

# ANNUAL REPORT 2018-2019



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# ELECTED MEMBERS

	NAME	POSTAL ADDRESS	CONTACT DETAILS	TERM ENDING
	<b>PRESIDENT</b> Anthony Farrell	RMB 660 YUNA WA 6532	Ph: 9931 1030 Fax: 9931 1031 Mobile: 0429 311 033  Email: <a href="mailto:CrFarrell@chapmanvalley.wa.gov.au">CrFarrell@chapmanvalley.wa.gov.au</a>	October 2019
	<b>DEPUTY PRESIDENT</b> Kirrilee Warr	678 Nolba Stock Route Road Via Geraldton WA 6532	Ph: 9920 3060 Fax: 9920 3066 Mob: 0407 981 709  Email: <a href="mailto:CrWarr@chapmanvalley.wa.gov.au">CrWarr@chapmanvalley.wa.gov.au</a>	October 2021
	Nicole Batten	RMB 670 YUNA WA 6532	Ph: 9931 1040 Mob: 0429 311 040  Email: <a href="mailto:CrBatten@chapmanvalley.wa.gov.au">CrBatten@chapmanvalley.wa.gov.au</a>	October 2021
	Pauline Forrester	PO Box 3457 BLUFF POINT WA 6531	Ph: 9938 2550 Fax: 9920 1057 Mob: 0417 988 248  Email: <a href="mailto:CrForrester@chapmanvalley.wa.gov.au">CrForrester@chapmanvalley.wa.gov.au</a>	October 2019
	Darrell Forth	PO Box 2410 GERALDTON WA 6531	Ph: 9965 3999 Mob: 0428 653 300  Email: <a href="mailto:CrForth@chapmanvalley.wa.gov.au">CrForth@chapmanvalley.wa.gov.au</a>	October 2021
	Peter Humphrey	12 Wittenoom Circle WHITE PEAK WA 6532	Mobile: 0427 301 195  Email: <a href="mailto:CrHumphrey@chapmanvalley.wa.gov.au">CrHumphrey@chapmanvalley.wa.gov.au</a>	October 2019
	Ian Maluish	311 Eliza Shaw Drive WHITE PEAK WA 6532	Mobile: 0417 949 062  Email: <a href="mailto:CrMaluish@chapmanvalley.wa.gov.au">CrMaluish@chapmanvalley.wa.gov.au</a>	October 2021
	Trevor Royce	PO Box 866 GERALDTON WA 6531	Ph: 9925 1026 Fax: 9925 1026 Mob: 0439 251 080  Email: <a href="mailto:CrRoyce@chapmanvalley.wa.gov.au">CrRoyce@chapmanvalley.wa.gov.au</a>	Discontinued December 2019

# **COUNCIL EXECUTIVE STAFF**



**Maurice Battilana  
Chief Executive Officer**



**Simon Lancaster  
Deputy Chief Executive Officer**



**Esky Kelly  
Manager Works & Services**



**Di Raymond  
Manager Finance & Corporate Services**



**Anthony Abbott  
Building Surveyor / Projects Officer**



**Earl O'Donnell  
Senior Ranger**

# MINUTES OF PREVIOUS ELECTORS MEETING



## **UNCONFIRMED MINUTES**

**ANNUAL GENERAL MEETING OF ELECTORS  
THURSDAY 31 JANUARY 2019  
COUNCIL CHAMBERS NABAWA  
6.00PM**

# DISCLAIMER



No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement or intimation occurring during Council Meeting. The Shire of Chapman Valley disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council Meeting does so at that person's or legal entity's own risk.

The Shire of Chapman Valley warns that anyone who has any application or request with the Shire of Chapman Valley must obtain and should rely on

## **WRITTEN CONFIRMATION**

Of the outcome of the application or request of the decision made by the Shire of Chapman Valley.

A handwritten signature in black ink, appearing to read "M. Battilana". The signature is stylized with large, sweeping loops.

Maurice Battilana  
**CHIEF EXECUTIVE OFFICER**



# UNCONFIRMED MINUTES

## FOR ANNUAL GENERAL MEETING OF ELECTORS TO BE HELD IN THE COUNCIL CHAMBERS NABAWA ON THURSDAY 31 JANUARY 2019 AT 6.00PM

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### Order of Business:

#### 1.0 Declaration of Opening / Announcements of Visitors

The President, Cr Farrell welcomed Elected Members, Staff and Visitors and declared the meeting open at 6.00pm.

#### 2.0 Record of Attendance

##### 2.1 Present

###### a. Councillors

Member
Cr Anthony Farrell (President)
Cr Kirrilee Warr (Deputy President)
Cr Ian Maluish
Cr Darrell Forth

###### b. Staff

Officer	Position
Maurice Battilana	Chief Executive Officer
Simon Lancaster	Deputy Chief Executive Officer
Dianne Raymond	Manager of Finance & Corporate Services
Karen McKay	Executive Services Administrator (Minute Taker)

###### c. Visitors

Name	Name
John Collingwood	Sue Collingwood
Tony Webb	

##### 2.2 Apologies

Name	Name
Cr Peter Humphrey	Cr Nicole Batten
Cr Trevor Royce	Cr Pauline Forrester

### 3.0 Confirmation of Minutes of previous Annual Electors Meeting held on 1 February 2018

#### RECOMMENDATION:

**MOVED: CR WARR**

**SECONDED: CR FORTH**

That the minutes of the Annual General Meeting of Electors held on Thursday 1st February 2018 be confirmed as a true and accurate record.

**CARRIED**  
**Voting 7/0**  
**Minute Reference AEM 01/19-1**

### 4.0 Public Question Time

#### 4.1 Response to previous public questions taken on notice

Nil

#### 4.2 Public question time

Mr Webb questioned where Councillors sit with Coronation Beach camp ground and its future. Does it meet the needs and is their need for a commercial aspect?

Cr Farrell responded it is a nature-based camp ground and it doesn't make a lot of money. No plans at this stage to go commercial. Extra camp bays were put in recently within the reserve. General public happy with camp as it is.

Cr Forth advised there is also a camp ground at Yuna and Fig Tree and tourists like the basic amenities here as well.

### 5.0 Disclosure of Interest – Nil

Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.

#### Section 5.60A:

*“a person has a **financial interest** in a matter if it is reasonable to expect that the matter will, if dealt with by the local government, or an employee or committee of the local government or member of the council of the local government, in a particular way, result in a financial gain, loss, benefit or detriment for the person.”*

#### Section 5.60B:

*“a person has a **proximity interest** in a matter if the matter concerns –*  
*(a) a proposed change to a planning scheme affecting land that adjoins the person's land; or*  
*(b) a proposed change to the zoning or use of land that adjoins the person's land; or*  
*(c) a proposed development (as defined in section 5.63(5)) of land that adjoins the person's land.”*

#### Regulation 34C (Impartiality):

*“**interest** means an interest that could, or could reasonably be perceived to, adversely affect the **impartiality** of the person having the interest and includes an interest arising from kinship, friendship or membership of an association.”*

## 6.0 Receiving of Annual Report 2017/2018 (Incorporates)

- 2017/2018 Annual Financial Statements
- 2017/2018 Audit Report
- Presidents Report
- Chief Executive Officers Report

### RECOMMENDATION:

**MOVED: CR FORTH**

**SECONDED: CR WARR**

That the 2017/2018 Annual Report including Annual Financial Statements, Audit Report, Presidents Report and Chief Executive Officer Report be received with the following amendments:

### Population Growth

Remove:

The building/development approvals issued by the Shire in 2016/2017 are as follows:

1 July 2016 – 30 June 2017		
Type	No. Approved	Value
Dwellings	16	\$5,831,873
Dwelling (Class 1a inside Class 10a)	3	\$175,000
Outbuildings	19	\$693,534
Other Residential (patios, pools, granny flats etc.)	16	\$408,203
Industrial/Commercial	4	\$9,500
Events	3	N/A
<b>TOTAL</b>	<b>61</b>	<b>\$7,118,110</b>

Replace with the following:

The building/development approvals issued by the Shire in 2017/2018 are as follows:

1 July 2017 – 30 June 2018		
Type	No. Approved	Value
Dwellings	9	\$2,714,649
Dwelling (Class 1a inside Class 10a)	2	\$100,000
Outbuildings	11	\$353,254
Other Residential (patios, pools, granny flats etc.)	8	\$152,620
Industrial/Commercial	1	\$40,000
Events	4	N/A
<b>TOTAL</b>	<b>35</b>	<b>\$3,360,523</b>

Also –

### Strategic Planning Projects

This is also the 2016/2017 details.

This section can be totally removed as the Strategic Community Plan/Corporate Business Plan update is provided separately within the CEO's Report.

**CARRIED**  
**Voting 7/0**  
**Minute Reference AEM 01/19 - 2**

## 7.0 General Business

Mr Collingwood thanked Councillors and staff for the work they have put into the past 12 months.

Cr Farrell thanked everyone for attending and assistance at the Australia Day event at Bill Hemsley Park Community Centre.

## **8.0 Closure**

The Presiding Member thanked members, ratepayers, visitors and staff for attending and declared the electors meeting closed at 6.11pm



## COUNCIL COMMITTEE, STEERING/WORKING/ADVISORY GROUP REPRESENTATIVES

Council has established the following Committees, Steering/Working/Advisory Groups

<b>Council Committees - Council Members Only - LG Act – Section 5.9(2)(a)</b>		
	<b>Purpose/Delegations</b>	<b>Representatives</b>
<b>Building &amp; Disability Services Committee</b>	<p>Will meet at least annually to inspect all Shire Buildings/Properties and then subsequently to:</p> <ul style="list-style-type: none"> <li>~ Review preliminary costings for proposed works for consideration in draft Council Budget;</li> <li>~ Review the Capital &amp; Building Works Program;</li> <li>~ Disability Access &amp; Inclusion Plan; and</li> <li>~ Any other building/property items referred to the Committee by Council.</li> </ul> <p><b>Delegation – Nil</b></p>	<p><u>5 x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Forrester</li> <li>• Cr Humphrey</li> <li>• Cr Maluish</li> <li>• Cr Forth</li> </ul> <p><u>Observers:</u></p> <ul style="list-style-type: none"> <li>~ CEO</li> <li>~ Building Surveyor</li> </ul>
<b>Finance Audit &amp; Risk Committee</b>	<p>The purpose of the Committee in fulfilling the requirements of Local Government (Audit) Regulation 17 by assisting the Chief Executive Officer to:</p> <ol style="list-style-type: none"> <li>a) provide an independent oversight of the financial systems of the local government on behalf of the Council;</li> <li>b) guide and assist the local government in respect to financial management;</li> <li>c) contribute to the Shire’s corporate governance, stewardship, leadership and control responsibilities in relation to financial reporting and audit;</li> <li>d) guide and assist with the Internal Audit and Risk Management;</li> <li>e) oversee the implementation of audit recommendations made by the auditor, which have been accepted by council; and</li> <li>f) oversee accepted recommendations arising from reviews of local government systems and procedures.</li> </ol> <p><b>Delegation – Nil</b></p>	<p><u>3 x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Humphrey</li> <li>• Cr Forth</li> </ul> <p><u>Observers:</u></p> <ul style="list-style-type: none"> <li>~ CEO</li> <li>~ Manager Finance &amp; Corporate Services</li> <li>~ Accountant</li> </ul>

<b>Groups - Steering, Advisory, Working, etc.</b>		
	<b>Purpose/Delegations</b>	<b>Representatives</b>
<b>Bush Fire Brigades Group Management Advisory Committee</b>	<p>Meet at least annually to:</p> <ul style="list-style-type: none"> <li>~ Elect Office Bearers;</li> <li>~ Review previous year fire season;</li> <li>~ Review the Shire's Fire Notice;</li> <li>~ Liaise with external organisations (e.g. DFES, DPAW);</li> <li>~ Review the DFES Capital &amp; Operational Grants;</li> <li>~ Any other bush fire related items referred to the Committee by Council.</li> </ul> <p><b>Delegation – Nil</b></p>	<p><u>President (Presiding Member) and 2 x Councillor</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell (President)</li> <li>• Cr Forrester</li> <li>• Vacant</li> </ul> <p>CBFCO DCBFCO All Brigade FCOs Chief Executive Officer Senior Ranger</p> <p><u>Observers</u> 1 x DFES Rep. 1 x DPAW Rep.</p>
<b>Regional Local Emergency Management Committee</b>	<p>Meet as required in accordance with legislation and Council endorsed Local Emergency Management Arrangements (LEMA) to:</p> <ul style="list-style-type: none"> <li>~ Review the LEMA &amp; Recovery Plan;</li> <li>~ Implement Emergency Exercises as required;</li> <li>~ Any other emergency management related items referred to the Committee by Council.</li> </ul> <p><b>Delegation – Nil</b></p>	<p><u>2 x Councillor</u></p> <ul style="list-style-type: none"> <li>• Cr Humphrey</li> <li>• Cr Warr</li> </ul> <p>Chief Executive Officer</p>
<b>Bill Hemsley Park Management Committee</b>	<p>The role of the Bill Hemsley Park Management Committee (Formerly Parkfalls Management Committee) as agreed at the 17 April 2013 Council meeting is to make recommendation to Council for its consideration as to development and expenditure within the park</p> <p><b>Delegation – Nil</b></p>	<p><u>2 x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Royce</li> <li>• Cr Forrester</li> </ul> <p>2 x Parkfalls Residents Assoc. 1x Developer</p> <p><u>Observers:</u> ~ CEO ~ Deputy CEO</p>

<p><b>Landcare &amp; Environmental Advisory Group</b></p>	<p>To apply for grant funding from third party sources to finance appropriate projects within the Shire of Chapman Valley:</p> <p>a) Delegate authority to the Chief Executive Officer to endorse grant applications/projects if funding resources are available within the Council's adopted budget;</p> <p>b) If funding resources are not available within the adopted Council Budget for specific grant applications/projects, present the application to Council for endorsement, if possible, prior to the closure dates for the grant funding programs. Otherwise retrospective Council endorsement to commit funding resources will be required.</p> <p>All applications submitted, which require Council endorsement for additional funding resources, will be subject Council endorsement (i.e. the Committee does not have delegated authority to commit Council funding resources)."</p> <p>c) Provide advice and assistance to the Chief Executive Officer and Shire staff in the managing of the Landcare Grant funds.</p> <p>d) Provide recommendations to Council on any Landcare Contracts and Consultancy agreements.</p> <p>e) Provide a Draft Annual Budget for Landcare to Council for consideration as part of the Annual Budget process.</p>	<p><u>2 x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Batten</li> </ul> <p><u>Observers</u>  Chief Executive Officer  Deputy CEO  NACC Rep.  Landcare &amp; Environment Consultant</p>
<p><b>Community Growth Fund Advisory Group</b></p>	<p>Evaluate application received for funding under the Shire of Chapman Valley Community Growth Fund program in accordance with guideline, policies and procedures set by Council and make recommendations to Council to allocate funds</p> <p><b>Delegation – Nil</b></p>	<p><u>President (Presiding Member) &amp; 3 x Councillors (Members)</u></p> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Warr</li> <li>• Cr Forrester</li> <li>• Cr Maluish</li> </ul> <p><u>1 x Councillor (Proxy)</u></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Chief Executive Officer  Manager Finance &amp; Corp Svc  Comm. Develop. Officer</p>
<p><b>Tourism &amp; Events Working Group</b></p>	<p>Will meet on an 'as needs' basis only to:</p> <ul style="list-style-type: none"> <li>~ Evaluate annual Australia Day Award Nominations and submitting these to Council in readiness for presenting the awards at the Shire's annual Australia Day Function;</li> <li>~ Assist with coordinating the annual Australia Day function(s);</li> <li>~ Discuss all other item(s) referred to them by Council in the areas of tourism and events.</li> </ul>	<p><u>3 x Councillors</u></p> <ul style="list-style-type: none"> <li>• Cr Forrester</li> <li>• Cr Humphrey</li> <li>• Cr Batten</li> </ul>

<b>Yuna Memorial Hall Working Group</b>	To determine the future use of the Yuna Memorial Hall  <b>Delegation – Nil</b>	<u>Discontinued - Task Completed.</u> <u>2x Councillors</u> <ul style="list-style-type: none"> <li>• Cr Humphrey</li> <li>• Cr Batten</li> </ul> CEO DCEO Community Development Officer 2 x CABY / Community representatives
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Representatives on External Organisations		
	Purpose/Delegations	Representatives
<b>Northern Country Zone (WALGA)</b>	Not Applicable  <b>Delegation – Nil</b>	<u>2 x Councillors</u> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Warr</li> </ul> Chief Executive Officer
<b>Sub-Regional Road Group Committee</b>	Not Applicable  <b>Delegation – Nil</b>	<u>2 x Councillors</u> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Warr</li> </ul> Chief Executive Officer Manager Works & Services
<b>Chapman Valley Agricultural Society</b>	Not Applicable  <b>Delegation – Nil</b>	<u>1 x Councillor</u> <ul style="list-style-type: none"> <li>• Cr Batten</li> </ul> <u>1 x Proxy</u> <ul style="list-style-type: none"> <li>• Cr Forth</li> </ul>
<b>Mid West Development Assessment Panel (DAP)</b>	Not Applicable  <b>Delegation – Nil</b>	<u>2 x Councillors (Members)</u> <ul style="list-style-type: none"> <li>• Cr Farrell</li> <li>• Cr Forrester</li> </ul> <u>2 x Councillors (Proxies)</u> <ul style="list-style-type: none"> <li>• Cr Warr</li> <li>• Cr Humphrey</li> </ul>



# Reports

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# PRESIDENTS ANNUAL REPORT TO ELECTORS



Cr Anthony Farrell  
Shire President

## INTRODUCTION

It is with pleasure I present my report to the community for the 2018/2019 financial year.

It has again been a very busy year where the Shire has successfully completed projects listed in the Budget, which complement the future direction of the Shire as identified in the Strategic Plans adopted by Council & the community.

## COUNCIL MEMBERSHIPS

The make-up of the Council as at 30<sup>th</sup> June 2019 was:

- Cr Anthony Farrell (President)
- Cr Kirrilee Warr (Deputy President)
- Cr Nicole Batten
- Cr Pauline Forrester
- Cr Darrell Forth
- Cr Peter Humphrey
- Cr Ian Maluish

It was disappointing Cr Trevor Royce discontinued as an Elected Member in December 2018. Trevor has been an integral part of the Council team and I extend both my and the communities sincere and heartfelt appreciation for Trevor's time and efforts as an Elected Member with the Shire of Chapman Valley.

I wish to extend my sincere appreciation to all Councillors (past & present) for their contribution to the Council and community.

## COUNCIL MEETINGS

Council continued the practice of moving its Ordinary Monthly Council Meetings to locations within the Shire other than the traditional location of Nabawa. This year meetings were also held at the:

- Yuna Multipurpose Community Centre; and
- Bill Hemsley Park Community Centre

I believe this practice is worthy of continuing and hopefully Council will continue to conduct meeting at various locations throughout the Shire to maximise attendance by Shire constituents.

## FREEMAN AWARDS

It is with pride I can report on Council resolving unanimously to bestow the honour of Freeman of the Shire on:

- Peter Batten; and
- John Collingwood

Both Peter and John have worked tirelessly for many years on Council and within the community to improve services, facilities and retaining the Shire's identity.

Functions were held to formally bestow the awards on Peter and John, both being extremely well attended, which was a reflection of the high regard both are held in by the Shire constituents and many external individuals and organisations.

Well done Peter and John and thanks you for your strong commitment to the Shire of Chapman Valley.

### **COMMUNITY GROWTH FUND**

The Community Growth Fund (CGF) applications again exceeded the funds available. This is a pleasing sign as it indicated the community is now aware of the grant funds being available for worthy community projects. The following projects were supported this financial year:

- Chapman Valley Men's Shed: Community Gym & Shinema Projects
- Chapman Valley Historical Society: Museum Electrical Works & BBQ
- Chapman Valley Agricultural Society: Dining Hall Upgrades
- Parkfalls Residents Association: Wind Protection at BHPCC
- Yuna Tennis Club: Facility Upgrades

I congratulate the recipients of CGF grants in 2018/2019. It is hoped the CGF program can continue well into the future and we will recognise the benefits of this program within the community.

### **BILL HEMSLEY PARK DEVELOPMENTS**

After many years of community consultation and Council deliberation 2018/2019 saw completion of the Bill Hemsley Park Community Centre (BHPCC) Project.

Though the project took longer than was initially anticipated, the finished product is excellent. This is evident by the facility continuing to be in demand and being used by the community almost on a daily basis.

I wish to congratulate and thank the Committee and Staff for the enormous amount of work they have devoted to bringing the BHPCC Project to fruition. Thanks to their unerring efforts and commitment the community now has a facility we can all be very proud of.

### **VOLUNTEER BUSH FIRE BRIGADES**

The work of the local bush fire brigades continues to provide the community with an assurance active and well-trained Brigades are available to assist in cases of emergency. These volunteers continue to do an excellent job and I commend them all for their efforts over the past twelve months and previous years.

I wish to make specific mention of the commitment and efforts of Andrew Vlahov as Chief Bushfire Control Officer over many years. Andrew's efforts were recognised by the Department of Fire & Emergency Services with an award being bestowed upon him in recognition of the exceptional voluntary service he has provided our Shire. Congratulations Andrew and I thank you on behalf of the Council and community.

### **2018 AUSTRALIA DAY AWARDS**

Council again called for nominations for the 2018 Australia Day Award with the following worthy nominations being successful:

- Australia Day Citizen of the Year Award – Mr Ralf Mulks
- Australia Day Community Group/Event of the Year Award – No Nomination
- Australia Day Young Achiever – No Nomination

I wish to congratulate Ralf on his award and the work he does with the Chapman Valley Men's Shed and within the community.

It was disappointing we didn't receive nominations for Community Group/Event of the Year and the Young Achiever. I am sure there are a number of worthy recipients for these awards and encourage the community to bring these to Council's attention when nominations are called for in future years.

Council has now installed Australia Day Award Honour Boards in the Chambers to ensure all award recipients are recorded and remembered.

## **CONCLUSION**

I wish to extend my appreciation to those members of the community who have co-operated with Council in the areas of supplying road building material, water, land resumption, contribution toward works, volunteer labour for community projects etc., as such co-operation is invaluable for Council to maintain and upgrade infrastructure to a more desirable standard, specifically to accommodate the ever increasing heavy haulage traffic we have on our roads today.

Finally, I wish to extend my appreciation to all Elected Members and Staff for their continued commitment to working for the Shire to help our community grow and prosper.



Anthony Farrell  
**SHIRE PRESIDENT**

# CHIEF EXECUTIVE OFFICER'S ANNUAL REPORT



Maurice Battilana  
Chief Executive Officer

## INTRODUCTION

It is with pleasure I provide the following information to constituents of the Shire of Chapman Valley and include the statutory reporting requirements for the 2018/2019 financial year.

## ROAD WORKS

Council continues to have an extensive road works program each year with works carried out on various roads including the following major construction works during 2018/2019:

- Valentine Road – Seal Extension;
- Dartmoor Road – Seal Extension;
- Chapman Valley Road – Shoulder Reconstruction, Drainage Upgrade & Reseal
- East Nabawa Road - Seal Extension;
- Indialla Road – Gravel Sheeting;
- Parkfalls Estate – Drainage Upgrades

Roadwork projects remain Council's most significant area of expenditure and allocation of Shire resources. In the 2018/2019 year Council spent a total of approximately \$3.2m on road construction and maintenance works.

## PLANT & EQUIPMENT

In accordance with the ten-year plant replacement programme Council continued to update items of plant and equipment in the 2018/2019 financial year to achieve greater efficiencies and minimise plant maintenance costs. This has seen the acquisition of the following replacement and additional major plant items:

- Grader
- Roller
- Water Tank &
- Various Light Vehicles/Mowers

## STAFF

There have been minimal departures and arrivals of staff within the organisation. I wish departing staff all the very best for the future, welcome new staff to the organisation and take this opportunity to thank all staff for their dedication and loyalty to the Shire and the community.

## POPULATION GROWTH

The building/development approvals issued by the Shire in 2018/2019 are as follows:

1 July 2018 – 30 June 2019		
Type	No. Approved	Value
Dwellings	11	\$3,620,624
Dwelling (Class 1a inside Class 10a)	2	\$37,000
Ancillary Accommodation	1	\$100,000
Outbuildings	15	\$426,304
Other Residential (patios, pools, granny flats etc.)	14	\$176,907
Industrial/Commercial	5	\$225,000
Events	4	N/A
Other (Relocation of Building Envelope)	3	N/A
Other (Home Occupation)	1	N/A
<b>TOTAL</b>	<b>56</b>	<b>\$4,585,835</b>

## BUILDING PROGRAM

Some of the building projects completed in 2018/2019 include the following:

- Bill Hemsley Park Community Centre and Playground:
  - Construction of two additional (3/ Gazebo's in total) timber framed, brick paved gazebos with hard wood screens providing wind protection for the public shade shelters;
  - Relocation to site the Parkfalls Notice Board including brick paving;
  - Installed 450m of 15amp power cable to the Cargeeg Bend bore site;
  - Connected the water bore at Cargeeg Bend via approx. 1900m of underground pressure rated water pipe to the new 32,000 litre storage tank installed to the west of the building to supply the grassed area reticulated sprinkler system;
  - Erected hard wood timber framed screens around three sides of the new water storage tank;
  - Constructed a steel framed bore pump shed at the Cargeeg Bend bore site;
- Yuna Multi-Purpose Community Centre:
  - Constructed and installed steel cages to protect all externally located air-conditioner motors from vandalism;
  - Upgraded the tennis courts with cantilevered 15m light towers, LED lights and new playing surfaces (Shire; financial contribution only);
- Yuna Hall:
  - Installed honesty camp fee payment cash box;
  - Replaced all corroded gutters and downpipes on the north side of building;
  - Repaired, patched and painted timber barge boards, window and door frames.
- Yuna Library:
  - Patched and painted timber barge boards, window and door frames.
- Coronation Beach:
  - Extended existing BBQ shade shelter and installed a second gas powered BBQ and additional hard wood screening;
  - Removed all corroded trip-L-grips from timber roof structures & replaced with stainless steel units;
  - Installed additional treated pine posts along access roads / tracks & around camp areas to reduce vehicle access & ensure easier maintenance of overgrown grass & shrubs;
  - Increase the size of northern most camp area, fenced perimeter & gravelled base;
  - Treated all timber structures with linseed oil & turps mix to enhance longevity.

- Nabawa Shire Office:
  - 1-year warrantee period minor works / repairs from Office renovation;
  - Painted feature wall in Chambers in neutral colour;
  - Painted eaves & barge boards on south side of Chambers & front gable;
  - Replaced carpets in 5/ north offices, vinyl in Works Office;
  - Installed vertical blinds in Chambers SW & NW windows.
  
- Nabawa Community Centre:
  - Installed Shire restricted key system locks to doors & screen doors at Pre-school;
  - Polished & sealed floors, timber & vinyl;
  - Repaired gas leak in 2 door glass front fridge;
  - Replaced thermostat in dual fuel oven in kitchen;
  - Repaired septic tank servicing kitchen sink waste.
  
- Nabawa Stadium:
  - Installed gas powered deep fryer / chip cooker in kitchen;
  - Repaired / replaced rainwater tank stand at south end of training room with universal beams & hard wood planks;
  - Repaired male & female toilets, including new toilet seats & leaking cisterns;
  - Repaired several broken windows & replaced with compliant toughened glass;
  - Replaced external balcony fix flood lights with flush mount LED's to reduce bird roosting;
  - Repaired internal rear stair way lighting and installed timer switch for night exit.
  
- Nabawa Tennis Club:
  - Replaced corroded roof cladding & flashings with zincalume custom orb & installed Insulbreak insulation under cladding;
  - Rebuilt electrical switch board & replaced with compliant circuit breakers & RCD's
  - Repaired cabinets in kitchen area, replacing deteriorated chip board with marine grade plywood;
  - Re-rendered water damaged walls internal & external;
  - Repaired / replaced deteriorated timber rainwater tank stand with universal beams & hard wood planks;
  - Painted all structural steel & timber.
  
- Nabawa Men's Shed:
  - Installed a new storage room attached outside of main meeting room, timber framed & gyprock.
  
- Nabawa Depot:
  - Expanded & extended Depot area by replacing perimeter cyclone fence with approx. 380 lineal meters, removed existing fence & concrete footings;
  - Installed additional PA gates at parking area;
  - Installed new emergency water storage tank for fire services use north of Depot fence at Fire Shed
  - Installed gravel hard surface on new Depot area;
  - General clean-up of entire Depot area;
  - Installed CCTV surveillance cameras for added security.
  
- Nabawa Cemetery:
  - Upgraded Cemetery information sign with latest details;



- Installed water storage tank at top of hill to the east to service future infrastructure & gardens.
- Nanson Show Ground:
  - Installed new lean-to shed extension on existing Sheep Shed;
  - Replaced & rebuilt all electrical switch boards with compliant breakers & RCD's, Dining Hall, Exhibition Hall Office, Old Dining Hall, 2/ external distribution boards at north of Exhibition Hall;
  - Renovated main Dining Hall, including wall removal, new gyprock on ceilings & walls, repaint, new vinyl floor covering, full rewire of building & rebuild of electrical switch board to achieve compliance.
  - Replaced gable end roof flashings & made watertight;
  - Replaced all existing windows with compliant glass sliding windows & screens.
- Nanson Museum:
  - Re-sheeted walls on old green shed & replaced flashings & made watertight;
  - Installed minor soak wells for water run off;
  - Treated front timber fence for termite activity;
  - Installed new stainless-steel gas BBQ near Main Gazebo.

## **REGIONAL COOPERATION**

The Shire continued to provide a regular town planning service to several Mid West local government authorities during the 2018/2019 year.

Council utilises the services of the Environmental Health Officer from the Shire of Northampton as required and some a limited period during the year outsourced some of the fortnightly payroll functions to the City of Greater Geraldton.

The Shire continues to be part of a regional waste collection and management service with the City of Greater Geraldton and the Shires of Northampton, and Irwin.

Emergency Management continues to be dealt on a regional basis with the Shire of Chapman Valley participating in the Batavia Local Emergency Management Committee with the City of Greater Geraldton and the Shire of Northampton.

In 2018/2019 the Shire continued to work with the Shire of Northampton to develop a regional high speed fixed wireless internet service for the agricultural areas of our districts. This project has come to fruition with the preferred internet service provider (Logic IT) being awarded State Government funding to establish this service as part of the Digital Farming Grant Program.

## **PUBLIC INTEREST DISCLOSURE ACT 2003**

In the year under review, Council received no items for the reporting period under the *Public Interest Disclosure Act 2003*.

## **REPORT ON THE SHIRE OF CHAPMAN VALLEY PLAN FOR THE FUTURE – LOCAL GOVERNMENT ACT 1995 - SECTION 5.53(2)(e)**

In accordance with legislation the Shire completed the process of full review of its Integrated Planning & Reporting (IPR) documents in 2017/2018 to complement the Plan for the Future requirements of the Local Government Act, 1995, (Section 5.53(2)(e)) and associated legislation.

Below is a *Progress Report* on how Council has performed with specific aspects of the adopted Integrated Strategic Plan at the 30<sup>th</sup> June 2019:

**INTEGRATED STRATEGIC PLANNING – PROGRESS REPORT****Shire of Chapman Valley Corporate Business Plan & Progress Report - Council Endorsed February 2018 (Minute Reference:02/18-5)****Our Vision: "We are a thriving community making the most of our coastline, ranges and rural settings to support us to grow and prosper."****Strategic Community Plan (SCP)****Corporate Business Plan Actions Timeline**

SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed/Status	Short-Term June 2019	Medium-Term June 2021	Long-Term 2021 and beyond	No Timeline (Ongoing)
<b>1 Community and Lifestyle</b>								
1.1	Nurture the sense of community	Development of plans relevant to population needs	Review existing plans and develop new plans as required		CDO to review all existing community plans, strategies, policies, procedures, etc., to determine gaps.			
		Determine a whole of Shire community integration approach	Advocate a sense of community when opportunity arises.					Continue to promote a <i>sense of community</i> at every opportunity.
1.2	Strengthen our advocacy role and regional partnerships to support the provision of local services and facilities	Maintain close relationships with neighbouring shires and regional bodies	Participate in and advocate for regional resource sharing and cross-boundary cooperation.	Negotiations have been undertaken & affected community members encouraged to participate in lobbying MRWA, MWDC & local parliamentarians on this matter.	Promote the most appropriate and beneficial Dongara to Northampton Transport Corridor for social, economical, cultural & heritage benefit of the Shire, regional, State & Nation.	Consider regional resource sharing opportunities when undertaking a Service Delivery Review.		Continue to explore and participate in regional resources sharing where this is of benefit to the Shire & community
		Be present in conversations and gatherings related to the provision of essential and desired services for Chapman Valley residents and visitors	Participate in and advocate for regional resource sharing and cross-boundary cooperation.	Regional approach successful with High Speed Fixed Wireless Project (i.e. Shires of CV & NR).				
1.3	Maintain and enhance safety and security for the community	Review safe roads and infrastructure	Continue annual review of Road Hierarchy, Road Works Program, Plant Replacement Program	Full Policy Review undertaken along with specific review of Road Hierarchy Procedure.				Annual Review of RW Program, Road Hierarchy & Plant Replacement Program
		Enhance community and property security	Encourage improved communications and security across the Shire	Items placed in Draft 18/19 Budget for Council consideration.	Investigate funding opportunities and Shire budget for installation of CCTV systems.			Encourage State Government to police ORV use on land under State control.

Strategic Community Plan (SCP)				Corporate Business Plan Actions Timeline				
SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed/Status	Short-Term June 2019	Medium-Term June 2021	Long-Term 2021 and beyond	No Timeline (Ongoing)
<b>2 Economic Development and Business Attraction</b>								
2.1	Build population and business activity through targeted strategies	Support business development	Ensure Planning is in place to encourage business development	Community and Council representative are meeting with Staff to develop strategies and recommendations for Council consideration. Two-year time frame for this work to be completed.	Investigate usage opportunities for Yuna Memorial Hall for Council consideration.	Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.	Council to consider the possible establishment of an Economic Strategy with recommendations for business incentives.	
2.2	Provide support for business development and local employment	Research mixed land use opportunities	Investigate possible planning improvements					
		Consider business start-up incentives	Investigate possible planning improvements					
		Encourage digital network development in the Valley	Continue advocating for improvements to existing infrastructure and introduction of new infrastructure for digital communications	Application by Logic IT (Shire of CV's preferred ISP/Carrier) with State Government was successful. Internet Service now being established.	Continue to develop High Speed Fixed Wireless Internet Service or alternative technologies to improve business retention and growth to as much of the Shire as possible.			
2.3	Welcome local tourism and participation in regional strategy	Research and develop local tourism plan	Encourage Tourism Operators to establish an Alliance for them to develop and implement a Local Tourism Plan. This must be industry driven, not Shire driven.	Survey compiled and distributed by CDO & Shire Tourist Working Group seeking feedback & data to assist with report & recommendations presented to Council for consideration.	CDO to make contact with Tourism Operators within Shire to bring them together for opportunity to network, explore options to support each other and determine where shire fits in a support role. The preferred model is for the Shire to assist and support tourism in CV and for tourism to be driven by businesses not the Shire.			

		Explore support needed by local tourism industries	Encourage Tourism Operators to establish an Alliance for them to develop and implement a Local Tourism Plan. This must be industry driven, not Shire driven.	As Above	If Tourism Operators are interested in establishing an Alliance, the CDO to work with this Group to develop a Local Tourism Plan.			
2.4	Ensure town planning complements economic development activities	Town Planning Review/Initiatives	Ensure Planning is in place to encourage economic development activities			Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.		

Strategic Community Plan (SCP)				Corporate Business Plan Actions Timeline				
SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed/Status	Short-Term June 2019	Medium-Term June 2021	Long-Term 2021 and beyond	No Timeline (Ongoing)
<b>3 Environmental Protection and Sustainability</b>								
3.1	Preserve the Natural Environment and address environmental risks as they arise.	Manage the impact of waste, water, weed and vermin control on the environment	Investigate option of manning Nabawa Transfer Station.	Items placed in 18/19 Budget to consider periodical manning of Nabawa Refuse site and establishing CCTV.	Investigate the cost benefits and logistics of manning the Nabawa Transfer Station. This could form part of the Service Delivery Review project or done in isolation.			
			Investigate option of improving monitoring of Nabawa Transfer Station (e.g. cameras)		Identify key hotspot locations within the Shire and investigate funding opportunities and Shire budget for installation of CCTV systems.			
			Continue to review resource allocation to control declared weeds on Shire owned/controlled land.			Consider regional resource sharing opportunities when undertaking a Service Delivery Review.		
			Lobby responsible agencies, departments and landowners to control weeds and vermin on their properties					Encourage all landowners to control; nuisance weeds and pest on their land.
			Monitor and manage water supply and quality	Advocate with Water Corporation to continue to manage and monitor water supply and quality	Item placed in 18/19 Budget for BHP bore water supply. Grants still being investigated.	Budget consideration for installation of water to Cemetery		

		Install rainwater tanks on new and existing buildings	Encourage landowners to install rainwater tanks on new and existing buildings. Shire to lead by example by installing rainwater tanks in their buildings.					Encourage landowners to install rainwater tanks. Perhaps by a leaflet included with Building Permit returns.
3.2	Maintain the rural identity of the Shire	Develop the western peri-urban environment in context to our rural lifestyle	Ensure Planning is in place to encourage peri-urban development activities.					Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.
		Ensure recreational, tourism activities on lifestyle blocks have minimal impact on sustainable farming	Ensure Planning is in place to encourage tourism activities or lifestyle blocks are developed, whilst recognising WAPC State Planning Policies and State direction on protecting prime agricultural land.					

Strategic Community Plan (SCP)				Corporate Business Plan Actions Timeline				
SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed/Status	Short-Term June 2019	Medium-Term June 2021	Long-Term 2021 and beyond	No Timeline (Ongoing)
<b>4 Physical and Digital Infrastructure</b>								
4.1	Develop, manage and maintain built infrastructure	<a href="#">Asset Management Plan</a>	Review Asset Management Plan regularly and maintain integration with other Strategic Plans within the Shire	Item placed in 18/19 Budget for review.	BS/PO to investigate new half court at Yuna Playground for budget consideration.		Full Review of Strategic Community Plan	Review Integrated Plans as required to ensure they are relevant and compliant.
				Item placed in 18/19 Budget.	BS/PO to investigate upgrade to Rockwell Bore pump for budget consideration.			
				Item removed from 18/18 Draft Budget.	BS/PO to investigate upgrade to Coronation Beach Playground for budget consideration.			
		Development Projects	Review Strategic Community Plan to identify possible development projects					Review Integrated Plans as required to ensure they are relevant and compliant.
4.2	Manage and maintain roads, drainage and other essential infrastructure	Capital Road Works Programs	Review Road Hierarchy and Ten Year Road Works Program		-			Annual Review of RW Program, Road Hierarchy & Plant Replacement Program
		Plant Replacement Programs	Review Plant Replacement Program	Item placed in 18/19 Budget.	MWS to investigate alterations to Traffic Calming infrastructure along Eliza Shaw Drive to improve safety for budget consideration.			
4.3	Aspire to robust communication and digital infrastructure in the Shire	Engage with infrastructure and service providers	Continue advocating for improvements to existing infrastructure and introduction of new infrastructure for digital communications	Item placed in 18/19 Budget.	Consider efficiency improvements as part of a Service Delivery Review			
		Lobby and advocate for the best possible services and solutions						

Strategic Community Plan (SCP)				Corporate Business Plan Actions Timeline				
SCP Ref	SCP Objectives	SCP Strategy	SCP Actions	Completed/Status	Short-Term June 2019	Medium-Term June 2021	Long-Term 2021 and beyond	No Timeline (Ongoing)
<b>5 Governance and Accountability</b>								
5.1	Ensure governance and administration systems, policies and processes are current and relevant	Review policy categories and set ongoing accountability for review processes	Review current Council and Management policies and formalise update process and timelines	Full Review completed in July 2018.	Complete current review of Council Policies and Procedures to ensure compliance and relevance.			
5.2	Be accountable and transparent in managing resources	<a href="#">Asset Management</a>	Review Asset Management Plan regularly and maintain integration with other Strategic Plans within the Shire	Master Plan being progressed with reserve users, Councillors & staff.	Establish a Master Plan for the CV Showgrounds Reserve & commence implementation of items in the Plan.	Continue implementation of CV Showgrounds Master Plan	Continue implementation of CV Showgrounds Master Plan	Review Integrated Plans as required to ensure they are relevant and compliant.
				Item placed in the 18/19 Budget for supply of bore water to BHP precinct. Grant funds still being investigated.	Continue implementation of Bill Hemsley Park Concept Plan	Continue implementation of Bill Hemsley Park Concept Plan	Continue implementation of Bill Hemsley Park Concept Plan	
							Establish CEO's Residence in Western Regions of Shire	
							Full Review of Strategic Community Plan	
		<a href="#">Long Term Financial Management</a>	Review Long Term Financial Plan regularly and maintain integration with other Strategic Plans within the Shire					



		<a href="#">Workforce Planning</a>	Review Workforce Plan regularly and maintain integration with other Strategic Plans within the Shire					
		Effectively Engage and communicate with the community	<ul style="list-style-type: none"> <li>· Annual Report</li> <li>· Website</li> <li>· Community Hub</li> <li>· Facebook</li> </ul>		CDO to establish a Draft SoCV Communication Procedure for Council consideration.			Continued improvement of communication mediums between Council and the community
5.3	Make informed decisions within resources and areas of responsibility	Council and Shire process formally incorporate integrated plans as references for decision making	Reference Strategic Community Plan, Corporate Business Plan, Asset Management Plan, Long Term Financial Plan and Workforce Plan regularly as part of decision making process	Completed.	Provide a copy of CBP at each Councillors Chamber desk for ongoing reference.			Ongoing reference to IPR as part of decision making process.
		Regular and relevant briefings to Elected Members	Continue with Staff Information Reports and Concept Forum Sessions with Council	Also placed in monthly Staff Report with updated status of each aspect in the CBP.	List for discussion with Councillors & Senior Staff options for to improve communication.			Ongoing process of Councillor Briefing with improvements introduces as required.
5.4	Ensure robust process for economic and infrastructure development	Town Planning Review/Initiatives	Ensure Planning is in place to encourage economic development activities			Review planning, policies, procedures, strategies etc., to ensure development is encouraged throughout the Shire.		

Any modification that was made to the Strategic Community Plan during the financial year			
Nil.			
Any significant modification made to the Corporate Business Plan during the financial year			
	Short Term	Medium/Long Term	Comment
	\$000	\$000	
<b>Buildings</b>			
No Changes			
<b>Infrastructure</b>			
No Changes			
<b>Operating</b>			
No Changes			

### PAYMENTS TO EMPLOYEES (SECTION 5.53(2)(g) LOCAL GOVERNMENT ACT 1995)

In accordance with section 5.53(2)(g) of the *Local Government Act 1995* and Clause 19B of the *Local Government (Administration) Regulations 1996*, employee's payments equal to, or more than \$100,000.00 (cash component) are required to be recognised in the Shire's Annual Report i.e.

Range – In Increments of \$10,000	Number of employees within each Range
160,000 to 170,000	1
130,000 to 140,000	1
110,000 to 120,000	1
100,000 to 110,000	1

### NATIONAL COMPETITION POLICY

#### Clause 7 Statement - LR3

The Shire of Chapman Valley completed a full review of all Local Laws in 2016/2017 and all new local laws maintained full compliance with the requirements of the National Competition Policy.

#### Clause 7 Statement – Competitive Neutrality

As none of the Shire of Chapman Valley activities derived an annual income more than \$200,000, it has not been necessary for Council to implement the Competitive Neutrality Principles of the National Competition Policy.

### DISABILITY SERVICES

In accordance with section 29(2) of the *Disability Service Act 1993*, it is a requirement for the Shire of Chapman Valley to report on outcome-based activities highlighted in the Disability Service Plan (now known as the Disability Access and Inclusion Plan-DAIP) in this report.

Council undertook a full review of its Disability Service Plan in 2017/18 and a desktop review in 2018/2019.

Under the *Disability Services Act 1993*, and as a part of the DAIP, each Local Government Authority has an annual reporting responsibility. The following progress report was presented to the Disability Services Commission:

**1. Below is a report on the Outcome Areas of our DAIP for 2016/2017:**

	<b>Number of strategies planned of 2018/2019</b> (Strategies planned whether implemented or not).	<b>Number of strategies completed in 2018/2019</b> (Strategies that were completed. Include on-going strategies).	<b>Number of strategies progressed through contractors in 2018/2019</b> (Strategies implemented by contractors. Not the number of contractors).
<b>Outcome 1</b>	0	0	0
<b>Outcome 2</b>	0	0	0
<b>Outcome 3</b>	0	0	0
<b>Outcome 4</b>	0	0	0
<b>Outcome 5</b>	0	0	0
<b>Outcome 6</b>	0	0	0
<b>Outcome 7</b>	0	0	0

**2. Below is a report on how we informed agents and contractors of your Disability Access and Inclusion Plan for 2018/2019**

Provided a copy of your agency DAIP	√
Provided a link to the DAIP	√
Sent a letter	
Referenced in a contract(s)	√
Referenced in a contract variation(s)	

**3. Below is a brief description of any significant DAIP initiatives undertaken by, or on behalf of your organisation by agents and contractors, in 2018/2019.**

- Office/Chambers renovations improved access and established disabled ablution facilities;
- Continued and ongoing recognition of Strategies within the DAIP

**STATE RECORDS ACT 2000 - STANDARD 2/PRINCIPAL 6**

In accordance with the requirements of Standard 2, Principal 6 of the *State Records Act 2000*, I hereby report on how the Shire of Chapman Valley employees are complying with the Shire's Records Keeping Plan:

Item 6.1 - Staff Training, Information Sessions, Publications

Activities to ensure staff awareness and compliance are being implemented in accordance with Council's endorsed Record Keeping Plan and will be an ongoing requirement of the organisation.

Ongoing staff training, and awareness was continued in 2018/2019.

Item 6.2 – Performance Indicators in place

The following performance indicators have been developed to measure the efficiency and effectiveness of the Shire of Chapman Valley's record keeping system: -

A register is to be maintained by the Administration staff responsible for filing all records of:

- ~ Records that cannot be located
- ~ Files that are missing and unable to be located

### Item 6.3 – Agency Evaluation

The Shire of Chapman Valley's record keeping system will be continually reviewed and improved where possible to pursue best practise for the organisation. The current record keeping systems are assessed as being efficient and effective for the requirements of the organisation.

An electronic filing system, SynergySoft Records, continues to meet the needs of the organisation and I am pleased to report administration staff receive ongoing training on the efficient use of this system.

### **REGISTER OF COMPLAINTS**

In accordance with section 5.121 and of the *Local Government Act 1995* states the following:

**5.121. Register of certain complaints of minor breaches**

- (1) *The complaints officer for each local government is required to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c).*
- (2) *The register of complaints is to include, for each recorded complaint —*
  - (a) *the name of the council member about whom the complaint is made;*
  - (b) *the name of the person who makes the complaint;*
  - (c) *a description of the minor breach that the standards panel finds has occurred; and*
  - (d) *details of the action taken under section 5.110(6)(b) or (c).*

Section 5.53 (2)(hb) of the Local Government, 1995, stipulates the following details needs to be reported:

<b>Number of complaints recorded in the register</b>	<b>How complaints were dealt with</b>	<b>Other details that the regulations require</b>
6	All dealt with and resolved internally	Nil

### **CONCLUSION**

The Shire continues to review its operations and procedures to maximise efficiencies.

I look forward to working with the Elected Members, Staff and the Community to meet the many challenges of the future at the Shire of Chapman Valley.

Finally, I wish to extend my sincere appreciation to John Collingwood for his excellent service as a Councillor and President over 21 years. John's dedication to the community, specifically in the position of Shire President for 17 years, was admirable.



Maurice Battilana  
**CHIEF EXECUTIVE OFFICER**

# AUDITED FINANCIAL STATEMENTS

## INDEPENDENT AUDIT REPORT

### MANAGEMENT REPORT



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**SHIRE OF CHAPMAN VALLEY**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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**COMMUNITY VISION**

“We are a thriving community, making the most of our coastline, ranges and rural settings to SUPPORT us to GROW and PROSPER.”

Principal place of business:  
3270 Chapman Valley Road, Nabawa

**SHIRE OF CHAPMAN VALLEY  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed on the 25th day of November 2019



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Chief Executive Officer

Maurice Battilana

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Name of Chief Executive Officer



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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	20(a)	2,743,381	2,703,726	2,589,547
Operating grants, subsidies and contributions	2(a)	1,550,318	905,418	1,756,247
Fees and charges	2(a)	334,320	320,649	338,726
Interest earnings	2(a)	58,470	45,752	51,935
Other revenue	2(a)	45,460	11,050	12,611
		<u>4,731,949</u>	<u>3,986,595</u>	<u>4,749,066</u>
<b>Expenses</b>				
Employee costs		(1,873,191)	(2,031,169)	(1,661,369)
Materials and contracts		(1,363,031)	(2,068,874)	(1,506,738)
Utility charges		(49,226)	(59,639)	(57,993)
Depreciation on non-current assets	9(b)	(1,894,769)	(2,333,307)	(2,292,226)
Interest expenses	2(b)	(7,713)	(9,453)	(11,544)
Insurance expenses		(151,905)	(155,789)	(151,937)
Other expenditure		(128,342)	(120,430)	(95,539)
		<u>(5,468,177)</u>	<u>(6,778,661)</u>	<u>(5,777,346)</u>
		<u>(736,228)</u>	<u>(2,792,066)</u>	<u>(1,028,280)</u>
Non-operating grants, subsidies and contributions	2(a)	1,138,684	1,082,772	1,254,154
Profit on asset disposals	9(a)	30,102	20,285	77,062
(Loss) on asset disposals	9(a)	(1,981)	(21,238)	(72,494)
		<u>1,166,805</u>	<u>1,081,819</u>	<u>1,258,722</u>
		<u>430,577</u>	<u>(1,710,247)</u>	<u>230,442</u>
<b>Net result for the period</b>				
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	477,526	0	25,683,380
<b>Total other comprehensive income for the period</b>		<u>477,526</u>	<u>0</u>	<u>25,683,380</u>
<b>Total comprehensive income for the period</b>		<u>908,103</u>	<u>(1,710,247)</u>	<u>25,913,822</u>

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

**SHIRE OF CHAPMAN VALLEY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		26,520	17,744	21,542
General purpose funding		3,734,614	3,160,152	3,394,156
Law, order, public safety		71,768	26,858	178,712
Health		6,322	5,492	5,728
Housing		4,680	9,360	9,566
Community amenities		213,312	185,077	188,375
Recreation and culture		107,955	98,420	398,730
Transport		427,247	376,942	379,590
Economic services		25,306	21,550	23,327
Other property and services		114,225	85,000	149,340
		<u>4,731,949</u>	<u>3,986,595</u>	<u>4,749,066</u>
<b>Expenses</b>				
	2(b)			
Governance		(412,907)	(448,883)	(409,138)
General purpose funding		(114,768)	(119,610)	(45,556)
Law, order, public safety		(188,520)	(197,755)	(238,226)
Health		(12,919)	(16,776)	(14,256)
Education and welfare		(160)	(2,000)	0
Housing		(2,811)	(4,219)	(2,785)
Community amenities		(613,315)	(824,027)	(614,888)
Recreation and culture		(706,278)	(764,912)	(670,846)
Transport		(2,982,171)	(3,981,548)	(3,379,955)
Economic services		(308,980)	(326,264)	(281,777)
Other property and services		(117,635)	(83,214)	(108,375)
		<u>(5,460,464)</u>	<u>(6,769,208)</u>	<u>(5,765,802)</u>
<b>Finance Costs</b>				
	2(b)			
General purpose funding		0	(500)	0
Recreation and culture		(6,096)	(6,616)	(7,936)
Transport		(1,617)	(2,337)	(3,608)
		<u>(7,713)</u>	<u>(9,453)</u>	<u>(11,544)</u>
		<u>(736,228)</u>	<u>(2,792,066)</u>	<u>(1,028,280)</u>
Non-operating grants, subsidies and contributions	2(a)	1,138,684	1,082,772	1,254,154
Profit on disposal of assets	9(a)	30,102	20,285	77,062
(Loss) on disposal of assets	9(a)	(1,981)	(21,238)	(72,494)
		<u>1,166,805</u>	<u>1,081,819</u>	<u>1,258,722</u>
<b>Net result for the period</b>		<b>430,577</b>	<b>(1,710,247)</b>	<b>230,442</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	477,526	0	25,683,380
<b>Total other comprehensive income for the period</b>		<b>477,526</b>	<b>0</b>	<b>25,683,380</b>
<b>Total comprehensive income for the period</b>		<b>908,103</b>	<b>(1,710,247)</b>	<b>25,913,822</b>

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

**SHIRE OF CHAPMAN VALLEY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,347,227	2,079,796
Trade receivables	5	102,378	178,397
Inventories	6	4,220	1,912
<b>TOTAL CURRENT ASSETS</b>		2,453,825	2,260,105
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	5,801	5,678
Property, plant and equipment	7	19,325,549	18,939,257
Infrastructure	8	129,027,300	128,732,001
<b>TOTAL NON-CURRENT ASSETS</b>		148,358,650	147,676,936
<b>TOTAL ASSETS</b>		150,812,475	149,937,041
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	93,269	105,313
Borrowings	12(a)	68,626	99,136
Employee related provisions	13	423,049	314,497
<b>TOTAL CURRENT LIABILITIES</b>		584,944	518,946
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12(a)	88,121	156,747
Employee related provisions	13	29,998	60,039
<b>TOTAL NON-CURRENT LIABILITIES</b>		118,119	216,786
<b>TOTAL LIABILITIES</b>		703,063	735,732
<b>NET ASSETS</b>		150,109,412	149,201,309
<b>EQUITY</b>			
Retained surplus		31,384,647	30,999,837
Reserves - cash backed	4	832,617	786,850
Revaluation surplus	10	117,892,148	117,414,622
<b>TOTAL EQUITY</b>		150,109,412	149,201,309

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

**SHIRE OF CHAPMAN VALLEY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2017</b>		<b>30,277,435</b>	<b>1,278,810</b>	<b>91,731,242</b>	<b>123,287,487</b>
Comprehensive income					
Net result for the period		230,442	0	0	230,442
Other comprehensive income	10	0	0	25,683,380	25,683,380
Total comprehensive income		230,442	0	25,683,380	25,913,822
Transfers from/(to) reserves		491,960	(491,960)	0	0
<b>Balance as at 30 June 2018</b>		<b>30,999,837</b>	<b>786,850</b>	<b>117,414,622</b>	<b>149,201,309</b>
Comprehensive income					
Net result for the period		430,577	0	0	430,577
Other comprehensive income	10	0	0	477,526	477,526
Total comprehensive income		430,577	0	477,526	908,103
Transfers from/(to) reserves		(45,767)	45,767	0	0
<b>Balance as at 30 June 2019</b>		<b>31,384,647</b>	<b>832,617</b>	<b>117,892,148</b>	<b>150,109,412</b>

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

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,752,051	2,704,989	2,607,117
Operating grants, subsidies and contributions		1,617,544	979,303	1,720,236
Fees and charges		334,320	320,649	338,726
Interest received		58,470	45,752	51,935
Other revenue		45,460	11,050	12,611
		<u>4,807,845</u>	<u>4,061,743</u>	<u>4,730,625</u>
<b>Payments</b>				
Employee costs		(1,793,493)	(2,019,930)	(1,693,798)
Materials and contracts		(1,378,570)	(1,868,848)	(1,574,815)
Utility charges		(49,226)	(59,639)	(57,993)
Interest expenses		(7,713)	(9,453)	(12,301)
Insurance paid		(151,905)	(155,789)	(150,884)
Other expenditure		(128,342)	(120,430)	(95,539)
		<u>(3,509,249)</u>	<u>(4,234,089)</u>	<u>(3,585,330)</u>
<b>Net cash provided by (used in)</b>				
<b>operating activities</b>	14	<u>1,298,596</u>	<u>(172,346)</u>	<u>1,145,295</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(726,358)	(743,281)	(1,741,950)
Payments for construction of infrastructure		(1,430,318)	(1,376,687)	(1,658,941)
Non-operating grants, subsidies and contributions		1,138,684	1,082,772	1,254,154
Proceeds from sale of property, plant & equipment		85,963	76,500	174,473
<b>Net cash provided by (used in)</b>				
<b>investment activities</b>		<u>(932,029)</u>	<u>(960,696)</u>	<u>(1,972,264)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(99,136)	(99,136)	(95,983)
Proceeds from new borrowings		0	85,000	0
<b>Net cash provided by (used in)</b>				
<b>financing activities</b>		<u>(99,136)</u>	<u>(14,136)</u>	<u>(95,983)</u>
<b>Net increase (decrease) in cash held</b>		267,431	(1,147,178)	(922,952)
Cash at beginning of year		2,079,796	2,079,796	3,002,748
<b>Cash and cash equivalents</b>				
<b>at the end of the year</b>	14	<u><u>2,347,227</u></u>	<u><u>932,618</u></u>	<u><u>2,079,796</u></u>

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

**SHIRE OF CHAPMAN VALLEY**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	21 (b)	1,367,942	1,279,178	1,691,081
		1,367,942	1,279,178	1,691,081
<b>Revenue from operating activities (excluding rates)</b>				
Governance		26,520	17,744	21,542
General purpose funding		998,977	438,034	802,158
Law, order, public safety		71,768	26,858	178,712
Health		6,322	5,492	5,728
Housing		4,680	9,360	9,566
Community amenities		213,312	185,077	188,375
Recreation and culture		107,955	98,420	398,730
Transport		457,349	397,227	456,652
Economic services		25,306	21,550	23,327
Other property and services		114,225	85,000	149,340
		2,026,414	1,284,762	2,234,130
<b>Expenditure from operating activities</b>				
Governance		(413,196)	(448,883)	(409,138)
General purpose funding		(114,768)	(120,110)	(45,556)
Law, order, public safety		(188,520)	(197,755)	(292,772)
Health		(12,919)	(16,776)	(14,256)
Education and welfare		(160)	(2,000)	(345)
Housing		(2,811)	(4,219)	(2,785)
Community amenities		(613,315)	(824,027)	(614,888)
Recreation and culture		(712,374)	(771,528)	(686,552)
Transport		(2,985,480)	(4,005,123)	(3,393,396)
Economic services		(308,980)	(326,264)	(281,777)
Other property and services		(117,635)	(83,214)	(108,375)
		(5,470,158)	(6,799,899)	(5,849,840)
Non-cash amounts excluded from operating activities	21(a)	1,836,484	2,334,260	2,276,860
<b>Amount attributable to operating activities</b>		(239,318)	(1,901,699)	352,231
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,138,684	1,082,772	1,254,154
Proceeds from disposal of assets	9(a)	85,963	76,500	174,473
Purchase of property, plant and equipment	7(a)	(726,358)	(743,281)	(1,741,950)
Purchase and construction of infrastructure	8(a)	(1,430,318)	(1,376,687)	(1,658,941)
<b>Amount attributable to investing activities</b>		(932,029)	(960,696)	(1,972,264)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	12(b)	(99,136)	(99,136)	(95,983)
Proceeds from borrowings	12(c)	0	85,000	0
Transfers to reserves (restricted assets)	4	(304,026)	(154,652)	(301,608)
Transfers from reserves (restricted assets)	4	258,259	309,065	793,568
<b>Amount attributable to financing activities</b>		(144,903)	140,277	395,977
<b>Surplus/(deficit) before imposition of general rates</b>		(1,316,250)	(2,722,118)	(1,224,056)
<b>Total amount raised from general rates</b>	20	2,735,637	2,722,118	2,591,998
<b>Surplus/(deficit) after imposition of general rates</b>	21(b)	<b>1,419,387</b>	<b>0</b>	<b>1,367,942</b>

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

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

## 1. BASIS OF PREPARATION

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

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

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Grant Revenue**

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

	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>			
Governance	26,714	17,745	21,518
General purpose funding	924,091	398,174	879,888
Law, order, public safety	60,058	16,907	30,578
Community amenities	23,870	19,650	6,483
Recreation and culture	20,599	14,000	301,240
Transport	422,393	373,942	375,594
Other property and services	72,593	65,000	140,946
	<b>1,550,318</b>	<b>905,418</b>	<b>1,756,247</b>
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	0	0	135,487
Recreation and culture	10,909	5,000	0
Transport	1,127,775	1,077,772	1,118,667
	<b>1,138,684</b>	<b>1,082,772</b>	<b>1,254,154</b>
<b>Total grants, subsidies and contributions</b>	<b>2,689,002</b>	<b>1,988,190</b>	<b>3,010,401</b>

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



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

## 2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Other revenue</b>			
Other	45,460	11,050	12,611
	45,460	11,050	12,611
<b>Fees and Charges</b>			
General purpose funding	8,671	12,500	8,272
Law, order, public safety	11,710	9,950	12,647
Health	6,322	5,492	5,728
Housing	4,680	9,360	9,566
Community amenities	189,442	165,427	181,892
Recreation and culture	87,357	84,420	97,490
Economic services	17,119	13,500	14,736
Other property and services	9,019	20,000	8,395
	334,320	320,649	338,726

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

### Interest earnings

Reserve accounts interest	3,258	4,652	6,836
Rates instalment and penalty interest (refer 20 (c))	24,407	19,500	24,897
Other interest earnings	30,805	21,600	20,202
	58,470	45,752	51,935

(b) Expenses	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	26,258	35,975	22,773
	26,258	35,975	22,773
<b>Interest expenses (finance costs)</b>			
Borrowings (refer Note 12(b))	7,713	8,953	11,544
Other	0	500	0
	7,713	9,453	11,544

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

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		2,347,227	2,079,796
		<u>2,347,227</u>	<u>2,079,796</u>
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		1,467,597	1,279,329
- Restricted cash and cash equivalents		879,630	800,467
		<u>2,347,227</u>	<u>2,079,796</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Leave Reserve	4	115,552	115,054
Building Reserve	4	149,618	181,902
Water Strategy Reserve	4	14,225	14,164
Computer & Office Equipment Reserve	4	39,708	39,537
Legal Reserve	4	39,980	39,807
Unspent Grants & Loans Reserve	4	47,013	13,617
Land Development Reserve	4	52,028	51,803
Roadworks Reserve	4	102,060	101,621
Landcare Reserve	4	15,834	15,766
Plant/ Light Vehicle Reserve	4	256,599	213,579
		<u>832,617</u>	<u>786,850</u>
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions	19	47,013	13,617
<b>Total restricted cash and cash equivalents</b>		<u>879,630</u>	<u>800,467</u>

### SIGNIFICANT ACCOUNTING POLICIES

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

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

		2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a)	Leave Reserve	115,054	498	0	115,552	115,054	540	(34,500)	81,094	114,448	606	0	115,054
(b)	Building Reserve	181,902	677	(32,961)	149,618	181,902	1,200	(34,267)	148,835	517,276	72,559	(407,933)	181,902
(c)	Water Strategy Reserve	14,164	61	0	14,225	14,163	72	0	14,235	14,089	75	0	14,164
(d)	Computer & Office Equipment Reserve	39,537	171	0	39,708	39,537	240	0	39,777	39,329	208	0	39,537
(e)	Legal Reserve	39,807	173	0	39,980	39,808	180	0	39,988	39,598	209	0	39,807
(f)	Unspent Grants & Loans Reserve	13,617	47,013	(13,617)	47,013	13,617	0	(13,617)	0	7,602	13,617	(7,602)	13,617
(g)	Land Development Reserve	51,803	225	0	52,028	51,804	300	0	52,104	62,599	317	(11,113)	51,803
(h)	Roadworks Reserve	101,621	439	0	102,060	101,620	540	0	102,160	101,085	536	0	101,621
(i)	Landcare Reserve	15,766	68	0	15,834	15,766	80	(15,000)	846	15,683	83	0	15,766
(j)	Plant/ Light Vehicle Reserve	213,579	254,701	(211,681)	256,599	213,579	151,500	(211,681)	153,398	367,101	213,398	(366,920)	213,579
		786,850	304,026	(258,259)	832,617	786,850	154,652	(309,065)	632,437	1,278,810	301,608	(793,568)	786,850

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	30/06/2020	To be used to fund annual and long service leave requirements.
(b) Building Reserve	30/06/2020	To be used for the construction of shire buildings or capital upgrades of existing shire buildings.
(c) Water Strategy Reserve	Ongoing	To be used for the construction and operational costs of facilities for fire fighting purposes.
(d) Computer & Office Equipment Reserve	30/06/2020	To be used to replace Information and Communications Technology equipment.
(e) Legal Reserve	Ongoing	To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc.
(f) Unspent Grants & Loans Reserve	30/06/2020	To be used to quarantine unspent grants and loans.
(g) Land Development Reserve	Ongoing	To be used for further subdivisional development in the Shire of Chapman Valley.
(h) Roadworks Reserve	30/06/2020	To be used to fund road infrastructure projects.
(i) Landcare Reserve	30/06/2020	To be used for landcare related purposes.
(j) Plant/ Light Vehicle Reserve	30/06/2020	To be used for the purchase of and/or major repair of major plant and light vehicles.

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

## 5. TRADE RECEIVABLES

### Current

	2019	2018
	\$	\$
Rates receivable	89,525	98,267
Sundry receivables	8,396	76,827
Rates Legal Fees	25	76
ESL	3,088	3,227
Prepaid Expenses	1,344	0
	102,378	178,397

### Non-current

Pensioner's rates and ESL deferred	5,801	5,678
	5,801	5,678

## SIGNIFICANT ACCOUNTING POLICIES

### Trade and other receivables

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

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

### Impairment and risk exposure

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

### Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

### Classification and subsequent measurement

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

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

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

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

## 6. INVENTORIES

	2019	2018
	\$	\$
<b>Current</b>		
Stock on Hand	4,220	1,912
	4,220	1,912

The following movements in inventories occurred during the year:

<b>Carrying amount at 1 July</b>	1,912	1,330
Additions to inventory	2,309	582
<b>Carrying amount at 30 June</b>	4,220	1,912

### 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.

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

## 7. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

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

	Land - freehold land	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	Tools and Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	2,358,000	1,331,000	3,689,000	120,000	10,884,399	11,004,399	14,693,399	198,924	3,350,831	102,420	18,345,574
Additions	11,113	0	11,113	0	914,748	914,748	925,861	29,249	777,772	9,068	1,741,950
(Disposals)	(12,000)	0	(12,000)	(7,770)	(58,000)	(65,770)	(77,770)	0	(92,135)	0	(169,905)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	(29,366)	(29,366)	(29,366)	0	0	0	(29,366)
Depreciation (expense)	0	0	0	(1,540)	(209,543)	(211,083)	(211,083)	(32,756)	(675,040)	(30,117)	(948,996)
<b>Carrying amount at 30 June 2018</b>	2,357,113	1,331,000	3,688,113	110,690	11,502,238	11,612,928	15,301,041	195,417	3,361,428	81,371	18,939,257
<b>Comprises:</b>											
Gross carrying amount at 30 June 2018	2,357,113	1,331,000	3,688,113	112,230	11,711,781	11,824,011	15,512,124	260,999	4,515,757	135,637	20,424,517
Accumulated depreciation at 30 June 2018	0	0	0	(1,540)	(209,543)	(211,083)	(211,083)	(65,582)	(1,154,329)	(54,266)	(1,485,260)
<b>Carrying amount at 30 June 2018</b>	2,357,113	1,331,000	3,688,113	110,690	11,502,238	11,612,928	15,301,041	195,417	3,361,428	81,371	18,939,257
Additions	0	0	0	0	152,023	152,023	152,023	773	567,493	6,069	726,358
(Disposals)	0	0	0	0	0	0	0	(407)	(57,435)	0	(57,842)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	38,332	428,935	10,259	477,526
Depreciation (expense)	0	0	0	(1,345)	(232,799)	(234,144)	(234,144)	(44,394)	(440,053)	(41,159)	(759,750)
<b>Carrying amount at 30 June 2019</b>	2,357,113	1,331,000	3,688,113	109,345	11,421,462	11,530,807	15,218,920	189,721	3,860,368	56,540	19,325,549
<b>Comprises:</b>											
Gross carrying amount at 30 June 2019	2,357,113	1,331,000	3,688,113	112,230	11,863,804	11,976,034	15,664,147	192,671	3,860,368	61,580	19,778,766
Accumulated depreciation at 30 June 2019	0	0	0	(2,885)	(442,342)	(445,227)	(445,227)	(2,950)	0	(5,040)	(453,217)
Carrying amount at 30 June 2019	2,357,113	1,331,000	3,688,113	109,345	11,421,462	11,530,807	15,218,920	189,721	3,860,368	56,540	19,325,549

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## 7. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2017	Price per square metre
Land - vested in and under the control of Council	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Professional judgement of Registered Valuer adjusting the price per square metre of sales from sites not in close proximity.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent Registered Valuers	June 2017	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2017	Residual value, useful life, pattern of consumption and asset condition in relation to level of remaining service potential of the depreciable amount, valuers professional judgement.
<b>Furniture and equipment</b>	2	Market approach using recent observable market data for similar assets	Management Valuation and Independent Registered Valuers	June 2019	Price per item
<b>Plant and equipment</b>	2	Market approach using recent observable market data for similar assets	Management Valuation and Independent Registered Valuers	June 2019	Price per item
<b>Tools and Equipment</b>	2	Market approach using recent observable market data for similar assets	Management Valuation and Independent Registered Valuers	June 2019	Price per item

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.

SHIRE OF CHAPMAN VALLEY  
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## 8. INFRASTRUCTURE

### (a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Drainage	Footpaths	Carpark	Total Infrastructure
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	102,703,544	0	0	0	102,703,544
Additions	1,658,941	0	0	0	1,658,941
Revaluation increments / (decrements) transferred to revaluation surplus	25,712,746	0	0	0	25,712,746
Depreciation (expense)	(1,343,230)	0	0	0	(1,343,230)
Transfers	(9,097,369)	8,723,077	173,463	200,829	0
<b>Carrying amount at 30 June 2018</b>	119,634,632	8,723,077	173,463	200,829	128,732,001
<b>Comprises:</b>					
Gross carrying amount at 30 June 2018	119,634,632	8,723,077	173,463	200,829	128,732,001
<b>Carrying amount at 30 June 2018</b>	119,634,632	8,723,077	173,463	200,829	128,732,001
Additions	1,321,115	76,766	0	32,437	1,430,318
Depreciation (expense)	(968,153)	(150,915)	(5,776)	(10,175)	(1,135,019)
<b>Carrying amount at 30 June 2019</b>	119,987,594	8,648,928	167,687	223,091	129,027,300
<b>Comprises:</b>					
Gross carrying amount at 30 June 2019	120,955,747	8,799,843	173,463	233,266	130,162,319
Accumulated depreciation at 30 June 2019	(968,153)	(150,915)	(5,776)	(10,175)	(1,135,019)
<b>Carrying amount at 30 June 2019</b>	119,987,594	8,648,928	167,687	223,091	129,027,300



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## 8. INFRASTRUCTURE (Continued)

### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Value based around Independent Registered Valuer Report	June 2018	Construction costs, current conditions, residual values and remaining useful life assessments.
Drainage	3	Cost approach using depreciated replacement cost	Management Value based around Independent Registered Valuer Report	June 2018	Construction costs, current conditions, residual values and remaining useful life assessments.
Footpaths	3	Cost approach using depreciated replacement cost	Management Value based around Independent Registered Valuer Report	June 2018	Construction costs, current conditions, residual values and remaining useful life assessments.
Carpark	3	Cost approach using depreciated replacement cost	Management Value based on costs	June 2018	Actual construction costs, residual values, asset conditions and remaining useful life assessments

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

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

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## 8. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement between mandatory revaluation dates

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

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

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

#### Revaluation

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control

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

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

#### Land under roads

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

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

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

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

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

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**9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

**(a) Disposals of Assets**

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	0	0	0	0	12,000	12,000	0	0
Buildings - non-specialised	0	0	0	0	0	0	0	0	58,000	57,655	0	(345)
Buildings - specialised	0	0	0	0	0	0	0	0	7,770	0	0	(7,770)
Furniture and equipment	407	118	0	(289)	0	0	0	0	0	0	0	0
Plant and equipment	57,435	85,612	29,869	(1,692)	77,453	76,500	20,285	(21,238)	92,135	104,818	77,062	(64,379)
Tools and Equipment	0	233	233	0	0	0	0	0	0	0	0	0
	57,842	85,963	30,102	(1,981)	77,453	76,500	20,285	(21,238)	169,905	174,473	77,062	(72,494)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
<b>Governance</b>				
Various Minor Equipment	407	118	0	(289)
<b>Transport</b>				
2005 Grader 120H Caterpillar	42,611	65,000	22,389	0
1999 SM Multipac VP24000 Roller	13,065	14,000	935	0
2008 Kubota Mower CV2591	0	6,500	6,500	0
2005 Husqvarna RO Mower	0	233	233	0
Various minor Equipment	1,759	112	45	(1,692)
	57,842	85,963	30,102	(1,981)
	57,842	85,963	30,102	(1,981)

**SHIRE OF CHAPMAN VALLEY**  
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**9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

**(b) Depreciation**

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	1,345	1,345	1,540
Buildings - specialised	232,799	232,214	209,543
Furniture and equipment	44,394	32,512	32,756
Plant and equipment	440,053	431,139	675,040
Tools and Equipment	41,159	28,831	30,117
Infrastructure - Roads	968,153	1,603,278	1,343,230
Drainage	150,915	0	0
Footpaths	5,776	3,988	0
Carpark	10,175	0	0
	1,894,769	2,333,307	2,292,226

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation rates**

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
sub grade	not depreciated
pavement	50 to 80 years
seal	
- bituminous seals	20 years
Gravel roads	
sub grade	not depreciated
pavement	50 to 80 years
Footpaths	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Car park	50 years

**Depreciation (Continued)**

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.

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10. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation Surplus - Land and Buildings	9,957,534	0	0	9,957,534	9,986,900	0	(29,366)	(29,366)	9,957,534
Revaluation surplus - Plant and equipment	18,600	477,526	477,526	496,126	18,600	0	0	0	18,600
Revaluation surplus - Infrastructure - Roads	107,438,488	0	0	107,438,488	81,725,742	25,712,746	0	25,712,746	107,438,488
	117,414,622	477,526	477,526	117,892,148	91,731,242	25,712,746	(29,366)	25,683,380	117,414,622

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

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## 11. TRADE AND OTHER PAYABLES

### Current

	2019	2018
	\$	\$
Sundry creditors	49,299	53,078
Accrued salaries and wages	14,452	14,546
ATO liabilities	8,328	7,048
Accrued Expenditure	20,131	28,816
Accrued interest on long term borrowings	1,059	1,825
	93,269	105,313

### 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 CHAPMAN VALLEY**  
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**12. INFORMATION ON BORROWINGS**

**(a) Borrowings**

	2019	2018
	\$	\$
Current	68,626	99,136
Non-current	88,121	156,747
	<u>156,747</u>	<u>255,883</u>

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2019	30 June 2019	30 June 2019	Budget	30 June 2019	30 June 2019	30 June 2019	30 June 2019	Actual	30 June 2018	30 June 2018	30 June 2018
				Principal	Actual	Actual	Actual	Principal	Budget	Budget	Budget	Budget	Budget	Principal	Actual	Actual
				1 July 2018	repayments	repayments	outstanding	1 July 2018	New Loans	repayments	repayments	outstanding	1 July 2017	repayments	repayments	outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>																
Upgrade Community Centre	89	WA Treasury	5.99%	23,395	8,943	1,380	14,452	23,394	0	8,943	1,423	14,451	31,822	8,427	5,988	23,395
Bill Hemsley Park	98	WA Treasury	2.64%	162,070	38,938	4,716	123,132	162,070	0	38,938	5,193	123,132	200,000	37,930	1,948	162,070
<b>Transport</b>																
Plant	96	WA Treasury	3.70%	32,561	32,561	909	0	32,561	0	32,561	1,200	0	63,950	31,389	2,110	32,561
Plant	97	WA Treasury	2.49%	37,857	18,694	708	19,163	37,857	0	18,694	1,137	19,163	56,094	18,237	1,498	37,857
Plant	99	WA Treasury	0.00%	0	0	0	0	0	85,000	0	0	85,000	0	0	0	0
				255,883	99,136	7,713	156,747	255,882	85,000	99,136	8,953	241,746	351,866	95,983	11,544	255,883

All other loan repayments were financed by general purpose revenue.

**SHIRE OF CHAPMAN VALLEY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**12. INFORMATION ON BORROWINGS (Continued)**

	2019	2018
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	250,000	250,000
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	0	(63)
<b>Total amount of credit unused</b>	<b>260,000</b>	<b>259,937</b>
<b>Loan facilities</b>		
Loan facilities - current	68,626	99,136
Loan facilities - non-current	88,121	156,747
<b>Total facilities in use at balance date</b>	<b>156,747</b>	<b>255,883</b>

**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.

**Risk**

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



SHIRE OF CHAPMAN VALLEY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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### 13. EMPLOYEE RELATED PROVISIONS

#### Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2018</b>			
Current provisions	180,297	134,200	314,497
Non-current provisions	0	60,039	60,039
	<u>180,297</u>	<u>194,239</u>	<u>374,536</u>
Additional provision	13,613	64,898	78,511
<b>Balance at 30 June 2019</b>	<u>193,910</u>	<u>259,137</u>	<u>453,047</u>
<b>Comprises</b>			
Current	193,910	229,139	423,049
Non-current	0	29,998	29,998
	<u>193,910</u>	<u>259,137</u>	<u>453,047</u>
<b>Amounts are expected to be settled on the following basis:</b>	<u>2019</u>	<u>2018</u>	
	\$	\$	
Less than 12 months after the reporting date	218,373	131,743	
More than 12 months from reporting date	234,674	242,793	
	<u>453,047</u>	<u>374,536</u>	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

#### 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.

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## 14. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	2,347,227	932,618	2,079,796

### Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	430,577	(1,710,247)	230,442
Non-cash flows in Net result:			
Depreciation	1,894,769	2,333,307	2,292,226
(Profit)/loss on sale of asset	(28,121)	953	(4,568)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	75,896	75,148	(17,388)
(Increase)/decrease in inventories	(2,309)	0	(582)
Increase/(decrease) in payables	(12,043)	211,265	(88,891)
Increase/(decrease) in provisions	78,511	0	(11,790)
Grants contributions for the development of assets	(1,138,684)	(1,082,772)	(1,254,154)
Net cash from operating activities	1,298,596	(172,346)	1,145,295

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## 15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	1,366,799	1,394,645
Law, order, public safety	949,459	996,816
Housing	47,310	48,655
Community amenities	146,890	164,534
Recreation and culture	8,918,027	9,000,801
Transport	105,572,990	104,470,602
Economic services	91,062	90,584
Other property and services	3,167,853	3,478,690
Unallocated	30,552,086	30,291,714
	<u>150,812,476</u>	<u>149,937,041</u>

## 16. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liabilities as at the reporting date.

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## 17. CAPITAL COMMITMENTS

	<u>2019</u>	<u>2018</u>
	\$	\$
<b>(a) Capital Expenditure Commitments</b>		
Contracted for:		
- capital expenditure projects	0	34,267
	<u>0</u>	<u>34,267</u>
Payable:		
- not later than one year	0	34,267

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## 18. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting Fees	72,805	72,280	72,246
President's allowance	10,000	10,000	9,926
Deputy President's allowance	2,500	2,500	2,500
Travelling expenses	3,880	4,000	3,839
Telecommunications allowance	375	400	384
	<u>89,560</u>	<u>89,180</u>	<u>88,895</u>

### Key Management Personnel (KMP) Compensation Disclosure

	2019 Actual	2018 Actual
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	705,594	624,526
Post-employment benefits	76,655	74,864
Other long-term benefits	14,809	14,449
	<u>797,058</u>	<u>713,839</u>

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

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## 18. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

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

The following transactions occurred with related parties:	2019 Actual \$	2018 Actual \$
Purchase of goods and services	17,150	20,087

### Related Parties

#### The Shire's main related parties are as follows:

##### *i. Key management personnel*

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

##### *ii. Other Related Parties*

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

##### *iii. Entities subject to significant influence by the Shire*

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

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19. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
	Balance <sup>(1)</sup>			Balance <sup>(1)</sup>			Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
Western Power funding Water Tank Nabawa Fire Shed/Assoc Volunteer Bush Fire Brigade of WA Inc	0	2,695	0	2,695	0	(2,695)	0
Department of Primary Industries and Regional Development Trainee Grant	0	0	0	0	30,000	0	30,000
<b>Community amenities</b>							
Govt and Communities	0	1,000	(1,000)	0	0	0	0
Stronger communities Federal Govt Grant Nanson Showgrounds Exhibition Hall and Sheet shed patio	0	0	0	0	10,909	(10,909)	0
Safer Communities Program Federal Govt CCTV package Nabawa Transfer Station and Mills Lookout	0	0	0	0	17,013	0	17,013
<b>Recreation and culture</b>							
MWDC Fit Out BHP/Midwest Development Commission	0	42,000	(42,000)	0	0	0	0
BHP Mural Wall / Community Arts Network	0	14,550	(3,628)	10,922	0	(10,922)	0
BHP Precinct /Stronger Communities Program	0	13,636	(13,636)	0	0	0	0
CV Tennis Club re-fencing/Community Chest Fund MWDC	0	18,730	(18,730)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>92,611</b>	<b>(78,994)</b>	<b>13,617</b>	<b>57,922</b>	<b>(24,526)</b>	<b>47,013</b>

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.



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## 20. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Back Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
<b>Differential general rate / general rate</b>										
<b>Gross rental valuations</b>										
GRV	0.007643	291	5,344,269	442,157	12,717	297	455,171	442,157	442,157	430,528
<b>Unimproved valuations</b>										
UV Rural	0.011105	410	175,525,895	1,971,105	466	39	1,971,610	1,971,105	1,971,105	1,873,944
UV Oakajee Industrial Estate Buffer Zone	0.021740	2	8,917,000	193,856	0	0	193,856	193,856	193,856	184,626
<b>Sub-Total</b>		703	189,787,164	2,607,118	13,183	336	2,620,637	2,607,118	2,607,118	2,489,098
<b>Minimum</b>										
<b>Minimum payment</b>	\$									
<b>Gross rental valuations</b>										
GRV	600	181	442,157	108,600	0	0	108,600	108,600	108,600	98,000
<b>Unimproved valuations</b>										
UV Rural	400	16	1,971,105	6,400	0	0	6,400	6,400	6,400	4,900
UV Oakajee Industrial Estate Buffer Zone	400	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>		197	2,413,262	115,000	0	0	115,000	115,000	115,000	102,900
<b>Total amount raised from general rate</b>		900	192,200,426	2,722,118	13,183	336	2,735,637	2,722,118	2,722,118	2,591,998
Rates paid in advance							7,744	(18,392)	(18,392)	(2,451)
<b>Totals</b>							2,743,381	2,703,726	2,703,726	2,589,547

### 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.

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20. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee		Discount	Discount	2019	2019	2018	Circumstances in which Discount is Granted
Discount Granted		%	\$	Actual	Budget	Actual	
Rates	General	100%	0	0	0	350	Council has granted a waiver of rates to the Yuna CWA for the 2018/2019 rating year on the basis it is a non-profit community organisation.
Administration charge on instalment	Instalment	100%	0	0	0	207	Council has granted a waiver of instalment charges (\$9) for any pensioner wishing to take advantage of making payment of current rates by instalments.
				0	0	557	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount	Discount	2019	2019	2018	Circumstances in which the Waiver or Concession is Granted
		%	\$	Actual	Budget	Actual	
Venue Hire; Photocopy, Charges & Private Works	Fee	100%	0	0	0	0	Council may grant a waiver to <b>community groups</b> who reside in the shire who wish to use the facilities in association with a community event.
Pool Inspections & Water Testing Charges	Fee	100%	0	0	0	122	Council will grant a waiver to Yuna Primary School for pool inspection and water testing at the Yuna Primary School pool under the condition the school has the pool open outside of school hours during summer.
Venue Hire Recreation Facilities	Fee	100%	0	0	0	480	Council will grant a waiver to Yuna and Nabawa Parents and Citizens Association for the use of recreation facilities within the Shire.
				0	0	602	

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Venue Hire; Photocopy, Charges & Private Works	Council may grant a waiver to <b>community groups</b> who reside in the shire who wish to use the facilities in association with a community event.	Council considers support of these groups necessary for the overall benefit of the community.	
Pool Inspections & Water Testing Charges	Council will grant a waiver to Yuna Primary School for pool inspection and water testing at the Yuna Primary School pool under the condition the school has the pool open outside of school hours during summer.	Council considers support of these groups necessary for the overall benefit of the community.	
Venue Hire Recreation Facilities	Council will grant a waiver to Yuna and Nabawa Parents and Citizens Association for the use of recreation facilities within the Shire.	Council considers support of these groups necessary for the overall benefit of the community.	

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## 20. RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single Payment in Full	6/09/2018	0.00	0.0%	11.0%
<b>Option Two</b>				
Two Instalment Payment	6/09/2018	0.00	0.0%	11.0%
	5/11/2018	9.00	5.5%	11.0%
<b>Option Three</b>				
Four Instalment Payment	6/09/2018	9.00	5.5%	11.0%
	5/11/2018	9.00	5.5%	11.0%
	4/01/2019	9.00	5.5%	11.0%
	5/03/2019	9.00	5.5%	11.0%
		<b>2019 Actual</b>	<b>2019 Budget</b>	<b>2018 Actual</b>
		\$	\$	\$
Interest on unpaid rates		16,351	12,500	17,721
Interest on instalment plan		8,056	7,000	7,176
Charges on instalment plan		5,310	5,000	5,299
		29,717	24,500	30,196

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## 21. RATE SETTING STATEMENT INFORMATION

	2018/19 (30 June 2019 Carried Forward)	2018/19 Budget (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
<p>The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i>.</p>			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	9(a) (30,102)	(20,285)	(77,062)
Movement in pensioner deferred rates (non-current)	(123)	0	992
Movement in employee benefit provisions (non-current)	(30,041)	0	(11,790)
Add: Loss on disposal of assets	9(a) 1,981	21,238	72,494
Add: Depreciation on assets	9(b) 1,894,769	2,333,307	2,292,226
<b>Non cash amounts excluded from operating activities</b>	<b>1,836,484</b>	<b>2,334,260</b>	<b>2,276,860</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
<p>The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.</p>			
<b>Adjustments to net current assets</b>			
Less: Reserves - restricted cash	3 (832,617)	(632,437)	(786,850)
Less: Rates Legal Fees	(25)	(76)	(76)
Add: Borrowings	12(a) 68,626	99,136	99,136
Add: Current liabilities not expected to be cleared at end of year	314,497	333,262	314,497
Add: Rates Legal Fees	24	76	76
<b>Total adjustments to net current assets</b>	<b>(449,495)</b>	<b>(200,040)</b>	<b>(373,217)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	2,453,825	1,036,789	2,260,105
Less: Total current liabilities	(584,944)	(836,749)	(518,946)
Less: Total adjustments to net current assets	(449,495)	(200,040)	(373,217)
<b>Net current assets used in the Rate Setting Statement</b>	<b>1,419,386</b>	<b>0</b>	<b>1,367,942</b>

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## 22. FINANCIAL RISK MANAGEMENT

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

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

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

### (a) Interest rate risk

#### Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	0.15%	2,347,227	0	2,347,227	0
<b>2018</b>					
Cash and cash equivalents	0.40%	2,079,796	0	2,079,796	0

#### Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	23,472	20,798

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 12(b).

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## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### Trade Receivables

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

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

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

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

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

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	45,355	14,147	9,001	21,022	89,525
Loss Allowance	0	0	0	0	
<b>01 July 2018</b>					
Rates receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	17,721	37,869	12,659	30,018	98,267
Loss Allowance	0	0	0	0	

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Expected Credit Loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	7,633	132	0	631	8,396
Loss Allowance	0	0	0	0	
<b>01 July 2018</b>					
Sundry Receivables					
Expected Credit Loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	69,427	543	0	6,857	76,827
Loss Allowance	0	0	0	0	

## 22. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 12(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	107,815	0	0	107,815	93,269
Borrowings	72,628	90,995	0	163,623	156,747
	180,443	90,995	0	271,438	250,016
<b>2018</b>					
Payables	105,313	0	0	105,313	105,313
Borrowings	106,096	163,623	0	269,719	255,883
	211,409	163,623	0	375,032	361,196

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### 23. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2018	Amounts Received	Amounts Paid	30 June 2019
	\$	\$	\$	\$
Bonds - Hall Hire	2,960	17,990	(17,460)	3,490
Post Office Deposit	1,390	376	(304)	1,462
Contributions from Sub Divider	338,212	177,071	(161,953)	353,330
CTF Levy	1,666	8,888	(10,278)	276
Building Commission	1,358	8,014	(8,750)	623
Refundable Deposit	15,610	1,100	(10,620)	6,090
Unclaimed Monies	250	0	0	250
Standpipe Card Bond	100	0	0	100
	<u>361,547</u>	<u>213,439</u>	<u>(209,365)</u>	<u>365,621</u>



## 24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire of Chapman Valley did not have any events occur after the end of the reporting period.

## 25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

### AASB 9 Financial instruments

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

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

#### (a) Classification and measurement

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

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

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

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

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

#### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire did not recognise an additional impairment on the shires Trade receivables which resulted in a nil impact on surplus/deficit as at 1 July 2018.

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## 26. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

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

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

### (a) Revenue from Contracts with Customers

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

	AASB 118 carrying amount		AASB 15 carrying amount
Note	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
<b>Contract liabilities - current</b>			
Unspent grants, contributions and reimbursements	0	47,013	47,013
Adjustment to retained surplus from adoption of AASB 15	26(d)	(47,013)	

### (b) Leases

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

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 3.50%.

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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

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

### (c) Income For Not-For-Profit Entities

The City will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount		AASB 1058 carrying amount	
	Note	30 June 2019	Reclassification	01 July 2019
		\$	\$	\$
Trade and other payables		93,269	7,744	101,013
Adjustment to retained surplus from adoption of AASB 1058	26(d)		(7,744)	

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

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

### (d) Impact of changes to Retained Surplus

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

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			31,384,647
Adjustment to retained surplus from adoption of AASB 15	26(a)	(47,013)	0
Adjustment to retained surplus from adoption of AASB 1058	26(c)	(7,744)	(54,757)
Retained surplus - 01 July 2019			31,329,890

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

**27. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

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

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

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**i) Impairment of assets**

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

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

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

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

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

**28. ACTIVITIES/PROGRAMS**

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

**PROGRAM NAME AND OBJECTIVES**  
**GOVERNANCE**

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

**ACTIVITIES**

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of services.

Revenue from rates levied, interest and fees on instalment arrangements and arrears, government subsidy for entitled pensioners and rates deferred, less discounts and concessions relating to rates levied. Expenditures incurred in administration and maintaining rate records, rating valuations, serving notices, postage, stationery, advertising, debt collection, printing, indirect administration costs etc. Income receivable from the WA Grants Commission and any other Government Grant of a general purpose nature. Interest earnings from deposits and investments, including reserve accounts. General overdraft expenses.

**LAW, ORDER, PUBLIC SAFETY**

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

Administration and operations on fire prevention services, including volunteer fire brigades, outlays on roadside clearing operations and other protective burning. Revenues include fines and penalties imposed under relevant Acts and fines, fees or charges for clearing fire breaks. Administration enforcement and operations relating to the control of animals. Costs of impounding, destroying and disposal of stray animals. Revenues include dog registration fees, fines and penalties relating to straying animals, impounding and destruction fees. Ranger's expenses are collected here and apportioned throughout the various programs to which they relate.

**HEALTH**

To provide an operational framework for environmental and community health.

Food quality and pest control, inspections of eating houses, lodging and boarding houses, itinerant food vendors, offensive trade, and any other outlays concerned with general health inspections and administration services provided by the Council.

**EDUCATION AND WELFARE**

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

Operation, improvements and maintenance of pre-school facilities; assistance to playgroups and other voluntary services. Annual awards and prizes to Nabawa and Yuna Primary Schools.

**HOUSING**

To provide and maintain elderly residents housing.

Collection of revenue and expenditure in respect of the administration and operation of residential housing for council staff. The expenditure is reallocated to the relevant programmes using staff duties as a basis.

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

**28. ACTIVITIES/PROGRAMS (Continued)**

**COMMUNITY AMENITIES**

To provide services required by the community.

Administration and operation of domestic refuse collection and disposal services, including delivery to a regional disposal site. Provision and maintenance of rubbish disposal sites. Collection and disposal of public litter bins, special rubbish clean ups, special litter enforcement and control. Includes administration and operation of foreshore protection project. Administration and operation of town planning and regional development services. These include planning control, the preparation of town planning development schemes, zoning and rezoning. Costs associated with resumption of land for recreational purposes. Accommodating a Natural Resource Management Officer to assist community groups and landowners.

**RECREATION AND CULTURE**

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

Maintenance of public halls, civic centres, aquatic centre, beaches. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

**TRANSPORT**

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

Construction and maintenance of streets, roads, bridges; cleaning and lighting of streets and maintenance of depots. Purchase of plant used predominantly for the construction and maintenance of streets, roads, bridges etc. Operations relating to the licensing or regulating of traffic under the control of the local government.

**ECONOMIC SERVICES**

To help promote the shire and its economic wellbeing.

Attempt to control and contain weeds and vermin. The development, promotion, support etc. of tourism and area promotion to cater for tourists. Administration, inspection and operations concerned with application of the building standards including examination, processing and inspections services.

**OTHER PROPERTY AND SERVICES**

To monitor and control Shire's overheads operating accounts.

Administration, inspection, and operation of work carried out on property or services not under the care, control and management of the Council. These include road works on private property. Public Works Overheads - Overheads incurred as the result of the use of direct labour, which is subsequently apportioned to the appropriate works and services absorbing the total expenditure. Includes expenditure incurred in the maintenance and operation of plant, Council's hire rate absorbing the total expenditure of plant running costs and usage. The total salaries and wages incurred during the year is recorded here and allocated over the various works and services to which it relates.

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

## 29. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	3.35	3.61	3.70
Asset consumption ratio	0.84	0.84	0.80
Asset renewal funding ratio	1.00	1.07	1.08
Asset sustainability ratio	1.00	0.96	1.41
Debt service cover ratio	11.18	110.89	28.35
Operating surplus ratio	(0.22)	(0.33)	(0.12)
Own source revenue coverage ratio	0.58	0.52	0.57

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



# MOORE STEPHENS

## INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF CHAPMAN VALLEY

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## REPORT ON THE AUDIT OF THE FINANCIAL REPORT

### Opinion

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

In our opinion, the financial report of the Shire of Chapman Valley:

- i. is based on proper accounts and reports; and
- ii. fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### Basis for Opinion

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

### Emphasis of Matter – Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. 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. Our opinion is not modified in respect of this matter.

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

The Chief Executive Officer (CEO) of the Shire 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF  
THE SHIRE OF CHAPMAN VALLEY (CONTINUED)**

**REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)**

**Auditor's Responsibilities for the Audit of the Financial Report**

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

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

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

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

# MOORE STEPHENS

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## INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF CHAPMAN VALLEY (CONTINUED)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) In our opinion, the following matters indicate a significant adverse trend in the financial position of the Shire:
  - i. The Operating Surplus Ratio has been below the DLGSCI standard for all 3 years reported in the annual financial report.
- b) All required information and explanations were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In our opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

### MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT

This auditor's report relates to the annual financial report of the Shire of Chapman Valley for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the 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.



GREG GODWIN  
PARTNER

MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth this 25<sup>th</sup> day of November 2019.

# MOORE STEPHENS

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25 November 2019

The Shire President  
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Dear Cr Farrell

## MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2019

We advise that we have completed our audit procedures for the year ended 30 June 2019.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

We noted the following matters we wish to draw to your attention:

### Trust Funds

We noted the Shire held bonds and deposits and other monies in the Trust account.

Based on the Western Australia Office of the Auditor General's position paper 1, issued on 1 July 2019, unless agreements between developers/hirers and the entity/Shire require bond moneys to be held in the Trust Fund, they should not be held in the Trust Fund.

We recommend the Shire review the monies held in Trust and where no specific agreement is in place for monies to be held in the Trust Fund, these monies should be transferred to the Municipal Fund. Separate accounting records should be maintained for those monies, to ensure they are used for the correct purpose.

We take this opportunity to thank the Shire for their assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



Greg Godwin  
Partner

[Moore Stephens](http://www.moorestephens.com.au)

Encl.