Government (Administration) Regulations Division 3 – Planning for the Future.

The minimum requirements of the Regulations stipulate that the Local Government is to produce a Strategic Community Plan covering a period of no less than 10 years and a Corporate Business Plan covering a period of at least four years.

The diagram below illustrates the different elements of the IPR:



ELEMENTS OF INTEGRATED PLANNING AND REPORTING FRAMEWORK



STRATEGIC COMMUNITY PLAN (10 YEARS)

The Shire of Beverley's Strategic Community Plan was formulated and adopted in 2012. The Strategic Community Plan outlines the overarching strategies Council is to employ to achieve the aspirations of the Community across five key areas including Social, Environment, Built Environment, Economic Development and Governance.

A full review of the Strategic Community Plan was completed in December 2017.

2017/18 STRATEGIC COMMUNITY PLAN ACHIEVEMENTS

The following objectives as outlined in the Shire of Beverley's Strategic Community Plan were achieved during the 2017/18 financial year:

SOCIAL – BUILDING A SENSE OF COMMUNITY

- **Foster community participation:** Support sporting and community needs through support of local community events including the Beverley Show, Beverley Heroic Cycle Race, Beverley Triathlon and Senior's Morning Tea.
- **Ensure access to services and facilities as needs change within the community:** Council continued to work towards providing universal access to all Council facilities by starting year one of Council's 10 year footpath renewal plan.

ENVIRONMENT – PRESERVING AND SUSTAINING OUR NATURAL ENVIRONMENT

- **Manage Resources Efficiently:** Water captured by Council's Storm Water Harvesting Dams and treated water provided by the Water Corporation is continuing to sustain the Town Oval and the main street gardens.

BUILT ENVIRONMENT – ENHANCED LIFESTYLE CHOICES

- **Review Streetscape Plan and identify walking routes:** A Main Street redevelopment plan has been formulated with further planning and community engagement needed to be undertaken.

ECONOMIC DEVELOPMENT – MAXIMISE DEVELOPMENT

- **Support the development of industry, such as business incubators through advocacy and land use availability:** The De Lisle Street Industrial area development has progressed with several blocks transferring to private ownership and several businesses being established in the area.
- **Enhance the town centre, facilitating linkages of Main Street and heritage areas:** A Main Street redevelopment plan has been formulated with further planning and community engagement undertaken in 2017/18.
- **Facilitate and promote Beverley as a tourist destination:** The Tourism Project Officer continues to help progress the Tourism Strategy as determined by the Tourism Steering Committee.

GOVERNANCE – STRENGTHEN SHIRE LEADERSHIP

- **Develop the Human Resources and Workforce Plan to ensure Human Resources are available and future skills and development are identified:** Council reviewed the Workforce Plan in 2015 and will continue to monitor human resource requirements in the future.
- **Ensure governance and legislative requirements are met:** Council works closely with its Auditors to ensure all legislative requirements are met.



- **Advocate and lobby for improved services and infrastructure:** Council has engaged with multiple state government departments and commercial companies to lobby for improvements to services in the Beverley district. These included encouraging meetings with Telstra regarding mobile phone and data reception, interaction with and hosting visits from state and federal political representatives and strengthening ongoing relationships with the National Trust, Water Corporation and MainRoads WA.

CORPORATE BUSINESS PLAN (4 YEARS)

The Shire of Beverley's Corporate Business Plan demonstrates how Council is going to achieve the Communities aspirations as identified in the Strategic Community Plan covering a medium term, four year time frame.

The Corporate Business Plan was adopted in 2014 and provides direction to the CEO regarding medium term operational and capital investment parameters.

A desktop review of the Corporate Business Plan is completed annually as part of the annual budgeting process.

A full review of the Corporate Business Plan is due during the 2018/19 year.

- **2017/18 Corporate Business Plan Modifications:** There were no modifications made to the Shire of Beverley's Corporate Business Plan in the 2017/18 financial year.

INFORMING STRATEGIES

- **10 Year Long Term Financial Plan (LTFP)** adopted in 2013.

The LTFP reflects detailed financial workings based on achieving the objectives of the Strategic Community Plan and incorporating elements of workforce planning and asset management.

The LTFP will be reviewed in the 2018/19 financial year following the complete review of Council's Strategic Community Plan.

- **4 Year Workforce Plan (WFP)** adopted in 2013 and reviewed in 2015.

The WFP provides a detailed management plan of Council's workforce which reflects the staffing requirements required to achieve the objectives of the Strategic Community Plan.

The WFP will be reviewed as part of the LTFP review process.

- **10 Year Infrastructure Asset Management Plan (IAMP)** adopted in 2013.

The IAMP reflects the renewal requirements of Council's infrastructure assets.

The 10 Year Infrastructure Asset Management Plan was reviewed in 2016/17 to assist in informing the review of the 10 year Long Term Financial Plan.

- **10 Year Buildings Asset Management Plan (BAMP)** adopted in 2012.

The BAMP reflects the renewal requirements of Council's building assets.

The 10 Year Building Asset Management Plan was reviewed and updated in 2016/17 following the revaluation of Council's Building assets. The BAMP assists in informing the review of the 10 Year Long Term Financial Plan.

- **10 Year Plant Replacement Program (PRP)** adopted in 2015 and reviewed annually.

The PRP reflects Council's Plant replacement requirements.



NATIONAL COMPETITION POLICY

The introduction of the National Competition Policy requires all local governments to include in the Annual Report, statements relating to the following:

THE STRUCTURAL REFORM OF PUBLIC MONOPOLIES

The intention of the Structural Reform of Public Monopolies, is that:

- There is a separation of regulatory and commercial functions of Public Monopolies.
- There is a separation of natural monopolistic operations and potentially competitive activities of Public Monopolies.
- There is a separation of potential competitive activities into a number of smaller, essentially independent business units.

The Shire of Beverley is not considered a natural monopoly, nor does it conduct any business activity that can be considered a Public Monopoly. Therefore the principle of structural reform of Public Monopolies does not apply to the Shire of Beverley.

COMPETITIVE NEUTRALITY

For significant local government business enterprises, which are classified as 'Public Financial Enterprises', local government will, where appropriate:

- Adopt a corporatisation model for those local government business enterprises.

- Impose on significant business enterprises:
 - Full Commonwealth, State and Territory taxes on tax equivalent systems;
 - Debt guarantee fees directed towards off-setting the competitive advantages provided by government guarantees; and
 - Those regulations to which private sector businesses are normally subject, such as those relating to the protection of the environment and planning and approval processes, on an equivalent basis to private sector competitors.

These principles have been designed to ensure that a local government has no unfair advantage over any competitor in the market place.

These principles only apply to business activities that receive more than \$200,000 in annual income, of which the Shire of Beverley has none, and therefore do not apply to the Shire of Beverley.

Council has not received any allegations of non compliance with Competitive Neutrality Principles from the private sector.

LEGISLATION REVIEW

In accordance with the National Competition Policy, all Local Laws are currently being reviewed.



DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act 1993 was amended in December 2004, creating a requirement of public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These Plans had to be fully developed by July 2007, and replaced and built on the achievements of Disability Service Plans (DSPs).

A review of the plan was completed in June 2013 with Council adopting the DAIP 2013-2018 in July 2013. Council has developed the following strategies to improve access and inclusion in accordance with the desired DAIP outcomes:

A DAIP progress report is completed annually and forwarded to the Disability Services Commission. The 2017/18 progress report was completed and submitted in June 2018. A complete review to progress the DAIP 2018 – 2023 began in June 2018 and will be completed by December 2018.

OUTCOME 1

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

STRATEGY

Ensure that people with disability are consulted on their needs for services and the accessibility of current services.

Monitor Shire services to ensure equitable access and inclusion.

Develop the links between the DAIP and other Shire plans and strategies.

District events, are accessible to people with Disability.

Promote Health and Wellbeing programmes.

Regularly promote Disability Services and programmes available within the Shire.



OUTCOME 2

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

STRATEGY

Ensure that all buildings and facilities meet the standards for access and any demonstrated additional need.

Ensure that all new or redevelopment works provide access to people with Disability, where practicable.

Advocate to local businesses and tourist venues the requirements for and benefits flowing from the provision of accessible venues.

Ensure that all recreational areas are accessible.

Ensure that ACROD parking meets the needs of people with disability in terms of visibility, quantity and location.

OUTCOME 3

People with disability 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.

STRATEGY

Ensure that the community is aware that Shire information is available in alternative formats upon request.

Improve staff awareness of accessible information needs and how to provide information in other formats.

Accommodate the provision of support personnel to significant events on request.

Ensure that the Shire's website meets contemporary good practice.

OUTCOME 4

People with disability 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.

STRATEGY

Ensure that all employees, current and new, and Elected Members are aware of disability and access issues and have the skills to provide appropriate services.



OUTCOME 5

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

STRATEGY

Ensure that feedback and grievance mechanisms are known and accessible for people with disability.

OUTCOME 6

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

STRATEGY

Ensure that people with disability are actively consulted about the DAIP and any other significant planning processes.

Ensure that people with disability are aware of and can access other established consultative processes.

OUTCOME 7

People with disability have the same opportunities as other people to maintain employment with the Shire of Beverley.

STRATEGY

Ensure that people with disability are actively encouraged to apply for employment with the Shire of Beverley.

Ensure that staff are informed and aware of the Council commitment to Equal Opportunity employment.



PUBLIC INTEREST DISCLOSURE

PUBLIC INTEREST

The Public Interest Disclosure Act 2003 (the Act), aims to facilitate and encourage the disclosure of public interest information, and to provide protection for those who have made disclosures, and for those about whom disclosures are made.

The Shire of Beverley does not tolerate corrupt or other improper conduct, including mismanagement of public resources, and the exercise of the public functions of the Shire and its officers, employees and contractors.

The Shire is committed to the aims and objectives of the Act, and recognises the value and importance of contributions of staff to enhance administrative and management practices, and supports disclosures being made by staff regarding corrupt or other improper conduct.

During the 2017/18 Financial Year there were no disclosures made under the Act.



RECORD KEEPING PLAN

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed manner.

Principal 6 - Compliance: Government Organisations ensure their employees comply with the Record Keeping Plan.

RATIONALE

An Organisation and its employees must comply with the Organisation's Record Keeping Plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

MINIMUM COMPLIANCE REQUIREMENTS

The Record Keeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The Organisation conducts a record keeping program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The Organisation's induction program addresses employee roles and responsibilities in regards to their compliance with the Organisation's Record Keeping Plan.

The Shire of Beverley has complied with items 1 to 4.



REGISTER OF MINOR COMPLAINTS

Section 5.121 of the Local Government Act 1995 (Register of Certain Complaints of Minor Breaches), requires the Complaints Officer for each local government to maintain a Register of Complaints which records all complaints that result in action under Section 5.110(6) (b) or (c) of the Act (Conduct of Certain Officials).

Section 5.53 (2) (hb) of the Local Government Act 1995 requires disclosure in the Annual Report of details of entries made under Section 5.121 during the financial year in the Register of Complaints, including:

- i. The number of complaints recorded on the register of complaints;
- ii. How the recorded complaints were dealt with; and
- iii. Any other details that the Regulations may require.

In accordance with these requirements, it is advised that no complaints or minor breaches under the Local Government Act 1995 were received during 2017/18.



FREEDOM OF INFORMATION

Section 96 of the Freedom of Information Act requires local governments to publish an Information Statement.

In summary, the Shire of Beverley's Statement indicates that the Shire of Beverley is responsible for the good governance of the Shire, and carries out functions as required, including statutory compliance and provision of services and facilities.

All Council meetings are open to the public, and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time, shortly after the commencement of each meeting.

The Shire of Beverley maintains records relating to the function and administration of the Shire, each property within the Shire, and includes such documents as the Minutes of Meetings, Rate Book, Town Planning Scheme, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements, and Electoral Rolls. These documents can be inspected free of charge at the Shire Office, 136 Vincent Street, Beverley, during office hours.

No Freedom of Information requests were received in 2017/18.



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**2017/18 ANNUAL
FINANCIAL REPORT**



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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 24th day of August, 2018



S.P. Gollan
Chief Executive Officer



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

	NOTE	2017/18 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Revenue				
Rates	22(a)	2,642,202	2,669,880	2,609,556
Operating Grants, Subsidies and Contributions	28	3,022,275	2,271,419	2,411,710
Fees and Charges	27	567,822	523,761	544,154
Service Charges	24	0	0	0
Interest Earnings	2(a)	151,672	103,888	159,180
Other Revenue		<u>405,707</u>	<u>481,692</u>	<u>332,472</u>
		6,789,678	6,050,640	6,057,072
Expenses				
Employee Costs		(2,048,821)	(2,134,739)	(1,973,765)
Materials and Contracts		(1,338,299)	(1,840,463)	(1,270,568)
Utility Charges		(204,548)	(208,638)	(179,527)
Depreciation on Non-Current Assets	2(a)	(1,854,567)	(1,691,589)	(1,650,484)
Interest Expenses	2(a)	(59,036)	(34,504)	(60,551)
Insurance Expenses		(173,677)	(168,227)	(188,742)
Other Expenditure		<u>(145,599)</u>	<u>(81,975)</u>	<u>(287,910)</u>
		(5,824,547)	(6,160,135)	(5,611,547)
		965,131	(109,495)	445,525
Non-Operating Grants, Subsidies and Contributions	28	3,560,564	9,238,188	1,125,127
Profit on Asset Disposals	20	7,785	12,000	51
Loss on Asset Disposal	20	(163,513)	(8,000)	(18,113)
Loss on Non-Current Asset Revaluations	7(b)	<u>(2,169,799)</u>	<u>0</u>	<u>(2,561,025)</u>
Net Result		2,200,168	9,132,693	(1,008,435)
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	29,267,587	0	454,061
Total Other Comprehensive Income		<u>29,267,587</u>	<u>0</u>	<u>454,061</u>
Total Comprehensive Income		<u><u>31,467,755</u></u>	<u><u>9,132,693</u></u>	<u><u>(554,374)</u></u>

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



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

	NOTE	2017/18 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Revenue				
General Purpose Funding		3,603,301	3,228,040	4,068,520
Governance		17,682	6,100	21,885
Law, Order, Public Safety		427,926	184,149	207,766
Health		455	100	209
Education and Welfare		0	0	0
Housing		99,612	1,403,903	95,787
Community Amenities		204,036	198,279	205,538
Recreation and Culture		131,752	90,001	121,009
Transport		1,771,174	380,210	872,229
Economic Services		140,461	81,500	130,239
Other Property and Services		57,915	35,111	69,281
	2(a)	<u>6,454,314</u>	<u>5,607,393</u>	<u>5,792,463</u>
Expenses				
General Purpose Funding		(150,649)	(179,989)	(355,541)
Governance		(222,375)	(249,780)	(430,016)
Law, Order, Public Safety		(548,048)	(448,152)	(353,145)
Health		(123,971)	(148,255)	(86,149)
Education and Welfare		(55,858)	(78,374)	(53,045)
Housing		(289,672)	(256,578)	(201,639)
Community Amenities		(503,510)	(620,555)	(471,923)
Recreation and Culture		(1,101,837)	(1,012,512)	(960,332)
Transport		(2,046,391)	(2,183,986)	(2,036,487)
Economic Services		(362,518)	(494,577)	(295,698)
Other Property and Services		(25,318)	(9,626)	(42,412)
	2(a)	<u>(5,430,147)</u>	<u>(5,682,384)</u>	<u>(5,286,387)</u>
Finance Costs				
Law, Order, Public Safety		(2,078)	0	(2,108)
Housing		(488)	(531)	(910)
Community Amenities		(2,839)	(3,208)	(4,035)
Recreation and Culture		(53,631)	(30,765)	(53,498)
Economic Services		0	0	0
	2(a)	<u>(59,036)</u>	<u>(34,504)</u>	<u>(60,551)</u>
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss				
Loss on revaluation of Non-Current Asset	7(b)	(2,169,799)	0	(2,561,025)
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		0	0	0
Community Amenities		0	0	0
Recreation and Culture		2,275,199	2,601,834	67,000
Transport		1,285,365	6,636,354	1,058,127
	28	<u>3,560,564</u>	<u>9,238,188</u>	<u>1,125,127</u>
Profit/(Loss) on Disposal of Assets				
Governance		1,256	0	(4,648)
Law, Order, Public Safety		0	2,000	0
Health		(2,329)	0	(7,493)
Recreation & Culture		0	0	0
Transport		0	0	0
Economic Services		(159,328)	0	0
Other Property and Services		4,673	2,000	(5,921)
	20	<u>(155,728)</u>	<u>4,000</u>	<u>(18,062)</u>
Net Result		2,200,168	9,132,693	(1,008,435)
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	29,267,587	0	454,061
Total Other Comprehensive Income		29,267,587	0	454,061
Total Comprehensive Income		31,467,755	9,132,693	(554,374)

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



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

	NOTE	2017/18 Actual \$	2016/17 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	4,161,347	4,705,857
Trade and Other Receivables	4	966,558	632,472
Inventories	5	9,938	13,591
TOTAL CURRENT ASSETS		<u>5,137,843</u>	<u>5,351,920</u>
NON-CURRENT ASSETS			
Other Receivables	4	174,015	180,274
Property, Plant and Equipment	6	23,487,289	20,656,168
Infrastructure	7	56,115,882	25,369,332
TOTAL NON-CURRENT ASSETS		<u>79,777,186</u>	<u>46,205,774</u>
TOTAL ASSETS		<u>84,915,029</u>	<u>51,557,694</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	1,762,104	524,546
Long Term Borrowings	9	129,929	69,209
Provisions	10	414,680	484,724
TOTAL CURRENT LIABILITIES		<u>2,306,713</u>	<u>1,078,479</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,670,592	1,000,522
Provisions	10	21,576	30,300
TOTAL NON-CURRENT LIABILITIES		<u>1,692,168</u>	<u>1,030,822</u>
TOTAL LIABILITIES		<u>3,998,881</u>	<u>2,109,301</u>
NET ASSETS		<u>80,916,148</u>	<u>49,448,393</u>
EQUITY			
Retained Surplus		38,881,645	36,666,951
Reserves - Cash Backed	11	2,271,246	2,285,772
Revaluation Surplus	12	39,763,257	10,495,670
TOTAL EQUITY		<u>80,916,148</u>	<u>49,448,393</u>

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



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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2016		37,907,935	2,053,223	10,041,609	50,002,767
Comprehensive Income					
Net Result		(1,008,435)	0	0	(1,008,435)
Changes on Revaluation of Non-Current Assets	12	0	0	454,061	454,061
Total Comprehensive Income		(1,008,435)	0	454,061	(554,374)
Reserve Transfers		(232,549)	232,549	0	0
Balance as at 30 June 2017		36,666,951	2,285,772	10,495,670	49,448,393
Comprehensive Income					
Net Result		2,200,168	0	0	2,200,168
Changes on Revaluation of Non-Current Assets	12	0	0	29,267,587	29,267,587
Total Other Comprehensive Income		2,200,168	0	29,267,587	31,467,755
Reserve Transfers		14,526	(14,526)	0	0
Balance as at 30 June 2018		38,881,645	2,271,246	39,763,257	80,916,148

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



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

	NOTE	2017/18 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,642,202	2,669,880	2,609,556
Operating Grants, Subsidies and Contributions		3,022,275	2,271,419	2,411,710
Fees and Charges		567,822	523,761	544,153
Service Charges		0	0	0
Interest Earnings		151,672	103,888	159,180
Goods and Services Tax		0	0	0
Other Revenue		210,133	481,692	140,930
		<u>6,594,105</u>	<u>6,050,640</u>	<u>5,865,529</u>
Payments				
Employee Costs		(2,067,647)	(2,134,739)	(1,997,796)
Materials and Contracts		(1,338,299)	(1,840,463)	(1,270,568)
Utility Charges		(204,548)	(208,638)	(179,527)
Insurance Expenses		(173,677)	(34,504)	(188,742)
Interest expenses		(33,149)	(168,227)	(60,610)
Goods and Services Tax		0	0	0
Other Expenditure		863,120	(81,975)	39,955
		<u>(2,954,200)</u>	<u>(4,468,546)</u>	<u>(3,657,288)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>3,639,905</u>	<u>1,582,094</u>	<u>2,208,241</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment	6(b)	(4,230,501)	(7,116,094)	(690,574)
Payments for Construction of Infrastructure	7(b)	(4,471,315)	(8,043,515)	(1,462,077)
Advances to Community Groups		0	0	0
Payments for Purchase of Investments		0	0	0
Non-Operating Grants, Subsidies and Contributions	28	3,560,564	9,238,188	1,125,127
Proceeds from Sale of Plant & Equipment	20	211,636	0	163,939
Proceeds from Advances		0	211,000	0
Proceeds from Sale of Investments		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided By (Used In) Investing Activities		<u>(4,929,616)</u>	<u>(5,710,421)</u>	<u>(863,585)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	21	(69,209)	(69,209)	(85,386)
Proceeds from Self Supporting Loans	21	14,411	(44,147)	13,563
Proceeds from New Debentures	21	800,000	1,521,151	0
		<u>745,201</u>	<u>1,422,206</u>	<u>(71,823)</u>
Net Increase (Decrease) in Cash Held		(544,510)	(2,706,121)	1,272,833
Cash at Beginning of Year		4,705,857	4,705,857	3,433,024
Cash and Cash Equivalents at the End of the Year	13(a)	<u>4,161,347</u>	<u>1,999,736</u>	<u>4,705,857</u>

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



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

	NOTE	2017/18 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Revenue				
General Purpose Funding		961,104	558,160	1,458,964
Governance		18,938	6,100	21,885
Law, Order, Public Safety		427,926	186,149	207,766
Health		455	100	209
Education and Welfare		0	0	0
Housing		99,612	1,403,903	95,787
Community Amenities		204,036	198,279	205,538
Recreation and Culture		2,406,951	2,691,835	188,009
Transport		3,056,539	7,016,564	1,930,356
Economic Services		140,461	81,500	130,239
Other Property and Services		64,444	45,111	69,281
		<u>7,380,466</u>	<u>12,187,701</u>	<u>4,308,034</u>
Expenses				
General Purpose Funding		(150,649)	(179,989)	(355,541)
Governance		(222,375)	(249,780)	(434,664)
Law, Order, Public Safety		(552,455)	(448,152)	(355,253)
Health		(123,971)	(148,255)	(93,642)
Education and Welfare		(55,858)	(78,374)	(53,045)
Housing		(290,160)	(257,109)	(202,549)
Community Amenities		(506,349)	(623,763)	(475,958)
Recreation and Culture		(1,155,468)	(1,043,277)	(1,013,830)
Transport		(4,216,190)	(2,183,986)	(4,597,512)
Economic Services		(521,846)	(494,577)	(295,698)
Other Property and Services		(27,174)	(17,626)	(48,333)
		<u>(7,822,495)</u>	<u>(5,724,888)</u>	<u>(7,926,025)</u>
Net Result Excluding Rates		(442,029)	6,462,813	(3,617,991)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Initial Recognition of Assets Due to Change to Regulations				
- Land		0	0	0
Loss on Revaluation of Non Current Assets	7(b)	2,169,799	0	2,561,025
(Profit)/Loss on Asset Disposals	20	155,728	(4,000)	18,062
Movements in Non-Current to Current Items		(51,165)	0	(26,810)
Depreciation and Amortisation on Assets	2(a)	1,854,567	1,691,589	1,650,484
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings	6	(3,691,061)	(6,534,594)	(344,087)
Purchase Plant and Equipment	6	(524,607)	(531,000)	(305,276)
Purchase Furniture and Equipment	6	(14,832)	(50,500)	(41,212)
Purchase Infrastructure Assets - Roads	7	(4,142,570)	(3,700,515)	(1,418,662)
Purchase Infrastructure Assets - Other	7	(328,745)	(4,343,000)	(43,415)
Proceeds from Disposal of Investments		0	0	0
Proceeds from Disposal of Assets	20	211,636	211,000	163,939
Repayment of Debentures	21	(69,210)	(69,209)	(85,386)
Proceeds from New Debentures	21	800,000	1,521,151	0
Self-Supporting Loan Principal Income		14,411	14,411	13,563
Transfers to Reserves (Restricted Assets)	11	(349,474)	(392,159)	(276,009)
Transfers from Reserves (Restricted Assets)	11	364,000	782,607	43,460
ADD Surplus/(Deficit) July 1 B/Fwd.	22(b)	2,271,524	2,271,526	1,370,283
LESS Surplus/(Deficit) June 30 C/Fwd.	22(b)	870,175	0	2,271,524
Total Amount Raised from General Rate	22(a)	<u>(2,642,202)</u>	<u>(2,669,880)</u>	<u>(2,609,556)</u>

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



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

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

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

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the 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.

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to these financial statements.

(c) 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 BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

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

(f) 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 Resale

Land purchased for development and/or resale 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 the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

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

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

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

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

Council has adopted Fair Value across all asset types in accordance with the Regulations.

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

Land Under Control

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is 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 other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2015.



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** methodology section as detailed above.

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 AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Land	not depreciated
Buildings	25 to 50 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
- Formation	not depreciated
- Pavement	40 years
- Bituminous seals	15 years
Gravel roads	
- Formation	not depreciated
- Pavement	40 years
- Gravel sheet	20 years
Formed roads (unsealed)	
- Formation	not depreciated
- Pavement	40 years
Footpaths - slab	20 years
Water supply piping & drainage systems	75 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Fair Value of Assets and Liabilities

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

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

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

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

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

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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



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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Valuation techniques

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

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



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss. The Shire of Beverley does not deal in derivatives.



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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

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



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

(j) Impairment

In accordance with Australian Accounting Standards the Council'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). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

(l) Employee Benefits

Short-term employee benefits

Provision is made for Council'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.

Council'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. Council'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 of 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.

Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where Council 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.

(m) 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.



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

(o) 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 Council, 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.

(p) Investments in Associates

The Council has no investments held in any third party entities.



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Joint Venture

The Council has no interest in any Joint Venture.

(r) 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 operation for the current reporting period.

(s) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(t) 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 Council's operational cycle. In the case of liabilities where the Council 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 resale where it is held as non-current based on Council's intentions to release for sale.

(u) Rounding Off Figures

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



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) Budget Comparative Figures

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



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Notes:

* Applicable to periods commencing on or after the given date.



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title and Topic	Issued	Applicable (*)	Impact
(iv)	AASB 1058 Income for Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

(y) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- | | | |
|------|---|---|
| (i) | AASB 2016-4 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities - December 2016 | This standard amends AASB 116 - Property, Plant and Equipment - August 2015; AASB 116 - Property, Plant and Equipment - July 2004; AASB 136 - Impairment of Assets - August 2015 and AASB 136 - Impairment of Assets - July 2004 to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and clarifies that the recoverable amount of non-cash-generating specialised assets is expected to be materially the same as fair value. |
| (ii) | AASB 2016-7 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities - June 2016 | This instrument amends 21 standards and six Interpretations in deferring the application of AASB 15 and the consequential amendments that AASB 15 required to other standards. |

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

2. REVENUE AND EXPENSES

	2017/18	2016/17	
	Actual	Actual	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Auditors Remuneration			
Audit Expenses	16,399	17,417	
Other Services	0	6,997	
Depreciation			
Buildings	672,882	387,306	
Furniture and Equipment	35,710	43,928	
Plant and Equipment	323,422	337,102	
Roads	783,849	843,444	
Footpaths	38,704	38,704	
	<u>1,854,567</u>	<u>1,650,484</u>	
Interest Expenses (Finance Costs)			
Finance Lease Charges	2,078	2,108	
Debentures (<i>refer Note 21(a)</i>)	56,958	58,443	
	<u>59,036</u>	<u>60,551</u>	
Rental Charges			
- Operating Leases	<u>6,364</u>	<u>0</u>	
(ii) Crediting as Revenue:			
	2017/18	2017/18	2016/17
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
Investments			
- Reserve Funds	55,959	58,888	54,525
- Other Funds	60,564	24,000	57,456
Other Interest Revenue (<i>refer Note 26</i>)	35,149	21,000	47,199
	<u>151,672</u>	<u>103,888</u>	<u>159,180</u>



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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

Council operations as disclosed in this report encompass the following service orientated activities/programs:

GOVERNANCE

Member of Council Allowances and Reimbursements, Civic Functions, Election Expenses and Administration Expenses.

GENERAL PURPOSE FUNDING

Rates Levied, Interest on Late Payment of Rates, General Purpose Grants and Interest Received on Investments.

LAW, ORDER, PUBLIC SAFETY

Supervision of various Local Laws, Fire Prevention and Animal Control.

HEALTH

Subsidisation of the Beverley Medical Practice, Environmental Health, Food Control and Pest Control.

EDUCATION AND WELFARE

Pre-Schools and other Education. Care of Families and Children.

HOUSING

Aged Persons Residence and Staff Housing.

COMMUNITY AMENITIES

Refuse Collection Services, Landfill Site Operations, Protection of the Environment. Administration of the Town Planning Scheme and Urban Stormwater and Drainage Works.

RECREATION AND CULTURE

Maintenance of Halls, Swimming Pool, Recreation Ground, Reserves, Libraries and Other Culture.

TRANSPORT

Maintenance of Roads, Drainage Works, Footpaths, Street Lighting, Crossovers, Verge Maintenance and Street Sweeping.

ECONOMIC SERVICES

Weed Control, Area Promotion, Implementation of Building Controls, Swimming Pool Inspections.

OTHER PROPERTY & SERVICES

Private Works, Public Works Overheads, Plant Operations, Materials, Salaries and Wages Controls and Other Unclassified Activities.



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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

<u>Grant/Contribution</u>	<u>Function/ Activity</u>	<u>Opening Balance (*) 1-Jul-16 \$</u>	<u>Received (+) 2016/17 \$</u>	<u>Expended (#) 2016/17 \$</u>	<u>Closing Balance (*) 30-Jun-17 \$</u>	<u>Received (+) 2017/18 \$</u>	<u>Expended (#) 2017/18 \$</u>	<u>Closing Balance 30-Jun-18 \$</u>
Building Better Regions Grant	Recreation & Culture	0	0	0	0	1,020,000	(1,020,000)	0
LotteryWest Capital Grant	Recreation & Culture	0	0	0	0	745,000	(745,000)	0
Wheatbelt Development Commission Grant	Recreation & Culture	0	0	0	0	195,000	(195,000)	0
CRC Capital Grant	Recreation & Culture	0	0	0	0	250,000	(250,000)	0
CRC Capital Contribution	Recreation & Culture	0	0	0	0	25,000	(25,000)	0
MRWA Direct Road Grant	Transport	0	106,927	(106,927)	0	63,610	(63,610)	0
Regional Road Group Grant	Transport	0	337,439	(337,439)	0	337,872	(337,872)	0
Roads To Recovery Grant	Transport	0	501,688	(335,920)	165,768	431,941	(597,709)	0
Special Bridge Grant	Transport	0	219,000	(219,000)	0	342,000	(342,000)	0
Bush Fire Risk Management Grant	Law, Order, Public Safety	91,033	58,140	(149,173)	0	159,971	(159,971)	0
Bush Fire Risk Mitigation Grant	Law, Order, Public Safety	0	0	0	0	95,400	(95,400)	0
Total		<u>91,033</u>	<u>1,223,194</u>	<u>(1,148,459)</u>	<u>165,768</u>	<u>3,665,794</u>	<u>(3,831,562)</u>	<u>0</u>

Notes:

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

(+) - 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.

(#) - 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.

Economic dependency

A significant portion of revenue is received by way of grants from State and Federal Government. Total grant revenue from government sources is disclosed within the Statement of Comprehensive Income.



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

	2017/18 Actual \$	2016/17 Actual \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,890,101	2,254,317
Restricted	<u>2,271,246</u>	<u>2,451,540</u>
	<u><u>4,161,347</u></u>	<u><u>4,705,857</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserve Funds - Cash Backed (<i>refer Note 11</i>)	2,271,246	2,285,772
Unspent Grants (<i>refer Note 2(c)</i>)	<u>0</u>	<u>165,768</u>
	<u><u>2,271,246</u></u>	<u><u>2,451,540</u></u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	341,899	380,746
Sundry Debtors	426,708	237,315
GST Receivable	143,009	0
Prepaid Expenses	39,629	0
Loans - Clubs/Institutions	<u>15,313</u>	<u>14,411</u>
	<u><u>966,558</u></u>	<u><u>632,472</u></u>
Non-Current		
Rates Outstanding - Pensioners	115,203	106,149
Loans - Clubs/Institutions	<u>58,812</u>	<u>74,125</u>
	<u><u>174,015</u></u>	<u><u>180,274</u></u>
5. INVENTORIES		
Current		
Fuel and Materials	<u>9,938</u>	<u>13,591</u>
	<u><u>9,938</u></u>	<u><u>13,591</u></u>



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

	2017/18 Actual \$	2016/17 Actual \$
6. PROPERTY, PLANT AND EQUIPMENT		
(a) Land and Buildings		
Freehold Land at Fair Value	2,659,196	2,651,000
	<u>2,659,196</u>	<u>2,651,000</u>
Land Under Control at Fair Value	99,000	99,000
Total Land	<u>2,758,196</u>	<u>2,750,000</u>
Buildings at Fair Value	32,786,800	29,271,943
Less Accumulated Depreciation	<u>(14,198,744)</u>	<u>(13,525,862)</u>
Total Buildings	<u>18,588,056</u>	<u>15,746,081</u>
Total Land and Buildings	<u>21,346,252</u>	<u>18,496,081</u>
Plant and Equipment		
Plant and Equipment at Fair Value	4,226,467	4,151,327
Less Accumulated Depreciation	<u>(2,237,028)</u>	<u>(2,163,716)</u>
Total Plant and Equipment	<u>1,989,439</u>	<u>1,987,611</u>
Furniture and Equipment		
Furniture and Equipment at Fair Value	309,640	294,807
Less Accumulated Depreciation	<u>(158,042)</u>	<u>(122,331)</u>
Total Furniture and Equipment	<u>151,598</u>	<u>172,476</u>
Total Property, Plant and Equipment	<u>23,487,289</u>	<u>20,656,168</u>

Land and Buildings:

A valuation of land and building assets was undertaken by an external consultant in December 2016 and the valuation was adopted as the fair value in June 2017.

The revaluation of land and building assets resulted in an increase on revaluation of \$454,061 in the net value of land and buildings.

All of this increase was credited to the revaluation surplus (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Plant and Equipment:

A valuation of plant and machinery assets was undertaken by an external consultant in June 2016 and the valuation was adopted as the fair value in June 2016.

Furniture and Equipment:

Furniture and Equipment items were valued in 2017 as part of the mandatory requirements as per Local Government (Financial Management) Regulation 17A.

The Furniture and Equipment currently on the Council's asset register was identified during a stocktake in 2018 and is replaced on a regular basis. Based on this, the cost approach is deemed to be the most appropriate and a very conservative fair value measurement.



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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

Fair Value Hierarchy Valuation Approach Last Valued	<u>Land</u>	<u>Non- Specialised Buildings</u>	<u>Specialised Buildings</u>	<u>Total Buildings</u>	<u>Total Land and Buildings</u>	<u>Plant and Equipment</u>	<u>Furniture and Equipment</u>	<u>Total</u>
	Level 2 Market 2017	Level 2/3 Market/Cost 2017	Level 3 Cost 2017			Level 1 Market 2016	Level 3 Cost 2016	
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at the beginning of the year	2,750,000	4,418,951	11,327,130	15,746,081	18,496,081	1,987,611	172,476	20,656,168
Additions	8,196	3,511,350	171,516	3,682,866	3,691,062	524,607	14,832	4,230,501
(Disposals)	0	0	(168,009)	(168,009)	(168,009)	(199,357)	0	(367,366)
Revaluation - Increments	0	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0	0	0
Depreciation (Expense)	0	(243,320)	(429,562)	(672,882)	(672,882)	(323,422)	(35,710)	(1,032,014)
Carrying amount at the end of year	<u>2,758,196</u>	<u>7,686,981</u>	<u>10,901,075</u>	<u>18,588,056</u>	<u>21,346,252</u>	<u>1,989,439</u>	<u>151,598</u>	<u>23,487,289</u>



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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	June 2017	Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly e.g. local land sales.
Land vested in and under the control of Council	3	Improvements to land valued using depreciated replacement cost.	Independent Registered Valuer	June 2017	Depreciated replacement cost to acquire a modern equivalent that would provide equal utility.
Non-specialised buildings	2/3	Market approach using recent observable market data for similar properties & Cost approach using depreciated replacement cost.	Independent Registered Valuer	June 2017	Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly e.g. local property sales and Depreciated replacement cost to acquire a modern equivalent that would provide equal utility.
Specialised buildings	3	Cost approach using depreciated replacement cost.	Independent Registered Valuer	June 2017	Depreciated replacement cost to acquire a modern equivalent that would provide equal utility.
Plant and Equipment	1	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	June 2016	Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly e.g. Plant auction sales.
Furniture and Equipment	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2017	Residual values and remaining useful life assessment inputs.

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 1, level 2 or level 3 inputs.



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

	2017/18 Actual \$	2016/17 Actual \$
7. INFRASTRUCTURE		
(a) Roads - Valuation	34,592,733	33,735,458
Less Accumulated Depreciation	<u>(9,429,760)</u>	<u>(8,969,112)</u>
	25,162,973	24,766,346
Bridges - Valuation	38,514,199	0
Less Accumulated Depreciation	<u>(11,942,446)</u>	<u>0</u>
	26,571,753	0
Footpaths - Valuation	1,636,175	1,639,480
Less Accumulated Depreciation	<u>(1,111,538)</u>	<u>(1,036,494)</u>
	524,637	602,986
Drainage - Valuation	2,692,886	0
Less Accumulated Depreciation	<u>(521,317)</u>	<u>0</u>
	2,171,569	0
Parks & Ovals - Valuation	2,034,941	0
Less Accumulated Depreciation	<u>(349,991)</u>	<u>0</u>
	1,684,950	0
	<u><u>56,115,882</u></u>	<u><u>25,369,332</u></u>

Infrastructure:

A full road asset network revaluation was undertaken by external consultants in December 2017. The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and following review of current market rates were adopted as the fair value at 30 June 2018.

The revaluation of road infrastructure assets resulted in an decrease on revaluation of (\$2,169,799) in the net value of infrastructure. This decrease was debited as an expense in the Statement of Comprehensive Income recognised as Loss on Revaluation of Non-Current Assets.

A full bridge asset valuation was undertaken by external consultants in December 2017.

The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and were adopted as the fair value at 30 June 2018.

A full footpath asset network revaluation was undertaken by external consultants in December 2017.

The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and were adopted as the fair value at 30 June 2018.

A full drainage asset network valuation was undertaken by external consultants in December 2017.

The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and were adopted as the fair value at 30 June 2018.

A full parks and ovals asset valuation was undertaken by external consultants in December 2017.

The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and were adopted as the fair value at 30 June 2018.



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

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

Fair Value Hierarchy Valuation Approach Last Valued	<u>Roads</u>	<u>Bridges</u>	<u>Footpaths</u>	<u>Drainage</u>	<u>Parks & Ovals</u>	<u>Total</u>
	Level 3 Cost 2018	Level 3 Cost 2018	Level 3 Cost 2018	Level 3 Cost 2018	Level 3 Cost 2018	
	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	24,766,346	0	602,986	0	0	25,369,332
Transfers	(792,295)	418,984	0	373,311	0	0
Additions	4,142,570	231,390	97,355	0	0	4,471,315
(Disposals)	0	0	0	0	0	0
Revaluation - Increments	0	25,921,379	0	1,798,258	1,684,950	29,404,587
- (Decrements)	(2,169,799)	0	(137,000)	0	0	(2,306,799)
Impairment - (Losses)	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0
Depreciation (Expense)	(783,849)	0	(38,704)	0	0	(822,553)
Carrying amount at the end of year	25,162,973	26,571,753	524,637	2,171,569	1,684,950	56,115,882



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

7. INFRASTRUCTURE (Continued)**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2018	Sample assessment of Road assets conducted.
Bridges	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2018	Full pick up and condition assessment of Bridge assets conducted.
Footpaths	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2018	Sample assessment of Footpath assets conducted.
Drainage	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2018	Full pick up and condition assessment of Drainage assets conducted.
Parks & Ovals	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2018	Full pick up and condition assessment of Parks & Ovals assets conducted.

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

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



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

	2017/18 Actual \$	2016/17 Actual \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	1,713,969	504,796
Accrued Interest on Debentures	26,198	311
Accrued Salaries and Wages	21,937	19,439
	<u>1,762,104</u>	<u>524,546</u>

9. LONG-TERM BORROWINGS

Current

Secured by Floating Charge Debentures	129,929	69,209
	<u>129,929</u>	<u>69,209</u>

Non-Current

Secured by Floating Charge Debentures	1,670,592	1,000,522
	<u>1,670,592</u>	<u>1,000,522</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current Provisions	414,680	484,724
Non Current Provisions	21,576	30,300
	<u>436,256</u>	<u>515,024</u>

	Provision for Doubtful Debts \$	Provision for Annual Leave \$	Provision for Long Service Leave \$
Opening balance as at 1 July 2017	168,490	175,992	170,542
Additional provisions	0	44,799	41,363
Amounts used	(59,942)	(51,891)	(53,097)
Used amounts reversed	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2018	<u>108,548</u>	<u>168,900</u>	<u>158,808</u>



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

	2017/18 Actual \$	2017/18 Budget \$	2016/17 Actual \$
11. RESERVES - CASH BACKED			
(a) Annual Leave Reserve			
<i>Purpose - to be used to fund annual leave requirements.</i>			
Opening Balance	129,881	129,881	150,767
Amount Set Aside / Transfer to Reserve	3,186	3,377	4,074
Amount Used / Transfer from Reserve	0	0	(24,960)
	<u>133,067</u>	<u>133,258</u>	<u>129,881</u>
(b) Avon River Development Reserve			
<i>Purpose - to be used to develop the Avon River pool and surrounding environment.</i>			
Opening Balance	24,159	24,159	23,523
Amount Set Aside / Transfer to Reserve	593	0	636
Amount Used / Transfer from Reserve	0	(24,159)	0
	<u>24,752</u>	<u>0</u>	<u>24,159</u>
(c) Building Reserve			
<i>Purpose - to be used to fund the construction of new and renovation of existing Council buildings.</i>			
Opening Balance	402,229	402,229	359,513
Amount Set Aside / Transfer to Reserve	9,624	10,458	42,716
Amount Used / Transfer from Reserve	0	(335,000)	0
	<u>411,853</u>	<u>77,687</u>	<u>402,229</u>
(d) Community Bus Reserve			
<i>Purpose - to be used for the replacement of the Community Bus.</i>			
Opening Balance	31,870	31,870	38,334
Amount Set Aside / Transfer to Reserve	782	1,988	1,036
Amount Used / Transfer from Reserve	0	0	(7,500)
	<u>32,652</u>	<u>33,858</u>	<u>31,870</u>
(e) Cropping Committee Reserve			
<i>Purpose - to be used to fund Community Based projects and assist Community Groups.</i>			
Opening Balance	378,494	378,494	337,941
Amount Set Aside / Transfer to Reserve	8,046	47,691	51,553
Amount Used / Transfer from Reserve	(285,000)	(350,000)	(11,000)
	<u>101,540</u>	<u>76,185</u>	<u>378,494</u>
(f) Emergency Services Reserve			
<i>Purpose - to be used to acquire Emergency Service support equipment.</i>			
Opening Balance	120,196	120,196	117,033
Amount Set Aside / Transfer to Reserve	2,949	3,125	3,163
Amount Used / Transfer from Reserve	0	0	0
	<u>123,145</u>	<u>123,321</u>	<u>120,196</u>
(g) LSL and Gratuity Reserve			
<i>Purpose - to be used to fund Long Service Leave and Gratuity payment obligations.</i>			
Opening Balance	99,175	99,175	96,566
Amount Set Aside / Transfer to Reserve	2,433	2,579	2,609
Amount Used / Transfer from Reserve	(39,000)	(32,608)	0
	<u>62,608</u>	<u>69,146</u>	<u>99,175</u>



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

	2017/18 Actual \$	2017/18 Budget \$	2016/17 Actual \$
11. RESERVES - CASH BACKED (Continued)			
(h) Office Equipment Replacement Reserve			
<i>Purpose - to be used for the replacement of office equipment.</i>			
Opening Balance	20,840	20,840	20,291
Amount Set Aside / Transfer to Reserve	511	0	549
Amount Used / Transfer from Reserve	0	(20,840)	0
	<u>21,351</u>	<u>0</u>	<u>20,840</u>
(i) Plant Replacement Reserve			
<i>Purpose - to be used for the purchase of major plant.</i>			
Opening Balance	210,494	210,494	107,586
Amount Set Aside / Transfer to Reserve	265,164	265,473	102,908
Amount Used / Transfer from Reserve	0	0	0
	<u>475,658</u>	<u>475,967</u>	<u>210,494</u>
(j) Recreation Ground Reserve			
<i>Purpose - to be used for the upgrade or maintenance of recreation areas and buildings, including the Swimming Pool.</i>			
Opening Balance	389,632	389,632	374,511
Amount Set Aside / Transfer to Reserve	14,559	15,130	15,121
Amount Used / Transfer from Reserve	0	0	0
	<u>404,191</u>	<u>404,762</u>	<u>389,632</u>
(k) Road Construction Reserve			
<i>Purpose - to be used to fund the construction and maintenance of roads.</i>			
Opening Balance	365,826	365,826	356,200
Amount Set Aside / Transfer to Reserve	8,976	9,511	9,626
Amount Used / Transfer from Reserve	0	0	0
	<u>374,802</u>	<u>375,337</u>	<u>365,826</u>
(l) Airfield Emergency Lighting Reserve			
<i>Purpose - to be used for the upgrade and maintenance of the Airfield runway lighting.</i>			
Opening Balance	37,259	37,259	36,279
Amount Set Aside / Transfer to Reserve	914	969	980
Amount Used / Transfer from Reserve	0	0	0
	<u>38,173</u>	<u>38,228</u>	<u>37,259</u>
(m) Senior's Housing Reserve			
<i>Purpose - to be used for the future development and current maintenance of Senior's Housing.</i>			
Opening Balance	75,717	75,715	34,678
Amount Set Aside / Transfer to Reserve	31,737	31,858	41,039
Amount Used / Transfer from Reserve	(40,000)	(20,000)	0
	<u>67,454</u>	<u>87,573</u>	<u>75,717</u>
(n) Summary			
Opening Balance	2,285,772	2,285,770	2,053,222
Amount Set Aside / Transfer to Reserve	349,474	392,159	276,010
Amount Used / Transfer from Reserve	(364,000)	(782,607)	(43,460)
Total Reserves	<u>2,271,246</u>	<u>1,895,322</u>	<u>2,285,772</u>

All of the reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in this financial report.



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

	2017/18 Actual \$	2016/17 Actual \$
12. RESERVES - ASSET REVALUATION		
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	9,621,871	9,167,810
Revaluation Increment	0	935,583
Revaluation Decrement	0	(481,522)
	<u>9,621,871</u>	<u>9,621,871</u>
(b) Plant and Equipment		
Opening Balance	198,115	198,115
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>198,115</u>	<u>198,115</u>
(c) Furniture and Equipment		
Opening Balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>0</u>	<u>0</u>
(d) Infrastructure - Roads		
Opening Balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>0</u>	<u>0</u>
(e) Infrastructure - Footpaths		
Opening Balance	675,684	675,684
Revaluation Increment	0	0
Revaluation Decrement	(137,000)	0
	<u>538,684</u>	<u>675,684</u>
(f) Infrastructure - Bridges		
Opening Balance	0	0
Revaluation Increment	25,921,379	0
Revaluation Decrement	0	0
	<u>25,921,379</u>	<u>0</u>
(g) Infrastructure - Drainage		
Opening Balance	0	0
Revaluation Increment	1,798,258	0
Revaluation Decrement	0	0
	<u>1,798,258</u>	<u>0</u>
(h) Infrastructure - Parks & Ovals		
Opening Balance	0	0
Revaluation Increment	1,684,950	0
Revaluation Decrement	0	0
	<u>1,684,950</u>	<u>0</u>
TOTAL ASSET REVALUATION RESERVES	<u><u>39,763,257</u></u>	<u><u>10,495,670</u></u>



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

13. NOTES TO THE STATEMENT OF CASH FLOWS**(a) Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2017/18 Actual \$	2017/18 Budget \$	2016/17 Actual \$
Cash and Cash Equivalents	<u>4,161,347</u>	<u>1,999,736</u>	<u>4,705,857</u>

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

Net Result	2,200,168	9,132,693	(1,008,435)
Depreciation	1,854,567	1,691,589	1,650,484
(Profit)/Loss on Sale of Asset	155,728	(4,000)	18,061
(Increase)/Decrease in Receivables	(233,286)	0	(17,430)
(Increase)/Decrease in Inventories	3,653	0	(5,680)
Increase/(Decrease) in Payables	1,068,665	0	159,374
Increase/(Decrease) in Employee Provisions	(18,826)	0	(24,031)
Grants/Contributions for the Development of Assets	(3,560,564)	(9,238,188)	(1,125,127)
Loss on Revaluation of Non Current Assets	2,169,799	0	2,561,025
Net Cash from Operating Activities	<u>3,639,904</u>	<u>1,582,094</u>	<u>2,208,241</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	10,000	10,000
Credit Card Balance at Balance Date	(4,788)	(1,276)
Total Amount of Credit Unused	<u>5,212</u>	<u>8,724</u>

Loan Facilities

Loan Facilities - Current	129,929	69,209
Loan Facilities - Non-Current	1,670,592	1,000,522
Total Facilities in Use at Balance Date	<u>1,800,521</u>	<u>1,069,731</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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14. CONTINGENT LIABILITIES

Council does not have any known contingent liabilities as at 30 June 2018.



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

	2017/18 Actual \$	2016/17 Actual \$
15. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	6,364	0
	6,364	0
(b) Capital Expenditure Commitments		
Contracted for:		
- plant & equipment purchases	0	324,000
	0	324,000
Payable:		
- not later than one year	0	324,000
	0	324,000

16. JOINT VENTURE

The Shire of Beverley did not participate in any joint venture in the 2017/18 financial year.

	2017/18 Actual \$	2016/17 Actual \$
17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
General Purpose Funding	174,015	180,274
Governance	1,052,670	1,088,416
Law, Order, Public Safety	149,901	162,420
Health	225,637	241,427
Education and Welfare	0	0
Housing	3,772,385	3,857,000
Community Amenities	81,052	426,391
Recreation and Culture	11,526,875	12,198,153
Transport	56,551,078	25,459,321
Economic Services	513,068	490,000
Other Property and Services	1,681,039	2,102,372
Unallocated	9,187,308	5,351,920
	84,915,028	51,557,694



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

18. FINANCIAL RATIOS	2017/18	2016/17	2015/16
(a) Current Ratio	1.36	3.41	3.22
Asset Sustainability Ratio	0.79	0.98	1.11
Debt Service Cover Ratio	21.58	14.87	7.20
Operating Surplus Ratio	0.16	0.11	(0.17)
Own Source Revenue Coverage Ratio	0.86	0.69	0.71

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

(b) SUPPLEMENTARY FINANCIAL RATIOS

The following information relates to these ratios which only require attestation they have been checked and are supported by verifiable information.

	2017/18	2016/17	2015/16
Asset Consumption Ratio	0.61	0.63	0.73
Asset Renewal Funding Ratio	0.65	0.90	0.91
Rates to Borrowings Ratio	1.47	2.44	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Rates to Borrowings Ratio	$\frac{\text{Total Rates}}{\text{Total Borrowings}}$



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

19. TRUST FUNDS

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

Description	Balance 1-Jul-17 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-18 \$
Unclaimed Monies	300	2,331	(2,498)	133
Nomination Deposits	0	800	(800)	0
Second Hand Housing Deposits	5,000	10,000	(10,000)	5,000
Housing Rental Bonds	5,587	1,360	(1,480)	5,467
Subdivision Bonds	0	10,000	0	10,000
Cat Trap Bonds	0	0	0	0
Key Bonds	1,880	1,200	(910)	2,170
Cleaning Bonds	1,650	1,500	(1,050)	2,100
ILU Retention Fee Fund	166,012	0	(5,994)	160,018
Cornerstone Retention Fee Fund	0	174,203	0	174,203
	<u>180,429</u>			<u>359,091</u>



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

20. DISPOSAL OF ASSETS

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
Holden Caprice	39,653	40,000	40,909	40,000	1,256	0
Law, Order, Public Safety						
Toyota Prado	50,056	48,000	47,727	50,000	(2,329)	2,000
Economic Services						
Aeronautical Museum	159,328	0	0	0	(159,328)	0
Other Property & Services						
John Deere 670G Grader	113,471	110,000	120,000	120,000	6,529	10,000
Cherry Picker	0	9,000	0	1,000	0	(8,000)
Verti Mower	4,856	0	3,000	0	(1,856)	0
	367,364	207,000	211,636	211,000	(155,728)	4,000

Profit on Asset Disposal	7,785
(Loss) on Asset Disposal	(163,513)
	<u>(155,728)</u>



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

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-17 \$	New Loans \$	Principal Repayments		Principal 30-Jun-18		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 112 - Frail Aged Lodge <i>Loan Date - 15 April 1999</i>	9,321	0	6,119	6,119	3,202	3,202	488	478
Recreation & Culture								
Loan 117 - Bowling Greens* <i>Loan Date - 22 November 2006</i>	72,328	0	14,411	14,411	57,917	57,917	4,487	4,237
Loan 118 - Recreation Centre <i>Loan Date - 10 May 2013</i>	866,773	0	19,347	19,347	847,426	847,426	43,024	20,282
Loan 120 - Cornerstone Centre <i>Loan Date - 12 April 2018</i>	0	800,000	0	0	800,000	800,000	6,120	0
Community Amenities								
Loan 119 - Storm Water Dams <i>Loan Date - 23 June 2016</i>	121,308	0	29,332	29,332	91,976	91,976	2,839	2,439
	1,069,730	800,000	69,209	69,209	1,800,521	1,800,521	56,958	27,436

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



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

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Recreation & Culture Construct the Cornerstone Multi-purpose Community Centre <i>Loan Date - 12 April 2018</i>	800,000	800,000	WATC	Fixed Term Debenture	15	235,114	3.50%	800,000	800,000	0

(c) Unspent Debentures

Council had no unspent debentures at the balance date.

(d) Overdraft

Council did not utilise an overdraft facility in the 2017/18 financial year.



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

22. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General Rate											
General Rate - GRV	0.107024	503	5,776,274	618,200	2,346	0	620,546	618,200	2,000	0	620,200
General Rate - UV	0.009472	660	219,565,500	2,079,724	(6,287)	0	2,073,437	2,079,724	2,000	0	2,081,724
General Rate - UV Mining	0.009472	0	0	0	0	0	0	0	0	0	0
Sub-Totals		1,163	225,341,774	2,697,924	(3,941)	0	2,693,983	2,697,924	4,000	0	2,701,924
Minimum Rates	Minimum \$										
Minimum Rates - GRV	812	162	512,577	131,544	0	0	131,544	131,544	0	0	131,544
Minimum Rates - UV	812	73	3,555,900	59,276	0	0	59,276	59,276	0	0	59,276
Minimum Rates - UV Mining	812	5	79,109	4,060	0	0	4,060	4,060	0	0	4,060
Sub-Totals		240	4,147,586	194,880	0	0	194,880	194,880	0	0	194,880
Discounts (refer note 25)							2,888,863				2,896,804
Total Amount Raised from General Rate							(224,561)				(231,424)
							2,664,302				2,665,380
Ex-Gratia Rates							3,160				4,500
Rates Written Off							(25,260)				0
Specified Area Rate (refer note 23)							0				0
Total Rates							2,642,202				2,669,880



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

22. RATING INFORMATION (Continued)

(b) Information on Surplus/(Deficit) Brought Forward	2017/18 (30 June 2018 Carried Forward) \$	2017/18 (1 July 2017 Brought Forward) \$	2016/17 (30 June 2017 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>870,175</u>	<u>2,271,524</u>	<u>2,271,524</u>
<u>Comprises:</u>			
Cash - Unrestricted	1,890,101	2,254,317	2,254,317
Cash - Restricted Grant Funds	0	165,768	165,768
Cash - Restricted Reserves	2,271,246	2,285,772	2,285,772
Rates - Current	341,899	380,746	380,746
Sundry Debtors	426,708	237,315	237,315
Prepaid Expenses	39,629	0	0
GST Receivable	143,009	0	0
Inventories			
- Fuel and Materials	9,938	13,591	13,591
Less:			
Reserves - Cash Backed	(2,271,246)	(2,285,772)	(2,285,772)
Sundry Creditors	(1,713,969)	(504,796)	(504,796)
Accrued Interest on Debentures	(26,198)	(311)	(311)
Accrued Salaries and Wages	(21,937)	(19,439)	(19,439)
Provision for Doubtful Debts	(108,548)	(168,490)	(168,490)
Current Employee Benefits Provision	(306,132)	(316,234)	(316,234)
Employee Benefits - Cash Backed	195,675	229,057	229,057
Surplus/(Deficit)	<u>870,175</u>	<u>2,271,524</u>	<u>2,271,524</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2017 Brought Forward position used in the 2017/18 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2016/17 audited financial report.



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

23. SPECIFIED AREA RATE

Council has not levied any Specified Area Rates during 2017/18 financial year.

24. SERVICE CHARGES

Council has not levied any Service Charges during the 2017/18 financial year.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	10.00%	224,561	231,424
Minimum Rate	Discount	10.00%	224,561	231,424

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

26. INTEREST CHARGES AND INSTALMENTS

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	0	28,588	15,000
Interest on Deferred Pensioner Rates	2.85%	0	2,632	2,000
Interest on Instalments Plan	5.50%	0	3,929	4,000
Admin. Charge on Instalments Plan	0.00%	10	5,040	4,000
			40,189	25,000

Ratepayers had the option of paying rates in four equal instalments, due on 11th September 2017, 13th November 2017, 15th January 2018 and 15th March 2018. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2017/18 Actual \$	2016/17 Actual \$
General Purpose Funding	12,965	54,878
Governance	1,639	(2,122)
Law, Order, Public Safety	13,289	9,661
Health	255	0
Education and Welfare	0	0
Housing	81,870	81,170
Community Amenities	209,136	198,364
Recreation and Culture	86,393	88,163
Transport	7,780	7,695
Economic Services	131,758	94,240
Other Property and Services	22,737	12,105
	<u>567,822</u>	<u>544,154</u>

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



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

28. GRANT REVENUE

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

	2017/18	2016/17
	Actual	Actual
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions*	3,022,275	2,411,710
Non-Operating Grants, Subsidies and Contributions	<u>3,560,564</u>	<u>1,125,127</u>
	<u><u>6,582,839</u></u>	<u><u>3,536,837</u></u>
By Program:		
General Purpose Funding	796,466	1,244,906
Governance	0	18,852
Law, Order, Public Safety	414,637	197,560
Health	0	0
Education and Welfare	0	0
Housing	11,748	14,617
Community Amenities	894	7,174
Recreation and Culture	2,319,399	99,867
Transport	3,015,364	1,887,757
Economic Services	8,241	35,609
Other Property and Services	<u>16,090</u>	<u>30,495</u>
	<u><u>6,582,839</u></u>	<u><u>3,536,837</u></u>

* Operating Grants, Subsidies and Contributions total includes Reimbursements of \$1,398,838.

29. ELECTED MEMBERS REMUNERATION

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

	2017/18	2017/18	2016/17
	Actual	Budget	Actual
	\$	\$	\$
Meeting Fees	39,100	40,900	40,500
President's Allowance	5,500	5,500	5,500
Deputy President's Allowance	1,375	1,375	1,375
Travelling Expenses	2,807	5,000	2,587
Telecommunications Allowance	<u>14,148</u>	<u>13,320</u>	<u>12,772</u>
	<u><u>62,930</u></u>	<u><u>66,095</u></u>	<u><u>62,734</u></u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2017/18	2016/17
	Actual	Actual
	\$	\$
	<u>29</u>	<u>30</u>
Number of Employees earning \$100,000+ Gross Salary per annum.	<u>2</u>	<u>2</u>

31. MAJOR LAND TRANSACTIONS

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

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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



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

33. FINANCIAL RISK MANAGEMENT

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

Council 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 Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017/18 Actual \$	2016/17 Actual \$	2017/18 Actual \$	2016/17 Actual \$
Financial Assets				
Cash and cash equivalents	4,161,347	4,705,857	4,161,347	4,705,857
Receivables	1,140,573	812,746	1,032,025	644,256
	<u>5,301,920</u>	<u>5,518,603</u>	<u>5,193,372</u>	<u>5,350,113</u>
Financial Liabilities				
Payables	1,762,104	524,546	1,762,104	365,229
Borrowings	1,800,521	1,069,731	1,923,713	1,138,166
	<u>3,562,625</u>	<u>1,594,277</u>	<u>3,685,817</u>	<u>1,503,395</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.



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

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Council manages these risks by only investing in term deposits with APRA approved financial institutions. Council does not invest in any financial product where capital value may be diminished.

	2017/18	2016/17
	Actual	Actual
	\$	\$
Impact of a 2.5% (*) movement in interest rates on cash and investments:		
- Equity	104,034	117,646
- Statement of Comprehensive Income	104,034	117,646
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	41,613	47,059
- Statement of Comprehensive Income	41,613	47,059

Notes:

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



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

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date by offering a 10% discount.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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.

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

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

	2017/18 Actual	2016/17 Actual
Percentage of Rates and Annual Charges	\$	\$
- Current	16%	4%
- Overdue (greater than 12 months)	84%	96%
Percentage of Other Receivables		
- Current	99%	59%
- Overdue (greater than 30 days)	1%	41%



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

33. FINANCIAL RISK MANAGEMENT (Continued)**(c) Payables****Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017/18</u>					
Payables	1,762,104	0	0	1,762,104	1,762,104
Borrowings	3,202	149,893	1,647,426	1,800,521	1,800,521
	<u>1,765,306</u>	<u>149,893</u>	<u>1,647,426</u>	<u>3,562,625</u>	<u>3,562,625</u>
<u>2016/17</u>					
Payables	524,546	0	0	524,546	524,546
Borrowings	69,209	398,247	602,275	1,069,731	1,069,731
	<u>593,755</u>	<u>398,247</u>	<u>602,275</u>	<u>1,594,277</u>	<u>1,594,277</u>



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

33. FINANCIAL RISK MANAGEMENT (Continued)**(c) Payables
Borrowings (Continued)**

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2018								
Fixed Rate								
Debentures	3,202	0	91,976	57,917	0	1,647,426	1,800,521	4.12%
Weighted Average Effective Interest Rate	6.12%	0.00%	2.21%	6.16%	0.00%	4.11%		
Year Ended 30 June 2017								
Fixed Rate								
Debentures	0	9,322	0	121,308	72,328	866,773	1,069,731	4.51%
Weighted Average Effective Interest Rate	0.00%	4.58%	0.00%	4.70%	4.68%	4.68%		



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

34. RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

Key Management Personnel (KMP) <i>Executive Staff with decision making responsibilities regarding the allocation of Council's resources.</i>	Short Term Benefits *	Post- Employment Benefits **	Other Long Term Benefits ***	Termination Benefits ****
Executive Staff Total	441,899	47,587	10,295	0

*** Short-term employee benefits**

These amounts include all gross salary, paid leave, fringe benefits and cash bonuses awarded to KMP.

Details in respect to fees and benefits paid to Elected Members may be found at Note 29.

**** Post-employment benefits**

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

***** Other long term benefits**

These amounts represent long service benefits accruing during the year.

****** Termination benefits**

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



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

34. RELATED PARTY DISCLOSURES (Continued)**(b) Related Party Disclosures****i) Ordinary Citizen Transactions**

Use of facilities or any other Council provided service where a discount or special terms were applied that would not otherwise be offered to any other person.

KMP/Elected Member	Related Party	Nature	Value
Chief Executive Officer	N/A	Subsidised Gym Membership	287
Deputy Chief Executive Officer	N/A	Subsidised Gym Membership	287
Manager of Works	N/A	Subsidised Gym Membership	287
Manager of Planning and Development Services	N/A	Subsidised Gym Membership	287

ii) Leasing Agreements - Domestic Residential

Use of Council owned Domestic Residential Property whether by lease agreement or provisions under any other special terms that would not otherwise be offered to any other member of the public.

KMP/Elected Member	Related Party	Nature	Value
Chief Executive Officer	N/A	Subsidised Housing Lease	13,000
Deputy Chief Executive Officer	N/A	Subsidised Housing Lease	13,000
Manager of Planning and Development Services	N/A	Subsidised Housing Lease	13,000

iii) Leasing Agreements - Commercial

Use of Council owned Commercial Property by lease agreement.

KMP/Elected Member	Related Party	Nature	Value
Cr D Ridgway	CR & J Ridgway Pty Ltd	Commercial lease of farm land by tender.	5,200

iii) Trading Arrangements - Provision of Goods or Services

Provision of Goods and/or Services to the Shire of Beverley.

KMP/Elected Member	Related Party	Nature	Value
Cr L Shaw	Campbell Shaw Pty Ltd	Supply of gravel for roadworks.	20,244
Cr C Pepper	Beverley IGA	Supply of groceries.	9,646



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

34. RELATED PARTY DISCLOSURES (Continued)

(b) Related Party Disclosures (Continued)

iv) Purchase of Property

Purchase of Property (Land, Buildings, Vehicles, Plant or Equipment) from the Shire of Beverley.

KMP/Elected Member	Related Party	Nature	Value
Cr D Ridgway	T & G Bassett	Purchase of motor vehicle by tender.	47,727





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INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Beverley

Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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AUSTRALIA • NEW ZEALAND



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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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



Report on Other Legal and Regulatory Requirements

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

- (i) In our opinion, there are no significant adverse trends in the financial statements of the Shire of Beverley.
- (ii) There were no instances of non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law identified during the course of our audit.
- (iii) All required information and explanations were obtained by us.
- (iv) All audit procedures were satisfactorily completed.
- (v) In our 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.

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

AMD Chartered Accountants



MARIA CAVALLO CA
Director

28-30 Wellington Street, Bunbury, Western Australia
24 October 2018



Councillors' Declaration

In accordance with a resolution of the Councillors of the Shire of Beverley, we state that:

1. In the opinion of the Councillors:
 - 1.1 the financial statements and notes of the Shire of Beverley are in accordance with the Local Government Act 1995 and Regulations, including:
 - (a) giving a true and fair view of the Shire of Beverley's financial position as at 30 June 2018 and of its performance for the year ended on that date; and,
 - (b) complying with applicable Australian Accounting Standards; and
 - 1.2 there are reasonable grounds to believe that the Shire of Beverley will be able to pay its debts as and when they become due and payable.

On behalf of the Council:

Cr Dee Ridgway
President

Cr Chris Pepper
Deputy President

Dated this 23rd day of October 2018

