

SHIRE OF BOYUP BROOK

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

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COMMUNITY VISION

A place for people, with a sense of community, one that is active, vibrant, engaged and connected.

A place that is safe and secure.

A place that nurtures its youth and aging population; and retains its health and medical services.

A place that grows and has employment opportunities through commercial diversity, which is based on our competitive advantage

Principal place of business:
55 Abel Street
BOYUP BROOK WA 6244

**SHIRE OF BOYUP BROOK
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 Boyup Brook 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 Boyup Brook 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 Twenty Seventh day of November 2019



Chief Executive Officer

CHRISTOPHER VICTOR SMITH

Name of Chief Executive Officer

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	21(a)	2,761,412	2,765,796	2,670,517
Operating grants, subsidies and contributions	2(a)	2,000,398	1,112,205	1,600,404
Fees and charges	2(a)	1,480,536	1,482,840	1,433,495
Interest earnings	2(a)	90,086	76,540	75,399
Other revenue	2(a)	72,271	77,754	91,156
		6,404,703	5,515,135	5,870,971
Expenses				
Employee costs		(2,948,741)	(2,806,605)	(2,652,663)
Materials and contracts		(1,285,973)	(1,661,475)	(1,016,497)
Utility charges		(176,093)	(170,500)	(167,672)
Depreciation on non-current assets	10(c)	(3,560,398)	(3,093,305)	(3,147,290)
Interest expenses	2(b)	(25,313)	(22,640)	(28,462)
Insurance expenses		(175,655)	(175,960)	(166,934)
Other expenditure		(199,825)	(261,815)	(246,719)
		(8,371,998)	(8,192,300)	(7,426,237)
		(1,967,295)	(2,677,165)	(1,555,266)
Non-operating grants, subsidies and contributions	2(a)	1,103,348	1,966,015	9,476,648
(Loss) on asset disposals	10(a)	(140,063)	(16,040)	(88,791)
Fair value adjustments to financial assets at fair value through profit or loss	7	70,068	0	0
		1,033,353	1,949,975	9,387,857
Net result for the period		(933,942)	(727,190)	7,832,591
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	85,505	0	(58,362,486)
Total other comprehensive income for the period		85,505	0	(58,362,486)
Total comprehensive income for the period		(848,437)	(727,190)	(50,529,895)

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

SHIRE OF BOYUP BROOK
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue			
Governance	2,374	500	270
General purpose funding	4,467,281	3,498,675	3,980,141
Law, order, public safety	219,854	374,175	293,324
Health	865,776	859,370	977,545
Education and welfare	131,987	122,930	7,589
Housing	86,996	92,500	71,282
Community amenities	210,824	210,030	205,044
Recreation and culture	55,457	46,450	43,567
Transport	184,066	129,235	123,545
Economic services	113,920	116,025	102,358
Other property and services	66,168	65,245	66,306
	6,404,703	5,515,135	5,870,971
Expenses			
Governance	(341,777)	(357,815)	(300,857)
General purpose funding	(134,624)	(128,995)	(111,445)
Law, order, public safety	(419,078)	(647,185)	(438,120)
Health	(1,315,456)	(1,197,140)	(1,164,022)
Education and welfare	(221,943)	(225,755)	(87,149)
Housing	(127,864)	(125,255)	(128,550)
Community amenities	(339,015)	(362,685)	(324,287)
Recreation and culture	(1,099,654)	(925,060)	(793,171)
Transport	(3,580,591)	(3,687,705)	(3,497,054)
Economic services	(497,095)	(429,855)	(446,631)
Other property and services	(269,588)	(82,210)	(106,489)
	(8,346,685)	(8,169,660)	(7,397,775)
Finance Costs	2(b)		
Education and welfare	(15,633)	(14,095)	(16,361)
Housing	(3,304)	(2,770)	(3,648)
Community amenities	(414)	(525)	(628)
Recreation and culture	(5,962)	(4,700)	(6,593)
Economic services	0	(80)	(259)
Other property and services	0	(470)	(973)
	(25,313)	(22,640)	(28,462)
	(1,967,295)	(2,677,165)	(1,555,266)
Non-operating grants, subsidies and contributions	2(a)	1,103,348	1,966,015
(Loss) on disposal of assets	10(a)	(140,063)	(16,040)
Fair value adjustments to financial assets at fair value through profit or loss	7	70,068	0
	1,033,353	1,949,975	9,387,857
Net result for the period		(933,942)	(727,190)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	11	85,505	0
			(58,362,486)
Total other comprehensive income for the period		85,505	0
Total comprehensive income for the period		(848,437)	(50,529,895)

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

SHIRE OF BOYUP BROOK
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019	2018
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	3,362,018	3,112,018
Trade receivables	5	438,829	323,784
Inventories	6	28,517	6,109
TOTAL CURRENT ASSETS		3,829,364	3,441,911
NON-CURRENT ASSETS			
Trade receivables	5	8,552	0
Other financial assets	7(a)	70,068	0
Property, plant and equipment	8	15,425,724	15,942,219
Infrastructure	9	111,216,989	111,980,398
TOTAL NON-CURRENT ASSETS		126,721,333	127,922,619
TOTAL ASSETS		130,550,697	131,364,530
CURRENT LIABILITIES			
Trade and other payables	12	448,004	262,879
Borrowings	13(a)	39,432	53,078
Employee related provisions	14	566,493	692,679
TOTAL CURRENT LIABILITIES		1,053,929	1,008,636
NON-CURRENT LIABILITIES			
Borrowings	13(a)	433,167	472,599
Employee related provisions	14	71,000	42,257
TOTAL NON-CURRENT LIABILITIES		504,167	514,856
TOTAL LIABILITIES		1,558,096	1,523,492
NET ASSETS		128,992,601	129,841,038
EQUITY			
Retained surplus		57,799,168	58,692,760
Reserves - cash backed	4	2,917,779	2,958,129
Revaluation surplus	11	68,275,654	68,190,149
TOTAL EQUITY		128,992,601	129,841,038

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

SHIRE OF BOYUP BROOK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

		RETAINED	RESERVES	REVALUATION	TOTAL
	NOTE	SURPLUS	CASH BACKED	SURPLUS	EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		52,179,042	1,639,256	126,552,635	180,370,933
Comprehensive income					
Net result for the period		7,832,591	0	0	7,832,591
Other comprehensive income	11	0	0	(58,362,486)	(58,362,486)
Total comprehensive income		7,832,591	0	(58,362,486)	(50,529,895)
Transfers from/(to) reserves	4	(1,318,873)	1,318,873	0	0
Balance as at 30 June 2018		58,692,760	2,958,129	68,190,149	129,841,038
Comprehensive income					
Net result for the period		(933,942)	0	0	(933,942)
Other comprehensive income	11	0	0	85,505	85,505
Total comprehensive income		(933,942)	0	85,505	(848,437)
Transfers from/(to) reserves	4	40,350	(40,350)	0	0
Balance as at 30 June 2019		57,799,168	2,917,779	68,275,654	128,992,601

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

SHIRE OF BOYUP BROOK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,683,846	2,770,796	2,638,451
Operating grants, subsidies and contributions		1,938,272	1,231,225	1,587,794
Fees and charges		1,480,536	1,482,840	1,433,495
Interest received		89,555	76,540	75,399
Goods and services tax received		(39,008)	58,335	(29,589)
Other revenue		72,271	77,755	91,154
		6,225,472	5,697,491	5,796,704
Payments				
Employee costs		(2,887,722)	(2,831,480)	(2,564,181)
Materials and contracts		(1,329,996)	(1,699,965)	(1,198,227)
Utility charges		(176,093)	(170,500)	(167,672)
Interest expenses		(8,970)	(26,470)	(28,180)
Insurance paid		(175,655)	(175,960)	(166,934)
Goods and services tax paid		41,566	0	0
Other expenditure		(153,820)	(261,815)	(246,719)
		(4,690,690)	(5,166,190)	(4,371,913)
Net cash provided by (used in) operating activities	15	1,534,782	531,301	1,424,791
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of				
property, plant & equipment	8(a)	(315,316)	(3,267,135)	(979,331)
Payments for construction of infrastructure	9(a)	(2,127,781)	(1,989,760)	(10,196,286)
Non-operating grants, subsidies and contributions	2(a)	1,103,348	1,966,015	9,476,648
Proceeds from sale of property, plant & equipment	10(a)	108,045	580,000	254,360
Net cash provided by (used in) investment activities		(1,231,704)	(2,710,880)	(1,444,610)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(53,078)	(53,185)	(38,939)
Proceeds from new borrowings	13(b)	0	350,000	0
Net cash provided by (used in) financing activities		(53,078)	296,815	(38,939)
Net increase (decrease) in cash held		250,000	(1,882,764)	(58,758)
Cash at beginning of year	3	3,112,018	3,044,125	3,170,776
Cash and cash equivalents at the end of the year	3, 15	3,362,018	1,161,360	3,112,018

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

SHIRE OF BOYUP BROOK
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	22 (b)	260,714	301,962	1,708,032
		260,714	301,962	1,708,032
Revenue from operating activities (excluding rates)				
Governance		2,374	500	270
General purpose funding		1,706,919	732,879	1,309,624
Law, order, public safety		219,854	374,175	293,324
Health		865,776	859,370	977,545
Education and welfare		131,987	122,930	7,589
Housing		86,996	92,500	71,282
Community amenities		210,824	210,030	205,044
Recreation and culture		55,457	46,450	43,567
Transport		184,066	129,235	123,545
Economic services		113,920	116,025	102,358
Other property and services		136,236	65,245	66,306
		3,714,409	2,749,339	3,200,454
Expenditure from operating activities				
Governance		(380,509)	(362,965)	(300,857)
General purpose funding		(134,624)	(128,995)	(111,445)
Law, order, public safety		(419,170)	(649,825)	(438,120)
Health		(1,340,762)	(1,201,465)	(1,164,022)
Education and welfare		(238,021)	(239,850)	(103,510)
Housing		(131,168)	(128,025)	(132,198)
Community amenities		(339,429)	(363,210)	(324,915)
Recreation and culture		(1,128,775)	(930,010)	(799,764)
Transport		(3,624,716)	(3,691,380)	(3,582,055)
Economic services		(497,806)	(429,935)	(446,890)
Other property and services		(277,081)	(82,680)	(111,255)
		(8,512,061)	(8,208,340)	(7,515,031)
Non-cash amounts excluded from operating activities	22(a)	3,460,637	3,055,780	2,999,163
Amount attributable to operating activities		(1,076,301)	(2,101,259)	392,618
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,103,348	1,966,015	9,476,648
Proceeds from disposal of assets	10(a)	108,045	580,000	254,360
Purchase of property, plant and equipment	8(a)	(315,316)	(3,267,135)	(979,331)
Purchase and construction of infrastructure	9(a)	(2,127,781)	(1,989,760)	(10,196,286)
Amount attributable to investing activities		(1,231,704)	(2,710,880)	(1,444,609)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(53,078)	(53,185)	(38,939)
Proceeds from borrowings	13(c)	0	350,000	0
Transfers to reserves (restricted assets)	4	(1,163,075)	(1,069,475)	(2,077,870)
Transfers from reserves (restricted assets)	4	1,203,425	2,879,535	758,997
Amount attributable to financing activities		(12,728)	2,106,875	(1,357,812)
Surplus/(deficit) before imposition of general rates		(2,320,733)	(2,705,264)	(2,409,803)
Total amount raised from general rates	21(a)	2,760,362	2,765,796	2,670,517
Surplus/(deficit) after imposition of general rates	22(b)	439,629	60,532	260,714

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

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 24 to these financial statements.

SHIRE OF BOYUP BROOK
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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	2,374	150	0
General purpose funding	1,590,379	631,980	1,216,445
Law, order, public safety	212,934	361,560	271,020
Health	3,000	0	0
Education and welfare	8,109	7,930	7,588
Housing	1,298	1,010	1,351
Recreation and culture	12,096	150	91
Transport	149,773	92,150	87,645
Economic services	14,186	5,805	5,535
Other property and services	6,249	11,470	10,729
	2,000,398	1,112,205	1,600,404
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	335,000	0
Education and welfare	13,273	0	0
Recreation and culture	9,900	535,000	71,100
Transport	1,080,175	1,096,015	9,405,548
	1,103,348	1,966,015	9,476,648
Total grants, subsidies and contributions	3,103,746	3,078,220	11,077,052

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 over a period

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
Significant revenue			
Federal Assistance Grants - 50% Advance payment	832,330	0	641,600
Other revenue			
Other	72,271	77,754	91,156
	72,271	77,754	91,156
Fees and Charges			
Governance	0	350	270
General purpose funding	25,425	25,290	17,781
Law, order, public safety	6,244	11,295	19,370
Health	862,776	859,365	977,545
Education and welfare	123,857	115,000	0
Housing	85,698	91,490	69,933
Community amenities	205,924	202,475	195,509
Recreation and culture	43,359	46,295	44,180
Transport	5,749	4,335	4,055
Economic services	99,734	110,225	96,823
Other property and services	21,770	16,720	8,029
	1,480,536	1,482,840	1,433,495
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	38,845	28,250	29,455
Rates instalment and penalty interest (refer Note 21(c))	28,462	24,050	24,907
Other interest earnings	22,779	24,240	21,037
	90,086	76,540	75,399

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (Continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	22,750	18,750	16,300
- Other services	0	1,250	0
	22,750	20,000	16,300
Interest expenses (finance costs)			
Borrowings (refer Note 13(b))	25,313	26,470	28,179
	25,313	26,470	28,179
Rental charges			
- Operating leases	2,570	0	7,269
	2,570	0	7,269

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		3,362,018	3,112,018
		3,362,018	3,112,018
Comprises:			
- Unrestricted cash and cash equivalents		343,307	125,274
- Restricted cash and cash equivalents		3,018,711	2,986,744
		3,362,018	3,112,018
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Reserves cash backed - Leave Reserve	4	120	49,246
Reserves cash backed - Plant	4	325,626	219,701
Reserves cash backed - Building	4	699,515	740,589
Reserves cash backed - Community Housing	4	79,265	93,950
Reserves cash backed - Emergency	4	12,226	12,011
Reserves cash backed - Insurance Claim	4	14,899	14,639
Reserves cash backed - Other Recreation	4	49,529	77,764
Reserves cash backed - Commercial	4	442,415	514,499
Reserves cash backed - Bridges	4	152	147
Reserves cash backed - Swimming Pool	4	0	118,975
Reserves cash backed - Aged Accommodation	4	378,014	374,568
Reserves cash backed - Road Contributions	4	28,028	27,540
Reserves cash backed - IT/Office Equipment	4	39,105	38,425
Reserves cash backed - Civic Receptions	4	16,435	13,075
Reserves cash backed - Unspent Grants	4	832,330	655,020
Reserves cash backed - Unspent Community Grants	4	120	7,980
	4	2,917,779	2,958,129
Other restricted cash and cash equivalents			
Unspent grants/contributions	20	54,926	28,615
Bonds and deposits held	12,24	46,006	0
Total restricted cash and cash equivalents		3,018,711	2,986,744

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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk.

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

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

4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	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) Reserves cash backed - Leave Reserve	\$ 49,246	\$ 875	\$ (50,001)	\$ 120	\$ 49,245	\$ 470	\$ 0	\$ 48,377	\$ 869	\$ 0	\$ 49,246
(b) Reserves cash backed - Plant	219,701	248,795	(142,870)	325,626	219,700	347,000	176,900	482,961	347,000	(610,260)	219,701
(c) Reserves cash backed - Building	740,589	13,136	(54,210)	699,515	740,588	632,075	398,163	17,680	768,205	(45,296)	740,589
(d) Reserves cash backed - Community Housing	93,950	28,000	(42,885)	79,265	93,950	33,825	90,250	75,194	36,191	(17,435)	93,950
(e) Reserves cash backed - Emergency	12,011	215	0	12,226	12,010	115	0	11,799	212	0	12,011
(f) Reserves cash backed - Insurance Claim	14,639	260	0	14,899	14,640	140	0	14,381	258	0	14,639
(g) Reserves cash backed - Other Recreation	77,764	1,221	(29,456)	49,529	77,765	745	(12,065)	76,395	2,469	(1,100)	77,764
(h) Reserves cash backed - Commercial	514,499	8,280	(80,364)	442,415	514,500	4,915	(225,855)	489,932	105,811	(61,244)	514,499
(i) Reserves cash backed - Bridges	147	5	0	152	155	0	0	145	2	0	147
(j) Reserves cash backed - Swimming Pool	118,975	1,110	(120,085)	0	118,975	1,135	(120,085)	32,000	88,575	(1,600)	118,975
(k) Reserves cash backed - Aged Accommodation	374,568	6,646	(3,200)	378,014	374,575	3,575	(378,080)	368,590	6,618	(640)	374,568
(l) Reserves cash backed - Road Contributions	27,540	480	(2)	28,028	27,540	265	0	27,052	488	0	27,540
(m) Reserves cash backed - IT/Office Equipment	38,425	18,210	(17,530)	39,105	38,425	33,885	(72,300)	9,750	50,097	(21,422)	38,425
(n) Reserves cash backed - Civic Receptions	13,075	3,360	0	16,435	13,075	5,000	0	5,000	8,075	0	13,075
(o) Reserves cash backed - Unspent Grants	655,020	832,330	(655,020)	832,330	655,020	6,255	(661,275)	0	0	0	655,020
(p) Reserves cash backed - Unspent Community Grants	7,980	142	(8,002)	120	7,980	75	(8,050)	0	7,980	0	7,980
	2,958,129	1,163,075	(1,203,425)	2,917,779	2,958,143	1,069,475	(2,879,535)	1,639,256	2,077,870	(758,997)	2,958,129

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) Reserves cash backed - Leave Reserve	Ongoing	- to be used to fund annual, long service leave and redundancy requirements.
(b) Reserves cash backed - Plant	Ongoing	- to be used for the purchase of plant items, including graders, trucks, utes, sedans, rollers etc.
(c) Reserves cash backed - Building	Ongoing	- to be used to fund maintenance of the Homewest Housing Units in Forrest & Proctor Streets.
(d) Reserves cash backed - Community Housing	Ongoing	- to be used to fund emergency situations outside working hours for example trees on roads, major
(e) Reserves cash backed - Emergency	Ongoing	- to be used to fund the excess on certain insurance claims.
(f) Reserves cash backed - Insurance Claim	Ongoing	- to be used to fund improvements to the recreation facilities and grounds.
(g) Reserves cash backed - Other Recreation	Ongoing	- to be used to fund future economic development, enhancement & promotion of the district.
(h) Reserves cash backed - Commercial	Ongoing	- to be used to fund future requirements of bridge works.
(i) Reserves cash backed - Bridges	Ongoing	- to be used to fund major improvements/maintenance projects to the swimming pool.
(j) Reserves cash backed - Swimming Pool	Ongoing	- to be used to fund future maintenance of shire owned buildings, including heritage buildings.
(k) Reserves cash backed - Aged Accommodation	Ongoing	- to be used to fund future requirements of aged accommodation.
(l) Reserves cash backed - Road Contributions	Ongoing	- to set aside contributions from developers.
(m) Reserves cash backed - IT/Office Equipment	Ongoing	- to be used to fund future IT requirements.
(n) Reserves cash backed - Civic Receptions	Ongoing	- to quarantine unspent 'Refreshments and Receptions' budgets to fund future receptions needs.
(o) Reserves cash backed - Unspent Grants	Ongoing	- to quarantine forward grant payments e.g. Federal Assistance Grants, to fund expenses incurred in the intended year.
(p) Reserves cash backed - Unspent Community Grants	Ongoing	- for the purpose of holding unallocated/spent community donation/MOU budgets (2% of annual rates), to fund extraordinary community donations or MOUs.

5. TRADE RECEIVABLES

Current

Rates receivable
Sundry receivables
GST receivable
Prepaid expenses

Non-current

Pensioner's rates and ESL deferred

2019	2018
\$	\$
165,124	126,308
156,984	95,846
116,190	77,181
531	24,449
438,829	323,784
8,552	0
8,552	0

Rates outstanding aged analysis

Current

More than 1 year past due
More than 2 years past due
More than 3 years past due

1,841	1,546
120,566	89,633
21,244	17,448
30,025	17,681
173,676	126,308

Sundry debtor aged analysis

Current

More than 30 days past due
More than 60 days past due
More than 90 days past due

115,840	52,338
31,952	23,879
0	505
9,192	19,124
156,984	95,846

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 23.

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.

6. INVENTORIES

Current

Fuel and materials

2019	2018
\$	\$
28,517	6,109
28,517	6,109
Carrying amount at 1 July	6,109
Inventories expensed during the year	(161,165)
Additions to inventory	183,573
Carrying amount at 30 June	28,517

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

Carrying amount at 30 June

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.

7. OTHER FINANCIAL ASSETS

(a) Non-current assets

Local government house unit trust

2019	2018
\$	\$
70,068	0
70,068	0

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

- *Unlisted equity investments*

Local government house unit trust

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

SHIRE OF BOYUP BROOK
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9. 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	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks & ovals	Infrastructure - Bridges	Infrastructure - Other	Infrastructure - Recreation	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	109,347,134	265,304	41,117,289	257,510	9,625,248	454,046	1,650,279	162,716,810
Additions	1,639,829	3,043	42,261	0	8,477,494	30,961	2,698	10,196,286
Revaluation increments / (decrements) transferred to revaluation surplus	(33,748,953)	875,364	(29,909,713)	332,833	636,915	3,194,744	256,325	(58,362,485)
Depreciation (expense)	(1,644,020)	(7,150)	(554,890)	(25,243)	(179,157)	(14,951)	(72,002)	(2,497,413)
Transfers	0	0	0	0	0	(72,800)	0	(72,800)
Carrying amount at 30 June 2018	75,593,990	1,136,561	10,694,947	565,100	18,560,500	3,592,000	1,837,300	111,980,398
Comprises:								
Gross carrying amount at 30 June 2018	90,526,914	1,367,885	18,031,443	1,337,600	49,384,000	6,974,400	3,989,800	171,612,042
Accumulated depreciation at 30 June 2018	(14,932,924)	(231,324)	(7,336,496)	(772,500)	(30,823,500)	(3,382,400)	(2,152,500)	(59,631,644)
Carrying amount at 30 June 2018	75,593,990	1,136,561	10,694,947	565,100	18,560,500	3,592,000	1,837,300	111,980,398
Additions	1,430,311	0	232,365	0	239,775	68,239	157,091	2,127,781
Depreciation (expense)	(1,521,726)	(17,235)	(272,060)	(49,968)	(645,727)	(216,193)	(168,281)	(2,891,190)
Carrying amount at 30 June 2019	75,502,575	1,119,326	10,655,252	515,132	18,154,548	3,444,046	1,826,110	111,216,989
Comprises:								
Gross carrying amount at 30 June 2019	91,957,226	1,367,885	18,263,808	1,337,600	49,623,775	7,042,639	4,146,892	173,739,825
Accumulated depreciation at 30 June 2019	(16,454,651)	(248,559)	(7,608,556)	(822,468)	(31,469,227)	(3,598,593)	(2,320,782)	(62,522,836)
Carrying amount at 30 June 2019	75,502,575	1,119,326	10,655,252	515,132	18,154,548	3,444,046	1,826,110	111,216,989

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Parks & ovals	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Bridges	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Other	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life
Infrastructure - Recreation	Level 3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Current replacement costs, condition assessments, depreciated values, residual values and remaining estimated useful life

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.

9. 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.

SHIRE OF BOYUP BROOK
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10. 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
Buildings	\$ 0	\$ 0	\$ 0	\$ 0	450,000	450,000	0	0	0	0	0	0
Furniture and equipment	73,217	0	0	(73,217)	0	0	0	0	0	0	0	0
Plant and equipment	174,891	108,045	0	(66,846)	146,040	130,000	0	(16,040)	343,151	254,360	0	(88,791)
	248,108	108,045	0	(140,063)	596,040	580,000	0	(16,040)	343,151	254,360	0	(88,791)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and Equipment				
Governance				
Toyota Prado VX	48,360	48,182	0	(178)
Toyota Prado Additions	2,200	0	0	(2,200)
Health				
Honda Odyssey	24,232	18,182	0	(6,050)
Recreation and culture				
Pole Pruner - Stihl HT-KM	966	0	0	(966)
Refurbish the Pool Chlorination Pump and System	718	0	0	(718)
Chlorine Washdown Facility	735	0	0	(735)
Dolphin Wave 100 Cleaner (PRO x 2)	2,424	0	0	(2,424)
Pool iCleaner & Remote	1,315	0	0	(1,315)
Dinbloc 5.5kw Pool Pump	3,185	0	0	(3,185)
Resuscitatoroxy SOK complete with oxygen cylinder	127	0	0	(127)
Minor Plant - Workshop - Howard Pro-cut Rollamower	1,414	0	0	(1,414)
Minor Plant - Workshop - Turf-Tec Renovator (3PL)	2,467	0	0	(2,467)
Minor Plant - Workshop - Turf-TEC Power Brook for Grass Clipping (3PL)	2,724	0	0	(2,724)
Minor Plant - Workshop - Wide Area Vacuum (2010)	1,079	0	0	(1,079)
Transport				
Triton utility	4,759	2,727	0	(2,032)
Ford Ranger Crew Cab	7,117	4,182	0	(2,935)
Cat 225 Excavator	13,991	11,136	0	(2,855)
Toyota Hilux	30,106	23,636	0	(6,470)
Stihl TS420 Quick Cut Saw & Trolley	1,084	0	0	(1,084)
Husqvarna Chainsaws x 2	1,149	0	0	(1,149)
Stihl Brushcutter & Blower	1,024	0	0	(1,024)
Shire Two Way Radio Network	2,321	0	0	(2,321)
Heavy Duty Box Trailer 6x4 for Bomag Roller P215	2,351	0	0	(2,351)
Portable Toilet Merlin Executive	1,858	0	0	(1,858)
Walk Behind Lawn Mower	854	0	0	(854)
Honda EU22 Generator	1,556	0	0	(1,556)
Stihl MS661 Chainsaw	1,462	0	0	(1,462)
Hex Demolition (Jack) Hammer	906	0	0	(906)
Minor Plant - Workshop - Pump fittings and stand	1,542	0	0	(1,542)
Minor Plant - Workshop - 100000ltr Steel Water Tank pump and fittings	3,855	0	0	(3,855)
Minor Plant - Workshop - Berends HD 200 Slasher	926	0	0	(926)
Chainsaw - Husqvarna 395 XP	681	0	0	(681)
Post Hole Digger - Husqvarna	592	0	0	(592)
Davey 2 Poly Pump with Viton Seals	803	0	0	(803)
Mobile Aluminium Scaffold Tower 3.6m x 1.8m x 1.35m	1,478	0	0	(1,478)
Puma P20 Compressor	460	0	0	(460)
Chainsaw - Husqvarna 570AT	601	0	0	(601)
Ladder- order picker - Baileys	534	0	0	(534)
Tynes	935	0	0	(935)
	174,891	108,045	0	(66,846)
Furniture and equipment				
Governance				
Boardroom chairs - x 15	2,190	0	0	(2,190)
HP 1000-1409AU Notebook	37	0	0	(37)
HP 15-N211AX DNX Notebook	61	0	0	(61)
Nokia Lumia Mobile Telephone	5	0	0	(5)
Freezer Haier 102L	60	0	0	(60)
Westinghouse Fridge - left hand 430L	375	0	0	(375)
Westinghouse Fridge - right hand 430L	375	0	0	(375)
MS Surface 2 32GB Tablet & Cover	36	0	0	(36)
HP 15-AF006AU Laptop and Modem	60	0	0	(60)
HP Laptop 450G3i5 plus Office 2016 Home & Business	84	0	0	(84)
Whiteboard - Panasonic Elite Panaboard UN-T780 Interactive	532	0	0	(532)
CEO new iPhone6S 64GB	0	0	0	0
CEO HP Laptop and Laser Colour printer	61	0	0	(61)
Admin Ricoh Colour Photocopier	1,220	0	0	(1,220)
Administration Office Chairs	1,842	0	0	(1,842)
Chambers Cabinet Works	1,190	0	0	(1,190)
Wooden Tables - solid x 2 (2000mm x 840mm x 770mm)	584	0	0	(584)
Wooden Tables - solid x 10 (1000mm x 840mm x 770mm)	1,703	0	0	(1,703)
MS Surface Pro4 Tablets x 2	419	0	0	(419)
iPhone SE 32G	125	0	0	(125)
Samsung Galaxy S8 Mobile Phones - 2 x Councillors	822	0	0	(822)
Lenovo Yoga 370 Laptops -2 x Councillor	1,878	0	0	(1,878)
16 Way HDMI Splitter and HDMI Cables	587	0	0	(587)
Fisher and Paykal 380L Fridge	450	0	0	(450)
Ubiquiti Wireless AP	58	0	0	(58)
Wyse 3010 Desk Top Thin Clients x 2	49	0	0	(49)
Lenovo 22 inch LED Screens x 2	31	0	0	(31)
CEO's iPhone 7	110	0	0	(110)
Hypertech Server Rack - Comms Room	982	0	0	(982)
Cisco SG300 Network Switch	434	0	0	(434)
Bookcases x 4	702	0	0	(702)

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10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets (Continued)

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Furniture and equipment				
Governance				
Benq LED Screens x 2	77	0	0	(77)
Eaton SPX Tower UPS	1,335	0	0	(1,335)
Dell Wyse 3030LT Thin Clients x 3	465	0	0	(465)
Benq LED Screens x 2	100	0	0	(100)
Desks (workstations) and chairs - Community and Regulatory Services	2,865	0	0	(2,865)
Surface Pro Tablet - CEO	543	0	0	(543)
Eaton 5PX Extended Battery Pack - UPS 2U Rack tower	574	0	0	(574)
Records Shelving - Lesser Hall Archives	659	0	0	(659)
Software - MS Windows Server Licences 2017-2018	1,480	0	0	(1,480)
Various Hardware - 1 x PC Thin Clients & Screens	2,691	0	0	(2,691)
ITVision Atlas Software 2017-2018	870	0	0	(870)
Customer Service & Other Office Furniture	6,651	0	0	(6,651)
1 x Lenovo Thinkpad E580 Laptop - DCS	981	0	0	(981)
Law, Order & Public Safety				
Fire Prevention - Furniture & Equipment GEN	92	0	0	(92)
Health				
Ultra sound	11,564	0	0	(11,564)
Nasiff Cardio Card Based Holter ECG System	273	0	0	(273)
Fisher & Paykel 451L All Fridge (2013) Plus 3 Year Warranty & Delivery	200	0	0	(200)
IMAC 21.5/ GT650M Plus App for Mac	144	0	0	(144)
Dell Power Edge Server UPS ShadowProtect Server HDD & Installation	476	0	0	(476)
Surgery Equipment - 2 x Dell Optiplex & Installation	423	0	0	(423)
Early Learning Centre ICT Hardware	914	0	0	(914)
Dell Optiplex 7040 PC's & Monitor x 2	450	0	0	(450)
Dell Optiplex 7040 PC	553	0	0	(553)
Hyfrecator 2000 - Electrosurgery System	1,187	0	0	(1,187)
Treatment Couch to Rm 3	887	0	0	(887)
Kyocera P3050 Printer for Medical Ctr	635	0	0	(635)
Kyocera P3045 Printer for Medical Ctr	494	0	0	(494)
Medisafe Glas Vaccine Fridge - Medical Centre	1,056	0	0	(1,056)
Education & welfare				
Air Hockey Table	100	0	0	(100)
Pool Table	345	0	0	(345)
Recreation & culture				
Dishwasher - Wash Tech XP500	407	0	0	(407)
Skopec Display Fridge TME 1000-U	415	0	0	(415)
Fridge - Skopec Double Door	415	0	0	(415)
Fisher & Paykel Fridges x 2 for Town Hall	1,624	0	0	(1,624)
Records Shelving - Lesser Hall	2,343	0	0	(2,343)
HP100-1409 AU Notebook HP Office Jet Printer & Wireless Modem	60	0	0	(60)
ICT - Fortigate Firewall for Pool Heating	740	0	0	(740)
Transport				
RAMM (Roman Pick up Device) and set up	0	0	0	0
Depot Furnitures	1,475	0	0	(1,475)
Sony Xperia Mobile Phone	14	0	0	(14)
iPhone SE 32G	46	0	0	(46)
Stilford Adjustable Workstation	872	0	0	(872)
TP-Link 24 Port Gig Ethernet Switch	121	0	0	(121)
AOC Colour Monitors x 2	335	0	0	(335)
Economic services				
Caravan Park - 8KG Speed Queen Commercial Washing Machine	711	0	0	(711)
Other property & services				
Printer - Konica Minolta B363C	1,269	0	0	(1,269)
Printer - Konica Minolta 253C	1,038	0	0	(1,038)
Admin ICT Firewall and Support - Depot	0	0	0	0
2 x iPhone 6S for depot staff	0	0	0	0
Compactus - 4 Bay (Filing cabinet)	657	0	0	(657)
Book racks - 16 single bays 5 double bays - Library	3,334	0	0	(3,334)
Archive Racks - Boltless Z Beam Shelving	779	0	0	(779)
Microsoft Office 2013 - Local Govt License x 5	0	0	0	0
Lenovo X3650 Server HDD Assembly Kit with expander 5 x Lenovo IBM	416	0	0	(416)
	73,217	0	0	(73,217)
	248,108	108,045	0	(140,063)

(b) Change in accounting policy

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

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

The adoption of the regulation constitutes a change in accounting policy.

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

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 1 July 2018, amounting to \$105,778, have been excluded from the assets of the Shire and written off in the Statement of Comprehensive Income.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and equipment				
Genuine disposal of assets	130,765	108,045	0	(22,720)
Disposal of assets under \$5,000 in value	44,126	0	0	(44,126)
	174,891	108,045	0	(66,846)
Furniture and equipment				
Genuine disposal of assets	11,565	0	0	(11,565)
Disposal of assets under \$5,000 in value	61,652	0	0	(61,652)
	73,217	0	0	(73,217)

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(c) Depreciation	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings	250,656	243,680	247,504
Furniture and equipment	50,859	32,655	41,397
Plant and equipment	367,693	366,375	360,976
Infrastructure - Roads	1,521,726	1,662,695	1,644,020
Infrastructure - Footpaths	17,235	6,640	7,150
Infrastructure - Drainage	272,060	558,345	554,890
Infrastructure - Parks & ovals	49,968	25,660	25,243
Infrastructure - Bridges	645,727	125,480	179,157
Infrastructure - Other	216,193	9,920	14,951
Infrastructure - Recreation	168,281	61,855	72,002
	<u>3,560,398</u>	<u>3,093,305</u>	<u>3,147,290</u>

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

The local 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 - non-specialised	35 - 65 Years
Buildings - specialised	15 - 85 Years
Furniture and equipment	2 - 20 Years
Plant and equipment	5 - 25 Years
Infrastructure - Sealed roads and streets	
formation	not depreciated
pavement	77 years
seal	
- bituminous	20 years
- asphalt	20 years
Infrastructure - Gravel roads	
formation	not depreciated
pavement	77 years
gravel sheet	20 years
Infrastructure - Footpaths	75 - 85 Years
Infrastructure - Drainage	40 - 60 Years
Infrastructure - Parks and ovals	10 - 85 Years
Infrastructure - Other	10 - 85 Years
Infrastructure - Recreation	10 - 85 Years
Infrastructure - Bridges	60 - 90 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:

- 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
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

SHIRE OF ROYUP BROOK
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FOR THE YEAR ENDED 30TH JUNE 2019

14. REVALUATION SURPLUS

	2019	2019	2019	2019	2019	2018	2018	2018	2018	2018	2018
	Opening	Revaluation	Revaluation	Revaluation	Revaluation	Opening	Revaluation	Revaluation	Revaluation	Revaluation	2018
	Balance	Increment	(Decrement)	(Decrement)	Movement on	Balance	Increment	(Decrement)	Revaluation	Closing	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	Balance	\$
Revaluation surplus - Buildings	9,058,027	0	0	0	0	9,058,027	0	0	0	9,058,027	
Revaluation surplus - Furniture and equipment	26,663	1,807	0	0	1,807	26,663	0	0	0	26,663	
Revaluation surplus - Plant and equipment	697,785	83,698	0	0	83,698	697,785	0	0	0	697,785	
Revaluation surplus - Infrastructure - Roads	32,616,706	0	0	0	0	66,365,659	0	(33,748,953)	(33,748,953)	32,616,706	
Revaluation surplus - Infrastructure - Footpaths	978,382	0	0	0	0	103,018	875,364	0	875,364	978,382	
Revaluation surplus - Infrastructure - Drainage	11,178,719	0	0	0	0	41,088,432	0	(29,909,713)	(29,909,713)	11,178,719	
Revaluation surplus - Infrastructure - Parks & ovals	532,216	0	0	0	0	199,383	332,833	0	332,833	532,216	
Revaluation surplus - Infrastructure - Bridges	8,373,274	0	0	0	0	7,736,359	636,915	0	636,915	8,373,274	
Revaluation surplus - Infrastructure - Other	3,293,989	0	0	0	0	99,245	3,194,744	0	3,194,744	3,293,989	
Revaluation surplus - Infrastructure - Recreation	1,434,388	0	0	0	0	1,178,063	256,325	0	256,325	1,434,388	
	68,190,149	85,505	0	0	85,505	126,552,634	5,296,181	(63,658,666)	(58,362,485)	68,190,149	

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.

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Rates paid in advance
Accrued salaries and wages
ATO liabilities
Bonds and deposits held (refer to Note 24)
Accrued expenses

2019	2018
\$	\$
45,752	88,028
42,542	26,199
202,312	24,621
88,301	78,283
46,006	0
23,091	45,748
448,004	262,879

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 BOYUP BROOK
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13. INFORMATION ON BORROWINGS

(a) Borrowings

	2019	2018
	\$	\$
Current	39,432	53,078
Non-current	433,167	472,599
	472,599	525,677

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019				30 June 2018				30 June 2017			
				Budget Principal 1 July 2019	Budget New Loans	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2019	Actual New Loans	Actual Interest repayments	Actual Principal outstanding	Actual Principal 1 July 2018	Actual New Loans	Actual Interest repayments	Actual Principal outstanding
Education and welfare															
L118 Aged Accommodation	118	WATC	4.80%	332,335	0	15,565	316,770	332,335	0	15,565	316,770	347,183	0	14,846	332,337
Housing															
L115 Staff House	115	WATC	5.88%	59,470	0	6,015	53,455	59,470	0	6,015	53,455	65,148	0	5,877	59,471
L119 Multi Function Hub	119	WATC		0	175,000	0	175,000	0	175,000	0	175,000	0	0	0	0
Multi Function Hub	120	WATC		0	175,000	0	175,000	0	175,000	0	175,000	0	0	0	0
Community amenities															
L112 Landfill	112	WATC	6.97%	6,740	0	3,250	3,490	6,740	0	3,250	3,490	9,773	0	1,491	8,282
Recreation and culture															
L114 Swimming Pool	114	WATC	5.89%	108,175	0	10,940	97,235	108,175	0	10,940	97,235	118,496	0	10,322	108,174
Economic services															
L106 Flax Mill Complex	106	WATC	7.18%	0	0	0	0	0	0	0	0	2,979	0	2,979	105
L109 Flax Mill Water	109	WATC	6.29%	2,595	0	2,595	0	2,595	0	2,595	0	5,110	0	2,516	161
Other property and services															
L110 Administration Building	110	WATC	6.45%	14,820	0	14,820	0	14,820	0	14,820	0	15,928	0	1,108	14,820
				524,135	350,000	53,185	820,950	524,135	350,000	53,185	820,950	564,617	0	38,939	525,678
				524,135	350,000	53,185	820,950	524,135	350,000	53,185	820,950	564,617	0	38,939	525,678

All loan repayments were financed by general purpose revenue.

SHIRE OF BOYUP BROOK
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FOR THE YEAR ENDED 30TH JUNE 2019

13. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
L119 Multi Function Hub	WATC	Debenture	20	3.61%	\$ 0	\$ 175,000	\$ 0	\$ 175,000	\$ 0	\$ 0
Multi Function Hub	WATC	Debenture	20	3.61%	0	175,000	0	175,000	0	0
					0	350,000	0	350,000	0	0

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2018	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2019
Loan 118	01 Apr 13	\$ 353,789	\$ 0	\$ 0	\$ 353,789
		353,789	0	0	353,789

The unspent loan funds are currently held in Councils Aged Accommodation Reserve account.

	2019	2018
(e) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	50,000	50,000
Credit card limit	10,000	10,000
Credit card balance at balance date	0	(1,564)
Total amount of credit unused	60,000	58,436
Loan facilities		
Loan facilities - current	39,432	53,078
Loan facilities - non-current	433,167	472,599
Total facilities in use at balance date	472,599	525,677

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 being 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 23.

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	362,046	330,633	692,679
Non-current provisions	0	42,257	42,257
	362,046	372,890	734,936
Additional provision	254,223	37,959	292,182
Amounts used	(264,802)	(124,823)	(389,625)
Balance at 30 June 2019	351,467	286,026	637,493
Comprises			
Current	351,467	215,026	566,493
Non-current	0	71,000	71,000
	351,467	286,026	637,493
	2019	2018	
	\$	\$	
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date	393,287	513,236	
More than 12 months from reporting date	244,206	221,700	
	637,493	734,936	

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.

15. 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	3,362,018	1,161,360	3,112,018
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(933,942)	(727,190)	7,832,591
Non-cash flows in Net result:			
Adjustments Local government house unit trust	(70,068)	0	0
Depreciation	3,560,398	3,093,305	3,147,290
(Profit)/loss on sale of asset	140,063	16,040	88,791
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(123,597)	182,355	(74,265)
(Increase)/decrease in inventories	(22,408)	0	620
Increase/(decrease) in payables	185,127	(67,194)	(180,038)
Increase/(decrease) in provisions	(97,443)	0	86,450
Grants contributions for the development of assets	(1,103,348)	(1,966,015)	(9,476,648)
Net cash from operating activities	1,534,782	531,301	1,424,791

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	0	72,212
General purpose funding	1,632,769	1,879,389
Law, order, public safety	508,842	368,371
Health	713,313	911,463
Education and welfare	1,962,284	838,980
Housing	3,331,975	2,833,115
Community amenities	278,762	253,977
Recreation and culture	9,096,095	9,011,133
Transport	109,181,218	107,423,425
Economic services	1,821,591	2,105,724
Other property and services	2,023,848	5,666,741
	130,550,697	131,364,530

17. CONTINGENT LIABILITIES

The Shire of Boyup Brook has identified the following sites, in relation to land owned, vested or leased, that is known to be, or suspected of being contaminated. As at the date of this report the value and timing of remediation has not been ascertained.

Lot 46 Walshaws Road, Kulikup - Previous landfill site, possibly contaminated, investigation required
Lot 147 Jayes Road - Transfer station site, possibly contaminated, investigation required
Lot 12972 Boyup-Kojonup Road - Previous landfill site, possibly contaminated, investigation required
57 Charteriss Road, Wilga - Previous landfill site, possibly contaminated, investigation required
Lot 13180 Condinup Road, Dinninup - Previous landfill site, possibly contaminated, investigation required
Lot 5616 Boyup Brook North Road - Previous landfill site, possibly contaminated, investigation required
Lot 201 Stanton Road - Liquid waste disposal site, contaminated
Lot 40 Boyup-Cranbrook Road - Previous landfill site, possibly contaminated, investigation required
169 Railway Parade, Boyup Brook - Liquid waste site, possibly contaminated, investigation required
Lot 377 Connolly Street, Boyup Brook - Shire depot, possibly contaminated, investigation required

18. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

2019	2018
\$	\$
140,000	56,604
140,000	56,604
140,000	56,604

The capital expenditure project for 2019 relates to the purchase of Lot 13129 Bridgetown-Boyup Brook Road, Boyup Brook from the Department of Planning, Lands and Heritage.

The capital expenditure project for 2018 relates to building refurbishments at the Lodge.

(b) Operating Lease Commitments

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

Payable:

- not later than one year

- later than one year but not later than five years

2019	2018
\$	\$
2,180	2,570
0	2,180
2,180	4,750

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

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

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting fees	73,480	73,480	67,000
President's allowance	10,000	10,000	7,195
Deputy President's allowance	2,500	2,500	1,799
Travelling expenses	6,342	5,680	6,904
Telecommunications allowance	11,205	11,205	10,159
	103,527	102,865	93,057

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	674,719	771,711
Post-employment benefits	77,652	73,532
Other long-term benefits	7,748	17,068
Termination benefits	351,125	0
	1,111,244	862,311

Short-term employee benefits

These amounts include all salary, fringe benefits, accrued annual leave 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.

Termination benefits

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

19. 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	2018
	Actual	Actual
	\$	\$
Sale of goods and services	55,652	968
Purchase of goods and services	74,295	54,582

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.

20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance ⁽¹⁾ 30/06/18	Received ⁽²⁾ 2018/19	Expended ⁽³⁾ 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
DFES - Bushfire Risk Defence	26,832	0	(11,810)	15,022	0	(1,500)	13,522
DFES - Bushfire Risk Management	9,052	162,823	(170,174)	1,701	0	(1,701)	0
DFES - Brigade/SES Funding	0	0	0	0	47,371	(34,739)	12,632
DFES - Mitigation Activity Funding	0	0	0	0	160,575	(139,392)	21,183
Health							
DLGSCI - WISE Program	0	0	0	0	3,000	(2,411)	589
Education and welfare							
DSR - Seniors Activation Program	0	0	0	0	3,000	(3,000)	0
Recreation and culture							
DSR - KidSport Program	4,103	0	(4,103)	0	0	0	0
DLGSCI - Sport & Recreation Precinct Plan	0	0	0	0	7,000	0	7,000
Transport							
DRD - Roads to Recovery	95,426	800,739	(884,273)	11,892	482,119	(494,011)	0
Total	135,413	963,562	(1,070,360)	28,615	703,065	(676,754)	54,926

Notes:

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

SHIRE OF BOYUP BROOK
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21. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value	2018/19 Actual Rates			2018/19 Actual Rates			2018/19 Budget Rates			2018/19 Budget Rates			2017/18 Actual Total Revenue		
				Revenue	Interim Rates	Back Rates	Revenue	Interim Rates	Back Rates	Revenue	Interim Rates	Back Rates	Revenue	Interim Rates	Back Rates	Revenue	Total	Revenue
Differential general rate / general rate				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations																		
General Rate GRV	0.13415	295	3,223,325	432,408	0	0	432,408			430,882	0	0	430,882			412,191		
Unimproved valuations																		
General Rate - UV	0.007713	642	260,409,957	2,008,543	(2,664)	0	2,005,879			2,008,549	1,615	0	2,010,164			1,904,363		
General Rate - Mining	0.007713	0		0	0	0	0						0			63,812		
Sub-Total		937	263,633,282	2,440,951	(2,664)	0	2,438,287			2,439,431	1,615	0	2,441,046			2,380,366		
Minimum payment																		
Gross rental valuations																		
General Rate GRV	925	54	243,436	49,950	0	0	49,950			50,875	0	0	50,875			50,232		
Unimproved valuations																		
General Rate - UV	875	295	23,435,133	258,125	0	0	258,125			273,000	0	0	273,000			236,900		
General Rate - Mining	875	16	458,264	14,000	0	0	14,000			0	0	0	0			4,255		
Sub-Total		365	24,136,833	322,075	0	0	322,075			323,875	0	0	323,875			291,387		
Discounts/concessions (refer Note 21(b))										2,763,306	1,615	0	2,764,921			2,671,753		
Total amount raised from general rate		1,302	287,770,115	2,763,026	(2,664)	0	2,760,362						0			(1,236)		
Write off of rates small balances less than \$3																2,670,517		
Ex-gratia rates																(235)		
Totals																1,125		
																2,765,796		
																2,671,393		

SIGNIFICANT ACCOUNTING POLICIES

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

21. RATING INFORMATION (Continued)

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

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2019		2018	
				Actual	Budget	Actual	Budget
General Rate	Concessions	50.00%	\$	0	0	1,236	
General Rate	Write offs			106	250	235	
				106	250	1,471	

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	2019		2018	
		Actual	Budget	Actual	Budget
General Rate	Writing off of rates small balances <\$3 is a concession which is available to all ratepayers				

Objects of the Waiver or Concession

Remove rates small balances less than \$3 in value

21. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single payment	18 Sep 2018	0.00	0.00%	11.00%
Option Two				
Instalment 1	18 Sep 2018	0	0.00%	11.00%
Instalment 2	20 Nov 2018	13.90	5.50%	11.00%
Instalment 3	22 Jan 2019	13.90	5.50%	11.00%
Instalment 4	19 Mar 2019	13.90	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	21,621	18,185	18,664
Interest on instalment plan	6,841	5,865	6,243
Charges on instalment plan	7,506	7,290	8,019
	35,968	31,340	32,926

22. RATE SETTING STATEMENT INFORMATION

		2018/19 Budget	2017/18
	2018/19 (30 June 2019 Carried Forward)	(30 June 2019 Carried Forward)	(30 June 2018 Brought Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
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> .			
Adjustments to operating activities			
Less: Movement in Local government house unit trust	7(a) (70,068)	0	0
Movement in pensioner deferred rates (non-current)	5 (8,552)	0	0
Movement in employee benefit provisions (non-current)	14 28,743	(24,875)	(8,935)
Movement in other balance sheet accounts	(189,947)	(28,690)	(227,983)
Add: Loss on disposal of assets	10(a) 140,063	16,040	88,791
Add: Depreciation on assets	10(c) 3,560,398	3,093,305	3,147,290
Non cash amounts excluded from operating activities	3,460,637	3,055,780	2,999,163
(b) Surplus/(deficit) after imposition of general rates			
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.			
Adjustments to net current assets			
Less: Reserves - restricted cash	3 (2,917,779)	(1,148,083)	(2,958,129)
Less: Inventories	6 (28,517)	(6,730)	(6,109)
Less: Prepaid expenses	5 (531)	0	(24,449)
Add: Borrowings	13(a) 39,432	39,432	53,078
Add: Leave provisions	14 346,186	597,295	692,679
Add: Accrued expenses	12 225,403	0	70,369
Total adjustments to net current assets	(2,335,806)	(518,086)	(2,172,561)
Net current assets used in the Rate Setting Statement			
Total current assets	3,829,364	1,299,225	3,441,911
Less: Total current liabilities	(1,053,929)	(720,607)	(1,008,636)
Less: Total adjustments to net current assets	(2,335,806)	(518,086)	(2,172,561)
Net current assets used in the Rate Setting Statement	439,629	60,532	260,714

23. 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	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
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	0.0183%	3,362,018	0	3,362,018	0
2018					
Cash and cash equivalents	0.0162%	3,112,018	0	3,112,018	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*	33,620	31,120

* 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 13(b).

23. 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
30 June 2019					
Rates receivable					
Gross carrying amount	1,841	120,566	21,244	30,025	173,676
01 July 2018					
Rates receivable					
Gross carrying amount	1,546	89,633	17,448	17,681	126,308

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
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	115,840	31,952	0	9,192	156,984
Loss allowance	0	0	0	0	0
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	52,338	23,879	505	19,124	95,846
Loss allowance	0	0	0	0	0

The loss allowance calculated above is immaterial.

23. 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 13(e).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<u>2019</u>	\$	\$	\$	\$	\$
Payables	448,004	0	0	448,004	448,004
Borrowings	63,415	231,647	335,165	630,227	472,599
	511,419	231,647	335,165	1,078,231	920,603
<u>2018</u>					
Payables	262,879	0	0	262,879	262,879
Borrowings	79,543	237,150	393,067	709,760	525,677
	342,422	237,150	393,067	972,639	788,556

24. 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	Reclassified to Restricted Cash	30 June 2019
	\$	\$	\$		\$
Bonds - Relocated Houses	37,242	0	(7,500)	(29,742)	0
Bonds - Council Houses	1,023	0	0	(1,023)	0
Deposits - Hall Hire	1,280	1,670	(915)	(2,035)	0
Fruit Fly Baiting Scheme	5,397	0	0	(5,397)	0
Deposits - Kerbing	1,400	0	0	(1,400)	0
Boyup Brook Community Foundation	315	0	0	(315)	0
Deposits - Road Contributions	9	0	0	(9)	0
Interests on Trust Monies	5,245	4	0	(5,249)	0
Police Licensing	2,582	628,915	(616,747)	0	14,750
Bonds - Commercial	390	0	0	(390)	0
Bonds - Landscaping	2,000	0	(2,000)	0	0
Construction Training Fund	655	3,941	(4,596)	0	0
Building Services Levy	887	5,233	(5,784)	0	336
Equipment Hire	385	25	0	(410)	0
Unclaimed Monies	36	0	0	(36)	0
	58,846	639,788	(637,542)	(46,006)	15,086

In previous years, bonds and deposits were held as trust monies. These are now included in restricted cash at Note 3 and shown as current liabilities at Note 11.

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).

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

(a) Classification and measurement

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

The assessment of the Shire's business model was made as of the date of 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 any additional impairment on the Shire's Trade receivables.

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 Statement of Financial Position 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
		\$	\$	\$
Contract liabilities - current				
Unspent grants, contributions and reimbursements	20	0	54,926	54,926
Adjustment to retained surplus from adoption of AASB 15	26(d)		(54,926)	

(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.

	Note	2019
		\$
Operating lease commitments disclosed as at 30 June 2019	18(b)	2,180
Low-value leases recognised on a straight-line basis as an expense	18(b)	2,180

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.

28. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of Council, and other costs that relate to the tasks 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.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH To provide an operational framework for environmental and community health.	Environmental health, food control, pest control, immunisation and provision of medical services.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	Pre-schools and other education, aged and disabled services, senior citizen services and youth welfare.
HOUSING To provide and maintain staff and elderly residents housing.	Control and maintenance of staff and other rental housing, including aged accommodation units.
COMMUNITY AMENITIES To provide services required by the community.	Refuse collection services, operation of landfill sites, landcare programs, administration of the town planning scheme, cemetery and memorials maintenance, and other community amenities.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Control and maintenance of public halls, swimming pool, recreation facilities and the library, and other culture.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges and footpaths; cleaning and lighting of streets; depot maintenance; vehicle licensing; traffic management and parking; maintenance of airstrip.
ECONOMIC SERVICES To help promote the shire and its economic wellbeing.	Weed control; Tourism and area promotion, and caravan park and flax mill; regulation of buildings and swimming pool inspections; saleyards and standpipes.
OTHER PROPERTY AND SERVICES To monitor and control council's overheads operating accounts.	Private works; public works overheads; plant repair and operation costs; engineering operation costs; salaries and wages control; administration services and other unclassified activities.

29. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	0.77	0.47	1.60
Asset consumption ratio	0.60	0.67	0.68
Asset renewal funding ratio	0.45	0.45	0.22
Asset sustainability ratio	0.56	0.66	0.66
Debt service cover ratio	19.75	22.82	23.64
Operating surplus ratio	(0.47)	(0.39)	(0.25)
Own source revenue coverage ratio	0.51	0.56	0.56

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Boyup Brook

Report on the Audit of the Financial Report

Opinion

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

In my opinion the annual financial report of the Shire of Boyup Brook:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

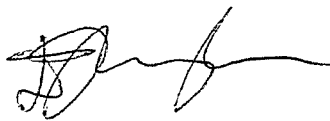
- (i) In my opinion, the following material matters indicates significant adverse trends in the financial position of the Shire:
 - a. Asset Sustainability Ratio as reported in Note 29 of the financial report is below the Department of Local Government, Sport and Cultural Industries standard for the past three years.
 - b. Operating Surplus Ratio as reported in Note 29 of the financial report is below the Department of Local Government, Sport and Cultural Industries standard for the past three years.
 - c. Asset Renewal Funding Ratio as reported in Note 29 of the financial report is below the Department of Local Government, Sport and Cultural Industries standard for the past three years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 29 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



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

