



17 OCTOBER 2017

SPECIAL MEETING

MINUTES

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1. OPENING

The Chairperson declared the meeting open at 9:07am

2. ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE

2.1 Members Present

Cr DJ Ridgway	President
Cr KM Murray	Deputy President
Cr DL Brown	
Cr T Buckland	
Cr DW Davis	
Cr P Gogol	
Cr LC Shaw	
Cr DC White	

2.2 Staff In Attendance

Mr SP Gollan	Chief Executive Officer
Mr SK Marshall	Deputy Chief Executive Officer
Mr BS de Beer	Shire Planner (from 9.17am to 9.35am)
Mrs A Lewis	Executive Assistant

2.3 Observers And Visitors

Nil

2.4 Apologies and Approved Leave of Absence

Cr JD Alexander

3. DECLARATIONS OF INTEREST

3.1 Cr White – Item 6.1 – Interest of Impartiality

4. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

5. PUBLIC QUESTION TIME

Nil

9.09am – Prior to any consideration of Item 6.1, Cr White declared an interest of impartiality given he is the Treasurer and Board member of the Beverley Community Resource Centre, and then left the meeting.

6.1 Cornerstone Building Management Agreement

SUBMISSION TO: Special Council Meeting 17 October 2017
REPORT DATE: 11 October 2017
APPLICANT: Shire of Beverley & Beverley CRC
FILE REFERENCE: ADM 0532
AUTHOR: S.P. Gollan, Chief Executive Officer
ATTACHMENTS: Revised Management Agreement (under separate cover)

SUMMARY

Council to consider and adopt a revised Management Agreement between the Shire of Beverley and the Beverley Community Resource Centre (CRC) for the Beverley Cornerstone building.

BACKGROUND

The Beverley Cornerstone has received funding from Building Better Regions Fund; Lotterywest; Department of Regional Development WA: CRC Network Building and Infrastructure Fund; and Department of Regional Development WA: Royalties for Regions Wheatbelt Regional Grants Scheme. It was a requirement from some of these funding partners that a signed agreement be entered into to retain the funding.

COMMENT

At the 7 February 2017 Economic and Community Strategy meeting, the Committee discussed the requirements of the building management for senior staff to build upon. A draft management agreement was then presented and adopted by Council at the 21 February 2017 Ordinary Council meeting.

Since February, some minor changes have occurred and been requested from both parties including:

- Exclusive use zones changing to 122sqm;
- Bookings procedure and collection of monies for hired areas;
- Public Risk Insurance;
- Library opening hours; and
- Tourist Information Centre will now be referred to as Beverley Visitor Centre.

At the Ordinary Council Meeting, 26 September 2017, further amendments were suggested including clarification between hiring and leasing, endeavouring to have the visitor centre open over weekends, identifying ownership of merchandise and making provision to review the agreement annually.

Council then lay the item on the table for the changes to be made and referred to the Beverley CRC Committee for approval.

STATUTORY ENVIRONMENT

N/A

FINANCIAL IMPLICATIONS

As per the attached agreement.

STRATEGIC IMPLICATIONS

Sustainable community – foster community participation – ensure access to services and facilities as needs change within the community – support the aging population to maximise opportunities for sustainable independent living – advocacy of local access to support services – support & facilitate the increase in economic growth – maintain and upgrade our assets and infrastructure.

POLICY IMPLICATIONS

N/A

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That Council adopt the revised Management Agreement between the Shire of Beverley and Beverley Community Resource Centre for the management and operation of the Cornerstone Building.

COUNCIL RESOLUTION

MS1/1017

Moved Cr Gogol

Seconded Cr Davis

That Council adopt the revised Management Agreement between the Shire of Beverley and Beverley Community Resource Centre for the management and operation of the Cornerstone Building.

CARRIED 7/0

9.17am – Cr White rejoined the meeting.

9.17am – Mr Stefan de Beer, Shire Planner joined the meeting.

6.2 Beverley Bowling Club Lease

SUBMISSION TO: Special Council Meeting 17 October 2017
REPORT DATE: 11 October 2017
APPLICANT: Shire of Beverley & Beverley Bowling & Croquet Club Inc.
FILE REFERENCE: ADM 0207
AUTHOR: S.P. Gollan, Chief Executive Officer
ATTACHMENTS: Revised Lease Agreement (under separate cover)

SUMMARY

Council to consider and approve a revised Lease Agreement between the Shire of Beverley and the Beverley Bowling and Croquet Club Incorporated.

BACKGROUND

The Shire Planner & Chief Executive Officer met with representatives of the Bowling Club on Wednesday 13 September 2017 in order to resolve an impasse in relation to a caveat that is registered over Lots 3 – 8 on Plan 2959 in favour of the Bowling Club.

The withdrawal of the caveat is paramount to progressing the issuance of titles and to conclude the drawn-out subdivision process for the Recreation Ground. The Shire has until 5 May 2018 to conclude the issuance of titles.

Despite assurances from the Shire, the Bowling Club is reluctant to sign the caveat withdrawal document in the absence of a signed agreement for the future continued leasing of the subject land. The Bowling Club is furthermore desirous to extend their lease for at least 21 years. The existing lease is valid until 2025.

At the above meeting it was agreed that the Council be approached to try and resolve the impasse by offering a new lease on Lot 503 (the new lot to be created, post conclusion of the issuance of titles), to the Bowling club for a further period of 21 years.

At the Council Briefing 26 September 2017, Council instructed management to draw up a revised lease agreement for the October Special Meeting.

COMMENT

The revised lease and original lease agreements are attached under separate cover for Council reference.

Changes to the lease document are found in the mapping and Schedule:

Item 1 – notes the change in lot number.

Item 3 – Further term of 21 years from 1 July 2025 expiring 30 June 2046.

The Shire Planner also received an email from the Department of Lands stating '*I can confirm the revestment of Lots 3-8 on Plan 2959 to the State of WA for addition to Reserve 44112 will result in the land being under the care and control of the Shire of Beverley as part of a Management Order.*

Reserve 44112, comprised of Lot 399 on Deposited Plan 92259 currently has a purpose of "Club and Club Premises" with a Management Order in favour of the Shire of Beverley.

I can also confirm the Management Order does not have an expiry date.'

It is hoped the offer of an extended lease and advice from the Department of Lands will appease the Beverley Bowling Club to complete the Caveat Withdrawal and finalise the subdivision process.

STATUTORY ENVIRONMENT

N/A

FINANCIAL IMPLICATIONS

As per the attached agreement.

STRATEGIC IMPLICATIONS

Sustainable Community – Foster Community Participation – Support community needs.

POLICY IMPLICATIONS

N/A

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That Council approve the revised Lease Agreement between the Shire of Beverley and Beverley Bowling and Croquet Club Incorporated and authorise the Chief Executive Officer and Shire President to sign and execute the agreement.

COUNCIL RESOLUTION

MS2/1013

Moved Cr Murray

Seconded Cr Shaw

That Council approve the revised Lease Agreement between the Shire of Beverley and Beverley Bowling and Croquet Club Incorporated and authorise the Chief Executive Officer and Shire President to sign and execute the agreement.

CARRIED 8/0

7. CONFIDENTIAL REPORTS

7.1 Closure of the Meeting

SUMMARY

Council to close the meeting to review the Chief Executive Officer Contract.

STATUTORY ENVIRONMENT

Local Government Act 1995, Part 5, Division 2, Section 5.23:

- (2) If a meeting is being held by a council or by a committee referred to in subsection (1)(b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following –
- (a) a matter affecting an employee or employees.

OFFICER'S RECOMMENDATION

That Council close the meeting to members of the public.

COUNCIL RESOLUTION

MS3/1013

Moved Cr Murray

Seconded Cr Davis

That Council close the meeting to the public.

CARRIED 8/0

9.35am – Stefan de Beer, Shire Planner left the meeting and did not return.

9.35am – Stephen Gollan, Chief Executive Officer; Simon Marshall, Deputy Chief Executive Officer; and Alison Lewis, Executive Assistant left the meeting.

7.2 Chief Executive Officer – Contract

SUBMISSION TO: Special Council Meeting 17 October 2017
REPORT DATE: 11 October 2017
APPLICANT: N/A
FILE REFERENCE: ADM 0412
AUTHOR: Shire President, D.J. Ridgway
ATTACHMENTS: Confidential CEO Contract and Letter

SUMMARY

Council to accept or reject, the Chief Executive Officer Contract with or without modification.

Confidential Contract under separate cover.

COUNCIL RESOLUTION

MS4/1013

Moved Cr White

Seconded Cr Gogol

That Council accept the new Chief Executive Contract without modification and authorise the Shire President to sign the Contract on behalf of Council.

CARRIED 8/0

7.3 Opening of the Meeting

SUMMARY

Council to open the meeting after the review of the Chief Executive Officer Contract.

STATUTORY ENVIRONMENT

Local Government Act 1995, Part 5, Division 2, Section 5.23:

(2) If a meeting is being held by a council or by a committee referred to in subsection (1)(b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following –

(a) a matter affecting an employee or employees.

OFFICER'S RECOMMENDATION

That Council open the meeting to members of the public.

COUNCIL RESOLUTION

MS5/1013

Moved Cr Murray

Seconded Cr Buckland

That Council open the meeting to the public and announce any decisions made.

CARRIED 8/0

9.48am – Stephen Gollan, Chief Executive Officer; Simon Marshall, Deputy Chief Executive Officer; and Alison Lewis, Executive Assistant rejoined the meeting.

7. NEW BUSINESS ARISING BY ORDER OF THE MEETING

Nil

8. CLOSURE

The Chairperson to declared the meeting closed at 9:50am

I hereby certify these Minutes as being confirmed in accordance with Section 5.22 of the Local Government Act 1995.

PRESIDING MEMBER:

DATE:



17 OCTOBER 2017

**AUDIT & RISK COMMITTEE
MEETING**

MINUTES

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1. OPENING

The Chairman declared the meeting open at 10:21am

2. ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE

2.1 Members Present

Cr DC White	Chairman
Cr DJ Ridgway	President
Cr KM Murray	Deputy President
Cr DL Brown	
Cr T Buckland	
Cr DW Davis	
Cr P Gogol	
Cr LC Shaw	

2.2 Staff In Attendance

Mr SP Gollan	Chief Executive Officer
Mr SK Marshall	Deputy Chief Executive Officer
Mrs A Lewis	Executive Assistant

2.3 Observers And Visitors

Nil

2.4 Apologies

Cr JD Alexander

3. DECLARATIONS OF INTEREST

Nil

4. CONFIRMATION OF MINUTES

4.1 Minutes Audit and Risk Committee Meeting 7 February 2017

OFFICER'S RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held 7 February 2017 be confirmed.

COMMITTEE RESOLUTION

MAR1/1017

Moved Cr Buckland

Seconded Cr Murray

That the Minutes of the Audit and Risk Committee Meeting held 7 February 2017 be confirmed.

CARRIED 8/0

5. OFFICER REPORTS

5.1 2016/17 Councillors' Declaration

SUBMISSION TO: Audit & Risk Committee 17 October 2017
REPORT DATE: 11 October 2017
APPLICANT: N/A
FILE REFERENCE: ADM 0047
AUTHOR: S.K. Marshall, Deputy Chief Executive Officer
ATTACHMENTS: 2016/17 Councillor's Declaration

SUMMARY

The Audit and Risk Committee to consider recommending to Council that the 2016/17 Councillors' Declaration be signed and received.

BACKGROUND

The Councillors' Declaration was introduced by Council in 2012/13 to demonstrate Council's satisfaction of the appropriateness and integrity of the financial reports being presented.

COMMENT

The Councillors' Declaration is not a legislative requirement, however it gives Council a responsibility in ensuring that the contents of the annual report and annual financial report are accurate and in line with appropriate legislation and standards.

STATUTORY ENVIRONMENT

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee authorise the President and Deputy President to sign the 2016/17 Councillors' Declaration and include the Declaration in the 2016/17 Annual Report.

COMMITTEE RESOLUTION

MAR2/1017

Moved Cr Murray

Seconded Cr Ridgway

That the Audit and Risk Committee authorise the President and Deputy President to sign the 2016/17 Councillors' Declaration and include the Declaration in the 2016/17 Annual Report.

CARRIED 8/0

Attachment 5.1

Councillors' Declaration

In accordance with a resolution of the Councillors of the Shire of Beverley, we state that:

1. In the opinion of the Councillors:
 - 1.1 the financial statements and notes of the Shire of Beverley are in accordance with the Local Government Act 1995 and Regulations, including:
 - (a) giving a true and fair view of the Shire of Beverley's financial position as at 30 June 2017 and of its performance for the year ended on that date; and,
 - (b) complying with applicable Australian Accounting Standards; and
 - 1.2 there are reasonable grounds to believe that the Shire of Beverley will be able to pay its debts as and when they become due and payable.

On behalf of the Council:

Cr Dee Ridgway
President

Cr Keith Murray
Deputy President

Dated this 17th day of October 2017

5.2 Draft 2016/17 Management Letter

SUBMISSION TO: Audit & Risk Committee 17 October 2017
REPORT DATE: 11 October 2017
APPLICANT: N/A
FILE REFERENCE: ADM 0231
AUTHOR: S.K. Marshall, Deputy Chief Executive Officer
ATTACHMENTS: 2016/17 Management Letter

SUMMARY

The Audit and Risk Committee to consider recommending to Council that the 2016/17 Management Letter be received.

BACKGROUND

The final audit was conducted by AMD Chartered Accountants between 27 – 29 September 2017.

The Management Letter was received on 11 October 2017.

COMMENT

The 2016/17 Management Report is attached.

The following issues were raised following the audit:

1. WORKS COSTING

Finding Rating: Minor

We noted public works overheads were over allocated by \$28,474 and plant operating costs were under allocated by \$91,013 during the year, with a re-allocation journal raised at 30 June 2017 to correct the over and under allocation.

Implication

Risk of over allocation of plant operating costs and public works overhead.

Recommendation

We recommend allocation rates and allocations to jobs be reviewed periodically during the year, to ensure there are no major under or over allocations of public works overheads or plant operating costs. We suggest it may be appropriate to review allocation rates 3 times during the year - possibly in October/November, February/March, and May each year.

Management Comment

Noted – the issue management faces when adjusting on-cost rates is that Job costings become skewed. For example if on-cost rates go up during the year, the cost of a new Job will increase compared to a previously completed Job and therefore less work may be achieved on the new Job within the allocated budget.

It is Management's preference to monitor the on-cost allocations and make an adjustment journal at the end of the year across all jobs where applicable and practical (excluding Jobs linked to grant funding).

2. PURCHASE ORDERS

Finding Rating: Minor

Our testing of purchases on a sample basis identified the following:
Instances where the purchase order was dated after the date of the invoice; and
An instance where the purchase order did not state the dollar value or quotable value.

Please note details can be provided upon request.

Implication

Risk of unauthorised goods and services being purchased and liabilities being incurred.

Recommendation

We recommend purchase orders be used for all purchases with exception of utilities and regular payments. These purchase orders should be authorised as approval that the goods or services are to be ordered, and purchase orders should state the dollar value or quotable value.

Management Comment

Noted – Management are looking into an electronic Purchase Order management system which should alleviate these minor issues.

3. EXCESSIVE LEAVE BALANCES

Finding Rating: Minor

We noted two employees who have accrued in excess of eight weeks annual leave at 30 June 2017.

Implication

The cost to Shire of Beverley is greater if annual leave is not paid out on a regular basis due to:
The cumulative effect of salary increases over a period of time;
Recreational leave enhances employee performance; and
It is a fundamental principle of good internal control that all employees take regular leave.

Recommendation

We recommend employees take regular leave through ongoing management of leave scheduling and leave liabilities.

Management Comment

Noted – Management are aware of these excessive leave balances and have implemented an internal policy encouraging Staff to take leave and maintain a balance of 8 weeks or less.

Leave balances will be more thoroughly managed moving forward.

4. STAFF RESIGNATION / TERMINATION CHECKLIST

Finding Rating: Minor

We note that there is no formal termination checklist in place for when an employee either resigns or is terminated, ensuring all tasks relating to the employee's termination have been completed.

Implication

Risk that tasks required to be undertaken and following an employee's departure are not completed on a timely basis.

Recommendation

We suggest a formal termination checklist be developed which is required to be completed termination and signed off once completed. Items which may be relevant to include on the termination checklist would vary according to the individual employee role, and may include sign off in respect to:

- Return of laptop, computers and accessories;
- Return of gate key / office key and updating of register;
- Return of business cards;
- Removal from IT access;
- Redirect team member's emails for one month to an alternative employee;
- Disable team member from company login system;
- Update payroll database;
- Email team member for updated postal address for sent PAYG;
- Alarm codes to be deactivated.

Management Comment

Noted – The Staff who left the organisation did not have access to Council's systems as detailed above. Our current IT setup is such that emails and IT access are not personalised to make the changeover of Staff more efficient.

Management will review it's termination practices and look at implementing varying degrees of "formal" termination depending in the employee's position.

STATUTORY ENVIRONMENT

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that the 2016/17 Management Letter be received.

COMMITTEE RESOLUTION

MAR3/1017

Moved Cr Brown

Seconded Cr Shaw

That the Audit and Risk Committee recommend to Council that the 2016/17 Management Letter be received.

CARRIED 8/0

Attachment 5.2



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11 October 2017

Cr Dee Ridgway
President
Shire of Beverley
PO Box 20
BEVERLEY WA 6304

Dear Dee

SHIRE OF BEVERLEY
30 JUNE 2017 MANAGEMENT REPORT

Following completion of our 30 June 2017 audit, we provide our Management Report and audit recommendations.

1.0 Our Audit Approach

The Australian Auditing Standards are the professional Standards applicable to all audit engagements. Accordingly, our audit was conducted in accordance with Australian Auditing Standards, with testing designed solely to enable the expression of an opinion on the financial report of the Shire of Beverley. This involved us making an assessment of the risk of material misstatement, whether due to fraud or error, and then using our professional judgement, applying audit procedures to mitigate that risk.

To assist Council in understanding our role as external auditor, we have previously detailed our audit responsibilities and scope of work to be performed to meet those responsibilities in our audit engagement letter.

Australian Auditing Standards require us to document and evaluate Shire of Beverley's system of internal control to establish the level of reliance on the internal control system in determining the nature, timing and extent of other auditing procedures necessary to enable us to complete our audit. This work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities and should not, therefore, be taken to assume that no other weaknesses exist. Accordingly the comments within this letter refer only to those matters that have come to our attention during the course of our normal audit work and may not identify all possible improvements that an internal controls review may detect.

Our audit approach is based on a risk analysis methodology which relies upon our understanding of Shire of Beverley's operations, strategies and risks. We performed a review of applicable accounting systems and tested those during our audit. The level of testing performed by us is determined by the degree of reliance we place on the internal control systems in place which has a resulting impact on the amount of substantive testing required during our audit procedures. The level of testing performed is also aligned with what is required to form an overall opinion on the financial statements which may not coincide with what the Shire of Beverley perceives should be tested.

Our audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and judgements, as well as evaluating the overall presentation of the financial report.

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BKR
INTERNATIONAL



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Attachment 5.2

There were no areas of disagreement either in the accounting estimates or judgements or in the presentation and disclosures made in the financial report.

2.0 Assessment of Fraud and Error

The primary responsibility for the prevention and detection of fraud is that of Council and management. As a result, it is important that management with the oversight of Council place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and resulting consequences.

In accordance with Australian Auditing Standards we are required to obtain reasonable assurance that the financial report taken as a whole is free from material misstatement, whether caused by fraud or error. While our procedures are designed to identify material weaknesses and misstatements from fraud and error, there is an unavoidable risk that even some material misstatements may remain undiscovered. This unavoidable risk is due to the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system.

We have confirmed that nothing has come to management's attention that may constitute an incident of fraud. In addition our audit procedures did not identify any instances of suspected or actual fraud. We take this opportunity to remind you that our audit is not designed to detect fraud and therefore our audit procedures are not designed for that purpose.

3.0 Significant Difficulties Encountered during the Audit

During the course of our audit, there were no areas where we experienced significant difficulties.

4.0 Audit Adjustments and Unadjusted Audit Differences

During the course of our audit, we did not identify any misstatements considered to be material at a financial report level and therefore no adjustment was required to be reflected within the final audited financial report.

5.0 Accounting Policies

We confirm to you that we are not aware of any changes to the accounting policies of the Shire of Beverley since 30 June 2016 in respect of the preparation of the 30 June 2017 financial report other than those changes required under Australian Accounting Standards and the Local Government Act and Regulations which are adequately disclosed.

6.0 Commitments and Contingencies

On completion of our audit and subsequent discussions with management, we did not identify any additional commitments or contingencies that required disclosure within the financial report of the Shire of Beverley apart from those already disclosed.

7.0 Subsequent Events

We did not identify any additional subsequent events up until the date of this report that required disclosure within the financial report of the Shire of Beverley, apart from those already disclosed.

8.0 Local Government Act Compliance Measures

In conjunction with our review of the financial statements, we also perform a review of the Shire of Beverley's compliance with the Local Government Act.

Attachment 5.2

Our review of compliance with the Local Government Act and Financial Management Regulations did not identify any issues of non-compliance which required reporting, with exception of the following:

- i) With the exception of roads and footpaths, other classes of infrastructure assets including bridges, drainage, reserves, parks and gardens have not been identified and recorded at fair value as required by Regulation 17A of the Local Government (Financial Management) Regulations 1996; and

9.0 Audit Findings

9.1 Audit Opinion

In accordance with the terms of our engagement letter, we have a responsibility to provide an opinion in respect to the Shire of Beverley's annual financial report as to whether it is free from material misstatement.

As in prior years, we raise the following qualification within our 30 June 2017 audit report (which relates to the compliance issue noted in point 9.0 above):

Qualification- Completeness of infrastructure assets

In accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996, infrastructure assets were required to be transitioned to fair value by 30 June 2015. We acknowledge Shire of Beverley correctly completed an assessment of the footpath class of infrastructure assets during the 2016 financial year and road class of infrastructure assets during the 2017 financial year, however a full completeness review and fair value assessment of all other classes of infrastructure assets including bridges, drainage, reserves, parks and gardens has not been completed at the date of this report. As a result we have not been able to determine whether the recognition of other classes of infrastructure assets following identification and fair value assessment would have a material impact on the financial statements.

Based on our discussions with management and as noted in Note 7 to the financial statements we understand all other infrastructure assets will be recorded at fair value for 30 June 2018.

9.2 Internal Controls

Our audit indicated procedures and controls in respect to the Shire of Beverley's internal processes, procedures and financial reporting framework are adequately designed and have been maintained to high standards throughout the audit period.

The Shire of Beverley has appropriate levels of segregation of duties and independent review for a Council of its size which ensures internal control requirements are satisfied.

9.3 Audit Recommendations

Please refer to Appendix 1 for comments and recommendations arising from our 30 June 2017 audit. We provide these comments and recommendations to suggest improvements to Shire of Beverley's internal controls and procedures.

Our management report is on an exception basis, and therefore we have not commented on the various internal controls in place within your accounting systems.

Attachment 5.2

9.4 Other Matters

We would like to take this opportunity to thank Simon and the finance team for the assistance provided to us during our audit.

Should you have any questions concerning the above or would like to discuss any other aspect of our audit, please do not hesitate to contact me.

Yours sincerely

AMD Chartered Accountants

MARIA CAVALLO CA
Partner

cc Stephen Gollan
 Chief Executive Officer

Attachment 5.2

APPENDIX 1 Audit Recommendations for the year ended 30 June 2017

GUIDANCE TO FINDINGS RATING / IMPLICATION

Findings identified during the final audit have been weighted in accordance with the following scale:

Significant: Those findings where there is potentially a significant risk to the entity should the finding not be addressed promptly.

Moderate: Those findings which are of sufficient concern to warrant action being taken by the entity as soon as possible.

Minor: Those findings that are not of primary concern however still warrant action being taken.

AUDIT FINDINGS

1. WORKS COSTING

Finding Rating: Minor

We noted public works overheads were over allocated by \$28,474 and plant operating costs were under allocated by \$91,013 during the year, with a re-allocation journal raised at 30 June 2017 to correct the over and under allocation.

Implication

Risk of over allocation of plant operating costs and public works overhead.

Recommendation

We recommend allocation rates and allocations to jobs be reviewed periodically during the year, to ensure there are no major under or over allocations of public works overheads or plant operating costs. We suggest it may be appropriate to review allocation rates 3 times during the year - possibly in October/November, February/March, and May each year.

Management Comment

Noted – the issue management faces when adjusting on-cost rates is that Job costings become skewed. For example if on-cost rates go up during the year, the cost of a new Job will increase compared to a previously completed Job and therefore less work may be achieved on the new Job within the allocated budget.

It is Management's preference to monitor the on-cost allocations and make an adjustment journal at the end of the year across all jobs where applicable and practical (excluding Jobs linked to grant funding).

Attachment 5.2

APPENDIX 1 Audit Recommendations for the year ended 30 June 2017

2. PURCHASE ORDERS

Finding Rating: Minor

Our testing of purchases on a sample basis identified the following:

- Instances where the purchase order was dated after the date of the invoice; and
- An instance where the purchase order did not state the dollar value or quotable value.

Please note details can be provided upon request.

Implication

Risk of unauthorised goods and services being purchased and liabilities being incurred.

Recommendation

We recommend purchase orders be used for all purchases with exception of utilities and regular payments. These purchase orders should be authorised as approval that the goods or services are to be ordered, and purchase orders should state the dollar value or quotable value.

Management Comment

Noted – Management are looking into an electronic Purchase Order management system which should alleviate these minor issues.

3. EXCESSIVE LEAVE BALANCES

Finding Rating: Minor

We noted two employees who have accrued in excess of eight weeks annual leave at 30 June 2017.

Implication

The cost to Shire of Beverley is greater if annual leave is not paid out on a regular basis due to:

- The cumulative effect of salary increases over a period of time;
- Recreational leave enhances employee performance; and
- It is a fundamental principle of good internal control that all employees take regular leave.

Recommendation

We recommend employees take regular leave through ongoing management of leave scheduling and leave liabilities.

Management Comment

Noted – Management are aware of these excessive leave balances and have implemented an internal policy encouraging Staff to take leave and maintain a balance of 8 weeks or less.

Leave balances will be more thoroughly managed moving forward.

Attachment 5.2

APPENDIX 1 Audit Recommendations for the year ended 30 June 2017

4. STAFF RESIGNATION / TERMINATION CHECKLIST

Finding Rating: Minor

We note that there is no formal termination checklist in place for when an employee either resigns or is terminated, ensuring all tasks relating to the employee's termination have been completed.

Implication

Risk that tasks required to be undertaken and following an employee's departure are not completed on a timely basis.

Recommendation

We suggest a formal termination checklist be developed which is required to be completed termination and signed off once completed. Items which may be relevant to include on the termination checklist would vary according to the individual employee role, and may include sign off in respect to:

- Return of laptop, computers and accessories;
- Return of gate key / office key and updating of register;
- Return of business cards;
- Removal from IT access;
- Redirect team member's emails for one month to an alternative employee;
- Disable team member from company login system;
- Update payroll database;
- Email team member for updated postal address for sent PAYG;
- Alarm codes to be deactivated.

Management Comment

Noted – The Staff who left the organisation did not have access to Council's systems as detailed above. Our current IT setup is such that emails and IT access are not personalised to make the changeover of Staff more efficient.

Management will review it's termination practices and look at implementing varying degrees of "formal" termination depending in the employee's position.

5.3 Draft 2016/17 Independent Auditor's Report

SUBMISSION TO: Audit & Risk Committee 17 October 2017
REPORT DATE: 11 October 2017
APPLICANT: N/A
FILE REFERENCE: ADM 0047
AUTHOR: S.K. Marshall, Deputy Chief Executive Officer
ATTACHMENTS: Draft 2016/17 Audit Report

SUMMARY

The Audit and Risk Committee to consider recommending to Council that the draft 2016/17 Independent Auditor's Report be received.

BACKGROUND

The audit of the 2016/17 Financial Report was conducted by AMD Chartered Accountants in September 2017.

The unsigned Independent Auditor's Report was received on 11 October 2017.

COMMENT

Please see attached draft 2016/17 Independent Auditor's Report.

STATUTORY ENVIRONMENT

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that the Independent Auditor's Report be received.

COMMITTEE RESOLUTION

MAR4/1017

Moved Cr Gogol

Seconded Cr Shaw

That the Audit and Risk Committee recommend to Council that the Independent Auditor's Report be received subject to dating.

CARRIED 8/0

Attachment 5.3



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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF BEVERLEY

Qualified Opinion

We have audited the accompanying financial report of the Shire of Beverley which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

In our opinion, except for the effect of such adjustments, if any, might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report of the Shire of Beverley:

- (i) gives a true and fair view, in all material respects, of the financial position of the Shire of Beverley as at 30 June 2017, and of its financial performance and its cash flows for the year then ended;
- (ii) complies with Australian Accounting Standards; and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

Qualification- Completeness of infrastructure assets

In accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996, infrastructure assets were required to be transitioned to fair value by 30 June 2015. We acknowledge Shire of Beverley correctly completed an assessment of the footpath class of infrastructure assets during the 2016 financial year and road class of infrastructure assets during the 2017 financial year, however a full completeness review and fair value assessment of all other classes of infrastructure assets including bridges, drainage, reserves, parks and gardens has not been completed at the date of this report. As a result we have not been able to determine whether the recognition of other classes of infrastructure assets following identification and fair value assessment would have a material impact on the financial statements.

We draw attention to Note 7 to the financial statements which states other infrastructure asset networks will be valued by external consultants and these will be applied at fair value during the 2017/18 financial year.

Accordingly, we do not provide an opinion on the completeness of infrastructure assets recorded at 30 June 2017.

Report on Other Legal and Regulatory Requirements

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

- (i) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire of Beverley;
- (ii) There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit, with exception of the following:
 - With the exception of roads and footpaths, other classes of infrastructure assets including bridges, drainage, reserves, parks and gardens have not been recorded at fair value as required by Regulation 17A of the Local Government (Financial Management) Regulations 1996.

Liability limited by a scheme approved under Professional Standards Legislation

Independent Member of
BKR
INTERNATIONAL


CHARTERED ACCOUNTANTS
AUSTRALIA - NEW ZEALAND

Attachment 5.3

- (iii) The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions;
- (iv) All necessary information and explanations were obtained by us; and
- (v) All audit procedures were satisfactorily completed during our audit.

Basis for Qualified Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Council for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996 and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Shire to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

Attachment 5.3

A further description of our responsibility for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our audit report.

AMD Chartered Accountants



MARIA CAVALLO
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 11th day of October 2017

10:50am – the meeting was adjourned to hold a teleconference with Maria Cavallo, Director, AMD Chartered Accounts.

10:59am – the teleconference ended and the meeting resumed.

5.4 Draft 2016/17 Annual Report

SUBMISSION TO: Audit & Risk Committee 17 October 2017
REPORT DATE: 11 October 2017
APPLICANT: N/A
FILE REFERENCE: ADM 0199
AUTHOR: SK Marshall, Deputy Chief Executive Officer
ATTACHMENTS: Draft 2016/17 Annual Report (under separate cover)

SUMMARY

The Audit and Risk Committee to consider recommending to Council that the 2016/17 Annual Report be received.

BACKGROUND

The 2016/17 Annual Report has been produced in-house by the Deputy Chief Executive Officer and was audited by AMD Chartered Accountants in September 2017.

COMMENT

The 2016/17 Annual Report is attached for the Committees consideration.

Non-cash adjustments made following the presentation of 30 June accounts in July include:

- (\$2,562,025) Loss on valuation of Road Infrastructure; and
- \$454,061 Increment in Land and Building values following revaluation.

The 2016/17 Annual Report document has been designed and formatted by Workhouse Advertising.

STATUTORY ENVIRONMENT

The *Local Government Act 1995* outlines the following in relation to the Annual Report:

5.53. Annual reports

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
 - (a) a report from the mayor or president; and
 - (b) a report from the CEO; and
 - [(c), (d) *deleted*]
 - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and
 - (f) the financial report for the financial year; and

- (g) such information as may be prescribed in relation to the payments made to employees; and
 - (h) the auditor's report for the financial year; and
 - (ha) a matter on which a report must be made under section 29(2) of the *Disability Services Act 1993*; and
 - (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - (i) the number of complaints recorded in the register of complaints; and
 - (ii) how the recorded complaints were dealt with;and
 - (iii) any other details that the regulations may require;
- and
such other information as may be prescribed.

5.54. Acceptance of annual reports

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.

* *Absolute majority required.*

- (2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

5.55. Notice of annual reports

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

Local Government (Financial Management) Regulations 1996 provide:

51. Completion of financial report

- (1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.
- (2) A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that

1. the 2016/17 Annual Report be approved;
2. a minimum of 14 days public notice of the availability of the 2016/17 Annual Report be given; and
3. the 2016/17 Annual Report be forwarded to the Department of Local Government.

COMMITTEE RESOLUTION

MAR5/1017

Moved Cr Murray

Seconded Cr Gogol

That the Audit and Risk Committee recommend to Council that

- 1. the 2016/17 Annual Report be approved;**
- 2. a minimum of 14 days public notice of the availability of the 2016/17 Annual Report be given; and**
- 3. the 2016/17 Annual Report be forwarded to the Department of Local Government.**

CARRIED 8/0

5.5 Annual Electors Meeting

SUBMISSION TO: Audit & Risk Committee 17 October 2017
REPORT DATE: 11 October 2017
APPLICANT: N/A
FILE REFERENCE: ADM 0047
AUTHOR: S.K. Marshall, Deputy Chief Executive Officer
ATTACHMENTS: Nil

SUMMARY

The Audit and Risk Committee to consider recommending to Council a suitable date to hold the Annual Electors Meeting.

BACKGROUND

The 2016/17 Annual Report has been produced in-house by the Deputy Chief Executive Officer and was audited by AMD Chartered Accountants in October 2017.

Following the receipt of the Annual Report, a suitable date must be chosen to convene the Annual Electors Meeting.

COMMENT

As per legislation, an Electors Meeting must be held within 56 days of Council receiving the corresponding financial year's Annual Report.

The last Annual Electors Meeting was held in the evening of Tuesday 15 November 2016.

Should the Annual report be received at the October 2017 Ordinary Council meeting, the last date on which the Annual Electors Meeting can be held is Tuesday 19 December 2017.

Due to the 14 day advertising requirement of the availability of the 2016/17 Annual Report, a weekday evening on or after 14 November 2017 to hold the Annual Electors Meeting would seem to be appropriate.

STATUTORY ENVIRONMENT

5.27. Electors' general meetings

- (1) A general meeting of the electors of a district is to be held once every financial year.
- (2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.
- (3) The matters to be discussed at general electors' meetings are to be those prescribed.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that the Annual Electors Meeting be held on Wednesday 15 November 2017 commencing at 6pm at the Lesser Hall.

COMMITTEE RESOLUTION

MAR6/1017

Moved Cr Brown

Seconded Cr Gogol

That the Audit and Risk Committee recommend to Council that the Annual Electors Meeting be held on Wednesday 15 November 2017 commencing at 6pm at the Lesser Hall.

CARRIED 8/0

6. NEW BUSINESS ARISING BY ORDER OF THE MEETING

Nil

7. CLOSURE

The Chairman declared the meeting closed at 11:09am

I hereby certify these Minutes as being confirmed in accordance with Section 5.22 of the Local Government Act 1995.

PRESIDING MEMBER:

DATE:



17 OCTOBER 2017

**CROPPING COMMITTEE
MEETING**

MINUTES

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1. OPENING

The Chairperson declared the meeting open at 11.26am

2. ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE

2.1 Members Present

Cr DJ Ridgway President
Cr KM Murray Deputy President
Cr LC Shaw

2.2 Staff In Attendance

Mr SP Gollan Chief Executive Officer
Mrs A Lewis Executive Assistant

2.3 Observers And Visitors

Nil

2.4 Apologies and Approved Leave of Absence

Nil

3. DECLARATIONS OF INTEREST

3.1 Cr Ridgway – Item 5.1 – Financial Interest

3.2 Cr Shaw – Item 5.1 – Impartiality Interest

3.3 Cr Ridgway – Item 5.2 – Impartiality Interest

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Cropping Committee Meeting Wednesday 28 June 2017

OFFICER'S RECOMMENDATION

That the Minutes of the Cropping Committee Meeting held on Wednesday 28 June 2017 be confirmed.

(Provided under separate cover)

COMMITTEE'S RECOMMENDATION

MCC1/1017

Moved Cr Shaw

Seconded Cr Murray

That the Minutes of the Cropping Committee Meeting held on Wednesday 28 June 2017 be confirmed.

CARRIED 3/0

Disclosure of Interests

Prior to any consideration of Item 5.1 Cr Ridgway disclosed a financial interest in this matter, being that she is a partner in CR & J Ridgway who have made a submission to lease Reserve 38798. It was agreed Cr Ridgway could stay in the room to discuss all other Reserves but would leave for the discussion of Reserve 38798.

Cr Shaw disclosed an interest of impartiality given that his son is the applicant for the Beverley Tennis Club and he is also a life member of the Beverley Tennis Club. Cr Shaw was not required to leave the meeting.

5. OFFICER REPORT

5.1 Cropping Lease Submissions

SUBMISSION TO:	Cropping Committee Meeting 17 October 2017
REPORT DATE:	9 October 2017
APPLICANT:	N/A
FILE REFERENCE:	ADM 0049
AUTHOR:	S.P. Gollan, Chief Executive Officer
ATTACHMENTS:	Nil

SUMMARY

Cropping Committee to recommend Council award various Cropping Leases.

BACKGROUND

At the 28 June 2017 Cropping Committee Meeting, the committee resolved to call for submissions for the following leases:

Portion of Reserve 5265A – Old Commonage
Portion of Reserve 5265B – Sand Pit
Portion of Reserve 5265C – Great Southern Hwy & Railway Line
Portion of Reserve 5265D – Off Bremner Road
Reserve 25266 – Bethany Farm
Reserve 3788 – Old Race Course
Reserve 38798 – Mt Kokeby
Lot 78 – Waterhatch

The cropping leases were advertised in the August and September editions of the Blarney. The Closing date was Friday 6 October 2017.

For information, at the 28 June 2017 Cropping Committee meeting it was also resolved that the lease term would continue to be 3 years, and that Hay would be allowed to be cut for a maximum of 1 year in the 3 year term. All current leases expire 31 March 2018.

COMMENT

Following the call for submissions, six (6) submissions were received.

One submission was incorrectly filled out, providing a total yearly cost rather than a per hectare cost. Two submissions wish to have the arable hectare reviewed. Both are the current tenants who phoned to advise they would make a note on their tender.

The submission received for Reserve 25266 Bethany Farm, is significantly lower than previous awarded leases and does not cover the Shire's payment to the Department of Lands. Current payment is \$5250 ex GST per annum. The cropping committee may wish to discuss these matters further.

The six submissions are summarised on the next page.

Lease Name	Approx. Arable Ha	Waterbrae*	Beverley Football Club	CR & J Ridgway	Beverley Tennis Club	Elmline	Bernard Hunt	Total Per Year Ex GST
Portion of Reserve 5265A – Old Commonage	176					\$106.00		\$18,656.00
Portion of Reserve 5265B – Sand Pit	80					\$100.00		\$8,000.00
Portion of Reserve 5265C – Grt Southern Hwy & Rail	38					\$106.00		\$4,028.00
Portion of Reserve 5265D – Off Bremner Rd	50						\$60.00** (40ha)	\$2,400.00
Reserve 25266 – Bethany Farm	60	\$2,300.00 (\$38.33)						\$2,300.00
Reserve 3788 – Old Race Course	25	\$1,500.00 (\$60.00)				\$85.00** (20ha)		\$1,700.00
Reserve 38798 – Mt Kokeby	65			\$80.00				\$5,200.00
Lot 78 - Waterhatch	13		\$88.00					\$1,144.00

* Waterbrae did not quote per arable hectare, quoted yearly figure. The price in brackets is a Shire working per arable hectare.

** Requests a review of arable hectares.

All figures are GST exclusive.

All leases are to be three (3) years with the above amounts paid per annum.

STATUTORY ENVIRONMENT

Local Government Act 1995

FINANCIAL IMPLICATIONS

Future Budgets

STRATEGIC IMPLICATIONS

Review land use strategies and plans, whilst protecting viable farming options.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Cropping Committee recommend to Council that the following Leases are awarded:

1. Reserve 5265A Old Commonage – be leased to Elmline Pty Ltd for a period of three years, at \$18,656.00 ex GST per annum.
2. Reserve 5265B Sand Pit – be leased to Elmline Pty Ltd for a period of three years, at \$8,000.00 ex GST per annum.
3. Reserve 5265C Great Southern Hwy & Railway Line – be leased to Elmline Pty Ltd for a period of three years, at \$4,028.00 ex GST per annum.
4. Reserve 5265D off Bremner Road – be leased to Bernard Hunt for a period of three years, at \$2,400.00 ex GST per annum.
5. Reserve 25266 Bethany Farm – for Committee's consideration.
6. Reserve 3788 Old Race Course – be leased to Beverley Tennis Club Inc. for three years, at \$1,700.00 ex GST per annum.
7. Reserve 38798 Mt Kokeby – be leased to CR & J Ridgway for three years, at \$5,200.00 ex GST per annum.
8. Lot 78 Waterhatch – be leased to Beverley Football Club for three years at \$1,144.00 ex GST per annum.

COMMITTEE'S RECOMMENDATION

MCC2/1017

Moved Cr Shaw

Seconded Cr Murray

That the Cropping Committee recommend to Council that the following Leases are awarded:

- 1. Reserve 5265A Old Commonage – be leased to Elmline Pty Ltd for a period of three years, at \$18,656.00 ex GST per annum.**
- 2. Reserve 5265B Sand Pit – be leased to Elmline Pty Ltd for a period of three years, at \$8,000.00 ex GST per annum.**
- 3. Reserve 5265C Great Southern Hwy & Railway Line – be leased to Elmline Pty Ltd for a period of three years, at \$4,028.00 ex GST per annum.**
- 4. Reserve 5265D off Bremner Road – be leased to Bernard Hunt for a period of three years, at \$2,400.00 ex GST per annum.**
- 5. Reserve 3788 Old Race Course – be leased to Beverley Tennis Club Inc. for three years, at \$1,700.00 ex GST per annum.**
- 6. Lot 78 Waterhatch – be leased to Beverley Football Club for three years at \$1,144.00 ex GST per annum.**

CARRIED 3/0

COMMITTEE'S RECOMMENDATION

MCC3/1017

Moved Cr Shaw

Seconded Cr Murray

That the Cropping Committee recommend to Council

- 1. that the lease for Reserve 25266 be re-advertised for two weeks in the November Blarney for awarding at the Ordinary November Council Meeting.**
- 2. Should no submissions be received that cover the Shire's annual lease rental payment to the Department of Lands, the area be handed back to them.**

CARRIED 3/0

11:44am Cr Ridgway vacated the chair and left the meeting.

Cr Murray assumed the chair.

COMMITTEE'S RECOMMENDATION

MCC4/1017

Moved Cr Shaw

Seconded Cr Murray

That the Cropping Committee recommend to Council that Reserve 38798 Mt Kokeby – be leased to CR & J Ridgway for three years, at \$5,200.00 ex GST per annum.

CARRIED 2/0

11:46am Cr Ridgway rejoined the meeting and assumed the chair.

Prior to any consideration of Item 5.2 Cr Ridgway disclosed an interest of impartiality in this matter, being that her husband is involved with the Friends of Kokeby group. Cr Ridgway was not required to leave the room.

5.2 Cropping Lease Submission Kokeby Billboard Block

SUBMISSION TO: Cropping Committee Meeting 17 October 2017
REPORT DATE: 9 October 2017
APPLICANT: N/A
FILE REFERENCE: ADM 0049
AUTHOR: S.P. Gollan, Chief Executive Officer
ATTACHMENTS: Map

SUMMARY

Cropping Committee to consider calling for submissions for the Mt Kokeby blocks previously cropped by the “Friends of Kokeby” group.

BACKGROUND

The “Friends of Kokeby” group began cropping the land for the main purpose of fire management as the blocks had continually been identified by surrounding land owners as potential fire hazard. A Memorandum of Understanding is in place between the Shire of Beverley and Friends of Kokeby.

At the 25 July 2017 Ordinary Meeting, Council discussed the fairness to other community groups and potential liability not operating under a lease and so it was resolved ***That Council instruct the Cropping Committee to review and treat the Mt Kokeby blocks, which are maintained by the “Friends of Kokeby” group, in the same manner as the other cropping lease blocks.***

COMMENT

Management have advised that the area is 5.0154Ha. Please see attached map.
Total Area: **50,154 m² (5.0154 Ha)**

Calculated as follows:

Crown Land Total:	8,127 m ²
Road Reserves:	12,783 m ²
Privately owned:	4,016 m ²
To be transferred to SOB by March 2018:	5,250 m ²
SOB property:	19,978 m ²

It is proposed that the same conditions be applied; a lease term of 3 years, 1 April 2018 to 31 March 2021; and that Hay would be allowed to be cut for a maximum of 1 year in the 3 year term.

The area could be known as “the Kokeby Billboard Block” and advertised in the November and December Blarney. Submissions close Tuesday 12 December 2017 and presented to Council for awarding at the Tuesday 18 December 2017 Ordinary Council Meeting.

The block may be difficult for anyone to crop as it will be their responsibility to contact the private owners of the blocks that are scattered amongst Shire owned land and the size maybe considered too small for large machinery.

Should no submissions be received, the land and responsibility of managing any fire hazards will return to the control of Council.

STATUTORY ENVIRONMENT

Local Government Act 1995

FINANCIAL IMPLICATIONS

Future Budgets

STRATEGIC IMPLICATIONS

Review land use strategies and plans, whilst protecting viable farming options.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Cropping Committee recommend to Council that the Kokeby Billboard Block Cropping Lease is advertised in the November and December editions of the Beverley Blarney and presented to Council at the December Ordinary Council Meeting.

COMMITTEE'S RECOMMENDATION

MCC5/1017

Moved Murray

Seconded Cr Shaw

The Cropping Committee recommend to Council that the small land holdings adjacent to the Mt Kokeby Townsite, be actively managed by the Shire of Beverley to reduce any bushfire risk.

CARRIED 3/0

Attachment 5.2



6. NEW BUSINESS ARISING BY ORDER OF THE MEETING

Nil

7. CLOSURE

The Chairman declared the meeting closed 12:19pm.

I hereby certify these Minutes as being confirmed in accordance with Section 5.22 of the Local Government Act 1995.

PRESIDING MEMBER:

DATE:



SHIRE OF BEVERLEY

ANNUAL REPORT 2016-17



YOUR COUNCIL



Elected Council October 2015 (L to R): Cr Tom Buckland, Cr David White, Cr Keith Murray (Deputy President), Cr Peter Gogol, Cr Dee Ridgway (President), Mr Stephen Gollan (CEO), Mr Simon Marshall (DCEO), Cr Darryl Brown, Cr Lew Shaw, Cr Jim Alexander (Absent: Cr Don Davis).

COUNCIL MEETINGS

An Ordinary meeting of Council is held on the fourth Tuesday of each month excluding January (11 in total).

Council has four active Committees:

The **Audit and Risk Committee** met twice during the financial year. All Council members are members of the Audit and Risk Committee. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to Financial Reporting, Internal Control & Risk Management Systems, Annual Business Plans, Internal Audits, External Audits and Other Investigations.

The **Corporate Strategy Committee** met three times during the financial year. All Council members are members of the Corporate Strategy Committee. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to Strategic Planning, Budget, Asset Management, Policies and Integrated Planning.

The **Economic and Community Strategy Committee** met three times during the financial year. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to Community Development, Economic Development, Industrial Development, Land Use Planning and Tourism.

The **Cropping Committee** met once during the financial year. Crs Ridgway, Murray and Shaw are members of the Cropping Committee. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to the Community Cropping Program.



2016/17 COUNCIL MEETING ATTENDANCE

COUNCILLOR	ORDINARY MEETINGS	COMMITTEE MEETINGS
Cr Jim Alexander	10	3
Cr Darryl Brown	4	4
Cr Tom Buckland	8	7
Cr Don Davis	10	8
Cr Peter Gogol	10	7
Cr Keith Murray (Deputy President)	10	8
Cr Dee Ridgway (President)	11	9
Cr Lew Shaw	11	7
Cr David White	10	7

2016/17 COUNCILLOR REMUNERATION

POSITION	SITTING FEES	IT ALLOWANCE	TRAVEL ALLOWANCE	CONFERENCE ALLOWANCE***
President*	17,500	1,441	3,728	1,289
Deputy President**	4,875	1,441	0	1,289
Councillor	3,500	1,441	0	1,289

*Sitting Fees include Presidential Allowance of \$5,500 per annum.

** Sitting Fees include Deputy Presidential Allowance of \$1,375 per annum.

***Crs Ridgway, Davis, Gogol and Pepper attended the 2016 WALGA State Conference.

In addition, all Councillors are supplied with a fully maintained Electronic Tablet to manage Council meeting documents and Council related email correspondence.

2017 ELECTION

Cr Buckland, Cr Davis, Cr Gogol and Cr White are due for re-election in October 2017.

Cr Alexander has retired effective from the 2017 election.

Cr Murray has tendered his resignation effective from the 2017 election.



OUR VISION, AIM, GOALS AND VALUES

OUR VISION

Our Shire will be:

A place where our community values its past and history, and is safe, welcoming and friendly; a place where people can live, work or visit and experience a relaxed and peaceful environment.

OUR AIM

To sustain and build the population and to ensure the delivery of sustainable services to our community.

OUR GOALS

SOCIAL

- Build population growth through providing employment opportunities.
- Strengthen our advocacy role and regional partnerships in the provision of local services.
- Maintain and nurture the sense of community.
- Ensure delivery of sustainable services to our community.

ENVIRONMENTAL

- Preserve the natural environment.
- Maintain the rural identity of place.

BUILT ENVIRONMENT: ENHANCED LIFESTYLE CHOICES

- Manage our built environment, land use and assets, including local roads, parks and facilities, to meet our future and growing community needs.
- Develop and maintain the built environment within appropriate standards and affordability.

ECONOMIC

- Build economic capacity through local business growth.
- Value and maintain our heritage and past.
- Manage our assets sustainably.

GOVERNANCE

- Sustainable Governance.
- Strengthen Shire Leadership.



OUR VALUES

The Shire of Beverley has a clear strength in the bond and affinity between its Councillors, the community and staff. Staff support the community leadership and governance role of Councillors, and work together to achieve commitments of the Council Plan. Having all staff practice the following organisational values enhances the quality of this partnership:

SERVICE

Our citizens, community and service users are the focus of all our actions.

ACCOUNTABILITY

We are responsible for our actions, which are open to review.

INNOVATION

We encourage and seek new ideas in finding solutions.

TEAMWORK

We share our skills, knowledge and experience as part of a team and work together towards achieving Council's goals.

RECOGNITION

We promote the achievements and efforts of others.

SAFETY

We look after our environment and the welfare of others.

INTEGRITY

We are open and honest, and work to the best of our ability.

RESPECT

We acknowledge the opinions of others and their rights and differences.



OBJECTIVES AND ACHIEVEMENTS

STRATEGIC ACTIVITIES FOR 2016/17

During the 2016/17 Financial Year Council proposed to undertake and achieve the following:

STRATEGIC ACTIVITIES	PLANNED WORKS	TIMELINE
Beverley Cornerstone Community Hub	Preliminary works to construct a multipurpose community hub to house CRC, Tourist Centre and Library.	Complete by June 2017
Old School Building Roof Sheet Replacement	Renewal of the Old School building roof sheeting as part of Council's ongoing Asset Management program.	Complete by April 2017
Avon River Park BBQ & Shelter	Replacement of old shade structures and the installation of a new electric BBQ at the Avon River Park.	Complete by May 2017
Swimming Pool Spectator Seating Shelter	Replacement of old spectator seating shade structure at the Beverley Swimming Pool.	Complete by June 2017
Vampire Jet Shelter & Interpretive Signage	Installation of a shelter and interpretive signage over and around the iconic Vampire Jet on Hunt Rd.	Complete by June 2017
Anglican Cemetery Niche Wall Extension	Extension of the Anglican Niche Wall.	Complete by December 2016
Town Hall Kitchen Refurbishment	Renewal of the kitchen facilities in the Town Hall.	Complete by June 2017
Gym Equipment	Renewal of several old leg weight machines.	Complete by March 2017
CCTV	Installation of CCTV cameras and associated infrastructure at the Beverley Refuse Site.	Complete by June 2017
Plant Replacement	Ongoing replacement of Plant including a Grader as per Council's 10 Year Program.	Complete by June 2017
Road Construction	Upgrade and renewal of Roads throughout the Beverley District.	Complete by June 2017



ACHIEVEMENTS FOR 2016/17

OLD SCHOOL BUILDING ROOF SHEET REPLACEMENT

The roof sheeting of the Old School Building (currently housing the Community Resource Centre) was replaced in line with Council's Asset Renewal Program.

AVON RIVER PARK BBQ & SHELTER

Several old shade structures were replaced with a new colorbond shelter which also houses a new electric BBQ for the free enjoyment of locals and visitors alike.

SWIMMING POOL SPECTATOR SEATING SHELTER

The old spectator seating shelter at the Beverley Swimming Pool was replaced in line with Council's Asset Renewal Program.

CCTV INSTALLATION

Several CCTV cameras were installed at the Beverley Refuse Site to monitor unauthorised access.

GYM EQUIPMENT

Several old and out dated leg weight machines were replaced with modern, state of the art equipment.

INFRASTRUCTURE CONSTRUCTION

A total of \$1.469 Million was invested in Beverley's Roads, Bridges, Footpaths and associated infrastructure in 2016/17.

PLANT REPLACEMENT

Council invested \$305,276 in Plant renewal during 2016/17.



2016/17 IN REVIEW

During the 2016/17 financial year the Shire achieved the following:

1. Rate increases for the 2016/17 financial year were limited to 3.0% which was outside Council's 10 Year Long Term Financial Plan (LTFP) however acknowledged the economic climate affecting Beverley Rate Payers. Rates levied allowed Council to continue to provide existing services and fund a number of new initiatives whilst providing funds for the ongoing renewal of its infrastructure.
2. Capital Expenditure during the year is summarised as follows:
 - **Infrastructure \$1.469 M**
 - **Land and Building \$0.344 M**
 - **Plant and Equipment \$0.305 M**
 - **Furniture and Equipment \$0.041 M**
3. A Net surplus result of \$2.271 M was achieved in 2016/17. Overall reported 2016/17 Revenue was lower than anticipated by (\$2.336 M) due largely to capital grant and loan funding for the Cornerstone Community Centre project not being received. Consequently, the construction of the Beverley Cornerstone did not proceed.

Overall reported 2016/17 Operating Expenditure was lower than anticipated by \$0.403 M due to savings made from various projects which did not proceed that will be reassessed and may be deferred to later financial years.

2016/17 Capital Expenditure was \$5.451 M less than budgeted due to the deferment of the Cornerstone Project and several other building projects \$4.21 M (due to lack of funding), the deferment of several Road infrastructure construction projects \$0.597 M, the deferment of the replacement of two bridges on Bremner Road \$0.288 M, the purchase of a new Grader being deferred \$0.347 M (due to supply issues) and savings on the replacement of several small equipment items \$0.009M.

Funding from Opening funds, New Loan funds (for the Cornerstone Project) and Transfers from Reserve funds (for the Cornerstone Project) were lower than anticipated by (\$1.247M).



KEY STRATEGIC ACTIVITIES FOR 2017/18

The following are the key activities funded in the 2017/18 Annual Budget and these will contribute in achieving the strategic vision, goals and outcomes detailed in the Shire's Strategic Community Plan.

STRATEGIC ACTIVITIES	PLANNED WORKS	TIMELINE
Beverley Cornerstone Community Hub	Construction of a new multipurpose Community Centre on Vincent Street. (Subject to funding)	Complete by June 2018
Administration Office Solar Power	Installation of a solar system to reduce the Administration Office's use of fossil fuel generated electricity.	Complete by October 2017
Swimming Pool Bowl Refurbishment	Refurbishment of the Swimming Pool bowl.	Complete by October 2017
Town Hall Kitchen Refurbishment	Refurbishment of the Town Hall kitchen.	Complete by April 2018
Vampire Jet Cover	Installation of a cover over the Vampire Jet and interpretive signage on Hunt Road.	Complete by December 2017
Gym Equipment	Renewal of gym equipment.	Complete by October 2017
Plant Replacement	Ongoing replacement of Plant as per Councils 10 Year Program. 2017/18 replacements include a Grader, a Cherry Picker and a Verti Mower.	Complete by April 2018
Footpath Renewal	Year 2 of a 10 Year Footpath Renewal program to enhance service level of the current path network.	Complete by November 2018
Road and Bridge Construction	Ongoing upgrade and renewal works across the Shire including West Dale, Mawson and Top Beverley Roads, a continued gravel resheeting program, an expanded roadside spraying and tree lopping program and replacement of the Vincent Street (including the provision of a second Avon River crossing) and the Bremner Road Bridges.	Complete by June 2018



STATEMENT BY THE SHIRE PRESIDENT

2016/2017 has again been a productive year for the Shire of Beverley in which Councillors and staff continued to plan, work toward and invest in the sustainable future of Beverley on behalf of our community.

Rate levels increased overall by 3% which is again below the 10 year financial plan projection.

Planning is underway for a consultative process to guide a whole of community review of the Strategic Community Plan to progress the Plan beyond 2017. This vital document guides planning, direction and grant funding applications.

Many hours dedicated toward seeking Federal funding from Round 3 of the Federal National Stronger Regions Fund for the Beverley Cornerstone project was again unsuccessful. A further application was submitted to Round 1 of the new Federal Building Better Regions Fund with the outcome not known as of June 30 (however in early August 2017 there was great excitement following notice of that successful application!). The Beverley Cornerstone project will see a new building progressed which will house the Beverley CRC, Library, Meeting Rooms, Tourism Visitor Centre, Museum and rentable office space.

Whilst the planned Aged Care Housing within the Beverley Brookton Pingelly (BBP) Alliance to assist over 55's to "Age in Place" in their own communities received a positive response from the Royalties for the Regions "Growing our South" initiative, the new State Government has shown no indication as to whether this and similar projects in regional areas will still be supported. An outcome will not be known until the September State budget.

Strategic activity over the year has included the on going renewal of Council's Building assets including the resheet of the Old School building, the upgrade of Avon Park BBQ facilities and the replacement of the spectator shade structure at the Beverley Pioneer Memorial Swimming Pool. Council also continued it's support of a robust road capital investment and maintenance programme of Shire owned infrastructure.

Council has supported implementation of the Beverley Tourism Framework 2016-2020 with employment of a strategic part time tourism officer and development of a community based Tourism Advisory Group.



Council's appreciation is extended to our dedicated team of staff for their productive endeavours under the capable stewardship of CEO Steve Gollan and senior staff. The positive, open and progressive relationship that exists between staff, Council and our community continues to support great outcomes for Beverley.

I would like to recognise fellow Councillors for time and commitment in their elected member roles on behalf of our community and extend thanks to Deputy President Cr Keith Murray for his support and dedication. Councillor Murray has indicated he will retire mid term at the forthcoming local government elections.



Cr Dee Ridgway
President



STATEMENT BY THE CHIEF EXECUTIVE OFFICER

I am pleased to present to elected members, residents and rate payers the 2016/17 Annual Report.

The Shire of Beverley Community Strategic Plan identifies the priorities and aspirations identified by the community through public consultation. The Shire continues to work towards the implementation of strategies outlined in the Plan, the progress of which is reported within this year's Annual Report.

Flooding Event

Unseasonal rainfall in February 2017 saw 142mm fall in Beverley with 99mm received in one 24 hour period. The Avon River reached new heights and extensive damage to roads and infrastructure occurred. The Shire has made a claim through WANDRRA for \$1,019,331.00 to repair the affected infrastructure. The BBQ and patios at Avon River Park were replaced and a new sign to show the flood levels over time has been installed.

Footpath Renewal

Council committed an annual budget allocation of \$100,000.00 over a ten year period to renew, repair and upgrade our town footpaths to make them safe for walkers and gophers alike. The footpaths were reviewed and graded to establish a program order. The program commenced around the Beverley Hospital and Forrest Street with positive comments.

Tourism

Council successfully invested in Tourism during 2016/17 by financially supporting Avon Valley Tourism Incorporated; providing employment for a Tourism Project Officer; the support of the Tourism Advisory Group; supporting the launch of the Beverley Be very you campaign and updated website; purchasing tenure of access to extend Ski Road to allow visitors to safely access Yenyening Lakes and the commissioning of James Giddy to paint several large mural's throughout the main street which were received with praise and delight from the community.

Wheatbelt Aged Support and Care Solutions Project - BBP

The Shires of Beverley, Brookton and Pingelly (BBP) were initially successful in their Royalties for Regions funding application to progress sustainable Aged Care Planning, Services and Support for the construction of 27 modular homes across the three shires. However a change in State Government has seen the funding cut and it is likely and very disappointing that the project will not receive the promised funding.



Thanks

I would like to extend my thanks to the President, Cr Dee Ridgway and Elected Members for their ongoing support to the Executive Team.

The dedication of the Shire staff has continued throughout 2016/17, particularly with the flooding event showcasing our employees hard work and commitment to the community.



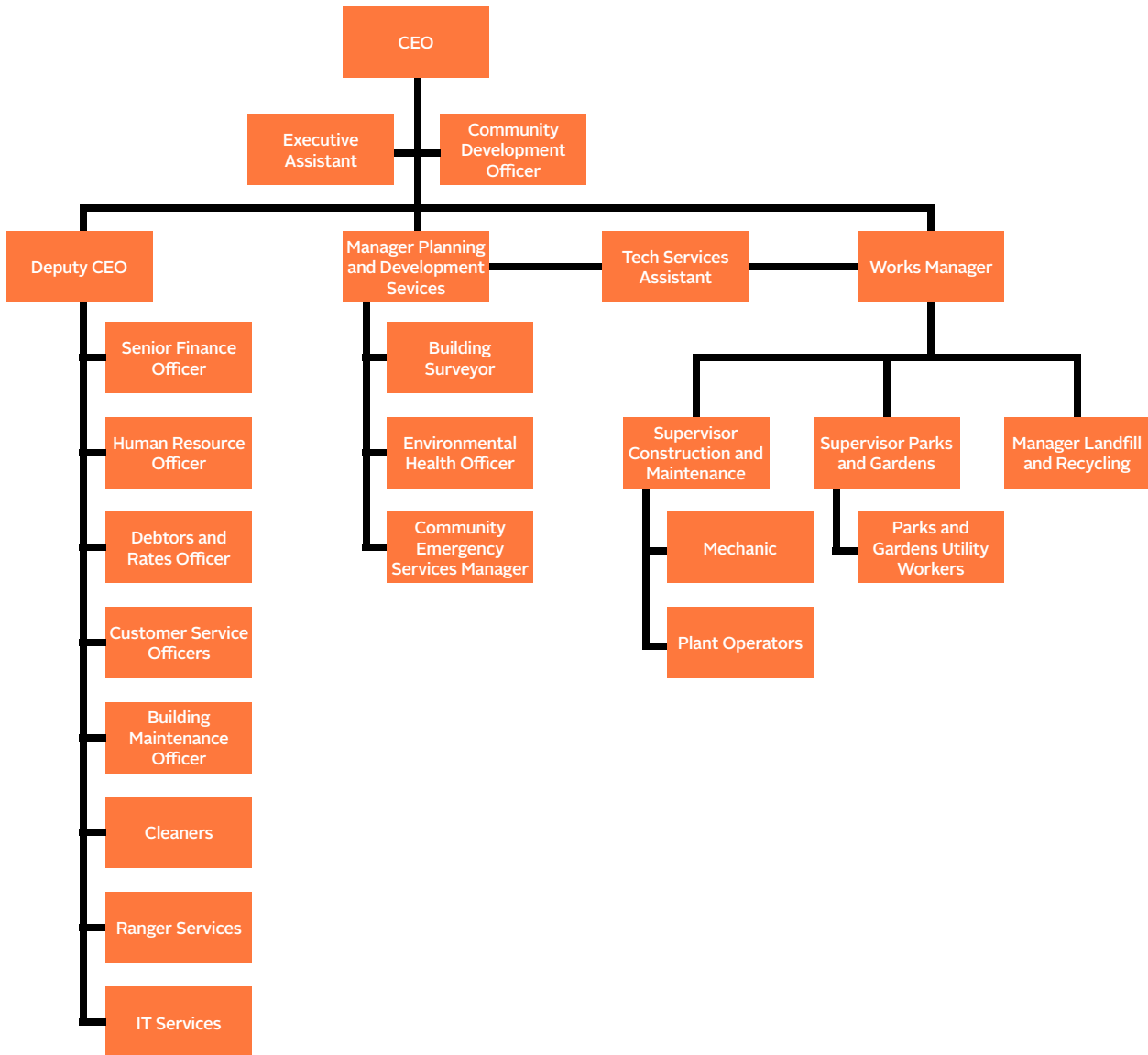
Mr Stephen Gollan
Chief Executive Officer



ORGANISATIONAL STRUCTURE

The Shire of Beverley staff members are part of the corporate structure headed by the Chief Executive Officer. This corporate approach ensures that staff members work towards achieving common goals.

The Shire’s staff are organised across four Divisions, Community Services, Corporate Services, Infrastructure Services and Technical Services. Whilst the Chief Executive Officer is responsible for the overall management of the organisation, each Division has its own Senior Officer who oversees the functioning of their respective Division. The Corporate Management Team implements and administers the policies of the Elected Members.



LEGISLATIVE COMPLIANCE

INTEGRATED PLANNING AND REPORTING (IPR) FRAMEWORK

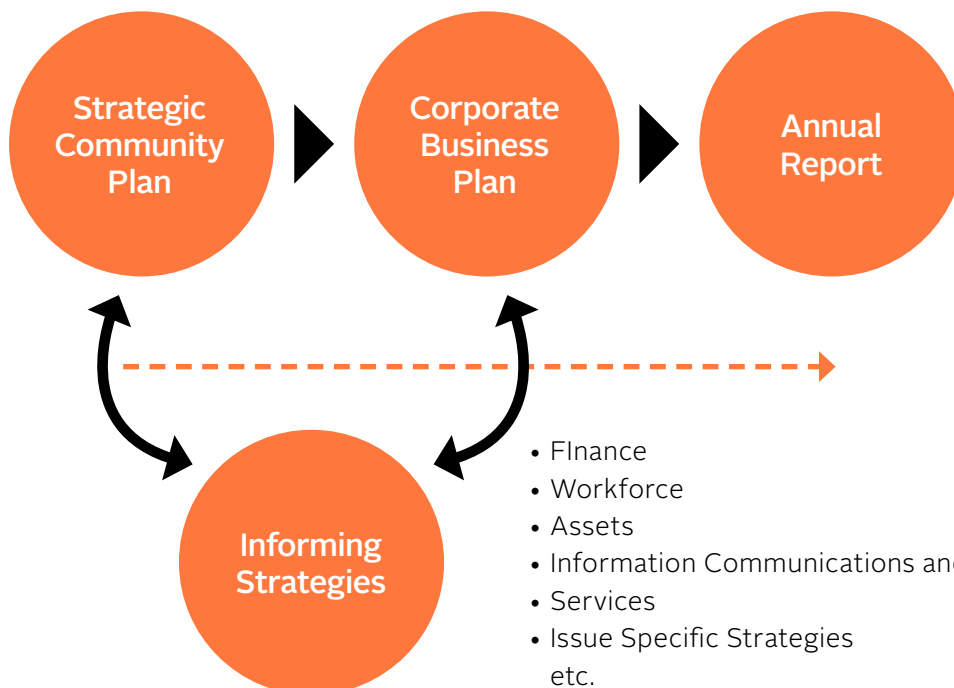
The IPR framework is designed to establish community priorities and linking this information into different parts of a local government's functions.

The IPR framework requirements are outlined in the Local Government (Administration) Regulations Division 3 – Planning for the Future.

The minimum requirements of the Regulations stipulate that the Local Government is to produce a Strategic Community Plan covering a period of no less than 10 years and a Corporate Business Plan covering a period of at least four years. The diagram below illustrates the different elements of the IPR:

ELEMENTS OF INTEGRATED PLANNING AND REPORTING FRAMEWORK

Community Engagement



Measuring and Reporting

Outputs:
Plan Monitoring and
Annual Reporting

- Finance
- Workforce
- Assets
- Information Communications and Technology
- Services
- Issue Specific Strategies
etc.



STRATEGIC COMMUNITY PLAN (10 YEARS)

The Shire of Beverley's Strategic Community Plan was formulated and adopted in 2012. The Strategic Community Plan outlines the overarching strategies Council is to employ to achieve the aspirations of the Community across five key areas including Social, Environment, Built Environment, Economic Development and Governance.

A desktop review of the Strategic Community Plan was completed in September 2015.

A full review of the Strategic Community Plan is scheduled to be completed by December 2017.

2016/17 STRATEGIC COMMUNITY PLAN ACHIEVEMENTS

The following objectives as outlined in the Shire of Beverley's Strategic Community Plan were achieved during the 2016/17 financial year:

SOCIAL – BUILDING A SENSE OF COMMUNITY

- **Foster community participation:** Support sporting and community needs through support of local community events including the Beverley Show, Beverley Heroic Cycle Race, Beverley Triathlon, Senior's Morning Tea and Mad Men's Muster.
- **Ensure access to services and facilities as needs change within the community:** Council continued to work towards providing universal access to all Council facilities by developing a 10 year footpath renewal plan.

ENVIRONMENT – PRESERVING AND SUSTAINING OUR NATURAL ENVIRONMENT

- **Manage Resources Efficiently:** Water capture by Council's Storm Water Harvesting Dams was connected to the main street gardens reticulation. Also, Treated water provided by the Water Corporation was piped to the Recreation Ground to further enhance the water capacity to maintain the oval.

BUILT ENVIRONMENT – ENHANCED LIFESTYLE CHOICES

- **Review Streetscape Plan and identify walking routes:** A Main Street redevelopment plan has been formulated with further planning and community engagement undertaken in 2016/17. A final plan is currently being developed with plans for adoption in 2017/18.

ECONOMIC DEVELOPMENT – MAXIMISE DEVELOPMENT

- **Support the development of industry, such as business incubators through advocacy and land use availability:** The De Lisle Street Industrial area development has progressed with several blocks transferring to private ownership.
- **Enhance the town centre, facilitating linkages of Main Street and heritage areas:** A Main Street redevelopment plan has been formulated with further planning and community engagement undertaken in 2016/17.
- **Facilitate and promote Beverley as a tourist destination:** A Tourism Steering Committee has been formed to guide a united direction for tourism planning in Beverley. A Tourism Project Officer has been appointed to help progress the items identified in the Beverley Tourism Planning Framework.

GOVERNANCE – STRENGTHEN SHIRE LEADERSHIP

- **Develop the Human Resources and Workforce Plan to ensure Human Resources are available and future skills and development are identified:** Council reviewed the Workforce Plan in 2015 and will continue to monitor human resource requirements in the future.
- **Ensure governance and legislative requirements are met:** Council works closely with its Auditors to ensure all legislative requirements are met.
- **Advocate and lobby for improved services and infrastructure:** Council has engaged



with multiple state government departments and commercial companies to lobby for improvements to services in the Beverley district. These included encouraging meetings with Telstra regarding mobile phone and data reception, interaction with and hosting visits from state and federal political representatives and strengthening ongoing relationships with the National Trust, Water Corporation and Landcorp.

CORPORATE BUSINESS PLAN (4 YEARS)

The Shire of Beverley's Corporate Business Plan demonstrates how Council is going to achieve the Communities aspirations as identified in the Strategic Community Plan covering a medium term, four year time frame.

The Corporate Business Plan was adopted in 2014 and provides direction to the CEO regarding medium term operational and capital investment parameters.

A desktop review of the Corporate Business Plan is completed annually as part of the annual budgeting process.

2016/17 CORPORATE BUSINESS PLAN MODIFICATIONS

There were no modifications made to the Shire of Beverley's Corporate Business Plan in the 2016/17 financial year.

The Corporate Business Plan is due to be fully reviewed in 2018.

INFORMING STRATEGIES

- **10 Year Long Term Financial Plan (LTFP) adopted in 2013.** The LTFP reflects detailed financial workings based on achieving the objectives of the Strategic Community Plan and incorporating elements of workforce planning and asset management.

The LTFP will be reviewed in the 2017/18

financial year following the complete review of Council's Strategic Community Plan.

- **4 Year Workforce Plan (WFP) adopted in 2013 and reviewed in 2015.** The WFP provides a detailed management plan of Council's workforce which reflects the staffing requirements required to achieve the objectives of the Strategic Community Plan.
- **10 Year Infrastructure Asset Management Plan (IAMP) adopted in 2013.** The IAMP reflects the renewal requirements of Council's infrastructure assets.
- The 10 Year Infrastructure Asset Management Plan was reviewed in 2016/17 to assist in informing the review of the 10 year Long Term Financial Plan.
- **10 Year Buildings Asset Management Plan (BAMP) adopted in 2012.** The BAMP reflects the renewal requirements of Council's building assets.
- The 10 Year Building Asset Management Plan was reviewed and updated in 2016/17 following the revaluation of Council's Building assets. The BAMP assists in informing the review of the 10 Year Long Term Financial Plan.
- **10 Year Plant Replacement Program (PRP) adopted in 2015 and reviewed annually.** The PRP reflects Council's Plant replacement requirements.



NATIONAL COMPETITION POLICY

The introduction of the National Competition Policy requires all local governments to include in the Annual Report, statements relating to the following:

THE STRUCTURAL REFORM OF PUBLIC MONOPOLIES

The intention of the Structural Reform of Public Monopolies is that:

- There is a separation of regulatory and commercial functions of Public Monopolies.
- There is a separation of natural monopolistic operations and potentially competitive activities of Public Monopolies.
- There is a separation of potential competitive activities into a number of smaller, essentially independent business units.

The Shire of Beverley is not considered a natural monopoly, nor does it conduct any business activity that can be considered a Public Monopoly. Therefore the principle of structural reform of Public Monopolies does not apply to the Shire of Beverley.

COMPETITIVE NEUTRALITY

For significant local government business enterprises, which are classified as 'Public Financial Enterprises', local government will, where appropriate:

- Adopt a corporatisation model for those local government business enterprises.

- Impose on significant business enterprises:
 - Full Commonwealth, State and Territory taxes on tax equivalent systems;
 - Debt guarantee fees directed towards off-setting the competitive advantages provided by government guarantees; and
 - Those regulations to which private sector businesses are normally subject, such as those relating to the protection of the environment and planning and approval processes, on an equivalent basis to private sector competitors.

These principles have been designed to ensure that a local government has no unfair advantage over any competitor in the market place.

These principles only apply to business activities that receive more than \$200,000 in annual income, of which the Shire of Beverley has none, and therefore do not apply to the Shire of Beverley.

Council has not received any allegations of non-compliance with Competitive Neutrality Principles from the private sector.

LEGISLATION REVIEW

In accordance with the National Competition Policy, all Local Laws are currently being reviewed.



DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act 1993 was amended in December 2004, creating a requirement of public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These Plans had to be fully developed by July 2007, and replaced and built on the achievements of Disability Service Plans (DSPs).

A review of the Plan was completed in June 2013 with Council adopting the DAIP 2013-2018 in July 2013. Council has developed the following strategies to improve access and inclusion in accordance with the desired DAIP outcomes:

A DAIP progress report is completed annually and forwarded to the Disability Services Commission. The 2016/17 progress report was completed and submitted in June 2017.

OUTCOME 1

People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority.

STRATEGY

Ensure that people with disability are consulted on their needs for services and the accessibility of current services.

Monitor Shire services to ensure equitable access and inclusion.

Develop the links between the DAIP and other Shire plans and strategies.

District events are accessible to people with Disability.

Promote Health and Wellbeing programs.

Regularly promote Disability Services and programs available within the Shire.



OUTCOME 2

People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority.

STRATEGY
Ensure that all buildings and facilities meet the standards for access and any demonstrated additional need.
Ensure that all new or redevelopment works provide access to people with disability, where practicable.
Advocate to local businesses and tourist venues the requirements for, and benefits flowing from, the provision of accessible venues.
Ensure that all recreational areas are accessible.
Ensure that ACROD parking meets the needs of people with disability in terms of visibility, quantity and location.

OUTCOME 3

People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.

STRATEGY
Ensure that the community is aware that Shire information is available in alternative formats upon request.
Improve staff awareness of accessible information needs and how to provide information in other formats.
Accommodate the provision of support personnel to significant events on request.
Ensure that the Shire’s website meets contemporary good practice.

OUTCOME 4

People with disability receive the same level and quality of service from the employees of a public authority as other people receive from the employees of that public authority.

STRATEGY
Ensure that all employees, current and new, and Elected Members are aware of disability and access issues and have the skills to provide appropriate services.



OUTCOME 5

People with disability have the same opportunities as other people to make complaints to a public authority.

STRATEGY

Ensure that feedback and grievance mechanisms are known and accessible for people with disability.

OUTCOME 6

People with disability have the same opportunities as other people to participate in any public consultation by a public authority.

STRATEGY

Ensure that people with disability are actively consulted about the DAIP and any other significant planning processes.

Ensure that people with disability are aware of and can access other established consultative processes.

OUTCOME 7

People with disability have the same opportunities as other people to maintain employment with the Shire of Beverley.

STRATEGY

Ensure that people with disability are actively encouraged to apply for employment with the Shire of Beverley.

Ensure that staff are informed and aware of the Council commitment to Equal Opportunity employment.



PUBLIC INTEREST DISCLOSURE

PUBLIC INTEREST

The Public Interest Disclosure Act 2003 (the Act), aims to facilitate and encourage the disclosure of public interest information, and to provide protection for those who have made disclosures, and for those about whom disclosures are made.

The Shire of Beverley does not tolerate corrupt or other improper conduct, including mismanagement of public resources, and the exercise of the public functions of the Shire and its officers, employees and contractors.

The Shire is committed to the aims and objectives of the Act, and recognises the value and importance of contributions of staff to enhance administrative and management practices, and supports disclosures being made by staff regarding corrupt or other improper conduct.

During the 2016/17 Financial Year there were no disclosures made under the Act.



RECORD KEEPING PLAN

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed manner.

Principal 6 - Compliance: Government Organisations ensure their employees comply with the Record Keeping Plan.

RATIONALE

An Organisation and its employees must comply with the Organisation's Record Keeping Plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

MINIMUM COMPLIANCE REQUIREMENTS

The Record Keeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The Organisation conducts a record keeping program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The Organisation's induction program addresses employee roles and responsibilities in regards to their compliance with the Organisation's Record Keeping Plan.

The Shire of Beverley has complied with items 1 to 4.



REGISTER OF MINOR COMPLAINTS

Section 5.121 of the Local Government Act 1995 (Register of Certain Complaints of Minor Breaches), requires the Complaints Officer for each local government to maintain a Register of Complaints which records all complaints that result in action under Section 5.110(6) (b) or (c) of the Act (Conduct of Certain Officials).

Section 5.53 (2) (hb) of the Local Government Act 1995 requires disclosure in the Annual Report of details of entries made under Section 5.121 during the financial year in the Register of Complaints, including:

- i. The number of complaints recorded on the register of complaints;
- ii. How the recorded complaints were dealt with; and
- iii. Any other details that the Regulations may require.

In accordance with these requirements, it is advised that no complaints or minor breaches under the Local Government Act 1995 were received during 2016/17.



FREEDOM OF INFORMATION

Section 96 of the Freedom of Information Act requires local governments to publish an Information Statement.

In summary, the Shire of Beverley's Statement indicates that the Shire of Beverley is responsible for the good governance of the Shire, and carries out functions as required, including statutory compliance and provision of services and facilities.

All Council meetings are open to the public, and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time, shortly after the commencement of each meeting.

The Shire of Beverley maintains records relating to the function and administration of the Shire, each property within the Shire, and includes such documents as the Minutes of Meetings, Rate Book, Town Planning Scheme, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements, and Electoral Rolls. These documents can be inspected free of charge at the Shire Office, 136 Vincent Street, Beverley, during office hours.

No Freedom of Information requests were received in 2016/17.



**2016/17 ANNUAL
FINANCIAL REPORT**



**SHIRE OF BEVERLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Beverley being the annual financial report and other information for the financial year ended 30th June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire of Beverley at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 5th day of September 2017



S.P. Gollan
Chief Executive Officer



**SHIRE OF BEVERLEY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2016/17 Actual \$	2016/17 Budget \$	2015/16 Actual \$
Revenue				
Rates	22(a)	2,609,556	2,605,429	2,538,821
Operating Grants, Subsidies and Contributions	28	2,411,710	1,643,929	1,111,662
Fees and Charges	27	544,154	519,743	553,988
Service Charges	24	0	0	0
Interest Earnings	2(a)	159,180	86,977	148,733
Other Revenue		<u>332,472</u>	<u>498,584</u>	<u>383,146</u>
		6,057,072	5,354,662	4,736,350
Expenses				
Employee Costs		(1,973,765)	(2,055,908)	(1,810,847)
Materials and Contracts		(1,270,568)	(1,978,283)	(1,158,232)
Utility Charges		(179,527)	(213,982)	(221,323)
Depreciation on Non-Current Assets	2(a)	(1,650,484)	(1,505,324)	(1,472,693)
Interest Expenses	2(a)	(60,551)	(58,623)	(58,397)
Insurance Expenses		(188,742)	(183,618)	(191,256)
Other Expenditure		<u>(287,910)</u>	<u>(77,125)</u>	<u>(134,529)</u>
		<u>(5,611,547)</u>	<u>(6,072,863)</u>	<u>(5,047,277)</u>
		445,525	(718,201)	(310,927)
Non-Operating Grants, Subsidies and Contributions	28	1,125,127	4,249,086	1,107,978
Profit on Asset Disposals	20	51	1,000	9,900
Loss on Asset Disposal	20	(18,113)	(43,000)	(329,882)
Loss on Non-Current Asset Revaluations		<u>(2,561,025)</u>	<u>0</u>	<u>(8,634,206)</u>
Net Result		(1,008,435)	3,488,885	(8,157,137)
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	454,061	0	(11,318,408)
Total Other Comprehensive Income		<u>454,061</u>	<u>0</u>	<u>(11,318,408)</u>
Total Comprehensive Income		<u>(554,374)</u>	<u>3,488,885</u>	<u>(19,475,545)</u>

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



SHIRE OF BEVERLEY
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2016/17 Actual \$	2016/17 Budget \$	2015/16 Actual \$
Revenue				
General Purpose Funding		4,068,520	3,562,053	3,129,706
Governance		21,885	20,000	41,968
Law, Order, Public Safety		207,766	205,704	339,014
Health		209	100	558
Education and Welfare		0	0	0
Housing		95,787	100,234	99,964
Community Amenities		205,538	182,396	268,828
Recreation and Culture		121,009	95,979	34,354
Transport		872,229	657,695	366,798
Economic Services		130,239	81,500	109,954
Other Property and Services		69,281	45,876	53,400
	2(a)	<u>5,792,463</u>	<u>4,951,537</u>	<u>4,444,544</u>
Expenses				
General Purpose Funding		(355,541)	(212,102)	(156,181)
Governance		(430,016)	(487,089)	(418,876)
Law, Order, Public Safety		(353,145)	(382,930)	(299,492)
Health		(86,149)	(108,789)	(85,751)
Education and Welfare		(53,045)	(77,731)	(52,525)
Housing		(201,639)	(296,596)	(203,099)
Community Amenities		(471,923)	(530,206)	(471,795)
Recreation and Culture		(960,332)	(1,078,559)	(882,505)
Transport		(2,036,487)	(1,976,599)	(1,839,072)
Economic Services		(295,698)	(442,901)	(273,929)
Other Property and Services		(42,412)	(17,613)	(13,849)
	2(a)	<u>(5,286,387)</u>	<u>(5,611,115)</u>	<u>(4,697,074)</u>
Finance Costs				
Law, Order, Public Safety		(2,108)	0	0
Housing		(910)	(944)	(1,286)
Community Amenities		(4,035)	(4,049)	(72)
Recreation and Culture		(53,498)	(53,630)	(56,300)
Economic Services		0	0	(739)
	2(a)	<u>(60,551)</u>	<u>(58,623)</u>	<u>(58,397)</u>
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss				
Loss on revaluation of Non-Current Assets		(2,561,025)	0	(8,634,206)
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		0	0	0
Community Amenities		0	0	0
Recreation and Culture		67,000	2,964,000	107,000
Transport		1,058,127	1,285,086	1,000,978
	28	<u>1,125,127</u>	<u>4,249,086</u>	<u>1,107,978</u>
Profit/(Loss) on Disposal of Assets				
Governance		(4,648)	(1,500)	(8,111)
Health		(7,493)	0	0
Transport		0	(40,500)	0
Economic Services		0	0	(308,999)
Other Property and Services		(5,921)	0	(2,872)
	20	<u>(18,062)</u>	<u>(42,000)</u>	<u>(319,982)</u>
Net Result				
		(1,008,435)	3,488,885	(8,157,137)
Other Comprehensive Income				
Changes on revaluation of non-current assets	12	454,061	0	(11,318,408)
Total Other Comprehensive Income		<u>454,061</u>	<u>0</u>	<u>(11,318,408)</u>
Total Comprehensive Income		<u>(554,374)</u>	<u>3,488,885</u>	<u>(19,475,545)</u>

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



**SHIRE OF BEVERLEY
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2016/17 Actual \$	2015/16 Actual \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	4,705,857	3,433,024
Trade and Other Receivables	4	632,472	453,889
Inventories	5	13,591	7,911
TOTAL CURRENT ASSETS		<u>5,351,920</u>	<u>3,894,824</u>
NON-CURRENT ASSETS			
Other Receivables	4	180,274	186,562
Property, Plant and Equipment	6	20,656,168	20,461,867
Infrastructure	7	25,369,332	27,350,428
TOTAL NON-CURRENT ASSETS		<u>46,205,774</u>	<u>47,998,857</u>
TOTAL ASSETS		<u>51,557,694</u>	<u>51,893,681</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	524,546	365,229
Long Term Borrowings	9	69,209	85,388
Provisions	10	484,724	339,858
TOTAL CURRENT LIABILITIES		<u>1,078,479</u>	<u>790,475</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	1,000,522	1,069,731
Provisions	10	30,300	30,708
TOTAL NON-CURRENT LIABILITIES		<u>1,030,822</u>	<u>1,100,439</u>
TOTAL LIABILITIES		<u>2,109,301</u>	<u>1,890,914</u>
NET ASSETS		<u>49,448,393</u>	<u>50,002,767</u>
EQUITY			
Retained Surplus		36,666,951	37,907,935
Reserves - Cash Backed	11	2,285,772	2,053,223
Revaluation Surplus	12	10,495,670	10,041,609
TOTAL EQUITY		<u>49,448,393</u>	<u>50,002,767</u>

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



**SHIRE OF BEVERLEY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017**

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH/ INVESTMENT BACKED	REVALUATION SURPLUS	
		\$	\$	\$	
				TOTAL EQUITY	
				\$	
Balance as at 1 July 2015		46,307,620	1,810,675	21,360,017	69,478,312
Comprehensive Income					
Net Result		(8,157,137)	0	0	(8,157,137)
Changes on Revaluation of Non-Current Assets	12	0	0	(11,318,408)	(11,318,408)
Total Comprehensive Income		(8,157,137)	0	(11,318,408)	(19,475,545)
Reserve Transfers		(242,548)	242,548	0	0
Balance as at 30 June 2016		37,907,935	2,053,223	10,041,609	50,002,767
Comprehensive Income					
Net Result		(1,008,435)	0	0	(1,008,435)
Changes on Revaluation of Non-Current Assets	12	0	0	454,061	454,061
Total Other Comprehensive Income		(1,008,435)	0	454,061	(554,374)
Reserve Transfers		(232,549)	232,549	0	0
Balance as at 30 June 2017		36,666,951	2,285,772	10,495,670	49,448,393

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



**SHIRE OF BEVERLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2016/17 Actual \$	2016/17 Budget \$	2015/16 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		2,609,556	2,605,429	2,460,935
Operating Grants, Subsidies and Contributions		2,411,710	1,643,929	1,111,662
Fees and Charges		544,153	519,743	553,988
Service Charges		0	0	0
Interest Earnings		159,180	86,977	148,732
Goods and Services Tax		0	0	0
Other Revenue		140,930	498,583	424,218
		<u>5,865,529</u>	<u>5,354,661</u>	<u>4,699,535</u>
Payments				
Employee Costs		(1,997,796)	(2,055,908)	(1,820,335)
Materials and Contracts		(1,270,568)	(1,978,283)	(1,158,232)
Utility Charges		(179,527)	(213,982)	(221,323)
Insurance Expenses		(188,742)	(183,618)	(191,256)
Interest expenses		(60,610)	(58,623)	(58,380)
Goods and Services Tax		0	0	0
Other Expenditure		39,955	(77,125)	(192,721)
		<u>(3,657,288)</u>	<u>(4,567,539)</u>	<u>(3,642,247)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>2,208,241</u>	<u>787,122</u>	<u>1,057,288</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(690,574)	(5,256,700)	(906,830)
Payments for Construction of Infrastructure		(1,462,077)	(2,354,120)	(1,594,468)
Advances to Community Groups		0	0	0
Payments for Purchase of Investments		0	0	0
Non-Operating Grants, Subsidies and Contributions		1,125,127	4,249,086	1,107,978
Proceeds from Sale of Plant & Equipment		163,939	262,000	196,826
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		0	0	0
Net Cash Provided By (Used In) Investing Activities		<u>(863,585)</u>	<u>(3,099,734)</u>	<u>(1,196,494)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(85,386)	(85,387)	(66,632)
Proceeds from Self Supporting Loans		13,563	13,563	12,765
Proceeds from New Debentures		0	820,000	150,000
Net Cash Provided By (Used In) Financing Activities		<u>(71,823)</u>	<u>748,176</u>	<u>96,133</u>
Net Increase (Decrease) in Cash Held		1,272,833	(1,564,436)	(43,073)
Cash at Beginning of Year		3,433,024	3,433,024	3,476,097
Cash and Cash Equivalents at the End of the Year	13(a)	<u>4,705,857</u>	<u>1,868,588</u>	<u>3,433,024</u>

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



**SHIRE OF BEVERLEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2016/17 Actual \$	2016/17 Budget \$	2015/16 Actual \$
Revenue				
General Purpose Funding		1,458,964	956,624	590,885
Governance		21,885	18,500	41,968
Law, Order, Public Safety		207,766	205,704	339,014
Health		209	100	558
Education and Welfare		0	0	0
Housing		95,787	100,234	99,964
Community Amenities		205,538	182,396	268,828
Recreation and Culture		188,009	3,059,979	141,354
Transport		1,930,356	1,902,281	1,367,776
Economic Services		130,239	81,500	109,954
Other Property and Services		69,281	45,876	53,400
		<u>4,308,034</u>	<u>6,553,194</u>	<u>3,013,701</u>
Expenses				
General Purpose Funding		(355,541)	(212,102)	(156,181)
Governance		(434,664)	(487,089)	(426,987)
Law, Order, Public Safety		(355,253)	(382,930)	(299,492)
Health		(93,642)	(108,789)	(85,751)
Education and Welfare		(53,045)	(77,731)	(52,525)
Housing		(202,549)	(297,540)	(204,385)
Community Amenities		(475,958)	(534,255)	(471,867)
Recreation and Culture		(1,013,830)	(1,132,189)	(938,805)
Transport		(4,597,512)	(1,976,599)	(10,473,278)
Economic Services		(295,698)	(442,901)	(583,667)
Other Property and Services		(48,333)	(17,613)	(16,721)
		<u>(7,926,025)</u>	<u>(5,669,738)</u>	<u>(13,709,659)</u>
Net Result Excluding Rates		(3,617,991)	883,456	(10,695,958)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
Initial Recognition of Assets Due to Change to Regulations				
- Land		0	0	0
Loss on Revaluation of Non Current Assets		2,561,025	0	8,634,206
(Profit)/Loss on Asset Disposals	20	18,062	42,000	319,982
Movements in Non-Current to Current Items		(26,810)	0	2,779
Depreciation and Amortisation on Assets	2(a)	1,650,484	1,505,324	1,472,693
Capital Expenditure and Revenue				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings	6	(344,087)	(4,554,000)	(263,511)
Purchase Infrastructure Assets - Roads	7	(1,418,662)	(1,796,756)	(1,218,597)
Purchase Infrastructure Assets - Other	7	(43,415)	(557,364)	(375,871)
Purchase Plant and Equipment	6	(305,276)	(652,000)	(601,475)
Purchase Furniture and Equipment	6	(41,212)	(50,700)	(41,844)
Proceeds from Disposal of Assets	20	163,939	262,000	196,826
Repayment of Debentures	21	(85,386)	(85,387)	(66,633)
Proceeds from New Debentures	21	0	820,000	150,000
Self-Supporting Loan Principal Income		13,563	13,563	12,765
Transfers to Reserves (Restricted Assets)	11	(276,009)	(267,848)	(250,048)
Transfers from Reserves (Restricted Assets)	11	43,460	462,000	7,500
ADD Surplus/(Deficit) July 1 B/Fwd.	22(b)	1,370,283	1,370,283	1,548,648
LESS Surplus/(Deficit) June 30 C/Fwd.	22(b)	2,271,524	0	1,370,283
Total Amount Raised from General Rate	22(a)	<u>(2,609,556)</u>	<u>(2,605,429)</u>	<u>(2,538,821)</u>

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



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to these financial statements.

(c) 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.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

(e) Trade and Other Receivables

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

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

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

(f) Inventories

General

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

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at fair value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

Council has adopted Fair Value across all asset types in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is 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 other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2015.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Initial Recognition

All assets are initially recognised at cost. 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 Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** methodology section as detailed above.

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 AASB1051 - 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 Council.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Land	not depreciated
Buildings	25 to 50 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
- Formation	not depreciated
- Pavement	40 years
- Bituminous seals	15 years
Gravel roads	
- Formation	not depreciated
- Pavement	40 years
- Gravel sheet	20 years
Formed roads (unsealed)	
- Formation	not depreciated
- Pavement	40 years
Footpaths - slab	20 years
Water supply piping & drainage systems	75 years

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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Fair Value of Assets and Liabilities

When performing a revaluation, Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council 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.

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.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Fair Value of Assets and Liabilities (Continued)

Valuation techniques

Council 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 Council 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 an asset at its current service capacity.

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, Council 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into 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.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

(j) Impairment

In accordance with Australian Accounting Standards the Council's 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). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Trade and Other Payables

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

(l) Employee Benefits

Short-term employee benefits

Provision is made for Council'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.

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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 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.

Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where Council 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.

(m) 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.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

(o) 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 Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to 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.

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 in the periods in which they are incurred.

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

(p) Investments in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(p) for details) in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(r) Rates, Grants, Donations and Other Contributions

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

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

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 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 2(c). 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 operation for the current reporting period.

(s) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council 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 even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(u) Rounding Off Figures

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



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) 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.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods

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

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

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

Notes:

* Applicable to periods commencing on or after the given date.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

	Title and Topic	Issued	Applicable (*)	Impact
(iv)	AASB 1058 Income for Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

(y) Adoption of New and Revised Accounting Standards

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

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

<p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p>	<p>The objective of this Standard was to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
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**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES

	2016/17 Actual \$	2015/16 Actual \$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
Audit Expenses	17,417	18,906
Other Services	6,997	0
Depreciation		
Buildings	387,306	382,951
Furniture and Equipment	43,928	38,989
Plant and Equipment	337,102	172,576
Roads	843,444	839,473
Footpaths	38,704	38,704
	<u>1,650,484</u>	<u>1,472,693</u>
Interest Expenses (Finance Costs)		
Finance Lease Charges	2,108	0
Debentures (<i>refer Note 21(a)</i>)	58,443	58,397
	<u>60,551</u>	<u>58,397</u>
Rental Charges		
- Operating Leases	0	6,950
	<u>0</u>	<u>6,950</u>

(ii) Crediting as Revenue:

	2016/17 Actual \$	2016/17 Budget \$	2015/16 Actual \$
Interest Earnings			
Investments			
- Reserve Funds	54,525	49,277	53,160
- Other Funds	57,456	24,000	58,464
Other Interest Revenue (<i>refer Note 26</i>)	47,199	13,700	37,109
	<u>159,180</u>	<u>86,977</u>	<u>148,733</u>



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

Council operations as disclosed in this report encompass the following service orientated activities/programs:

GOVERNANCE

Member of Council Allowances and Reimbursements, Civic Functions, Election Expenses and Administration Expenses.

GENERAL PURPOSE FUNDING

Rates Levied, Interest on Late Payment of Rates, General Purpose Grants and Interest Received on Investments.

LAW, ORDER, PUBLIC SAFETY

Supervision of various Local Laws, Fire Prevention and Animal Control.

HEALTH

Subsidisation of the Beverley Medical Practice, Environmental Health, Food Control and Pest Control.

EDUCATION AND WELFARE

Pre-Schools and other Education. Care of Families and Children.

HOUSING

Aged Persons Residence and Staff Housing.

COMMUNITY AMENITIES

Refuse Collection Services, Landfill Site Operations, Protection of the Environment. Administration of the Town Planning Scheme and Urban Stormwater and Drainage Works.

RECREATION AND CULTURE

Maintenance of Halls, Swimming Pool, Recreation Ground, Reserves, Libraries and Other Culture.

TRANSPORT

Maintenance of Roads, Drainage Works, Footpaths, Street Lighting, Crossovers, Verge Maintenance and Street Sweeping.

ECONOMIC SERVICES

Weed Control, Area Promotion, Implementation of Building Controls, Swimming Pool Inspections.

OTHER PROPERTY & SERVICES

Private Works, Public Works Overheads, Plant Operations, Materials, Salaries and Wages Controls and Other Unclassified Activities.



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
		Balance (*) 1-Jul-15	2015/16	2015/16	Balance (*) 30-Jun-16	2016/17	2016/17	Balance 30-Jun-17
		\$	\$	\$	\$	\$	\$	\$
Crime Prevention Fund	Law, Order, Public Safety	25,000	0	(25,000)	0	0	0	0
Water Harvesting Grant	Community Amenities	25,000	75,000	(100,000)	0	0	0	0
MRWA Direct Road Grant	Transport	0	99,200	(99,200)	0	106,927	(106,927)	0
Regional Road Group Grant	Transport	0	326,798	(326,798)	0	337,439	(337,439)	0
Roads To Recovery Grant	Transport	0	617,180	(617,180)	0	501,688	(335,920)	165,768
Special Bridge Grant	Transport	0	57,000	(57,000)	0	219,000	(219,000)	0
DSR Swimming Pool Revitalisation	Recreation & Culture	0	32,000	(32,000)	0	32,000	(32,000)	0
Bush Fire Risk Management Grant	Law, Order, Public Safety	0	154,749	(63,716)	91,033	58,140	(149,173)	0
LotteryWest Interpretation Grant	Transport	0	0	0	0	13,000	(13,000)	0
Stronger Communities Grant	Recreation & Culture	0	0	0	0	12,000	(12,000)	0
Total		50,000	1,361,927	(1,320,894)	91,033	1,280,194	(1,205,459)	165,768

Notes:

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

(+) - 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.

(#) - 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.

Economic dependency

A significant portion of revenue is received by way of grants from State and Federal Government. Total grant revenue from government sources is disclosed within the Statement of Comprehensive Income.



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2016/17 Actual \$	2015/16 Actual \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	2,254,317	1,288,768
Restricted	2,451,540	2,144,256
	<u>4,705,857</u>	<u>3,433,024</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Reserve Funds - Cash Backed (<i>refer Note 11</i>)	2,285,772	2,053,223
Unspent Grants (<i>refer Note 2(c)</i>)	165,768	91,033
Unspent Loans	0	0
	<u>2,451,540</u>	<u>2,144,256</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	380,746	317,172
Sundry Debtors	237,315	123,154
Loans - Clubs/Institutions	14,411	13,563
	<u>632,472</u>	<u>453,889</u>
Non-Current		
Rates Outstanding - Pensioners	106,149	98,026
Loans - Clubs/Institutions	74,125	88,536
	<u>180,274</u>	<u>186,562</u>
5. INVENTORIES		
Current		
Fuel and Materials	13,591	7,911
	<u>13,591</u>	<u>7,911</u>



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

	2016/17 Actual \$	2015/16 Actual \$
6. PROPERTY, PLANT AND EQUIPMENT		
(a) Land and Buildings		
Freehold Land at Fair Value	<u>2,651,000</u>	<u>3,134,200</u>
	2,651,000	3,134,200
Land Under Control at Fair Value	<u>99,000</u>	<u>95,000</u>
Total Land	<u>2,750,000</u>	<u>3,229,200</u>
Buildings at Fair Value	29,271,943	15,389,152
Less Accumulated Depreciation	<u>(13,525,862)</u>	<u>(533,114)</u>
Total Buildings	<u>15,746,081</u>	<u>14,856,038</u>
Total Land and Buildings	<u>18,496,081</u>	<u>18,085,238</u>
Furniture and Equipment		
Furniture and Equipment at Fair Value	294,807	254,249
Less Accumulated Depreciation	<u>(122,331)</u>	<u>(78,864)</u>
Total Furniture and Equipment	<u>172,476</u>	<u>175,385</u>
Plant and Equipment		
Plant and Equipment at Fair Value	4,151,327	4,092,654
Less Accumulated Depreciation	<u>(2,163,716)</u>	<u>(1,891,410)</u>
Total Plant and Equipment	<u>1,987,611</u>	<u>2,201,244</u>
Total Property, Plant and Equipment	<u>20,656,168</u>	<u>20,461,867</u>

Land and Buildings:

A valuation of land and building assets was undertaken by an external consultant in December 2016 and the valuation was adopted as the fair value in June 2017.

The revaluation of land and building assets resulted in an increase on revaluation of \$454,061 in the net value of land and buildings.

All of this increase was credited to the revaluation surplus (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Plant and Equipment:

A valuation of plant and machinery assets was undertaken by an external consultant in June 2016 and the valuation was adopted as the fair value in June 2016.

Furniture and Equipment:

Furniture and Equipment items were valued in 2017 as part of the mandatory requirements as per Local Government (Financial Management) Regulation 17A.

The Furniture and Equipment currently on the Council's asset register was identified during a stocktake in 2017 and is replaced on a regular basis. Based on this, the cost approach is deemed to be the most appropriate and a very conservative fair value measurement.



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

Fair Value Hierarchy Valuation Approach Last Valued	<u>Land</u>	<u>Non- Specialised Buildings</u>	<u>Specialised Buildings</u>	<u>Total Buildings</u>	<u>Total Land and Buildings</u>	<u>Plant and Equipment</u>	<u>Furniture and Equipment</u>	<u>Total</u>
	Level 2 Market 2014	Level 2/3 Market/Cost 2014	Level 3 Cost 2014			Level 1 Market 2016	Level 3 Cost 2016	
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at the beginning of the year	3,229,200	3,744,456	11,111,583	14,856,039	18,085,239	2,201,245	175,383	20,461,867
Additions	2,322	159,928	181,837	341,765	344,087	305,276	41,212	690,575
(Disposals)	0	0	0	0	0	(181,808)	(191)	(181,999)
Revaluation - Increments	0	672,241	263,342	935,583	935,583	0	0	935,583
- (Decrements)	(481,522)	0	0	0	(481,522)	0	0	(481,522)
Impairment - (Losses)	0	0	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0	0	0
Depreciation (Expense)	0	(157,674)	(229,632)	(387,306)	(387,306)	(337,102)	(43,928)	(768,336)
Carrying amount at the end of year	<u>2,750,000</u>	<u>4,418,951</u>	<u>11,327,130</u>	<u>15,746,081</u>	<u>18,496,081</u>	<u>1,987,611</u>	<u>172,476</u>	<u>20,656,168</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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.



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	June 2017	Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly e.g. local land sales.
Land vested in and under the control of Council	3	Improvements to land valued using depreciated replacement cost.	Independent Registered Valuer	June 2017	Depreciated replacement cost to acquire a modern equivalent that would provide equal utility.
Non-specialised buildings	2/3	Market approach using recent observable market data for similar properties & Cost approach using depreciated replacement cost.	Independent Registered Valuer	June 2017	Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly e.g. local property sales and Depreciated replacement cost to acquire a modern equivalent that would provide equal utility.
Specialised buildings	3	Cost approach using depreciated replacement cost.	Independent Registered Valuer	June 2017	Depreciated replacement cost to acquire a modern equivalent that would provide equal utility.
Plant and Equipment	1	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	June 2016	Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly e.g. Plant auction sales.
Furniture and Equipment	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2017	Residual values and remaining useful life assessment 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 1, level 2 or level 3 inputs.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

	2016/17 Actual \$	2015/16 Actual \$
7. INFRASTRUCTURE		
Roads - Valuation	33,735,458	36,385,471
Less Accumulated Depreciation	<u>(8,969,112)</u>	<u>(9,633,318)</u>
	24,766,346	26,752,153
Footpaths - Valuation	1,639,480	1,596,065
Less Accumulated Depreciation	<u>(1,036,494)</u>	<u>(997,790)</u>
	602,986	598,275
	<u><u>25,369,332</u></u>	<u><u>27,350,428</u></u>

Infrastructure:

A full road asset network valuation was undertaken by external consultants in 2016. The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and following review of current market rates were adopted as the fair value at 30 June 2017.

The revaluation of road infrastructure assets resulted in an decrease on revaluation of (\$2,561,025) in the net value of infrastructure. This decrease was debited as an expense in the Statement of Comprehensive Income recognised as Loss on Revaluation of Non-Current Assets.

A full footpath asset network valuation was undertaken by external consultants in 2015. The fair value is determined as the current replacement cost (CRC) less accumulated depreciation to reflect the already consumed or expired economic benefits. This approach is consistent with AASB 116 and were adopted as the fair value at 30 June 2017.

Other minor infrastructure asset networks will be valued by external consultants and these applied as fair value during the 2017/18 financial year.



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

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.

Fair Value Hierarchy Valuation Approach Last Valued	<u>Roads</u>	<u>Footpaths</u>	<u>Total</u>
	Level 3 Cost 2017	Level 3 Cost 2015	
	\$	\$	\$
Balance at the beginning of the year	26,752,153	598,275	27,350,428
Additions	1,418,662	43,415	1,462,077
(Disposals)	0	0	0
Revaluation - Increments	0	0	0
- (Decrements)	(2,561,025)	0	(2,561,025)
Impairment - (Losses)	0	0	0
- Reversals	0	0	0
Depreciation (Expense)	(843,444)	(38,704)	(882,148)
Carrying amount at the end of year	<u>24,766,346</u>	<u>602,986</u>	<u>25,369,332</u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

7. INFRASTRUCTURE (Continued)**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2017	Desktop revision of construction market rates.
Footpaths	3	Cost approach using depreciated replacement cost.	Independent Valuation	June 2015	Full pick up and condition assessment of footpath assets conducted.

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.



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2016/17 Actual \$	2015/16 Actual \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	504,796	351,526
Accrued Expenses	0	0
Accrued Interest on Debentures	311	370
Accrued Salaries and Wages	19,439	13,333
	<u>524,546</u>	<u>365,229</u>

9. LONG-TERM BORROWINGS

Current

Secured by Floating Charge Debentures	69,209	85,388
	<u>69,209</u>	<u>85,388</u>

Non-Current

Secured by Floating Charge Debentures	1,000,522	1,069,731
	<u>1,000,522</u>	<u>1,069,731</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

Analysis of Total Provisions

Current Provisions	484,724	339,858
Non Current Provisions	30,300	30,708
	<u>515,024</u>	<u>370,566</u>

	Provision for Doubtful Debts \$	Provision for Annual Leave \$	Provision for Long Service Leave \$
Opening balance as at 1 July 2016	0	204,209	166,357
Additional provisions	168,490	35,788	50,233
Amounts used	0	(64,005)	(46,048)
Used amounts reversed	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0
Balance at 30 June 2017	<u>168,490</u>	<u>175,992</u>	<u>170,542</u>



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2016/17 Actual \$	2016/17 Budget \$	2015/16 Actual \$
11. RESERVES - CASH BACKED			
(a) Annual Leave Reserve			
<i>Purpose - to be used to fund annual leave requirements.</i>			
Opening Balance	150,767	150,767	146,498
Amount Set Aside / Transfer to Reserve	4,074	3,618	4,268
Amount Used / Transfer from Reserve	<u>(24,960)</u>	<u>(32,000)</u>	<u>0</u>
	<u>129,881</u>	<u>122,385</u>	<u>150,767</u>
(b) Avon River Development Reserve			
<i>Purpose - to be used to develop the Avon River pool and surrounding environment.</i>			
Opening Balance	23,523	23,523	22,857
Amount Set Aside / Transfer to Reserve	636	565	666
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>24,159</u>	<u>24,088</u>	<u>23,523</u>
(c) Building Reserve			
<i>Purpose - to be used to fund the construction of new and renovation of existing Council buildings.</i>			
Opening Balance	359,513	359,513	349,336
Amount Set Aside / Transfer to Reserve	42,716	40,628	10,178
Amount Used / Transfer from Reserve	<u>0</u>	<u>(100,000)</u>	<u>0</u>
	<u>402,229</u>	<u>300,141</u>	<u>359,513</u>
(d) Community Bus Reserve			
<i>Purpose - to be used for the replacement of the Community Bus.</i>			
Opening Balance	38,334	38,334	37,249
Amount Set Aside / Transfer to Reserve	1,036	2,092	1,085
Amount Used / Transfer from Reserve	<u>(7,500)</u>	<u>0</u>	<u>0</u>
	<u>31,870</u>	<u>40,426</u>	<u>38,334</u>
(e) Cropping Committee Reserve			
<i>Purpose - to be used to fund Community Based projects and assist Community Groups.</i>			
Opening Balance	337,941	337,941	294,252
Amount Set Aside / Transfer to Reserve	51,553	45,961	51,189
Amount Used / Transfer from Reserve	<u>(11,000)</u>	<u>(280,000)</u>	<u>(7,500)</u>
	<u>378,494</u>	<u>103,902</u>	<u>337,941</u>
(f) Emergency Services Reserve			
<i>Purpose - to be used to acquire Emergency Service support equipment.</i>			
Opening Balance	117,033	117,033	113,720
Amount Set Aside / Transfer to Reserve	3,163	2,809	3,313
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>120,196</u>	<u>119,842</u>	<u>117,033</u>
(g) LSL and Gratuity Reserve			
<i>Purpose - to be used to fund Long Service Leave and Gratuity payment obligations.</i>			
Opening Balance	96,566	96,566	93,832
Amount Set Aside / Transfer to Reserve	2,610	2,318	2,734
Amount Used / Transfer from Reserve	<u>0</u>	<u>(50,000)</u>	<u>0</u>
	<u>99,176</u>	<u>48,884</u>	<u>96,566</u>



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2016/17 Actual \$	2016/17 Budget \$	2015/16 Actual \$
11. RESERVES - CASH BACKED (Continued)			
(h) Office Equipment Replacement Reserve			
<i>Purpose - to be used for the replacement of office equipment.</i>			
Opening Balance	20,291	20,291	10,000
Amount Set Aside / Transfer to Reserve	548	10,487	10,291
Amount Used / Transfer from Reserve	0	0	0
	<u>20,839</u>	<u>30,778</u>	<u>20,291</u>
(i) Plant Replacement Reserve			
<i>Purpose - to be used for the purchase of major plant.</i>			
Opening Balance	107,586	107,586	55,956
Amount Set Aside / Transfer to Reserve	102,907	102,582	51,630
Amount Used / Transfer from Reserve	0	0	0
	<u>210,493</u>	<u>210,168</u>	<u>107,586</u>
(j) Recreation Ground Reserve			
<i>Purpose - to be used for the upgrade or maintenance of recreation areas and buildings, including the Swimming Pool.</i>			
Opening Balance	374,511	374,511	354,192
Amount Set Aside / Transfer to Reserve	15,121	13,888	20,319
Amount Used / Transfer from Reserve	0	0	0
	<u>389,632</u>	<u>388,399</u>	<u>374,511</u>
(k) Road Construction Reserve			
<i>Purpose - to be used to fund the construction and maintenance of roads.</i>			
Opening Balance	356,200	356,200	297,531
Amount Set Aside / Transfer to Reserve	9,627	8,549	58,669
Amount Used / Transfer from Reserve	0	0	0
	<u>365,827</u>	<u>364,749</u>	<u>356,200</u>
(l) Airfield Emergency Lighting Reserve			
<i>Purpose - to be used for the upgrade and maintenance of the Airfield runway lighting.</i>			
Opening Balance	36,279	36,279	35,252
Amount Set Aside / Transfer to Reserve	980	871	1,027
Amount Used / Transfer from Reserve	0	0	0
	<u>37,259</u>	<u>37,150</u>	<u>36,279</u>
(m) Senior's Housing Reserve			
<i>Purpose - to be used for the future development and current maintenance of Senior's Housing.</i>			
Opening Balance	34,678	34,678	0
Amount Set Aside / Transfer to Reserve	41,038	33,480	34,678
Amount Used / Transfer from Reserve	0	0	0
	<u>75,716</u>	<u>68,158</u>	<u>34,678</u>
(n) Summary			
Opening Balance	2,053,223	2,053,222	1,810,675
Amount Set Aside / Transfer to Reserve	276,009	267,848	250,048
Amount Used / Transfer from Reserve	(43,460)	(462,000)	(7,500)
Total Reserves	<u>2,285,772</u>	<u>1,859,070</u>	<u>2,053,223</u>

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



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2016/17 Actual \$	2015/16 Actual \$
12. RESERVES - ASSET REVALUATION		
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) Land and Buildings		
Opening balance	9,167,810	9,167,810
Revaluation Increment	935,583	0
Revaluation Decrement	(481,522)	0
	<u>9,621,871</u>	<u>9,167,810</u>
(b) Plant and Equipment		
Opening Balance	198,115	31,840
Revaluation Increment	0	166,275
Revaluation Decrement	0	0
	<u>198,115</u>	<u>198,115</u>
(c) Furniture and Equipment		
Opening Balance	0	0
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>0</u>	<u>0</u>
(d) Infrastructure - Roads		
Opening Balance	0	11,484,683
Revaluation Increment	0	0
Revaluation Decrement	0	(11,484,683)
	<u>0</u>	<u>0</u>
(d) Infrastructure - Footpaths		
Opening Balance	675,684	675,684
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>675,684</u>	<u>675,684</u>
TOTAL ASSET REVALUATION RESERVES	<u>10,495,670</u>	<u>10,041,609</u>



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

13. NOTES TO THE STATEMENT OF CASH FLOWS**(a) Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2016/17 Actual \$	2016/17 Budget \$	2015/16 Actual \$
Cash and Cash Equivalents	<u>4,705,857</u>	<u>1,868,588</u>	<u>3,433,024</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	(1,008,435)	3,488,885	(8,157,137)
Depreciation	1,650,484	1,505,323	1,472,693
(Profit)/Loss on Sale of Asset	18,061	42,000	319,982
(Increase)/Decrease in Receivables	(17,430)	0	(38,474)
(Increase)/Decrease in Inventories	(5,680)	0	1,678
Increase/(Decrease) in Payables	159,374	0	(58,192)
Increase/(Decrease) in Employee Provisions	(24,031)	0	(9,490)
Grants/Contributions for the Development of Assets	(1,125,127)	(4,249,086)	(1,107,978)
Loss on Revaluation of Non Current Assets	2,561,025	0	8,634,206
Net Cash from Operating Activities	<u>2,208,241</u>	<u>787,122</u>	<u>1,057,288</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	10,000	10,000
Credit Card Balance at Balance Date	(1,276)	(369)
Total Amount of Credit Unused	<u>8,724</u>	<u>9,631</u>

Loan Facilities

Loan Facilities - Current	69,209	85,388
Loan Facilities - Non-Current	1,000,522	1,069,731
Total Facilities in Use at Balance Date	<u>1,069,731</u>	<u>1,155,119</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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14. CONTINGENT LIABILITIES

Council does not have any known contingent liabilities as at 30 June 2017.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

	2016/17 Actual \$	2015/16 Actual \$
15. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	<u>0</u>	<u>6,950</u>
	<u>0</u>	<u>6,950</u>
(b) Capital Expenditure Commitments		
Contracted for:		
- plant & equipment purchases	<u>324,000</u>	<u>0</u>
	<u>324,000</u>	<u>0</u>
Payable:		
- not later than one year	<u>324,000</u>	<u>0</u>
	<u>324,000</u>	<u>0</u>

16. JOINT VENTURE

The Shire of Beverley did not participate in any joint venture in the 2016/17 financial year.

	2016/17 Actual \$	2015/16 Actual \$
17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY		
General Purpose Funding	180,274	0
Governance	1,088,416	1,123,198
Law, Order, Public Safety	162,420	108,141
Health	241,427	240,924
Education and Welfare	0	0
Housing	3,857,000	3,359,144
Community Amenities	426,391	88,432
Recreation and Culture	12,198,153	12,021,716
Transport	25,459,321	27,858,337
Economic Services	490,000	449,213
Other Property and Services	2,102,372	2,468,190
Unallocated	<u>5,351,920</u>	<u>95,000</u>
	<u>51,557,694</u>	<u>47,812,295</u>



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

18. FINANCIAL RATIOS	2016/17	2015/16	2014/15
Current Ratio	3.41	3.22	3.37
Asset Sustainability Ratio	0.98	1.11	1.24
Debt Service Cover Ratio	14.87	7.20	20.29
Operating Surplus Ratio	0.11	(0.17)	0.28
Own Source Revenue Coverage Ratio	0.69	0.71	0.79

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 Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 59 of this document.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

19. TRUST FUNDS

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

Description	Balance 1-Jul-16 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-17 \$
Unclaimed Monies	24,017	300	(24,017)	300
Second Hand Housing Deposits	5,000	0	0	5,000
Housing Rental Bonds	4,547	1,040	0	5,587
Key Bonds	1,860	1,500	(1,480)	1,880
Cleaning Bonds	1,800	2,550	(2,700)	1,650
ILU Retention Fee Fund	172,006	0	(5,994)	166,012
	<u>209,230</u>			<u>180,429</u>



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. DISPOSAL OF ASSETS

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
Holden Caprice 1	42,000	41,500	42,051	42,000	51	500
Holden Caprice 2	40,046	41,500	38,768	42,000	(1,278)	500
Holden SV6 Wagon	31,000	30,500	27,773	28,000	(3,227)	(2,500)
Desktop PC	194	0	0	0	(194)	
Health						
Holden Evoke Sedan	23,517	24,000	16,024	16,000	(7,493)	(8,000)
Other Property & Services						
John Deere 670G Grader	0	125,000	0	100,000	0	(25,000)
Holden Colorado Crewcab LX 4x4	28,497	30,000	27,505	27,000	(992)	(3,000)
Holden Colorado LX 4x2 Utility	16,747	11,500	11,818	7,000	(4,929)	(4,500)
	182,001	304,000	163,939	262,000	(18,062)	(42,000)

Profit on Asset Disposal
(Loss) on Asset Disposal

51
(18,113)

(18,062)



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-16 \$	New Loans \$	Principal Repayments		Principal 30-Jun-17		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Housing								
Loan 112 - Frail Aged Lodge <i>Loan Date - 15 April 1999</i>	15,077	0	5,755	5,756	9,322	9,321	910	944
Recreation & Culture								
Loan 117 - Bowling Greens* <i>Loan Date - 22 November 2006</i>	85,892	0	13,563	13,563	72,329	72,328	5,665	5,792
Loan 118 - Recreation Centre <i>Loan Date - 28 June 2006</i>	904,149	0	37,376	37,376	866,773	866,773	47,833	47,838
Community Amenities								
Loan 119 - Storm Water Dams <i>Loan Date - 23 June 2016</i>	150,000	0	28,692	28,692	121,308	121,308	4,035	4,049
	1,155,118	0	85,386	85,387	1,069,732	1,069,730	58,443	58,623

(*) Self supporting loan financed by payments from third parties. All other loan repayments were financed by general purpose revenue.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures

Council did not raise any new debentures during the 2016/17 financial year.

(c) Unspent Debentures

Council had no unspent debentures at the balance date.

(d) Overdraft

Council did not utilise an overdraft facility in the 2016/17 financial year.



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General Rate											
General Rate - GRV	0.107217	516	5,430,387	582,230	2,973	0	585,203	582,230	2,000	0	584,230
General Rate - UV	0.009223	680	225,608,000	2,080,783	2,098	0	2,082,881	2,080,783	2,000	0	2,082,783
General Rate - UV Mining	0.009223	0	0	0	0	0	0	0	0	0	0
Sub-Totals		1,196	231,038,387	2,663,013	5,071	0	2,668,084	2,663,013	4,000	0	2,667,013
Minimum Rates	Minimum \$										
Minimum Rates - GRV	792	147	442,112	116,424	0	0	116,424	116,424	0	0	116,424
Minimum Rates - UV	792	49	1,873,800	38,808	0	0	38,808	38,808	0	0	38,808
Minimum Rates - UV Mining	792	5	79,109	3,960	0	0	3,960	3,960	0	0	3,960
Sub-Totals		201	2,395,021	159,192	0	0	159,192	159,192	0	0	159,192
Discounts (refer note 25)							2,827,276				2,826,205
Total Amount Raised from General Rate							(220,454)				(225,776)
							2,606,822				2,600,429
Ex-Gratia Rates							4,713				5,000
Rates Written Off							(1,979)				0
Specified Area Rate (refer note 23)							0				0
Total Rates							2,609,556				2,605,429



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. RATING INFORMATION (Continued)

(b) Information on Surplus/(Deficit) Brought Forward	2016/17 (30 June 2017 Carried Forward) \$	2016/17 (1 July 2016 Brought Forward) \$	2015/16 (30 June 2016 Carried Forward) \$
Surplus/(Deficit) - Rate Setting Statement	<u>2,271,524</u>	<u>1,370,283</u>	<u>1,370,283</u>
<u>Comprises:</u>			
Cash - Unrestricted	2,254,317	1,288,768	1,288,768
Cash - Restricted Grant Funds	165,768	91,033	91,033
Cash - Restricted Reserves	2,285,772	2,053,223	2,053,223
Rates - Current	380,746	317,003	317,003
Sundry Debtors	237,315	123,323	123,323
GST Receivable	0	0	0
Inventories			
- Fuel and Materials	13,591	7,911	7,911
Less:			
Reserves - Cash Backed	(2,285,772)	(2,053,223)	(2,053,223)
Sundry Creditors	(504,796)	(351,525)	(351,525)
Accrued Expenses	0	0	0
Accrued Interest on Debentures	(311)	(370)	(370)
Accrued Salaries and Wages	(19,439)	(13,333)	(13,333)
Provision for Doubtful Debts	(168,490)	0	0
Current Employee Benefits Provision	(316,234)	(339,858)	(339,858)
Employee Benefits - Cash Backed	229,057	247,331	247,331
Surplus/(Deficit)	<u>2,271,524</u>	<u>1,370,283</u>	<u>1,370,283</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2016 Brought Forward position used in the 2016/17 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2015/16 audited financial report.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

23. SPECIFIED AREA RATE

Council has not levied any Specified Area Rates during 2016/17 financial year.

24. SERVICE CHARGES

Council has not levied any Service Charges during the 2016/17 financial year.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount	10.00%	220,454	225,776
Minimum Rate	Discount	10.00%	220,454	225,776

A discount on rates is granted to all who pay their rates in full within 35 days of the date of service appearing on the rate notice.

26. INTEREST CHARGES AND INSTALMENTS

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	0	39,748	7,700
Interest on Instalments Plan	5.50%	10	4,010	7,500
Interest on Deferred Pensioner Rates	2.85%	0	3,441	2,000
			47,199	17,200

Ratepayers had the option of paying rates in four equal instalments, due on 12th September 2016, 14th November 2016, 16th January 2017 and 16th March 2017. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2016/17 Actual \$	2015/16 Actual \$
General Purpose Funding	54,878	37,309
Governance	(2,122)	2,257
Law, Order, Public Safety	9,661	13,207
Health	0	0
Education and Welfare	0	0
Housing	81,170	84,519
Community Amenities	198,364	198,042
Recreation and Culture	88,163	87,998
Transport	7,695	7,205
Economic Services	94,240	103,577
Other Property and Services	12,105	19,874
	<u>544,154</u>	<u>553,988</u>

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



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

28. GRANT REVENUE

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

	2016/17	2015/16
	Actual	Actual
	\$	\$
By Nature and Type:		
Operating Grants, Subsidies and Contributions*	2,411,710	1,111,662
Non-Operating Grants, Subsidies and Contributions	<u>1,125,127</u>	<u>1,107,978</u>
	<u><u>3,536,837</u></u>	<u><u>2,219,640</u></u>
By Program:		
General Purpose Funding	1,244,906	404,844
Governance	18,852	14,252
Law, Order, Public Safety	197,560	325,807
Health	0	0
Education and Welfare	0	104,200
Housing	14,617	9,451
Community Amenities	7,174	1,779
Recreation and Culture	99,867	330,747
Transport	1,887,757	1,015,803
Economic Services	35,609	5,982
Other Property and Services	<u>30,495</u>	<u>6,775</u>
	<u><u>3,536,837</u></u>	<u><u>2,219,640</u></u>

* Operating Grants, Subsidies and Contributions total includes Reimbursements of \$219,524.

29. ELECTED MEMBERS REMUNERATION

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

	2016/17	2016/17	2015/16
	Actual	Budget	Actual
	\$	\$	\$
Meeting Fees	40,500	40,900	40,000
President's Allowance	5,500	5,500	5,500
Deputy President's Allowance	1,375	1,375	1,375
Travelling Expenses	2,587	5,000	3,728
Telecommunications Allowance	<u>12,772</u>	<u>13,320</u>	<u>12,972</u>
	<u><u>62,734</u></u>	<u><u>66,095</u></u>	<u><u>63,575</u></u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2016/17	2015/16
	Actual	Actual
	\$	\$
	<u>30</u>	<u>27</u>
Number of Employees earning \$100,000+ Gross Salary per annum.	<u>2</u>	<u>3</u>

31. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2016/17 financial year.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2016/17 financial year.



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016/17 Actual \$	2015/16 Actual \$	2016/17 Actual \$	2015/16 Actual \$
Financial Assets				
Cash and cash equivalents	4,705,857	3,433,024	4,705,857	3,433,024
Receivables	812,746	640,451	644,256	640,451
	<u>5,518,603</u>	<u>4,073,475</u>	<u>5,350,113</u>	<u>4,073,475</u>
Financial Liabilities				
Payables	524,546	365,229	524,546	365,229
Borrowings	1,069,731	1,155,119	1,062,154	1,138,166
	<u>1,594,277</u>	<u>1,520,348</u>	<u>1,586,700</u>	<u>1,503,395</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Council manages these risks by only investing in term deposits with APRA approved financial institutions. Council does not invest in any financial product where capital value may be diminished.

	2016/17 Actual \$	2015/16 Actual \$
Impact of a 2.5% (*) movement in interest rates on cash and investments:		
- Equity	117,646	85,826
- Statement of Comprehensive Income	117,646	85,826
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	47,059	34,330
- Statement of Comprehensive Income	47,059	34,330

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date by offering a 10% discount.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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.

Council 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.

	2016/17 Actual \$	2015/16 Actual \$
Percentage of Rates and Annual Charges		
- Current	4%	23%
- Overdue (greater than 12 months)	96%	77%
Percentage of Other Receivables		
- Current	59%	98%
- Overdue (greater than 30 days)	41%	2%



SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016/17</u>					
Payables	524,546	0	0	524,546	524,546
Borrowings	69,209	398,247	602,275	1,069,731	1,069,731
	<u>593,755</u>	<u>398,247</u>	<u>602,275</u>	<u>1,594,277</u>	<u>1,594,277</u>
<u>2015/16</u>					
Payables	365,229	0	0	365,229	365,229
Borrowings	85,388	418,121	651,610	1,155,119	1,155,119
	<u>450,617</u>	<u>418,121</u>	<u>651,610</u>	<u>1,520,348</u>	<u>1,520,348</u>



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

33. FINANCIAL RISK MANAGEMENT (Continued)**(c) Payables
Borrowings (Continued)**

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

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

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2017								
Fixed Rate								
Debentures	0	9,322	0	121,308	72,328	866,773	1,069,731	4.51%
Weighted Average Effective Interest Rate	0.00%	4.58%	0.00%	4.70%	4.68%	4.68%		
Year Ended 30 June 2016								
Fixed Rate								
Debentures	0	0	15,078	0	150,000	990,040	1,155,118	4.49%
Weighted Average Effective Interest Rate	0.00%	0.00%	4.58%	0.00%	4.70%	4.68%		



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

34. RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

Key Management Personnel (KMP) <i>Executive Staff with decision making responsibilities regarding the allocation of Council's resources.</i>	Short Term Benefits *	Post- Employment Benefits **	Other Long Term Benefits ***	Termination Benefits ****
Executive Staff Total	386,642	42,822	38,970	0

*** Short-term employee benefits**

These amounts include all gross salary, paid leave, fringe benefits and cash bonuses awarded to KMP.

Details in respect to fees and benefits paid to Elected Members may be found at Note 29.

**** Post-employment benefits**

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

***** Other long term benefits**

These amounts represent long service benefits accruing during the year.

****** Termination benefits**

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



**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

34. RELATED PARTY DISCLOSURES (Continued)**(b) Related Party Disclosures****i) Ordinary Citizen Transactions**

Use of facilities or any other Council provided service where a discount or special terms were applied that would not otherwise be offered to any other person.

KMP/Elected Member	Related Party	Nature	Value
Chief Executive Officer	N/A	Subsidised Gym Membership	279.00
Deputy Chief Executive Officer	N/A	Subsidised Gym Membership	279.00
Manager of Works	N/A	Subsidised Gym Membership	279.00
Manager of Planning and Development Services	N/A	Subsidised Gym Membership	279.00

ii) Leasing Agreements - Domestic Residential

Use of Council owned Domestic Residential Property whether by lease agreement or provisions under any other special terms that would not otherwise be offered to any other member of the public.

KMP/Elected Member	Related Party	Nature	Value
Chief Executive Officer	N/A	Subsidised Housing Lease	13,000.00
Deputy Chief Executive Officer	N/A	Subsidised Housing Lease	13,000.00
Manager of Planning and Development Services	N/A	Subsidised Housing Lease	2,167.00

iii) Fees and Charges for Applications

Application for a trading, building, planning or development application, licence or approval or any other type of permit or licence.

KMP/Elected Member	Related Party	Nature	Value
Cr T Buckland	N/A	Direct - Building Permit	96.00
Cr D Davis	N/A	Direct - Town Planning Fees	147.00
Cr D Davis	Contractor	Indirect - Building Permit	149.60
Cr D White	N/A	Direct - Town Planning Fees	147.00
Cr D White	Contractor	Indirect - Building Permit	192.00
Cr D White	Contractor	Indirect - Sceptic Tank Fees	472.00

iv) Other Agreements

Any other agreement or arrangement where a price may or may not have been charged with the Shire of Beverley.

KMP/Elected Member	Related Party	Nature	Value
Cr D Davis	Resource Contracting Pty Ltd	Excavation Services to the Shire of Beverley at no cost.	\$1,000 est.





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INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF BEVERLEY

Qualified Opinion

We have audited the accompanying financial report of the Shire of Beverley which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

In our opinion, except for the effect of such adjustments, if any, might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report of the Shire of Beverley:

- (i) gives a true and fair view, in all material respects, of the financial position of the Shire of Beverley as at 30 June 2017, and of its financial performance and its cash flows for the year then ended;
- (ii) complies with Australian Accounting Standards; and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

Qualification- Completeness of infrastructure assets

In accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996, infrastructure assets were required to be transitioned to fair value by 30 June 2015. We acknowledge Shire of Beverley correctly completed an assessment of the footpath class of infrastructure assets during the 2016 financial year and road class of infrastructure assets during the 2017 financial year, however a full completeness review and fair value assessment of all other classes of infrastructure assets including bridges, drainage, reserves, parks and gardens has not been completed at the date of this report. As a result we have not been able to determine whether the recognition of other classes of infrastructure assets following identification and fair value assessment would have a material impact on the financial statements.

We draw attention to Note 7 to the financial statements which states other infrastructure asset networks will be valued by external consultants and these will be applied at fair value during the 2017/18 financial year.

Accordingly, we do not provide an opinion on the completeness of infrastructure assets recorded at 30 June 2017.

Report on Other Legal and Regulatory Requirements

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

- (i) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire of Beverley:
- (ii) There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit, with exception of the following:
 - With the exception of roads and footpaths, other classes of infrastructure assets including bridges, drainage, reserves, parks and gardens have not been recorded at fair value as required by Regulation 17A of the Local Government (Financial Management) Regulations 1996.

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- (iii) The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions;
- (iv) All necessary information and explanations were obtained by us; and
- (v) All audit procedures were satisfactorily completed during our audit.

Basis for Qualified Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Council for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996 and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Shire to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.

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

Auditor's Responsibilities for the Audit of the Financial Report

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



A further description of our responsibility for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our audit report.

AMD Chartered Accountants



MARIA CAVALLO
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 24th day of October 2017



**SHIRE OF BEVERLEY
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

The following information relates to these ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2016/17	2015/16	2014/15
Asset Consumption Ratio	0.63	0.73	0.73
Asset Renewal Funding Ratio	0.90	0.91	0.96
Rates to Borrowing Ratio	2.44	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Rates to Borrowing Ratio	$\frac{\text{Total Rates}}{\text{Total Borrowings}}$



**SHIRE OF BEVERLEY
COUNCILLOR'S DECLARATION
FOR THE YEAR ENDED 30TH JUNE 2017**

In accordance with a resolution of the Councillors of the Shire of Beverley, we state that:

1. In the opinion of the Councillors:
 - 1.1 the financial statements and notes of the Shire of Beverley are in accordance with the Local Government Act 1995 and Regulations, including:
 - (a) giving a true and fair view of the Shire of Beverley's financial position as at 30 June 2017 and of its performance for the year ended on that date; and,
 - (b) complying with applicable Australian Accounting Standards; and
 - 1.2 there are reasonable grounds to believe that the Shire of Beverley will be able to pay its debts as and when they become due and payable.

On behalf of the Council:

Cr D Ridgway
President

Cr K Murray
Deputy President

Dated this 17th day of October 2017

