

# ANNUAL 18 REPORT 19

■ SHIRE OF DANDARAGAN





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# COUNCILLORS



**CR LESLEE HOLMES**  
SHIRE PRESIDENT

[cr.holmes@dandaragan.wa.gov.au](mailto:cr.holmes@dandaragan.wa.gov.au)



**CR PETER SCHARF**  
DEPUTY SHIRE PRESIDENT

[cr.scharf@dandaragan.wa.gov.au](mailto:cr.scharf@dandaragan.wa.gov.au)



**CR JASON CLARKE**

[cr.clarke@dandaragan.wa.gov.au](mailto:cr.clarke@dandaragan.wa.gov.au)



**CR WAYNE GIBSON**

[cr.gibson@dandaragan.wa.gov.au](mailto:cr.gibson@dandaragan.wa.gov.au)



**CR ANN EYRE**

[cr.eyre@dandaragan.wa.gov.au](mailto:cr.eyre@dandaragan.wa.gov.au)



**CR DAHLIA RICHARDSON**

[cr.richardson@dandaragan.wa.gov.au](mailto:cr.richardson@dandaragan.wa.gov.au)



**CR DARREN SLYNS**

[cr.slyns@dandaragan.wa.gov.au](mailto:cr.slyns@dandaragan.wa.gov.au)



**CR ROB SHANHUN**

[cr.shanhun@dandaragan.wa.gov.au](mailto:cr.shanhun@dandaragan.wa.gov.au)



**CR KAYE MCGLEW**

[cr.mcglew@dandaragan.wa.gov.au](mailto:cr.mcglew@dandaragan.wa.gov.au)  
*(retired 2019)*

# EXECUTIVE MANAGEMENT



**BRENT BAILEY**  
CHIEF EXECUTIVE  
OFFICER



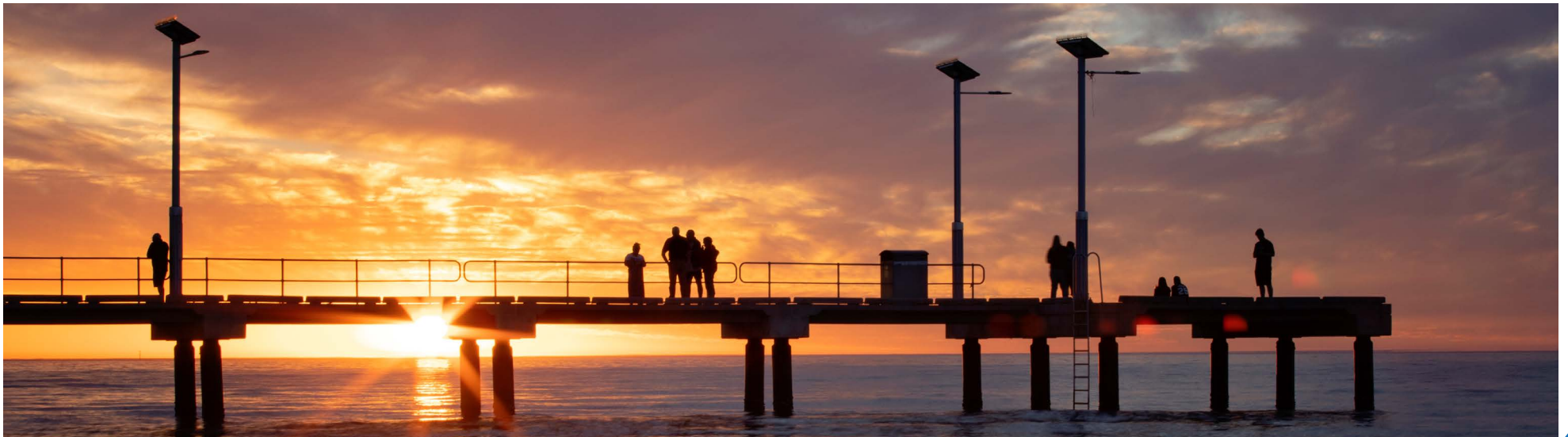
**SCOTT CLAYTON**  
EXECUTIVE MANAGER  
CORPORATE &  
COMMUNITY SERVICES



**DAVID CHIDLOW**  
EXECUTIVE MANAGER  
DEVELOPMENT  
SERVICES



**BRAD PEPPER**  
ACTING EXECUTIVE  
MANAGER  
INFRASTRUCTURE



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# PRESIDENT'S REPORT

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The Shire's Annual Report provides a great opportunity to reflect on what was a very positive period in the Shire of Dandaragan. While the organisation continues to deliver strong governance and financial management for the community I feel our role in growing social, cultural and economic activity in our region is vital to pursue sustainable prosperity into the future.

The Shire of Dandaragan plays a pivotal role across all four towns and works with community groups and community leaders to enhance local living. In 2019 we celebrated our Citizen of the Year awards in Dandaragan and I was honoured to present George Mostert from Cervantes with the award to recognise his dedication across so many community groups and initiatives. I was also delighted to recognise Tamarin Noble from Jurien Bay with our Young Citizen of the Year Award. There was a significant number of adults and youths from the region nominated for these awards which represents the healthy extent of diverse community leaders we have amongst us.

During 2018/2019 the Shire has also worked hard with local Yued people to further develop our relationship with cultural elders and build our cultural awareness. The Shire sees great opportunities on the horizon for Yued traditional owners and initiatives such as DPAW's Aboriginal Ranger program are already demonstrating great outcomes. Looking into the future and once the South West Native Title Settlement process has been completed we hope to see more culturally based businesses and employment open up on country to build further capacity and opportunities in our region.

The agricultural investment horizon continues to paint a bright future for the Shire of Dandaragan with the Mindaroo Group's Koojan Beef project near Dandaragan and WA Dairy and Energy project near Badgingarra presenting major upcoming investments in our region. These projects will provide job opportunities and local trade relationships delivering new markets for farmers.

Our Tourism Industry is also performing well with Tourism Research Australia estimating over 400,000 people come to our region annually enjoying the diverse range of activities and product we have on offer. The Shire knows this figure underestimates the actual visitation with day trip visitation to key hooks such as the Pinnacles and Lobster Shack being missed due to data collection methods. The Shire is actively working on a Tourism Development Strategy to provide greater intelligence and investment reference material to further promote our tourism sector.

Community living in the Shire of Dandaragan continues to thrive and the Shire is delighted to support numerous community events to celebrate our way of living. A real highlight for me is the annual Christmas markets held at Aggies Cottage which brings a truly unique and boutique shopping experience to the country. I attended the Jurien Bay RSL's commemorations this year which honoured the General's Sir John Monash and Sir Harry Chauvel. The local RSL did a fine job as always and the Army band supporting the service and performing at the hall afterwards was a real crowd pleaser. The crowd were truly rewarded for their attendance.

Our local events such as the annual Indian Ocean Festival, Badgingarra Christmas Markets and regular Lions Markets are truly unique and I must sincerely thank the volunteers that work so hard behind the scenes to make these events happen.

2018/2019 was the year the Shire embarked on the development of Envision 2029 which has proven to be the most comprehensive community consultation undertaken to date. I was heartened by the quantity and content of ideas and feedback as I listened to many local residents discuss their vision for our future. We are truly fortunate to have our capable community development staff driving these projects and I hope you all follow the progress as we roll

# PRESIDENT'S REPORT

out the key themes and initiatives identified through the process.

I would like to thank Councillor Peter Scharf, Deputy Shire President and my fellow Councillors who work hard in our community to ensure we remain abreast of contemporary issues and needs no matter how big or small. Our dedicated team of staff are also to be commended as they look after so many assets and services in our community that support this great region.

LESLEE HOLMES  
**SHIRE PRESIDENT**



2018 Citizen of the Year Ceremony

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# CHIEF EXECUTIVE OFFICER

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Looking back over the outcomes, projects and achievements of 2018/2019 period I am very proud of the organisation's accomplishments and progress towards becoming a more customer focused and collaborative local government. The evolution and adoption of Envision 2029, the Shire's Strategic Community Plan, brought together nearly 12 months of consultation whereby over 600 community contributions helped us establish priorities to guide decision making and resource allocation going forward. An increased focus on information sharing and consultation is proving beneficial and gathering greater consensus and support behind projects that result in change throughout our communities.

This annual report contains reports from each directorate and addresses the outcomes, projects and initiatives identified in our current Strategic Community Plan. While all achievements are worthy of celebration the following major highlights of the year should be recognised.

## **RECORD ROAD NETWORK INVESTMENT**

Our investments in the agricultural road network continue to be a primary focus for the Shire. With over \$2.6 million spent on construction activity and \$1.26M in maintenance and operations, road based expenditure accounts for 29% of the Shire's annual expenditure. The Dandaragan based road works team and our local contractors should be commended on their standard of service and capacity to deliver such an ambitious works budget each year that improves our local agricultural freight network. The Shire continued to pursue the advancement of the Wheatbelt Secondary Freight Network project and in March 2019 the Federal Government announced \$70M towards the project. Importantly this will bring forward major widening and reconstruction works on Jurien East Road and Watheroo Road and allow the Shire to divert other funding sources to alternate reconstruction works such as Cataby Road.

## **PLANNING FOR THE FUTURE**

Stemming from Envision, at the time of writing the Shire is engaging the community on a number of key planning documents that are ultimately the precursor to investment, these include:

- Jurien Bay and Cervantes Foreshore Masterplans
- Economic Development Strategy
- Tourism Development Strategy
- Jurien Bay Airport Masterplan

Progressing these important projects is reliant on the support and ongoing input of the community. We have been thrilled with the community's willingness to contribute to future planning and encouraged to continue the approach with the volume of positive feedback we have received to date.

## **GREENING OUR COMMUNITIES**

The Shire's staff are also empowered to work with members of the community on smaller projects that already fit within our operational resources and where they are consistent with the goals and themes of Envision, they will do their best to implement these in a timely manner. Clearly articulated through



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# CHIEF EXECUTIVE OFFICER

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Envision, the community is aware of the great benefits of increasing our green canopy and planting trees in our urban areas. In responding to this, the Shire's Operations team has refocused its resources and is rolling out a major urban tree planting program, revitalising swale drains and planting more trees in our public parks while also inviting local neighbourhood groups to partner in verge upkeep. The positive feedback to date has been amazing and reflects the passion our team has invested in their work.

## **WA'S CENTRE OF RENEWABLE ENERGY**

The region has been a hub of renewable energy activity over 2018/2019 as projects such as the Badgingarra Wind Farm and Solar Farm and the Yandin Wind farm take shape. As part of the APA Energy's investment in our community they have donated a state of the art Tatra 9.6 Fire Appliance to the Hill River Bushfire Brigade. This asset is one of the most capable appliances in the state and has already proven itself at a number of events to date. Our desire to be the renewable energy centre of the state is already being recognised across all levels of Government.

We have a dedicated and community minded cohort of staff on board to continue progress in our Shire and I'd like to thank them all for their work throughout the year. I'd also like to express my sincere appreciation to the Shire President and elected members for their ongoing strategic guidance, support and their commitment to residents and ratepayers of the Shire.

In closing I hope you enjoy reading the Shire's 2018/2019 Annual Report and I invite you to discuss any of the content with a member of our team.

BRENT BAILEY  
**CHIEF EXECUTIVE OFFICER**



Photo Courtesy of Jason Harris

# DEVELOPMENT SERVICES

The areas covered by this Report include the following:

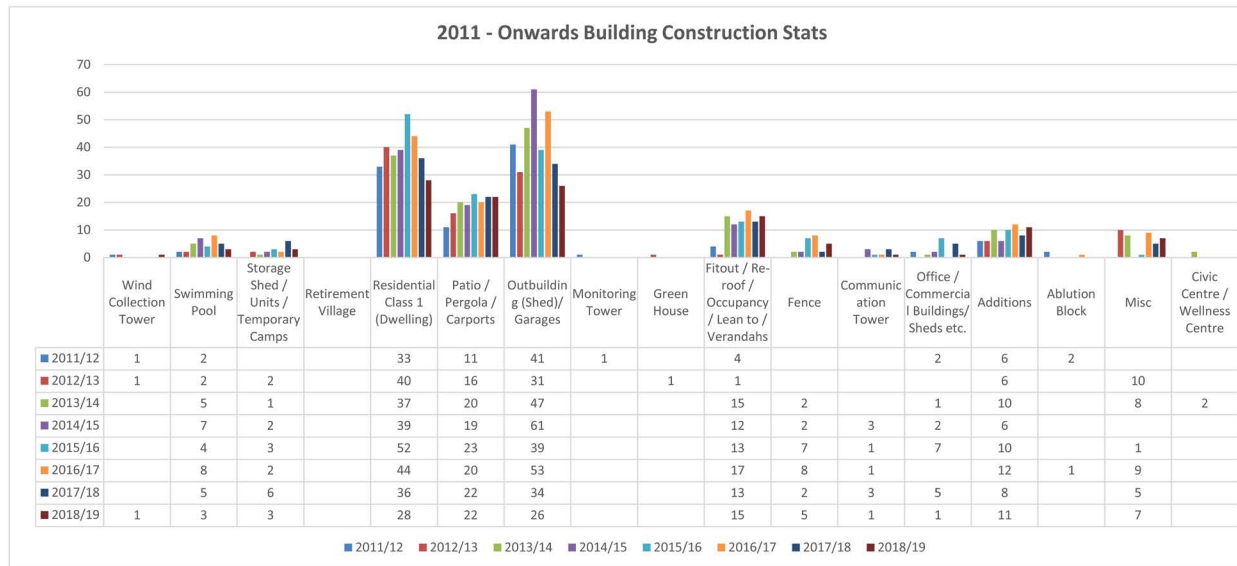
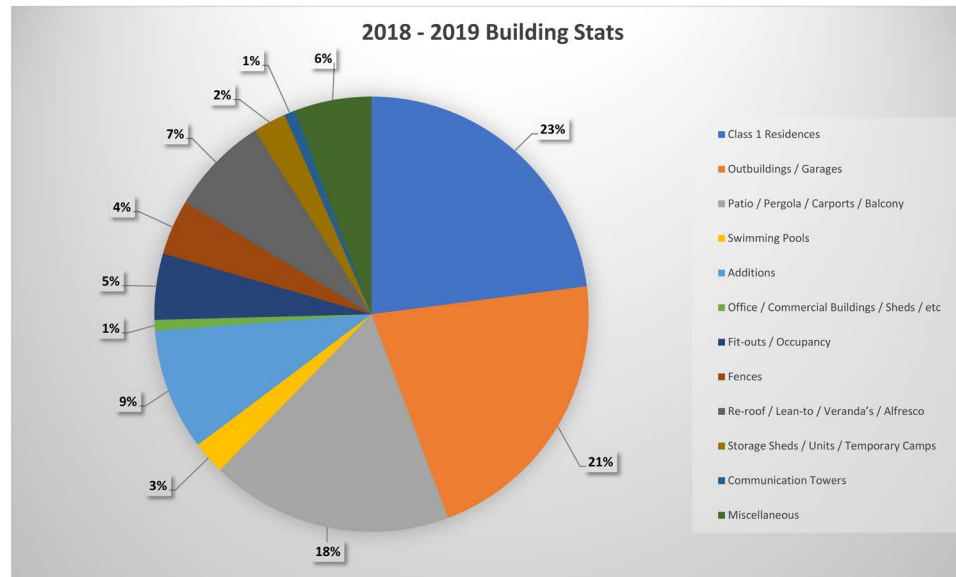
- Planning
- Building
- Environmental Health
- Emergency Services

The following is a brief summary of some of the projects undertaken and approvals issued in the Development Services department within the 2018-2019 financial year.

## SUMMARY BUILDING STATISTICS

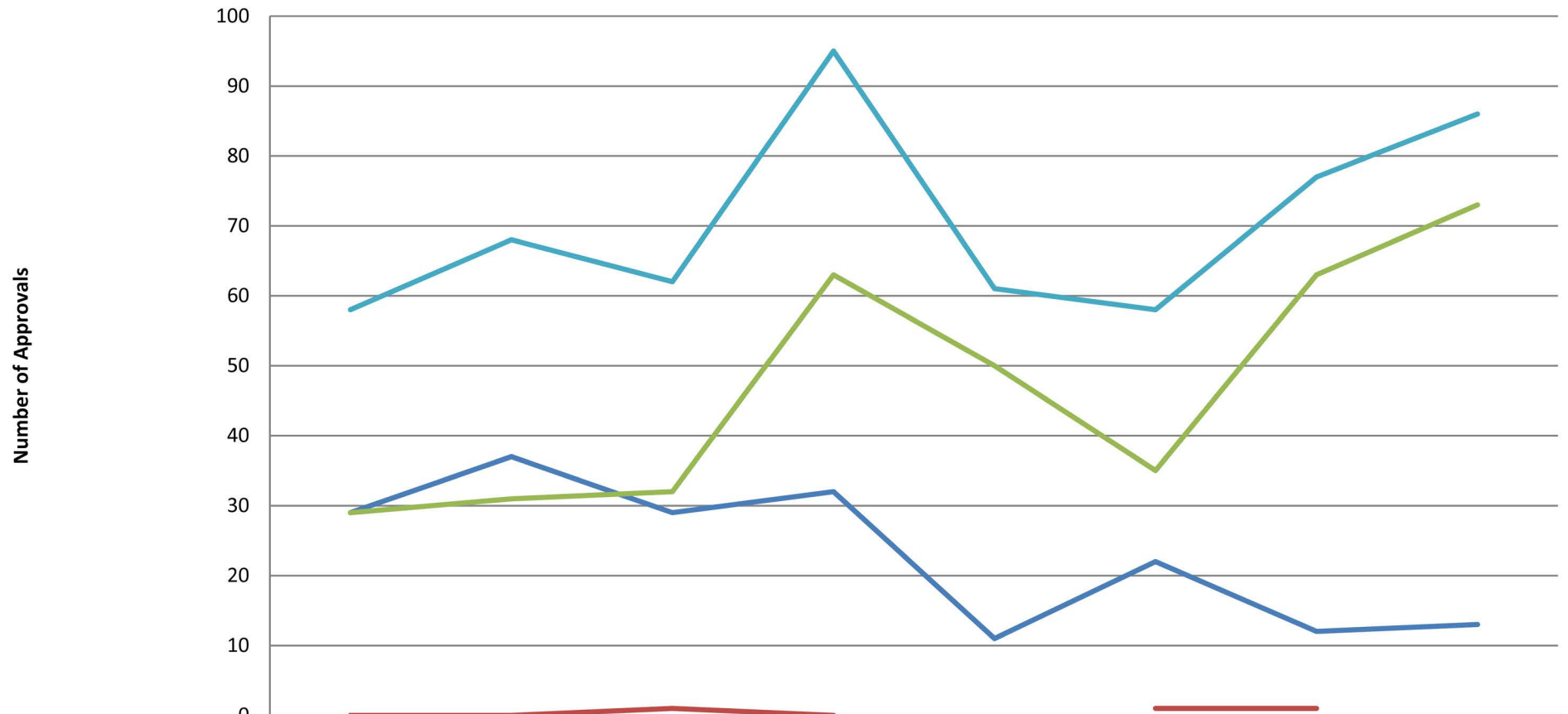
| 2018 / 2019                               |            |                     |
|---|------------|---------------------|
| Class 1 Residential Dwellings             | 28         | \$7,612,506         |
| Outbuildings / Garages                    | 26         | \$449,401           |
| Patio / Pergola / Carports / Balcony      | 22         | \$290,958           |
| Swimming Pools                            | 3          | \$73,000            |
| Additions                                 | 11         | \$655,102           |
| Office / Commercial Buildings / Sheds etc | 1          | \$1,870,000         |
| Fit-outs / Occupancy                      | 6          | \$714,300           |
| Fences                                    | 5          | \$151,000           |
| Re-roof / Lean-to / Verandahs / Alfresco  | 9          | \$184,500           |
| Storage Sheds / Units / Temporary Camps   | 3          | \$494,500           |
| Communication Towers                      | 1          | \$200,000           |
| Miscellaenous                             | 7          | \$119,425           |
| <b>Total</b>                              | <b>122</b> | <b>\$12,814,692</b> |

# DEVELOPMENT SERVICES



# DEVELOPMENT SERVICES

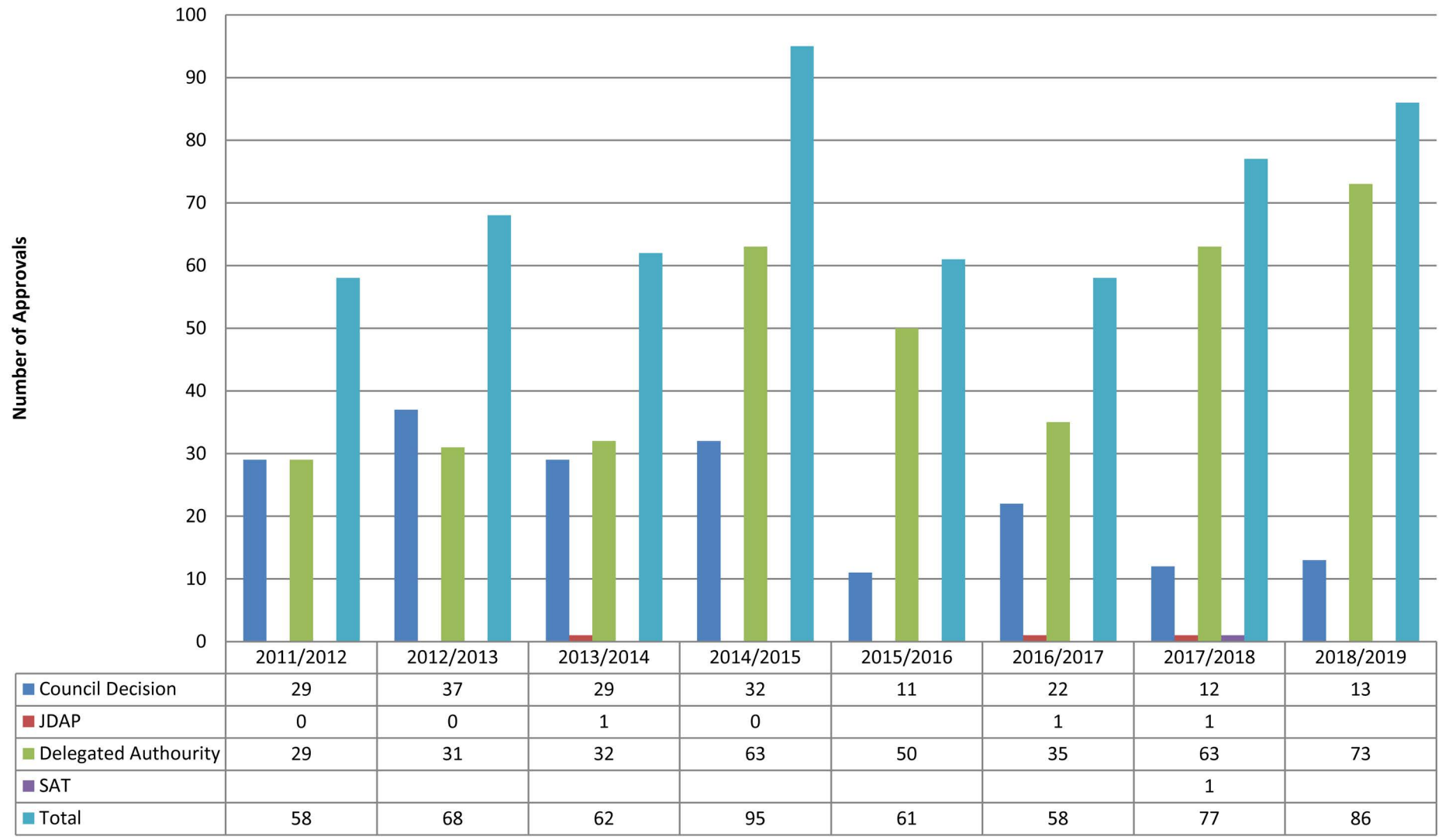
## Planning Decisions 2011 - 2019



|                       | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| — Council Decision    | 29        | 37        | 29        | 32        | 11        | 22        | 12        | 13        |
| — JDAP                | 0         | 0         | 1         | 0         |           | 1         | 1         |           |
| — Delegated Authority | 29        | 31        | 32        | 63        | 50        | 35        | 63        | 73        |
| — SAT                 |           |           |           |           |           |           | 1         |           |
| — Total               | 58        | 68        | 62        | 95        | 61        | 58        | 77        | 86        |

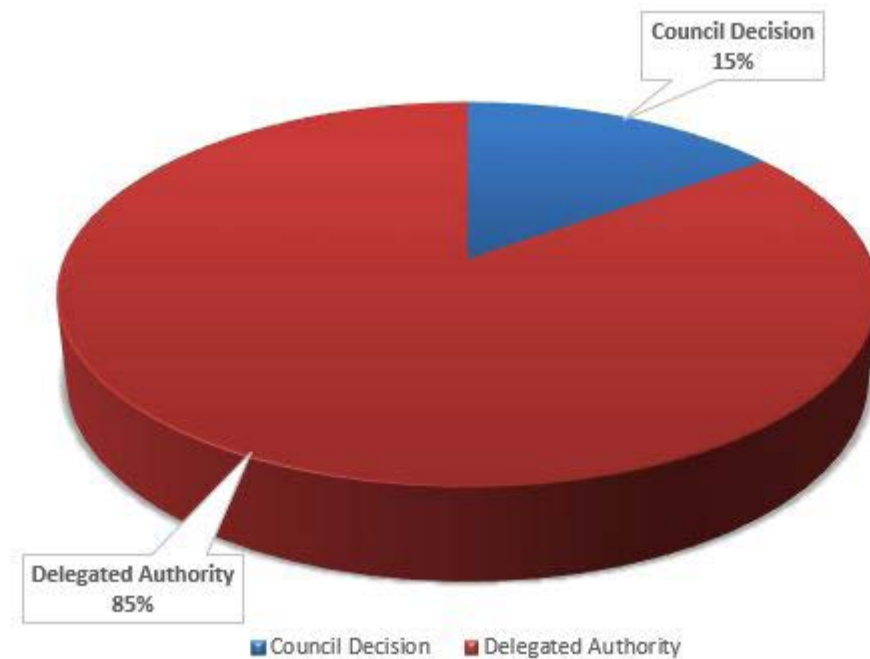
# DEVELOPMENT SERVICES

## Planning Decisions 2011 - 2019



# DEVELOPMENT SERVICES

## PLANNING STATISTICS 2018 / 2019



## ENVIRONMENTAL HEALTH

The Shire's Environmental Health section is responsible for carrying out measures for protecting public health. They assess risks and develop, regulate, enforce and monitor laws and regulations governing public health for both the built and natural environment, in order to promote good human health and environmental practices. Key areas of responsibility include:

- Community health and wellbeing;
- Disease control, including notifiable and infectious disease investigation;
- Food safety - approval of food premise activities, routine inspection of food operations, routine food sampling program, complaint investigation and free safe food handling education;

# DEVELOPMENT SERVICES

- Hazardous materials - asbestos and contaminated sites;
- Housing and accommodation - caravan parks and camping grounds, and houses unfit for habitation;
- Other premise types - hairdressers and skin penetration premises, lodging houses and offensive trades;
- Pest control and vectors of disease - flies, midges, mosquitoes, rats and mice;
- Pollution and nuisance control - air quality, noise and other pollution;
- Public buildings and events - approval of premise and routine inspection;
- Safe water - monitoring of drinking water in areas not connected to scheme water, monitoring of recreational water quality and monitoring of public swimming pool water quality; and
- Wastewater disposal systems - approval of septics, ATU's and grey water systems, and complaint investigation.

This is achieved by managing health risks to the community using a range of approaches:

- There are over 57 food premises in the Shire area. Each year we conduct over 80 inspections to ensure these businesses are being maintained and operated to the required standard.
- We receive about 50 complaints a year on issues including noise, food, pests and other health matters. Most of the complaints are addressed within 30 days following an investigation.
- We issue licences and approvals annually for street trading applications, public events and effluent disposal.

During the reporting year 22 on-site waste water disposal system applications were assessed, approved and inspected. In the same time frame five systems located in the sewerred areas of Jurien Bay were decommissioned and the buildings connected to the deep sewer.

During the financial year the Shire's environmental health section also provided a contractual Environmental Health Service to the Shires of Gingin, Cocos (Keeling Islands), Moora and Coorow.

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# DEVELOPMENT SERVICES

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## **DISABILITY SERVICES REPORT**

Council is conscious of the need to provide facilities and services to residents and visitors with a range of abilities. The Disability Access and Inclusion Plan (DAIP) provides the framework to achieve this goal. The DAIP contains a number of strategies to ensure that facilities, services, events, information and employment opportunities are available to all community members – including those who may have a disability.

Local Governments are required to submit an annual report to the Disability Services Commission listing any outcomes achieved during the reporting period such as; ease of access to services; built infrastructure; effective communications; quality of services; appropriate consultation; and employment.

### **Outcome 1 - Services and events**

The Shire inducted new employees in disability access and inclusion issues; informed and liaised with event organisers about accessibility issues and encouraged them to plan events accordingly; provided a wide range of large print and audio books at the library; and provided website accessibility within the Shire's website.

### **Outcome 2 - Buildings and other facilities**

The Shire installed several new accessible footpaths; purchased a beach accessible wheelchair and provided accessible beach access at the Jurien Bay Marina; encouraged event organisers to provide 'Accessible Events'; upgraded public toilets to comply with relevant standards; ensured that commercial developments meet the specification prior to issuing building permits.

### **Outcome 3 - Information**

The Shire of Dandaragan upgraded its website to ensure it was user friendly for people of all abilities; tourist information is provided in an alternative format; increased community and staff awareness that Shire documents are available in alternative formats.

### **Outcome 4 - Level of quality of services**

The Shire included disability access and inclusion awareness in staff inductions.



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# DEVELOPMENT SERVICES

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## **Outcome 5 - Complaints**

The Shire reviewed the grievance mechanism and feedback form to ensure that they are user friendly for people of different abilities. We improved the awareness of staff that Shire related information is available in an alternative format.

## **Outcome 6 - Consultation**

All public documents are published on the Shire's website. Documents required for community consultation are available in alternative format upon request.

## **Outcome 7 - Employment**

Job adverts are published in accessible format and interviews are held in an accessible venue.

## **EMERGENCY SERVICES REPORT**

The Tatra Fire appliance that was donated by APA has now been delivered and commissioned. The appliance is proving to be a valuable asset based on its performance at fires to date.

The focus of the Local Emergency Management Committee (LEMC) has been changed to move away from transactional issues to be more intent on understanding strategic risks to the towns and an annual business plan has also been developed to guide the focus of the LEMC.

The focus of the Bush Fire Advisory Committee has also been changed to begin looking at more strategic issues which is resulting in more definite outcomes and focused discussion.

In the last 12 months a strong working relationship between DBCA and the Shire has been established that has resulted in high levels of collaboration between our two organisations in fighting bush fires and in carrying out mitigation burns.

An engagement program with key business that may be impacted by fire in the community has begun with familiarisation tours of Illuka Resources and wind and solar farms completed. An outcome of this program to date has been increased knowledge of their emergency response capability and ability to contribute to fire fighting if called on.

# INFRASTRUCTURE

The Infrastructure Department is responsible for all operational staff, with crews based in Jurien Bay and Dandaragan. These crews are responsible for the maintenance and development of the Shire's roads, footpaths, storm water infrastructure, parks and gardens, sporting fields, and the four landfill sites.

## GENERAL WORKS

- Crews have been busy throughout the year carrying out regular maintenance of the Shire's infrastructure assets.
- The Jurien Bay crew is responsible for all aspects associated with town maintenance within each of the four Shire towns. This includes maintenance of public open space (POS), parks, gardens, ovals, foreshore areas, town streets and swales within Beachridge.
- The Dandaragan crew is responsible for all aspects associated with road maintenance including maintenance grading, roadside spraying and slashing, culvert cleaning, and pavement repairs. The crew operates two maintenance graders and a road patrol truck which manage road maintenance across gravel roads, sealed roads and town streets within the Shire.
- Where necessary the crews share equipment and resources. Where required the Shire also uses local and external contractors from our pre-qualified Supplier Panel to undertake tasks surplus to our resources or requiring a specific skillset.

## PERSONNEL

The 2018 / 2019 financial year again saw changes to a number of leadership positions within the Infrastructure department. These infrastructure leadership positions are as follows:

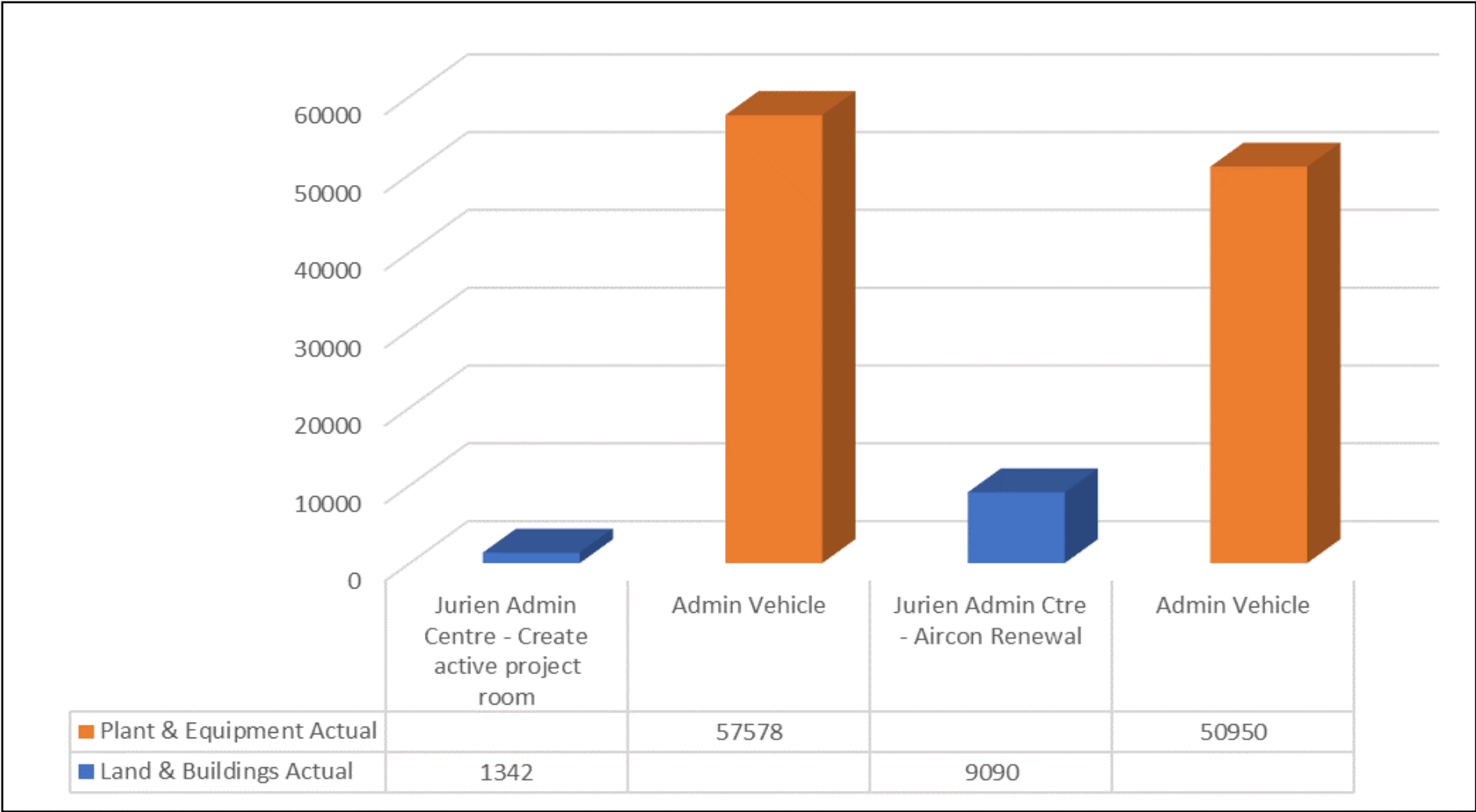
- **Executive Manager Infrastructure** - Mr Garrick Yandle (resigned December 2018)
- **Acting Executive Manager Infrastructure** - Mr Brad Pepper
- **Coordinator Infrastructure Services** - Mr Brad Pepper
- **Operations Supervisor Jurien Bay** - Mr Michael Rouse
- **Operations Supervisor Dandaragan** - Mr Paul Woolstencroft
- **Leading Hand Turf** - My Danny Makarov
- **Leading Hand Light Plant Maintenance** - Mr Cameron Rosenthal. Mr Rosenthal also successfully assisted as Acting Operations Supervisor Jurien Bay
- **Leading Hand General Maintenance** - Mr Shaun Lyons
- **Leading Hand Final Trim Grader Driver** - Mr William Sturgess
- **Leading Hand Road Crew** - Mr James Deaker
- **Mechanic** - Mr David Taylor

# INFRASTRUCTURE

## CAPITAL WORKS PROJECTS

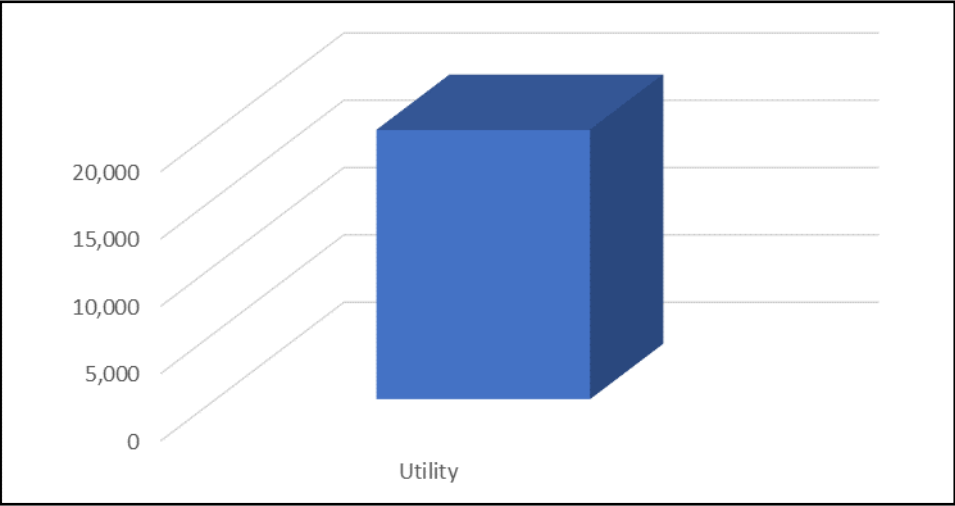
The following section provides a summary of Capital Projects delivered by the Infrastructure Team in 2018/2019:

### GOVERNANCE

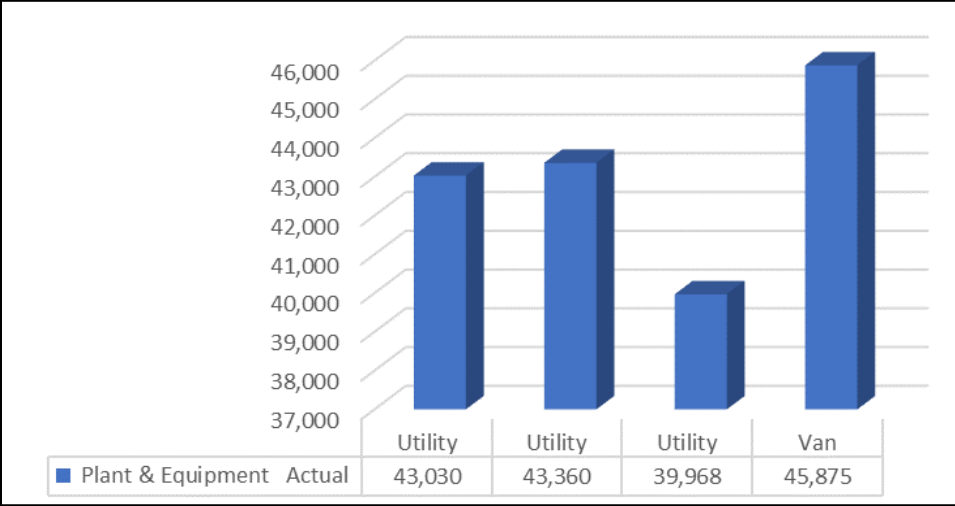


# INFRASTRUCTURE

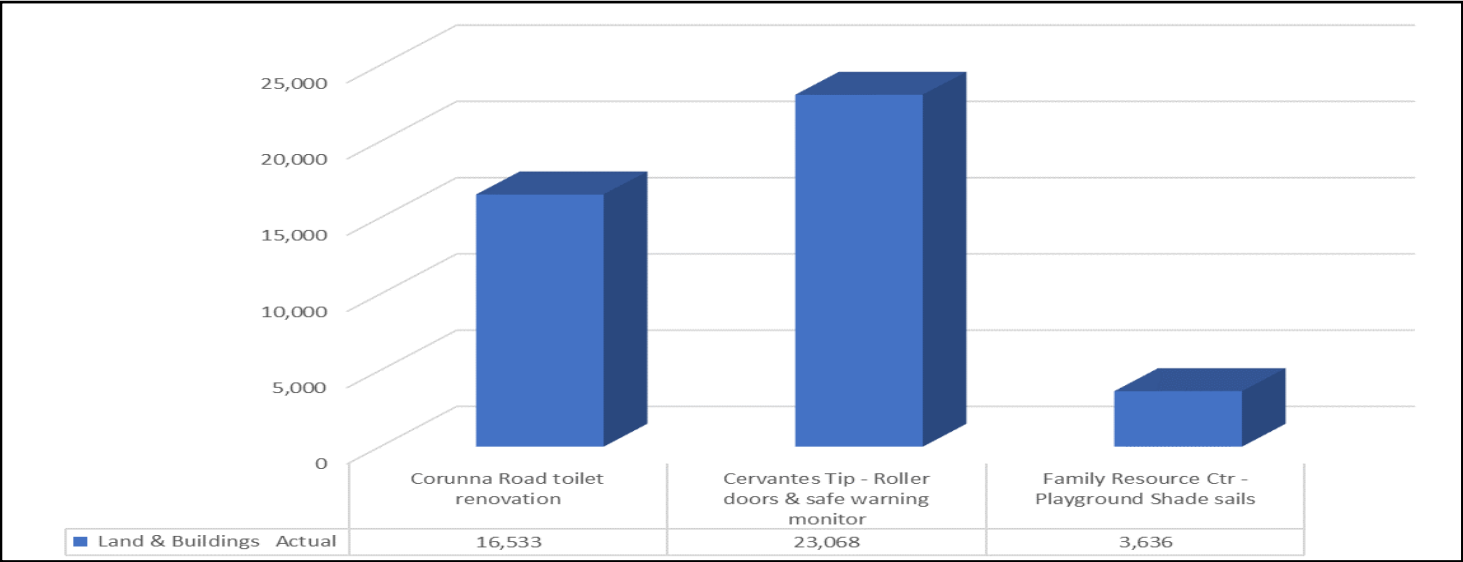
## LAW AND ORDER



## OTHER PROPERTY

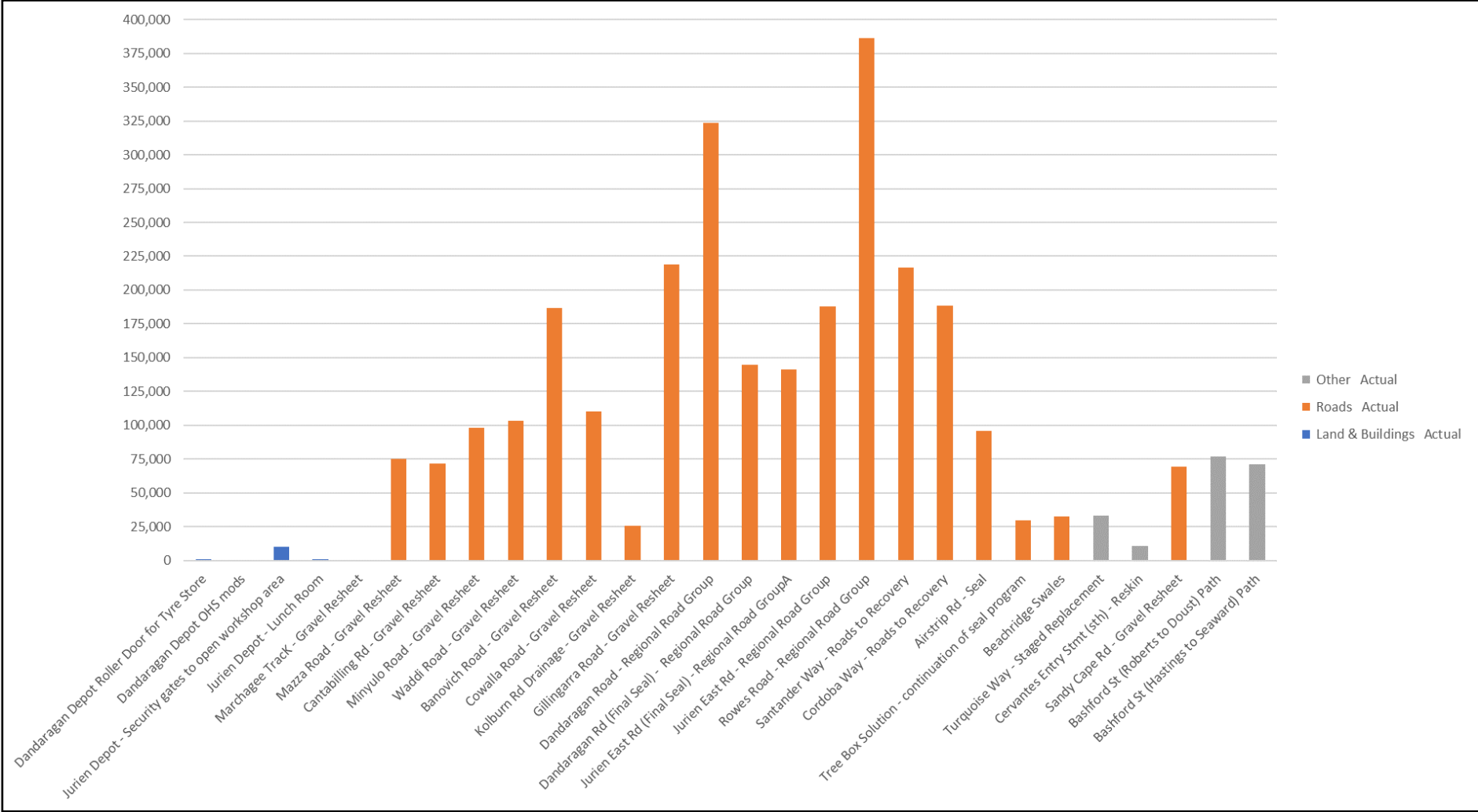


## COMMUNITY AMENITIES



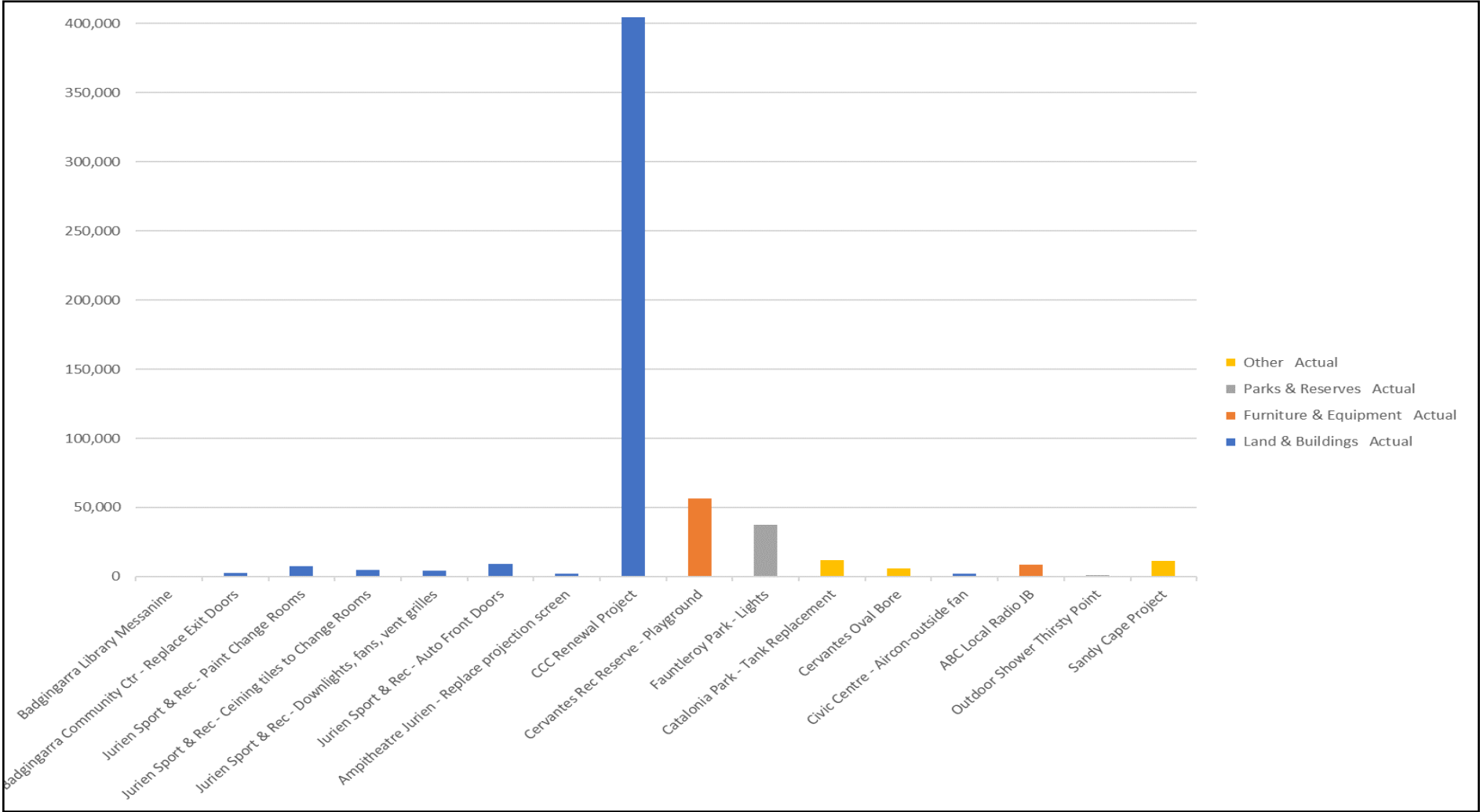
# INFRASTRUCTURE

## TRANSPORT



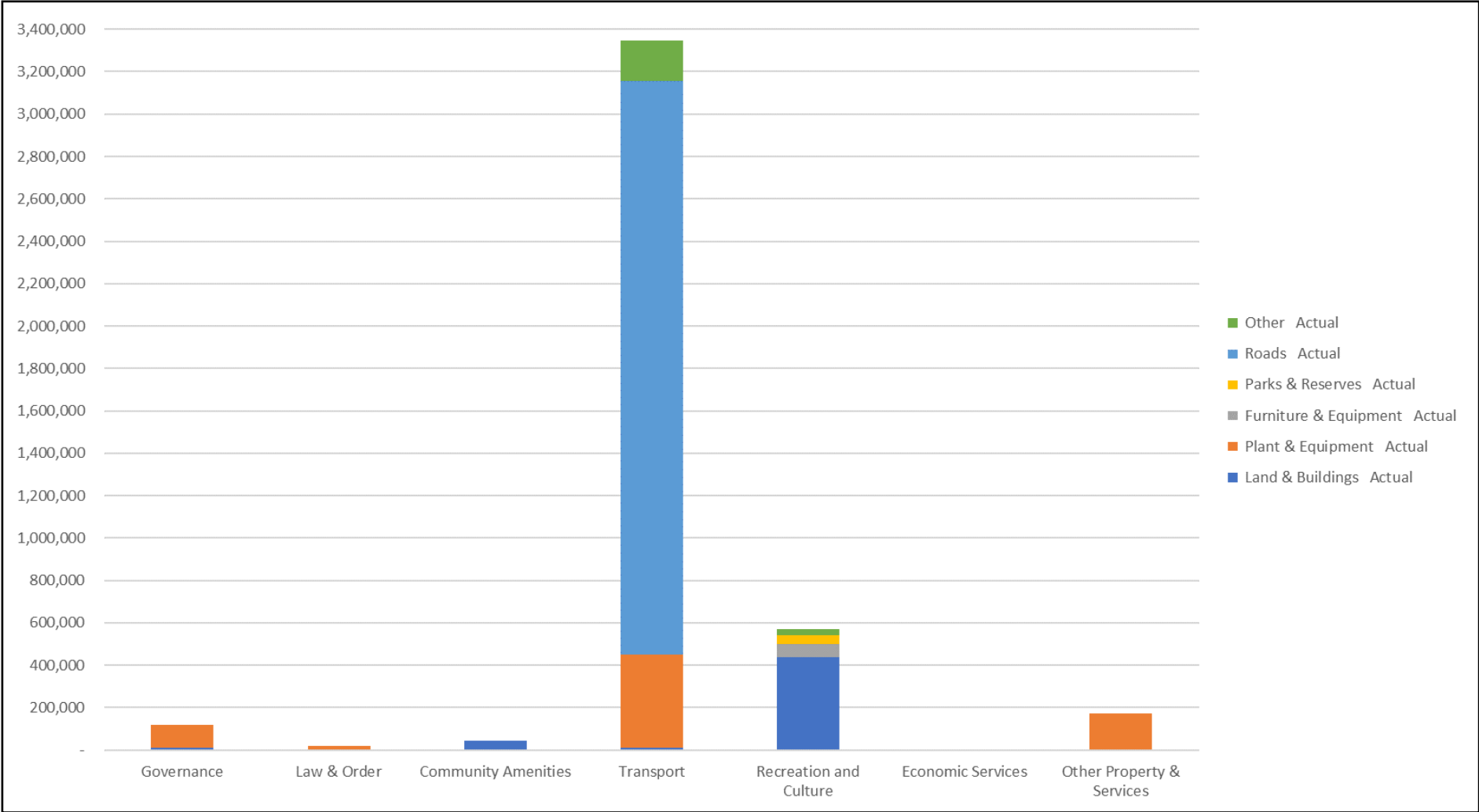
# INFRASTRUCTURE

## RECREATION AND CULTURE



# INFRASTRUCTURE

## CAPITAL EXPENDITURE SUMMARY



# INFRASTRUCTURE

## TOWN MAINTENANCE (PARKS AND GARDENS)

The Town Maintenance Team (Parks and Gardens) and specific contractors continue to maintain all assets in each of the four towns within the Shire. Key areas of note in each town are as follows:

- **Jurien Bay**

- Oval
- Re-turf renovations to slow growing areas continued over summer 2018/2019
- Coring January 2019
- Aeration July 2019
- Jurien Community and Recreation Centre Surrounds
- Town Streets
- Public Open Space
- Beachridge Swales
- Clearing
- Mulching
- Tree Planting
- Jurien Bay Jetty
- Turquoise Way Path
- Sandy Cape
- Cemetery
- Industrial Areas
- Airfield
- Jurien Landfill Site
- Pontoon Maintenance

- **Badgingarra**

- Oval
- Badgingarra Community Centre Surrounds
- Town Streets
- Badgingarra Landfill Site

- **Cervantes**

- Oval
- Coring January 2019
- Aeration July 2019
- Cervantes Community Recreation Centre Surrounds
- Parks
- Town Streets
- Industrial Area
- Airfield
- Cervantes Waste Transfer
- Footpath Maintenance

- **Dandaragan**

- Oval
- Coring January 2019
- Aeration July 2019
- Dandaragan Community Centre Surrounds
- Pioneer Park
- Town Streets
- Community Resource Centre Grounds
- Cemetery
- Aggie's Cottage
- Dandaragan Landfill Site



# INFRASTRUCTURE



## WASTE MANAGEMENT

### Waste Facility Management

The Infrastructure team continues to manage the four landfill facilities within the Shire through a combination of staff and local contractors.

- **Jurien Bay - 1pm to 5pm**
  - Monday, Tuesday, Wednesday, Saturday, Sunday - Mr Bob Bridgeman
  - Thursday and Friday - Kevin Aamot
- **Badgingarra**
  - Wednesday, Friday and Saturday - Contractor
- **Cervantes - 8.30am - 11.30am**
  - Monday and Tuesday - Kevin Aamot
  - Wednesday, Thursday, Friday and Saturday - Darren Mudry
- **Dandaragan**
  - Wednesday, Friday and Saturday - Contractor

### Refuse Collection

The Shire continues to provide refuse collection services via contractor Avon Waste who are into the third year of a seven year contract. Avon Waste have worked closely with Infrastructure team members to fine tune the collection of public waste bins and provide additional recycling services over the busy holiday season months of December and January.

# INFRASTRUCTURE

## PLANT AND EQUIPMENT

In 2018/2019 the Shire replaced or purchased the following light and heavy items of plant:

### Heavy Plant

- Dandaragan Fuel Truck (replaced as per existing unit)
- Jurien Bay Split Tray Truck (replaced existing Split Tray)
- Mowing Tractor (replaced Massey Ferguson Tractor)
  - PO issued April 2018
  - Carryover from 17/18
  - Delivered in August 2018

### Light Plant

- Cat 950 Loadrite Scales
- John Deere Loader Bucket
- Skidsteer Rake Bucket

### Light Vehicles

- Ford Everest (replaced Toyota Fortuna)
- Toyota Hilux Dual Cab (replaced Ford Ranger Dual Cab)
- Toyota Hilux Dual Cab (replaced Holden Colorado)
- Fiat Ducato Van (replaced existing van)
- Toyota Prado (replaced existing Toyota Prado)

### Disposed of the following

- Pole Saw Loader Attachment
- Toro Ride on Mower
- John Deere Ride on Mower



# INFRASTRUCTURE



# CORPORATE AND COMMUNITY SERVICES

## COMMUNITY ENGAGEMENT

To build on the strengthened procedures around how the Shire engages and consults with the community, a number of engagement plans were developed over the 2018/2019 year. The most significant ones were for the development of the Envision 2029 Strategic Community Plan where a variety of engagement activities were held to ensure a significant number of people had the opportunity to help us plan for the coming ten years. Staff looked at a range of other local government engagement processes and created a suite of events and opportunities to suit our local needs that made it easy for the community to understand how their comments and ideas would be utilised. Other opportunities for engagement were on the proposed skate park / youth precinct in Jurien Bay and Management of the North Head Radar Station site, among others. Opportunities such as youth and community workshops, public displays, skateboarding sessions, meeting with the local youth group and youth advisory group enabled us to get a good sense of what young people wanted for a youth precinct and then take that idea to the broader community for feedback. We will continue to improve the way we engage with the community on issues of concern and interest to them and hope that our community is willing to provide helpful, interested and respectful feedback that we can use to benefit the broadest number of people within the resources we have.

## EVENTS

The Shire supports and hosts many events throughout the year. This might be through financial support or through in-kind support such as providing additional bins, marquees, preparing event sites, or other necessary support. All events on Shire-owned/managed land require an event application and permit, and staff work with event coordinators throughout the year to ensure that events comply with statutory regulations so that events are kept incident-free and safe for everyone and that our works (parks and gardens) program can best support organised events. It is also important for the Shire to showcase our fantastic towns, both to residents, and those visiting from elsewhere, and good quality, well-run and safe events encourage visitors to come, stay and enjoy our Shire. It was estimated that over 11,000 people attended events supported by the Shire of Dandaragan over 2018/19.

In the 2018/19 financial year, the Shire of Dandaragan supported Australia Day events in all four towns, Indian Ocean Festival, Cervantes Family Fest and Jurien Bay Beach Mission through a financial contribution in our annual budget. These events are supported because they are well-run, popular events by long-standing groups who are committed to providing these types of high quality events for our community. All groups are required to report on how they are spending the Shire contribution through an acquittal process to ensure that ratepayer funds are being spent in ways that we have approved.

The following are events and activities for the 2018/19 year that Shire officers assisted with permits and support:

- Breastscreen Screening Van at Jurien Town Hall
- School athletics carnivals on local ovals around the Shire
- Mounsher Fun Fair at Jurien Bay foreshore
- Outdoor Community Church Service at Jurien Bay foreshore
- Vietnam Veterans Day at Jurien Bay Federation Memorial Park
- Aggies Pop Up Christmas Shop at Aggies Cottage

# CORPORATE AND COMMUNITY SERVICES

- Jurien Bay Beach Mission at Jurien Bay foreshore
- Car Boot Sales at Jurien Town Hall
- Jay and May Eatery on Bashford Street, Jurien Bay
- Carols in the Park at Jurien Bay foreshore
- Joondalup Brothers Rugby Union Preseason camp at Jurien Bay oval
- WACA Schools Cricket Carnival at Jurien Bay oval
- Indian Ocean Festival at Jurien Bay foreshore
- Carols by the Lake at Aggies Cottage
- Snake handling courses at Dandaragan oval
- Cervantes Family Fest at Cervantes foreshore
- Australia Day events around the Shire
- West Coast Eagles Community Camp at Cervantes oval
- Hawaiian Ride for Youth along Turquoise Way
- NBN Drop-In Van on Bashford Street, Jurien Bay
- Turquoise Coast Triathlon at Jurien Bay foreshore
- Hymns in the Park at Jurien Bay foreshore
- Jurien Bay District High School Beach Carnival at Jurien Bay foreshore
- Clean-Up Australia Day at Jurien Bay foreshore
- ANZAC Day Memorial Service at Jurien Bay Federation Memorial Park
- CWA Market at Tranquilo Park, Cervantes
- Spray the Grey Youth Festival at Jurien Bay foreshore
- Jurien Bay Beer and Wine Festival at Jurien Bay oval
- Back to Cervantes at Cervantes oval
- SES Wow Day at Jurien Bay foreshore
- Clontarf Foundation Football Match at Cervantes oval
- Herbarium Native Plant Give-Away Day at Jurien Bay foreshore



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# CORPORATE AND COMMUNITY SERVICES

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- Jurien Bay District High School Winter Carnival at Jurien Bay oval
- Town Litter Clean Up in Jurien Bay
- Turquoise Coast Aboriginal, Cultural and Environmental Experience BBQ at Cervantes foreshore
- The Shire also received several requests to hold weddings on local beaches and parks which we assisted to coordinate use of Shire land and resources.

## AWARDS

Citizen and Young Citizen of the Year ceremonies were held in Dandaragan and were awarded to Mr George Mostert from Cervantes, and Ms Tamarin Noble from Jurien Bay - both are worthy winners and spend countless hours undertaking community volunteering across a broad range of areas.

## DISABILITY ACCESS

This financial year, access to the multi-purpose beach wheelchair was available. Consultation to investigate interest in a locally based wheelchair was undertaken in previous years and a memorandum of understanding was created between the Shire of Dandaragan, Jurien Bay Community Resource Centre and the Jurien Bay Tourist Park. In the first full year of availability, the wheelchair was hired out twice – once by a local resident and another by a Perth-based visitor to visit our local beaches. Feedback on the wheelchair was positive, and we aim to increase awareness of this resource to ensure that people with all abilities can utilise our beautiful beaches. In addition, with approval from Department of Transport, work began on improving the disability ramp at the Jurien Bay Marina to improve accessibility for people with mobility issues. Completion of the new ramp will continue into next financial year as some service and product availability has delayed our completion date. The improved ramp design includes the correct gradient for easy maneuvering with a wheelchair or walker, a bench to assist when transferring to a beach wheelchair or putting on shoes, and regulation level handrails for improved usability.

## HERITAGE

During 2018/19, the Shire obtained a Lotterywest grant to further the heritage work at North Head Radar Station. This year, heritage consultants started work on a Conservation Management Plan for the site. This will include recommendations for managing the heritage site, with staff working with Council over the coming year to determine how to balance the community and Shire's desire to protect the site, with the resources needed to undertake conservation work. In addition, the heritage project saw staff worked with a production team to create a documentary of the world war history of the radar station which will be released in 2020. A book will be written by the heritage consultants to support and tell the story of the site in more detail.

## SPORT AND RECREATION

Across the Shire all clubs have now completed the updating process to bring them in line with the Associations Incorporation Act 2015. The community development team are now encouraging clubs to better plan for their immediate and long term future. The clubs are being encouraged to undertake a planning process in line with the Shire's Strategic Community Plan. This process is targeted at aligning the clubs aspirations with the Strategic Community

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# CORPORATE AND COMMUNITY SERVICES

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Plan so that an orderly process for improvement over the plan period can be implemented. The Shire continues to work with the sport and recreation clubs to build their capacity, improve governance and sustainability.

Recently the Jurien Bay Country Golf Club completed stage one of their water project. The project is now using water from approximately 2.5 kilometres east of Jurien Bay to replace water from the existing bores. The new water has an incredibly low salt content and is already improving the reticulated areas of the golf course. The project was the major focus of the Club's strategic planning process. The next stages will extend the current reticulation system to water all eighteen fairways over the next three to five years. The Jurien Bay Country Golf Club are to be commended for their strategic planning and installation of the solar powered pump, water tank and 2.5 kilometers of gravity fed pipeline to the course. The Shire of Dandaragan assisted the water project with a grant from the Community Sport and Recreation Facilities Fund of \$50,000 and partnered with the Golf Club to increase the size of the pipe from 150mm to 200mm to future proof the Shires sport, recreation and passive open spaces water supply.

The Cervantes Community Recreation Centre has also undergone a major renovation adding male and female toilets accessible externally, a new kitchen and function room gallery area. The new extension was opened by the Honorable David Templeman MLA Minister for Local Government, Heritage, Culture and the Arts.

Jurien Bay Sport and Recreation Centre has joined the clean green energy revolution installing solar power to reduce energy costs and assist with the Centre's sustainability. The cost of the installation will be offset with energy savings over four years. The initiative was part of the Centre's Strategic Plan set three years ago and has finally come to fruition with assistance from Tronox management and the Shire of Dandaragan sporting and recreation facilities fund.

The Shire continued to assist and provide operational funding for local recreation centre management committees in all four towns to ensure that these key pieces of community infrastructure were functioning well according to the specific needs of each community. Some key upgrades to recreation centres were included in the Shire's annual budget. A contribution to the extension of the Cervantes Community Recreation Centre with new toilets, kitchen and gallery space in addition to the replacement of the Cervantes Recreation Reserve playground, and automatic-opening doors at Jurien Sport and Recreation Centre. The automatic doors were identified in the Shire's Age Friendly Community and Disability Access and Inclusion Plans.

## YOUTH

Council continued to support the Leeuwin Ocean Adventure Scholarship which offers one fully paid voyage fare to a young person between the age of 15 and 18. In 2018/19, the scholarship was awarded to Miss Neave Mayhew from Jurien Bay who will undertake her voyage in early 2020. The Shire also contributed financially to the Jurien Bay Youth Group to assist them to operate a quality group for young people in the area.

The fifth Spray the Grey Youth Festival was held on the foreshore in Jurien Bay with fantastic feedback from young people and their families. The event was sponsored by Healthway, Lotterywest and several other organisations, which meant that it was bigger and better than ever. It was great to see so many young local people meeting up at the festival and the number of visitors who attended and commented on how great it was that their families had some free activities to keep their children and teens happy over the school holidays. It was great to see the local Emergency Services Cadets fundraising for development of the proposed youth precinct as well as helping out on the day with stalls, making public announcements and helping the Shire with set-up and pack-down. We are proud of how many great young leaders we have in our communities.

# CORPORATE AND COMMUNITY SERVICES

Staff will continue to implement initiatives from our Youth Plan and seek ways to engage effectively with young people around the Shire and help them identify how they would like to see their towns develop into the future.

## GRANTS

The Shire's Community Grant Policy includes a provision for the Shire of Dandaragan and Tronox Management Sporting and Recreation Facilities Fund. The Shire of Dandaragan, in its annual budget, allocates \$15,000 to be matched by Tronox Management to fund the program. The purpose of the grant is to assist community-based organisations in the purchase of durable equipment and small grants to undertake improvements. The applications for funding for 2019 were over \$92,000. A total of \$35,184 worth of projects were funded (the additional funds enabled by the carryover from previous years).





# CORPORATE AND COMMUNITY SERVICES

The following groups received grants from this program in 2019:

| Organisation                                   | Project Description         | Project Cost (\$) | Grant (\$)       |
|--|-----------------------------|-------------------|------------------|
| Advance Dandaragan                             | Swipe Card Access System    | 1,031             | 515              |
| Advance Dandaragan                             | Treadmill                   | 2,499             | 1,250            |
| Badgingarra Community Association              | Glass Dishwasher            | 4,399             | 2,199            |
| Badgingarra Community Association              | Chairs                      | 5,739             | 2,870            |
| Cervantes Community Recreation Centre          | Security System             | 8,356             | 4,179            |
| Cervantes Historical Society                   | Television and Stand        | 1,025             | 510              |
| Dandaragan Bowling Club                        | Shade Cloth Frame           | 427               | 213              |
| Dandaragan Bowling Club                        | Loading Ramp                | 702               | 351              |
| Jurien Bay Community Resource Centre           | Podcast Equipment           | 1,425             | 712              |
| Jurien Bay Community Resource Centre           | Video Gaming Equipment      | 1,464             | 732              |
| Jurien Bay Motor Cycle Club                    | Handheld Radios             | 1,650             | 824              |
| Jurien Sport and Recreation Centre             | Photo Voltaic Panels        | 8,895             | 4,448            |
| Lions Club of Jurien Bay                       | Water Tank                  | 3,234             | 351              |
| Lions Club of Jurien Bay                       | Off-Grid Solar Power System | 29,397            | 14,699           |
| Wolba Wolba Heritage Site Management Committee | Pizza Oven                  | 2,662             | 1,331            |
|  |                             |                   |                  |
|  | <b>Total</b>                | <b>\$ 72,905</b>  | <b>\$ 35,184</b> |

In addition, the Community Grants Program provides funds to community-based organisations and individuals to support the promotion and development of social, economic, recreational, art and cultural benefits for the residents of the Shire of Dandaragan.

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# CORPORATE AND COMMUNITY SERVICES

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The policy contains two sections:

## **1. Recurring Grants Local**

### **Publications**

Each year the Shire will incorporate within the budget a grant to be provided in September of each year to the community newspapers. The grant of \$250 each is to cover the cost of community service announcements by the Shire in the various local publications.

### **Student awards - Schools**

Each year the Shire will contribute \$100 to the Jurien Bay District High School, \$100 to the Central Midlands Senior High School, and \$50 each to the Dandaragan Primary School, Badgingarra Primary School, Jurien Bay Primary School and Cervantes Primary School award nights.

### **Australia Day**

Each year the Shire of Dandaragan will grant \$1,000 to the Jurien Bay Progress Association, \$1,000 to the Cervantes Ratepayers & Progress Association, \$750 to the Badgingarra Community Association and \$750 to Advance Dandaragan for Australia Day festivities. This grant is to assist organisations with conducting an Australia Day event and is not intended to meet the total cost of the event.

### **Art**

Each Cervantes Art Festival, the Shire of Dandaragan will contribute \$1,500 to the Cervantes Cultural Committee to purchase art as the Shire of Dandaragan Art prize. The \$1,500 will be awarded to the chosen artist for artwork up to the value of \$1,500. The prize will be determined by the Shire President or delegate, who will seek guidance from the judges. The artwork will be acquired by the Shire of Dandaragan as part of the Shire's art collection. In addition to the art prize, the Shire of Dandaragan will donate \$2,000 towards the cost of delivering the Art Show. These funds will be spent at the discretion of the Cervantes Cultural Committee.

### **Mid West Group of Affiliated Agricultural Societies Inc.**

Each year the Shire of Dandaragan will contribute to the Mid West Group of Affiliated Agricultural Societies Inc. \$200 to showcase the Shire of Dandaragan's products and attractions.

### **Jurien Bay Beach Mission and Cervantes Family Festival**

Each year the Shire of Dandaragan will contribute \$1,500 to each of the Jurien Bay Beach Mission and the Cervantes Family Festival to continue their summer holiday program.

# CORPORATE AND COMMUNITY SERVICES

## 2. Annual Grants

The second section of the policy allows groups and individuals to make applications for funding under the Shire's small grants program, with each application being assessed against the policy criteria. In 2018/19 the following events/activities were funded from this policy:

| Organisation                                   | Project Description                              | Grant (\$)       |
|--|--|------------------|
| Badgingarra Community Association              | Inspirational Dinner                             | 1,500            |
| Cervantes Cultural Committee                   | Art Therapy: Artistic Wisdom for Youth and Above | 1,600            |
| Coastal Kids Care                              | CKC Christmas Carnival                           | 1,500            |
| Dandaragan Community Resource Centre           | Grow In Dandaragan                               | 2,000            |
| Dandaragan Community Resource Centre           | Carols by the Lake                               | 1,000            |
| Dandaragan Playgroup                           | Child / Infant First Aid Course                  | 1,130            |
| ICAN - Inspirational Community Arts Network    | Community Arts Workshop                          | 2,000            |
| Jurien Bay Community Resource Centre           | Pre-Christmas and Australia Day Movie Screenings | 800              |
| Jurien Bay Football Club                       | Jurien Bay Community Christmas Tree Event        | 1,000            |
| Jurien Bay Playgroup                           | Little Mess Makers                               | 1,000            |
| Jurien Bay Progress Association                | Jurien Bay Garden Competition                    | 1,140            |
| Jurien Bay Progress Association                | Kids Fun Day                                     | 1,275            |
| Jurien Bay Regional Herbarium Group            | National Tree Day 2020                           | 700              |
| Jurien Bay Regional Herbarium Group            | Native Plant Give-Away Day                       | 1,200            |
| Jurien Sport and Recreation Centre             | Country Arts WA 'Shows on the Go'                | 2,000            |
| Nambung Country Music Muster                   | Nambung Country Music Muster                     | 1,100            |
| RSL Jurien Bay Sub-Branch                      | Midwest Regional RSL Concert                     | 2,000            |
| Wolba Wolba Heritage Site Management Committee | Aggies Cottage Pop Up Shop                       | 2,000            |
| Indian Ocean Festival Committee                | Indian Ocean Festival                            | 2,000            |
|  | <b>Total</b>                                     | <b>\$ 26,945</b> |

# STATUTORY STATEMENTS

## COMPETITIVE NEUTRALITY

- National Competition Policy reforms require local governments to comply with and implement the principles of competitive neutrality and restructure monopolies (or near monopolies), subject to public benefits.
- National Competition Policy is a framework for reform and is about promoting competition in business across Australia regardless of private or public ownership, size of business or ownership structure.
- Local Government is required to report annually on the implementation, application and effects of the National Competition Policy (NCP) with regard to three areas, being competitive neutrality, legislation review, and structural reform.
- As the Shire of Dandaragan did not acquire any new entities or privatise any activities during 2018/19, there was no requirement for competitive neutrality testing.

## NATIONAL COMPETITION POLICY

The Shire of Dandaragan had 35 Local Laws that may have restricted competition and hence were reviewed under the National Competition Policy. The review process was completed in 2000/2001 with the gazettal of the following Local Laws on 9 May 2001:

- Activities on thoroughfares and trading in thoroughfares and public places
- Beekeeping
- Local Government Property
- Standing Orders
- Extractive Industries
- Fencing
- Repeal Local Law 2001
- Pest Plants
- Bushfire Brigades
- Public Cemeteries
- Dogs Local Law

In compliance with the State Records Act 2000, the Shire of Dandaragan has a Record Keeping Plan. The amended Record Keeping Plan outlines the improvements made to the Shire's record keeping policies, as they relate to staff and Councillors.

The Plan has assisted the Shire to implement an efficient and effective electronic records management system Magiq Docs (formerly InfoXpert). This system has promoted ongoing improvements and continued compliance with the State Records Act 2000. Although the conversion to an electronic system was not easy, the benefits it provides far outweigh the initial difficulties. Each individual is now responsible for their own documents, in accordance with the State Records Act as records are everyone's responsibility.

# STATUTORY STATEMENTS

## REMUNERATION

The Local Government (Administration) Regulations requires the Annual Report to detail the number of employees who are entitled to an annual salary of \$100,000 or more and to break those employees down into bands of \$10,000.

As at 30 June 2019 the Shire of Dandaragan had the following:

- \$110,000 - \$119,999 - 1 Employee
- \$120,000 - \$129,999 - 1 Employee
- \$170,000 - \$179,999 - 1 Employee
- Full Time Equivalent Employees - 55

## PUBLIC INTEREST DISCLOSURE

In accordance with the requirements of the Public Interest Disclosure Act 2013, the Shire of Dandaragan has established procedures to facilitate the making of disclosures under the Act. These procedures set out the processes in place in respect to protected disclosures generally to protect people from reprisal for making protected disclosures, and to provide guidance on investigations. No disclosures relating to improper conduct were made to the Shire during 2018/2019 financial year, therefore no disclosures were referred to the ombudsman.

## FREEDOM OF INFORMATION

The Shire of Dandaragan is subject to the provisions of the Freedom of Information Act 1992, which gives individuals and organisations a general right of access to information held by the Shire. The Act also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied under the Act.

- The Shire of Dandaragan received 3 requests for information during 2018/2019.
- In accordance with section 5.53 of the Local Government Act and the associated Local Government (Rules of Conduct) Regulations 2007, the complaints made against councillors for 2018/2019 were:
  - Number of entries in the register - Nil
  - How the complaints were handled - Not applicable.

## FEDERAL GOVERNMENT FINANCIAL ASSISTANCE GRANTS

The Shire of Dandaragan received \$1,622,075 in Financial Assistance Grants in 2018/2019. These grants contribute to annual maintenance of communities infrastructure and general operations of the local government and are a vital source of revenue to support the Shire's operations.

# STATUTORY STATEMENTS

## REGISTER OF FINANCIAL INTEREST FOR ELECTED MEMBERS AND SENIOR STAFF

In accordance with the requirements of the Local Government Act 1995, this register is held in the Shire's administration office and available for viewing by the public.

## EQUAL OPPORTUNITY

The Shire supports, and is committed to, the achievement of its diversity management and equal opportunity goals. That means the Shire is continually aiming to ensure that it provides a workplace free from all forms of discrimination, harassment and bullying and that there is equality and fairness in all aspects of employment and customer service delivery in the organisation.

Policies, practices and services are adapted to meet the needs of a diverse and evolving community and the Shire reviews and updates all relevant policies annually to ensure they align with legislative requirements and the needs of the workforce.

These policies are:

- Equal Employment Opportunity Policy
- Discrimination, Harassment and Bullying Policy
- Information and Communication Technology Use Policy





# AUDIT REPORT



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Dandaragan

Report on the Audit of the Financial Report

#### **Opinion**

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

In my opinion the annual financial report of the Shire of Dandaragan:

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

#### **Basis for Opinion**

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

#### **Emphasis of Matter – Basis of Accounting**

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

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

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



# AUDIT REPORT

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

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

## ***Auditor's Responsibility for the Audit of the Financial Report***

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

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

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

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

# AUDIT REPORT

## Report on Other Legal and Regulatory Requirements

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

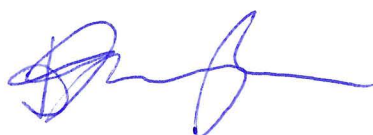
- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three years. The financial ratios are reported in Note 30 of the annual financial report.
- (ii) The following material matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law was identified during the course of my audit:
  - a. The Shire has not reported the Asset Renewal Funding Ratio for 2019, 2018 and 2017 in the annual financial report as required by section 50(1) of the Local Government (Financial Management) Regulations 1996, as planned capital renewals and required capital expenditure were not estimated in a long-term financial plan and asset management plan respectively.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

## Other Matter

The financial ratios for 2017 in Note 30 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

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



DON CUNNINGHAME  
ACTING DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
22 October 2019

# FINANCIAL DECLARATION

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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed on the 18 day of October 2019

  
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Chief Executive Officer  
Brent Bailey



# ANNUAL FINANCIAL STATEMENTS

## SHIRE OF DANDARAGAN

### STATEMENT OF COMPREHENSIVE INCOME by Nature or Type

FOR THE YEAR ENDED 30 JUNE 2019

|   | Note  | 2018/2019<br>Actual | 2018/2019<br>Budget | 2017/2018<br>Actual |
|---|-------|---------------------|---------------------|---------------------|
| <b>Revenue</b>                                  |       |                     |                     |                     |
| Rates   | 21(a) | 6,223,179           | 6,202,176           | 6,082,363           |
| Operating grants, subsidies & contributions     | 2(a)  | 2,629,765           | 1,305,603           | 2,156,131           |
| Fees and charges                                | 2(a)  | 2,313,804           | 2,307,169           | 2,359,091           |
| Interest earnings                               | 2(a)  | 145,307             | 109,000             | 126,910             |
| Other revenue                                   |       | 152,892             | 115,418             | 110,719             |
|   |       | 11,464,947          | 10,039,367          | 10,835,214          |
| <b>Expenses</b>                                 |       |                     |                     |                     |
| Employee costs                                  |       | (4,158,371)         | (4,088,037)         | (3,998,726)         |
| Materials and contracts                         |       | (2,859,167)         | (2,757,624)         | (2,685,835)         |
| Utilities                                       |       | (404,794)           | (488,072)           | (454,086)           |
| Interest expenses                               | 2(b)  | (19,511)            | (21,394)            | (25,197)            |
| Insurance                                       |       | (413,746)           | (380,777)           | (397,002)           |
| Other expenses                                  |       | (1,108,052)         | (686,709)           | (646,537)           |
| Depreciation                                    | 11(b) | (5,757,993)         | (6,003,478)         | (6,158,800)         |
|   |       | (14,721,634)        | (14,426,092)        | (14,366,182)        |
|   |       | (3,256,687)         | (4,386,725)         | (3,530,968)         |
| Non-operating grants, subsidies & contributions | 2(a)  | 1,226,423           | 1,248,242           | 3,626,988           |
| Loss on revaluation of infrastructure           | 10(a) | 0                   | 0                   | (1,529,888)         |
| Profit on disposal of assets                    | 11(a) | 397,267             | 52,995              | 40,186              |
| Loss on disposal of assets                      | 11(a) | (107,433)           | (144,005)           | (5,345,187)         |
| <b>Net result</b>                               |       | <b>(1,740,430)</b>  | <b>(3,229,493)</b>  | <b>(6,738,868)</b>  |
| <b>Other comprehensive income</b>               |       |                     |                     |                     |
| Changes on revaluation of non-current assets    | 12    | 769,847             | 0                   | 43,791,529          |
| <b>Total other comprehensive income</b>         |       | <b>769,847</b>      | <b>0</b>            | <b>43,791,529</b>   |
| <b>Total comprehensive income</b>               |       | <b>(970,583)</b>    | <b>(3,229,493)</b>  | <b>37,052,661</b>   |

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

# ANNUAL FINANCIAL STATEMENTS

**SHIRE OF DANDARAGAN**  
**STATEMENT OF COMPREHENSIVE INCOME by Program**  
**FOR THE YEAR ENDED 30 JUNE 2019**

|  | Note  | 2018/2019<br>Actual | 2018/2019<br>Budget | 2017/2018<br>Actual |
|--|-------|---------------------|---------------------|---------------------|
| <b>Revenue</b>                               |       |                     |                     |                     |
| Governance                                   |       | 84,653              | 38,242              | 11,515              |
| General purpose funding                      |       | 8,018,986           | 7,058,546           | 7,820,348           |
| Law, order & public safety                   |       | 759,149             | 460,783             | 514,245             |
| Health                                       |       | 45,257              | 16,565              | 21,328              |
| Education & welfare                          |       | 13,000              | 15,000              | 0                   |
| Community amenities                          |       | 1,413,551           | 1,386,002           | 1,363,970           |
| Recreation and culture                       |       | 449,623             | 417,523             | 478,043             |
| Transport                                    |       | 310,175             | 301,925             | 149,072             |
| Economic services                            |       | 244,318             | 243,316             | 278,690             |
| Other property and services                  |       | 126,235             | 101,465             | 198,004             |
|  |       | 11,464,947          | 10,039,367          | 10,835,214          |
| <b>Expenses excluding finance costs</b>      |       |                     |                     |                     |
| Governance                                   |       | (596,050)           | (537,455)           | (524,080)           |
| General purpose funding                      |       | (183,491)           | (170,998)           | (212,674)           |
| Law, order & public safety                   |       | (1,667,920)         | (1,340,943)         | (1,340,296)         |
| Health                                       |       | (330,591)           | (331,006)           | (349,480)           |
| Education & welfare                          |       | (142,075)           | (135,880)           | (96,009)            |
| Community amenities                          |       | (2,078,541)         | (2,139,032)         | (1,905,963)         |
| Recreation and culture                       |       | (3,145,337)         | (3,298,308)         | (3,349,781)         |
| Transport                                    |       | (5,333,006)         | (5,468,054)         | (5,195,784)         |
| Economic services                            |       | (622,280)           | (664,821)           | (669,222)           |
| Other property and services                  |       | (602,832)           | (318,200)           | (697,696)           |
|  |       | (14,702,124)        | (14,404,697)        | (14,340,985)        |
|  |       | (3,237,177)         | (4,365,331)         | (3,505,771)         |
| <b>Finance costs</b>                         |       |                     |                     |                     |
|  | 2(b)  |                     |                     |                     |
| Governance                                   |       | (13,301)            | (14,674)            | (16,806)            |
| Recreation and culture                       |       | (5,648)             | (6,645)             | (8,075)             |
| Other property and services                  |       | (562)               | (75)                | (316)               |
|  |       | (19,511)            | (21,394)            | (25,197)            |
| <b>Non- operating grants and subsidies</b>   |       |                     |                     |                     |
|  | 2(a)  |                     |                     |                     |
| Recreation and culture                       |       | 57,509              | 61,345              | 50,000              |
| Transport                                    |       | 1,168,914           | 1,186,897           | 3,576,988           |
|  |       | 1,226,423           | 1,248,242           | 3,626,988           |
| <b>Profit / (loss) on asset disposal</b>     |       |                     |                     |                     |
|  | 11(a) |                     |                     |                     |
| Governance                                   |       | (7,547)             | (19,297)            | (1,489)             |
| Law, order & public safety                   |       | 120,114             | 0                   | 0                   |
| Community amenities                          |       | 0                   | (3,486)             | (5,315,357)         |
| Transport                                    |       | (53,433)            | (70,237)            | 5,174               |
| Other property and services                  |       | 230,700             | 2,010               | 14,816              |
|  |       | 289,834             | (91,010)            | (5,305,001)         |
| Loss on revaluation of infrastructure        | 10(a) | 0                   | 0                   | (1,529,888)         |
| <b>Net result</b>                            |       |                     |                     |                     |
|  |       | (1,740,430)         | (3,229,493)         | (6,738,868)         |
| <b>Other comprehensive income</b>            |       |                     |                     |                     |
| Changes on revaluation of non-current assets | 12    | 769,847             | 0                   | 43,791,529          |
| <b>Total other comprehensive income</b>      |       | 769,847             | 0                   | 43,791,529          |
| <b>Total comprehensive income</b>            |       |                     |                     |                     |
|  |       | (970,583)           | (3,229,493)         | 37,052,661          |

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

# ANNUAL FINANCIAL STATEMENTS

**SHIRE OF DANDARAGAN  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

| Description                          | Note | 2019               | 2018               |
|--------------------------------------|------|--------------------|--------------------|
|                                      |      | \$                 | \$                 |
| <b>CURRENT ASSETS</b>                |      |                    |                    |
| Cash and cash equivalents            | 3    | 7,236,030          | 6,152,114          |
| Trade receivables                    | 5    | 708,012            | 1,097,641          |
| Other financial assets               | 8    | 55,721             | 0                  |
| Other current assets                 | 7    | 3,967              | 63,375             |
| Inventories                          | 6    | 31,727             | 35,309             |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>8,035,457</b>   | <b>7,348,439</b>   |
| <b>NON-CURRENT ASSETS</b>            |      |                    |                    |
| Other financial assets               | 8    | 187,984            | 0                  |
| Other loans and receivables          | 8    | 0                  | 164,633            |
| Trade receivables                    | 5    | 44,499             | 33,636             |
| Property, plant and equipment        | 9    | 38,176,106         | 38,657,079         |
| Infrastructure                       | 10   | 248,197,940        | 249,071,943        |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>286,606,530</b> | <b>287,927,292</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>294,641,986</b> | <b>295,275,730</b> |
| <b>CURRENT LIABILITIES</b>           |      |                    |                    |
| Trade and other payables             | 13   | 461,373            | 221,976            |
| Borrowings                           | 14   | 119,620            | 118,788            |
| Employee related provisions          | 15   | 594,129            | 546,997            |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>1,175,122</b>   | <b>887,761</b>     |
| <b>NON-CURRENT LIABILITIES</b>       |      |                    |                    |
| Borrowings                           | 14   | 246,128            | 315,747            |
| Employee related provisions          | 15   | 104,024            | 72,511             |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>350,151</b>     | <b>388,258</b>     |
| <b>TOTAL LIABILITIES</b>             |      | <b>1,525,273</b>   | <b>1,276,019</b>   |
| <b>TOTAL NET ASSETS</b>              |      | <b>293,116,713</b> | <b>293,999,711</b> |
| <b>EQUITY</b>                        |      |                    |                    |
| Retained earnings                    |      | 199,357,712        | 201,454,262        |
| Reserves - cash backed               | 4    | 5,830,457          | 5,386,753          |
| Revaluation surplus                  | 12   | 87,928,544         | 87,158,696         |
| <b>TOTAL EQUITY</b>                  |      | <b>293,116,713</b> | <b>293,999,711</b> |

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

# ANNUAL FINANCIAL STATEMENTS

## SHIRE OF DANDARAGAN STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

|   | Note | Retained<br>Earnings | Reserves<br>Cash<br>Backed | Revaluation<br>Surplus | Total<br>Equity    |
|---|------|----------------------|----------------------------|------------------------|--------------------|
|   |      | \$                   | \$                         | \$                     | \$                 |
| <b>Balance as at 30 June 2017</b>   |      | <b>208,634,345</b>   | <b>4,945,538</b>           | <b>43,367,167</b>      | <b>256,947,050</b> |
| Comprehensive Income  |      |                      |                            |                        |                    |
| Net result  |      | (6,738,868)          | 0                          | 0                      | (6,738,868)        |
| Other comprehensive income  | 12   |                      |                            | 43,791,529             | 43,791,529         |
| Total comprehensive income  |      | (6,738,868)          | 0                          | 43,791,529             | 37,052,661         |
| Transfers from/(to) reserves  |      | (441,214)            | 441,214                    | 0                      | 0                  |
| <b>Balance as at 30 June 2018</b>   |      | <b>201,454,262</b>   | <b>5,386,753</b>           | <b>87,158,696</b>      | <b>293,999,711</b> |
| Correction of prior period error - Recognition of<br>Local Government House Trust |      | 87,585               | 0                          | 0                      | 87,585             |
| <b>Restated balance as at 1 July 2018</b>   |      | <b>201,541,847</b>   | <b>5,386,753</b>           | <b>87,158,696</b>      | <b>294,087,296</b> |
| Comprehensive Income  |      |                      |                            |                        |                    |
| Net result  |      | (1,740,430)          | 0                          | 0                      | (1,740,430)        |
| Other comprehensive income  | 12   | 0                    | 0                          | 769,847                | 769,847            |
| Total comprehensive income  |      | (1,740,430)          | 0                          | 769,847                | (970,583)          |
| Transfers from/(to) reserves  |      | (443,705)            | 443,705                    | 0                      | 0                  |
| <b>Balance as at 30 June 2019</b>   |      | <b>199,357,712</b>   | <b>5,830,457</b>           | <b>87,928,544</b>      | <b>293,116,713</b> |

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

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019

|  | Note | 2018/2019<br>Actual | 2018/2019<br>Budget | 2017/2018<br>Actual |
|--|------|---------------------|---------------------|---------------------|
|  |      | \$                  | \$                  | \$                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |      |                     |                     |                     |
| <b>Receipts</b>  |      |                     |                     |                     |
| Rates  |      | 6,173,351           | 6,362,176           | 6,100,408           |
| Operating grants and subsidies   |      | 2,629,765           | 1,305,603           | 2,156,131           |
| Fees and charges   |      | 2,673,719           | 3,007,169           | 2,283,225           |
| Interest earnings  |      | 145,307             | 109,000             | 126,910             |
| Goods and services tax   |      | 654,154             | 0                   | 442,908             |
| Other revenue  |      | 152,892             | 115,418             | 110,719             |
|  |      | 12,429,188          | 10,899,367          | 11,220,301          |
| <b>Payments</b>  |      |                     |                     |                     |
| Employee costs   |      | (4,075,721)         | (4,088,037)         | (3,979,938)         |
| Materials and contracts  |      | (2,558,902)         | (2,857,624)         | (3,058,460)         |
| Utility charges  |      | (404,794)           | (488,072)           | (454,086)           |
| Interest expenses  |      | (21,394)            | (21,394)            | (27,363)            |
| Insurance expenses   |      | (413,746)           | (380,777)           | (397,002)           |
| Goods and services tax   |      | (585,475)           | 0                   | (530,593)           |
| Other expenditure  |      | (1,108,052)         | (686,709)           | (646,537)           |
|  |      | (9,168,086)         | (8,522,614)         | (9,093,978)         |
| <b>Net cash provided by (used in) operating activities</b>                           | 16   | 3,261,102           | 2,376,753           | 2,126,323           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |      |                     |                     |                     |
| Payments for purchase of property, plant & equipment                                 |      | (1,307,561)         | (1,397,666)         | (1,518,518)         |
| Payments for construction of infrastructure  |      | (2,966,517)         | (3,512,828)         | (5,507,902)         |
| Non-operating grants, subsidies and contributions used for the development of assets |      | 1,226,423           | 1,248,242           | 3,626,988           |
| Proceeds from sale of plant & equipment  |      | 930,742             | 624,000             | 265,507             |
| <b>Net cash provided by (used in) investing activities</b>                           |      | (2,116,913)         | (3,038,252)         | (3,133,925)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |      |                     |                     |                     |
| Repayment of borrowings  |      | (118,788)           | (118,788)           | (111,760)           |
| Proceeds from self supporting loans  |      | 8,514               | 58,514              | 33,919              |
| Proceeds from new borrowings   |      | 50,000              | 0                   | 21,000              |
| <b>Net cash provided by (used in) financing activities</b>                           |      | (60,274)            | (60,274)            | (56,842)            |
| <b>Net increase (decrease) in cash held</b>  |      | 1,083,915           | (721,773)           | (1,064,443)         |
| Cash at beginning of year  |      | 6,152,114           | 6,152,114           | 7,216,558           |
| <b>Cash and cash equivalents at the end of the year</b>                              | 16   | <b>7,236,030</b>    | <b>5,430,342</b>    | <b>6,152,114</b>    |

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



# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2019

|  | Note  | 2018/2019 Actual | 2018/2019 Budget | 2017/2018 Actual |
|--|-------|------------------|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>  |       |                  |                  |                  |
| <b>Net current assets at start of financial year - surplus/(deficit)</b> |       | 1,192,712        | 1,833,416        | 2,234,848        |
| <b>Revenue from operating activities (excluding general rates)</b>       |       |                  |                  |                  |
| Governance   |       | 84,653           | 38,242           | 11,515           |
| General purpose funding  |       | 1,797,337        | 857,643          | 1,739,257        |
| Law, order & public safety   |       | 879,263          | 460,783          | 514,245          |
| Health   |       | 45,257           | 16,565           | 21,328           |
| Education & welfare  |       | 13,000           | 15,000           | 0                |
| Community amenities  |       | 1,413,551        | 1,386,002        | 1,363,970        |
| Recreation and culture   |       | 449,623          | 417,523          | 478,043          |
| Transport  |       | 345,249          | 325,508          | 154,246          |
| Economic services  |       | 244,318          | 243,316          | 278,690          |
| Other property and services  |       | 368,314          | 130,877          | 233,016          |
|  |       | 5,640,565        | 3,891,459        | 4,794,310        |
| <b>Expenditure from operating activities</b>                             |       |                  |                  |                  |
| Governance   |       | (616,898)        | (571,426)        | (542,376)        |
| General purpose funding  |       | (183,491)        | (170,998)        | (212,674)        |
| Law, order & public safety   |       | (1,667,920)      | (1,340,943)      | (1,340,296)      |
| Health   |       | (330,591)        | (331,006)        | (349,480)        |
| Education & welfare  |       | (142,075)        | (135,880)        | (96,009)         |
| Community amenities  |       | (2,078,541)      | (2,142,518)      | (7,221,320)      |
| Recreation and culture   |       | (3,150,985)      | (3,304,953)      | (4,892,416)      |
| Transport  |       | (5,421,513)      | (5,561,874)      | (5,195,784)      |
| Economic services  |       | (622,280)        | (664,821)        | (672,693)        |
| Other property and services  |       | (614,773)        | (345,677)        | (718,209)        |
|  |       | (14,829,067)     | (14,570,097)     | (21,241,256)     |
| Non-cash amounts excluded from operating activities                      | 22(a) | 5,488,809        | 6,094,488        | 12,955,701       |
| <b>Amount attributable to operating activities</b>                       |       | (2,506,981)      | (2,750,734)      | (1,256,398)      |
| <b>INVESTING ACTIVITIES</b>  |       |                  |                  |                  |
| Non-operating grants, subsidies and contributions                        | 2(a)  | 1,226,423        | 1,248,242        | 3,626,988        |
| Proceeds from disposal of assets   | 11(a) | 930,742          | 624,000          | 265,507          |
| Purchase land and buildings  | 9(a)  | (502,664)        | (551,016)        | (465,429)        |
| Purchase furniture and equipment   | 9(a)  | (67,534)         | (48,000)         | (123,733)        |
| Purchase plant and equipment   | 9(a)  | (737,363)        | (798,649)        | (929,356)        |
| Purchase infrastructure assets - roads                                   | 10(a) | (2,706,804)      | (3,112,328)      | (3,357,744)      |
| Purchase infrastructure assets - parks & reserves                        | 10(a) | (38,186)         | (106,000)        | (107,771)        |
| Purchase infrastructure assets - other                                   | 10(a) | (221,527)        | (294,500)        | (2,042,386)      |
| <b>Amount attributable to investing activities</b>                       |       | (2,116,913)      | (3,038,252)      | (3,133,925)      |
| <b>FINANCING ACTIVITIES</b>  |       |                  |                  |                  |
| Proceeds from new borrowings   | 14(c) | 50,000           | 0                | 21,000           |
| Repayment of borrowings  | 14(b) | (118,788)        | (118,788)        | (111,760)        |
| Payment of self supporting loan to community group                       | 14(b) | (50,000)         | 0                | (21,000)         |
| Self-supporting loan principal income                                    | 14(b) | 54,362           | 54,362           | 50,767           |
| Community group cash advance principal income                            |       | 4,152            | 4,152            | 4,152            |
| Transfer to reserves   | 4     | (724,816)        | (594,857)        | (706,020)        |
| Transfer from reserves   | 4     | 281,111          | 243,213          | 264,806          |
| <b>Amount attributable to financing activities</b>                       |       | (503,978)        | (411,918)        | (498,056)        |
| <b>Budgeted deficiency before general rates</b>                          |       | (5,127,872)      | (6,200,903)      | (4,888,378)      |
| <b>Estimated amount to be raised from general rates</b>                  | 21(a) | 6,221,649        | 6,200,903        | 6,081,090        |
| <b>Net current assets at end of financial year - surplus/(deficit)</b>   | 22(b) | 1,093,777        | 0                | 1,192,712        |

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

# ANNUAL FINANCIAL STATEMENTS

## SHIRE OF DANDARAGAN NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

### 1. BASIS OF PREPARATION

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

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards.

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

### TRUST FUND

All monies held in the Trust fund are excluded from the financial statements. A separate statement of those monies appears at Note 22 to these financial statements

# ANNUAL FINANCIAL STATEMENTS

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

## 2 REVENUE AND EXPENSES

### (a) Revenue

#### Grant Revenue

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

Comprehensive Income:

|  | 2018/2019 Actual | 2018/2019 Budget | 2017/2018 Actual |
|--|------------------|------------------|------------------|
|  | \$               | \$               | \$               |
| <b>Operating grants, subsidies and contributions</b>     |                  |                  |                  |
| Governance   | 53,222           | 38,167           | 9,581            |
| General purpose funding                                  | 1,635,511        | 724,570          | 1,588,036        |
| Law, order, public safety                                | 402,006          | 126,998          | 175,102          |
| Health   | 33,171           | 5,000            | 3,947            |
| Education and welfare                                    | 13,000           | 15,000           | 0                |
| Community amenities                                      | 82,751           | 16,961           | 19,909           |
| Recreation and culture                                   | 75,254           | 80,861           | 138,364          |
| Transport  | 288,658          | 270,981          | 124,039          |
| Economic services  | 15,064           | 5,200            | 54,520           |
| Other property and services                              | 31,127           | 21,866           | 42,634           |
|  | 2,629,765        | 1,305,603        | 2,156,131        |
| <b>Non-operating grants, subsidies and contributions</b> |                  |                  |                  |
| Recreation and culture                                   | 57,509           | 61,345           | 50,000           |
| Transport  | 1,168,914        | 1,186,897        | 3,576,988        |
|  | 1,226,423        | 1,248,242        | 3,626,988        |
| <b>Total grants, subsidies and contributions</b>         | <b>3,856,188</b> | <b>2,553,845</b> | <b>5,783,119</b> |

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, donations and other contributions

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

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

##### Grants, donations and other contributions (Continued)

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

# ANNUAL FINANCIAL STATEMENTS

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

## 2 REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

#### Fees and Charges

|                             | 2018/2019 Actual | 2018/2019 Budget | 2017/2018 Actual |
|-----------------------------|------------------|------------------|------------------|
|                             | \$               | \$               | \$               |
| Governance                  | 866              | 75               | 1,934            |
| General purpose funding     | 23,004           | 22,800           | 24,185           |
| Law, order, public safety   | 352,526          | 318,185          | 325,996          |
| Health                      | 12,086           | 11,565           | 17,381           |
| Education and welfare       | 0                | 0                | 0                |
| Community amenities         | 1,313,380        | 1,351,621        | 1,326,640        |
| Recreation and culture      | 348,571          | 336,662          | 339,679          |
| Transport                   | 21,516           | 30,944           | 25,034           |
| Economic services           | 213,654          | 221,517          | 215,470          |
| Other property and services | 28,201           | 13,800           | 82,772           |
|                             | 2,313,804        | 2,307,169        | 2,359,091        |

#### Interest earnings

|  |         |         |         |
|--|---------|---------|---------|
| Loans receivable - clubs/institutions                    | 6,720   | 0       | 0       |
| Municipal fund interest                                  | 2,543   | 5,000   | 3,883   |
| Reserve fund interest                                    | 81,939  | 60,000  | 74,862  |
| Rates instalment and penalty interest (refer Note 21(c)) | 51,893  | 43,000  | 46,183  |
| Other interest earnings                                  | 2,212   | 1,000   | 1,982   |
|  | 145,307 | 109,000 | 126,910 |

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

## 2 REVENUE AND EXPENSES (Continued)

### (b) Expenses

#### Auditors remuneration

|  |        |        |        |
|--|--------|--------|--------|
| - Audit of the Annual Financial Report | 23,700 | 25,000 | 9,360  |
| - Other services                       | 2,300  | 3,000  | 6,550  |
|  | 26,000 | 28,000 | 15,910 |

#### Interest expenses (finance costs)

|            |        |        |        |
|------------|--------|--------|--------|
| Borrowings | 19,511 | 21,394 | 25,197 |
|            | 19,511 | 21,394 | 25,197 |

#### Rental charges

|                    |        |        |        |
|--------------------|--------|--------|--------|
| - Operating leases | 74,590 | 73,824 | 51,771 |
|                    | 74,590 | 73,824 | 51,771 |

# ANNUAL FINANCIAL STATEMENTS

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

## 3 CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding

bank overdrafts. Estimated cash at the end of the reporting period is as follows:

|  | Notes | 2019      | 2018      |
|--|-------|-----------|-----------|
|  |       | \$        | \$        |
| Cash at bank and on hand - unrestricted  |       | 1,072,980 | 765,361   |
| Cash at bank and on hand - restricted  |       | 6,163,049 | 5,386,753 |
|  |       | 7,236,030 | 6,152,114 |
| The following restrictions have been imposed by regulation or other externally imposed requirements: |       |           |           |
| <b>Reserve Accounts</b>  |       |           |           |
| Plant Reserve  | 4     | 251,356   | 259,131   |
| Building Renewal Reserve   | 4     | 972,206   | 1,055,763 |
| Rubbish Reserve  | 4     | 475,777   | 437,166   |
| Community Centre Reserve   | 4     | 377,220   | 397,291   |
| Television Services Reserve  | 4     | 96,565    | 95,132    |
| Information Technology Reserve   | 4     | 56,339    | 55,503    |
| Caravan Park Reserve   | 4     | 391,478   | 385,665   |
| Land Development Reserve   | 4     | 69,821    | 68,784    |
| Parking Requirements (L1154 SandpiperSt) Reserve   | 4     | 11,270    | 11,102    |
| Parks & Rec. Grounds (Seagate) Reserve   | 4     | 371,813   | 366,293   |
| Sport and Recreation Reserve   | 4     | 326,824   | 289,429   |
| Landscaping Reserve  | 4     | 2,615     | 2,576     |
| Aerodrome Reserve  | 4     | 120,886   | 96,930    |
| Public Open Space Renewal Reserve  | 4     | 460,099   | 418,705   |
| Infrastructure Renewal Reserve   | 4     | 802,327   | 920,257   |
| Public Open Space Construction Reserve   | 4     | 111,561   | 109,904   |
| Infrastructure Construction Reserve  | 4     | 0         | 0         |
| Building Construction Reserve  | 4     | 114,808   | 113,104   |
| Leave Reserve  | 4     | 257,105   | 253,626   |
| Economic Development Reserve   | 4     | 506,771   | 0         |
| Turquoise Way Path Reserve   | 4     | 51,150    | 50,390    |
| Cash in Lieu of Landscaping-Lot1146 Sandpiper St   | 4     | 2,465     | 0         |
| Cash in Lieu of POS - Lot 9000 Valencia Road   | 4     | 0         | 0         |
|  |       | 5,830,457 | 5,386,753 |
| <b>Other restricted cash and cash equivalents</b>  |       |           |           |
| Unspent grants/contributions   | 20    | 201,313   | 0         |
| Bonds, deposits and collections  | 13    | 131,279   | 0         |
|  |       | 6,163,049 | 5,386,753 |

### SIGNIFICANT ACCOUNTING POLICIES

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

#### Cash and cash equivalents (Continued)

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

# ANNUAL FINANCIAL STATEMENTS

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

## 4 CASH BACKED RESERVES

### (a) Cash Backed Reserves - Movement

|   | 2019<br>Actual<br>Opening<br>Balance | 2019<br>Actual<br>Transfer to | 2019<br>Actual<br>Transfer<br>(from) | 2019<br>Actual<br>Closing<br>Balance | 2019<br>Budget<br>Opening<br>Balance | 2019<br>Budget<br>Transfer to | 2019<br>Budget<br>Transfer<br>(from) | 2019<br>Budget<br>Closing<br>Balance | 2018<br>Actual<br>Opening<br>Balance | 2018<br>Actual<br>Transfer to | 2018<br>Actual<br>Transfer<br>(from) | 2018<br>Actual<br>Closing<br>Balance |
|---|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
|   | \$                                   | \$                            | \$                                   | \$                                   | \$                                   | \$                            | \$                                   | \$                                   | \$                                   | \$                            | \$                                   | \$                                   |
| Plant Reserve   | 259,131                              | 4,278                         | (12,053)                             | 251,356                              | 259,131                              | 2,886                         | 0                                    | 262,017                              | 255,104                              | 4,027                         |                                      | 259,131                              |
| Building Renewal Reserve  | 1,055,763                            | 22,442                        | (106,000)                            | 972,206                              | 1,055,763                            | 18,274                        | (106,000)                            | 968,037                              | 1,028,467                            | 50,862                        | (23,566)                             | 1,055,763                            |
| Rubbish Reserve   | 437,166                              | 38,610                        | 0                                    | 475,777                              | 437,166                              | 36,815                        | 0                                    | 473,981                              | 363,429                              | 73,737                        |                                      | 437,166                              |
| Community Centre Reserve  | 397,291                              | 11,580                        | (31,651)                             | 377,220                              | 397,291                              | 10,425                        | (31,651)                             | 376,065                              | 385,210                              | 12,081                        |                                      | 397,291                              |
| Television Services Reserve                                     | 95,132                               | 1,434                         | 0                                    | 96,565                               | 95,132                               | 1,059                         | 0                                    | 96,191                               | 93,653                               | 1,478                         |                                      | 95,132                               |
| Information Technology Reserve Reserve                          | 55,503                               | 836                           | 0                                    | 56,339                               | 55,503                               | 618                           | 0                                    | 56,121                               | 54,640                               | 863                           |                                      | 55,503                               |
| Caravan Park Reserve  | 385,665                              | 5,812                         | 0                                    | 391,478                              | 385,665                              | 4,295                         | 0                                    | 389,960                              | 379,672                              | 5,994                         |                                      | 385,665                              |
| Land Development Reserve  | 68,784                               | 1,037                         | 0                                    | 69,821                               | 68,784                               | 766                           | 0                                    | 69,550                               | 67,715                               | 1,069                         |                                      | 68,784                               |
| Parking Requirements (Lot 1154 Sandpiper Street) Reserve        | 11,102                               | 167                           | 0                                    | 11,270                               | 11,102                               | 124                           | 0                                    | 11,226                               | 10,930                               | 173                           |                                      | 11,102                               |
| Parks and Recreation Grounds Development (Seagate) Reserve      | 366,293                              | 5,520                         | 0                                    | 371,813                              | 366,293                              | 4,079                         | 0                                    | 370,372                              | 360,601                              | 5,693                         |                                      | 366,293                              |
| Sport and Recreation Reserve                                    | 289,429                              | 37,395                        | 0                                    | 326,824                              | 289,429                              | 36,178                        | 0                                    | 325,607                              | 235,708                              | 53,721                        |                                      | 289,429                              |
| Administration Office Extension Reserve                         | 0                                    | 0                             | 0                                    | 0                                    | 0                                    | 0                             | 0                                    | 0                                    | 426                                  | (0)                           | (426)                                | 0                                    |
| Landscaping Reserve   | 2,576                                | 39                            | 0                                    | 2,615                                | 2,576                                | 29                            | 0                                    | 2,605                                | 2,536                                | 40                            |                                      | 2,576                                |
| Aerodrome Reserve   | 96,930                               | 23,957                        | 0                                    | 120,886                              | 96,930                               | 23,522                        | 0                                    | 120,452                              | 73,330                               | 23,600                        |                                      | 96,930                               |
| Staff Attraction & Incentive Reserve                            | 0                                    | 0                             | 0                                    | 0                                    | 0                                    | 0                             | 0                                    | 0                                    | 200,814                              | 0                             | (200,814)                            | 0                                    |
| Public Open Space Renewal Reserve                               | 418,705                              | 41,394                        | 0                                    | 460,099                              | 418,705                              | 39,663                        | 0                                    | 458,368                              | 417,120                              | 41,585                        | (40,000)                             | 418,705                              |
| Infrastructure Renewal Reserve                                  | 920,257                              | 13,477                        | (131,407)                            | 802,327                              | 920,257                              | 10,254                        | (105,562)                            | 824,949                              | 569,281                              | 350,977                       |                                      | 920,257                              |
| Public Open Space Construction Reserve                          | 109,904                              | 1,656                         | 0                                    | 111,561                              | 109,904                              | 1,224                         | 0                                    | 111,128                              | 85,554                               | 24,351                        |                                      | 109,904                              |
| Infrastructure Construction Reserve                             | 0                                    | 0                             | 0                                    | 0                                    | 0                                    | 0                             | 0                                    | 0                                    | 0                                    | 0                             |                                      | 0                                    |
| Building Construction Reserve                                   | 113,104                              | 1,705                         | 0                                    | 114,808                              | 113,104                              | 1,260                         | 0                                    | 114,364                              | 111,346                              | 1,758                         |                                      | 113,104                              |
| Leave Reserve   | 253,626                              | 3,480                         | 0                                    | 257,105                              | 253,626                              | 2,825                         | 0                                    | 256,451                              | 250,002                              | 3,623                         |                                      | 253,626                              |
| Economic Development Initiatives Reserve                        | 0                                    | 506,771                       | 0                                    | 506,771                              | 0                                    | 400,000                       | 0                                    | 400,000                              | 0                                    | 0                             |                                      | 0                                    |
| Turquoise Way Path Reserve                                      | 50,390                               | 759                           | 0                                    | 51,150                               | 50,390                               | 561                           | 0                                    | 50,951                               | 0                                    | 50,390                        |                                      | 50,390                               |
| Cash in lieu of landscaping – Lot 1146 Sandpiper Street Reserve | 0                                    | 2,465                         | 0                                    | 2,465                                | 0                                    | 0                             | 0                                    | 0                                    | 0                                    | 0                             |                                      | 0                                    |
|   | 5,386,753                            | 724,816                       | (281,111)                            | 5,830,457                            | 5,386,753                            | 594,857                       | (243,213)                            | 5,738,397                            | 4,945,538                            | 706,020                       | (264,806)                            | 5,386,753                            |

# ANNUAL FINANCIAL STATEMENTS

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

4 CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

| Reserve name  | Anticipated date of use | Purpose of the reserve   |
|---|-------------------------|--|
| Plant Reserve   | ongoing                 | to be used in order to assist in the purchase of major items of plant.   |
| Building Renewal Reserve  | ongoing                 | to fund capital renewal of buildings and associated assets as guided by the Building Asset Management Plan.  |
| Rubbish Reserve   | ongoing                 | to be used to fund establishing, enhancing, rehabilitation or any other activities associated with new and existing landfill or waste site   |
| Community Centre Reserve  | ongoing                 | to be used to fund capital construction costs and major maintenance restoration / preservation costs to the community recreation centres located in the four towns.  |
| Television Services Reserve                                     | ongoing                 | to be used to fund the provision of new or improved television rebroadcasting facilities throughout the shire.   |
| Information Technology Reserve Reserve                          | ongoing                 | to be used for purchase of hardware, software, licensing, contract labour and cloud transitioning costs related to information technology  |
| Caravan Park Reserve  | ongoing                 | to be used to fund improvements, other works and the promotion of caravan parks and their surrounds. To also fund planning, feasibility and establishment of new caravan parks.  |
| Land Development Reserve  | ongoing                 | for the purpose of funding land development in the townsites of Dandaragan and Badgingarra.  |
| Parking Requirements (Lot 1154 Sandpiper Street) Reserve        | ongoing                 | to fund future parking requirements in the Shire of Dandaragan in the vicinity of Lot 1154 Sandpiper Street, Jurien Bay as separately identified.  |
| Parks and Recreation Grounds Development (Seagate) Reserve      | ongoing                 | to fund the future purchase of land or development of parks and recreation grounds in the locality of Seagate Estates as separately identified or with Ministerial approval, for the improvement or development of parks and recreation. |
| Sport and Recreation Reserve                                    | ongoing                 | to fund community sporting groups requests in accordance with the Shire of Dandaragan's Recreation Plan.   |
| Administration Office Extension Reserve                         | closed                  | to fund investigation, design and capital costs of future office extensions.   |
| Landscaping Reserve   | ongoing                 | to fund future landscaping requirements in the Shire of Dandaragan in the vicinity of Lot 1154 Sandpiper Street, Jurien Bay as separately identified.  |
| Aerodrome Reserve   | ongoing                 | to be used for renewal, major maintenance, expansion or relocation of the Shire of Dandaragan's airstrips and aerodromes   |
| Staff Attraction & Incentive Reserve                            | closed                  | to be used to fund staff attraction and incentive programs and processes, such as, but not limited to additional superannuation contributions, bonuses, rental subsidies and utility subsidies   |
| Public Open Space Renewal Reserve                               | ongoing                 | to fund capital renewal of public open space and associated assets as guided by the Public Open Space Asset Management Plan  |
| Infrastructure Renewal Reserve                                  | ongoing                 | to fund capital renewal of infrastructure and associated assets as guided by the Infrastructure Asset Management Plan.   |
| Public Open Space Construction Reserve                          | ongoing                 | to fund capital construction and/or purchase of public open space and associated assets.   |
| Infrastructure Construction Reserve                             | ongoing                 | to fund capital construction and/or purchase of infrastructure and other associated assets.  |
| Building Construction Reserve                                   | ongoing                 | to fund capital construction and/or purchase of buildings and other associated assets.   |
| Leave Reserve   | ongoing                 | to fund annual leave and long service leave entitlements.  |
| Economic Development Initiatives Reserve                        | ongoing                 | to be used for the planning, development and implementation of economic development initiatives with the Shire of Dandaragan   |
| Turquoise Way Path Reserve                                      | ongoing                 | to be used for the renewal, major maintenance, improvements, promotion, inspection equipment / surveillance, extension or relocation of the Turquoise Way Path and associated infrastructure within the Turquoise Way Path corridor.     |
| Cash in lieu of landscaping – Lot 1146 Sandpiper Street Reserve | ongoing                 | to be used for purposes allowable under the planning consent granted to I I & J B A Kelly Superannuation Fund for the commercial development at Lot 1146 Sandpiper Street, Jurien Bay  |

# ANNUAL FINANCIAL STATEMENTS

## SHIRE OF DANDARAGAN NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

### 5 TRADE RECEIVABLES

#### Current

|   |
|---|
| Rates receivable                        |
| Sundry receivables                      |
| GST receivable                          |
| Allowance for impairment of receivables |

#### Non-current

|                                    |
|------------------------------------|
| Pensioner's rates and ESL deferred |
|------------------------------------|

| 2019    | 2018      |
|---------|-----------|
| \$      | \$        |
| 274,006 | 235,042   |
| 391,789 | 750,912   |
| 43,009  | 111,687   |
| (792)   | 0         |
| 708,012 | 1,097,641 |
| 44,499  | 33,636    |
| 44,499  | 33,636    |

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

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

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23(c) and (d).

#### Previous accounting policy: Impairment of trade receivables

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

#### Classification and subsequent measurement

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

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

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



# ANNUAL FINANCIAL STATEMENTS

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

## 6 INVENTORIES

### Current

Fuel and materials

|                                      | 2019      | 2018      |
|--------------------------------------|-----------|-----------|
|                                      | \$        | \$        |
|                                      | 31,727    | 35,309    |
|                                      | 31,727    | 35,309    |
|                                      |           |           |
|                                      | 35,309    | 24,690    |
| Inventories expensed during the year | (346,374) | (343,083) |
| Additions to inventory               | 342,792   | 353,702   |
| Carrying amount at 30 June           | 31,727    | 35,309    |

The following movements in inventories occurred during the year:

### Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

### Carrying amount at 30 June

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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## 7 OTHER ASSETS

### Other current assets

Accrued income

| 2019  | 2018   |
|-------|--------|
| \$    | \$     |
| 3,967 | 63,375 |
| 3,967 | 63,375 |

### SIGNIFICANT ACCOUNTING POLICIES

#### Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
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## 8 OTHER FINANCIAL ASSETS

### (a) Current assets

Other financial assets at amortised cost

|  | 2019   | 2018 |
|--|--------|------|
|  | \$     | \$   |
| Other financial assets at amortised cost | 55,721 | 0    |
|  | 55,721 | 0    |

### Other financial assets at amortised cost

Financial assets at amortised cost - self supporting loans

|  |        |   |
|--|--------|---|
| Financial assets at amortised cost - self supporting loans | 55,721 | 0 |
|  | 55,721 | 0 |

### (b) Non-current assets

Other financial assets at amortised cost

Financial assets at fair value through profit and loss

Other loans and receivables

|  |         |         |
|--|---------|---------|
| Other financial assets at amortised cost               | 100,399 | 0       |
| Financial assets at fair value through profit and loss | 87,585  | 0       |
| Other loans and receivables                            | 0       | 164,633 |
|  | 187,984 | 164,633 |

### Other financial assets at amortised cost

Financial assets at amortised cost - self supporting loans

|  |         |   |
|--|---------|---|
| Financial assets at amortised cost - self supporting loans | 100,399 | 0 |
|  | 100,399 | 0 |

### Financial assets at fair value through profit and loss

Units in Local Government House Trust

|                                       |        |   |
|---------------------------------------|--------|---|
| Units in Local Government House Trust | 87,585 |   |
|                                       | 87,585 | 0 |

### Financial assets previously classified as loans and receivables

- Loans receivable - clubs/institutions

|   |   |         |
|---|---|---------|
| - Loans receivable - clubs/institutions | 0 | 164,633 |
|   | 0 | 164,633 |

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(b) as self supporting loans.

### SIGNIFICANT ACCOUNTING POLICIES

#### Other financial assets at amortised cost

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

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

#### Financial assets at fair value through profit and loss

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

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

#### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Previous accounting policy: available for sale financial assets

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

#### Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 23 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

# ANNUAL FINANCIAL STATEMENTS

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

## 9 PROPERTY, PLANT AND EQUIPMENT (Continued)

### (a) Movements in Carrying Amounts

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

|   | Land      | Buildings    | Total land and buildings | Furniture and equipment | Plant and equipment | Total property, plant and equipment |
|---|-----------|--------------|--------------------------|-------------------------|---------------------|-------------------------------------|
|   | \$        | \$           | \$                       | \$                      | \$                  | \$                                  |
| <b>Balance at 1 July 2017</b>   | 3,060,000 | 31,016,301   | 34,076,301               | 917,743                 | 4,460,872           | 39,454,916                          |
| Additions   | 0         | 465,429      | 465,429                  | 123,733                 | 929,356             | 1,518,518                           |
| (Disposals)   | 0         | 0            | 0                        | 0                       | (250,478)           | (250,478)                           |
| Depreciation (expense)  | 0         | (1,110,810)  | (1,110,810)              | (169,829)               | (785,238)           | (2,065,877)                         |
| <b>Carrying amount as at 30 June 2018</b>                               | 3,060,000 | 30,370,920   | 33,430,920               | 871,647                 | 4,354,512           | 38,657,080                          |
| <b>Comprises:</b>   |           |              |                          |                         |                     |                                     |
| Gross carrying amount at 30 June 2018                                   | 3,060,000 | 55,309,230   | 58,369,230               | 1,170,653               | 5,761,090           | 65,300,973                          |
| Accumulated depreciation at 30 June 2018                                | 0         | (24,938,310) | (24,938,310)             | (299,006)               | (1,406,577)         | (26,643,893)                        |
| <b>Carrying amount at 30 June 2018</b>                                  | 3,060,000 | 30,370,920   | 33,430,920               | 871,647                 | 4,354,513           | 38,657,080                          |
| Additions   | 0         | 502,664      | 502,664                  | 67,534                  | 737,363             | 1,307,561                           |
| (Disposals)   | (120,000) | (54,224)     | (174,224)                | 0                       | (466,684)           | (640,908)                           |
| Revaluation increments/ (decrements) transferred to revaluation surplus | 0         | 0            | 0                        | 96,157                  | 673,691             | 769,847                             |
| Depreciation (expense)  | 0         | (1,111,281)  | (1,111,281)              | (144,033)               | (662,159)           | (1,917,473)                         |
| <b>Carrying amount as at 30 June 2019</b>                               | 2,940,000 | 29,708,079   | 32,648,079               | 891,305                 | 4,636,723           | 38,176,107                          |
| <b>Comprises:</b>   |           |              |                          |                         |                     |                                     |
| Gross carrying amount at 30 June 2019                                   | 2,940,000 | 55,461,893   | 58,401,893               | 2,932,857               | 9,324,850           | 70,659,600                          |
| Accumulated depreciation at 30 June 2019                                | 0         | (25,753,815) | (25,753,815)             | (2,041,552)             | (4,688,127)         | (32,483,494)                        |
| <b>Carrying amount at 30 June 2019</b>                                  | 2,940,000 | 29,708,078   | 32,648,078               | 891,305                 | 4,636,723           | 38,176,106                          |

# ANNUAL FINANCIAL STATEMENTS

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

## 9 PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Fair Value Measurements

| Asset Class                                       | Fair Value Hierarchy | Valuation Technique   | Basis of Valuation            | Date of Last Valuation | Inputs Used  |
|---|----------------------|---|-------------------------------|------------------------|--|
| <b>Land and buildings</b>                         |                      |   |                               |                        |  |
| Land - freehold land                              | 2                    | Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology        | Independent registered valuer | June 2017              | Price per hectare / market borrowing rate  |
| Land - vested in and under the control of Council | 3                    | Leasehold interest based on Income Capitalisation Approach, applying Net Present Value (NPV) derived on potential leasehold rental income | Independent registered valuer | June 2017              | Income Capitalisation Approach   |
| Buildings - non-specialised                       | 2                    | Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology        | Independent registered valuer | June 2017              | Price per square metre / market borrowing rate   |
| Buildings - specialised                           | 3                    | Cost approach using depreciated replacement cost  | Independent registered valuer | June 2017              | Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Furniture and equipment</b>                    |                      |   |                               |                        |  |
| - Independent valuation 2019                      | 3                    | Cost approach using depreciated replacement cost  | Independent registered valuer | June 2019              | Purchase costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs     |
| <b>Plant and equipment</b>                        |                      |   |                               |                        |  |
| - Independent valuation 2019                      | 2                    | Market approach using recent observable market data for similar item  | Independent registered valuer | June 2019              | Market price per item  |
| - Independent valuation 2019                      | 3                    | Cost approach using depreciated replacement cost  | Independent registered valuer | June 2019              | Purchase costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs     |

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

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

There were no transfer between Level 1, 2 and 3 during the current and previous financial years

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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## 10 INFRASTRUCTURE

### (a) Movements in Carrying Amounts

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

|  | Infrastructure -<br>Roads<br>Level 3 | Infrastructure -<br>Footpaths<br>Level 3 | Infrastructure -<br>Drainage<br>Level 3 | Infrastructure -<br>Parks and<br>reserves<br>Level 3 | Infrastructure -<br>Other<br>Level 3 | Total<br>Infrastructure |
|--|--------------------------------------|--|---|--|--------------------------------------|-------------------------|
|  | \$                                   | \$                                       | \$                                      | \$   | \$                                   | \$                      |
| <b>Balance at 1 July 2017</b>  | 181,281,060                          | 5,295,548                                | 10,490,038                              | 3,359,439  | 10,289,269                           | 210,715,353             |
| Additions  | 3,357,744                            | 1,945,735                                | (43,377)                                | 107,771  | 140,028                              | 5,507,902               |
| (Disposals)  | 0                                    | 0  | (5,315,357)                             | (4,673)  | 0                                    | (5,320,030)             |
| Revaluation increments/ (decrements)<br>transferred to revaluation surplus | 41,279,713                           | 1,298,129                                | 193,044                                 | 0  | 1,020,643                            | 43,791,529              |
| Revaluation (loss)/ reversals transferred to profit<br>or loss             | 0                                    | 0  | 0                                       | (1,529,888)  | 0                                    | (1,529,888)             |
| Depreciation (expense)   | (2,971,259)                          | (229,463)                                | (114,348)                               | (147,569)  | (630,284)                            | (4,092,923)             |
| <b>Carrying amount as at 30 June 2018</b>                                  | 222,947,258                          | 8,309,949                                | 5,210,000                               | 1,785,081  | 10,819,656                           | 249,071,943             |
| <b>Comprises:</b>  |                                      |  |   |  |                                      |                         |
| Gross carrying amount at 30 June 2018                                      | 292,413,706                          | 10,671,224                               | 7,280,000                               | 3,317,803  | 17,756,295                           | 331,439,028             |
| Accumulated depreciation at 30 June 2018                                   | (69,466,448)                         | (2,361,275)                              | (2,070,000)                             | (1,532,722)  | (6,936,639)                          | (82,367,084)            |
| <b>Carrying amount at 30 June 2018</b>                                     | 222,947,258                          | 8,309,949                                | 5,210,000                               | 1,785,081  | 10,819,656                           | 249,071,944             |
| Additions  | 2,706,804                            | 180,914                                  | 0                                       | 38,186   | 40,613                               | 2,966,517               |
| Depreciation (expense)   | (2,628,682)                          | (264,158)                                | (121,332)                               | (173,960)  | (652,388)                            | (3,840,520)             |
| <b>Carrying amount as at 30 June 2019</b>                                  | 223,025,380                          | 8,226,705                                | 5,088,668                               | 1,649,307  | 10,207,881                           | 248,197,941             |
| <b>Comprises:</b>  |                                      |  |   |  |                                      |                         |
| Gross carrying amount at 30 June 2019                                      | 295,120,511                          | 10,852,138                               | 7,280,000                               | 3,355,989  | 17,796,908                           | 334,405,546             |
| Accumulated depreciation at 30 June 2019                                   | (72,095,130)                         | (2,625,433)                              | (2,191,332)                             | (1,706,682)  | (7,589,027)                          | (86,207,604)            |
| <b>Carrying amount at 30 June 2019</b>                                     | 223,025,381                          | 8,226,705                                | 5,088,668                               | 1,649,307  | 10,207,881                           | 248,197,942             |

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SHIRE OF DANDARAGAN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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## 10 INFRASTRUCTURE (Continued)

### (b) Fair Value Measurements

| Asset Class                         | Hierarchy | Valuation Technique                              | Basis of Valuation            | Valuation | Inputs Used  |
|-------------------------------------|-----------|--|-------------------------------|-----------|--|
| Infrastructure - Roads              | 3         | Cost approach using depreciated replacement cost | Independent valuer            | June 2018 | Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Footpaths          | 3         | Cost approach using depreciated replacement cost | Independent valuer            | June 2018 | Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Drainage           | 3         | Cost approach using depreciated replacement cost | Independent registered valuer | June 2018 | Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Parks and reserves | 3         | Cost approach using depreciated replacement cost | Independent registered valuer | June 2018 | Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - Other              | 3         | Cost approach using depreciated replacement cost | Independent registered valuer | June 2018 | Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs |

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

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

# ANNUAL FINANCIAL STATEMENTS

## SHIRE OF DANDARAGAN NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

### 11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

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

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

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

##### Revaluation

The fair value of fixed assets is determined at least every three years 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.



# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
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## 11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

### (a) Disposals of Assets

|                             | 2019                        |                            | 2019                     |                        | 2019                        |                            | 2019                     |                        | 2018                        |                            | 2018                     |                        |
|-----------------------------|-----------------------------|----------------------------|--------------------------|------------------------|-----------------------------|----------------------------|--------------------------|------------------------|-----------------------------|----------------------------|--------------------------|------------------------|
|                             | Actual<br>Net Book<br>Value | Actual<br>Sale<br>Proceeds | 2019<br>Actual<br>Profit | 2019<br>Actual<br>Loss | Budget<br>Net Book<br>Value | Budget<br>Sale<br>Proceeds | 2019<br>Budget<br>Profit | 2019<br>Budget<br>Loss | Actual<br>Net Book<br>Value | Actual<br>Sale<br>Proceeds | 2018<br>Actual<br>Profit | 2018<br>Actual<br>Loss |
|                             | \$                          | \$                         | \$                       | \$                     | \$                          | \$                         | \$                       | \$                     | \$                          | \$                         | \$                       | \$                     |
| Land - freehold land        | 120,000                     | 345,776                    | 225,776                  | 0                      | 320,000                     | 345,128                    | 25,128                   | 0                      | 0                           | 0                          | 0                        | 0                      |
| Buildings - non-specialised | 54,224                      | 54,224                     | 0                        | 0                      | 54,872                      | 54,872                     | 0                        | 0                      | 0                           | 0                          | 0                        | 0                      |
| Plant and equipment         | 466,684                     | 530,742                    | 171,491                  | (107,434)              | 340,138                     | 224,000                    | 27,867                   | (144,005)              | 250,478                     | 265,507                    | 40,186                   | (25,157)               |
| Infrastructure - drainage   | 0                           | 0                          | 0                        | 0                      | 0                           | 0                          | 0                        | 0                      | 5,315,357                   | 0                          | 0                        | (5,315,357)            |
| Infrastructure - other      | 0                           | 0                          | 0                        | 0                      | 0                           | 0                          | 0                        | 0                      | 4,673                       | 0                          | 0                        | (4,673)                |
|                             | 640,908                     | 930,742                    | 397,267                  | (107,434)              | 715,010                     | 624,000                    | 52,995                   | (144,005)              | 5,570,508                   | 265,507                    | 40,186                   | (5,345,187)            |

The following assets were disposed of during the year.

|   | 2019                        |                            | 2019                     |                        |
|---|-----------------------------|----------------------------|--------------------------|------------------------|
|   | Actual<br>Net Book<br>Value | Actual<br>Sale<br>Proceeds | 2019<br>Actual<br>Profit | 2019<br>Actual<br>Loss |
|   | \$                          | \$                         | \$                       | \$                     |
| <b>Plant and Equipment</b>                    |                             |                            |                          |                        |
| <b>Governance</b>                             |                             |                            |                          |                        |
| Wagon - Toyota Prado                          | 38,888                      | 37,773                     | 0                        | (1,115)                |
| Wagon - Toyota Fortuner                       | 39,159                      | 32,727                     | 0                        | (6,432)                |
| Governance Total                              | 78,047                      | 70,500                     | 0                        | (7,547)                |
| <b>Law, order, public safety</b>              |                             |                            |                          |                        |
| Truck - Isuzu FTS Crew Cab                    | 130,341                     | 213,750                    | 83,409                   | 0                      |
| Utility - Toyota Landcruiser                  | 75,295                      | 112,000                    | 36,705                   | 0                      |
| Law, order, public safety Total               | 205,636                     | 325,750                    | 120,114                  | 0                      |
| <b>Transport</b>                              |                             |                            |                          |                        |
| Saw Wilson Machinery                          | 89,697                      | 5,455                      | 0                        | (84,242)               |
| Transport Total                               | 89,697                      | 5,455                      | 0                        | (84,242)               |
| <b>Other property and services</b>            |                             |                            |                          |                        |
| Truck - Hino FD500                            | 26,672                      | 21,818                     | 0                        | (4,854)                |
| Tractor - Massey Ferguson 4235                | 7,212                       | 8,000                      | 788                      | 0                      |
| Tractor - Kubota M9540D                       | 3,896                       | 20,000                     | 16,104                   | 0                      |
| Truck - Hino 300 Series                       | 0                           | 18,182                     | 18,182                   | 0                      |
| Utility - Ford Ranger                         | 0                           | 7,273                      | 7,273                    | 0                      |
| Trailer - GTE                                 | 6,900                       | 8,000                      | 1,100                    | 0                      |
| Van - Fiat Ducato MWB Midroof DN025           | 18,343                      | 11,818                     | 0                        | (6,525)                |
| Tandem Dolly - Roadwest                       | 11,428                      | 13,947                     | 2,519                    | 0                      |
| Utility - Holden Space Cab                    | 17,901                      | 13,636                     | 0                        | (4,265)                |
| Utility - Ford Ranger                         | 952                         | 6,364                      | 5,412                    | 0                      |
| Other property and services Total             | 93,304                      | 129,037                    | 51,377                   | (15,644)               |
| Total Plant and Equipment                     | 466,684                     | 530,742                    | 171,491                  | (107,433)              |
| <b>Land</b>                                   |                             |                            |                          |                        |
| <b>Other Property and Services</b>            |                             |                            |                          |                        |
| Lot Bashford Street Jurien Bay                | 120,000                     | 345,776                    | 225,776                  | 0                      |
|   | 120,000                     | 345,776                    | 225,776                  | 0                      |
| <b>Non-specialised building</b>               |                             |                            |                          |                        |
| <b>Other Property and Services</b>            |                             |                            |                          |                        |
| Building on Lot 96 Bashford Street Jurien Bay | 54,224                      | 54,224                     | 0                        | 0                      |
|   | 54,224                      | 54,224                     | 0                        | 0                      |
|   | 640,908                     | 930,742                    | 397,267                  | (107,433)              |

# ANNUAL FINANCIAL STATEMENTS

**SHIRE OF DANDARAGAN**  
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## 11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

### (b) Depreciation

|                                     | 2019<br>Actual | 2019<br>Budget | 2018<br>Actual |
|-------------------------------------|----------------|----------------|----------------|
|                                     | \$             | \$             | \$             |
| Buildings                           | 1,111,281      | 1,116,634      | 1,110,810      |
| Furniture and equipment             | 144,033        | 128,302        | 169,829        |
| Plant and equipment                 | 662,159        | 648,516        | 785,238        |
| Infrastructure - Roads              | 2,628,682      | 3,002,134      | 2,971,259      |
| Infrastructure - Footpaths          | 264,158        | 228,006        | 229,463        |
| Infrastructure - Parks and Reserves | 173,960        | 145,348        | 147,569        |
| Infrastructure - Other              | 773,720        | 734,538        | 744,632        |
|                                     | 5,757,993      | 6,003,478      | 6,158,800      |

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

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

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

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

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

#### Depreciation rates

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

| Asset Class                             | Useful life    |
|---|----------------|
| Buildings                               | 25 - 50 years  |
| Furniture and equipment                 | 5 - 20 years   |
| Plant and equipment                     | 2 - 20 years   |
| Infrastructure Roads                    |                |
| Formation – All roads                   | Perpetual life |
| Pavement – Thin Surfaced Flexible Rural | 100 years      |
| Pavement – Thin Surfaced Flexible Urban | 100 years      |
| Pavement – Unsealed Rural               | 50 years       |
| Pavement – Unsealed Urban               | 50 years       |
| Surface – Asphalt                       | 100 years      |
| Surface – Brick                         | 60 years       |
| Surface – Chip seal                     | 60 years       |
| Surface – Concrete                      | 100 years      |
| Surface – Slurry Seal                   | 100 years      |
| Infrastructure - Footpaths              |                |
| Black Asphalt                           | 36 years       |
| Brick Paving                            | 36 years       |
| Concrete Slabs                          | 36 years       |
| Gravel                                  | 12 years       |
| Insitu Concrete                         | 48 years       |
| Red Asphalt                             | 36 years       |
| Sand                                    | 12 years       |
| Timber                                  | 36 years       |
| Unknown                                 | 48 years       |
| Infrastructure - Drainage               | 60 years       |
| Infrastructure - Other                  | 5 - 80 years   |
| Infrastructure - Parks and reserves     | 10 - 45 years  |

#### Depreciation (Continued)

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

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

# ANNUAL FINANCIAL STATEMENTS

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## 12 REVALUATION SURPLUS

|  | 2019       | 2019        | 2019        | 2019        | 2019       | 2018       | 2018        | 2018        | 2018        | 2018       |
|--|------------|-------------|-------------|-------------|------------|------------|-------------|-------------|-------------|------------|
|  | Opening    | Revaluation | Revaluation | Total       | 2019       | Opening    | Revaluation | Revaluation | Total       | 2018       |
|  | Balance    | Increment   | (Decrement) | Movement on | Closing    | Balance    | Increment   | (Decrement) | Movement on | Closing    |
|  | \$         | \$          | \$          | \$          | \$         | \$         | \$          | \$          | \$          | \$         |
| Revaluation surplus - Furniture and equipment  | 677,046    | 96,156      | 0           | 96,156      | 773,202    | 677,046    | 0           | 0           | 0           | 677,046    |
| Revaluation surplus - Plant and equipment      | 597,214    | 673,691     | 0           | 673,691     | 1,270,905  | 597,214    | 0           | 0           | 0           | 597,214    |
| Revaluation surplus - Land                     | 2,315,204  | 0           | 0           | 0           | 2,315,204  | 2,315,204  | 0           | 0           | 0           | 2,315,204  |
| Revaluation surplus - Buildings                | 14,555,197 | 0           | 0           | 0           | 14,555,197 | 14,555,197 | 0           | 0           | 0           | 14,555,197 |
| Revaluation surplus - Infrastructure roads     | 51,755,831 | 0           | 0           | 0           | 51,755,831 | 10,476,118 | 41,279,713  | 0           | 41,279,713  | 51,755,831 |
| Revaluation surplus - Infrastructure drainage  | 3,883,302  | 0           | 0           | 0           | 3,883,302  | 3,690,258  | 193,044     | 0           | 193,044     | 3,883,302  |
| Revaluation surplus - Infrastructure footpaths | 5,160,275  | 0           | 0           | 0           | 5,160,275  | 3,862,146  | 1,298,129   | 0           | 1,298,129   | 5,160,275  |
| Revaluation surplus - Infrastructure other     | 8,214,627  | 0           | 0           | 0           | 8,214,627  | 7,193,984  | 1,020,643   | 0           | 1,020,643   | 8,214,627  |
|  | 87,158,696 | 769,847     | 0           | 769,847     | 87,928,544 | 43,367,167 | 43,791,529  | 0           | 43,791,529  | 87,158,696 |

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.

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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## 13 TRADE AND OTHER PAYABLES

### Current

|                                 | 2019           | 2018           |
|---------------------------------|----------------|----------------|
|                                 | \$             | \$             |
| Sundry creditors                | 244,692        | 162,723        |
| Bonds, deposits and collections | 131,279        | 0              |
| Accrued interest on borrowings  | 6,518          | 8,402          |
| Accrued expenses                | 34,185         | 10,157         |
| Accrued salaries and wages      | 44,699         | 40,694         |
|                                 | <u>461,373</u> | <u>221,976</u> |

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

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

#### Trade and other payables (Continued)

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

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
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FOR THE YEAR ENDED 30 JUNE 20

## 14 INFORMATION ON BORROWINGS

|                                    |             |             |               | 2019                         | 2018             |                             |                            |                              |                              |                             |                            |                              |                              |                  |                             |                            |                              |         |
|------------------------------------|-------------|-------------|---------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------------------|-----------------------------|----------------------------|------------------------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|---------|
|                                    |             |             |               | \$                           | \$               |                             |                            |                              |                              |                             |                            |                              |                              |                  |                             |                            |                              |         |
| <b>(a) Borrowings</b>              |             |             |               |                              |                  |                             |                            |                              |                              |                             |                            |                              |                              |                  |                             |                            |                              |         |
| Current                            |             |             |               | 119,620                      | 118,788          |                             |                            |                              |                              |                             |                            |                              |                              |                  |                             |                            |                              |         |
| Non-current                        |             |             |               | 246,128                      | 315,747          |                             |                            |                              |                              |                             |                            |                              |                              |                  |                             |                            |                              |         |
|                                    |             |             |               | 365,747                      | 434,535          |                             |                            |                              |                              |                             |                            |                              |                              |                  |                             |                            |                              |         |
| <b>(b) Repayments - Borrowings</b> |             |             |               |                              |                  |                             |                            |                              |                              |                             |                            |                              |                              |                  |                             |                            |                              |         |
| Particulars                        | Loan Number | Institution | Interest Rate | 30 June 2019                 |                  |                             |                            |                              | 30 June 2019                 |                             |                            |                              | 30 June 2018                 |                  |                             |                            |                              |         |
|                                    |             |             |               | Actual Principal 1 July 2018 | Actual New Loans | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding | Budget Principal 1 July 2018 | Budget Principal repayments | Budget Interest repayments | Budget Principal outstanding | Actual Principal 1 July 2017 | Actual New Loans | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding |         |
|                                    |             |             |               | \$                           | \$               | \$                          | \$                         | \$                           | \$                           | \$                          | \$                         | \$                           | \$                           | \$               | \$                          | \$                         |                              |         |
| <b>Governance</b>                  |             |             |               |                              |                  |                             |                            |                              |                              |                             |                            |                              |                              |                  |                             |                            |                              |         |
| Jurien Bay Administration Centre   | 127         | WATC*       | 5.55%         | 280,281                      | 0                | 64,426                      | 14,674                     | 215,856                      | 280,281                      | 64,426                      | 14,674                     | 215,856                      | 341,275                      | 0                | 60,994                      | 18,106                     | 280,281                      |         |
|                                    |             |             |               | 280,281                      | 0                | 64,426                      | 14,674                     | 215,856                      | 0                            | 280,281                     | 64,426                     | 14,674                       | 215,856                      | 341,275          | 0                           | 60,994                     | 18,106                       | 280,281 |
| <b>Self Supporting Loans</b>       |             |             |               |                              |                  |                             |                            |                              |                              |                             |                            |                              |                              |                  |                             |                            |                              |         |
| <b>Recreation and culture</b>      |             |             |               |                              |                  |                             |                            |                              |                              |                             |                            |                              |                              |                  |                             |                            |                              |         |
| Cervantes Community Club           | 114         | WATC*       | 7.20%         | 26,776                       | 0                | 17,529                      | 1,618                      | 9,248                        | 26,776                       | 17,529                      | 1,618                      | 9,247                        | 43,092                       | 0                | 16,316                      | 2,814                      | 26,776                       |         |
| Jurien Bowling Club                | 130         | WATC*       | 4.94%         | 91,846                       | 0                | 21,309                      | 4,277                      | 70,537                       | 91,845                       | 21,309                      | 4,277                      | 70,536                       | 112,140                      | 0                | 20,294                      | 5,292                      | 91,846                       |         |
| Jurien Bowling Club                | 131         | WATC*       | 2.68%         | 15,499                       | 0                | 6,076                       | 375                        | 9,422                        | 15,499                       | 6,076                       | 375                        | 9,423                        | 21,415                       | 0                | 5,916                       | 535                        | 15,499                       |         |
| Jurien Sport & Rec Centre          | 132         | WATC*       | 2.36%         | 17,602                       | 0                | 6,917                       | 375                        | 10,685                       | 17,602                       | 6,917                       | 375                        | 10,685                       | 0                            | 21,000           | 3,398                       | 248                        | 17,602                       |         |
| Jurien Bay Lions Club              | 133         | WATC*       | 2.48%         | 0                            | 50,000           | 0                           | 0                          | 50,000                       | 0                            | 0                           | 0                          | 0                            | 0                            | 0                | 0                           | 0                          | 0                            |         |
| <b>Other property and services</b> |             |             |               |                              |                  |                             |                            |                              |                              |                             |                            |                              |                              |                  |                             |                            |                              |         |
| Advance Dandaragan                 | 113         | WATC*       |               | 2,531                        | 0                | 2,531                       | 75                         | (0)                          | 2,531                        | 2,531                       | 75                         | (0)                          | 7,373                        | 0                | 4,842                       | 368                        | 2,531                        |         |
|                                    |             |             |               | 154,253                      | 50,000           | 54,362                      | 6,720                      | 149,891                      | 154,253                      | 54,362                      | 6,720                      | 99,891                       | 184,020                      | 21,000           | 50,767                      | 9,257                      | 154,253                      |         |
|                                    |             |             |               | 434,535                      | 50,000           | 118,788                     | 21,394                     | 365,747                      | 434,534                      | 118,788                     | 21,394                     | 315,747                      | 525,295                      | 21,000           | 111,760                     | 27,363                     | 434,535                      |         |

\* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 8 as other financial assets at amortised cost.  
All other loan repayments were financed by general purpose revenue.

# ANNUAL FINANCIAL STATEMENTS

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## 14 INFORMATION ON BORROWINGS (Continued)

### (c) New Borrowings - 2018/2019

| Particulars/Purpose         | Institution | Loan Type       | Term Years | Interest Rate | Amount Borrowed |             | Amount (Used) |             | Total Interest & Charges | Actual Balance Unspent |
|-----------------------------|-------------|-----------------|------------|---------------|-----------------|-------------|---------------|-------------|--------------------------|------------------------|
|                             |             |                 |            |               | 2019 Actual     | 2019 Budget | 2019 Actual   | 2019 Budget |                          |                        |
| Jurien Bay Lions Club - SSL | WATC*       | Fixed rate loan | 7          | 2.48%         | \$ 50,000       | \$ 0        | \$ (50,000)   | \$ 0        | \$ 4,774                 | \$ 0                   |
| * WA Treasury Corporation   |             |                 |            |               | \$ 50,000       | \$ 0        | \$ (50,000)   | \$ 0        | \$ 4,774                 | \$ 0                   |

### (d) Undrawn Borrowing Facilities

|  | 2019             | 2018             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>Credit Standby Arrangements</b>             |                  |                  |
| Bank overdraft limit                           | 350,000          | 350,000          |
| Bank overdraft at balance date                 | 0                | 0                |
| Credit card limit                              | 21,000           | 21,000           |
| Credit card balance at balance date            | (8,119)          | (9,040)          |
| <b>Total amount of credit unused</b>           | <b>362,881</b>   | <b>361,960</b>   |
| <b>Loan facilities</b>                         |                  |                  |
| Loan facilities - current                      | (119,620)        | (118,788)        |
| Loan facilities - non-current                  | (246,128)        | (315,747)        |
| <b>Total facilities in use at balance date</b> | <b>(365,747)</b> | <b>(434,535)</b> |

### Unused loan facilities at balance date

#### SIGNIFICANT ACCOUNTING POLICIES

##### Financial liabilities

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

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

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

##### Borrowing costs

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

##### Risk

Information regarding exposure to risk can be found at Note 23.

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## 15 EMPLOYEE RELATED PROVISIONS

### Employee Related Provisions

#### Opening balance at 1 July 2018

|                        | Provision for Annual Leave | Provision for Long Service Leave | Total   |
|------------------------|----------------------------|----------------------------------|---------|
|                        | \$                         | \$                               | \$      |
| Current provisions     | 293,013                    | 253,984                          | 546,997 |
| Non-current provisions | 0                          | 72,511                           | 72,511  |
|                        | 293,013                    | 326,494                          | 619,508 |

|   |                |                |                |
|---|----------------|----------------|----------------|
| Additional provision  | 331,036        | 89,466         | 420,502        |
| Amounts used  | (328,294)      | (33,592)       | (361,886)      |
| Increase in the discounted amount arising because of time and the effect of any change in the discounted rate |                | 20,029         | 20,029         |
| <b>Balance at 30 June 2019</b>  | <b>295,756</b> | <b>402,397</b> | <b>698,153</b> |

#### Comprises

|             |         |         |         |
|-------------|---------|---------|---------|
| Current     | 295,756 | 298,373 | 594,129 |
| Non-current | 0       | 104,024 | 104,024 |
|             | 295,756 | 402,397 | 698,153 |

#### Amounts are expected to be settled on the following basis:

##### Less than 12 months after the reporting date

|                    | 2019    | 2018    |
|--------------------|---------|---------|
|                    | \$      | \$      |
| Annual Leave       | 295,756 | 293,013 |
| Long Service Leave | 124,783 | 65,804  |
|                    | 420,539 | 358,818 |

##### More than 12 months from reporting date

|                    |         |         |
|--------------------|---------|---------|
| Long Service Leave | 326,282 | 314,520 |
|                    | 326,282 | 314,520 |

Long Service Leave expected reimbursements from other WA local governments

|  |          |          |
|--|----------|----------|
|  | (48,668) | (53,830) |
|  | 698,153  | 619,508  |

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

##### Other long-term employee benefits (Continued)

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

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

##### Provisions

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

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

# ANNUAL FINANCIAL STATEMENTS

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## 16 NOTES TO THE STATEMENT OF CASH FLOWS

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

|  | 2018/2019<br>Actual | 2018/2019<br>Budget | 2017/2018<br>Actual |
|--|---------------------|---------------------|---------------------|
| Cash and cash equivalent   | \$<br>7,236,030     | \$<br>5,430,342     | \$<br>6,152,114     |
| <b>Reconciliation of net cash provided by operating activities to net result</b> |                     |                     |                     |
| <b>Net result</b>  | (1,740,430)         | (3,229,493)         | (6,738,868)         |
| Non-cash flows in Net result:  |                     |                     |                     |
| Depreciation   | 5,757,993           | 6,003,478           | 6,158,800           |
| (Profit)/loss on sale of asset   | (289,834)           | 91,010              | 5,305,001           |
| Loss on revaluation of non current assets  | 0                   | 0                   | 1,529,888           |
| Changes in assets and liabilities;   |                     |                     |                     |
| (Increase)/decrease in receivables   | 479,499             | 860,000             | (283,571)           |
| (Increase)/decrease in inventories   | 3,582               | 0                   | (10,619)            |
| Increase/(decrease) in payables  | 198,070             | (100,000)           | (223,720)           |
| Increase/(decrease) in employee provisions                                       | 78,645              | 0                   | 16,402              |
| Grants/contributions for the development of assets                               | (1,226,423)         | (1,248,242)         | (3,626,988)         |
| <b>Net cash from operating activities</b>  | 3,261,102           | 2,376,753           | 2,126,323           |



# ANNUAL FINANCIAL STATEMENTS

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## 17 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

|                             | 2019               | 2018               |
|-----------------------------|--------------------|--------------------|
|                             | \$                 | \$                 |
| Governance                  | 5,139,473          | 5,264,976          |
| Law, order, public safety   | 1,354,062          | 1,623,162          |
| Health                      | 748,793            | 764,552            |
| Community amenities         | 9,732,746          | 9,921,603          |
| Recreation and culture      | 27,877,505         | 28,420,069         |
| Transport                   | 237,072,297        | 237,457,611        |
| Economic services           | 1,603,321          | 1,163,169          |
| Other property and services | 8,362,862          | 8,191,505          |
| Unallocated                 | 2,750,927          | 2,469,083          |
|                             | <u>294,641,986</u> | <u>295,275,730</u> |

# ANNUAL FINANCIAL STATEMENTS

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## 18 CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- plant & equipment purchases

Payable:

- not later than one year

### (b) Operating Lease Commitments

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

Payable:

- not later than one year

- later than one year but not later than five years

|  | 2019    | 2018    |
|--|---------|---------|
|  | \$      | \$      |
|  | 0       | 118,646 |
|  | 0       | 118,646 |
|  | 46,747  | 57,357  |
|  | 115,692 | 99,910  |
|  | 162,439 | 157,267 |

## 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.

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
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## 19 RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

|  | 2018/2019<br>Actual | 2018/2019<br>Budget | 2017/2018<br>Actual |
|--|---------------------|---------------------|---------------------|
| The following fees, expenses and allowances were paid to council members and the President |                     |                     |                     |
| Councillor Meeting Fees  | 127,720             | 127,720             | 122,384             |
| President Meeting Fees   | 24,720              | 24,720              | 24,500              |
| President Allowance  | 12,000              | 12,000              | 11,893              |
| Deputy President Allowance   | 3,000               | 3,000               | 2,973               |
| Travelling Expenses  | 23,893              | 25,000              | 19,645              |
| ICT Allowance  | 31,500              | 31,500              | 30,330              |
|  | 222,833             | 223,940             | 211,725             |

### Key Management Personnel (KMP) Compensation Disclosure

|   | 2019    | 2018    |
|---|---------|---------|
| The total remuneration for KMP of the Shire during the year are as follows: | \$      | \$      |
| Short-term employee benefits  | 721,350 | 762,779 |
| Post-employment benefits  | 92,030  | 99,033  |
| Other long-term benefits  | 83,674  | 90,001  |
|   | 897,054 | 951,813 |

#### Short-term employee benefits

These amounts include all salary and fringe benefits 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 cost of providing for the Shire's superannuation contributions made during the year.

#### Other long-term benefits

These amounts represent annual leave and long service leave 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.

|  | 2019  | 2018  |
|--|-------|-------|
| The following transactions occurred with related parties:      | \$    | \$    |
| Purchase of goods and services from KMP                        | 1,350 | 9,620 |
| Purchase of goods and services from close family member of KMP | 500   | 4,020 |

### Other Disclosure

Parties related to KMP's are employed by the Shire in a non-KMP role.

The related parties are employed in accordance to normal terms and conditions afforded to all employees of the Shire.

### 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 controlled by KMP or close family member

Entities controlled or jointly controlled by KMP or their close family members

# ANNUAL FINANCIAL STATEMENTS

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## 20 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><br>1/07/17 | 2017/18                 | 2017/18                 | Balance <sup>(1)</sup><br>30/06/18 | 2018/19                 | 2018/19                 | Balance<br>30/06/19 |
|   | \$                                | \$                      | \$                      | \$                                 | \$                      | \$                      | \$                  |
| <b>Law, order, public safety</b>                              |                                   |                         |                         |                                    |                         |                         |                     |
| Bushfire risk management planning program                     | 0                                 | 0                       | 0                       | 0                                  | 245,882                 | (44,569)                | 201,313             |
| <b>Recreation and culture</b>                                 |                                   |                         |                         |                                    |                         |                         |                     |
| Cervantes Community Centre - Cervantes Community Contribution | 44,091                            | 0                       | (44,091)                | 0                                  | 0                       | 0                       | 0                   |
| Cervantes Community Centre - Dept. Culture & Arts             | 333,803                           | 0                       | (333,803)               | 0                                  | 0                       | 0                       | 0                   |
| R4R 2012/13 Individual Component                              | 27,580                            | 0                       | (27,580)                | 0                                  | 0                       | 0                       | 0                   |
| <b>Total</b>  | <b>405,474</b>                    | <b>0</b>                | <b>(405,474)</b>        | <b>0</b>                           | <b>245,882</b>          | <b>(44,569)</b>         | <b>201,313</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.

# ANNUAL FINANCIAL STATEMENTS

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## 21 RATING INFORMATION

### (a) Rates

| RATE TYPE                                       | Rate in \$ | Number of Properties | 2019 Actual Rateable Value \$ | 2019 Actual Rate Revenue \$ | 2019 Actual Interim Rates \$ | 2019 Actual Back Rates \$ | 2019 Actual Total Revenue \$ | 2019 Budget Rate Revenue \$ | 2019 Budget Interim Rate \$ | 2019 Budget Back Rate \$ | 2019 Budget Total Revenue \$ | 2018 Actual Total Revenue \$ |
|---|------------|----------------------|-------------------------------|-----------------------------|------------------------------|---------------------------|------------------------------|-----------------------------|-----------------------------|--------------------------|------------------------------|------------------------------|
| <b>Differential general rate / general rate</b> |            |                      |                               |                             |                              |                           |                              |                             |                             |                          |                              |                              |
| <b>Gross rental valuations</b>                  |            |                      |                               |                             |                              |                           |                              |                             |                             |                          |                              |                              |
| GRV - General                                   | 7.8972     | 1,866                | 31,617,964                    | 2,457,159                   | 11,339                       | 0                         | 2,468,499                    | 2,455,418                   | 0                           | 0                        | 2,455,418                    | 2,125,437                    |
| <b>Unimproved valuations</b>                    |            |                      |                               |                             |                              |                           |                              |                             |                             |                          |                              |                              |
| UV - General                                    | 0.7622     | 685                  | 381,656,896                   | 2,906,938                   | 482                          | 0                         | 2,907,420                    | 2,905,614                   | 0                           | 0                        | 2,905,615                    | 2,859,070                    |
| <b>Sub-Total</b>                                |            | 2,551                | 413,274,860                   | 5,364,097                   | 11,822                       | 0                         | 5,375,919                    | 5,361,033                   | 0                           | 0                        | 5,361,033                    | 4,984,507                    |
| <b>Minimum payment</b>                          |            |                      |                               |                             |                              |                           |                              |                             |                             |                          |                              |                              |
| <b>Gross rental valuations</b>                  |            |                      |                               |                             |                              |                           |                              |                             |                             |                          |                              |                              |
| GRV - General                                   | 933        | 988                  | 5,359,637                     | 943,263                     | 0                            | 0                         | 943,263                      | 944,196                     | 0                           | 0                        | 944,196                      | 1,229,158                    |
| GRV - Lesser (Dandaragan & Badgingarra)         | 704        | 29                   | 116,382                       | 21,120                      | 0                            | 0                         | 21,120                       | 21,120                      | 0                           | 0                        | 21,120                       | 0                            |
| <b>Unimproved valuations</b>                    |            |                      |                               |                             |                              |                           |                              |                             |                             |                          |                              |                              |
| UV - Mining                                     | 881        | 79                   | 1,437,282                     | 72,242                      | 0                            | 0                         | 72,242                       | 72,242                      | 0                           | 0                        | 72,242                       | 64,010                       |
| UV - Lesser                                     | 704        | 54                   | 2,943,500                     | 37,312                      | 0                            | 0                         | 37,312                       | 37,312                      | 0                           | 0                        | 37,312                       | 33,168                       |
| <b>Sub-Total</b>                                |            | 1,150                | 9,856,801                     | 1,073,937                   | 0                            | 0                         | 1,073,937                    | 1,074,870                   | 0                           | 0                        | 1,074,870                    | 1,326,336                    |
|   |            | 3,701                | 423,131,661                   | 6,438,034                   | 11,822                       | 0                         | 6,449,856                    | 6,435,903                   | 0                           | 0                        | 6,435,903                    | 6,310,843                    |
| Discounts/concessions (refer Note 21(b))        |            |                      |                               |                             |                              |                           | (228,207)                    |                             |                             |                          | (235,000)                    | (229,752)                    |
| <b>Total amount raised from general rate</b>    |            |                      |                               |                             |                              |                           | 6,221,649                    |                             |                             |                          | 6,200,903                    | 6,081,090                    |
| Ex-gratia rates                                 |            |                      |                               |                             |                              |                           | 1,530                        |                             |                             |                          | 1,273                        | 1,273                        |
| <b>Totals</b>                                   |            |                      |                               |                             |                              |                           | 6,223,179                    |                             |                             |                          | 6,202,176                    | 6,082,363                    |

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

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

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## 21 RATING INFORMATION (Continued)

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

#### Rates Discounts

| Rate or Fee Discount Granted | Discount % | Discount \$ | 2019 Actual \$ | 2019 Budget \$ | 2018 Actual \$ | Circumstances in which Discount is Granted   |
|------------------------------|------------|-------------|----------------|----------------|----------------|--|
| General & minimum rates      | 5.00%      |             | 228,207        | 235,000        | 229,752        | Current rates paid in full within 35 days of the date of issue noted on the rate notice. |
|                              |            |             | 228,207        | 235,000        | 229,752        |  |

#### Waivers or Concessions

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type      | Discount % | Discount \$ | 2019 Actual \$ | 2019 Budget \$ | 2018 Actual \$ |
|---|-----------|------------|-------------|----------------|----------------|----------------|
| Rate assessment   | Write-off |            |             | 1,634          | 1,323          | 3,372          |
| Civic Centre hire charges   | Waiver    |            |             | 1,550          | 0              | 1,591          |
| Landing fees  | Waiver    |            |             | 21,059         | 0              | 21,513         |
|   |           |            |             | 24,242         | 1,323          | 26,476         |

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Circumstances in which the Waiver or Concession is Granted and to whom it was available   | Objects of the Waiver or Concession   | Reasons for the Waiver or Concession  |
|---|---|---|---|
| Rate assessment   | Central West Men's Shed applied for write-off   | To allow for the establishment of a not for profit group  | i. the tenure of the land being crown land would be otherwise exempt from rating had the Central West Men's Shed not taken up tenancy;<br>ii. the Central West Men's Shed is a non for profit community group with limited income earning potential; and<br>iii. the purpose of a Men's Shed aligns with the Shire of Dandaragan's strategic plan |
| Civic Centre hire charges   | Fees waived for education providers to utilise rooms at the Civic Centre  | To ensure the recently constructed Civic Centre achieves its purpose                              | Improved access to education facilities to improve education offering within the Shire was a key driver for the construction of the Civic Centre.   |
| Landing Fees  | 1. waive 100% of the Jurien Bay Airstrip / Aerodrome Landing Fee for the first four landings each calendar month for each customer as individually identified by the "customerID" held by Avdata;<br>2. waive 100% of the Jurien Bay Airstrip / Aerodrome Landing Fee for landings undertaken by the Royal Flying Doctors Service and student pilots. | To not place barriers to the use of the Jurien Bay airstrip to casual and emergency service users | To encourage landing at the Jurien Bay airstrip   |

SHIRE OF DANDARAGAN  
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FOR THE YEAR ENDED 30 JUNE 2019

## 21 RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

| Instalment Options  | Date Due  | Instalment Plan | Instalment Plan | Unpaid Rates    |
|---------------------|-----------|-----------------|-----------------|-----------------|
|                     |           | Admin Charge \$ | Interest Rate % | Interest Rate % |
| <b>Option One</b>   |           |                 |                 |                 |
| Single full payment | 28-Sep-18 | 0               | 0.00%           | 10.00%          |
| <b>Option Two</b>   |           |                 |                 |                 |
| First instalment    | 28-Sep-18 | 0               | 0.00%           | 10.00%          |
| Second instalment   | 28-Nov-18 | 6.67            | 5.00%           | 10.00%          |
| Third instalment    | 29-Jan-19 | 6.67            | 5.00%           | 10.00%          |
| Fourth instalment   | 28-Mar-19 | 6.66            | 5.00%           | 10.00%          |

|                             | 2019 Actual \$ | 2019 Budget \$ | 2018 Actual \$ |
|-----------------------------|----------------|----------------|----------------|
| Interest on unpaid rates    | 31,593         | 27,000         | 28,914         |
| Interest on instalment plan | 20,300         | 16,000         | 17,269         |
| Charges on instalment plan  | 14,282         | 13,500         | 13,540         |
|                             | 66,175         | 56,500         | 59,723         |

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
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## 22 RATE SETTING STATEMENT INFORMATION

|   | Note  | 2018/2019                            | 2018/2019                                      | 2017/2018                            |
|---|-------|--------------------------------------|--|--------------------------------------|
|   |       | (30 June 2019<br>Carried<br>Forward) | Budget<br>(30 June 2019<br>Carried<br>Forward) | (30 June 2018<br>Carried<br>Forward) |
|   |       | \$                                   | \$   | \$                                   |
| <b>(a) Non-cash amounts excluded from operating activities</b>  |       |                                      |  |                                      |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with Financial Management Regulation 32.  |       |                                      |  |                                      |
| <b>Adjustments to operating activities</b>  |       |                                      |  |                                      |
| (Profit) on asset disposals   | 11(a) | (397,267)                            | (52,995)                                       | (40,186)                             |
| Loss on asset disposals   | 11(a) | 107,433                              | 144,005  | 5,345,187                            |
| Movement in employee provisions   |       | 31,513                               | 0  | (4,351)                              |
| Movement in deferred rates  |       | (10,864)                             | 0  | (33,636)                             |
| Loss on fair value of asset through profit & loss   | 10(a) | 0                                    | 0  | 1,529,888                            |
| Depreciation on assets  | 11(b) | 5,757,993                            | 6,003,478                                      | 6,158,800                            |
| <b>Non cash amounts excluded from operating activities</b>  |       | <b>5,488,809</b>                     | <b>6,094,488</b>                               | <b>12,955,701</b>                    |
| <b>(b) Surplus/(deficit) after imposition of general rates</b>  |       |                                      |  |                                      |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates. |       |                                      |  |                                      |
| <b>Adjustments to net current assets</b>  |       |                                      |  |                                      |
| Less: Cash - restricted reserves  | 3     | (5,830,457)                          | (5,738,397)                                    | (5,386,753)                          |
| Less: Other financial assets at amortised cost - self support loan  |       | (55,721)                             | 0  | 0                                    |
| Add: Current liabilities not expected to be cleared at end of year<br>- Current portion of borrowings   |       | 119,620                              | 112,994  | 118,788                              |
| <b>Total adjustments to net current assets</b>  |       | <b>(5,766,558)</b>                   | <b>(5,625,403)</b>                             | <b>(5,267,965)</b>                   |
| <b>Net current assets used in the Rate Setting Statement</b>  |       |                                      |  |                                      |
| Total current assets  |       | 8,035,457                            | 5,876,159                                      | 7,348,439                            |
| Less: Total current liabilities   |       | (1,175,122)                          | (250,756)                                      | (887,761)                            |
| Less: Total adjustments to net current assets   |       | (5,766,558)                          | (5,625,403)                                    | (5,267,965)                          |
| <b>Net current assets used in the Rate Setting Statement</b>  |       | <b>1,093,777</b>                     | <b>0</b>                                       | <b>1,192,712</b>                     |

# ANNUAL FINANCIAL STATEMENTS

## SHIRE OF DANDARAGAN NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

### 23 FINANCIAL RISK MANAGEMENT

Financial instruments held by the Shire are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables, payables, Western Australian Treasury Corporation (WATC) borrowings. The Shire has limited exposure to financial risks. The Shire's overall risk management program focuses on managing the risks identified below.

#### (a) Summary of risks and risk management

##### Credit risk

Credit risk arises when there is the possibility of the Shire's receivables defaulting on their contractual obligations resulting in financial loss to the Shire.

The Shire's major receivables comprise rates and annual charges and user charges and fees. 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.

##### Liquidity risk

Liquidity risk arises when the Shire is unable to meet its financial obligations as they fall due.

The Shire is exposed to liquidity risk through its trading in the normal course of business.

The Shire has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

##### Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Shire's income or the value of its holdings of financial instruments. The Shire does not trade in foreign currency and is not materially exposed to other price risks [for example, equity securities or commodity prices changes].

All borrowings are due to the WATC and are repayable at fixed rates with varying maturities. The Shire's exposure to interest rate risk is detailed in the interest rate sensitivity analysis table at Note 23(d) and it has no borrowings other than the WATC borrowings.

#### (b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

|                              | 2019      | 2018      |
|------------------------------|-----------|-----------|
|                              | \$        | \$        |
| <b>Financial assets</b>      |           |           |
| Cash and cash equivalents    | 7,236,030 | 6,152,114 |
| Trade receivables*           | 713,470   | 1,082,965 |
| Other financial assets       | 243,704   | 0         |
| Other loans and receivables  | 0         | 164,633   |
|                              | 8,193,204 | 7,399,713 |
| <b>Financial liabilities</b> |           |           |
| Trade and other payables*    | 461,373   | 221,976   |
| Borrowings                   | 365,747   | 434,535   |
|                              | 827,121   | 656,511   |

\* Amount excludes GST receivable / payable to ATO (statutory receivable / payable)



# ANNUAL FINANCIAL STATEMENTS

## SHIRE OF DANDARAGAN NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

### 23 FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Credit risk

##### Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery processes. 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.

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

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

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

|                       | Current | More than 1<br>year past due | More than 2<br>years past due | More than 3<br>years past due | Total   |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|---------|
|                       | \$      | \$                           | \$                            | \$                            | \$      |
| <b>30 June 2019</b>   |         |                              |                               |                               |         |
| Rates receivable      |         |                              |                               |                               |         |
| Expected credit loss  | 0.00%   | 0.00%                        | 0.00%                         | 0.00%                         |         |
| Gross carrying amount | 707,305 | 1,222                        | 1,785                         | 40,599                        | 750,912 |
| Loss allowance        | -       | -                            | -                             | -                             | -       |

#### 30 June 2018

|                       |         |        |        |       |         |
|-----------------------|---------|--------|--------|-------|---------|
| Rates receivable      |         |        |        |       |         |
| Expected credit loss  | 0.00%   | 0.00%  | 0.00%  | 0.00% |         |
| Gross carrying amount | 151,392 | 54,159 | 26,465 | 8,042 | 240,058 |
| Loss allowance        | -       | -      | -      | -     | -       |

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

|                       | Current | More than 30<br>days past due | More than 60<br>days past due | More than 90<br>days past due | Total   |
|-----------------------|---------|-------------------------------|-------------------------------|-------------------------------|---------|
|                       | \$      | \$                            | \$                            | \$                            | \$      |
| <b>30 June 2019</b>   |         |                               |                               |                               |         |
| Sundry Receivables    |         |                               |                               |                               |         |
| Expected credit loss  | 0.04%   | 0.16%                         | 0.75%                         | 1.76%                         |         |
| Gross carrying amount | 363,972 | 7,064                         | 4,586                         | 34,446                        | 410,068 |
| Loss allowance        | 142     | 11                            | 34                            | 605                           | 792     |

#### 30 June 2018

|                       |         |        |       |        |         |
|-----------------------|---------|--------|-------|--------|---------|
| Sundry Receivables    |         |        |       |        |         |
| Expected credit loss  | 0.04%   | 0.17%  | 0.84% | 1.95%  |         |
| Gross carrying amount | 658,629 | 48,677 | 1,222 | 42,384 | 750,912 |
| Loss allowance        | 290     | 81     | 10    | 827    | 1,208   |

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
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## 23 FINANCIAL RISK MANAGEMENT (continued)

### (d) Liquidity Risk and Interest Rate Exposure

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

Interest rate exposure and maturity analysis of financial assets and financial liabilities

|  | Weighted Average effective interest rate | Interest rate exposure |                        |           |                      | Maturity dates |              |           |                   |
|--|--|------------------------|------------------------|-----------|----------------------|----------------|--------------|-----------|-------------------|
|  |  | Carrying Amount        | Variable interest rate |           | Non-interest bearing | Nominal amount | Up to 1 year | 1-5 years | More than 5 years |
|  |  |                        | Fixed interest rate    |           |                      |                |              |           |                   |
|  | %  | \$                     | \$                     | \$        | \$                   | \$             | \$           | \$        |                   |
| <b>2019</b>                              |  |                        |                        |           |                      |                |              |           |                   |
| <u>Financial assets</u>                  |  |                        |                        |           |                      |                |              |           |                   |
| Cash and cash equivalents (unrestricted) | 1.00%                                    | 1,072,980              | -                      | 1,072,980 | -                    | 1,072,980      | 1,072,980    | -         | -                 |
| Cash and cash equivalents (restricted)   | 1.25%                                    | 6,163,049              | -                      | 6,163,049 | -                    | 6,163,049      | 6,163,049    | -         | -                 |
| Receivables                              |  | 713,470                | -                      | -         | 713,470              | 713,470        | 713,470      | -         | -                 |
| Other financial assets                   |  | 243,704                | -                      | -         | 243,704              | 243,704        | 97,831       | 94,634    | 51,240            |
|  |  | 8,193,204              | -                      | 7,236,030 | 957,174              | 8,193,204      | 8,047,330    | 94,634    | 51,240            |
| <u>Financial liabilities</u>             |  |                        |                        |           |                      |                |              |           |                   |
| Payables                                 |  | 461,373                | -                      | -         | 461,373              | 461,373        | 461,373      | -         | -                 |
| WATC borrowings                          | 4.89%                                    | 365,747                | 365,747                | -         | -                    | 383,622        | 9,913        | 322,469   | 51,240            |
|  |  | 827,121                | 365,747                | -         | 461,373              | 844,995        | 471,286      | 322,469   | 51,240            |
| <b>2018</b>                              |  |                        |                        |           |                      |                |              |           |                   |
| <u>Financial assets</u>                  |  |                        |                        |           |                      |                |              |           |                   |
| Cash and cash equivalents (unrestricted) | 1.00%                                    | 765,361                | -                      | 765,361   | -                    | 765,361        | 765,361      | -         | -                 |
| Cash and cash equivalents (restricted)   | 1.50%                                    | 5,386,753              | -                      | 5,386,753 | -                    | 5,386,753      | 5,386,753    | -         | -                 |
| Receivables                              |  | 1,247,597              | -                      | -         | 1,247,597            | 1,247,597      | 1,247,597    | -         | -                 |
|  |  | 7,399,711              | -                      | 6,152,114 | 1,247,597            | 7,399,711      | 7,399,711    | -         | -                 |
| <u>Financial liabilities</u>             |  |                        |                        |           |                      |                |              |           |                   |
| Payables                                 |  | 221,976                | -                      | -         | 221,976              | 221,976        | 221,976      | -         | -                 |
| WATC borrowings                          | 5.29%                                    | 434,535                | 434,535                | -         | -                    | 464,246        | 2,589        | 461,657   | -                 |
|  |  | 656,511                | 434,535                | -         | 221,976              | 686,222        | 224,565      | 461,657   | -                 |

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
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## 23 FINANCIAL RISK MANAGEMENT (continued)

### (e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Shire's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

|  | Carrying Amount | -100 basis points |          | +100 basis points |        |
|--|-----------------|-------------------|----------|-------------------|--------|
|  |                 | Surplus           | Equity   | Surplus           | Equity |
|  | \$              | \$                | \$       | \$                | \$     |
| <b>2019</b>                              |                 |                   |          |                   |        |
| <u>Financial assets</u>                  |                 |                   |          |                   |        |
| Cash and cash equivalents (unrestricted) | 1,072,980       | (10,730)          | (10,730) | 10,730            | 10,730 |
| Cash and cash equivalents (restricted)   | 6,163,049       | (61,630)          | (61,630) | 61,630            | 61,630 |
| <u>Financial liabilities</u>             |                 |                   |          |                   |        |
|  | 0               | 0                 | 0        | 0                 | 0      |
|  | 7,236,030       | (72,360)          | (72,360) | 72,360            | 72,360 |
| <b>2018</b>                              |                 |                   |          |                   |        |
| <u>Financial assets</u>                  |                 |                   |          |                   |        |
| Cash and cash equivalents (unrestricted) | 765,361         | (7,654)           | (7,654)  | 7,654             | 7,654  |
| Cash and cash equivalents (restricted)   | 5,386,753       | (53,868)          | (53,868) | 53,868            | 53,868 |
| <u>Financial liabilities</u>             |                 |                   |          |                   |        |
|  | 0               | 0                 | 0        | 0                 | 0      |
|  | 6,152,114       | (61,521)          | (61,521) | 61,521            | 61,521 |

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# ANNUAL FINANCIAL STATEMENTS

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SHIRE OF DANDARAGAN  
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## 24 CONTINGENT LIABILITIES

The Shire has no contingent liabilities to disclose  
at the end of the reporting year

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
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## 25 TRUST FUND

From the year, all bonds, deposits and collections not required by legislation to be held in trust are included in the financial statements;

|   | 1 July 2018 | Amounts Received | Amounts Paid | Reclassification to<br>Cash | 30 June<br>2019 |
|---|-------------|------------------|--------------|-----------------------------|-----------------|
|   | \$          | \$               | \$           | \$                          | \$              |
| Cash In Lieu POS - L9000 Valencia             | 200,277     | 0                | 0            | 0                           | 200,277         |
| Housing Relocation Bond                       | 4,000       | 0                | (2,000)      | (2,000)                     | 0               |
| Housing Bonds                                 | 250         | 50               | (300)        | 0                           | 0               |
| Seagate Estate                                | 62,953      | 0                | 0            | (62,953)                    | 0               |
| Fire Fighting Facility                        | 5,000       | 0                | (5,000)      | 0                           | 0               |
| Other Development Bonds                       | 19,000      | 10,000           | 0            | (29,000)                    | 0               |
| Dust Bond                                     | 11,049      | 0                | (5,100)      | (5,949)                     | 0               |
| Burial Plots                                  | 3,909       | 0                | 0            | (3,909)                     | 0               |
| Footpath Deposits                             | 2,600       | 0                | 0            | (2,600)                     | 0               |
| Sale Lot 28 Harris St for cap exp rec dand    | 9,500       | 0                | 0            | (9,500)                     | 0               |
| Development Assessment Panel Fee              | 196         | 0                | (196)        | 0                           | 0               |
| Scheme Amendment Deposit                      | 1,000       | 0                | 0            | (1,000)                     | 0               |
| RehabBond (Sand Pit Holdings Lot 290 Canover) | 5,000       | 0                | 0            | (5,000)                     | 0               |
| Central Coast Strategy                        | 16,688      | 0                | 0            | (16,688)                    | 0               |
| DOLA Sub-Divisions Cervantes                  | 51,026      | 0                | 0            | (51,026)                    | 0               |
| Jurien Bay Heights - Stage 2                  | 19,596      | 0                | 0            | (19,596)                    | 0               |
| Cash in Lieu - Landscaping                    | 2,465       | 0                | 0            | (2,465)                     | 0               |
|   | 414,509     | 10,050           | (12,596)     | (211,686)                   | 200,277         |

# ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN  
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## 26 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

### AASB 9 Financial instruments

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

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

The effect of adopting AASB 9 was assessed as not material and therefore, no adjustment was required to be made.

#### (a) Classification and measurement

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

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

# ANNUAL FINANCIAL STATEMENTS

## 26 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

| <b>AASB 139 category</b>            | <b>AASB 139 value</b> | <b>AASB 9 category<br/>amortised<br/>cost</b> | <b>Fair value<br/>through<br/>OCI</b> | <b>Fair value<br/>through<br/>P/L</b> |
|-------------------------------------|-----------------------|---|---------------------------------------|---------------------------------------|
|                                     | <b>\$</b>             | <b>\$</b>                                     | <b>\$</b>                             | <b>\$</b>                             |
| <b>Loans and receivables</b>        |                       |   |                                       |                                       |
| Trade receivables*                  | 1,082,965             | 1,082,965                                     |                                       |                                       |
| Loans and advances                  | 164,633               | 164,633                                       |                                       |                                       |
| Available for sale financial assets |                       |   |                                       |                                       |
|                                     | <u>1,247,598</u>      | <u>1,247,598</u>                              | <u>0</u>                              | <u>0</u>                              |

### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

The effect of adopting AASB 9 was assessed as not material and therefore, no adjustment was required to be made.

# ANNUAL FINANCIAL STATEMENTS

## SHIRE OF DANDARAGAN NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

### 27 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

#### (a) Revenue from Contracts with Customers

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

|   | AASB 118<br>carrying amount |                  | AASB 15<br>carrying amount |
|---|-----------------------------|------------------|----------------------------|
| Note  | 30 June 2019                | Reclassification | 01 July 2019               |
|   | \$                          | \$               | \$                         |
| <b>Contract liabilities - current</b>                   |                             |                  |                            |
| Unspent grants, contributions and reimbursements        | 0                           | 201,313          | 201,313                    |
| Adjustment to retained surplus from adoption of AASB 15 |                             | (201,313)        |                            |

#### (b) Leases

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

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 1.33%.

|  | Note | 2019    |
|--|------|---------|
|  |      | \$      |
| Operating lease commitments disclosed as at 30 June 2019         |      | 162,439 |
| Lease liability recognised as at 1 July 2019                     |      |         |
| Discounted using the Shire's incremental borrowing rate of 1.33% |      | 157,068 |

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

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

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.  
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.



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

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

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

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

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

# ANNUAL FINANCIAL STATEMENTS

## SHIRE OF DANDARAGAN NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

### 28 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 end of the reporting period.

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## 29. ACTIVITIES/PROGRAMS

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

| <b>PROGRAM NAME</b>                | <b>OBJECTIVE</b>  | <b>ACTIVITIES</b>  |
|------------------------------------|---|--|
| <b>GOVERNANCE</b>                  | To provide a decision making process for the efficient allocation of scarce resources                                   | Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific local government services. |
| <b>GENERAL PURPOSE FUNDING</b>     | To collect revenue to allow for the provision of services   | Rates, general purpose government grants and interest revenue  |
| <b>LAW, ORDER, PUBLIC SAFETY</b>   | To provide services to help ensure a safer and environmentally conscious community                                      | Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.   |
| <b>HEALTH</b>                      | To provide an operational framework for environmental and community health  | Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal.   |
| <b>EDUCATION AND WELFARE</b>       | To provide services to disadvantaged persons, the elderly, children and youth.  | Provision of youth, aged and disability services.  |
| <b>COMMUNITY AMENITIES</b>         | To provide services required by the community.  | Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.   |
| <b>RECREATION AND CULTURE</b>      | To establish and effectively manage infrastructure and resource which will help the social well being of the community. | Maintenance of public halls, civic centres, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.  |
| <b>TRANSPORT</b>                   | To provide safe, effective and efficient transport services to the community  | Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.   |
| <b>ECONOMIC SERVICES</b>           | To help promote the local government and its economic wellbeing   | Tourism and area promotion<br>Provision of rural services including weed control, vermin control and standpipes. Building control.   |
| <b>OTHER PROPERTY AND SERVICES</b> | To monitor and control operating accounts   | Private works operation, plant repair and costs.   |

# ANNUAL FINANCIAL STATEMENTS

**SHIRE OF DANDARAGAN  
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## 30 FINANCIAL RATIOS

|                                   | 2019   | 2018                 | 2017   |
|-----------------------------------|--------|----------------------|--------|
| Current ratio                     | 3.22   | 4.90                 | 5.22   |
| Asset consumption ratio           | 0.71   | 0.72                 | 0.71   |
| Asset renewal funding ratio       | N/A    | N/A                  | N/A    |
| Asset sustainability ratio        | 0.76   | 0.84                 | 0.97   |
| Debt service cover ratio          | 20.32  | (30.53) <sup>1</sup> | 13.95  |
| Operating surplus ratio           | (0.31) | (1.15) <sup>2</sup>  | (0.31) |
| Own source revenue coverage ratio | 0.62   | 0.42 <sup>3</sup>    | 0.61   |

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 was impacted by expenses associated with the disposal of the sewer to the Water Corporation for nil consideration and loss on revaluation of assets through P&L

|                               | 2018      |
|-------------------------------|-----------|
|                               | \$        |
| Loss on disposal of sewer     | 5,315,357 |
| Loss on revaluation of assets | 1,529,888 |

If the events detailed above did not occur, the ratio would be as follows:

|                                   | 2018                |
|-----------------------------------|---------------------|
| Debt service cover ratio          | 19.45 <sup>1</sup>  |
| Operating surplus ratio           | (0.39) <sup>2</sup> |
| Own source revenue coverage ratio | 0.63 <sup>3</sup>   |





Jurien Bay Administration Centre  
69 Bashford Street, Jurien Bay



9652 0800



[council@dandaragan.wa.gov.au](mailto:council@dandaragan.wa.gov.au)  
[www.dandaragan.wa.gov.au](http://www.dandaragan.wa.gov.au)