

# SHIRE OF CARNARVON

## AGENDA PAPERS AUDIT COMMITTEE

MONDAY 14<sup>TH</sup> JANUARY  
2019



Council Chambers, Stuart Street  
CARNARVON, West Australia  
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# NOTICE OF MEETING

Notice is hereby given

## Shire of Carnarvon Audit Committee Meeting

will be held  
on Monday 14<sup>th</sup> January 2019  
in the Shire Council Chambers,  
Stuart Street Carnarvon, commencing at  
10.00am

David Burton  
CHIEF EXECUTIVE OFFICER

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### DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Carnarvon for any act, omission or statement or intimation occurring during Council/Committee Meetings or during formal/informal conversations with Staff or Councillors. The Shire of Carnarvon disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council/Committee Meetings or discussions. Any person or legal entity who acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of Carnarvon during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Carnarvon. The Shire of Carnarvon warns that anyone who has an application lodged with the Shire of Carnarvon must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Carnarvon in respect of the application.

# AGENDA

## 1.0 ATTENDANCES , APOLOGIES & APPLICATIONS FOR LEAVE OF ABSENCE

(The Local Government Act 1995 Section 2.25 provides that a Council may, by resolution, grant leave of absence to a member for Ordinary Council Meetings. The leave cannot be granted retrospectively and an apology for non-attendance at a meeting is not an application for leave of absence.)

## 2.0 DECLARATIONS OF INTEREST

(Councillors and Staff are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

## 3.0 CONFIRMATION OF MINUTES

Previous minutes held on 18<sup>th</sup> September 2018, were confirmed at the Council Meeting held on 25<sup>th</sup> September 2018 (Resolution FC 3/9/18).

## 4.0 REPORTS

4.1	Meeting with Shire Auditors .....	4
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## 5.0 DATE OF NEXT MEETING

## 6.0 CLOSURE

Date of Meeting	14 January 2019
Location/Address	Shire of Carnarvon
Name of Applicant	Shire of Carnarvon
Name of Owner:	Shire of Carnarvon
Author/s:	Sa Toomalatai – Manager, Finance
Declaration of Interest	Nil
Voting Requirements:	Simple Majority

### Summary of Item

To hold discussions with Council's auditor, Mr Wen Shien Chai from Moore Stephens.

### Description of Proposal:

The proposal is that during the Audit Committee meeting a telephone 'link-up' be held with the Shire auditor, Mr Wen Shien Chai, of Moore Stephens.

### Background:

On appointment of the Audit Committee, it was given responsibility for meeting with the Auditor of the local government at least once in every year, pursuant to Section 7.12A (2) of the *Local Government Act, 1995*.

The Local Government Act does not require the Audit Committee to meet in person with the Auditor but may engage through a telephone link which has been arranged to allow Councillors on the Audit Committee to pose questions and receive answers on the annual financial reports.

### Consultation:

Nil

### Statutory Environment

The meeting with the Auditor is required under Section 7.12A - Duties of local government with respect to audits, which states:

- (1) *A local government is to do everything in its power to —*
  - (a) *assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and*
  - (b) *ensure that audits are conducted successfully and expeditiously.*
- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*

### Relevant Plans & Policy:

Nil

### Financial Implications

There are no financial implications from this report.

### Risk Assessment:

Failure to meet with the auditor would be a contravention of the Act.

## Community & Strategic Implications:

### Goal 5: Civic

Strong and listening Council.

ITEM	OUTCOMES AND STRATEGIES
5.2	The Shire has a high standard of governance and accountability
5.2.6	Compliance with the Local Government Act 1995 and all other relevant legislation and regulations
5.4	Sound financial and asset management
5.4.2	The Shire's Long Term Financial Plan shows financial sustainability, with realistic renewals expenditure and a realistic rates profile

#### Comment:

The topics to be discussed include;

- Review of Shire of Carnarvon Audit Report
- Review of Shire of Carnarvon Management Report

#### OFFICER'S RECOMMENDATION

*That Council Note:*

- 1) *The meeting between the Audit Committee and the Auditor satisfies the requirement of Section 7.12(A) of the Local Government Act, 1995.*
- 2) *The verbal report by the Shire Auditor Mr Wen Shien Chai from Moore Stephens be noted and received.*

<b>Date of Meeting:</b>	14 January 2019
<b>Location/Address</b>	Shire of Carnarvon
<b>Name of Applicant:</b>	Shire of Carnarvon
<b>Name of Owner:</b>	Shire of Carnarvon
<b>Author/s:</b>	Gael Ferguson: Acting Executive Manager, Corporate and Community Sa Toomalatai, Finance Manager
<b>Declaration of Interest:</b>	Nil
<b>Voting Requirements:</b>	Simple Majority

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**Summary of Item:**

The purpose of this report is to present a copy of the Financial Report for the year ended 30 June 2018 and the Annual Audit and Management Reports to the Audit Committee for consideration.

**Description of Proposal:**

That the Audit Committee receive the Auditor's Report and Management Report.

**Background**

An independent auditor is required to examine the accounts and annual report submitted by a local government for audit by 31 December following the financial year to which the accounts and report relate. They then need to prepare and forward a copy of that report to the President, Chief Executive Officer and the Minister for Local Government. The auditor complied with this requirement in that the final report was received by the Shire on the 21 December 2018.

Under Regulation 10 of the Local Government (Audit) Regulations, the Auditor may prepare a Management Report to accompany the Auditor's Report.

On the finalisation of the Shire's 2017/2018 annual financial audit, it is appropriate that the Auditor's Management Report be presented to the Audit Committee and subsequently the Council for consideration and noting.

The annual financial report with the audit letter (page 50) is attached at **Schedule 4.2(a)**. The Auditor's management report is attached at **Schedule 4.2(b)**.

**Consultation:**

Nil

**Statutory Environment**

Local Government (Financial Management) Regulations, 1996.

**Relevant Plans & Policy:**

Nil

**Financial Implications**

There are no financial implications from this report.

### Risk Assessment:

The role of the Audit Committee is to support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability.

The Audit Committee must examine the audit and management reports provided by the external auditor. The committee would then determine if matters raised in the reports require action to be taken by the local government and ensure that appropriate action is implemented.

### Community & Strategic Objectives:

#### Goal 5: Civic

Strong and listening Council.

ITEM	OUTCOMES AND STRATEGIES
5.2	The Shire has a high standard of governance and accountability
5.2.6	Compliance with the Local Government Act 1995 and all other relevant legislation and regulations
5.4	Sound financial and asset management
5.4.2	The Shire's Long Term Financial Plan shows financial sustainability, with realistic renewals expenditure and a realistic rates profile

### Comment

The Independent Auditor has approved the Annual Financial Report 2017/18 for forwarding to the Audit Committee for consideration. The report includes the Auditor's report on page 50.

The Auditor also provided a Management Report with some comments focused on some of the Shire's financial management ratios. These are summarised below (and can be found in full in attached **Schedule 4.2(b)**, with an accompanying response.

#### Operating Surplus Ratio: Auditor's Summarised Comments

The ratio has declined over the last year and has been negative for the past five years, primarily due to a decrease in operating grants and contributions, and an increase in depreciation costs. This potentially points to an erosion of the Shire's ability to service debt and maintain both operational service levels and the asset base longer term.

#### Management Comment

This ratio, as with others, is an important benchmark for assessing long-term financial management and performance of local government and is used as a starting point for assessing and managing financial risk. The draft Long Term Financial Plan which will be finalised alongside the 2019/20 budget process does take this into account. The key points to note are:

- The Shire has relatively low existing debt levels and these are projected to decline further, giving the Council considerable capacity to manage any debt servicing risks
- The Corporate Business Plan has thoroughly reviewed levels of service and has identified a rates revenue strategy which is intended to both reduce and smooth immediate funding needs and gaps, and any asset replacement funding needs over the next four years.

At this stage, a watching brief will need to be kept on the impact of any external funding changes on levels of service. Council has the mechanism to address impacts through the budgeting process, and the minor (20/21) and major strategic reviews.

#### Asset Sustainability Ratio: Auditor's Summarised Comments

The asset sustainability ratio has deteriorated in the current year from 0.71 to 0.48 (a ratio less than 100% can indicate assets may be deteriorating at a greater rate than spending on renewal or replacement is providing for). The main reason for the fluctuation of this ratio is the actual spending on renewal and replacement has not been consistent in the last five years, and that the Shire's depreciation costs were higher since revaluation of assets in 2016, particularly roads in 2015.

#### *Management Comments*

The risks of underfunding both asset maintenance (which can exacerbate asset decline) and asset replacement, and ensuring timely replacement of assets, is always a risk area for local government and is the reason why this ratio is so important. This is particularly the case for smaller local governments with a relatively high dependency on external funding.

The recent Strategic Community Plan and the Corporate Business Plan processes emphasised the need to ensure adequate and consistent funding both of planned and reactive asset maintenance, and provision of an adequate level of funding to cover asset replacement/ renewal. This is a significant change from the funding regime of the last five or so years. The draft LTFP also addresses this issue and will be discussed further with the Council over the next five months. The strategic approach taken to managing this risk is as follows:

- The Corporate Business Plan has identified a rates revenue strategy which is intended to smooth funding needs and gaps and any asset replacement funding needs over the next four to ten years.
- The new asset engineering capability and capacity will allow an increased focus on taking asset condition data and ensuring optimisation of asset renewal spending, with a major view to smoothing revenue demands. This will assist in dealing with any external fluctuations in funding, and peaks in asset replacement needs.
- The Corporate Business Plan and LTFP provide for building up Council reserves over time, which will also allow the Council and community to address asset replacement needs over time.

#### **General Management Comment**

It should be noted that the Auditor's Management Report also makes the following statement:

'Given the relative strength of the other ratios and the Shire's balance sheet, lower ratios may be acceptable in the short term provided other measures/strategies are maximised. Notwithstanding this, these ratios appear to be trending downwards over the longer term and this should be carefully considered moving forward, to avoid the development of an adverse trend in the Shire's financial position'

This gives confidence that the Shire's wider financial position is relatively strong, and, that provided the Council can continue its strategies of addressing revenue levels and building up Shire reserves, that position will continue into the future. Nonetheless, monitoring and managing for potential risks in both ratio areas will be an important part of the Council's forward program over the next four to ten years.

#### **OFFICER'S RECOMMENDATION**

***That the Audit Committee, pursuant to Regulation 51 (2) of the Local Government (Financial Management) Regulations 1996, receive the auditor's report and management report for the period ended 30<sup>th</sup> June 2018.***



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

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**COMMUNITY VISION**

**Unity, Humanity, Nature**

A connected community across leaders, cultures, and generations.

A future for every young person.

A job-rich economy, built on local strengths.

A still-natural environment, looked after and used.

Principal place of business:

3 Francis Street

Carnarvon WA 6701

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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed on the 21st day of December 2018



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Mark Dacombe  
Acting Chief Executive Officer

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	22(a)	4,990,462	4,972,208	4,895,424
Operating grants, subsidies and contributions	2(a)	5,971,092	3,122,817	8,716,153
Fees and charges	2(a)	2,996,022	3,133,376	3,034,663
Interest earnings	2(a)	143,688	275,000	150,669
Other revenue	2(a)	210,280	158,560	364,210
		<u>14,311,544</u>	<u>11,661,961</u>	<u>17,161,119</u>
<b>Expenses</b>				
Employee costs		(6,937,231)	(7,235,130)	(6,641,068)
Materials and contracts		(4,514,195)	(6,678,091)	(4,595,016)
Utility charges		(760,278)	(810,694)	(764,664)
Depreciation on non-current assets	9(b)	(8,338,500)	(9,027,803)	(7,513,510)
Interest expenses	2(a)	(27,429)	(23,276)	(36,023)
Insurance expenses		(451,923)	(450,714)	(436,143)
Other expenditure		(537,620)	(434,899)	(306,694)
		<u>(21,567,176)</u>	<u>(24,660,607)</u>	<u>(20,293,118)</u>
		(7,255,632)	(12,998,646)	(3,131,999)
Non-operating grants, subsidies and contributions	2(a)	2,611,929	1,304,500	2,630,616
Profit on asset disposals	9(a)	20,982	0	0
(Loss) on asset disposals	9(a)	(52,697)	(15,925)	(12,063)
		<u>(4,675,418)</u>	<u>(11,710,071)</u>	<u>(513,445)</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	(48,720,046)	0	3,072,767
		<u>(48,720,046)</u>	<u>0</u>	<u>3,072,767</u>
		<u>(53,395,464)</u>	<u>(11,710,071)</u>	<u>2,559,322</u>

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

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		43,891	42,100	57,114
General purpose funding		9,798,966	7,473,036	12,242,773
Law, order, public safety		192,089	185,844	201,313
Health		36,610	39,030	80,572
Education and welfare		430,062	321,039	601,557
Housing		12,477	6,760	8,293
Community amenities		1,884,914	1,969,000	1,900,491
Recreation and culture		370,169	222,200	230,985
Transport		996,689	889,909	1,004,449
Economic services		464,795	504,293	693,151
Other property and services		80,882	48,750	140,421
		<b>14,311,544</b>	<b>11,701,961</b>	<b>17,161,119</b>
<b>Expenses</b>				
	2(a)			
Governance		(1,306,043)	(1,295,301)	(1,161,571)
General purpose funding		(352,726)	(245,124)	(181,675)
Law, order, public safety		(938,651)	(992,256)	(911,902)
Health		(521,782)	(639,957)	(614,934)
Education and welfare		(1,135,103)	(1,249,899)	(1,256,345)
Housing		(109,550)	(110,160)	(117,527)
Community amenities		(2,104,456)	(2,534,241)	(2,089,892)
Recreation and culture		(4,865,749)	(5,679,529)	(4,589,810)
Transport		(8,857,185)	(10,471,443)	(7,887,117)
Economic services		(1,155,176)	(1,431,293)	(1,339,591)
Other property and services		(193,326)	(28,128)	(106,730)
		<b>(21,539,747)</b>	<b>(24,677,331)</b>	<b>(20,257,094)</b>
<b>Finance Costs</b>				
	2(a)			
Housing		(2,706)	(2,452)	(3,409)
Recreation and culture		(9,100)	(7,992)	(19,919)
Transport		(15,623)	(12,832)	(12,695)
		<b>(27,429)</b>	<b>(23,276)</b>	<b>(36,023)</b>
		<b>(7,255,632)</b>	<b>(12,998,646)</b>	<b>(3,131,998)</b>
Non-operating grants, subsidies and contributions	2(a)	2,611,929	1,304,500	2,630,616
Profit on disposal of assets	9(a)	20,982	0	0
(Loss) on disposal of assets	9(a)	(52,697)	(15,925)	(12,063)
		<b>2,580,214</b>	<b>1,288,575</b>	<b>2,618,553</b>
		<b>(4,675,418)</b>	<b>(11,710,071)</b>	<b>(513,445)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	(48,720,046)	0	3,072,767
<b>Total other comprehensive income</b>		<b>(48,720,046)</b>	<b>0</b>	<b>3,072,767</b>
<b>Total comprehensive income</b>		<b>(53,395,464)</b>	<b>(11,710,071)</b>	<b>2,559,322</b>

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

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

	NOTE	2018	2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	8,200,962	9,195,737
Trade and other receivables	5	1,327,471	1,309,831
Inventories	6	52,785	51,121
<b>TOTAL CURRENT ASSETS</b>		9,581,218	10,556,689
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	95,771	81,170
Property, plant and equipment	7	34,123,378	34,466,519
Infrastructure	8	320,419,137	372,087,261
<b>TOTAL NON-CURRENT ASSETS</b>		354,638,286	406,634,950
<b>TOTAL ASSETS</b>		364,219,504	417,191,639
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,425,201	917,155
Current portion of long term borrowings	12(a)	122,964	228,790
Provisions	13	622,175	507,104
<b>TOTAL CURRENT LIABILITIES</b>		2,170,340	1,653,049
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	12(a)	372,018	494,981
Provisions	13	105,324	76,324
<b>TOTAL NON-CURRENT LIABILITIES</b>		477,342	571,305
<b>TOTAL LIABILITIES</b>		2,647,682	2,224,354
<b>NET ASSETS</b>		361,571,822	414,967,286
<b>EQUITY</b>			
Retained surplus		75,671,916	78,977,211
Reserves - cash backed	4	4,368,377	5,738,501
Revaluation surplus	10	281,531,529	330,251,574
<b>TOTAL EQUITY</b>		361,571,822	414,967,286

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

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

		RESERVES			
	NOTE	RETAINED SURPLUS	- CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>		<b>77,185,245</b>	<b>8,043,912</b>	<b>327,178,807</b>	<b>412,407,964</b>
Comprehensive income					
Net result		(513,445)	0	0	(513,445)
Changes on revaluation of assets	10	0	0	3,072,767	3,072,767
Total comprehensive income		(513,445)	0	3,072,767	2,559,322
Transfers from/(to) reserves		2,305,411	(2,305,411)	0	0
<b>Balance as at 30 June 2017</b>		<b>78,977,211</b>	<b>5,738,501</b>	<b>330,251,574</b>	<b>414,967,286</b>
Comprehensive income					
Net result		(4,675,418)	0	0	(4,675,418)
Changes on revaluation of assets	10	0	0	(48,720,046)	(48,720,046)
Total comprehensive income		(4,675,418)	0	(48,720,046)	(53,395,464)
Transfers from/(to) reserves		1,370,124	(1,370,124)	0	0
<b>Balance as at 30 June 2018</b>		<b>75,671,916</b>	<b>4,368,377</b>	<b>281,531,529</b>	<b>361,571,822</b>

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

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

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		4,793,004	4,972,208	4,703,809
Operating grants, subsidies and contributions		6,079,881	3,566,879	8,768,092
Fees and charges		2,996,022	3,133,376	3,034,663
Interest earnings		143,688	275,000	150,669
Goods and services tax		220,698	756,000	42,045
Other revenue		210,280	158,560	375,202
		14,443,573	12,862,023	17,074,480
<b>Payments</b>				
Employee costs		(6,769,582)	(7,235,130)	(6,659,571)
Materials and contracts		(4,029,155)	(5,973,389)	(4,903,149)
Utility charges		(760,278)	(810,694)	(764,664)
Interest expenses		(29,590)	(23,276)	(38,847)
Insurance expenses		(451,923)	(450,714)	(436,143)
Goods and services tax		(164,344)	(756,000)	(54,971)
Other expenditure		(537,620)	(434,899)	(306,694)
		(12,742,492)	(15,684,102)	(13,164,039)
<b>Net cash provided by (used in) operating activities</b>	14	1,701,081	(2,822,079)	3,910,441
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(1,064,266)	(2,007,728)	(976,706)
Payments for construction of infrastructure		(4,069,307)	(3,589,399)	(5,074,041)
Non-operating grants, subsidies and contributions		2,611,929	1,304,500	2,630,616
Proceeds from sale of fixed assets		54,578	50,500	13,147
<b>Net cash provided by (used in) investment activities</b>		(2,467,066)	(4,242,127)	(3,406,984)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings		(228,789)	(228,783)	(376,019)
Proceeds from new long term borrowings		0	0	450,000
<b>Net cash provided by (used in) financing activities</b>		(228,789)	(228,783)	73,981
<b>Net increase (decrease) in cash held</b>		(994,774)	(7,292,989)	577,438
Cash at beginning of year		9,195,737	9,177,649	8,618,298
<b>Cash and cash equivalents at the end of the year</b>	14	8,200,962	1,884,660	9,195,737

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

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

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at 1 July b/fwd - surplus/(deficit)</b>		4,117,971	4,589,789	1,208,581
		4,117,971	4,589,789	1,208,581
<b>Revenue from operating activities (excluding rates)</b>				
Governance		43,891	42,100	57,114
General purpose funding		5,037,004	2,675,828	7,596,718
Law, order, public safety		192,089	185,844	201,313
Health		36,610	39,030	80,572
Education and welfare		430,062	321,039	601,557
Housing		12,477	6,760	8,293
Community amenities		1,884,914	1,969,000	1,900,491
Recreation and culture		390,619	222,200	230,985
Transport		997,221	889,909	1,004,449
Economic services		464,795	504,293	693,151
Other property and services		80,882	48,750	140,421
		9,570,564	6,904,753	12,515,064
<b>Expenditure from operating activities</b>				
Governance		(1,306,043)	(1,295,426)	(1,161,571)
General purpose funding		(352,726)	(205,124)	(181,675)
Law, order, public safety		(939,671)	(992,256)	(912,755)
Health		(521,782)	(639,957)	(614,934)
Education and welfare		(1,135,103)	(1,249,899)	(1,256,345)
Housing		(112,256)	(112,612)	(120,936)
Community amenities		(2,104,456)	(2,534,241)	(2,089,892)
Recreation and culture		(4,884,749)	(5,703,321)	(4,609,729)
Transport		(8,914,585)	(10,484,275)	(7,899,812)
Economic services		(1,155,176)	(1,431,293)	(1,339,591)
Other property and services		(193,326)	(28,128)	(117,940)
		(21,619,873)	(24,676,532)	(20,305,180)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	9(a)	(20,982)	0	0
Loss on disposal of assets	9(a)	52,697	15,925	12,063
Movement in deferred pensioner rates (non-current)		(14,601)	0	(17,121)
Movement in employee benefit provisions (non-current)		29,000	0	(44,348)
Movement in prepaid income (included in restricted cash)		0	0	(383,061)
Depreciation and amortisation on assets	9(b)	8,338,500	9,027,803	7,513,510
<b>Amount attributable to operating activities</b>		453,276	(4,138,262)	499,507
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		2,611,929	1,304,500	2,630,616
Proceeds from disposal of assets	9(a)	54,578	50,500	13,147
Purchase of property, plant and equipment	7(b)	(1,064,266)	(2,007,728)	(976,706)
Purchase and construction of infrastructure	8(b)	(4,069,307)	(3,589,399)	(5,074,041)
<b>Amount attributable to investing activities</b>		(2,467,066)	(4,242,127)	(3,406,984)
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	12(a)	(228,789)	(228,783)	(376,019)
Proceeds from new long term borrowings	12(b)	0	0	450,000
Transfers to reserves (restricted assets)	4	(507,177)	(358,922)	(761,405)
Transfers from reserves (restricted assets)	4	1,877,301	4,210,886	3,066,816
<b>Amount attributable to financing activities</b>		1,141,335	3,623,181	2,379,392
<b>Surplus(deficiency) before general rates</b>		(872,455)	(4,757,208)	(528,085)
<b>Total amount raised from general rates</b>	22	4,761,962	4,757,208	4,646,056
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	23	<b>3,889,507</b>	<b>0</b>	<b>4,117,971</b>

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 to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

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

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

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that 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 25 to these financial statements.

## 2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2018 Budget	2017 Actual
	\$		\$
<b>Other revenue</b>			
Reimbursements and recoveries	210,280	0	364,210
	210,280	0	364,210
<b>Fees and Charges</b>			
Governance	4,669	5,100	4,829
General purpose funding	14,586	47,500	43,084
Law, order, public safety	22,972	27,070	24,609
Health	33,500	38,300	34,635
Education and welfare	546	2,000	1,175
Community amenities	1,656,192	1,674,000	1,658,505
Recreation and culture	176,566	199,700	148,799
Transport	676,224	692,500	675,515
Economic services	388,832	420,206	415,718
Other property and services	21,937	27,000	27,794
	2,996,022	3,133,376	3,034,663

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

## 2. REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

#### Grant Revenue

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

	2018 Actual	2018 Budget	2017 Actual
	\$		\$
<b>Operating grants, subsidies and contributions</b>			
Governance	3,390	0	0
General purpose funding	4,876,054	2,353,328	7,402,965
Law, order, public safety	163,933	156,774	137,554
Health	2,874	680	45,888
Education and welfare	426,551	317,039	591,225
Community amenities	0	80,000	0
Recreation and culture	185,927	19,000	48,008
Transport	303,777	187,409	298,406
Economic services	8,587	8,587	192,107
	5,971,092	3,122,817	8,716,153
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	0	0	119,207
Education and welfare	0	60,000	0
Recreation and culture	93,184	332,000	428,000
Transport	2,518,745	912,500	2,083,409
	2,611,929	1,304,500	2,630,616
<b>Total grants, subsidies and contributions</b>	8,583,021	4,427,317	11,346,769

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, Donations and Other Contributions

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

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

##### Grants, Donations and Other Contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 21.

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
<b>Interest earnings</b>			
- Reserve funds	35,211	100,000	47,082
- Other funds	18,791	100,000	15,698
Other interest revenue (refer note 22(e))	89,686	75,000	87,889
	143,688	275,000	150,669

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2018	2017
	\$	\$
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	20,372	16,233
- Assistance with Finalisation of the Annual Report	9,500	4,500
- Other Services	43,768	15,121
	73,640	35,854
<b>Interest expenses (finance costs)</b>		
Long term borrowings (refer Note 12(a))	27,429	36,023
	27,429	36,023
<b>Rental charges</b>		
- Operating leases (refer Note 17(b))	258,598	263,202
	258,598	263,202

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		3,832,585	3,457,236
Restricted		4,368,377	5,738,501
		<u>8,200,962</u>	<u>9,195,737</u>

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

Leave Reserve	4	140,228	128,601
Plant Reserve	4	134,657	134,267
Waste Disposal Reserve	4	78,246	187,749
Public Ablutions Reserve	4	1,767	1,762
Staff Housing Reserve	4	730,138	728,021
Civic Centre Reserve	4	62,043	116,090
IT Replacement Reserve	4	54,054	53,897
Airport Reserve	4	49,140	48,997
Coral Bay Tip Reserve	4	21,896	21,832
Surge/ Fascine Reserve	4	105,918	315,701
Town Planning Reserve	4	1,561	23,502
Fascine Dredging Reserve	4	125,755	125,390
Flood Mitigation Reserve	4	11,899	11,864
OTC / NASA Reserve	4	8,864	8,838
Blowholes Reserve	4	2,845	2,837
Land and Infrastructure Development Reserve	4	184,386	647,990
Asset Management Reserve	4	28,927	28,843
Emergency Response Reserve	4	152,322	102,003
Mosquito Management Reserve	4	1,377	1,255
Unspent Grants and Contributions Reserve	21	<u>2,472,354</u>	<u>3,049,062</u>
		<u>4,368,377</u>	<u>5,738,501</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

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

4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	128,601	23,991	(12,364)	140,228	128,557	1,355	0	129,912	127,945	656	0	128,601
Plant Reserve	134,267	390	0	134,657	134,221	1,415	0	135,636	133,582	685	0	134,267
Waste Disposal Reserve	187,749	497	(110,000)	78,246	187,684	1,978	(110,000)	79,662	186,791	958	0	187,749
Public Ablutions Reserve	1,762	5	0	1,767	1,761	18	0	1,779	1,753	9	0	1,762
Staff Housing Reserve	728,021	2,117	0	730,138	21,826	230	0	22,056	724,307	3,714	0	728,021
Civic Centre Reserve	116,090	313	(54,360)	62,043	727,775	7,670	0	735,445	303,596	1,421	(188,928)	116,089
IT Replacement Reserve	53,897	157	0	54,054	116,122	3,215	(86,073)	33,264	53,622	275	0	53,897
Airport Reserve	48,997	143	0	49,140	53,879	568	0	54,447	826,502	2,495	(780,000)	48,997
Coral Bay Tip Reserve	21,832	64	0	21,896	48,980	5,483	0	54,463	21,721	111	0	21,832
Surge/ Fascine Reserve	315,701	105,217	(315,000)	105,918	315,476	104,472	(315,000)	104,948	7,441	308,260	0	315,701
Town Planning Reserve	23,502	59	(22,000)	1,561	11,861	125	0	11,986	23,382	120	0	23,502
Fascine Dredging Reserve	125,390	365	0	125,755	23,494	248	(22,000)	1,742	124,750	640	0	125,390
Flood Mitigation Reserve	11,864	35	0	11,899	125,347	1,321	0	126,668	11,804	61	0	11,865
OTC / NASA Reserve	8,838	26	0	8,864	8,835	93	0	8,928	8,793	45	0	8,838
Blowholes Reserve	2,837	8	0	2,845	2,844	240	0	3,084	22,735	102	(20,000)	2,837
Unspent Grants and Contributions Reserve	3,049,062	217,172	(793,880)	2,472,354	3,048,118	67,220	(3,048,116)	67,222	4,639,633	387,318	(1,977,888)	3,049,063
Land and Infrastructure Development Reserve	647,990	106,093	(569,697)	184,386	647,809	112,274	(629,697)	130,386	744,246	3,744	(100,000)	647,990
Asset Management Reserve	28,843	84	0	28,927	28,833	304	0	29,137	28,696	147	0	28,843
Emergency Response Reserve	102,003	50,319	0	152,322	101,948	50,547	0	152,495	51,701	50,301	0	102,002
Mosquito Management Reserve	1,255	122	0	1,377	1,254	146	0	1,400	912	343	0	1,255
	5,738,501	507,177	(1,877,301)	4,368,377	5,736,624	358,922	(4,210,886)	1,884,660	8,043,912	761,405	(3,066,816)	5,738,501

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements.
Plant Reserve	Ongoing	To be used to implement the Shire's Plant Replacement Program.
Waste Disposal Reserve	Ongoing	To be used for maintenance or capital expenditure at Browns Range Refuse Site.
Public Ablutions Reserve	Ongoing	To be used to contribute to replacement of major upgrades on Shire of Carnarvon ablutions.
Staff Housing Reserve	Ongoing	To be used for major maintenance and capital purchases with respect to staff housing.
Civic Centre Reserve	Ongoing	To be used for major building and equipment upgrades to Carnarvon Civic Centre.
IT Replacement Reserve	Ongoing	To be used to fund the Shire of Carnarvon Information Technology Strategy.
Airport Reserve	Ongoing	To be used to contribute to capital costs in relation to the Carnarvon Airport.
Coral Bay Tip Reserve	Ongoing	To be used for maintenance and capital costs associated with Coral Bay Refuse Site.
Surge/ Fascine Reserve	Ongoing	To be used for capital upgrade costs associated with the Fascine Wall.
Town Planning Reserve	Ongoing	To be used to contribute to funding town planning scheme reviews, new scheme & relevant town planning purposes.
Fascine Dredging Reserve	Ongoing	To be used to contribute to funding the fascine dredging program.
Flood Mitigation Reserve	Ongoing	To be used to finance Council's obligations with respect to the Flood Mitigation Strategy.
OTC / NASA Reserve	Ongoing	To be used for the development & conservation of the OTC site.
Blowholes Reserve	Ongoing	To be used to assist with the removal of shack debris and post demolition rehabilitation of shack area.
Unspent Grants and Contributions Reserve	Ongoing	To be used to isolate grants and contributions for specific purposes to be spent at a later date or in subsequent years.
Land and Infrastructure Development Reserve	Ongoing	To be used for the purchase of land and development of infrastructure within the Shire of Carnarvon.
Asset Management Reserve	Ongoing	To be used for the replacement and improvement of specified assets within the Shire of Carnarvon in accordance with the Shire's Asset Management Plan.
Emergency Response Reserve	Ongoing	To be used in the preparation for and providing immediate assistance, relief and recovery to the community in response to an Emergency within the Shire of Carnarvon.
Mosquito Management Reserve	Ongoing	To be used for the purpose of delivering services to assist in mosquito management within the Shire of Carnarvon, which includes funding from the Department of Health.

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

**5. TRADE AND OTHER RECEIVABLES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Rates outstanding	689,517	732,484
Sundry debtors	372,272	479,883
GST receivable	219,315	54,971
Provision for doubtful debts	(9,227)	(5,960)
ESL Receivable	53,544	46,403
Bond Staff Housing	2,050	2,050
	<u>1,327,471</u>	<u>1,309,831</u>
<b>Non-current</b>		
Rates outstanding - pensioners	95,771	81,170
	<u>95,771</u>	<u>81,170</u>

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

**Rates outstanding**

Includes:

- 1 to 5 years	689,517	732,484
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**Sundry debtors**

Includes:

- up to one month	235,382	379,721
- 1 - 3 months	57,447	66,740
- 3 months to 1 year	68,524	25,186
- 1 - 5 years	10,919	8,236

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

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

**Classification and subsequent measurement**

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

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

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

**6. INVENTORIES**

**Current**

Fuel and Materials

Civic Centre

Visitors Centre

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
	22,643	20,979
	4,176	4,176
	25,966	25,966
	<b>52,785</b>	<b>51,121</b>

**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.



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

**7 (a). PROPERTY, PLANT AND EQUIPMENT**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Land and buildings		
Land - freehold at:		
- Independent valuation 2017 - level 2	5,490,000	5,490,000
- Independent valuation 2017 - level 3	2,893,800	2,893,800
	<u>8,383,800</u>	<u>8,383,800</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	275,000	275,000
	<u>275,000</u>	<u>275,000</u>
Total land	<u>8,658,800</u>	<u>8,658,800</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	1,935,000	1,935,000
- Independent valuation 2017 - level 3	12,695,756	12,695,756
- Additions after valuation - cost	839,426	0
Buildings - non-specialised - Less: accumulated depreciation	(607,592)	0
	<u>14,862,590</u>	<u>14,630,756</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	8,949,458	8,949,458
- Additions after valuation - cost	26,825	0
Buildings - specialised - Less: accumulated depreciation	(359,731)	0
	<u>8,616,552</u>	<u>8,949,458</u>
Total buildings	<u>23,479,142</u>	<u>23,580,214</u>
Total land and buildings	<u>32,137,942</u>	<u>32,239,014</u>
Furniture and equipment at:		
- Independent valuation 2016 - level 3	280,900	280,900
- Management valuation 2016 - level 3	83,470	83,470
- Additions after valuation - cost	20,135	13,462
Furniture and equipment - Less: accumulated depreciation	(106,322)	(55,934)
	<u>278,183</u>	<u>321,898</u>
Plant and equipment at:		
- Independent valuation 2016 - level 2	1,969,700	1,969,700
- Management valuation 2016 - level 3	55,949	55,949
- Additions after valuation - cost	260,996	174,852
Plant and equipment - Less: accumulated depreciation	(579,392)	(294,894)
	<u>1,707,253</u>	<u>1,905,607</u>
<b>Total property, plant and equipment</b>	<u>34,123,378</u>	<u>34,466,519</u>

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

### (b) Movements in Carrying Amounts

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

	Land - freehold	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	6,911,526	275,000	7,186,526	461,253	21,669,866	22,131,119	29,317,645	364,370	2,027,439	31,709,454
Additions	0	0	0	738,807	49,584	788,391	788,391	13,462	174,853	976,706
Revaluation increments/ (decrements) transferred to revaluation surplus	1,472,274	0	1,472,274	14,015,969	(12,415,476)	1,600,493	3,072,767	0	0	3,072,767
Depreciation (expense)	0	0	0	(585,273)	(354,516)	(939,789)	(939,789)	(55,934)	(296,685)	(1,292,408)
<b>Carrying amount at 30 June 2017</b>	8,383,800	275,000	8,658,800	14,630,756	8,949,458	23,580,214	32,239,014	321,898	1,905,607	34,466,519
Additions	0	0	0	839,426	26,825	866,251	866,251	6,673	191,343	1,064,266
(Disposals)	0	0	0	0	0	0	0	0	(105,200)	(105,200)
Depreciation (expense)	0	0	0	(607,592)	(359,731)	(967,323)	(967,323)	(50,388)	(284,497)	(1,302,207)
<b>Carrying amount at 30 June 2018</b>	8,383,800	275,000	8,658,800	14,862,590	8,616,552	23,479,142	32,137,942	278,183	1,707,253	34,123,378

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

### (c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold	2 & 3	Market approach using recent observable or estimated market data for similar properties	Independent Valuers	June 2017	Price per hectare / market borrowing rate
Land - vested in and under the control of Council	3	Cost approach using depreciated replacement cost	Management Valuation	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2 & 3	Market approach using recent observable or estimated market data for similar properties	Independent Valuers	June 2017	Price per square metre / market borrowing rate
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Independent Valuers & Management Valuation	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>	2 & 3	Market approach using recent observable market data for similar properties / cost approach using depreciated replacement cost	Independent Valuers & Management Valuation	June 2016	Market price per item / purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

8 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2015 - level 3	315,173,553	315,173,553
- Management valuation 2018 - level 3	(86,096,899)	0
- Additions after valuation - cost	5,239,013	2,335,008
Infrastructure - Roads - Less: accumulated depreciation	0	(9,766,190)
	<u>234,315,667</u>	<u>307,742,371</u>
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	2,091,449	2,091,449
- Management valuation 2018 - level 3	7,700,648	0
- Additions after valuation - cost	264,461	154,049
Infrastructure - Footpaths - Less: accumulated depreciation	0	(73,803)
	<u>10,056,558</u>	<u>2,171,695</u>
Infrastructure - Drainage		
- Management valuation 2015 - level 3	6,784,777	6,779,666
- Management valuation 2018 - level 3	16,401,810	0
- Additions after valuation - cost	23,600	5,111
Infrastructure - Drainage - Less: accumulated depreciation	0	(203,293)
	<u>23,210,187</u>	<u>6,581,484</u>
Infrastructure - Parks and ovals		
- Management valuation 2015 - level 3	14,661,054	14,661,054
- Independent valuation 2018 - level 3	(3,525,326)	0
- Additions after valuation - cost	2,637,989	2,393,651
Infrastructure - Parks and ovals - Less: accumulated depreciation	0	(619,598)
	<u>13,773,717</u>	<u>16,435,107</u>
Infrastructure - Other Infrastructure		
- Management valuation 2015 - level 3	10,656,269	10,542,000
- Independent valuation 2018 - level 3	(896,092)	0
- Additions after valuation - cost	786,953	114,269
Infrastructure - Other Infrastructure - Less: accumulated depreciation	0	(420,704)
	<u>10,547,130</u>	<u>10,235,565</u>
Infrastructure - Bridges		
- Management valuation 2015 - level 3	7,980,000	7,980,000
- Management valuation 2018 - level 3	(380,000)	0
- Additions after valuation - cost	0	0
Infrastructure - Bridges - Less: accumulated depreciation	0	(319,200)
	<u>7,600,000</u>	<u>7,660,800</u>
Infrastructure - Levee system		
- Management valuation 2015 - level 3	8,951,280	8,951,280
- Independent valuation 2018 - level 3	(581,280)	0
- Additions after valuation - cost	0	0
Infrastructure - Levee system - Less: accumulated depreciation	0	(89,506)
	<u>8,370,000</u>	<u>8,861,774</u>
Infrastructure - Airport		
- Management valuation 2015 - level 3	12,775,514	9,048,902
- Independent valuation 2018 - level 3	(685,314)	0
- Additions after valuation - cost	0	3,726,612
Infrastructure - Airport - Less: accumulated depreciation	0	(573,547)
	<u>12,090,200</u>	<u>12,201,967</u>
Infrastructure - Car Parks		
- Management valuation 2015 - level 3	231,035	231,036
- Independent valuation 2018 - level 3	224,643	0
- Additions after valuation - cost	0	0
Infrastructure - Car Parks - Less: accumulated depreciation	0	(34,538)
	<u>455,678</u>	<u>196,498</u>

## 8. INFRASTRUCTURE (Continued)

### (b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and ovals	Infrastructure - Other Infrastructure	Infrastructure - Bridges	Infrastructure - Levee system	Infrastructure - Airport	Infrastructure - Car Parks	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	311,797,763	2,060,398	6,691,858	16,504,642	10,347,174	7,820,400	8,906,530	8,896,472	209,086	373,234,323
Additions	827,703	150,968	5,111	272,022	113,969	0	0	3,704,268	0	5,074,041
Depreciation (expense)	(4,883,095)	(39,671)	(115,485)	(341,557)	(225,577)	(159,600)	(44,756)	(398,773)	(12,588)	(6,221,102)
<b>Carrying amount at 30 June 2017</b>	307,742,371	2,171,695	6,581,484	16,435,107	10,235,566	7,660,800	8,861,774	12,201,967	196,498	372,087,261
Additions	2,904,005	110,412	23,600	244,337	786,953	0	0	0	0	4,069,307
Revaluation increments/ (decrements) transferred to revaluation surplus	(70,918,500)	7,960,294	16,692,979	(2,559,303)	(243,096)	87,655	(447,018)	435,176	271,768	(48,720,045)
Depreciation (expense)	(5,412,209)	(185,843)	(87,876)	(346,424)	(232,293)	(148,455)	(44,756)	(546,943)	(12,588)	(7,017,387)
<b>Carrying amount at 30 June 2018</b>	234,315,667	10,056,558	23,210,187	13,773,717	10,547,130	7,600,000	8,370,000	12,090,200	455,678	320,419,137

## 8. INFRASTRUCTURE (Continued)

### (c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks and ovals	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other Infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Levee system	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Airport	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Car Parks	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have 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. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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

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

#### Revaluation

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

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

#### Land under control

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

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

#### Land under roads

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

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

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

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

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

## 9. FIXED ASSETS (Continued)

### (a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
<b>Governance</b>								
Sale of CEO Vehicle - PCAR21	0	0	0	0	36,125	36,000	0	(125)
<b>Law, order, public safety</b>								
Transfer of Emergency Medical Unit Trailer	1,020	0	0	(1,020)	0	0	0	0
<b>Recreation and culture</b>								
Trade in of Toro Mower GM360 - PMOW5	15,300	10,450	0	(4,850)	15,300	9,000	0	(6,300)
Trade in of Ferris IS2500 Mower - P318	12,750	7,700	0	(5,050)	15,000	5,500	0	(9,500)
Trade in of Toro 3100D Sidewinder - PMOW6	5,950	26,400	20,450	0	0	0	0	0
<b>Transport</b>								
Sale of Multi Tyred Roller - P265	8,701	450	0	(8,251)	0	0	0	0
Sale of Tandem Trailer - P168	870	361	0	(509)	0	0	0	0
Sale of Viking Spray Unit - P149	1,088	20	0	(1,067)	0	0	0	0
Sale of Hardie Boom Spray - P86	1,020	1,075	55	0	0	0	0	0
Sale of Iseki Mower - PMOW4	363	335	0	(28)	0	0	0	0
Sale of Isuzu Road Sweeper - PSW3	32,669	6,171	0	(26,498)	0	0	0	0
Sale of Caravan - P273	817	88	0	(729)	0	0	0	0
Sale of Compack Air Compressor - P95	680	108	0	(573)	0	0	0	0
Sale of Silvan Spreader - PSP1	3,960	89	0	(3,871)	0	0	0	0
Sale of Coromal Caravan - P283	817	564	0	(253)	0	0	0	0
Sale of Sign Trailer - P28	290	767	477	0	0	0	0	0
	86,294	54,578	20,982	(52,697)	66,425	50,500	0	(15,925)

### (b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	607,592	585,273
Buildings - specialised	359,731	354,516
Furniture and equipment	50,388	55,934
Plant and equipment	303,403	296,685
Infrastructure - Roads	5,412,209	4,883,095
Infrastructure - Footpaths	185,843	39,671
Infrastructure - Drainage	87,876	115,485
Infrastructure - Parks and ovals	346,424	341,557
Infrastructure - Other Infrastructure	232,293	225,577
Infrastructure - Bridges	148,455	159,600
Infrastructure - Levee system	44,756	44,756
Infrastructure - Airport	546,943	398,773
Infrastructure - Car Parks	12,588	12,588
	8,338,500	7,513,510



## 9. FIXED ASSETS (Continued)

### (b) Depreciation (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES

##### Depreciation

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

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

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

##### Depreciation rates

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

Buildings	10 to 100 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	5 to 20 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
clearing and earthworks	not depreciated
construction/roadbase	50 years
Footpaths - slab	50 years
Bridges	50 years
Levee System	50 years
Tools	5 years
Water supply piping & drainage systems	75 years
Other Infrastructure	Various

##### Depreciation (Continued)

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

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

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

10. REVALUATION SURPLUS

	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Movement on	Balance	Balance	Increment	(Decrement)	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation Surplus - Land and buildings	16,973,508	0	0	0	16,973,508	13,900,741	3,072,767	0	3,072,767	16,973,508
Revaluation surplus - Furniture and equipment	148,721	0	0	0	148,721	148,721	0	0	0	148,721
Revaluation surplus - Plant and equipment	1,083,182	0	0	0	1,083,182	1,083,182	0	0	0	1,083,182
Revaluation surplus - Infrastructure - Roads	291,125,862	0	(70,918,500)	(70,918,500)	220,207,362	291,125,862	0	0	0	291,125,862
Revaluation surplus - Infrastructure - Footpaths	639,000	7,960,294	0	7,960,294	8,599,294	639,000	0	0	0	639,000
Revaluation surplus - Infrastructure - Drainage	5,454,698	16,692,979	0	16,692,979	22,147,677	5,454,698	0	0	0	5,454,698
Revaluation surplus - Infrastructure - Parks and ovals	0	0	(2,559,303)	(2,559,303)	(2,559,303)	0	0	0	0	0
Revaluation surplus - Infrastructure - Other Infrastructure	2,467,186	0	(243,096)	(243,096)	2,224,090	2,467,186	0	0	0	2,467,186
Revaluation surplus - Infrastructure - Bridges	1,887,825	87,655	0	87,655	1,975,480	1,887,825	0	0	0	1,887,825
Revaluation surplus - Infrastructure - Levee system	3,563,644	0	(447,018)	(447,018)	3,116,626	3,563,644	0	0	0	3,563,644
Revaluation surplus - Infrastructure - Airport	6,907,948	435,176	0	435,176	7,343,124	6,907,948	0	0	0	6,907,948
Revaluation surplus - Infrastructure - Car Parks	0	271,768	0	271,768	271,768	0	0	0	0	0
	330,251,574	25,447,872	(74,167,917)	(48,720,045)	281,531,529	327,178,807	3,072,767	0	3,072,767	330,251,574

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**11. TRADE AND OTHER PAYABLES**

**Current**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Sundry creditors	1,333,844	648,034
Accrued interest on debentures	0	2,161
Accrued salaries and wages	73,600	50,022
Accrued Expenditure	17,757	0
Prepaid income	0	216,938
	<b>1,425,201</b>	<b>917,155</b>

**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.

## 12. INFORMATION ON BORROWINGS

### (a) Repayments - Borrowings

Particulars	Borrowing Insitution	Interest Rate %	Principal 1 July 2017 \$	New Loans \$	Principal Repayments		Principal 30 June 2018		Interest Repayments	
					Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Housing</b>										
Loan 213 Staff Housing	WATC	6.04	44,650	0	10,943	10,943	33,707	33,707	2,706	2,452
<b>Recreation and culture</b>										
Loan 211 Library	WATC	6.96	40,822	0	40,822	40,823	0	(1)	1,071	1,069
Loan 215 Infrastructure Development	WATC	3.77	207,712	0	137,306	137,299	70,406	70,413	8,029	6,923
<b>Transport</b>										
Loan 216 Airport Corrective Works	WATC	3.05	430,587	0	39,718	39,718	390,869	390,869	15,623	12,832
			723,771	0	228,789	228,783	494,982	494,988	27,429	23,276

All other loan repayments were financed by general purpose revenue.

### Borrowings

	2018 \$	2017 \$
Current	122,964	228,790
Non-current	372,018	494,981
	494,982	723,771

### (b) Undrawn Borrowing Facilities

#### Credit Standby Arrangements

	2018 \$	2017 \$
Bank overdraft limit	200,000	200,000
Credit card limit	40,000	40,000
Credit card balance at balance date	(2,625)	(4,015)
<b>Total amount of credit unused</b>	237,375	235,985

#### Loan facilities

Loan facilities - current	122,964	228,790
Loan facilities - non-current	372,018	494,981
<b>Total facilities in use at balance date</b>	494,982	723,771

#### Unused loan facilities at balance date

NIL NIL

### SIGNIFICANT ACCOUNTING POLICIES

#### Financial liabilities

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

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, 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.

## 13. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2017</b>			
Current provisions	289,534	217,570	507,104
Non-current provisions	0	76,324	76,324
	289,534	293,894	583,428
Additional provision	(289,534)	(188,570)	(478,104)
Amounts used	403,734	218,441	622,175
<b>Balance at 30 June 2018</b>	403,734	323,765	727,499
<b>Comprises</b>			
Current	403,734	218,441	622,175
Non-current	0	105,324	105,324
	403,734	323,765	727,499

Annual Leave and current long service leave liabilities have been classed as current as there are no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities are expected to occur as detailed below.

	Annual Leave	Long Service Leave	Total
	\$	\$	\$
<b>Current Provisions</b>			
Within 12 months of the end of the reporting period	114,199	871	115,070
After 12 months of the end of the reporting period	289,535	217,570	507,105
	403,734	218,441	622,175

## 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**Reconciliation of Cash**

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

	<b>2018 Actual</b>	<b>2018 Budget</b>	<b>2017 Actual</b>
	\$	\$	\$
Cash and cash equivalents	8,200,962	1,884,660	9,195,737

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

Net result	(4,675,418)	(11,710,071)	(513,445)
Non-cash flows in Net result:			
Depreciation	8,338,500	9,027,803	7,513,510
(Profit)/loss on sale of asset	31,715	15,925	12,063
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(32,241)	444,062	(141,610)
(Increase)/decrease in inventories	(1,664)	0	(10,065)
Increase/(decrease) in payables	508,046	704,702	(275,048)
Increase/(decrease) in provisions	144,071	0	(44,347)
Grants contributions for the development of assets	(2,611,929)	(1,304,500)	(2,630,616)
Net cash from operating activities	1,701,081	(2,822,079)	3,910,441

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2018	2017
	\$	\$
Governance	3,831,049	3,937,092
Law, order, public safety	539,360	580,544
Health	129,914	137,432
Education and welfare	1,707,300	1,765,950
Housing	829,500	860,000
Community amenities	11,480,706	11,406,647
Recreation and culture	39,996,595	40,970,651
Transport	288,843,578	337,988,346
Economic services	68,006	75,473
Other property and services	2,059,670	2,215,278
Unallocated	14,733,826	17,254,224
	<u>364,219,504</u>	<u>417,191,639</u>

**16. CONTINGENT LIABILITIES**

In compliance with the *Contaminated Sites Act 2003 Section 11*, the Shire has listed sites to be possible sources of contamination.

Details of those sites are:

- Shire of Carnarvon Airport
- Shire of Carnarvon Brown's Range Landfill Site
- Shire of Carnarvon Coral Bay Landfill Site

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Environment Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Environment Regulation Guidelines.

## 17. LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

### (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

	2018	2017
	\$	\$
	157,567	228,238
	141,893	299,460
	<u>299,460</u>	<u>527,698</u>

## 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.



## 18. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Meeting Fees	136,426	150,872	116,000
President's allowance	45,594	48,400	34,400
Deputy President's allowance	11,464	12,000	8,600
Travelling expenses	7,942	22,500	9,932
Telecommunications allowance	4,295	4,500	4,888
	<u>205,720</u>	<u>238,272</u>	<u>173,820</u>

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:	2018	2017
	\$	\$
Short-term employee benefits	1,523,379	1,506,953
Post-employment benefits	126,879	142,049
Other long-term benefits	<u>27,989</u>	<u>30,682</u>
	<u>1,678,247</u>	<u>1,679,684</u>

#### Short-term employee benefits

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

#### Post-employment benefits

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

#### Other long-term benefits

These amounts represent long service benefits accruing during the year.

### 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:	2018	2017
	\$	\$
Sale of goods and services (KMP)	12,060	229,645
Purchase of goods and services (KMP)	170,326	50,020

#### Amounts outstanding from related parties:

Trade and other receivables (KMP)	1,073	0
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#### Amounts payable to related parties:

Trade and other payables (KMP)	5,879	0
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### Related Parties

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

##### i. Key management personnel

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

##### ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

## **19. MAJOR LAND TRANSACTIONS**

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

## **20. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

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

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

21. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
	Balance <sup>(1)</sup> 1/07/16	2016/17	2016/17	Balance <sup>(1)</sup> 30/06/17	2017/18	2017/18	Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>							
CLGF Photovoltaic System (solar panels) (4)	0	188,594	0	188,594	13,257	(22,600)	179,251
<b>Health</b>							
CLAG/FIMMWA (mosquitoes)	2,369	26,111	(2,379)	26,101	130	0	26,231
<b>Education and welfare</b>							
Youth DCP & DCS	95,762	207,395	(95,762)	207,395	1,036	(91,657)	116,774
Kidsport	5,950	10,261	(11,927)	4,284	0	(4,284)	0
Ageing in Place - GDC RFR	250,088	1,212	(248,756)	2,544	0	(2,544)	0
Club Development Officer (DSR)	14,349	18,535	(32,881)	3	0	(3)	0
Indigenous Advancement Strategy (DP&C)	25,945	14,893	(5,967)	34,871	10,276	(8,176)	36,971
<b>Housing</b>							
CLGF Executive housing	358,603	56,565	(360,188)	54,980	279	(55,259)	0
<b>Community amenities</b>							
Waste services	62,892	305	(37,382)	25,815	1,574	(9,160)	18,229
Local planning strategy	5,777	28	(5,777)	28	0	(28)	0
CLGF Waste Facility Improvements	858,689	4,161	(60,113)	802,737	84,616	(473,970)	413,383
CLGF Coral Bay Transfer Station	79,817	387	0	80,204	(80,204)	0	0
Town Planning Scheme Grant (DoP)	120,000	581	(30,716)	89,865	449	(687)	89,627
<b>Recreation and culture</b>							
Blowholes (balance of \$1,800,000)	993,176	4,812	0	997,988	14,481	(424)	1,012,045
DRD Fascine "Final" Stage	692,108	12,049	(395,205)	308,952	4,030	(2,300)	310,682
CLGF Civic Centre Refurbishment	387,685	0	(387,685)	0	0	0	0
CLGF Aquatic Centre Refurbishment	0	219,882	(113,013)	106,869	534	(95,234)	12,169
WACA Grant - Cricket Pitch Installation	0	0	0	0	8,910	0	8,910
Civic Centre Grant - Raise the Roof	0	0	0	0	156,662	0	156,662
<b>Transport</b>							
Robinson Street	13,411	1,467	(795)	14,083	650	(105)	14,628
Regional Aviation Access Program	494,352	1,255	(495,607)	0	0	0	0
<b>Economic services</b>							
VC Sustainability Grant (Tourism WA)	8,660	40	(8,699)	1	0	(1)	0
Water Management Strategy Plan (DoP)	70,000	339	(24,300)	46,039	230	(12,300)	33,969
Public Open Space Strategy Project (DoP)	80,000	388	(46,786)	33,602	167	(9,500)	24,269
Civic Precinct Development Plan (DoP)	20,000	97	(1,637)	18,460	93	0	18,553
Heritage Trail (GDC)	0	46,507	(40,860)	5,647	0	(5,647)	0
<b>Total</b>	<b>4,639,633</b>	<b>815,864</b>	<b>(2,406,435)</b>	<b>3,049,062</b>	<b>217,171</b>	<b>(793,879)</b>	<b>2,472,354</b>

Notes:

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

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

## 22. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	2018	2017	Budget	Budget	Budget	2018	
							Total Rate Revenue \$	Total Rate Revenue	Rate Revenue \$	Interim Rate \$	Back Rate \$	Total Rate Revenue \$	
<b>Differential general rate / general rate</b>													
<b>Gross rental valuations</b>													
GRV Valued Properties	0.084539	1,888	46,077,587	3,894,933	(16,596)	3,051	3,881,388	3,686,362	3,889,726	(20,000)	5,000	3,874,726	
<b>Unimproved valuations</b>													
UV Mining	0.121293	21	503,185	61,033			61,033	56,381	61,033	0	0	61,033	
UV Pastoral	0.066160	33	2,733,810	180,869			180,869	178,063	180,869	0	0	180,869	
UV Intensive Horticulture	0.008244	167	52,170,000	430,089			430,089	525,830	430,089	0	0	430,089	
<b>Sub-Total</b>		2,109	101,484,582	4,566,924	(16,596)	3,051	4,553,379	4,446,636	4,561,717	(20,000)	5,000	4,546,717	
<b>Minimum payment</b>													
<b>Gross rental valuations</b>													
GRV Valued Properties		954	209	1,596,746	199,386		199,386	191,588	201,294	0	0	201,294	
<b>Unimproved valuations</b>													
UV Mining		200	24	17,509	4,800		4,800	4,800	4,800	0	0	4,800	
UV Pastoral		403	7	11,900	2,821		2,821	1,532	2,821	0	0	2,821	
UV Intensive Horticulture		788	2	60,000	1,576		1,576	1,500	1,576	0	0	1,576	
<b>Sub-Total</b>			242	1,686,155	208,583	0	0	208,583	199,420	210,491	0	0	210,491
			2,351	103,170,737	4,775,507	(16,596)	3,051	4,761,962	4,646,056	4,772,208	(20,000)	5,000	4,757,208
<b>Total amount raised from general rate</b>							4,761,962	4,646,056					4,757,208
Specified Area Rate (refer note 22(b))							225,824	249,368					215,000
Ex-gratia rates							2,676	0					0
<b>Totals</b>							4,990,462	4,895,424					4,972,208

### 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.

22. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value	Rate Revenue	Interim Rate Revenue	Back Rate Revenue	2018 Total Rate Revenue	2017 Total Rate Revenue	Budget Rate Revenue	Budget Back Rate Revenue	Budget Interim Rate Revenue	2018 Total Budget Rate Revenue
GRV Coral Bay Refuse Site	GRV	0.06305	3,710,040	217,255	0	8,569	225,824	249,368	215,000	0	0	215,000
				217,255	0	8,569	225,824	249,368	215,000	0	0	215,000

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	Rate Applied to Costs	Rate Set Aside to Reserve	Reserve Applied to Costs	Budget Rate Applied to Costs	Budget Rate Set Aside to Reserve	Budget Reserve Applied to Costs
GRV Coral Bay Refuse Site	This rate is raised to contribute to the maintenance and future deliberations of the Coral Bay Refuse Site. The rate will be applied in full to the Coral Bay Refuse Site. Any surplus is required to be transferred to a specific purpose reserve. A surplus is not anticipated.	All properties located in Coral Bay.	\$ 0	\$ 0	\$ 0	\$ 215,000	\$ 0	\$ 0
			0	0	0	215,000	0	0

(c) Service Charges

No service charges were imposed by the Shire during the year ended 2018.

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

No discounts on rates is available and no waivers or concessions were given during the year ended 2018.

22. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates Interest
		Admin Charge	Interest Rate	Rate
		\$	%	%
<b>Option One</b>				
Single full payment	16-Oct-17	0	5.50%	11.00%
<b>Option Two</b>				
First instalment	16-Oct-17	0	5.50%	11.00%
Second instalment	19-Feb-18	4	5.50%	11.00%
<b>Option Three</b>				
First instalment	16-Oct-17	0	5.50%	11.00%
Second instalment	18-Dec-17	4	5.50%	11.00%
Third instalment	19-Feb-18	4	5.50%	11.00%
Fourth instalment	23-Apr-18	4	5.50%	11.00%
		2018 Actual	2018 Budget	2017 Actual
		\$	\$	
Interest on unpaid rates		71,083	55,000	67,477
Interest on instalment plan		18,603	20,000	20,412
Charges on instalment plan		4,756	4,000	5,196
		<u>94,442</u>	<u>79,000</u>	<u>93,085</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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## 23. NET CURRENT ASSETS

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

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
<b>Surplus/(Deficit)</b>	3,889,507	4,117,971	4,117,971
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	3,832,585	3,457,236	3,457,236
Restricted	4,368,377	5,738,501	5,738,501
Receivables			
Rates outstanding	689,517	732,484	732,484
Sundry debtors	374,322	479,844	479,844
GST receivable	219,315	54,971	54,971
Provision for doubtful debts	(9,227)	(5,960)	(5,960)
ESL Receivable	53,544	46,403	46,403
Bond Staff Housing	0	2,089	2,089
Inventories			
Fuel and Materials	22,643	20,979	20,979
Civic Centre	4,176	4,176	4,176
Visitors Centre	25,966	25,966	25,966
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(1,333,844)	(648,034)	(648,034)
Accrued interest on debentures	0	(2,161)	(2,161)
Accrued salaries and wages	(73,600)	(50,022)	(50,022)
Accrued Expenditure	(17,757)	0	0
Prepaid income	0	(216,938)	(216,938)
Current portion of long term borrowings	(122,964)	(228,790)	(228,790)
Provisions			
Provision for annual leave	(403,734)	(289,534)	(289,534)
Provision for long service leave	(218,441)	(217,570)	(217,570)
<b>Unadjusted net current assets</b>	<b>7,410,878</b>	<b>8,903,640</b>	<b>8,903,640</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(4,368,377)	(5,738,501)	(5,738,501)
Add: Current portion of long term borrowings	122,964	228,790	228,790
Add: Provision for annual leave	403,734	289,534	289,534
Add: Provision for long service leave	218,441	217,570	217,570
Add: Prepaid income	101,867	216,938	216,938
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>3,889,507</b>	<b>4,117,971</b>	<b>4,117,971</b>

### Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**24. FINANCIAL RISK MANAGEMENT**

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

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	8,200,962	9,195,737	8,200,962	9,195,737
Receivables	1,423,242	1,391,001	1,423,242	1,391,001
	<u>9,624,204</u>	<u>10,586,738</u>	<u>9,624,204</u>	<u>10,586,738</u>
<b>Financial liabilities</b>				
Payables	1,425,201	917,155	1,425,201	917,155
Borrowings	494,982	723,771	502,004	736,967
	<u>1,920,183</u>	<u>1,640,926</u>	<u>1,927,205</u>	<u>1,654,122</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings - estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.



**24. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

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

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

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

	<b>2018</b>	<b>2017</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash	<b>\$</b>	<b>\$</b>
- Equity	82,010	91,957
- Statement of Comprehensive Income	82,010	91,957

**Notes:**

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible interest rate movements.

**24. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

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

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

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

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

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

The profile of the Shire’s credit risk at balance date was:

	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	74.05%	89.00%
- Overdue	25.95%	11.00%

## 24. FINANCIAL RISK MANAGEMENT (Continued)

### (c) 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.

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2018</b>					
Payables	1,425,201	0	0	1,425,201	1,425,201
Borrowings	137,863	233,643	183,927	555,433	494,982
	1,563,064	233,643	183,927	1,980,634	1,920,183
<b>2017</b>					
Payables	917,155	0	0	917,155	917,155
Borrowings	252,060	319,150	236,475	807,685	723,771
	1,169,215	319,150	236,475	1,724,840	1,640,926

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

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

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	70,406	0	33,707	0	0	390,869	494,982	3.36%
Weighted average Effective interest rate	3.77%		6.04%			3.05%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	40,822	207,712	0	44,650	0	430,587	723,771	3.66%
Weighted average Effective interest rate	6.96%	3.77%	0.00%	6.04%	0.00%	3.05%		

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**25. TRUST FUNDS**

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

	<b>1 July 2017</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2018</b>
	\$	\$	\$	\$
Civic Centre Hire	4,909	2,440	(5,570)	1,779
Footpath Deposits	20,099	0	0	20,099
Private Works Deposits	2,000	550,000	0	552,000
Shire Facility Deposits	6,752	2,480	(3,712)	5,520
Public Open Space	110,374	0	0	110,374
Other Sundry Trust	8,110	33,076	(4,206)	36,980
Suspense	44,071	13,783	(41,942)	15,912
Unclaimed Monies	4,142	0	0	4,142
Civic Centre Airconditioning	51	0	0	51
Perth Glory	12,500	0	0	12,500
Footpath Cash in Lieu	7,200	0	0	7,200
Building in Training Fund	0	16,460	(15,539)	921
Unspent DRD Grant Funds	420,344	0	(420,344)	0
Visitors Centre Booking Sales	0	76,949	(49,515)	27,435
	<u>640,552</u>			<u>794,913</u>

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

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

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

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

Notes:

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

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

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

Notes:

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

**Adoption of New and Revised Accounting Standards**

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

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

- |   |                |
|---|----------------|
| (i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities | 1 January 2017 |
| (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities   | 1 January 2017 |

## 27. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

### i) Impairment of assets

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

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

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

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

## 28. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of resources.	Administration and operations of facilities and services to members of Council. Other costs which relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b>	To collect general revenue to allow for the provision of services.	Rates activity, general purpose grants, banking costs and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to help ensure a safer community.	Supervision of various local laws, fire prevention, emergency services, CBD security, administration of the Crime Prevention Plan.
<b>EDUCATION AND WELFARE</b>	To meet the needs of the community in these areas.	Support pre-school facilities and assistance of seniors and retirement villages. This function also provides for Youth Strategy and the accounting of the Carnarvon Youth Co-Ordinating Networks finance as part of the agreement.
<b>HOUSING</b>	To meet the needs of the Shire of Carnarvon Staff.	Staff Housing.
<b>COMMUNITY AMENITIES</b>	To provide sanitary and essential services required by the community. To provide land development strategies and to process land development activities. Environmental sustainability.	Refuse collection service, operation of refuse site, administration of town planning scheme, cemetery service and maintenance, environmental protection services and land development services.
<b>RECREATION AND CULTURE</b>	To establish and manage efficiently infrastructure and resources which will help the social well being of the community.	Operations of the Civic Centre (Camel Lane), aquatic centre and beach areas, regional library service, cultural and heritage services and facilities, reserves, parks and gardens.
<b>TRANSPORT</b>	To provide effective and efficient transport services to the community.	Maintenance of streets, roads, footpaths, street lighting, airport. Agency for Department of Planning and Infrastructure's on line vehicle licensing service.
<b>ECONOMIC SERVICES</b>	To help promote and market the Shire of Carnarvon to the world and improve the economic well being. To ensure building development regulations are adhered to.	Noxious weed control, tourism and area promotion, building control and services.
<b>OTHER PROPERTY AND SERVICES</b>	To ensure works programs are operating efficiently.	Private works operations, public works operations and plant operations.



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

29. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	2.57	3.16	0.92
Asset consumption ratio	1.00	0.97	0.98
Asset renewal funding ratio	1.04	1.00	0.62
Asset sustainability ratio	0.48	0.71	0.58
Debt service cover ratio	4.21	10.69	(3.51)
Operating surplus ratio	(0.87)	(0.37)	(0.97)
Own source revenue coverage ratio	0.39	0.42	0.41

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

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

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	690,961	629,514	0
Amount of Financial Assistance Grant received in prior year relating to current year.	629,514	0	605,420
Amount of significant expenditure relating to flood mitigation work of which the corresponding revenue was recognised in 2012.	0	0	2,451,238

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

	2018	2017	2016
Current ratio	2.23	1.48	0.92
Debt service cover ratio	3.97	4.48	5.88
Operating surplus ratio	(0.90)	(0.68)	(0.44)

## INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF CARNARVON

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### Opinion

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

In our opinion, the financial report of the Shire of Carnarvon:

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

#### Basis for Opinion

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

#### Emphasis of Matter – Basis of Preparation

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

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF THE SHIRE OF CARNARVON  
(CONTINUED)****REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)*****Auditor's Responsibilities for the Audit of the Financial Report***

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

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

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

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

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

***REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS***

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

- a) All required information and explanations were obtained by us.
- b) All audit procedures were satisfactorily completed in conducting our audit.
- c) In my opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

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

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

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI  
PARTNER

Signed at Perth this 21<sup>st</sup> day of December 2018.

21 December 2018

Cr Karl Brandenburg  
The Shire President  
Shire of Carnarvon  
3 Francis Street  
CARNARVON WA 6701

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Dear Cr Brandenburg

## MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2018

We advise that we have completed our audit procedures for the year ended 30 June 2018.

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

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

We noted the following matters concerning the Shire's ratios we wish to draw to your attention:

### OPERATING SURPLUS RATIO

This ratio represents the percentage by which the operating surplus (or deficit) differs from the Shire's own source revenue which includes rates and operating grants.

The Shire's ratio (after adjustment for FAGs funding and expenditure) has declined in the current year (from (0.68) to (0.90)) and has been negative for the past 5 years. Analysis of the Shire's Statement of Comprehensive Income indicates the main reason for the decline to be the decrease in operating grants and contributions and the increase in depreciation costs during the year ended 30 June 2018.

A negative ratio indicates the local government is experiencing an operating deficit. A sustained period of deficits will erode the Shire's ability to service debt and maintain both its operational service level and asset base over the longer term whilst a positive ratio which is consistently above 0.15 provides the Shire with greater flexibility in meeting operational service levels and asset management requirements.

Both Council and management will need to consider ways to improve the operating position in order to increase the ratio above the basic acceptable target level of 0.15. This includes considering the sustainability of the current rating structure, identifying potential new avenues of revenue, and finding the optimum level of the Shire's operating expenses.

### ASSET SUSTAINABILITY RATIO

The Asset Sustainability Ratio expresses capital expenditure on renewal and replacement of existing assets as a percentage of depreciation costs. It is used to identify any potential decline or improvement in asset conditions. A percentage of less than 100% on an ongoing basis indicates assets may be deteriorating at a greater rate than spending on renewal or replacement.

This ratio has deteriorated in the current year (from 0.71 to 0.48) and is below the Department of Local Government, Sport and Cultural Industries target level of 0.90. In addition, it has been trending downwards over the longer terms.

A main reason for the fluctuation in this ratio is the actual spending on renewal or replacement has not been consistent for the past five years.

**ASSET SUSTAINABILITY RATIO (CONTINUED)**

Another reason that had impacted this ratio is the Shire’s depreciation costs which was significantly higher since 2016 following the revaluation of infrastructure assets (especially roads) in 2015.

To help the Shire maintain its assets base more effectively and improve this ratio in the future, we urge the management and Council to consider implementing plans:

- a) To ensure a more consistent spending on renewal or replacement of existing assets in line with the Shire’s Assets Management Plans; and
- b) To review the Total Useful Life (TUL) and remaining Useful Life (RUL) assessments on individual assets, especially roads so as to determine the appropriate level of depreciation for assets renewal and replacement purposes.

**SUMMARY**

As detailed above, some ratios are below the accepted industry benchmarks. Given the relative strength of the other ratios and the Shire’s balance sheet, lower ratios may be acceptable in the short term provided other measure/strategies are maximised. Notwithstanding this, these ratios appear to be trending downwards over the longer term and this should be carefully considered moving forward to avoid the development of an adverse trend in the Shire’s financial position.

We would like to take this opportunity to stress one off assessments of ratios at a particular point in time can only provide a snapshot of the financial position and operating situation of the Shire. As is the case with all ratios and indicators, their interpretation is much improved if they are calculated as an average over time with the relevant trends being considered.

We noted no other matters we wish to draw to your attention.

**UNCORRECTED MISSTATEMENT**

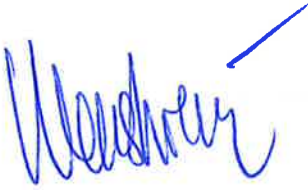
We advise there were two uncorrected misstatements noted during the course of the audit which is immaterial individually and in aggregate to the financial report as a whole.

No	Accounts	Dr	Cr
1	Operating expenditure – Private works	10,725	
	Accrued expenditure		10,725
	Accrued income	10,725	
	Operating income – Private works		10,725
	Accrued income and expenditure on private works was omitted for current year		
2	Depreciation	17,553	
	Accumulated depreciation		17,553
	Depreciation expense was omitted due to system glitch		

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

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

Yours faithfully



Wen-Shien Chai  
Partner  
Moore Stephens

Encl.

<b>Date of Meeting:</b>	14 January 2019
<b>Location/Address:</b>	N/A
<b>Name of Applicant:</b>	N/A
<b>Name of Owner:</b>	Shire of Carnarvon
<b>Author/s:</b>	Carolien Claassens – Manager Governance
<b>Declaration of Interest:</b>	Nil
<b>Voting Requirements:</b>	Simple Majority
<b>Previous Report:</b>	N/A

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**Summary of Item:**

This report relates to Council's adoption of the Shire of Carnarvon annual Compliance Audit Return for 2018.

**Description of Proposal:**

N/A

**Background:**

The Shire of Carnarvon is required under the Local Government (Audit) Regulation 1996 - Clause 14, to complete an annual Compliance Audit Return (CAR). The CAR represents an audit of the Shire compliance in the period 1 January until 31 December of each year. Commercial Enterprises by Local Governments, Delegation of Power, Disclosure of Interest, Disposal of Property, Finance, Integrated Planning and Reporting, Local Government Employees, Official Conduct and Tenders are being evaluated based on several questions provided by the Department of Local Government, Sport and Cultural Industries.

In this context the local government is required to undertake the audit and present the report to the Audit Committee for assessment. The CAR will be adopted by Council and presented to the Departmental CEO by 31 March 2018.

A copy of the Compliance Audit Return 2018 is provided at **Schedule 4.3**.

**Consultation:**

Nil.

**Statutory Environment:**

The Council is obliged to complete and submit the Carnarvon Compliance Audit Return 2017 in accordance with Regulations 14 and 15 the Local Government (Audit) Regulations, 1996.

**Relevant Plans and Policy:**

Nil

**Financial Implications:**

Nil.



**Risk Assessment:**

There is a risk that Council will be in breach of its statutory obligations should it not complete and adopt the Carnarvon - Compliance Audit Return 2018.

**Community & Strategic Objectives:****5.2 The Shire has a high standard of governance and accountability**

5.2.6 Compliance with the Local Government Act 1995 and all other relevant legislation and regulations

**Comment:**

The CAR 2018 has been completed by several relevant officers. The table below provides detail which officer completed which CAR category.

The compilation of the CAR 2018 documents has been completed by the Manager Governance.

COMPLIANCE AUDIT RETURN CATEGORY	RESPONSIBLE OFFICER	ROLE
Commercial Enterprises by Local Governments	Carolien Claassens	Manager Governance
Delegation of Power	Dannielle Hill	Senior Executive officer / FOI Coordinator
Disclosure of Interest	Dannielle Hill	Senior Executive officer / FOI Coordinator
Disposal of Property	Carolien Claassens	Manager Governance
Finance	Jodie Anderson, Mark Dacombe & Carolien Claassens	Senior Finance Officer; A/CEO; Manager Governance
Integrated Planning and Reporting	Mark Dacombe	A/CEO
Local Government Employees	Diane Lymn	Organisational Development Coordinator
Official Conduct	Dannielle Hill	Senior Executive officer / FOI Coordinator
Tenders	Carolien Claassens	Manager Governance

In the Finance category of the CAR three questions 7,8 and 9 related to the Auditors Report for the Financial year ended 30 June 2018, have been answered with No. The meeting with the Shire of Carnarvon Auditors is taking place at the same meeting as the review of the CAR 2018. Questions 7, 8 and 9 will be amended accordingly, after the response from the Audit Committee.

In the Integrated Planning and Reporting category of the CAR question 5, 6 and 7, related to the adoption of an Asset Management Plan, Long Term Financial Plan and a workforce plan, have been answered with No. Comments have been provided about the progress of completing these reports.

If required, some additional comments have been made by the responsible officer for other CAR categories.

## OFFICER'S RECOMMENDATION

*That the Audit Committee recommend that Council:*

- 1. Pursuant to Regulation 14(3) of the Local Government (Audit) Regulations 1996 review the Carnarvon – Compliance Audit Return 2018 as presented in Schedule 4.3 of this report;*
- 2. Pursuant to Regulation 14(3A) of the Local Government (Audit) Regulations 1996, after the review by the Audit Committee, present the Compliance Audit Return 2018 to council for adoption;*
- 3. Forward a certified copy of the Carnarvon – Compliance Audit Return 2018 to the 'Departmental CEO' of the Department of Local Government and Communities in accordance with Regulation 15(1) of the Local Government (Audit) Regulations 1996.*



Department of  
**Local Government, Sport  
and Cultural Industries**

## Carnarvon - Compliance Audit Return 2018

### Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of section of relevant minutes.

<b>Commercial Enterprises by Local Governments</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2018.	N/A		Carolien Claassens
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2018.	N/A		Carolien Claassens
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2018.	N/A		Carolien Claassens
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2018.	N/A		Carolien Claassens
5	s3.59(5)	Did the Council, during 2018, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Carolien Claassens



<b>Delegation of Power / Duty</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes		Carolien Claassens
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Carolien Claassens
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Carolien Claassens
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Carolien Claassens
5	s5.18	Has Council reviewed delegations to its committees in the 2017/2018 financial year.	Yes		Carolien Claassens
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Carolien Claassens
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Carolien Claassens
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Carolien Claassens
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Carolien Claassens
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Carolien Claassens
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Carolien Claassens
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2017/2018 financial year.	Yes		Carolien Claassens
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes		Carolien Claassens

<b>Disclosure of Interest</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes		Carolien Claassens
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes		Carolien Claassens



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No	Reference	Question	Response	Comments	Respondent
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Carolien Claassens
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Carolien Claassens
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes		Carolien Claassens
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2018.	Yes		Carolien Claassens
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2018.	Yes		Carolien Claassens
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		Carolien Claassens
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		Carolien Claassens
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes		Carolien Claassens
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes		Carolien Claassens
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes		Carolien Claassens
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes		Carolien Claassens
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	Yes		Carolien Claassens



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No	Reference	Question	Response	Comments	Respondent
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	Yes		Carolien Claassens
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Carolien Claassens

**Disposal of Property**

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	Yes	The disposal of property to a body described in the LG Functions and General Regulations 1996 S30. (b) Charitable, Recreational, sporting clubs etc.) have been excluded from the application of section 3.58 of LG act	Carolien Claassens
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes		Carolien Claassens

**Finance**

No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act.	Yes	Please refer to OCM October 2015 FC 4/10/15 and OCM November 2017 FC 10/11/17	Carolien Claassens
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	Yes	refer to OCM October 2015 FC 4/10/15. No - refer to OCM November 2017 FC 10/11/17 the delegation of the Audit Committee has been altered to Advisory only. This has been adopted in the Terms of Reference, as per FC 7/11/17	Carolien Claassens
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes		Carolien Claassens
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes	Refer to Ordinary Council Meeting February 2015 FC 13/2/15	Carolien Claassens



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No	Reference	Question	Response	Comments	Respondent
5	Audit Reg 10	Was the Auditor’s report for the financial year ended 30 June 2018 received by the local government within 30 days of completion of the audit.	Yes	The Financial Report for the year ended 30 June 2018 was completed and received on the 21st Dec 2018, the final audit testing and adjustments required were processed in December 2018	Carolien Claassens
6	s7.9(1)	Was the Auditor’s report for the financial year ended 30 June 2018 received by the local government by 31 December 2018.	Yes	Signed by Auditors and received by SOC on 21st Dec 2018.	Carolien Claassens
7	S7.12A(3)	Where the local government determined that matters raised in the auditor’s report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	No	To be completed in accordance with any directions from the Audit Committee	Carolien Claassens
8	S7.12A (4)	Where the local government determined that matters raised in the auditor’s report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	No	To be completed in accordance with any directions from the Audit Committee	Carolien Claassens
9	S7.12A (4)	Where the local government determined that matters raised in the auditor’s report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	No	To be completed in accordance with any directions from the Audit Committee	Carolien Claassens
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes		Carolien Claassens
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Carolien Claassens
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes		Carolien Claassens
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.	Yes		Carolien Claassens
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.	Yes		Carolien Claassens
15	Audit Reg 17	Has the CEO reviewed the appropriateness and effectiveness of the local government’s systems and procedures in accordance with regulation 17 of the Local Government (Audit) Regulations 1996.	Yes	In September 2017 AMD Chartered Accountants have completed a Regulation 17 review	Carolien Claassens



No	Reference	Question	Response	Comments	Respondent
16	Audit Reg 17	If the CEO has not undertaken a review in accordance with regulation 17 of the Local Government (Audit) Regulations 1996, is a review proposed and when.	N/A		Carolien Claassens

**Integrated Planning and Reporting**

No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	The Council adopted its Corporate Business Plan 2018 -2022 on 29 August 2018.	Carolien Claassens
2	s5.56 Admin Reg 19DA (6)	Has the local government adopted a modification to the most recent Corporate Business Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No	The Corporate Business Plan is new	Carolien Claassens
3	s5.56 Admin Reg 19C (7)	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	The Council adopted its Strategic Community Plan on 26 June 2018	Carolien Claassens
4	s5.56 Admin Reg 19C (7)	Has the local government adopted a modification to the most recent Strategic Community Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No	The Strategic Community Plan is new.	Carolien Claassens
5	S5.56	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	No	The Shire is in the process of developing Asset Management plans for all asset classes. The Corporate Business Plan provides detail on this process. The Plan also contains a section on "Asset Management Implications".	Carolien Claassens





No	Reference	Question	Response	Comments	Respondent
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	No	The Shire has a fully developed draft Long Term Financial Plan that has not yet been adopted. The process for the 2019/20 budget will include further improving the draft LTFP with a view to adopting the budget, any modifications to the Corporate Business Plan, and the LTFP all at the same time. This will ensure that the IPR are all in alignment for the first minor review in 2020 following the 2019 elections.	Carolien Claassens
7	S5.56	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	No	The last formally adopted Workforce Plan was adopted on 24 September 2013. The new plan developed through the 2018 Major Strategic Review is in the process of being completed for submission to the Council.	Carolien Claassens

**Local Government Employees**

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	Yes	SCM 24.05.2018 & appointing a CEO inhouse training - DLGC LG Operational Guideline 10 provided to council 24.05.2018	Carolien Claassens
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes	Advertised in the West Australian	Carolien Claassens
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	Yes	in line with SAT Band 2	Carolien Claassens
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	Yes	Validated with workplace referee checks and use of WALGA recruitment services	Carolien Claassens
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	Yes	The CEO is the only designated senior employees - no other designated senior employees as per policy E004	Carolien Claassens



<b>Official Conduct</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A		Carolien Claassens
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c).	Yes		Carolien Claassens
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made.	Yes		Carolien Claassens
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes		Carolien Claassens
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred.	Yes		Carolien Claassens
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c).	Yes		Carolien Claassens

<b>Tenders for Providing Goods and Services</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	Yes		Carolien Claassens
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	Yes		Carolien Claassens
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Carolien Claassens
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Carolien Claassens



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No	Reference	Question	Response	Comments	Respondent
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.	Yes	An electronic portal is being used for the distribution of the tender document and tender submissions. The portal has the option to automatically send an addendum to a Tender to all the potential Tenderers	Carolien Claassens
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16.	Yes		Carolien Claassens
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.	Yes	By using the electronic portal no submission can be submitted after the closing date and time. All potential Tenderers are advised about the close date & time and not being able to except late submissions	Carolien Claassens
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Carolien Claassens
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes		Carolien Claassens
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Carolien Claassens
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	N/A		Carolien Claassens
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	N/A		Carolien Claassens
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	N/A		Carolien Claassens
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	N/A		Carolien Claassens
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	N/A		Carolien Claassens



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No	Reference	Question	Response	Comments	Respondent
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	N/A		Carolien Claassens
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	N/A		Carolien Claassens
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	N/A		Carolien Claassens
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	N/A		Carolien Claassens
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application(s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	N/A		Carolien Claassens
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	N/A		Carolien Claassens
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	N/A		Carolien Claassens
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	N/A		Carolien Claassens
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	N/A		Carolien Claassens



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No	Reference	Question	Response	Comments	Respondent
25	F&G Reg 11A	Does the local government have a current purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less.	Yes		Carolien Claassens

I certify this Compliance Audit return has been adopted by Council at its meeting on \_\_\_\_\_

\_\_\_\_\_  
Signed Mayor / President, Carnarvon

\_\_\_\_\_  
Signed CEO, Carnarvon