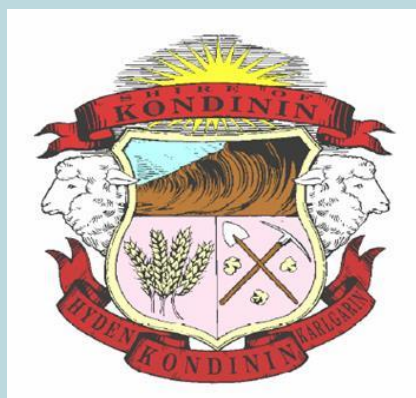


Annual Report

2017/2018



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OUR VISION

“To have a thriving sustainable future”

Our Mission

We will achieve our vision by;

Providing leadership in the community,
Having a positive outlook,
Bringing the community together,
Providing and facilitating appropriate facilities and services,
Being forward looking, and
Having pride in our Shire.

Our Values

Respect
Inclusiveness
Fairness and equity
Communication

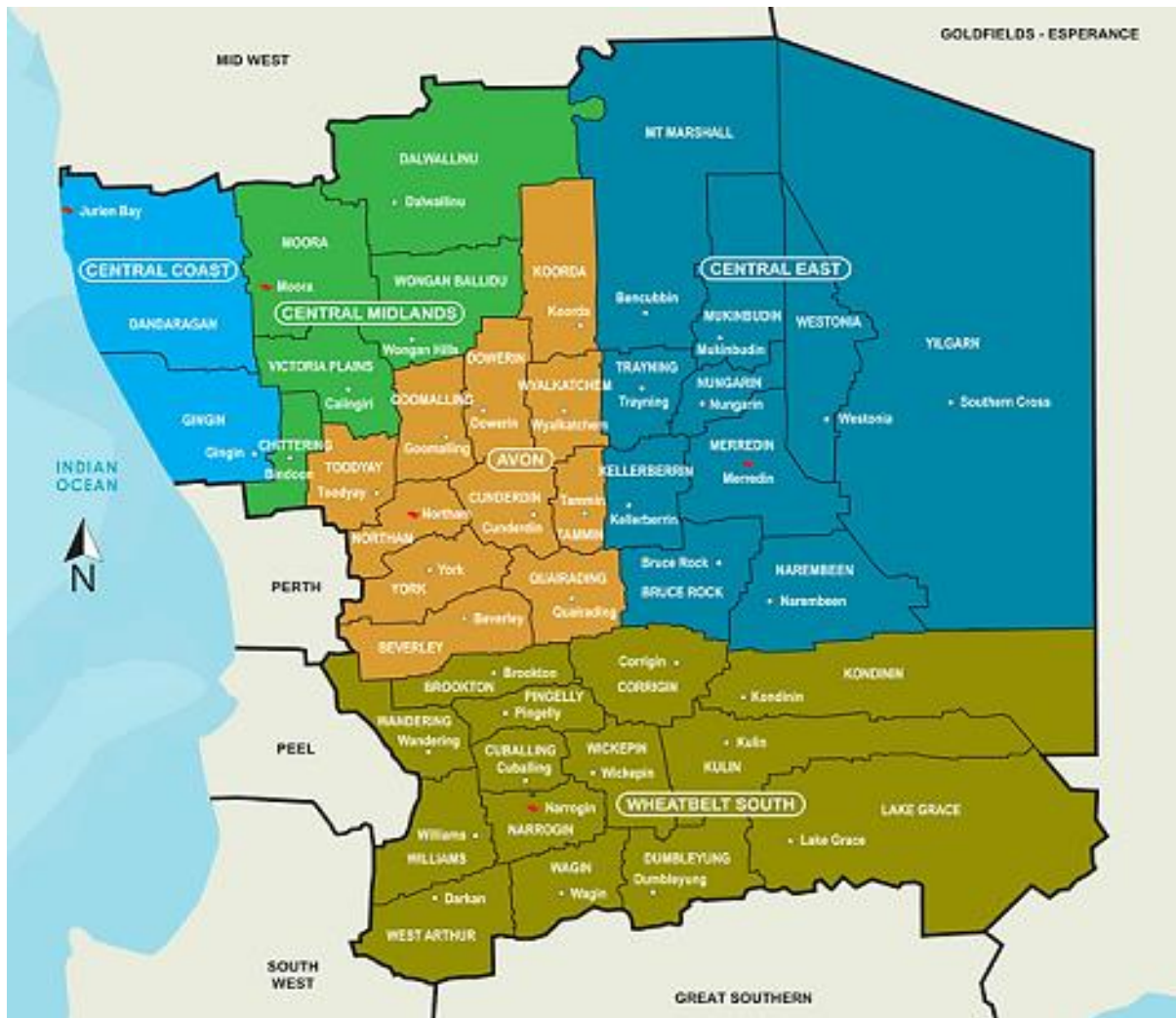
Our Councillors



Back Left to Right: Cr Murray James, Cr Rex Growden, Cr Kent Mouritz, Cr Bruce Browning, Alan George (DCEO), Cr Steve Jones

Front Left to Right: Cr Gerard Lynch, Cr Sue Meeking, Cr Allen Smoker, Cr Rowena Butler, John Read (previous CEO)

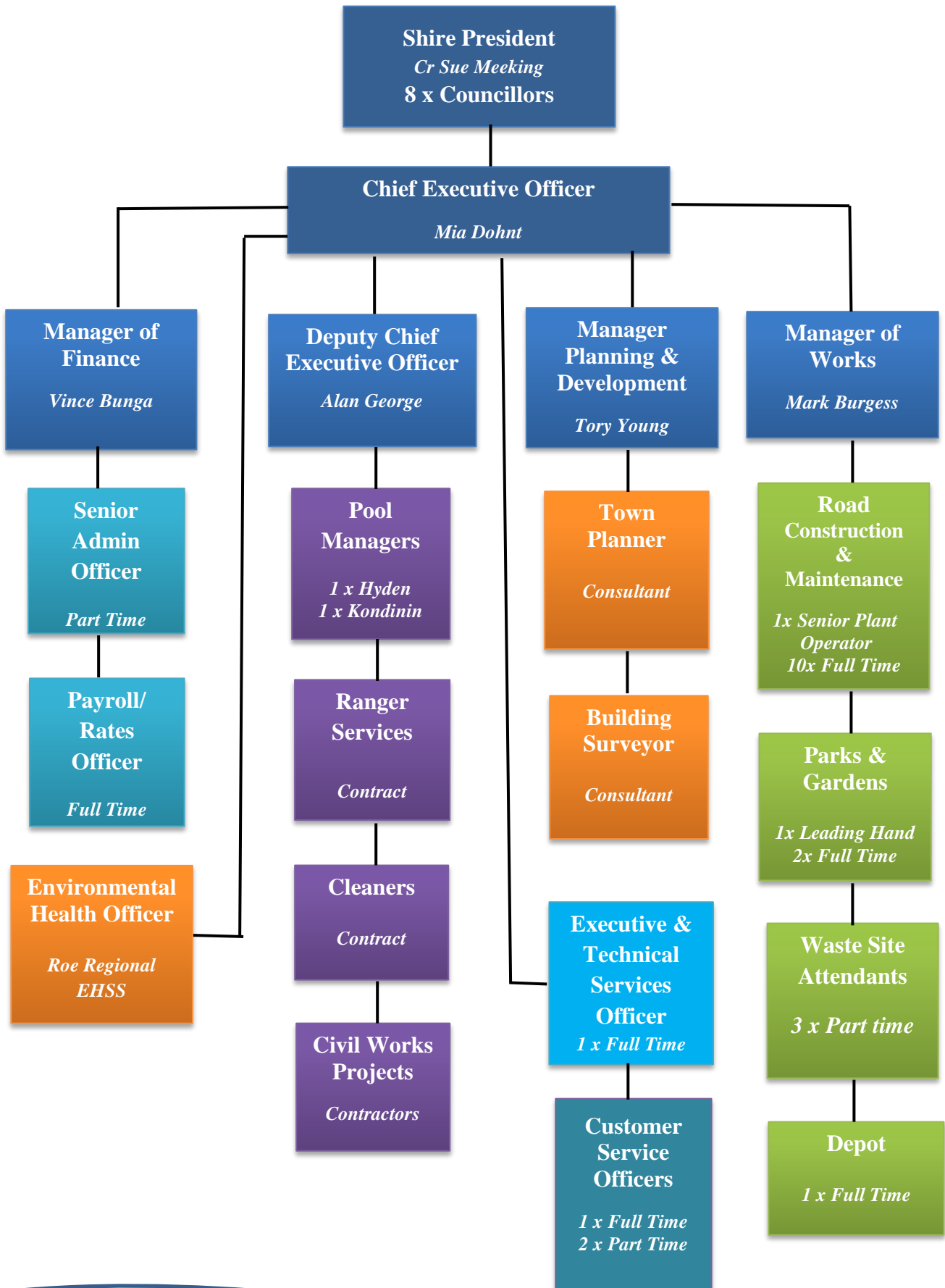
Shire of Kondinin



The Shire of Kondinin covers an area of 7,340km² in the Wheatbelt of Western Australia and has a population of approximately 873 (ABS, 2016). The Shire comprises of three town sites, those being Hyden, Karlgarin and Kondinin.

- The Shire includes 289km of sealed roads and 1193km of unsealed roads
- The total number of households within the Shire is 440 (ABS, 2016)
- Key industries include cereal, sheep, cattle and feed lots, mining, manufacturing and tourism.

Organisational Structure



Shire Presidents Report

COUNCIL

I was elected and sworn in as President in January 2018. I would like to take this opportunity to thank Cr Allen Smoker for the dedication and work undertaken whilst he was Shire President for the first part of this year. I would also like to thank my fellow Councillors for their support and professionalism during my time in the Chair. Each and every one of the Councillors make a tremendous contribution to the overall well-being of our communities and district as a whole.

STAFF

In May 2018 Council farewelled CEO John Read and we wish him well in his retirement. Ronelle Tyson also left the Shire and we wish her all the best.

2018 VOLUNTEER AWARDS

Congratulations to the following people on receiving volunteer awards.

Allan Nelson
Sue Burrows
Tammy Wilkins

Jenny Hardy
Margaret Herring

Janet Repacholi
Ted Skinner

St John Ambulance Volunteers – Valda Turner, Greg Turner, Kelly Browning, Jocelyn George Sharp John Billingham, Tracey Trenordan, Victoria Jones and Heather Muir.

The Harvest Place Committee - Jan Colbourne, Rex Noble, Teresa Whyte, Jenny Hardy and Betty Trenorden.

Kondinin Calendar Committee – Jan Wilkins, Jenny Hardy, Teresa Whyte, Lorraine Ardagh, Jenny Browning, Joyce McCubbing, Sue Pegrum and Sally Growden.

Volunteers are very important to our communities and we would like to thank all volunteers who invest their time into making our communities a much greater place to live and work.

COMMUNITY GRANTS AND SUPPORT

The Shire supports many Community Groups and events in many various ways each year with the Community Grants Program (recipients are listed in the Manager Planning and Development's report), support for local events and on occasions self-supporting loan assistance to community groups. During 2017/2018 Hyden Progress Association (Hyden Young Singles Units sub-committee) sought and received a Self-Supporting loan of \$300,000 over a term of 10 years to assist with the construction of 3 additional units at Lot 184 Smith Loop Hyden.

CAPITAL PROGRAM

During the 2017/18 financial year the Shire of Kondinin undertook a significant capital works program totally \$3.6million. These included:

- Solar Panels - Shire Office Building
- Yeerakine Lodge Extension
- Construction of Staff Housing
- Solar Panels – Kondinin Swimming Pool
- Solar Panels – Hyden Sports Pavilion
- Community Bus Shelter Hyden
- Council Chambers Chairs
- IT Upgrades
- Folding and Round Tables – Hyden and Kondinin
- Metal Sculpture Install
- Change over or purchase of 11 plant items
- Mount Walker Road Second Coat Seal (Regional Road Group)
- East Hyden Bin Road First Coat Seal (Regional Road Group)
- Notting Karlgarin Road Gravel Sheeting (Roads to Recovery)
- Spurr Road Gravel Sheeting (Roads to Recovery)
- Hyden Norseman Road Gravel Sheeting (Roads to Recovery)
- Gibson Road Gravel Sheeting (Roads to Recovery)
- Narembeen South Road Gravel Sheeting (Roads to Recovery)
- Kondinin Townsite Roads Reseals (Roads to Recovery)
- Kondinin Lake Road Reseals
- Aylmore Road Reseals
- Hyden Norseman Road Gravel Sheeting
- Notting Karlgarin Road Gravel Sheeting
- Spurr Road Gravel Sheeting
- Oval Reticulation System – Hyden and Kondinin
- Pioneer Wall Kondinin
- Wave Rock Pathway (2nd coat)
- Landscaping adjacent to Kondinin Bowling Club
- Wave Rock Tourist Precinct Improvement
- The Humps Project (Department of Water)

I would like to take this opportunity to thank the CEOs John Read and Mia Dohnt, Deputy CEO Alan George, Managers Tory Young, Mark Burgess and Vince Bugna and all administration and works staff for their dedication and hard work throughout the year. I look forward to the coming year and the great achievements the Shire Councillors and Staff will accomplish.

Sue Meeking
Shire President

Chief Executive Officer's Report

STAFF

As mentioned in the Shire President's report the Shire farewelled Chief Executive Officer, John Read following 5 years' service to the Shire. I would like to take the opportunity to acknowledge the work John did in the District and wish him well in his retirement.

Ronelle Tyson also left the Shire. Council wishes her well on her future endeavours.

I would also like to thank all Shire Management and Staff for their dedication and commitment to delivering the works and services programs to the community.

MEDICAL HEALTH SERVICES

Dr Alain Mackie has continued to support the communities of Kondinin, Hyden and Kulin by providing excellent medical services. I would like to take this opportunity to thank him for providing services of such a high standard.

SWIMMING POOLS

The 2017/18 year continued showing strong patronage at both the Hyden and Kondinin swimming pool facilities. Appreciation is extended to Wayne Dicker-Lee, Pool Manager at Hyden and Shaun Franich, Pool Manager at Kondinin, for their continued sound management of these facilities.

KONDININ – HYDEN LIBRARIES

The Library continues to prove popular with community residents of all ages including school children in Kondinin and Hyden. Rhyme and story time to babies and pre-kindergarten children is now conducted at the Hyden Library and the Kondinin Primary School.

ROE REGIONAL ORGANISATION OF COUNCILS (RoerOC)

The Shire continued to be a participating member of RoerOC with the Shire's of Corrigin, Kulin and Narembeen and the Roe Regional Environmental Health Services Scheme with the Shire's of Corrigin, Kulin, Narembeen and Lake Grace.

The Shire of Kondinin was serviced by Environmental Health Officer's Julian Goldacre and Will Pearce during the 2017/18 year. I would like to thank both Julian and Will for the professional services provided.

Rubbish and recycling collection services are provided by Avon Waste under agreement with all member councils of RoerOC.

RECYCLING & RUBBISH REMOVAL

In the 2017/18 year RoerOC Bending waste Station collected and disposed of = 290.0 tonnes of Kerbside Rubbish from the Shire of Kondinin.

Recycled collection weight = 57 tonnes

Recycled weights of the two biggest recyclables are:

- 1) Paper & Cardboard 29.0 tonnes;
- 2) Glass 21.0 tonnes

RATING INCOME

Rates raised in the 2017/18 year totalled \$2,842,985 up from \$2,827,560 in 2017. This represents a modest rate increase (0.54%) overall.

BUSHFIRE MANAGEMENT PLAN

The Shire's Bush Fire Management Plan has proven a valuable tool in bush fire control throughout the Shire. Sincere thanks go to all of our volunteer fire fighters involved in fighting fires that occur in our Shire. Particular thanks go to Tom Mulcahy, Deputy Chief Bush Fire Control Officer East and Roger Northey Deputy Chief Bush Fire Control Officer West and all Fire Control Officers in charge of the various brigades throughout the Shire. Your service is invaluable.

DISABILITY ACCESS AND INCLUSION PLAN

Council continues to ensure compliance with its Disability Services Plan. The Disability Access and Inclusion plan is scheduled to be reviewed and updated in 2018/2019.

LOCAL GOVERNMENT ACT & OTHER STATUTORY OBLIGATIONS

During 2017/18 Council was required to meet certain statutory obligations under the Local Government Act and other Legislation. Council has complied with these requirements, which include-

1. Submission of Annual Returns (Financial Disclosures) by Councillors and senior officers
2. Annual Financial Statements
3. Annual Report on Councils Activities
4. Review of Delegations
5. Review of Policies
6. Review of Code of Conduct
7. Adoption of Budget
8. Review of Risk Management Plan
9. Annual Report required by the Equal Opportunity Commission
10. Annual Report required by the Disability Services Commission
11. Annual Report required by the Public Interest Disclosure Act
12. Annual Report required by the Anti Corruption Commission
13. State Records Act

Mia Dohnt

Chief Executive Officer

Deputy Chief Executive Officer's Report

MAJOR PROJECTS

Yeerakine Lodge Extensions

The extensions to Yeerakine Lodge consisting of 4 additional rooms and an increased living area was completed some 3 months ahead of schedule and under budget.

Funding for the project consisted of a grant from the National Stronger Regions Fund of \$600,000. The Kondinin Kulin Aged Care Committee contributed \$150,000 and the Shire of Kondinin contributed cash funds of \$172,000. The landscaping was a joint venture between the Committee and the Shire of Kondinin.

The Humps Dam Standpipe Project

Shire Administration entered into negotiations with the Department of Water and Environmental Regulation and the Water Corporation which resulted in the installation of a dedicated pipeline from the Humps Dam to a new 275,000 litre water tank and standpipe located adjacent to the existing tanks. This new supply now provides a year round emergency water supply for stock and firefighting purposes. Funding of \$71,381 was provided by the Department of Water and Environmental Regulation with the Shire contributing \$5,610.

Hyden Recreation Precinct

A major power upgrade was completed to overcome lighting problems on the ovals associated with the installation of additional lighting previously carried out on the Hyden Hockey Field.

Kondinin Community Recreation Centre

A tender was awarded to ACorp Construction for extensions to the Kondinin Community Recreation Centre which include an extension to the kitchen, ladies and gents change rooms and toilets, the provision of a disabled toilet facility and extension to the function area.

Funding is by way of grants from The Department of Local Government Sport and Cultural Industries \$100,000, Wheatbelt Development Commission \$185,000, Kondinin Community Recreation Council \$150,000 and \$737,764 Shire funds and Reserves.

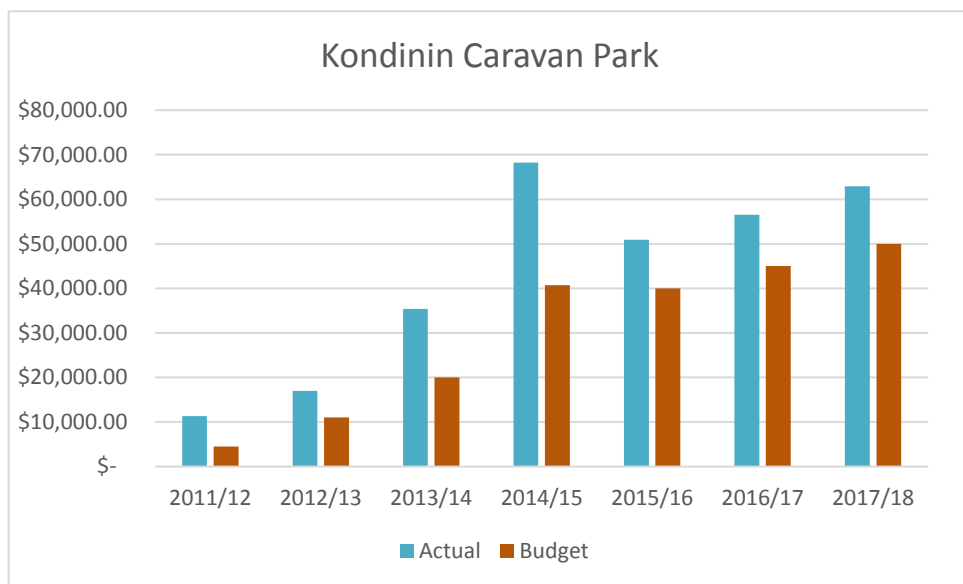
Kondinin Water Supply Upgrade

The new tank on Sloan Road was completed by the Water Corporation after Shire Administration successfully negotiated it's relocation from the top of Yeerakine Rock thus preserving the site for future ANZAC Day services and as a tourist attraction.

CARAVAN PARK

Since the installation of the chalets at the Kondinin Caravan Park consistent growth has occurred. They have proven popular with travellers and contractors alike who seek an alternative. The surge in 2014/2015 was largely due to Western Power Contractors who were in the area for a large period of time completing pole replacements. Caravan occupancy has also been on the increase as tourist numbers continue to rise.

2017/2018 saw an increase in income of 11.3% over the previous year which was 25.8% above budget.



KONDININ MEDICAL CENTRE

The Kondinin Medical Centre which services the towns of Hyden, Kondinin and Kulin continues to provide a top quality medical service under the tutelage of Doctor Alain Mackie and his dedicated staff. In the first full financial year of operations income was up 47.9% to budget and expenses including Doctor payments, staff wages and other operating expenses were down 5.5% to budget.

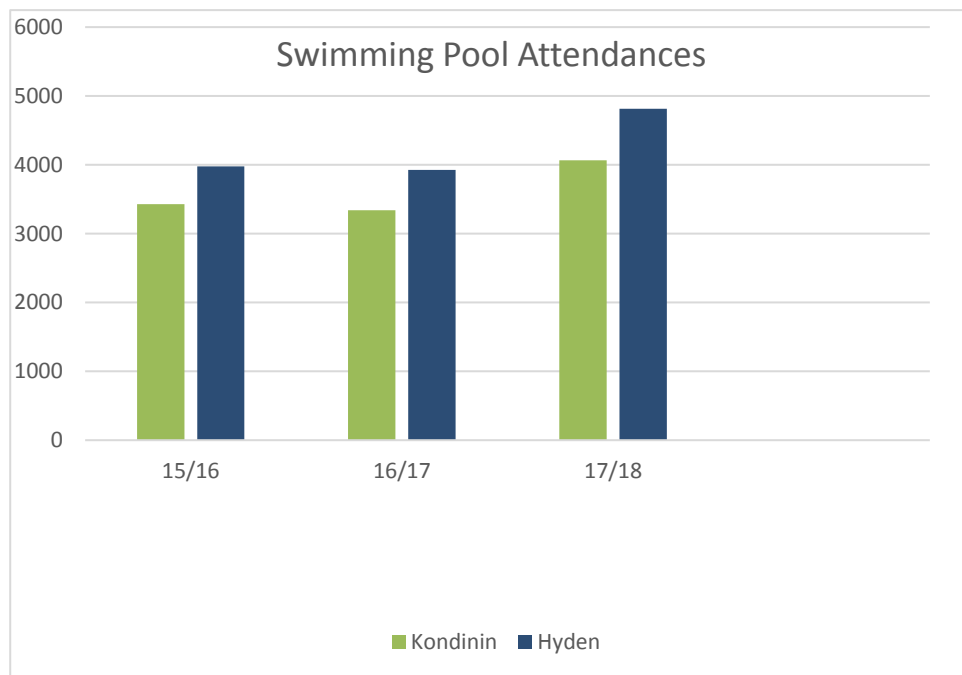
Income from the pharmacy operations was up 5.23% to budget and expenses were down 7.31% to budget resulting in a net income of \$17,886 for the year.

Initiatives instigated by the Kondinin Medical Centre included the provision of Health Care Plans which provide another income source for the practice as well as providing a more comprehensive approach to patient health care.

SWIMMING POOLS

The swimming pools at both Hyden and Kondinin are ably run by Wayne Dicker-Lee and Shaun Franich respectively. Both facilities cater for early morning swimming, VacSwim, swimming training and fitness classes as well as numerous functions held during the season.

Season attendance figures for Hyden were 4813 whilst Kondinin was 4066 which was a record number for the pool since it opened.



RANGER SERVICES

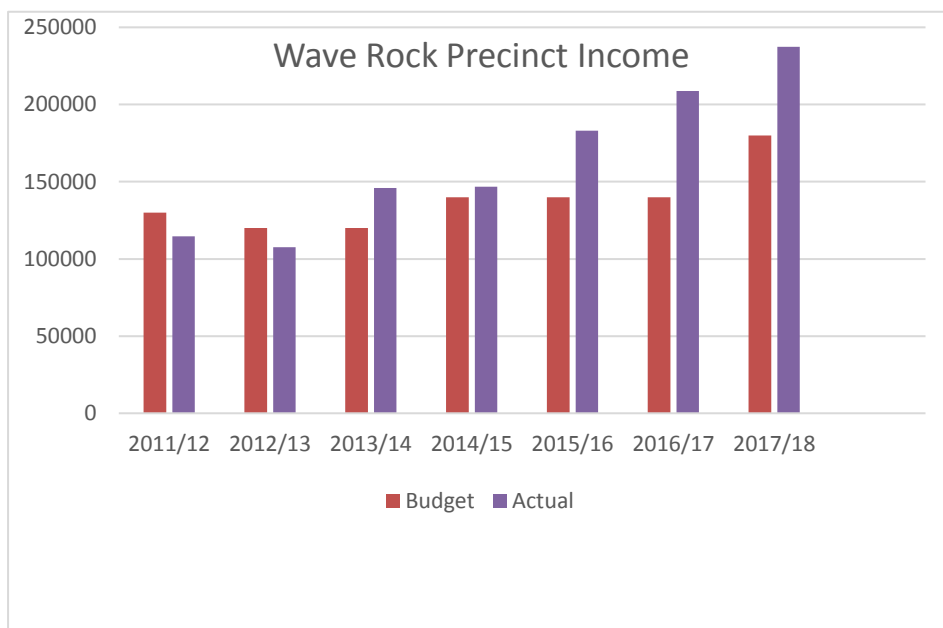
Ranger activities this past year have included

- Attending to dog complaints involving nuisance or roaming dogs many of which have resulted in infringements being issued for unregistered and non-microchipped dogs
- Collection of entrance fees to Wave Rock where visitors have not paid
- Littering fines mainly regarding the disposal of cigarette butts
- Illegal camping move on notices

WAVE ROCK

Wave Rock revenue continued to increase steadily with income for 2017/18 being up 13.73% on the previous year and up 31.84% on budget largely due to the installation of a ticket machine that has EFTPOS capabilities.

These funds provide valuable income for the maintenance and ongoing upgrade of facilities in the Wave Rock tourist precinct.



Alan George
Deputy Chief Executive Officer

Works Manager's Report

ROADS

Approximately 25km of gravel sheeting was undertaken this year through the Federal Roads to Recovery Funding and a further 25km was resheeted as part of the WA Natural Disaster Relief Recovery Agreement (WANDRRA) reinstatement works that carried through from the previous financial year.

Reseal work was carried out on Aylmore Road, Kondinin Lake Road, Mt Walker Road and East Hyden Bin Road which included some reconstruction work on Mt Walker Road and East Hyden Bin Road.

Slightly more dry weather grading was carried out in the 2017/18 financial year than wet weather grading which was the reverse in the previous year.

PARKS AND GARDENS

The Parks and Gardens in our Towns have been kept to a good standard. The new colourful additions to the Kondinin Gardens, for the Primary School Centenary, were very well received with lots of compliments from past and present residents. Hyden has remained very tidy with new barbeque additions to Wave Rock and after community consultation, big plans for Coronation Park.

The Shire continues to assist with school sporting and swimming carnivals and the Ovals have provided another successful year for all our sporting teams. Walk Trails in our Tourism areas have also been well travelled and our staff have kept on top of the debris from multiple storms.

PRIVATE WORKS

Along with general private works to support the homes and businesses in the area the Shire of Kondinin undertook some major private works projects in the Shire and surrounding Shires this year. With reduced and expended Roads to Recovery funding this road work allowed our construction crew to operate throughout the year keeping their skills sharp without downtime or a reallocation of council resources. This major work included a section of Magenta Road for the Shire of Lake Grace and sections of the Brookton Highway in Corrigin and Brookton working through Lendlease for Main Roads WA.

PLANT REPLACEMENT

In 2017/18 we continued the lease of our prime mover vehicles with Daimler Trucks and the Shire's float (Heavy Duty Drop Deck Trailer) was replaced with a build from Bruce Rock Engineering. The Gardener's ute and Depot ute were traded for Toyota Hilux Workmate Utilities with adapted trays and the Hyden gardening truck was traded for a Fuso Canter 4.5T .

Mark Burgess
Works Manager

Manager Planning & Development's Report

COMMUNITY SHIRE GRANTS PROGRAM

The Shire of Kondinin Community Grants Program provides a source of funding for local community organisations operating within the Shire.

Council approved the following grants from the Shire Community Grants Program 2017/18 as follows:

Applicant	Equipment / item	Amount
Hyden Occasional Day Care Association	Fencing, door replacement, replacement of decking, partition of back play area	\$7,500
St John Ambulance	Training for St John Ambulance Officers	\$6,508
Kondinin Primary School Committee	Centenary Event	\$5,200
Kondinin Golf Club	New Lawn Mower	\$7,000
Hyden Golf Club	Replacement of Security System	\$1,000
Hyden Hockey Club	New Grandstand	\$7,000
Kondinin CRC	New Display Boards	\$5,159
Hyden P&C	School Camp to Canberra	\$2,500
Kondinin Tennis Club	Tennis Nets	\$1,160
Hyden Progress Association	Hyden Centenary	\$7,500
Kondinin Arts Group	Noongar and School Centenary Art Project	\$6,500
Kondinin Arts Group & Men's Shed	Plasma Cutter	\$1,320
Kondinin Lions Club	Cemetery Upgrades	\$4,000
Karlgarin Country Club	Replacement of Cool Room	\$7,500

GRANT FUNDING

The Shire of Kondinin applies for a range of grants to support Shire projects, as well as on behalf of community groups and clubs to support their efforts.

Below is an overview of all applications that were submitted during the period 1st July 2017 – 30th June 2018:

Grant & Grantee	Purpose	On behalf of	Amount applied	Amount received
Kidsport Department of Local Government, Sport and Cultural Industries Sport and Recreation	Supporting registration to sporting clubs for children eligible for Kidsport	Shire of Kondinin	\$850.00	\$850.00
Anzac Day 2018 RSL WA	To facilitate Anzac Day Commemorations	Shire of Kondinin	\$809.09	\$809.09
Armistice Day 2018 RSL WA	To facilitate Remembrance Day Commemorations	Shire of Kondinin	\$700.00	\$700.00
CSRFF Department of Local Government, Sport and Cultural Industries Sport and Recreation	Re-surfacing of Kondinin Netball Courts	Shire of Kondinin	\$7,676	\$3,838.00
CBH Group Community Funding	Public Art Trail	Hyden and Kondinin Community Resource Centres	\$500	\$500

FUNCTIONS AND EVENTS

The Shire of Kondinin actively seeks to provide a variety of functions, activities and events across the Shire. Many of the events are run in collaboration with community organisations and sporting groups or run independently by these organisations with in-kind or financial support from the Shire. In recent years the Hyden Community Resource Centre and the Kondinin Community Resource Centre increasingly hold more events and activities, often with financial and/or in-kind support from the Shire of Kondinin.

Below are a list of the main events and functions held in 2017/2018 either run or largely funded by the Shire of Kondinin.

Date	Event	Target Audience	Location
JULY 2017			
3rd July	Noongar Sports Day	School Aged Children	Kondinin Oval
4 th – 6 th July	Kondinin Community Cultural Arts Project	All Community Members	Kondinin Primary School and Kondinin Community Garden
SEPTEMBER 2017			
23 rd to 24 th September	Kondinin Primary School Centenary and Official Opening of Pioneer Wall	Past and Present Students and Community Members	Kondinin Primary School and Kondinin
OCTOBER 2017			
5 th October	Noongar Sports	School Aged Children	Kondinin Sports Oval
6 th – 8 th October	Red Soil Riches – Art Show and Twilight Markets Weekend	Locals and Tourists	Kondinin Town Hall and Kondinin Community Garden
DECEMBER 2017			
10 th December	Kondinin Christmas Tree, Markets and Announcement of Colouring In Competition Winners	All Community Members	Kondinin Community Recreation Centre
JANUARY 2018			
24 th January	Noongar Sports	School Aged Children	Kondinin Aquatic Centre
26 th January	Australia Day Celebrations and Thank a Volunteer	All Community Members	Hyden Swimming Pool
26 th January	Australia Day Celebrations	All Community Members	Kondinin Aquatic Centre
FEBRUARY 2018			
2 nd February	Meet and Greet and Thank a Volunteer Awards	All Community Members	Kondinin Community Recreation Centre
24 th February	Kondinin Aquatic Centre Movie Night	All Community Members	Kondinin Aquatic Centre
MARCH 2018			
23 rd March	Gourmet in the Garden	Locals and Tourists	Kondinin Community Garden

Date	Event	Target Audience	Location
APRIL 2018			
7 th April	Kondinin Aquatic Centre Movie Night	All Community Members	Kondinin Aquatic Centre
23 rd April	Noongar Sports	School Aged Children	Kondinin Sporting Precinct
25 th April	Anzac Day Dawn Service	Locals and Tourists	Yeerakine Rock & Kondinin Memorial Gardens
25 th April	Anzac Day Dawn Service	Locals and Tourist	Hyden Memorial
MAY 2018			
2 nd & 9 th May	Pottery Classes	Local Community Members	Kondinin Arts Centre
11 th May	Country Arts Show on the Go – Loose Ends (Kondinin CRC, with Shire major sponsor)	All Community Members	Kondinin Town Hall
JUNE 2018			
12 th June	Meet and Greet Dinner for New CEO	All Community Members	Hyden Recreation Centre
22 nd June	Goodnight Nurse (Hyden CRC run with Shire major sponsor)	Parents of toddlers	Hyden Recreation Centre

KEY PROJECTS

PROJECT	DESCRIPTION
Kondinin Community Garden	Facilitated by the Shire and the Kondinin Community Garden Working Group the Kondinin Community Garden provides a public place for all to enjoy and continues to evolve. During the 2017/2018 period the garden has hosted the Twilight Markets, Gourmet in the Garden, Bike Week, the Cultural Community Arts Project and a number of Early Years programs; a new gate, seating and musical instruments have been installed, together with regular planting, watering and weeding by local community members.
Wave Rock Improvements	The updated Wave Rock Improvement Plan 2018 – 2021 to replace the 2015 – 2018 Plan was adopted by Council at its Ordinary Meeting held on the 20 th June 2018 as the guiding document for improvements to Wave Rock over the next 4 years.

Hyden Streetscape Project for 2022 Centenary	The Hyden Town Site Revitalisation Plan was adopted by Council at its Ordinary Meeting on the 20 th December 2017 as the guiding document for upgrades to the Hyden Town Site in the lead up to the Hyden Centenary. Landscape designers prepared a detailed draft design for Coronation Park which was tabled at 16 th May 2018 Council Meeting and then a more detailed plan and costing submitted to Shire in June 2018 to guide a grant application to submit to Lotterywest for the upgrades to the Coronation Park during the 2018/2019 financial year.
Karlgarin Streetscape Project for 2020 Centenary	A Sub-Committee has been created for the Karlgarin Streetscape Project and Centenary who have met on the 7 th September 2017 and the 27 th April 2018 to discuss ideas to be progressed in the 2018/2019 financial year including a commemorative wall and interpretive signage, large gilgie sculptures in local dams, and a farm location map, together with the general running of the day proposed for October 2020.
Roe Tourism	This is a collaborative organisation comprising the Shires of Kondinin, Kulin, Narembeen, Bruce Rock, Corrigin and Lake Grace who work together to promote tourism across the district. During the 2017/2018 financial year a new website http://www.roetourism.com.au/ became live to promote Roe Tourism. 100 x Free Wave Rock Passes were provided to all member Shires to be distributed in the 2018/2019 financial year. Black and White Studio were engaged to update and rebrand the Pathways to Wave Rock Brochure to tie in with new branding on the website.
New Entrance Signage at Shire Boundaries	Work has commenced on the design of new signage on the Shire's boundary to streamline signage across the Shire, to be progressed in the 2018/2019 financial year.
New Signage at Kondinin Lake	The Natural Resource Management – Wheatbelt (NRM) undertook a school excursion to the Kondinin Lake with Kondinin Primary School students on 9 th March 2018. Following this the NRM have advised the Shire that they would assist and contribute financially to a sign out at the Lake to provide information on the local history, geology, flora and fauna and recreation pursuits at the Lake. The Shire in collaboration with community members and Noongar elders have compiled information and photographs that have been provided to the NRM who designed the signage for the Shire.
Upgrades to the Kondinin Community Recreation Centre	In early 2017, the Shire received notice that it was successful in receiving funding from the Wheatbelt Development Commission and the Department of Sport and Recreation to assist in the construction of the upgrades to the Kondinin Community Recreation Centre, with contributions also from the Shire of Kondinin and the Kondinin Community Recreation Council. The tender for the project was awarded to ACORP Construction in March 2018. Regular progress reports have been submitted to the respective grant authority agencies in line with the key milestones of the respective grant agreements.

<p>Extensions to Yeerakine Lodge</p>	<p>In early 2017, the Shire received notice that it was successful in receiving grant funding from the Federal Government through the National Stronger Regions Fund to undertake the extensions to Yeerakine Lodge, with financial contributions also from the Kondinin Kulin Aged Care Committee and the Shire of Kondinin. The tender for the project was awarded to ACORP in July 2017 and construction was completed in July 2018 within budget and the milestones of the project. The final grant payment is expected to be received in the 2018/2019 financial year.</p>
<p>Creation of Kondinin Sporting Sculpture Park</p>	<p>To address drainage issues and improve the amenity of this area to the south of the Kondinin Bowling Green new drains were installed followed by landscaping incorporating pathways, native vegetation, local rocks and the life size metal sporting sculptures that were made by the community as part of a Country Arts WA funded community arts project. The project was delivered by contractors Reality Landscapes with assistance from the Shire, the Kondinin Primary School and the Kondinin Community Recreation Council.</p>

HEALTH, PLANNING & BUILDING

Statutory Planning Matters

During the 2017/2018 financial year 5 Development Applications were issued:

HYDEN

- Change of Use from Abattoir to Tourist Accommodation (Aylmore Road)
- 3 x 2 Bedroom Grouped Dwellings (Smith's Loop)
- Fencing and associated works at KJ Motors (Lynch Street)

KONDININ

- Wind Monitoring Mast (Notting-Karlgarin Road)
- Incidental Use – Café at Windy Hill B&B (Graham Street)

Strategic Planning Matters

During the 2017/2018 period Council endorsed the following:

- Adoption of Local Planning Policy No. 3 Relating to Sea Containers
- Adoption of Local Planning Policy No. 4 Relating to Signs and Advertising

- Gazettal of Local Planning Scheme No. 8 Relating to Re-zoning Lot 330 Clayton Street, Hyden from 'Local Reserve Public Purpose – Education' to 'Residential R30'

Building Applications

During the 2017/2018 the following building applications were issued:

12 Building Applications Issued (2 certified & 10 uncertified equating to \$3,130,410.00)

KONDININ

- Steel Shed
- Alterations and additions to Kondinin Community Recreation Centre
- Wind Monitoring Mast
- Patio
- Extension to Residential Building (Yeerakine Lodge)

KARLGARIN

- Farm Shed
- Residential Shed
- Farm Shed
- Craft Room Steel Donga

HYDEN

- 3 x 2 Bedroom Grouped Dwellings
- Residential Shed
- Garden Shed

Tory Young

Manager Planning and Development

Environmental Health Officer's Report

Roe Regional Environmental Health Services' Environmental Health Officer, Will Pearce, has undertaken Environmental Health work in accordance with Operational Guidelines during the 2017/18 period. The work has generally been based on a 3 day, or 23 hours per fortnight schedule.

WASTE MANAGEMENT

- Kondinin Landfill - submission of Annual Environmental Report to Department of Water and Environmental Regulation
- EHO inspected the Bendering Landfill site on several occasions with Avon Waste and Corrigin EHO to ensure compliance with environmental licenses and discuss current tender, future planning and maintenance requirements of the site
- Submission of Waste Census to Waste Authority

WASTE WATER

- Assessments and approval of onsite effluent disposal systems

SWIMMING POOLS – WATER QUALITY

- Kondinin, Hyden, Wave Rock and Hyden Hotel Pools were sampled monthly from October 2017 to March 2018 as per the Code of Practice for Aquatic Facilities and the *Health (Aquatic Facilities) Regulations 2007*

SWIMMING POOLS – FENCING

- 3 private pools were inspected for fencing compliance
- Submission of annual report to Department of Mining and Industry Regulation

FOOD

- 11 inspections of registered Food Businesses in Kondinin and Hyden
- Wave Rock Weekender 2018 food stall inspections
- Maintained Food Business Register
- Compilation of a *Food Act 2008* and *Public Health Act 2016* report required annually by the Department of Health Food Unit

- A state wide monitoring programme was undertaken to survey 'Declarations of Food Allergen' on a variety of food products during May 2018. As requested, the EHO obtained samples of 'packaged prunes' from the Kondinin IGA. Results were compliant in that no undeclared allergens were detected

ACCOMMODATION

- The Wave Rock Caravan Park was inspected
- 2 lodging houses inspections in Kondinin and Hyden

PUBLIC BUILDINGS

- 10 inspections of public buildings located in Kondinin and Hyden
- Wave Rock Weekender 2018 - public safety inspections of venue
- 'Burn Out' Event 7 April 2018 - discussions held with organisers (Kondinin Kruzers) prior to the event to ensure compliance with public building/safety and food provisions

SUBSTANDARD PROPERTIES

- 3 works requests were issued
- 2 Health Notices were issued

ANIMALS, ENVIRONMENT AND NUISANCE AMENDMENT LOCAL LAW 2018

Due to errors in the shire's principal local law, State Parliament ordered the shire to make an amendment local law to correct the identified problems. The EHO commenced this process in early 2018 with the drafting, advertising and adopting of a new law

MISCELLANEOUS

- Advice or comments given to residents of the Shire of Kondinin in relation to Environmental Health issues
- Dealt with complaints from the public ranging from food to noise
- Assistance with health annual fees and charges schedule development

Will Pearce

Environmental Health Officer

Remuneration

Regulation 19B of the Local Government (Administration) Regulations states the Annual Report in to include the number of Employees with an annual salary of \$100,000 or more going up in \$10,000 increments.

Salary Range	Number of Employees
\$120,001 to \$130,000	1
\$130,001 to \$140,000	2
\$190,001 to \$200,000	1

Register of Complaints and Minor Breach

In accordance with section 5.53(2) and 5.121 of the Local Government Act 1995, the Annual Report is required to disclose the number of Complaints of Minor Breach received each year.

For the year 2017-2018 the Shire of Kondinin received no Complaints of Minor Breach

Disability Service Plan

The Shire of Kondinin is committed to ensuring that the community is accessible and inclusive for people with disabilities, their families and carers. The Shires Disability Access and Inclusion Plan addressed our commitments and can be found on the Shires website. Whilst no capital upgrades were undertaken, the Shire staff continued to ensure all residents and visitors to the Shire had access to facilities and events.

National Competition Policy

In accordance with statutory requirements set down in the National Competition Policy legislation, outlined below is a compliance report for the Shire of Kondinin.

Competitive Neutrality

The Shire of Kondinin does not have a business activity which generates a user pays income of \$200,000 or more, therefore no obligation exists for the Municipality to conduct a Public Benefits Test. Nonetheless, the Shire of Kondinin remains committed to the principals of Competitive Neutrality.

Structural Reform

The Shire of Kondinin has no obligation under the principles of structural reform and did not privatise any public monopolies in the current year.

Record Keeping Plan

In compliance with the State Records Act 2000, as required by Standard 2, Principle 6, Council maintains a Record Keeping Plan which is reviewed annually by the Chief Executive Officer.

Public Interest Disclosure

In compliance with the Public Interest Disclosure Act 2003, as required by Section 23, part 1, Council has appointed a PID Officer in the agency, being the Chief Executive Officer, and Council has published internal procedures relating to the agency's obligations.

Freedom of Information

The Shire has been subject to the provisions of the Freedom of Information Act 1992 since the Act was first introduced. The Act gives a general right of access to information held by the Shire, subject to limitations as set out in Clauses 1 to 15 of Schedule 1 to the Freedom of Information Act. The Act is intended to make Government, its agencies and officers more accountable. It is not intended to open the private and professional lives of its citizens to public scrutiny without the consent of the individuals concerned, where there is no demonstrable benefit to the public interest in doing so.

Plan for the Future

Strategic Community Plan

The Shire of Kondinin Strategic Community Plan was reviewed in 2016/2017. The plan is the Shire's key Strategic Planning document.

The document belongs to the community and is designed to give everyone the opportunity to participate in achieving the goals and actions set out in the Plan. The goals and actions in each of the identified focus areas reflect the words and ideas presented by members of the Shire.

The Shire of Kondinin Strategic Community Plan contains four goals;

1. Social and community wellbeing and capacity
2. Economic diversity and prosperity
3. Infrastructure that meets the needs now and allows for growth
4. Leadership and financial sustainability

The actions in each focus area are;

Social

- 1.1 A vibrant and attractive place to live that offers choice and a liveable environment
- 1.2 A growing, diverse and dynamic community
- 1.3 A safe, healthy and active Shire

Economic

- 2.1 Promote the Shire of Kondinin within the local community and beyond the Wheatbelt and state boundaries as a preferred location for business, tourism and lifestyle
- 2.2 Provide sustainable infrastructure and services that support current and future needs of the community
- 2.3 Encourage and promote a culture of education, career development, job creation and employment
- 2.4 Encourage, promote and support tourism experiences and businesses in the Shire of Kondinin

Environmental

- 3.1 A sustainable built and natural environment
- 3.2 Integrated approach to resource management and sustainability

Civic Leadership

4. Provide good strategic decision making, governance, leadership and professional management

Road construction was funded in 2017/2018 by Regional Road Group funding (RRG) and Council funded (RCC)

In 2018/2019 major projects proposed to be undertaken are as follows:

Roads

RRG – Mt Walker Road	\$ 67,500
RRG – East Hyden Bin Road	\$ 427,125
RCC – Kondinin Lake North Road	\$ 56,850
RCC – Notting Karlgarin Rd (Gravel)	\$ 67,531
RCC – Bendering East Road (Gravel & Form)	\$ 85,718
RCC – Reseal Wave Rock – Second Entrance	\$ 21,450
RCC – Hyden Norseman Road (Reseal)	\$ 95,950
RCC – Hyden Norseman Road (Gravel)	\$ 89,861
RCC – Aggiss Road (Form & Gravel)	\$ 48,999
RCC – Karlgarin Hill North Road (Form & Gravel)	\$ 83,690
RCC – Worland Road (Form & Gravel)	\$ 107,363
RCC – Chalk Hill West Road (Form & Gravel)	\$ 80,961
RCC – Sharps Road (Blue Metal Spread)	\$ 24,129
RCC – King Rocks West (Gravel)	\$ 52,284
FPK – Footpath Construction (3-towns, Council funded)	\$ 50,000

Plant & Equipment

0 KN - Toyota Prado (trade in / change over)	\$ 55,000
KN 0 – Holden Trailblazer (trade in / change over)	\$ 42,000
KN 04 - Toyota RAV 4 (trade in / change over)	\$ 34,500
KN 52 – Subaru Forrester (trade in / change over)	\$ 32,500
KN 55 – Holden Colorado (trade in / change over)	\$ 27,500

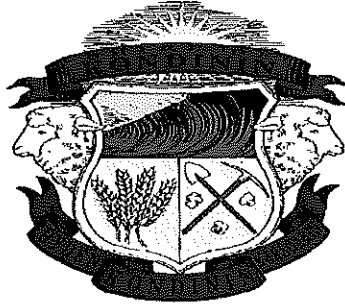
KN 61 – Nissan Navara (trade in / change over)	\$ 27,500
KN 49 – Toyota Landcruiser Prado (trade in / change over)	\$ 55,000
KN 54 – Suburu Forrester (trade in / change over)	\$ 32,500
Lawn Mower	\$ 25,000
Grader (outright purchase)	\$ 350,000
Other Capital Projects	
Computer Upgrade – Doctors Surgery	\$ 5,000
Yerrakine Lodge Carpark	\$ 10,000
Staff Housing – Bal C/F	\$ 84,546
KN & HY Drainage	\$1,700,000
Hyden Hall Furniture	\$ 30,000
Chairs for Public Halls	\$ 5,000
Hyden Rec Centre Extension	\$ 50,000
Kondinin Sports Club Extension – Bal C/F	\$1,021,891
Karlgarin Club Roof Replacement	\$ 20,000
Karlgarin Bowling Green resurfacing	\$ 110,000
Kondinin Netball Courts Reseal	\$ 23,029
Coronation Park (Hyden)	\$ 50,000
Trembath Park (Kondinin)	\$ 20,000
Wave Rock Precinct Improvement	\$ 50,000
Entry Statements	\$ 10,000
Karlgarin Centenary Project	\$ 20,000
Hyden Streetscape Improvements	\$ 100,000
The Humps Project – Bal C/F	\$ 11,264

2017-2018

***Annual Financial
Report***

&

***Independent
Auditors Report***



SHIRE OF KONDININ

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION

The Shire of Kondinin is dedicated to providing facilities and services that meet the needs of the community and enable them to enjoy a pleasant, healthy country lifestyle.

Principal Place of Business:
Gordon Street
KONDININ WA 6367

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

Signed on the 7th day of December 2018



Chief Executive Officer



Name of Chief Executive Officer

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

	NOTE	2018 Actual	2018 Budget	2017 Actual
\$				
Revenue				
Rates	21(a)	2,842,985	2,828,632	2,827,560
Operating grants, subsidies and contributions	2	2,206,824	1,684,684	3,015,022
Fees and charges	2	1,071,168	482,650	507,590
Interest earnings	2(a)	86,937	79,311	81,291
Other revenue		954,215	400,306	613,379
		<u>7,162,129</u>	<u>6,375,483</u>	<u>7,044,842</u>
Expenses				
Employee costs		(2,274,292)	(2,030,394)	(2,082,874)
Materials and contracts		(2,581,377)	(2,223,277)	(1,564,832)
Utility charges		(293,758)	(283,350)	(285,682)
Depreciation on non-current assets	8(b)	(2,714,833)	(2,676,960)	(2,263,433)
Interest expenses	2(b)	(85,827)	(46,424)	(91,474)
Insurance expenses		(188,130)	(200,669)	(192,284)
Other expenditure		(209,639)	(222,181)	(224,178)
		<u>(8,347,656)</u>	<u>(7,683,155)</u>	<u>(6,684,658)</u>
		<u>(1,185,527)</u>	<u>(2,307,673)</u>	<u>360,184</u>
Non-operating grants, subsidies and contributions	2	1,864,141	2,133,691	1,722,316
Profit on asset disposals	8(a)	14,968	5,000	42,862
(Loss) on asset disposal	8(a)	(15,660)	(26,772)	(175,801)
Net Result		<u>678,022</u>	<u>(195,753)</u>	<u>1,949,581</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequent to profit or loss</i>				
Changes on revaluation of non-current assets	9	20,198,888	0	900,853
Total other comprehensive income		<u>20,198,888</u>	<u>0</u>	<u>900,853</u>
Total comprehensive income		<u><u>20,876,910</u></u>	<u><u>(195,753)</u></u>	<u><u>2,850,414</u></u>

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

Byfields Business Advisers
PO Box 1202
CLOVERDALE WA 6985



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

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
Revenue				
Governance	2(b)	166,289	19,606	28,080
General purpose funding		4,772,975	3,815,062	5,501,167
Law, order, public safety		17,279	11,100	21,797
Health		433,098	358,600	232,517
Education and welfare		(0)	0	3,333
Housing		49,582	40,000	47,099
Community amenities		116,985	107,500	115,073
Recreation and culture		43,932	27,702	53,426
Transport		108,131	436,165	438,633
Economic services		533,021	447,600	472,822
Other property and services		920,837	116,500	130,905
		<u>7,162,129</u>	<u>5,379,835</u>	<u>7,044,842</u>
Expenses				
Governance	2(b)	(276,545)	(280,395)	(257,782)
General purpose funding		(168,775)	(160,859)	(138,028)
Law, order, public safety		(73,279)	(83,820)	(73,768)
Health		(500,691)	(560,304)	(471,046)
Education and welfare		(109,752)	(114,608)	(88,423)
Housing		(271,401)	(268,901)	(201,673)
Community amenities		(603,499)	(589,056)	(593,164)
Recreation and culture		(1,788,116)	(1,771,243)	(1,316,484)
Transport		(2,904,527)	(2,699,505)	(2,921,031)
Economic services		(862,891)	(1,022,829)	(766,280)
Other property and services		(713,553)	(79,583)	234,474
		<u>(8,262,029)</u>	<u>(7,641,084)</u>	<u>(6,593,184)</u>
Finance Costs				
Health	2(b)	(10,386)	(5,088)	(11,552)
Housing		(4,753)	(2,319)	(6,370)
Community amenities		(34,397)	(22,629)	(37,701)
Recreation and culture		(36,092)	(16,388)	(35,852)
		<u>(86,627)</u>	<u>(46,424)</u>	<u>(91,474)</u>
Non-operating grants, subsidies and contributions	2	1,864,141	2,133,691	1,722,316
Profit on asset disposals	8(a)	14,968	5,000	42,862
(Loss) on asset disposal	8(a)	(15,560)	(26,772)	(175,801)
		<u>1,863,549</u>	<u>2,111,919</u>	<u>1,589,377</u>
Net Result		<u>678,022</u>	<u>(195,753)</u>	<u>1,949,561</u>
Other Comprehensive Income				
<i>Items that will not be reclassified subsequent to profit or loss</i>				
Changes on revaluation of non-current assets	9	20,198,888	0	900,863
Total Other Comprehensive Income		<u>20,198,888</u>	<u>0</u>	<u>900,863</u>
Total Comprehensive Income		<u>20,876,910</u>	<u>(195,753)</u>	<u>2,850,414</u>

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

Byfields Business Advisers
 PO Box 1202
 CLOVERDALE WA 6985



**SHIRE OF KONDININ
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	3,839,970	3,896,069
Trade and Other Receivables	4	621,390	512,548
Inventories	5	41,247	19,305
TOTAL CURRENT ASSETS		<u>4,402,607</u>	<u>4,427,922</u>
NON-CURRENT ASSETS			
Other Receivables	4	380,780	148,046
Property, Plant and Equipment	6	22,106,452	21,332,115
Infrastructure	7	129,991,901	109,837,113
TOTAL NON-CURRENT ASSETS		<u>152,479,133</u>	<u>131,317,274</u>
TOTAL ASSETS		<u>156,881,740</u>	<u>135,745,196</u>
CURRENT LIABILITIES			
Trade and other payables	10	610,259	544,920
Current portion of long term borrowings	10(a)	120,695	93,904
Provisions	11	368,878	366,717
TOTAL CURRENT LIABILITIES		<u>1,099,832</u>	<u>1,005,541</u>
NON-CURRENT LIABILITIES			
Long term borrowings	10(a)	1,613,335	1,446,978
Provisions	11	58,057	59,070
TOTAL NON-CURRENT LIABILITIES		<u>1,671,392</u>	<u>1,506,048</u>
TOTAL LIABILITIES		<u>2,771,224</u>	<u>2,511,589</u>
NET ASSETS		<u>154,110,516</u>	<u>133,233,607</u>
EQUITY			
Retained surplus		25,019,731	24,744,457
Reserves - cash backed	3	1,695,316	1,292,569
Revaluation surplus	9	127,395,469	107,196,581
TOTAL EQUITY		<u>154,110,516</u>	<u>133,233,607</u>

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

Byfields Business Advisers
PO Box 1202
CLOVERDALE WA 6985



**SHIRE OF KONDININ
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		23,590,928	496,537	106,295,728	130,383,193
Comprehensive Income					
Net Result		1,949,561	0	0	1,949,561
Other comprehensive income	9	0	0	900,853	900,853
Total comprehensive income		1,949,561	0	900,853	2,850,414
Transfer from(to) reserves		(796,032)	796,032	0	0
Balance as at 30 June 2017		24,744,457	1,292,569	107,196,581	133,233,607
Comprehensive Income					
Net Result		678,022	0	0	678,022
Other comprehensive income	9	0	0	20,198,888	20,198,888
Total comprehensive income		678,022	0	20,198,888	20,876,910
Transfer from(to) reserves		(402,747)	402,747	0	0
Balance as at 30 June 2018		25,019,731	1,695,316	127,395,469	154,110,516

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

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

	NOTE	2018 \$	2018 Budget \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,816,477	2,828,632	2,846,092
Operating Grants, Subsidies and Contributions		2,478,439	1,584,584	3,015,022
Fees and Charges		1,071,168	482,650	481,643
Service Charges		0	0	0
Interest Earnings		86,937	79,311	81,291
Goods and Services Tax		379,615	757,792	11,197
Other Revenue		954,215	400,306	339,163
		<u>7,786,851</u>	<u>6,133,276</u>	<u>6,774,408</u>
Payments				
Employee Costs		(2,265,162)	(2,030,394)	(2,046,076)
Materials and Contracts		(2,545,574)	(2,223,277)	(1,249,697)
Utility Charges		(293,758)	(283,350)	(285,582)
Insurance Expenses		(188,130)	(200,569)	(192,284)
Interest expenses		(86,014)	(46,424)	(86,161)
Goods and Services Tax		(369,631)	(765,046)	(27,816)
Other Expenditure		(209,639)	(222,181)	(111,487)
		<u>(5,957,908)</u>	<u>(5,771,243)</u>	<u>(3,999,103)</u>
Net cash provided by (used in) operating activities	12	<u>1,828,942</u>	<u>362,033</u>	<u>2,775,305</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for Development of Land Held for Resale				
Payments for Purchase of Property, Plant & Equipment		(1,956,022)	(2,838,010)	(1,053,617)
Payments for Construction of Infrastructure		(1,668,184)	(1,723,266)	(1,976,253)
Advances to Community Groups		(300,000)	0	0
Payments for Purchase of Investments				
Non-Operating Grants, Subsidies and Contributions		1,624,141	2,133,691	1,722,316
Proceeds from Sale of Plant & Equipment		178,545	166,500	464,814
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		0	0	0
		<u>(2,121,520)</u>	<u>(2,261,085)</u>	<u>(842,740)</u>
Net cash provided by (used in) investment activities		<u>(2,121,520)</u>	<u>(2,261,085)</u>	<u>(842,740)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(106,853)	(93,904)	(167,412)
Proceeds from Self Supporting Loans		43,333	30,385	48,325
Proceeds from new long term borrowings		300,000	0	0
		<u>236,480</u>	<u>(63,520)</u>	<u>(119,087)</u>
Net cash provided by (used in) financing activities		<u>236,480</u>	<u>(63,520)</u>	<u>(119,087)</u>
Net increase (decrease) in cash held		(56,098)	(1,962,572)	1,813,478
Cash at Beginning of Year		3,896,069	3,898,274	2,082,592
Cash and cash equivalents at the end of the year	12	<u>3,839,970</u>	<u>1,935,702</u>	<u>3,896,069</u>

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

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

NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	2,193,330	2,052,285	1,330,589
Revenue from operating activities (excluding rates)			
Governance	177,367	15,254	33,298
General purpose funding	1,929,990	986,430	2,673,597
Law, order, public safety	17,279	11,100	21,797
Health	433,098	358,600	232,517
Education and welfare	0	0	3,333
Housing	49,582	40,000	47,099
Community amenities	116,985	107,500	115,073
Recreation and culture	43,932	27,702	53,426
Transport	111,139	441,165	476,274
Economic services	533,021	447,600	523,637
Other property and services	921,718	116,500	80,090
	<u>4,334,109</u>	<u>2,551,851</u>	<u>4,260,143</u>
Expenditure from operating activities			
Governance	(275,545)	(290,396)	(266,794)
General purpose funding	(158,775)	(160,859)	(138,028)
Law, order, public safety	(73,279)	(83,820)	(73,768)
Health	(511,076)	(565,392)	(492,607)
Education and welfare	(109,752)	(114,608)	(88,423)
Housing	(276,154)	(271,220)	(208,042)
Community amenities	(637,896)	(611,685)	(630,865)
Recreation and culture	(1,824,208)	(1,787,631)	(1,352,336)
Transport	(2,920,086)	(2,719,925)	(3,076,883)
Economic services	(862,891)	(1,022,829)	(766,280)
Other property and services	(713,553)	(81,563)	233,568
	<u>(8,363,216)</u>	<u>(7,709,927)</u>	<u>(6,860,459)</u>
Operating activities excluded			
(Profit) on disposal of assets	8(a) (14,968)	(5,000)	(42,862)
Loss on disposal of assets	8(a) 15,560	26,772	175,801
Movement in employee benefit provisions (non-current)	(1,013)	0	6,984
Depreciation and amortisation on assets	8(b) 2,714,833	2,676,960	2,253,433
Amount attributable to operating activities	<u>878,636</u>	<u>(407,059)</u>	<u>1,123,629</u>
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	1,864,141	2,133,691	1,722,316
Proceeds from disposal of fixed assets	8(a) 178,545	166,500	464,814
Purchase of property, plant and equipment	(1,956,022)	(2,838,010)	(1,053,617)
Purchase and construction of infrastructure	(1,668,184)	(1,723,266)	(1,976,253)
Amount attributable to investing activities	<u>(1,581,520)</u>	<u>(2,261,085)</u>	<u>(842,740)</u>
FINANCING ACTIVITIES			
Advances to community groups	(300,000)	0	0
Repayment of long term borrowings	10(a) (106,853)	(93,904)	(167,412)
Proceeds from new long term borrowings	10(a) 300,000	0	0
Proceeds from self supporting loans	10(a) 43,333	30,385	48,325
Transfers to reserves (restricted assets)	3 (402,747)	(396,969)	(796,032)
Transfers from reserves (restricted assets)	3 0	300,000	0
Amount attributable to financing activities	<u>(466,267)</u>	<u>(160,488)</u>	<u>(915,119)</u>
Surplus(deficiency) before general rates	<u>(1,169,151)</u>	<u>(2,828,632)</u>	<u>(634,230)</u>
Total amount raised from general rates	21 2,842,985	2,828,632	2,827,560
Net current assets at 30 June c/fwd - surplus/(deficit)	22 <u>1,673,834</u>	<u>0</u>	<u>2,193,330</u>

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

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

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities and to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

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

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 24 to these financial statements.

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

2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2017 Actual
	\$	\$
Significant revenue		
During the year the Shire received a reimbursement in relation to flood damage to roads under the Western Australia National Disaster Relief and Recovery Arrangements (WANDRRA). This revenue item was included in "Operating grants, subsidies and contributions".	110,525	264,094
Fees and Charges		
Governance	310	131
General purpose funding	16,526	1,669
Law, order, public safety	7,182	4,637
Health	48,606	18,762
Housing	47,743	45,203
Community amenities	116,985	115,073
Recreation and culture	19,468	17,152
Economic services	313,514	274,450
Other property and services	500,834	30,513
	<u>1,071,168</u>	<u>507,590</u>

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

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
Governance	3,250	0
General purpose funding	1,824,297	2,588,437
Law, order, public safety	10,097	13,711
Recreation and culture	1,850	7,560
Transport	108,364	174,305
Economic services	190,000	170,800
Other property and services	68,967	60,210
	<u>2,206,824</u>	<u>3,015,022</u>
Non-operating grants, subsidies and contributions		
Education and welfare	644,078	0
Community amenities	0	49,031
Recreation and culture	200,000	157,888
Transport	948,682	1,464,582
Economic services	71,381	50,816
	<u>1,864,141</u>	<u>1,722,316</u>
Total grants, subsidies and contributions	<u>4,070,965</u>	<u>4,737,339</u>

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

2. REVENUE AND EXPENSES (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)
a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Interest earnings			
- Loans receivable - clubs/institutions	0	0	0
- Reserve funds	36,847	29,311	21,404
- Other funds	30,904	23,000	37,736
Other interest revenue (refer note 21(e))	19,186	27,000	22,151
	<u>86,937</u>	<u>79,311</u>	<u>81,291</u>

(b) Expenses

Significant expense

During the year the Shire incurred materials and contracts expenditure to reinstate roads as a result of flood damage. This expenditure was subject to reimbursement from WANDRRA.

	2018	2017
	\$	\$
	110,525	264,094
Auditors remuneration		
- Audit of the Annual Financial Report	9,794	14,794
- Other services (Acquittals)	900	900
	<u>10,694</u>	<u>15,694</u>
Audit fee for the audit of the annual financial report	<u>21,300</u>	<u>15,694</u>
Interest expenses (finance costs)		
Long term borrowings (refer Note 10(a))	<u>85,627</u>	<u>91,474</u>
Rental charges		
- Operating leases	<u>138,573</u>	<u>102,297</u>

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

3. CASH AND CASH EQUIVALENTS	NOTE	2018	2017
		\$	\$
Unrestricted		1,043,659	1,674,903
Restricted		2,796,311	2,221,165
		3,839,970	3,896,069

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

Plant Reserve	3	700,550	584,771
Housing Reserve	3	33,089	7,596
Leave Reserve	3	203,024	198,090
Tourism Development Reserve	3	79,248	64,821
Karlgarin Bowling Green Reserve	3	110,505	107,410
Community Bus Reserve	3	48,150	46,980
Radio & TV Reserve	3	23,624	23,050
Landfill Reserve	3	10,251	5,064
Kondinin Recreation Centre Reserve	3	311,560	254,787
Medical Services Reserve	3	74,119	0
Hyden Recreation Centre Reserve	3	101,197	0
Unspent grants	20	1,100,994	928,596
		2,796,311	2,221,165

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

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

3. RESERVES - CASH BACKED

	2018		2018		2018		2018		2018		2017		2017	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Actual Closing Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Leave Reserve	198,090	4,933	0	203,024	198,090	4,952	0	203,042	143,434	54,657	0	198,090		
Plant Reserve	584,771	115,779	0	700,550	584,771	114,619	0	699,390	162,173	422,598	0	584,771		
Housing Reserve	7,596	25,493	0	33,089	7,596	25,190	0	32,786	7,389	207	0	7,596		
Tourism Development Reserve	64,821	14,427	0	79,248	64,821	14,278	0	79,099	10,959	53,862	0	64,821		
Community Bus Reserve	46,980	1,170	0	48,150	46,980	1,175	0	48,155	45,703	1,277	0	46,980		
Radio Reserve	23,050	574	0	23,624	23,050	576	0	23,626	22,423	627	0	23,050		
Karlgarin Bowling Green Reserve	107,410	3,066	0	110,505	107,410	2,256	0	109,666	104,457	2,953	0	107,410		
Landfill Reserve	5,064	5,187	0	10,251	5,064	5,127	0	10,191	0	5,064	0	5,064		
Kondinin Recreation Centre Reserve	254,787	56,773	0	311,560	254,787	52,371	(300,000)	7,158	0	254,787	0	254,787		
Medical Services Reserve	0	74,119	0	74,119	0	75,675	0	75,675	0	0	0	0		
Hyden Recreation Centre Reserve	0	101,197	0	101,197	0	100,750	0	100,750	0	0	0	0		
	1,292,569	402,747	0	1,695,316	1,292,569	396,969	(300,000)	1,389,538	496,537	796,032	0	1,292,569		

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	Ongoing	To fund annual and long service leave requirements.
Plant Reserve	Ongoing	To be used for the purchase of major plant.
Housing Reserve	Ongoing	To be used for the construction of new housing.
Tourism Development Reserve	Ongoing	To be used to ensure that the Wave Rock area is kept at a good standard.
Community Bus Reserve	Ongoing	To be used for the replacement of the community bus.
Radio Reserve	Ongoing	To account for service charges raised.
Karlgarin Bowling Green Reserve	2018/19	To be used for the replacement of bowling green.
Landfill Reserve	Ongoing	To be used for the operational costs of Bendering landfill site.
Kondinin Recreation Centre Reserve	2018/19	To be used for the construction of Kondinin Recreation Building Extension.
Medical Services Reserve	Ongoing	To be used for the operational costs of Kondinin Medical Centre.
Hyden Recreation Centre Reserve	2019/20	To be used for the construction of Hyden Recreation Building Extension.

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

4. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Current		
Rates outstanding	156,580	130,072
Sundry debtors	296,545	316,195
Allowance for impairment of receivables	(48,313)	(36,348)
GST receivable	62,260	72,244
Loans receivable - clubs/institutions - Note 10(a)	54,318	30,385
	521,390	512,548
Non-current		
Rates outstanding - pensioners	0	0
CSCA Building	3,000	3,000
Loans receivable - clubs/institutions - Note 10(a)	377,780	145,046
	380,780	148,046
Movement of the allowance for impairment of receivables		
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	36,348	31,422
Doubtful debts expense	35,006	13,117
Amounts written off during the period	(23,040)	(8,191)
Balance at end of period	48,313	36,348

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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.

Classification and subsequent measurement

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.

5. INVENTORIES

	2018	2017
	\$	\$
Current		
Fuel and materials	37,581	15,639
Land held for resale - cost		
Cost of acquisition	0	0
Development costs	3,666	3,666
	41,247	19,305

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

Land held for development and 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.

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

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

6 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017
	\$	\$
- Land - freehold land at:		
- Independent Valuation 2017 - level 2	393,000	393,000
- Independent Valuation 2017 - level 3	620,000	620,000
- Additions after valuation - cost - level 3	17,459	0
	<u>1,030,459</u>	<u>1,013,000</u>
- Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	450,000	450,000
- Additions after valuation - cost	0	0
	<u>450,000</u>	<u>450,000</u>
Total land	<u>1,480,459</u>	<u>1,463,000</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	2,840,000	2,840,000
- Independent valuation 2017 - level 3	2,447,096	2,447,096
- Addition after valuation - cost	915,735	159,615
Less: accumulated depreciation	(184,774)	0
	<u>6,018,057</u>	<u>5,446,711</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	12,059,676	12,059,676
- Addition after valuation - cost	601,090	0
Less: accumulated depreciation	(456,352)	0
	<u>12,204,414</u>	<u>12,059,676</u>
Total buildings	<u>18,222,471</u>	<u>17,506,387</u>
Total land and buildings	<u>19,702,930</u>	<u>18,969,387</u>
Furniture and equipment at:		
- Independent valuation 2016 - level 2	278,550	278,550
- Management valuation 2016 - level 3	63,243	63,243
- Additions after valuation - cost	149,094	86,238
Less accumulated depreciation	(120,191)	(60,700)
	<u>370,695</u>	<u>367,331</u>
Plant and equipment at:		
- Independent valuation 2016 - level 2	2,234,640	2,234,640
- Management valuation 2016 - level 3	12,977	12,977
- Additions after valuation - cost	407,394	105,809
Less: accumulated depreciation	(622,183)	(358,028)
	<u>2,032,827</u>	<u>1,995,397</u>
Total property, plant and equipment	<u><u>22,106,452</u></u>	<u><u>21,332,115</u></u>

SHIRE OF KONDININ
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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	0	1,091,211	1,091,211	6,201,498	12,457,354	18,658,852	19,750,063	389,410	2,247,617	22,387,090
Additions	0	0	0	334,811	0	334,811	334,811	27,348	691,458	1,053,617
(Disposals)	0	0	0	0	0	0	0	0	(597,752)	(597,752)
Revaluation increments/(decrements) transferred to revaluation surplus	(757,265)	450,000	(307,265)	631,379	576,739	1,208,118	900,853	0	0	900,853
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	0	0	0	0	0	0	0
Impairment (losses)/reversals	0	0	0	0	0	0	0	0	0	0
Depreciation (expense)	0	0	0	(147,037)	(295,362)	(442,399)	(442,399)	(49,427)	(345,926)	(837,752)
Transfers	1,770,265	(1,091,211)	679,054	(1,573,940)	(679,054)	(2,252,994)	(1,573,940)	0	0	(1,573,940)
Carrying amount at 30 June 2017	1,013,000	450,000	1,463,000	5,446,711	12,059,676	17,506,388	18,969,388	367,331	1,995,397	21,332,116
Additions	1,709	0	1,709	251,456	1,105,754	1,357,210	1,358,919	45,111	551,992	1,956,022
(Disposals)	0	0	0	0	0	0	0	0	(179,135)	(179,135)
Revaluation increments/(decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	0	0	0
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	0	0	0	0	0	0	0
Impairment (losses)/reversals	0	0	0	0	0	0	0	0	0	0
Depreciation (expense)	0	0	0	(184,774)	(456,352)	(641,126)	(641,126)	(53,239)	(335,427)	(1,029,792)
Transfers	15,750	0	15,750	504,664	(504,664)	0	15,750	11,492	0	27,240
Carrying amount at 30 June 2018	1,030,459	450,000	1,480,459	6,018,057	12,204,414	18,222,471	19,702,930	370,695	2,032,827	22,106,452

SHIRE OF KONDININ
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 with restrictions	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 / income approach using discounted cashflow methodology	Independent registered valuer	June 2017	Price per hectare / market borrowing rate
Freehold land	3	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2017	Price per hectare / market borrowing rate taking into account public sector restrictions
Land - vested in and under the control of Council	3	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2017	Price per hectare / market borrowing rate taking into account public sector restrictions
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2017	Price per square metre / market borrowing rate
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
- Independent valuation 2016	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2016	Market price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Independent valuation 2016	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2016	Market price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs

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

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

There was no transfer between level 1, 2 and 3 during the current and previous financial year.

SHIRE OF KONDININ
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

	<u>2018</u>	<u>2017</u>
	\$	\$
7 (a). INFRASTRUCTURE		
Roads		
- Independent valuation 2018 - level 3	122,617,131	0
- Management valuation 2018 - level 3	480,212	0
- Independent valuation 2015 - level 3	0	102,697,252
- Addition after valuation - cost	0	3,136,336
Less Accumulated Depreciation	0	(2,679,366)
	<u>123,097,343</u>	<u>103,154,222</u>
Footpaths		
- Independent valuation 2018 - level 3	354,000	0
- Independent valuation 2015 - level 3	0	154,451
- Addition after valuation - cost	0	166,724
Less Accumulated Depreciation	0	(10,288)
	<u>354,000</u>	<u>310,887</u>
Drainage		
- Independent valuation 2018 - level 3	258,500	0
- Management valuation 2018 - level 3	27,835	0
- Independent valuation 2015 - level 3	0	479,000
- Addition after valuation - cost	0	0
Less Accumulated Depreciation	0	(18,144)
	<u>286,335</u>	<u>460,856</u>
Parks and ovals		
- Independent valuation 2018 - level 3	383,586	0
- Independent valuation 2015 - level 3	0	454,169
- Addition after valuation - cost	0	0
Less Accumulated Depreciation	0	(20,052)
	<u>383,586</u>	<u>434,117</u>
Other Infrastructure		
- Independent valuation 2018 - level 3	5,866,194	0
- Management valuation 2018 - level 3	4,443	0
- Independent valuation 2015 - level 3	0	3,835,600
- Addition after valuation - cost	0	2,054,346
Less Accumulated Depreciation	0	(412,916)
	<u>5,870,637</u>	<u>5,477,030</u>
Total infrastructure	<u><u>129,991,901</u></u>	<u><u>109,837,113</u></u>

**SHIRE OF KONDININ
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.

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks & Ovals	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	102,728,648	238,435	471,599	446,282	3,817,633	107,702,600
Additions	1,660,318	79,008	0	0	236,927	1,976,253
(Disposals)	0	0	0	0	0	0
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	0	0	0
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	0	0	0
Impairment (losses)/reversals	0	0	0	0	0	0
Depreciation (expense)	(1,234,743)	(6,555)	(10,743)	(12,165)	(151,475)	(1,415,681)
Transfers	0	0	0	0	1,573,941	1,573,941
Carrying amount at 30 June 2017	103,154,222	310,887	460,856	434,116	5,477,030	109,837,113
Additions	1,474,894	78,053	0	24,833	90,404	1,668,184
(Disposals)	0	0	0	0	0	0
Revaluation increments/ (decrements) transferred to revaluation surplus	19,721,447	33,728	(154,685)	(65,764)	664,161	20,198,888
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	0	0	0
Impairment (losses)/reversals	0	0	0	0	0	0
Depreciation (expense)	(1,261,670)	(8,469)	(19,836)	(29,089)	(365,976)	(1,685,041)
Transfers	8,449	(60,199)	0	19,490	5,018	(27,241)
Carrying amount at 30 June 2018	123,097,343	354,000	286,335	383,566	5,870,637	129,991,901

SHIRE OF KONDININ
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
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent valuers & Management valuation	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Independent valuers	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using depreciated replacement cost	Independent valuers & Management valuation	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Independent valuers	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent valuers & Management valuation	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs

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

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

8. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

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

Land under roads

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

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

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

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

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

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

8. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Governance								
CEO Vehicle - 0KN	42,981	45,682	2,701	0	46,000	43,000	0	(3,000)
DCEO Vehicle - KN0	24,940	32,589	7,649	0	31,000	30,000	0	(1,000)
MOF Vehicle - KN04	23,363	24,091	728	0	24,852	24,500	0	(352)
Transport								
2012 Toyota Hilux - KN56	11,040	9,318	0	(1,722)	16,318	5,000	0	(11,318)
2004 Isuzu Tray Top - KN63	15,710	5,000	0	(10,710)	12,920	8,000	0	(4,920)
2007 Holden Rodeo - KN51	7,392	6,818	0	(574)	12,318	3,000	0	(9,318)
Hamm 3412 Drum Roller - KN78	27,492	30,500	3,008	0	25,500	5,000	0	(20,500)
Traffic Counters	4,372	1,818	0	(2,554)	1,818	0	0	(1,818)
Other property and services								
MOW Vehicle - KN54	21,845	22,727	882	0	20,182	48,000	27,818	0
	179,135	178,543	14,968	(15,560)	190,908	166,500	27,818	(52,226)

(b) Depreciation

	2018	2017
	\$	\$
Buildings-non-specialised	184,774	147,037
Buildings-specialised	456,352	295,362
Furniture and equipment	53,239	49,427
Plant and equipment	335,427	345,926
Infrastructure - Roads	1,261,670	1,234,743
Infrastructure - Footpaths	8,469	6,555
Infrastructure - Drainage	19,836	10,743
Infrastructure - Parks and ovals	29,089	12,165
Infrastructure - Other	365,976	151,475
	2,714,833	2,253,433

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

8. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

Depreciation rates

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seal	20 years
- asphalt surfaces	25 years
Gravel roads	
formation pavement	not depreciated
gravel sheet	12 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slabs	20 years
Sewerage piping	100 years
Water supply piping and drainage system	75 years
Parks and ovals	30 to 50 years
Other infrastructure	20 to 40 years

Depreciation (Continued)

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

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

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

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

9. REVALUATION SURPLUS

	2018				2018				2017			
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus -Land - freehold land	70,475	0	0	0	70,475	0	0	0	827,740	0	(757,265)	(757,265)
Revaluation surplus -Land - vested in and under the control of Council	450,000	0	0	0	450,000	0	0	0	0	450,000	0	450,000
Revaluation surplus -Buildings - non-specialised	44,260,828	0	0	0	44,260,828	0	0	0	43,629,449	953,938	(322,559)	631,379
Revaluation surplus -Buildings - specialised	576,739	0	0	0	576,739	0	0	0	0	724,417	(147,678)	576,739
Revaluation surplus -Furniture and equipment	128,335	0	0	0	128,335	0	0	0	128,335	0	0	0
Revaluation surplus -Plant and equipment	1,206,619	0	0	0	1,206,619	0	0	0	1,206,619	0	0	0
Revaluation surplus -Infrastructure - Roads	58,006,792	32,809,857	(13,088,410)	19,721,447	77,728,239	58,006,792	0	0	58,006,792	0	0	58,006,792
Revaluation surplus -Infrastructure - Footpaths	(36,204)	37,699	(3,971)	33,728	(2,476)	(36,204)	0	0	(36,204)	0	0	0
Revaluation surplus -Infrastructure - Drainage	151,834	0	(154,685)	(154,685)	(2,851)	151,834	0	0	151,834	0	0	0
Revaluation surplus -Infrastructure - Parks and Gardens	180,532	23,203	(88,967)	(65,764)	114,768	180,532	0	0	180,532	0	0	0
Revaluation surplus -Infrastructure - Other	2,200,631	2,026,861	(1,362,700)	664,161	2,864,792	2,200,631	0	0	2,200,631	0	0	0
	107,196,581	34,897,621	(14,698,733)	20,198,888	127,395,469	106,295,728	(1,227,502)	900,853	2,128,355	(1,227,502)	900,853	107,196,581

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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

10. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Current		
Sundry creditors	60,192	397,407
Accrued interest on long term borrowings	24,289	24,676
Accrued salaries and wages	54,832	51,189
ATO liabilities (PAYG Tax)	36,714	32,376
Accrued Expenses	434,232	39,272
	<u>610,259</u>	<u>544,920</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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

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

10. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal 1 July 2017 \$	New Loans \$	Principal Repayments		Principal 30 June 2018		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Health	211,434	0	9,345	9,345	202,089	202,089	10,385	5,088
Loan 137A - Dr's Housing								
Housing	132,441	0	12,955	12,955	119,486	119,486	4,753	2,319
Loan 140 - Staff Housing								
Community amenities	590,079	0	22,148	22,148	567,931	567,931	34,397	22,627
Loan 139 Hyden Sewerage								
Recreation and culture	431,497	0	19,072	19,072	412,425	412,425	21,246	10,436
Loan 136 - Kondinin Swimming Pool	1,365,451	0	63,520	63,520	1,301,931	1,301,931	70,781	40,470
Self Supporting Loans (Note 4)								
Recreation and culture	66,808	0	8,396	8,396	58,412	58,412	3,112	2,454
Loan 131A - Kondinin Community Rec Committee								
Loan 133 - Karlgarin Bowling Club	11,270	0	7,401	7,401	3,869	3,869	614	541
Loan 134A - Hyden Progress Association	0	300,000	12,948	12,948	287,052	287,052	7,013	4,560
Loan 138 - Karlgarin Progress Association	97,353	0	14,587	14,587	82,766	82,766	4,106	2,957
	175,431	300,000	43,333	43,332	432,099	432,099	14,845	10,512
	<u>1,540,882</u>	<u>300,000</u>	<u>106,853</u>	<u>106,852</u>	<u>1,734,030</u>	<u>1,734,030</u>	<u>85,626</u>	<u>50,982</u>

Self supporting loans are financed by payments from third parties.
 All other loan repayments were financed by general purpose revenue.

Borrowings	2018		2017	
	\$	\$	\$	\$
Current	120,695	93,904		
Non-current	1,613,335	1,446,978		
	<u>1,734,030</u>	<u>1,540,882</u>		

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

10. INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2017/18

Particulars/Purpose	Amount Borrowed Actual	Budget	Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used) Actual	Budget	Balance Unspent
Loan 134A - Hyden Progress Association***	300,000	300,000	WATC	self-supporting loan	10	7,013	3.04%	(300,000)	(300,000)	0
	300,000	300,000				7,013		(300,000)	(300,000)	0

(c) Unspent Borrowings

NIL

NIL

Undrawn Borrowing Facilities

	2018	2017
Credit Standby Arrangements		
Bank overdraft limit	250,000	250,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	15,000
Credit card balance at balance date	(1,188)	(172)
Total amount of credit unused	268,812	264,828

Loan facilities

Loan facilities - current	120,695	93,904
Loan facilities - non-current	1,613,335	1,446,978
Total facilities in use at balance date	1,734,030	1,540,882

Unused loan facilities at balance date

NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

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

11. EMPLOYEE RELATED PROVISIONS

	2018 Actual	2017 Actual
	\$	\$
Current		
<u>Employee benefits provisions</u>		
Annual leave	173,006	179,060
Long service leave	195,873	187,657
	368,878	366,717
Non-current		
<u>Employee benefits provisions</u>		
Long service leave	58,057	59,070
Total employee related provisions	426,936	425,787

(a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	103,803	107,436
More than 12 months after the end of the reporting period	69,203	71,624
	173,006	179,060

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

(b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as the Shire does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Shire has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	62,046	59,443
More than 12 months after the end of the reporting period	191,884	187,284
	253,930	246,727

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

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

12. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	3,839,970	1,935,702	3,896,069
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	678,022	(195,753)	1,949,561
Non-cash flows in Net result:			
Depreciation	2,714,833	2,676,960	2,253,433
(Profit)/loss on sale of asset	592	21,772	132,938
Fair value adjustments to fixed assets at fair value through profit or loss	0	0	0
Loss on revaluation of fixed assets	0	0	0
Reversal of loss on revaluation of fixed assets	0	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	15,091	48,548	(180,244)
(Increase)/decrease in inventories	(21,942)	(695)	(5,445)
Increase/(decrease) in payables	65,338	(59,956)	310,580
Increase/(decrease) in provisions	1,149	4,849	36,798
Non-operating Grants and contributions for the development of assets	(1,624,141)	(2,133,691)	(1,722,316)
Net cash from operating activities	1,828,942	362,034	2,775,305

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

13. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	<u>2018</u>	<u>2017</u>
	\$	\$
Governance	1,112,637	1,113,849
Law, order, public safety	465,194	478,406
Health	721,258	738,475
Education and welfare	1,721,957	832,307
Housing	3,410,039	3,303,196
Community amenities	773,406	871,350
Recreation and culture	13,594,292	13,613,078
Transport	124,194,131	104,461,363
Economic services	1,835,458	1,489,901
Other property and services	2,820,272	2,819,303
Unallocated	6,233,096	6,023,969
	<u>156,881,740</u>	<u>135,745,196</u>

14. CONTINGENT LIABILITIES

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

15. JOINT ARRANGEMENTS

The Shire together with the Shires of Corrigin, Kulin & Narembeen have a joint operation arrangement with regard to the provision of environmental health service. The only jointly-controlled assets are motor vehicles, Bending Tip site (RoeROC) facility at Narembeen-Kondinin Road. The Shire's one-fourth share of these assets are included in Property, Plant and Equipment is as follows:

	2018	2017
	\$	\$
Non-current assets		
Land	15,750	15,750
Less: accumulated depreciation	0	0
	<u>15,750</u>	<u>15,750</u>
Light vehicles	15,326	15,326
Less: accumulated depreciation	(7,522)	(3,690)
	<u>7,805</u>	<u>11,636</u>
Other Infrastructure - Independent valuation - 2018	138,400	0
Cost	0	111,000
Less: accumulated depreciation	0	(5,840)
	<u>138,400</u>	<u>105,160</u>

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Interests in joint arrangements (Continued)

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's one-fourth interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

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

16. CAPITAL AND LEASING COMMITMENTS	2018	2017
	\$	\$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	1,106,437	283,000
- plant & equipment purchases	0	0
Payable:		
- not later than one year	1,106,437	283,000

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of the Kondinin Sports Club building extension and the staff housing construction balance c/fwd (the prior year commitment was for the construction of staff housing in Kondinin).

(b) Operating Lease Commitments

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

Payable:		
- not later than one year	136,252	136,252
- later than one year but not later than five years	304,140	442,820
- later than five years	0	0
	440,392	579,072

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

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

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

17. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting Fees	27,290	26,280	24,210
President's allowance	12,000	12,000	12,000
Deputy President's allowance	0	0	0
Travelling expenses	6,039	5,000	4,097
Telecommunications allowance	0	0	0
	45,329	43,280	40,307

Key Management Personnel (KMP) Compensation Disclosure

	2018	2017
	\$	\$
The total remuneration for KMP of the Shire during the year are as follows:		
Short-term employee benefits	667,861	617,869
Post-employment benefits	73,970	70,968
Other long-term benefits	26,761	85,646
Termination benefits	0	0
	768,591	774,484

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent annual leave and long service benefits accruing during the year.

Termination benefits

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

Transactions with related parties

Transactions between related parties, and the Shire are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

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

17. RELATED PARTY TRANSACTIONS (continued)

The following transactions occurred with related parties:	2018	2017
	\$	\$
Sale of goods and services	0	0
Purchase of goods and services from kmp	6,245	28,299
Purchase of goods and services from close family member of kmp	11,340	8,715
Joint operations:		
Distributions received from joint operations	0	0
Amounts outstanding from related parties:		
Trade and other receivables	0	0
Loans to associated entities	0	0
Loans to key management personnel	0	0
Amounts payable to related parties:		
Trade and other payables	0	0
Loans from associated entities	0	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

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

iii. Joint operations

The Shire has a one-fourth interest in an environmental health and building service. The interest in the joint operation is accounted for in these financial statements based on its share of the assets and liabilities in respect of its interest in the joint operation.

18. MAJOR LAND TRANSACTIONS

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

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

20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance (1) 1/07/16	Received (2) 2016/17	Expended (3) 2016/17	Closing Balance (1) 30/06/17	Received (2) 2017/18	Expended (3) 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Governance	0	0	0	0	3,250	(3,250)	0
Wage Subsidy	0	0	0	0	0	0	0
General purpose funding	0	1,434,026	(942,919)	491,107	1,025,137	(995,343)	520,901
Grants Commission - General	0	1,154,411	(741,899)	412,512	799,160	(777,902)	433,770
Grants Commission - Roads	0	0	0	0	0	0	0
Law, order, public safety	0	9,711	(9,711)	0	6,097	(6,097)	0
FESA - BFB	0	4,000	(4,000)	0	4,000	(4,000)	0
FESA - Subsidy	0	0	0	0	644,078	(644,078)	0
Education and welfare	0	0	0	0	0	0	0
Yearakine Lodge Extn Grant & Contrib	0	49,031	(49,031)	0	0	0	0
Community amenities	0	0	0	0	0	0	0
Community Bus Lottery West Grant	0	64,000	(60,934)	3,066	0	(3,066)	0
Recreation and culture	0	0	0	0	200,000	(107,767)	92,233
Dept of Sport and Rec - S/Pool Fit-out	0	0	0	0	850	(1,318)	0
Kondinin Recreation Centre Grants	2,093	0	(1,625)	468	1,000	(1,000)	0
Kidsport Wheatbelt Grant	0	0	0	0	0	0	0
Thank A Volunteer Day Grant	0	1,000	(1,000)	0	0	0	0
Skateboard and Scooter Grant	0	6,560	(713)	5,847	0	(5,847)	0
Culture & Arts Grant	0	38,632	(38,632)	0	0	0	0
Hyden Tennis Court Lighting Grant & Contribution	0	33,496	(33,496)	0	0	0	0
Hyden Hockey Field Lighting Grant & Contribution	0	14,560	(14,560)	0	0	0	0
Metal Sculpture Grant & Contribution	0	0	0	0	0	0	0
Transport	0	330,000	(330,000)	0	329,991	(329,991)	0
MRWA - Regional Road Group	0	1,134,582	(1,118,986)	15,596	618,691	(634,287)	0
Roads to Recovery	0	169,770	(169,770)	0	103,745	(103,745)	0
MRWA - Direct	0	4,535	(4,535)	0	4,619	(4,619)	0
Street Lighting Subsidy	0	0	0	0	5,000	(5,000)	0
Economic services	0	165,000	(165,000)	0	185,000	(142,174)	42,826
Red Soil Riches Grant	0	23,200	(23,200)	0	71,381	(60,117)	11,264
Skeleton Weed Committee	0	5,800	(5,800)	0	0	0	0
Standpipe (DoW) Grant	0	7,200	(7,200)	0	0	0	0
Community Garden Grant	0	27,616	(27,616)	0	0	0	0
Pioneer Wall Grant	0	0	0	0	0	0	0
Wave Rock (DoT) Pathway Grant	0	60,210	(60,210)	0	68,967	(68,967)	0
Other property and services	0	0	0	0	0	0	0
Diesel Fuel Subsidy	0	0	0	0	0	0	0
Total	2,093	4,737,339	(3,810,836)	928,596	4,070,965	(3,898,567)	1,100,994

Notes:

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

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

21. RATING INFORMATION

(a) Rates

RATE TYPE Differential general rate / general rate	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	2018		2017		Budget		
							Total Revenue \$	Back Rates \$	Total Revenue \$	Back Rates \$	Interim Rate \$	Rate Revenue \$	Back Rate \$
Gross rental value valuations													
01 GRV - Residential	0.117184	256	2,509,164	294,034	(1,938)	0	292,096	285,909	294,034	0	0	0	294,034
04 GRV - Mining	0.234000	4	1,046,750	244,940	0	0	244,940	297,727	244,940	0	0	0	244,940
Unimproved value valuations													
02 UV - Mining	0.278972	62	2,289,329	638,659	(298)	(76)	638,285	604,853	628,496	0	0	0	628,496
03 UV - Rural	0.014929	344	115,663,500	1,726,740	(771)	0	1,725,969	1,684,333	1,726,323	0	0	0	1,726,323
Sub-Totals		666	121,508,743	2,904,372	(3,007)	(76)	2,901,290	2,872,821	2,893,792	0	0	0	2,893,793
Minimum payment	\$												
Gross rental value valuations													
01 GRV - Residential	435	45	47,442	19,575	0	0	19,575	19,575	19,575	0	0	0	19,575
Unimproved value valuations													
02 UV - Mining	435	19	15,388	8,700	0	0	8,700	8,700	7,830	0	0	0	7,830
03 UV - Rural	435	20	372,700	8,700	0	0	8,700	9,135	9,135	0	0	0	9,135
Sub-Totals		84	435,530	36,975	0	0	36,975	37,410	36,540	0	0	0	36,540
Discounts/concessions (refer note 18(d))							2,938,265	2,910,231					2,930,333
Total amount raised from general rate							(125,793)	(110,975)					(130,000)
Specified Area Rate (refer note 18(b))							2,812,472	2,799,256					2,800,333
Ex Gratia Rate							0	0					0
Totals							30,513	28,305					28,300
							2,842,985	2,827,560					2,828,632

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

21. RATING INFORMATION (Continued)

(b) Specified Area Rate

The Shire has not imposed any specified area rate for 2017/2018.

(c) Service Charges

The Shire has not imposed any service charges for 2017/2018

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

Rates Discounts

Rate or Fee Discount Granted	Discount	2018 Actual	2017 Actual	2018 Budget	Circumstances in which Discount is Granted
	%	\$	\$	\$	
General rates	5	125,793	110,975	130,000	Full payment made within 35 days of the date service appearing on the rate notice. Being a community sporting club and as declared by council
Rubbish charges - Kondinin Golf Club	50	123	122	123	
		<u>125,916</u>	<u>111,097</u>	<u>130,123</u>	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount	Actual	Budget
		%	\$	
Kondinin Telecentre Inc	Concession	100	0	0
Kondinin Golf Club Inc	Concession	100	0	0
Kondinin Daycare Centre	Concession	100	0	0
Hyden Pre-School Committee	Concession	100	0	0
Hyden Golf Club	Concession	100	0	0
Karlgarin Country Club	Concession	100	0	0
Kondinin Country Club	Concession	100	0	0
Kondinin Tennis Club	Concession	100	0	0
Hyden Tennis Club	Concession	100	0	0
Hyden Resource and Telecentre Portion	Concession	100	0	0
Kondinin Lions Club & Seniors Rooms	Concession	100	0	0
Kondinin Mens Shed	Concession	100	0	0
			<u>0</u>	<u>0</u>

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	29/09/2017	0	5	10
Option Two				
First instalment	29/09/2017	0	5	10
Second instalment	30/11/2017	10	5	10
Third instalment	31/01/2018	10	5	10
Fourth instalment	30/03/2018	10	5	10
Option Three				
First instalment	29/09/2017	0	5	10
Second instalment	31/01/2018	10	5	10
		<u>2018 Actual</u>	<u>2017 Actual</u>	<u>2018 Budget</u>
		\$		\$
Interest on unpaid rates		15,445	18,730	12,000
Interest on instalment plan		3,741	3,421	15,000
Charges on instalment plan		2,585	2,200	3,000
		<u>21,771</u>	<u>24,351</u>	<u>30,000</u>

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

22. NET CURRENT ASSETS

Composition of net current assets for the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward) \$	2017 (30 June 2017 Carried Forward) \$
CURRENT ASSETS		
Cash and cash equivalents		
Unrestricted	1,043,659	1,674,903
Restricted	2,796,311	2,221,165
Receivables		
Rates outstanding	156,580	130,072
Sundry debtors	248,232	279,847
GST receivable	62,260	72,244
Loans receivable - clubs/institutions	54,318	30,385
Inventories		
Fuels and materials	37,581	15,639
Land held for resale - cost		
Development costs	3,666	3,666
LESS: CURRENT LIABILITIES		
Trade and other payables		
Sundry Creditors	(531,138)	(469,056)
Accrued Interest on borrowings	(24,289)	(24,676)
Accrued Salaries and Wages	(54,832)	(51,189)
Current portion of long-term borrowings	(120,695)	(93,904)
Provisions		
Provision for annual leave	(173,006)	(179,060)
Provision for long service leave	(195,873)	(187,657)
Unadjusted net current assets	3,302,775	3,422,380
Adjustments		
Less: Reserves - restricted cash	(1,695,317)	(1,292,569)
Less: Loans receivable - clubs/institutions	(54,318)	(30,385)
Add: Current portion of long-term borrowings	120,695	93,904
Adjusted net current assets - surplus/(deficit)	1,673,834	2,193,330

Difference:

There was \$399 difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

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

23. FINANCIAL RISK MANAGEMENT

The 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.

The 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	
	2018 \$	2017 \$	2018 \$	2017 \$
Financial Assets				
Cash and cash equivalents	3,839,970	3,896,069	3,839,970	3,896,069
Receivables*	839,911	588,351	839,911	588,351
	<u>4,679,881</u>	<u>4,484,420</u>	<u>4,679,881</u>	<u>4,484,420</u>
Financial Liabilities				
Payables*	597,773	537,666	597,773	537,666
Borrowings	1,734,030	1,540,882	1,896,007	1,698,059
	<u>2,331,803</u>	<u>2,078,548</u>	<u>2,493,780</u>	<u>2,235,725</u>

*The amount of receivables and payables exclude the GST receivable/payable from/to the ATO (statutory receivable/payable)

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables – estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Council's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio.

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

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

Council manages these risks by diversifying its portfolio and only investing investments authorised by *Local Government (Financial Management) Regulation 19C*.

Liquidity Risk and Interest Rate Exposure

The following table details the Shire's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities														
Interest rate exposure														
	Weighted average interest rate %	Carrying amount \$	Fixed interest rate			Variable interest rate		Non-interest bearing		Maturity dates				
			Carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$	Up to 1 month \$	1-3 months \$	3 months to 1 year \$		1-5 years \$	More than 5 years \$		
2018														
Financial assets														
Cash and cash equivalents	1.55	1,043,659	1,005,817	-	-	37,842	1,043,659	43,659	1,000,000	-	-	-	-	-
Restricted cash and cash equivalents	2.38	2,796,311	2,052,708	-	-	743,603	2,796,311	740,552	1,526,397	529,362	-	-	-	-
Receivables*	-	839,911	-	-	-	839,911	839,911	404,813	-	54,318	220,770	160,010	-	-
		4,679,881	3,058,525	-	1,621,356	4,679,881	1,189,024	1,189,024	2,526,397	583,680	220,770	160,010	-	160,010
Financial liabilities														
Payables*	-	597,773	-	-	-	597,773	597,773	597,773	-	-	-	-	-	-
WATC borrowings	4.41	1,734,030	1,734,030	-	-	1,896,007	1,896,007	-	-	3,947	87,008	1,805,052	-	-
		2,331,803	1,734,030	-	597,773	2,493,780	597,773	597,773	-	3,947	87,008	1,805,052	-	1,805,052
2017														
Financial assets														
Cash and cash equivalents	2.12	1,674,904	1,533,978	-	-	140,926	1,674,904	146,659	1,528,245	-	-	-	-	-
Restricted cash and cash equivalents	2.43	2,221,165	1,341,568	-	-	879,597	2,221,165	48,999	1,584,438	587,728	-	-	-	-
Receivables*	-	588,351	-	-	-	588,351	588,351	409,920	-	30,385	116,315	31,731	-	-
		4,484,420	2,875,546	-	1,608,874	4,484,420	605,578	605,578	3,112,683	618,113	116,315	31,731	-	31,731
Financial liabilities														
Payables*	-	537,666	-	-	-	537,666	537,666	537,666	-	-	-	-	-	-
WATC borrowings	4.67	1,540,882	1,540,882	-	-	1,698,059	1,698,059	-	-	-	11,748	1,686,311	-	-
		2,078,548	1,540,882	-	537,666	2,235,725	537,666	537,666	-	-	11,748	1,686,311	-	1,686,311

*The amount of receivables and payables exclude the GST recoverable/payable from/to the ATO (statutory receivable/payable).

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

The profile of the Shire's credit risk at balance date are as follows:

Ageing analysis of financial assets

	Carrying amount \$	Not past due and not impaired \$	Past due but not impaired					Impaired financial assets \$
			Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	More than 5 years \$	
2018								
Cash and cash equivalents	1,043,659	1,043,659	-	-	-	-	-	-
Restricted cash and cash equivalents	2,796,311	2,796,311	-	-	-	-	-	-
Receivables*	839,911	685,448	5,532	15,953	9,705	74,960	-	48,313
	4,679,881	4,525,418	5,532	15,953	9,705	74,960	-	48,313
2017								
Cash and cash equivalents	1,674,904	1,674,904	-	-	-	-	-	-
Restricted cash and cash equivalents	2,221,165	2,221,165	-	-	-	-	-	-
Receivables*	588,351	459,987	6,973	1,456	2,954	80,633	-	36,348
	4,484,420	4,356,056	6,973	1,456	2,954	80,633	-	36,348

*The amount of receivables exclude the GST recoverable from the ATO (statutory receivable).

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

23. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	<u>2018</u>	<u>2017</u>			
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	597,773	0	0	597,773	597,773
Borrowings	196,020	768,080	1,375,435	2,339,535	1,734,030
	<u>793,793</u>	<u>768,080</u>	<u>1,375,435</u>	<u>2,937,308</u>	<u>2,331,803</u>
Payables	537,666	0	0	537,666	537,666
Borrowings	164,023	628,190	1,365,301	2,157,514	1,540,882
	<u>701,689</u>	<u>628,190</u>	<u>1,365,301</u>	<u>2,695,180</u>	<u>2,078,548</u>

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

24. 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:

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Nomination Deposits	0	560	(560)	0
Staff Christmas Fund	14,725	25,900	(28,785)	11,840
Housing Bonds	4,152	932	(508)	4,576
Bonds	2,000	0	(2,000)	0
Miscellaneous Funds	4,164	0	(3,164)	1,000
BCITF Funds	600	3,387	(3,986)	0
Building Collection Fees	412	4,460	(4,815)	57
	26,053	35,238	(43,819)	17,473

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

25. 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 Shire.

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

Title	Issued / Compiled	Applicable (1)	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	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. The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	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 into the 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 when 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.

Notes:

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

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

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	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.

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.

Notes:

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

Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes 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 - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
1 January 2017
- (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities
1 January 2017

26. OTHER SIGNIFICANT ACCOUNTING POLICIES

3 a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

27. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide decision making process for the allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING	To collect revenue to allow the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	To provide operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE	To provide services to disadvantage persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.
HOUSING	To provide and maintain staff housing.	Provision and maintenance of staff accommodation.
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resources which will help the social well being of the community.	Maintenance of public halls, civic centres, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of libraries and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets, maintenance of street trees and airstrips, lighting of streets, etc.
ECONOMIC SERVICES	To help promote the shire and its economic well being.	Tourism and area promotion, building control, maintenance and operation of caravan park. Provision of rural services including weed control, vermin control and standpipes. Licensing transactions under contract with the Department of Transport.
OTHER PROPERTY AND SERVICES	To monitor and control shire's overhead operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

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

28. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	1.79	2.73	3.06
Asset consumption ratio	0.99	0.97	0.98
Asset sustainability ratio	1.33	1.34	1.05
Debt service cover ratio	8.39	9.94	2.65
Operating surplus ratio	(0.24)	0.06	(0.54)
Own source revenue coverage ratio	0.59	0.59	0.55

The above ratios are calculated as follows:

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

Notes:

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants. In addition, three of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	954,671	903,619	0
Amount of Financial Assistance Grant received in prior year relating to current year.	903,619	0	835,638
Expenditure on flood damage re-instatement	375,309	273,219	0

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	1.73	1.61	4.33
Debt service cover ratio	10.07	6.45	5.95
Operating surplus ratio	(0.17)	(0.17)	0.38
Own source revenue coverage ratio	0.62	0.48	0.67



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Council of the Shire of Kondinin

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Kondinin 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 my opinion the annual financial report of the Shire of Kondinin:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 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, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for 2018, 2017 and 2016 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as management considered the available information on planned capital renewals and required capital expenditure was unreliable;

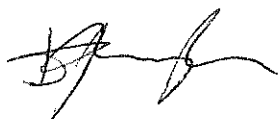
- b. Accounting journal entries were posted with no evidence of independent review and approval by another person. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be independently reviewed and approved with evidence of this review being retained.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the asset consumption ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

Other Matter

The financial report of the Shire for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 28 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
12 December 2018